

Level II Reserve Study

Bella Vista Homes
Homeowner's Association

Medford, OR

Budget Year: 1/1/2022 – 12/31/2022

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Bella Vista Homes Homeowner's Association

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PREFACE

Bella Vista Homes Homeowner's Association
Disclosures

This reserve study should be reviewed carefully. It may not include all common and limited common element components which will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement.

Period of Inquiry: This reserve study encompasses a period of thirty (30) years beginning on 1/1/2022 and ending on 12/31/2051.

Restrictions on Use: This reserve study document has been provided pursuant to an agreement containing restrictions on its use. No part of the document may be copied or distributed in any form, or disclosed to third parties, without the written permission of Capital Reserve Consultants, LLC (CRC) or the Association. The Association shall have the right to reproduce and distribute copies of this report, in whole or in part, as may be necessary in the conduct of the Association's business.

Current & Final Version: If the reader has obtained this document from anyone other than CRC or the owner of the subject property, they should verify that the reserve study represents the current, final version of the report. Alterations made to this reserve study by any individual other than a representative of CRC are not authorized and do not represent the opinion of the Reserve Specialist® who prepared this reserve study.

Statement of Qualifications: Carson M. Horton, RS®, the person supervising the preparation of this reserve study, is a Community Associations Institute Certified Reserve Specialist® (RS®); recognized for expertise in the preparation and analysis of reserve funding plans. Mr. Horton has supervised the preparation reserve studies for homeowner's associations; investment property owners and institutional Associations in fourteen states and has been a CAI-certified Reserve Specialist® since 2006. During this time Mr. Horton has conducted reserve studies for more than 1,000 planned communities and condominiums throughout the United States.

Objective Analysis: CRC and Carson M. Horton, RS®, are independent, third-party consultants with no actual or apparent conflict of interest which would prevent them from rendering an objective and impartial opinion regarding the appropriate level of reserve funding for the property which is the subject of this reserve study. The authors of this reserve study have no other involvement with the Association other than to prepare or update the reserve study.

Statement of Purpose: The purpose of this reserve study is to provide a planning and budgeting tool to assist in the development of a long-range financial plan to pay for the maintenance and renewal of the property which is the subject of the funding analysis. Because this reserve study relies on assumptions regarding future events over which CRC has no control, the accuracy of replacement costs and scheduling cannot be guaranteed.

Assumptions: This analysis assumes that all components and equipment will be installed correctly, in a workmanlike manner, using generally accepted construction practices. It is expected routine preventive maintenance will be performed throughout the entire lifecycle of all components whether or not such maintenance expenses are provided for in this reserve funding plan. The component replacement schedules and corresponding funding projections presented in the reserve study assume all components will achieve their normal life expectancy before requiring replacement, unless otherwise noted.

Limitations of the Analysis: Information regarding the reserve fund balance was provided by the Association and has not been confirmed by an independent audit of the Association's financial records. The authors of this reserve study have no control over whether the funds allocated for maintenance and renewal of the subject property will be consistent with the recommendations made by this reserve study.

**Bella Vista Homes Homeowner's Association
Disclosures**

Legacy Systems: Unless otherwise noted, this reserve study does not include funding for replacement, renewal or modernization of legacy systems. The authors of this study recognize the need for funding legacy systems in certain circumstances but due to the uncertainty over the life expectancy and/or the degree of replacement that may be required, funding for legacy system, when they exist, is not included in the reserve spending analysis. (See Glossary for an explanation of the term “legacy systems.”)

Reliance on Third-Party Information: The reserve study is a reflection of information provided to CRC by third parties and cannot be used for the purpose of performing an audit, forensic analysis or verification of historical records. The information is deemed reliable, but is not based on an audit of the Association’s financial records, and should not be used for purposes other than those intended in this study. An on-site inspection conducted in conjunction with a reserve study should not be deemed to be a project audit or quality inspection. CRC takes no responsibility for the accuracy of any such information or the impact inaccurate information may have on the findings and conclusions presented in the reserve study.

Standards of Analysis: This reserve study was prepared in accordance with the National Reserve Study Standards established by the Community Associations Institute for the preparation of reserve studies for common interest developments; the laws of various states and the rules set forth in the Audit & Accounting Guide Common Interest Realty Associations (American Institute of Certified Public Accountants-May 1, 2008).

Board Acknowledgement: The Board of Directors (BOARD) of the Bella Vista Homes Homeowner's Association (ASSOCIATION) hereby acknowledges the limitations regarding this reserve study and the reserve planning efforts of the Capital Reserve Consultants, LLC (CRC), the managing agent and any vendors that may have been engaged to assist in the development of this reserve study, either in the past, at the current time or that may be enlisted at any point in the future. The BOARD acknowledges that this reserve study may have been revised at the request of the BOARD or the ASSOCIATION’S managing agent and as such CRC cannot and does not guarantee the adequacy of the reserve funding strategy set forth in this reserve study.

No invasive or destructive testing has been employed in the investigative phase of this study and no environmental assessment of any kind was performed. This reserve study is not intended to address or discover construction defects and no representation is made herein that is meant to imply any such warranty.



Carson M. Horton, RS®



Bella Vista Homes Homeowner's Association Reserve Study Level of Service

2. Level II Study Update Requirement: A level II reserve study update is an update of an existing reserve study which includes a physical assessment of the common area components. Most industry experts, and the majority of states that do require reserve studies for common interest developments, recommend that a level II update be performed every three (3) years.

The reserve study is an analysis of the General and Limited Common Elements which are the responsibility of the Association to maintain and replace, according to the governing documents or as may be required by state law. Information regarding the quantity, current condition and remaining useful life of the assets and improvements which are the subject of this reserve study was obtained during a visit to the property by representatives of CRC in 2021.

Opinions regarding the current condition and remaining life expectancy of the common area components are based on visual observations made during the inspection process. Component quantities may be based on field measurements, a physical inventory and/or Association records. This information is intended to be used for developing long term reserve funding projections, but should not be considered adequate for the purpose of ordering materials or formulating repair and replacement project costs.

2. National Reserve Study Standards: The funding time frame covered in this reserve study is thirty (30) years. To be considered a current reserve study the study must include specific financial data which is current as of the first day of the current budget cycle. Reserve study and reserve study update requirements are set forth in National Reserve Study Standards (NRSS) established by the Community Associations Institute (CAI). State law may or may not require a site visit by the reserve study provider, either at the time the initial reserve study is conducted or during the update process. The NRSS may be downloaded from the CAI website at the following link: <https://www.caionline.org/LearningCenter/credentials/Pages/RS.aspx>

3. Limitations of the Analysis: The physical condition assessment performed in conjunction with this reserve study is not intended to identify construction defects or other sub-standard conditions which may require immediate corrective action. The reserve study utilizes information obtained from the following sources to arrive at component replacement costs and useful life estimates for the common area components identified in the component inventory:

- National Construction Estimator (2021) **
- Life Cycle Costing for Facilities – (Reed Construction Publishers)
- Preventive Maintenance and Building Operations Efficiency – (BOMA)
- Facility Manager’s Maintenance Handbook – (McGraw-Hill)
- RS Means Facilities Maintenance & Repair Cost Data - 16th Edition
- Site visit conducted by CRC

** The use of commercially available construction cost estimating data sources such as RS Means and the National Construction Estimator may result in future replacement cost projections which are less than the actual costs charged by local area contractors due to market conditions in some area of the U.S. which have resulted in above-average inflation in construction, repair and renovations costs. The replacement cost estimates included in this reserve study are a good-faith estimate which has been developed using readily available sources of information.

Bella Vista Homes Homeowner's Association Reserve Planning Introduction

The following summary of the basic principles of reserve planning for common interest developments.

1. Replacement Reserve Fund: The purpose of this reserve study is to identify predictable and determinant expenditures that will be required to modernize, renew or replace common area improvements within the community. Certain maintenance expenditures may also be included in the reserve spending analysis if the maintenance activity is generally acknowledged to extend the useful life of an asset; if the maintenance is required to prevent premature deterioration of the asset; or if state law requires that the expenditure be included in the replacement reserve budget.

2. Predictable & Determinant Expenses: The terms predictable and determinant are qualifiers that are used to establish whether an expense will be included in the replacement reserve budget. Expenses that cannot be reasonably and reliably predicted in advance are not appropriate for inclusion in the replacement reserve budget. This includes expenditures that may or may not ever occur, such as insurance deductibles. To qualify as a determinant expenditure the current cost must be able to be determined with a reasonable degree of certainty by a qualified expert or by mutual agreement of the parties who have a vested interest in funding of the reserves.

The term replacement reserves refer to funds that are being accumulated for the purpose of renewing or replacing commonly owned assets within the community. It is a common practice throughout the industry to use the generic term “reserves” when referring to the replacement reserve funds. It is recommended that Boards and managers make a point of using the term replacement reserves to avoid confusion since the term reserves can have more than one meaning in the context of accounting and financial planning.

State laws in Oregon and some other states require that the replacement reserves be sequestered in one or more bank accounts that are clearly identified as the replacement reserve fund. All Association funds, including the replacement reserves, should be warehoused in bank accounts that are FDIC-insured or in investments that are backed by the full faith and credit of the U.S. Government.

Many communities that were developed prior to 1990 are only now being confronted with the impact of underfunded reserves as they reach the 30-year tipping point in the lifecycle of the community. It is not uncommon for older communities to levy special assessments to pay for renewal or replacement of long-lived common-area improvements. These special assessments may be used to secure financing from a bank, with the proceeds from the bank loan being used to pay for renewal and replacement expenses while the revenue generated by the special assessment is used to service the loan.

3. Legacy Systems: Legacy systems or legacy components refers to common area improvements and building systems placed in service at the time of the initial construction of the property with an expected useful life in excess of 30 years. Due to the long-lived nature of many legacy systems, it is not uncommon to find that the reserve study may not include funding for replacement of these systems, either because the life expectancy is not predictable or because the remaining useful life of the component is greater than the 30-year projected that is captured in the typical reserve study.

Legacy systems that are typical of many homeowner associations include building components such as siding, windows and doors or mechanical, plumbing, electrical systems. Legacy systems may also include water mains, irrigation supply pipes pavement, roads, utility metering equipment and other infrastructure-related components.

When the subject property is more than 20 years old the issue of legacy systems and the Association’s reserve funding responsibilities with respect to renewal and replacement of such systems should be addressed at least

Bella Vista Homes Homeowner's Association Reserve Planning Introduction

to the extent that the reserve study recognizes the need funding, even if the reserve spending budget does not include funding for replacement and renewal of the legacy system. In the absence of a funding allocation to pay for replacement of legacy systems, the study should include a disclosure that acknowledges the Association's plans with respect to replacement of legacy systems.

As a result of the collapse of the Champlain Tower in (June 2021), the reserve study standards of the Community Associations Institute (CAI) as well as the laws of many states are being revised. In the very near future, CRC expects that states which already require homeowner associations to conduct a reserve study, will revise existing statutes to require a baseline property condition to be performed by any homeowner association that is responsible for a multi-story structure such as a mid or high-rise condominium building.

Moving forward beyond 2021, Associations which are responsible for a common element asset inventory that includes roads, bridges, earthen dams, man-made lakes, water and sewer systems, moorages, docks, piers or other major site improvements and infrastructure components, will be encouraged if not required by law, to conduct a baseline property conditions assessment (PCA) of the common elements. The baseline property condition assessment (PCA) process is established by a standard or protocol which has been developed by the American Society of Testing & Materials International (ASTM). The ASTM is an internationally-recognized organization that publishes more than 600 hundred separate maintenance and inspection standards that are used by real property owners, including condominium associations, investors and institutional clients throughout the world.

ASTM E2018-15 Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process is widely used as the point of beginning, for the property condition assessment, hence the term baseline. To learn more about the condition assessment process, or to purchase a copy of the ASTM standard, please visit the ASTM International website at: <https://webstore.ansi.org/Standards/ASTM/ASTME201815>

CRC Requirement for a Baseline PCA: Beginning in 2022 CRC will require all clients responsible for multi-story buildings containing more than three (3) floors above grade or buildings that are five (5) years of age or older, regardless of height, and which contain at least one passenger elevator, fire suppression systems or cantilevered balconies, to engage an independent technical consultant (engineer or architect), to conduct a Baseline Property Condition Assessment in accordance with the ASTM E2018-15 Standard.

CRC encourages all clients to obtain a baseline PCA from a qualified professional at the earliest possible time. The PCA activities should be scheduled and completed in advance of the next reserve study update, involving a site visit by CRC and under no circumstances will CRC continue to update the client's reserve study if a PCA has not been completed within three years of the original reserve study or in accordance with the statutory requirements of any state.

A copy of the PCA, including all supporting documentation assembled by the consultant, must be provided by the client too CRC, at the clients' expense. CRC reserves the right to decline to future requests to update the client's reserve study, at the sole discretion of CRC and its advisers, pending completion of the PCA.

At its sole discretion CRC, may agree to perform an annual update of the reserve study that does not involve a site visit, depending on the age, condition and complexity of the subject property. If any of the following conditions are met, CRC will not agree to update the reserve study in future years unless and until a baseline PCA has been completed and all documents related to the PCA have been provided by the client:

- Subject property contains contiguous, connected residential units on at least one floor level above grade that is served by a passenger elevator.

Bella Vista Homes Homeowner's Association Reserve Planning Introduction

- Subject property contains residential units with cantilevered unit balconies, whether connected to or not connected to other unit balconies.
- Subject property contains an eco-roof, green roof, rooftop swimming pool, spa or water storage tank.
- Subject property contains more than one subterranean floor level below grade.
- Subject property is located in a waterfront location.
- Subject property includes open boardwalks, piers or enclosed living space that is supported partially or completely by marine pilings or a submerged foundation.
- Subject property is more than 10 years of age from the date of original construction.
- Subject property is located in an area that has been designated as a high-risk liquefaction zone.

Limitation of the Reserve Study Site Visit: The site visit conducted by CRC in conjunction with any reserve study engagement is not intended to be a substitute for a property condition assessment. In those instances where state law has been revised to require an inspection of the structural, mechanical or building enclosure components of the facility, CRC will require that all inspections been performed by independent professional that are engaged by the Association and not by CRC.

The site visit conducted by CRC in conjunction with the reserve study is for identifying the common element component inventory and nothing more. The remaining service life of all common elements identified during the site and which may be included in the reserve spending component inventory is based established technical data sources listed in the Introduction, Th determine the replacement cycle for any reserve study component the expected service life (in years) is added to the last known in-service date of the component. Adjustments in the remaining service life of various components may be made at the discretion of the Board, and/or CRC in those instances where the component does not serve a critical structural or life safety function; in which case the remaining service life of the component will only be revised based on the advice of experts.

5. Reserve Funding & Legacy Systems: Many reserve studies will address the need for funding to pay for renewal and replacement of legacy systems and long-lived components in a superficial manner that is often inadequate. To determine whether an expenditure is included in the replacement reserve budget it must first pass the predictable and determinant test. If the need for funding cannot be reasonably predictable, or if the amount of the expenditure cannot be reasonably determined, then it is not appropriate for inclusion in the reserve study.

In those instances where the need for funding is clearly established the Board of Directors or the Reserve Specialist® must develop an estimate of the future cost of renewal or replacement of the component/s in question. When the Board of Directors chooses to override the recommendations of experts by including funding in the reserve budget that is not supported by solid analysis; the Board must be prepared to take responsibility for its decision and continue to monitor the situation in the interest of the integrity of the reserve funding analysis. Once a clear and convincing need for reserves has been established by a comprehensive condition assessment the reserve study may be revised to reflect the need for funding.

6. Reserve Funding for Assessment Expenses: The cost of a comprehensive, baseline PCA can be significant. In particular when the subject of the analysis are long-lived systems or components that are hidden from view such as plumbing and electrical installations or when the consultant who conducts the PCA determines that a higher level of technical/expert investigation may be required.

Structural inspection conditions by a licensed structural engineer may be required by state statues in certain instances. Other common elements of the Association may include legacy systems or major improvements that are 20 years of age or older the reserve study may include funding for a baseline PCA or other types of

Bella Vista Homes Homeowner's Association Reserve Planning Introduction

inspection and assessment activities, the cost of the reserve study itself and any subsequent updates.

After 2021 the reserve study standards developed by the CAI and the statutes in some states, are likely to require that the cost of required inspections, testing, preventive or remedial maintenance must be included in the reserve spending budget, regardless of whether the cost is capital expenditure under the Internal Revenue Code.

It is CRC's policy to include any non-capital expenditures that is required by statute or the best practices guidelines of the community management industry, established by the CAI. The cost of the initial baseline PCA as well as any additional inspection recommended by experts will be automatically be included in the reserve spending budget if required by statute.

7. Distribution of Accumulated Reserves: The Distribution of Accumulated Reserves is a report which illustrates how much of the accumulated reserves, or beginning reserve fund balance, are distributed to each of the reserve fund expenditures itemized in the reserve study. The allocation of the reserves is based on chronological need; i.e. those expenditures which are scheduled to occur the soonest will be allocated a portion of the reserves before those expenses which are not scheduled to occur until well into the future.

When the percent funded level is equal to or greater than 100%, all of the expenditures identified in the reserve study will be allocated 100% of the money needed to offset the value of the assets that has been lost to depreciation. As an example, we will use a single component as an example of how the allocation of accumulated reserves works.

If we assume that a roof replacement expense is going to cost \$20,000 and that the roof in question will last 20 years, we calculate the allocation of reserves that is required each year to generate \$20,000 by the time the roof reaches the end of its useful life. In this example if we divide the \$20,000 roof replacement cost by 20 we can see that annual allocation would be \$1,000 to the reserve fund each year for 20 years.

As the roof ages, the amount of money that would need to be allocated to the roof replacement will increase \$1,000 each year. Hence, after 5 years the reserves allocated to the roof replacement would need to total \$5,000 in order for the roof replacement reserves to be 100%, or fully funded.

It is important to note that in this context a “fully funded” reserve account does not mean that the reserves which have been allocated to one or all of the reserve expenditures will necessarily represent 100% of the cost of replacing the item. Rather a fully funded reserve account means that the current accumulated reserves are equal to or greater than the amount that is required to offset the combined value of all components that has been lost through depreciation as of the beginning date of the reserve study.

When the reserves are less than 100% funded there will always be one or more reserve expenditures which are not allocated any of the available reserves. These components will in turn always be those expenses which are scheduled to occur at the furthest date from the beginning date of the reserve study due to the chronological nature of the way the accumulated reserves are allocated.

The algorithm that generates the Distribution of Accumulated Reserves report is a default function of all commercially distributed reserve study software and cannot be edited or modified by the software user. The only means of controlling the allocation of reserves that is available to the analyst is to alter the replacement date of a component if for some reason it is necessary for a particular expenditure to be allocated a portion of the currently available reserves.

8. Annual Reserve Study Updates: State statues may or may not require that the reserve study be update

Bella Vista Homes Homeowner's Association Reserve Planning Introduction

annually. In order for the reserve study to be considered current it must include a schedule of reserve fund contributions and expenditures that begin on the first day of the current budget cycle.

9. Fiscal vs. Calendar Year: Reserve study clients, including homeowner associations, may use a calendar or fiscal year for budgeting and financial reporting. When a reserve study is prepared for a client that uses a fiscal year for budgeting purposes, the reserve study should clearly state the beginning and ending date of the fiscal year.

The strict definition of the term "fiscal year" is any 12-month fiscal reporting period that *does not* end on December 31st. The use of the term "fiscal year" when referring to 12-month reporting period that *does not* end on December 31st is technically incorrect and should be avoided to prevent confusion.

When using the 12-month period that begins on January 1st and ends on December 31st, the term calendar year should be used.

The fiscal year is determined by the year in which the 12-month period occurs. Hence, if the Association uses a fiscal year than ends on June 30th, the fiscal year ending on June 30, 2022 is referred to as Fiscal year 2022, of FY2022.

10. Reserve Study Planning Horizon: To be an effective planning tool the reserve study should cover a period of thirty (30) years beginning with the first day of the current budget year. The period of analysis captured in the study is often referred as the "planning horizon," whether the period is 30 years or not. In order for a reserve study to be considered current, the spending and future funding projection must begin on the first day of the current budget year.

To meet the industry accepted definition of a current reserve study, the study must include the following information which is current as of the first day of the current budget cycle:

- The starting balance of the reserve account for the current budget year.
- The estimated remaining useful life of each item for which reserves are or will be established, as of the date of the study or update.
- The estimated current cost of major maintenance, repairs; replacements and renewal at the end of the useful life of each item for which reserves are being accumulated.
- A statement regarding the annual inflation used to calculate the future or projected major maintenance or repairs; replacement and renewal at the end of the useful life of each item for which reserves are being accumulated.
- A statement which confirms the current inflation rate as of the date of the reserve study or update.
- Acknowledgement of the annual returns on any invested reserves or investments, expressed as an annual percentage.

11. Capital & Non-Capital Expenditures: State laws in some jurisdictions may require that the reserve spending projection include non-capital expenditures in addition to the traditional capital replacement spending that is required to maintain the common elements. The Board of Directors is advised to consult with a tax professional regarding the inclusion of non-capital expenditures in the replacement reserve budget.

SECTION I

PHYSICAL ANALYSIS

Bella Vista Homes Homeowner's Association Property Summary

The following details pertain to Bella Vista Homes Homeowner's Association:

1. Legal Name of Association: Bella Vista Homes Homeowner's Association

2. Physical Address: 3601 Camina Drive, Medford, OR 97504



3. Mailing Address: Crystal Lake Community Management, Inc.
P.O. Box 8550
Bend, OR 97708

4. Property Type: Planned development

5. Number of Residential Lots: 107








6. Year Constructed: 2006

7. Incorporation May 25, 2006

8. Association Responsibilities: The Association is responsible for repair and replacement of General and Limited Common Elements as described in the Declaration for the Bella Vista Homeowner's Association.

9. Owner Responsibilities: Owners are responsible for the maintenance, repair and replacement costs relating to their homes up to the boundary of their respective lot.

10. General Description: The subject property is a planned development consisting of 107 detached single-family homes in a suburban setting in Medford, OR. The Association is responsible for the maintenance repair and replacement of General and Limited Common Elements which include, but may not be limited to, the following common area improvements:

- Water features 
- Perimeter fencing 
- Common area landscaping & irrigation
- Common area pathways 
- Asphalt paved roads 
- Cluster mailboxes 
- Monuments & signage

SECTION II

FINANCIAL ANALYSIS

Bella Vista Homes Homeowner's Association
Economic Parameters

1. Parameters: This reserve study may include information that was provided by the Association and its representatives. The financial parameters used in this reserve funding analysis are subject to the discretion of the Board of Directors. In the absence of input from the Board CRC will use its discretion determine the financial parameters used in the analysis.

2. Inflation: The inflation rate in the United States changes every month when the inflation rate for the previous 12-month period is published by the Bureau of Labor Statistics.

- The average annual inflation rate for the 30-year period ending 12/31/2020 was 2.25%.
- The average annual inflation rate for the 40-year period ending 12/31/2020 was 2.92%.
- The average annual inflation rate for the 50-year period ending 12/31/2020 was 3.91%.
- The inflation rate as of the report date of this reserve study was 5.25%.
- The inflation rate used in this reserve study is 3%.

The actual inflation rate may vary from the inflation rate used in this analysis. Particularly in urban areas where the demand for goods and services is higher than it may be for the country overall. Areas that are geographically isolated or where labor and materials may not be readily available may also experience above-average inflationary pressure, particularly during periods of high demand when the economy is expanding.

3. Hyperinflation: Hyperinflation of repair and replacement has become commonplace throughout the U.S. The litigious atmosphere that surrounds homeowner associations in general and in particular, the high frequency of construction defect claims by HOAs contribute to inflationary pressure. Added litigation risk combined with the current shortage of manpower throughout the construction industry is have led to price increases for many types of replacement and repair projects that are many multiples of the current inflation rate or the higher, long-term averages used in many reserve studies.

The ongoing COVID-19 pandemic and the high cost of housing in many areas, including the west coast of the United States, has reduced the size of the construction labor force, resulting in additional inflationary pressure on maintenance, renovation and replacement costs for many homeowner associations. As a result of the collapse of the Champlain Tower condominium in Surfside, FL, maintenance, repair, engineering and inspection services are expected to increase. In some instances, these increases may be significantly higher than the annual inflation rate used in many reserve studies.

4. Interest Earnings: Investment income and income tax levels may affect reserve funding levels. The funding parameters established for this reserve study assume all reserve funds will be held in FDIC insured interest-bearing accounts. Interest earnings of 0% are assumed in this reserve study.

5. Income Taxes: This funding analysis assumes the Association will pay an effective income tax rate on interest earnings of 15%.

6. Reserve Fund Contingency: A reserve fund contingency of 0% has been established for this reserve study.

Bella Vista Homes Homeowner's Association
Current & Projected Funding Analysis

1. Current Financial Condition: The Association's fiscal year begins on January 1st of each year. The reserve study encompasses a 30-year period that begins on 1/1/2022.

- The 30-year period covered by the study begins on 1/1/2022 and ends on 12/31/2052.
- The reserve fund balance as of 1/1/2022 is **\$94,914.00**.
- Based on the funding schedule set forth in this reserve study and the beginning reserve fund balance indicated above, the percent funded level as of 1/1/2022 will be: 43%
- The fund contribution required in order for the reserve fund to be 75% as of the end of 2020 is **\$105,000.00**.

2. Percent Funded Level: The percent funded level resulting from this reserve study analysis is calculated using the following formula, which is mandated by the Community Associations Institute's Reserve Study Guidelines:

- Fully Funded = PV x CA / EUL.
- Where PV = present value; CA = current age; and EUL = expected useful life.

Hence the Fully Funded calculation for a component with a current age of 3 years, a present value of \$10,000 and an expected useful life of 10 years would be:

- $\$10,000 \times 3 / 10 = \$3,000.00$.

Therefore, the total amount of money required to be Fully Funded as of the first day of the current funding cycle would be \$3,000.00.

3. Funding Parameters & Projections: Reserve funds will be accumulated in the replacement fund based on the estimated current replacement cost, adjusted for inflation, of the common area components listed in the Component Inventory. If additional funds are required at the time replacement occurs, the Association reserves the right, subject to member approval, to increase regular assessments or levy special assessments, or it may delay repair or replacement of components until funds are available.

Actual costs may vary from the amounts established in this reserve study. Investment income and income tax levels may affect reserve funding levels and the variances may be material. Amounts accumulated in the replacement reserve fund may not be adequate to meet future funding requirements; particularly if updates are not performed in a timely manner, or if reserve contributions are not consistent with the amounts set forth in this reserve study.

The reserve funding projections which result from this reserve study utilize the following financial parameters:

- Reserve fund balance as 1/1/2022: **\$94,914.00**
- 2022 reserve fund contribution: **\$55,000.00**.
- Maximum annual increase in the reserve contribution after 2022 is **\$20,00.00** in 2023.
- Earnings on reserve deposits: 0%
- Annual inflation rate: 3%
- Effective income tax rate: 15%
- Reserve fund contingency: 0%
- Contingency funds available as of 1/1/2022: **\$0.00**

The Annual Reserve Fund Expenditure Detail indicates the next reserve expenditures scheduled to occur will be

Bella Vista Homes Homeowner's Association
Current & Projected Funding Analysis

in 2022. The total amount of these expenditures is estimated to be: **\$52,360.00**.

4. Current Assessment Funding: The funding projection contained in this reserve study utilizes a cash flow funding method known as Current Assessment Funding. Current Assessment Funding is a reserve funding model in which the first year, or current, reserve fund contribution is established by the Board of Directors or the Reserve Specialist®. The Current Assessment Funding Projection begins with a 2022 reserve fund contribution of **\$55,000.00** which is an average of **\$514.02** per lot based on 107 lots.

5. Percent Funded Analysis: The percent funded level under the Current Assessment Funding Projection will be 49% at the end of 2022 assuming the reserve fund activity is consistent with the schedule set forth in the reserve study and a reserve fund balance of **\$0.00**.

- The highest percent funded level after 2022 is 111% in 2042.
- The lowest percent funded level after 2022 is 75% in 2023.

The Current Assessment Funding Projection included in this reserve study represents the contribution schedule required to meet the reserve obligations set forth in this reserve study for the next thirty years, while maintaining a minimum percent funded level of 75% in all years after 2022. The funding schedule assumes a beginning reserve fund balance of **\$94,914.00**; a 2022 contribution of **\$55,000.00** and a maximum annual increase in the reserve contribution of \$20,000.00 in any year after 2022.

6. Total Reserve Spending: Assuming the reserve fund expenditures and contributions do not deviate from the schedule set forth in this reserve study the reserve funding and spending obligations for the thirty-year period ending on 12/31/2051 are as follows:

- Total Reserve Spending **\$1,105,086.00**
- Average Annual Reserve Expenditures: **\$36,836.00**
- Total Reserve Fund Contributions: **\$1,658,913.00**
- Interest Earnings on Reserve Fund Deposits: **\$0.00**
- 12/31/2051 Reserve Fund Balance: **\$648,740.00**

7. Minimum Reserve Fund Balance: Assuming the reserve fund contributions and expenditures do not deviate from the schedule set forth in this reserve study, the minimum year-end reserve fund balance resulting from the Current Assessment Funding Projection will be **\$97,554.00** in 2022.

8. Funding Summary: If the reserve funding and spending activity does not deviate from the schedule set forth in this reserve study, the funding schedule established in this reserve study will meet the reserve spending obligations of the Association while maintaining a minimum percent funded level of 75% in all years after 2021 and will result in a fully funded reserve fund which maintains a minimum percent funded level of 100% or more in all years after 2029.

The analysis assumes that reserve funds will only be spent to pay for expenditures that are identified in the reserve study as reserve fund expenditures and that the economic parameters established for the 2022 reserve study do not change. Projects of future replacement costs and interest earnings on reserve fund deposits are estimates *only* and cannot be guaranteed.

SECTION III

RESERVE FUNDING PROJECTIONS

Bella Vista Homes Homeowner's Association
Current Reserve Funding Status

1. Cash Flow Funding Method: Cash Flow Funding is a reserve funding approach which is designed to generate sufficient incoming cash flow into the Association's reserve account to meet the funding obligations established in the reserve study. Assuming the cost and frequency of reserve expenditures does not deviate from the schedule set forth in the reserve study; the Association's reserve fund will always contain enough money to meet its funding obligations, regardless of the percent funded level at any point in time.

Reserves accumulated under a cash flow funding strategy are pooled. Pooling of reserves refers to the fact that all funds are treated a single "pool" of funds that are allocated based on the annual cash flow required to meet the reserve funding obligations of the Association; rather than being allocated according to the rate at which each asset for which the reserves have been established, are depreciating.

Pooled reserves are allocated to pay for reserve expenditures based on chronological urgency or discretionary action taken by the Board of Directors. Reserves accumulated in a pooled reserve fund may only be used to pay for current or future reserve obligations and will automatically be reallocated to pay for other scheduled expenditures if 100% of the amount allocated to pay for a specific expenditure is not used to pay for the expense at the time it is scheduled to occur.

Funds accumulated to pay for replacement and repair and replacement of common elements may not be used to pay for operating expenses or any expenses which are not specifically identified as reserve fund expenditures in the current reserve study.

Cash flow funding models may or may not result in the accumulation of reserves at a rate which is sufficient to offset the loss in economic value of the assets for which the reserves have been established, when the loss in value is determined by the straight-line depreciation formula:

$$\text{Depreciation} = \text{Economic Value (EV)} / \text{Expected Useful Life (EUL)}$$

Note that salvage value of is not considered in the calculation of depreciation when using the cash flow funding model. In order for the accumulated reserves to fully offset the loss in value that results from depreciation, the percent funded level at the end of the budget year must be 100% or more.


2. Current Assessment Funding Model: This reserve funding projection utilizes a cash flow funding method known as Current Assessment Funding to generate the reserve funding schedule in Section III. Current Assessment Funding is a cash flow funding method which allows the Reserve Specialist® or the Board of Directors to specify the amount of the annual reserve fund contribution in one or more of the years covered by the reserve study. The Current Assessment Funding projection begins with a 2022 reserve fund contribution of **\$55,000.00**.

3. Current Reserve Funding Status: The Association's replacement reserve fund will be 43% funded as of 1/1/2022 assuming the reserve fund balance is **\$94,914.00**. The beginning reserve fund balance required to achieve a fully funded reserve account as of 1/1/2022 is **\$219,117.00**. The funding deficit of **\$124,203.00** represents an average of **\$1,160.76** that each owner would need to contribute to the reserve fund in order for the percent funded level to be 100% (fully funded) on the first day of the 2022 budget year.

The reserve fund status report is provided for the benefit of the Association. Oregon statute does not require a specific level of reserve funding as of 9/1/2021.

**Bella Vista Homes Homeowner's Association
Current Funding Summary**

Report Parameters

Report Date	September 26, 2021	Inflation	3.00%
Account Number	OR-1408-0002	Interest Rate on Reserve Deposit	0.00%
Version	LEVEL II	Tax Rate on Interest	15.00%
Budget Year Beginning	January 1, 2022		
Budget Year Ending	December 31, 2022		
Total Units	107 	2022 Beginning Balance	\$94,914
Phase Development	1 of 1		

This funding projection utilizes a cash flow funding method known as Current Assessment Funding to generate the funding schedule on the following page. Current Assessment Funding is a cash flow funding method which allows the Reserve Specialist® or the Board of Directors to specify the amount of the annual reserve fund contribution in one or more of the years covered by the reserve study.

Reserves accumulated under a cash flow funding strategy are pooled. Pooling of reserves refers to the fact that all funds are maintained in one fund and are allocated based on the annual cash flow required to meet the reserve funding obligations of the Association rather than being allocated according to the rate at which the assets for which the reserves have been established, are depreciating.

Cash flowing funding models may or may not result in the accumulation of reserves at a rate which is sufficient to offset the loss in value due to depreciation of the assets that will be replaced with the reserve funds. In order for the accumulated reserves to fully offset the loss in value that results from depreciation the percent funded level at the end of the fiscal year must be 100% or more.

Current Assessment Funding Model Summary of Calculations

Required Annual Contribution	\$55,000.00
<i>\$514.02 per unit annually</i>	
Average Net Annual Interest Earned	<u>\$0.00</u>
Total Annual Allocation to Reserves	\$55,000.00
<i>\$514.02 per unit annually</i>	

Bella Vista Homes Homeowner's Association
Current Assessment Funding Projection

Report Date September 26, 2021
 Beginning Fiscal Year January 01, 2022
 Account Number OR-1408-0002

Version Number LEVEL II

Beginning Balance: \$94,914

Beginning Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2022	427,050	55,000		52,360	97,554	197,378	49%
2023	439,861	75,000			172,554	229,622	75%
2024	453,057	45,000		11,139	206,415	252,086	82%
2025	466,649	45,450		9,288	242,576	278,076	87%
2026	480,649	45,904		25,324	263,157	289,169	91%
2027	495,068	46,364		50,846	258,675	275,173	94%
2028	509,920	46,827		6,567	298,935	307,254	97%
2029	525,218	47,295			346,230	347,980	99%
2030	540,974	47,768		1,881	392,117	388,956	101%
2031	557,203	48,246			440,363	434,074	101%
2032	573,919	48,729		92,408	396,684	386,404	103%
2033	591,137	49,216			445,900	433,518	103%
2034	608,871	49,708			495,608	483,112	103%
2035	627,137	50,205			545,813	535,291	102%
2036	645,951	50,707			596,520	590,165	101%
2037	665,330	51,214		426,829	220,906	208,217	106%
2038	685,290	51,726		8,826	263,806	246,553	107%
2039	705,849	52,244			316,050	296,365	107%
2040	727,024	52,766		14,471	354,345	334,039	106%
2041	748,835	53,294			407,639	389,059	105%
2042	771,300	53,827		235,806	225,660	204,199	111%
2043	794,439	55,980			281,640	258,063	109%
2044	818,272	58,219		20,119	319,739	294,254	109%
2045	842,820	60,548		2,931	377,356	350,709	108%
2046	868,105	62,970		45,738	394,588	366,285	108%
2047	894,148	65,488		88,692	371,384	339,651	109%
2048	920,972	68,108		11,861	427,630	392,966	109%
2049	948,601	70,832			498,463	461,758	108%
2050	977,059	73,665			572,128	534,323	107%
2051	1,006,371	76,612			648,740	610,827	106%

SECTION IV

COMPONENT INVENTORY REPORTS

Bella Vista Homes Homeowner's Association Explanation of Component Inventory Reports

This section of the reserve study provides a narrative summary and tabular compilations of the common area components which are the subject of this reserve funding analysis. A brief explanation of each report contained in this section is included here for those readers who may be unfamiliar with the information provided in a reserve study.

1. Component Inventory Summary: This report provides a summary of the component inventory which is a condensed version of the information found in the Component Detail Reports which appears at the end of Section II. The components are grouped by the component category to which they have been assigned, and are listed within each category according to the remaining life expectancy of the component. Other information found in this report includes the in-service date, current cost, useful life, remaining life, future cost and current cost of each component.

2. Component Inventory by Remaining Life Expectancy: This report displays the component inventory sorted by the remaining life expectancy of each component which is included in the reserve funding schedule. Expenditures which are scheduled to recur more than one time over the 30 year period covered by the study will only appear one time in this list based on the next scheduled year of occurrence. Other information provided in this report includes the next scheduled year of replacement, useful life, current cost, assigned reserves and the amount required for each component to be fully funded as of the beginning date of the reserve study. If the assigned reserves are equal to the fully funded amount shown in the far right-hand column then the component in question is said to be fully funded.

3. Component Inventory with Current Costs: This report again displays the component inventory by category and remaining life expectancy. It also includes the component quantity based on the unit of measure (SF, SY, LF, etc.), the unit cost which has been used to arrive at the total replacement cost, and the current replacement cost as of the beginning date of the reserve study.

4. Component Detail Reports: This report, which is found in the Appendix, reflects all of the component data which has been input into the modeling database to develop the reserve funding projections contained in the reserve study. If a photographic inventory has been included in the reserve study a picture of each component will also appear in this report. Most of the information contained in this report is also displayed in one or more of the Component Inventory reports found in Section II.

**Bella Vista Homes Homeowner's Association
Component Inventory Summary**

Report Date September 26, 2021
 Beginning Fiscal Year January 01, 2022
 Account Number OR-1408-0002





Version Number LEVEL II

Description	Asset ID	Date In Service	Current Cost	Useful Life	Adjustment	Remaining	Future Cost	Quantity	Unit Cost
Concrete Pavement									
Common Area Sidewalks-Safety Repair		2030	1,485	15	3	8	1,881	675 @	22.00
This component provides funding for repair of the common area sidewalks that extends around the front of the retention pond. Funding is scheduled to occur every 15 years beginning in 2030.									
Fencing & Site Walls									
Chain Link Fencing-Tract B & C		2042	76,700	30	0	20	138,529	2950 @	26.00
This component provides funding for replacement of the vinyl-coated chain link fencing that surrounds the retention pond. Funding is scheduled to occur every 30 years beginning in 2042.									
Landscaping & Irrigation									
Irrigation System Upgrade-Park Area		2024	3,000	20	-2	2	3,183	1 @	3,000.00
This component provides funding for renovation of the landscape irrigation system that waters the landscaping in the park area adjacent to Lastrada Circle. Funding is every 20 years beginning in 2024 and includes replacement valves, boxes and sprinkler heads. Replacement of buried water supply piping is not included in this reserve study.									
Landscape Renovation-Park Area		2024	7,500	20	-2	2	7,957	1 @	7,500.00
This component provides funding for renovation of common area landscaping in the park area adjacent to Lastrada Circle. Funding is scheduled to occur every 20 years beginning in 2024. Routine maintenance expenses should be included in the annual operating budget.									
Common Area Irrigation Controllers		2025	8,500	15	4	3	9,288	17 @	500.00
This component provides funding for replacement of irrigation controllers that serve the common area landscaping. Funding is every 15 years beginning in 2025.									
Irrigation System Upgrade-Entrances		2026	7,500	20	0	4	8,441	1 @	7,500.00
This component provides funding for renovation of the landscape irrigation system that waters the landscaping at the entrance and along McAndrews Road. Funding is every 20 years beginning in 2026 and includes replacement valves, boxes and sprinkler heads. Replacement of buried water supply piping is not included in this reserve study.									
Landscape Renovation-East Entrance		2026	5,000	20	0	4	5,628	1 @	5,000.00
This component provides funding for renovation of common area landscaping at the east entrance located at McAndrews Road and Veneto Circle. Funding is scheduled to occur every 20 years beginning in 2026. Routine maintenance expenses should be included in the annual operating budget.									
Landscape Renovation-North Entrance		2026	5,000	20	0	4	5,628	1 @	5,000.00
This component provides funding for renovation of common area landscaping at the north entrance located at McAndrews Road and Sorrento Lane. Funding is scheduled to occur every 20 years beginning									

**Bella Vista Homes Homeowner's Association
Component Inventory Summary**

Description	Asset ID	Date In Service	Current Cost	Useful Life	Adjustment	Remaining	Future Cost	Quantity	Unit Cost
Landscaping & Irrigation continued...									
<i>Landscape Renovation-North Entrance continued...</i> in 2026. Routine maintenance expenses should be included in the annual operating budget.									
Landscape Renovation-West Entrance		2026	5,000	20	0	4	5,628	1 @	5,000.00
This component provides funding for renovation of common area landscaping at the west entrance located at McAndrews Road and Lastrada Circle. Funding is scheduled to occur every 20 years beginning in 2026. Routine maintenance expenses should be included in the annual operating budget.									
Landscape Lighting		2028	5,500	10	0	6	6,567	1 @	5,500.00
This component provides funding for replacement of the in-ground landscape and monument lighting. Funding is scheduled to occur every 10 years beginning in 2028.									
Mailboxes & Signage									
Signs-Replacement Allowance		2027	1,500	15	0	5	1,739	1 @	1,500.00
This component provides funding for replacement of common area signage. The sign inventory includes one Stop sign; one No parking sign and one informational sign that is mounted to the fence surrounding the retention pond. Funding is scheduled to occur every 15 years beginning in 2032.									
Cluster Mailboxes		2032	16,400	25	1	10	22,040	8 @	2,050.00
This component provides funding for replacement of the pedestal-mounted cluster mailbox. Funding is scheduled to occur every 25 years beginning in 2032.									
Private Roads & Alleys									
Asphalt Road-Crackfill & Repair (All Areas)		2022	10,000	10	0	0	10,000	1 @	10,000.00
This component provides funding for filling of large cracks and other road repairs. Funding is scheudled to occur every 10 years beginning in 2022.									
Asphalt Sealcoat-Camina Drive (Tract G)		2022	1,890	5	0	0	1,890	6300 @	0.30
This component provides funding for the application of an asphalt sealcoat on Camina Drive. Funding is scheduled to occur every 5 years beginning in 2022.									
Asphalt Sealcoat-Carino Lane (Tract F)		2022	5,340	5	0	0	5,340	17800 @	0.30
This component provides funding for the application of an asphalt sealcoat on Carino Lane. Funding is scheduled to occur every 5 years beginning in 2022.									
Asphalt Sealcoat-Lastrada Circle		2022	14,550	5	0	0	14,550	48500 @	0.30
This component provides funding for the application of an asphalt sealcoat on Lastrada Circle. Funding is scheduled to occur every 5 years beginning in 2022.									
Asphalt Sealcoat-Palermo Street		2022	6,120	5	5	0	6,120	20400 @	0.30
This component provides funding for the application of an asphalt sealcoat on Palermo Street. Funding is scheduled to occur every 5 years beginning in 2022.									

**Bella Vista Homes Homeowner's Association
Component Inventory Summary**

Description	Asset ID	Date In Service	Current Cost	Useful Life	Adjustment	Remaining	Future Cost	Quantity	Unit Cost
Private Roads & Alleys continued...									
Asphalt Sealcoat-Parking Area This component provides funding for the application of an asphalt sealcoat on the parking area adjacent to West Lastrada Circle. Funding is scheduled to occur every 5 years beginning in 2022.		2022	2,160	5	0	0	2,160	7200 @	0.30
Asphalt Sealcoat-Pathway-Tract B This component provides funding for the application of an asphalt sealcoat on the walking paths in Tract B. Funding is scheduled to occur every 5 years beginning in 2022.		2022	600	5	0	0	600	2000 @	0.30
Asphalt Sealcoat-Pathway-Tract C This component provides funding for the application of an asphalt sealcoat on the walking paths in Tract C. Funding is scheduled to occur every 5 years beginning in 2022.		2022	690	5	0	0	690	2300 @	0.30
Asphalt Sealcoat-Sorrento Lane (Tract K)  This component provides funding for the application of an asphalt sealcoat on Sorrento Lane. Funding is scheduled to occur every 5 years beginning in 2022.		2022	2,730	5	0	0	2,730	9100 @	0.30
Asphalt Sealcoat-Veneto Circle This component provides funding for the application of an asphalt sealcoat on Veneto Circle. Funding is scheduled to occur every 5 years beginning in 2017.		2022	8,280	5	5	0	8,280	27600 @	0.30
Asphalt Overlay-Camina Drive (Tract G)  This component provides funding for the application of an asphalt overlay on Camina Drive. Funding is scheduled to occur every 25 years beginning in 2037.		2037	8,505	25	0	15	13,251	6300 @	1.35
Asphalt Overlay-Carino Lane (Tract F) This component provides funding for the application of an asphalt overlay on Carino Lane. Funding is scheduled to occur every 25 years beginning in 2037.		2037	24,030	25	0	15	37,438	17800 @	1.35
Asphalt Overlay-Lastrada Circle This component provides funding for the application of an asphalt overlay on Lastrada Circle. Funding is scheduled to occur every 25 years beginning in 2037.		2037	82,450	25	0	15	128,454	48500 @	1.70
Asphalt Overlay-Palermo Street  This component provides funding for the application of an asphalt overlay on Palermo Street. Funding is scheduled to occur every 25 years beginning in 2037.		2037	34,680	25	0	15	54,030	20400 @	1.70
Asphalt Overlay-Parking Area This component provides funding for the application of an asphalt overlay on the parking area adjacent to West Lastrada Circle. Funding is scheduled to occur every 25 years beginning in 2037.		2037	12,240	25	0	15	19,070	7200 @	1.70
Asphalt Overlay-Pathway-Tract B This component provides funding for the application of an asphalt overlay on the walking path in Tract B. Funding is scheduled to occur every 25 years beginning in 2037.		2037	3,400	25	0	15	5,297	2000 @	1.70
Asphalt Overlay-Pathway-Tract C  This component provides funding for the application of an asphalt overlay on the walking path in Tract C. Funding is scheduled to occur every 25 years beginning in 2037.		2037	3,910	25	0	15	6,092	2300 @	1.70

**Bella Vista Homes Homeowner's Association
Component Inventory Summary**

Description	Asset ID	Date In Service	Current Cost	Useful Life	Adjustment	Remaining	Future Cost	Quantity	Unit Cost
<i>Private Roads & Alleys continued...</i>									
Asphalt Overlay-Sorrento Lane (Tract K)		2037	15,470	25	0	15	24,102	9100 @	1.70
This component provides funding for the application of an asphalt overlay on Sorrento Lane. Funding is scheduled to occur every 25 years beginning in 2037.									
Asphalt Overlay-Veneto Circle		2037	46,920	25	0	15	73,100	27600 @	1.70
This component provides funding for the application of an asphalt overlay on Veneto Circle. Funding is scheduled to occur every 25 years beginning in 2037.									

Bella Vista Homes Homeowner's Association
Component Inventory by Remaining Life Expectancy

Report Date September 26, 2021
 Beginning Fiscal Year January 01, 2022
 Account Number OR-1408-0002

Version Number LEVEL II

Description	Replacement Year	Useful Life	Adjustment	Remaining Life	Current Cost	Assigned Reserves	Fully Funded
Asphalt Road-Crackfill & Repair (All Areas)	2022	10	0	0	10,000	10,000	10,000
Asphalt Sealcoat-Camina Drive (Tract G)	2022	5	0	0	1,890	1,890	1,890
Asphalt Sealcoat-Carino Lane (Tract F)	2022	5	0	0	5,340	5,340	5,340
Asphalt Sealcoat-Lastrada Circle	2022	5	0	0	14,550	14,550	14,550
Asphalt Sealcoat-Palermo Street	2022	5	5	0	6,120	6,120	6,120
Asphalt Sealcoat-Parking Area	2022	5	0	0	2,160	2,160	2,160
Asphalt Sealcoat-Pathway-Tract B	2022	5	0	0	600	600	600
Asphalt Sealcoat-Pathway-Tract C	2022	5	0	0	690	690	690
Asphalt Sealcoat-Sorrento Lane (Tract K)	2022	5	0	0	2,730	2,730	2,730
Asphalt Sealcoat-Veneto Circle	2022	5	5	0	8,280	8,280	8,280
Irrigation System Upgrade-Park Area	2024	20	-2	2	3,000	2,667	2,667
Landscape Renovation-Park Area	2024	20	-2	2	7,500	6,667	6,667
Common Area Irrigation Controllers	2025	15	4	3	8,500	7,158	7,158
Irrigation System Upgrade-Entrances	2026	20	0	4	7,500	6,000	6,000
Landscape Renovation-East Entrance	2026	20	0	4	5,000	4,000	4,000
Landscape Renovation-North Entrance	2026	20	0	4	5,000	4,000	4,000
Landscape Renovation-West Entrance	2026	20	0	4	5,000	4,000	4,000
Signs-Replacement Allowance	2027	15	0	5	1,500	1,000	1,000
Landscape Lighting	2028	10	0	6	5,500	2,200	2,200
Common Area Sidewalks-Safety Repair	2030	15	3	8	1,485	825	825
Cluster Mailboxes	2032	25	1	10	16,400	4,038	10,092
Asphalt Overlay-Camina Drive (Tract G)	2037	25	0	15	8,505	0	3,402
Asphalt Overlay-Carino Lane (Tract F)	2037	25	0	15	24,030	0	9,612
Asphalt Overlay-Lastrada Circle	2037	25	0	15	82,450	0	32,980
Asphalt Overlay-Palermo Street	2037	25	0	15	34,680	0	13,872
Asphalt Overlay-Parking Area	2037	25	0	15	12,240	0	4,896
Asphalt Overlay-Pathway-Tract B	2037	25	0	15	3,400	0	1,360
Asphalt Overlay-Pathway-Tract C	2037	25	0	15	3,910	0	1,564
Asphalt Overlay-Sorrento Lane (Tract K)	2037	25	0	15	15,470	0	6,188
Asphalt Overlay-Veneto Circle	2037	25	0	15	46,920	0	18,768
Chain Link Fencing-Tract B & C	2042	30	0	20	76,700	0	25,567
Total Asset Summary					\$427,050	\$94,914	\$219,177

**Bella Vista Homes Homeowner's Association
Component Inventory with Current Costs**

Report Date September 26, 2021
 Beginning Fiscal Year January 01, 2022
 Account Number OR-1408-0002

Version Number LEVEL II

Description	Date in Service	Replacement Year	Useful	Adjustment	Remaining	Units	Unit Cost	Current Cost
Concrete Pavement								
Common Area Sidewalks-Safety Repair	2012	2030	15	3	8	675 SF	22.00@ 10%	<u>1,485</u>
Concrete Pavement - Total								\$1,485
Fencing & Site Walls								
Chain Link Fencing-Tract B & C	2012	2042	30	0	20	2,950 LF	26.00	<u>76,700</u>
Fencing & Site Walls - Total								\$76,700
Landscaping & Irrigation								
Irrigation System Upgrade-Park Area	2006	2024	20	-2	2	1 Total	3,000.00	3,000
Landscape Renovation-Park Area	2006	2024	20	-2	2	1 Total	7,500.00	7,500
Common Area Irrigation Controllers	2006	2025	15	4	3	17 EA	500.00	8,500
Irrigation System Upgrade-Entrances	2006	2026	20	0	4	1 Total	7,500.00	7,500
Landscape Renovation-East Entrance	2006	2026	20	0	4	1 Total	5,000.00	5,000
Landscape Renovation-North Entrance	2006	2026	20	0	4	1 Total	5,000.00	5,000
Landscape Renovation-West Entrance	2006	2026	20	0	4	1 Total	5,000.00	5,000
Landscape Lighting	2018	2028	10	0	6	1 Total	5,500.00	<u>5,500</u>
Landscaping & Irrigation - Total								\$47,000
Mailboxes & Signage								
Signs-Replacement Allowance	2012	2027	15	0	5	1 Total	1,500.00	1,500
Cluster Mailboxes	2006	2032	25	1	10	8 EA	2,050.00	<u>16,400</u>
Mailboxes & Signage - Total								\$17,900
Private Roads & Alleys								
Asphalt Road-Crackfill & Repair (All Areas)	2012	2022	10	0	0	1 Total	10,000.00	10,000
Asphalt Sealcoat-Camina Drive (Tract G)	2017	2022	5	0	0	6,300 SF	0.30	1,890
Asphalt Sealcoat-Carino Lane (Tract F)	2017	2022	5	0	0	17,800 SF	0.30	5,340
Asphalt Sealcoat-Lastrada Circle	2017	2022	5	0	0	48,500 SF	0.30	14,550
Asphalt Sealcoat-Palermo Street	2012	2022	5	5	0	20,400 SF	0.30	6,120
Asphalt Sealcoat-Parking Area	2017	2022	5	0	0	7,200 SF	0.30	2,160
Asphalt Sealcoat-Pathway-Tract B	2017	2022	5	0	0	2,000 SF	0.30	600
Asphalt Sealcoat-Pathway-Tract C	2017	2022	5	0	0	2,300 SF	0.30	690
Asphalt Sealcoat-Sorrento Lane (Tract K)	2017	2022	5	0	0	9,100 SF	0.30	2,730
Asphalt Sealcoat-Veneto Circle	2012	2022	5	5	0	27,600 SF	0.30	8,280
Asphalt Overlay-Camina Drive (Tract G)	2012	2037	25	0	15	6,300 SF	1.35	8,505
Asphalt Overlay-Carino Lane (Tract F)	2012	2037	25	0	15	17,800 SF	1.35	24,030
Asphalt Overlay-Lastrada Circle	2012	2037	25	0	15	48,500 SF	1.70	82,450
Asphalt Overlay-Palermo Street	2012	2037	25	0	15	20,400 SF	1.70	34,680
Asphalt Overlay-Parking Area	2012	2037	25	0	15	7,200 SF	1.70	12,240

**Bella Vista Homes Homeowner's Association
Component Inventory with Current Costs**

Description	Date in Service	Replacement Year	Useful	Adjustment	Remaining	Units	Unit Cost	Current Cost
<i>Private Roads & Alleys continued...</i>								
Asphalt Overlay-Pathway-Tract B	2012	2037	25	0	15	2,000 SF	1.70	3,400
Asphalt Overlay-Pathway-Tract C	2012	2037	25	0	15	2,300 SF	1.70	3,910
Asphalt Overlay-Sorrento Lane (Tract K)	2012	2037	25	0	15	9,100 SF	1.70	15,470
Asphalt Overlay-Veneto Circle	2012	2037	25	0	15	27,600 SF	1.70	46,920
Private Roads & Alleys - Total								<u>\$283,965</u>
Total Asset Summary								<u>\$427,050</u>

SECTION V

RESERVE EXPENDITURE REPORTS

Bella Vista Homes Homeowner's Association Explanation of Reserve Expenditure Reports

This section of the reserve study includes a series of reports which detail how the Association's reserve funds will be spent over the next 30 years. A brief explanation of each report contained in this section is included here for those readers who may be unfamiliar with the information provided in a reserve study.

1. Annual Reserve Expenditure Detail: This report provides a year by year summary of the reserve fund expenditures scheduled for each year covered in the reserve study. Expenditures are listed alphabetically in each year when they are scheduled to occur. Hence, an expenditure which is scheduled to occur every 5 years beginning in 2015 will appear for the first time under the 2015 heading and again in years 2020, 2025, 2030 and so on. The projected costs listed for each year take into account the effect of inflation on future replacement costs. Therefore, the replacement cost for a recurring expenditure will be higher each time it appears in this schedule.

2. Capital & Non-Capital Expenditures: This report groups the scheduled reserve expenditures under one of two categories; Capital Expenditures or Non-Capital Expenditures. In the context of a reserve study capital expenditures are generally defined as expenditures which are for the purpose of replacing, improving or prolonging the life expectancy of a common area asset. Non-capital expenditures are expenses incurred to maintain or repair common area assets, but which are not necessarily expected to improve or extend the life expectancy of the asset.

**Bella Vista Homes Homeowner's Association
Annual Reserve Expenditure Detail**

Report Date September 26, 2021
 Beginning Fiscal Year January 01, 2022
 Account Number OR-1408-0002

Version Number LEVEL II

Description	Expenditures
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Replacement Year 2022

Private Roads & Alleys

Asphalt Sealcoat-Camina Drive (Tract G)	1,890
Asphalt Sealcoat-Carino Lane (Tract F)	5,340
Asphalt Sealcoat-Lastrada Circle	14,550
Asphalt Sealcoat-Palermo Street	6,120
Asphalt Sealcoat-Parking Area	2,160
Asphalt Sealcoat-Pathway-Tract B	600
Asphalt Sealcoat-Pathway-Tract C	690
Asphalt Sealcoat-Sorrento Lane (Tract K)	2,730
Asphalt Sealcoat-Veneto Circle	8,280
Asphalt Road-Crackfill & Repair (All Areas)	10,000

Total for 2022	\$52,360
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No Replacement in 2023

Replacement Year 2024

Landscaping & Irrigation

Irrigation System Upgrade-Park Area	3,183
Landscape Renovation-Park Area	7,957

Total for 2024	\$11,139
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Replacement Year 2025

Landscaping & Irrigation

Common Area Irrigation Controllers	9,288
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Total for 2025	\$9,288
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Replacement Year 2026

Landscaping & Irrigation

Irrigation System Upgrade-Entrances	8,441
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**Bella Vista Homes Homeowner's Association
Annual Reserve Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2026 continued...</i>	
Landscape Renovation-East Entrance	5,628
Landscape Renovation-North Entrance	5,628
Landscape Renovation-West Entrance	5,628
Total for 2026	<u>\$25,324</u>
 Replacement Year 2027	
Mailboxes & Signage	
Signs-Replacement Allowance	1,739
Private Roads & Alleys	
Asphalt Sealcoat-Camina Drive (Tract G)	2,191
Asphalt Sealcoat-Carino Lane (Tract F)	6,191
Asphalt Sealcoat-Lastrada Circle	16,867
Asphalt Sealcoat-Palermo Street	7,095
Asphalt Sealcoat-Parking Area	2,504
Asphalt Sealcoat-Pathway-Tract B	696
Asphalt Sealcoat-Pathway-Tract C	800
Asphalt Sealcoat-Sorrento Lane (Tract K)	3,165
Asphalt Sealcoat-Veneto Circle	9,599
Total for 2027	<u>\$50,846</u>
 Replacement Year 2028	
Landscaping & Irrigation	
Landscape Lighting	6,567
Total for 2028	<u>\$6,567</u>
 <i>No Replacement in 2029</i>	
 Replacement Year 2030	
Concrete Pavement	
Common Area Sidewalks-Safety Repair	1,881
Total for 2030	<u>\$1,881</u>
 <i>No Replacement in 2031</i>	

**Bella Vista Homes Homeowner's Association
Annual Reserve Expenditure Detail**

Description	Expenditures
Replacement Year 2032	
Mailboxes & Signage	
Cluster Mailboxes	22,040
Private Roads & Alleys	
Asphalt Sealcoat-Camina Drive (Tract G)	2,540
Asphalt Sealcoat-Carino Lane (Tract F)	7,177
Asphalt Sealcoat-Lastrada Circle	19,554
Asphalt Sealcoat-Palermo Street	8,225
Asphalt Sealcoat-Parking Area	2,903
Asphalt Sealcoat-Pathway-Tract B	806
Asphalt Sealcoat-Pathway-Tract C	927
Asphalt Sealcoat-Sorrento Lane (Tract K)	3,669
Asphalt Sealcoat-Veneto Circle	11,128
Asphalt Road-Crackfill & Repair (All Areas)	13,439
Total for 2032	<u>\$92,408</u>
 <i>No Replacement in 2033</i>	
<i>No Replacement in 2034</i>	
<i>No Replacement in 2035</i>	
<i>No Replacement in 2036</i>	
 Replacement Year 2037	
Private Roads & Alleys	
Asphalt Sealcoat-Camina Drive (Tract G)	2,945
Asphalt Sealcoat-Carino Lane (Tract F)	8,320
Asphalt Sealcoat-Lastrada Circle	22,668
Asphalt Sealcoat-Palermo Street	9,535
Asphalt Sealcoat-Parking Area	3,365
Asphalt Sealcoat-Pathway-Tract B	935
Asphalt Sealcoat-Pathway-Tract C	1,075
Asphalt Sealcoat-Sorrento Lane (Tract K)	4,253
Asphalt Sealcoat-Veneto Circle	12,900
Asphalt Overlay-Camina Drive (Tract G)	13,251
Asphalt Overlay-Carino Lane (Tract F)	37,438
Asphalt Overlay-Lastrada Circle	128,454

**Bella Vista Homes Homeowner's Association
Annual Reserve Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2037 continued...</i>	
Asphalt Overlay-Palermo Street	54,030
Asphalt Overlay-Parking Area	19,070
Asphalt Overlay-Pathway-Tract B	5,297
Asphalt Overlay-Pathway-Tract C	6,092
Asphalt Overlay-Sorrento Lane (Tract K)	24,102
Asphalt Overlay-Veneto Circle	73,100
Total for 2037	<u>\$426,829</u>
 Replacement Year 2038	
Landscaping & Irrigation	
Landscape Lighting	8,826
Total for 2038	<u>\$8,826</u>
 <i>No Replacement in 2039</i>	
 Replacement Year 2040	
Landscaping & Irrigation	
Common Area Irrigation Controllers	14,471
Total for 2040	<u>\$14,471</u>
 <i>No Replacement in 2041</i>	
 Replacement Year 2042	
Fencing & Site Walls	
Chain Link Fencing-Tract B & C	138,529
Mailboxes & Signage	
Signs-Replacement Allowance	2,709
Private Roads & Alleys	
Asphalt Sealcoat-Camina Drive (Tract G)	3,414
Asphalt Sealcoat-Carino Lane (Tract F)	9,645
Asphalt Sealcoat-Lastrada Circle	26,279
Asphalt Sealcoat-Palermo Street	11,053
Asphalt Sealcoat-Parking Area	3,901

**Bella Vista Homes Homeowner's Association
Annual Reserve Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2042 continued...</i>	
Asphalt Sealcoat-Pathway-Tract B	1,084
Asphalt Sealcoat-Pathway-Tract C	1,246
Asphalt Sealcoat-Sorrento Lane (Tract K)	4,931
Asphalt Sealcoat-Veneto Circle	14,955
Asphalt Road-Crackfill & Repair (All Areas)	18,061
Total for 2042	\$235,806
 <i>No Replacement in 2043</i>	
Replacement Year 2044	
Landscaping & Irrigation	
Irrigation System Upgrade-Park Area	5,748
Landscape Renovation-Park Area	14,371
Total for 2044	\$20,119
 Replacement Year 2045	
Concrete Pavement	
Common Area Sidewalks-Safety Repair	2,931
Total for 2045	\$2,931
 Replacement Year 2046	
Landscaping & Irrigation	
Irrigation System Upgrade-Entrances	15,246
Landscape Renovation-East Entrance	10,164
Landscape Renovation-North Entrance	10,164
Landscape Renovation-West Entrance	10,164
Total for 2046	\$45,738
 Replacement Year 2047	
Private Roads & Alleys	
Asphalt Sealcoat-Camina Drive (Tract G)	3,957
Asphalt Sealcoat-Carino Lane (Tract F)	11,181
Asphalt Sealcoat-Lastrada Circle	30,464

**Bella Vista Homes Homeowner's Association
Annual Reserve Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2047 continued...</i>	
Asphalt Sealcoat-Palermo Street	12,814
Asphalt Sealcoat-Parking Area	4,523
Asphalt Sealcoat-Pathway-Tract B	1,256
Asphalt Sealcoat-Pathway-Tract C	1,445
Asphalt Sealcoat-Sorrento Lane (Tract K)	5,716
Asphalt Sealcoat-Veneto Circle	<u>17,336</u>
Total for 2047	\$88,692
Replacement Year 2048	
Landscaping & Irrigation	
Landscape Lighting	<u>11,861</u>
Total for 2048	\$11,861
<i>No Replacement in 2049</i>	
<i>No Replacement in 2050</i>	
<i>No Replacement in 2051</i>	

**Bella Vista Homes Homeowner's Association
Capital & Non-Capital Reserve Expenditures**

Description	Date in Service	Replacement Year	Useful	Adjustment	Remaining	Units	Unit Cost	Current Cost
Capital Expenditures								
Asphalt Overlay-Camina Drive (Tract G)	2012	2037	25	0	15	6,300 SF	1.35	8,505
Asphalt Overlay-Carino Lane (Tract F)	2012	2037	25	0	15	17,800 SF	1.35	24,030
Asphalt Overlay-Lastrada Circle	2012	2037	25	0	15	48,500 SF	1.70	82,450
Asphalt Overlay-Palermo Street	2012	2037	25	0	15	20,400 SF	1.70	34,680
Asphalt Overlay-Parking Area	2012	2037	25	0	15	7,200 SF	1.70	12,240
Asphalt Overlay-Pathway-Tract B	2012	2037	25	0	15	2,000 SF	1.70	3,400
Asphalt Overlay-Pathway-Tract C	2012	2037	25	0	15	2,300 SF	1.70	3,910
Asphalt Overlay-Sorrento Lane (Tract K)	2012	2037	25	0	15	9,100 SF	1.70	15,470
Asphalt Overlay-Veneto Circle	2012	2037	25	0	15	27,600 SF	1.70	46,920
Chain Link Fencing-Tract B & C	2012	2042	30	0	20	2,950 LF	26.00	76,700
Cluster Mailboxes	2006	2032	25	1	10	8 EA	2,050.00	16,400
Common Area Irrigation Controllers	2006	2025	15	4	3	17 EA	500.00	8,500
Irrigation System Upgrade-Entrances	2006	2026	20	0	4	1 Total	7,500.00	7,500
Irrigation System Upgrade-Park Area	2006	2024	20	-2	2	1 Total	3,000.00	3,000
Landscape Lighting	2018	2028	10	0	6	1 Total	5,500.00	5,500
Landscape Renovation-East Entrance	2006	2026	20	0	4	1 Total	5,000.00	5,000
Landscape Renovation-North Entrance	2006	2026	20	0	4	1 Total	5,000.00	5,000
Landscape Renovation-Park Area	2006	2024	20	-2	2	1 Total	7,500.00	7,500
Landscape Renovation-West Entrance	2006	2026	20	0	4	1 Total	5,000.00	5,000
Signs-Replacement Allowance	2012	2027	15	0	5	1 Total	1,500.00	1,500
Capital Expenditures - Total								<u>\$373,205</u>
Non-Capital Expenditures								
Asphalt Road-Crackfill & Repair (All Areas)	2012	2022	10	0	0	1 Total	10,000.00	10,000
Asphalt Sealcoat-Camina Drive (Tract G)	2017	2022	5	0	0	6,300 SF	0.30	1,890
Asphalt Sealcoat-Carino Lane (Tract F)	2017	2022	5	0	0	17,800 SF	0.30	5,340
Asphalt Sealcoat-Lastrada Circle	2017	2022	5	0	0	48,500 SF	0.30	14,550
Asphalt Sealcoat-Palermo Street	2012	2022	5	5	0	20,400 SF	0.30	6,120
Asphalt Sealcoat-Parking Area	2017	2022	5	0	0	7,200 SF	0.30	2,160
Asphalt Sealcoat-Pathway-Tract B	2017	2022	5	0	0	2,000 SF	0.30	600
Asphalt Sealcoat-Pathway-Tract C	2017	2022	5	0	0	2,300 SF	0.30	690
Asphalt Sealcoat-Sorrento Lane (Tract K)	2017	2022	5	0	0	9,100 SF	0.30	2,730
Asphalt Sealcoat-Veneto Circle	2012	2022	5	5	0	27,600 SF	0.30	8,280
Common Area Sidewalks-Safety Repair	2012	2030	15	3	8	675 SF	22.00@ 10%	1,485
Non-Capital Expenditures - Total								<u>\$53,845</u>
Total Asset Summary								<u>\$427,050</u>

APPENDIX

**Bella Vista Homes Homeowner's Association
Component Detail Reports**

Report Date September 26, 2021
 Beginning Fiscal Year January 01, 2022
 Account Number OR-1408-0002

Version Number LEVEL II

Asphalt Road-Crackfill & Repair (All Areas) - 2022

		1 Total	@ \$10,000.00
Asset ID		Asset Actual Cost	\$10,000.00
Non-Capital Expenditures		Percent Replacement	100%
Category Private Roads & Alleys		Future Cost	\$10,000.00
Placed in Service January 2012		Assigned Reserves	\$10,000.00
Useful Life 10			
Replacement Year 2022		Annual Assessment	<u>\$1,527.20</u>
Remaining Life 0		Reserve Allocation	<u>\$1,527.20</u>

This component provides funding for filling of large cracks and other road repairs. Funding is scheduled to occur every 10 years beginning in 2022.

Asphalt Sealcoat-Camina Drive (Tract G) - 2022

		6,300 SF	@ \$0.30
Asset ID		Asset Actual Cost	\$1,890.00
Non-Capital Expenditures		Percent Replacement	100%
Category Private Roads & Alleys		Future Cost	\$1,890.00
Placed in Service January 2017		Assigned Reserves	\$1,890.00
Useful Life 5			
Replacement Year 2022		Annual Assessment	<u>\$497.97</u>
Remaining Life 0		Reserve Allocation	<u>\$497.97</u>

This component provides funding for the application of an asphalt sealcoat on Camina Drive. Funding is scheduled to occur every 5 years beginning in 2022.

Bella Vista Homes Homeowner's Association
Component Detail Reports

Asphalt Sealcoat-Carino Lane (Tract F) - 2022

	17,800 SF	@ \$0.30
Asset ID	Asset Actual Cost	\$5,340.00
Non-Capital Expenditures	Percent Replacement	100%
Category Private Roads & Alleys	Future Cost	\$5,340.00
Placed in Service January 2017	Assigned Reserves	\$5,340.00
Useful Life 5		
Replacement Year 2022	Annual Assessment	<u>\$1,406.96</u>
Remaining Life 0	Reserve Allocation	<u>\$1,406.96</u>

This component provides funding for the application of an asphalt sealcoat on Carino Lane. Funding is scheduled to occur every 5 years beginning in 2022.

Asphalt Sealcoat-Lastrada Circle - 2022

	48,500 SF	@ \$0.30
Asset ID	Asset Actual Cost	\$14,550.00
Non-Capital Expenditures	Percent Replacement	100%
Category Private Roads & Alleys	Future Cost	\$14,550.00
Placed in Service January 2017	Assigned Reserves	\$14,550.00
Useful Life 5		
Replacement Year 2022	Annual Assessment	<u>\$3,833.56</u>
Remaining Life 0	Reserve Allocation	<u>\$3,833.56</u>

This component provides funding for the application of an asphalt sealcoat on Lastrada Circle. Funding is scheduled to occur every 5 years beginning in 2022.

Asphalt Sealcoat-Palermo Street - 2022

	20,400 SF	@ \$0.30
Asset ID	Asset Actual Cost	\$6,120.00
Non-Capital Expenditures	Percent Replacement	100%
Category Private Roads & Alleys	Future Cost	\$6,120.00
Placed in Service January 2012	Assigned Reserves	\$6,120.00
Useful Life 5		
Adjustment 5	Annual Assessment	<u>\$1,612.47</u>
Replacement Year 2022	Reserve Allocation	<u>\$1,612.47</u>
Remaining Life 0		

This component provides funding for the application of an asphalt sealcoat on Palermo Street. Funding is scheduled to occur every 5 years beginning in 2022.

**Bella Vista Homes Homeowner's Association
Component Detail Reports**

Asphalt Sealcoat-Parking Area - 2022

	7,200 SF	@ \$0.30
Asset ID	Asset Actual Cost	\$2,160.00
Non-Capital Expenditures	Percent Replacement	100%
Category Private Roads & Alleys	Future Cost	\$2,160.00
Placed in Service January 2017	Assigned Reserves	\$2,160.00
Useful Life 5		
Replacement Year 2022	Annual Assessment	<u>\$569.11</u>
Remaining Life 0	Reserve Allocation	\$569.11

This component provides funding for the application of an asphalt sealcoat on the parking area adjacent to West Lastrada Circle. Funding is scheduled to occur every 5 years beginning in 2022.

Asphalt Sealcoat-Pathway-Tract B - 2022

	2,000 SF	@ \$0.30
Asset ID	Asset Actual Cost	\$600.00
Non-Capital Expenditures	Percent Replacement	100%
Category Private Roads & Alleys	Future Cost	\$600.00
Placed in Service January 2017	Assigned Reserves	\$600.00
Useful Life 5		
Replacement Year 2022	Annual Assessment	<u>\$158.08</u>
Remaining Life 0	Reserve Allocation	\$158.08

This component provides funding for the application of an asphalt sealcoat on the walking paths in Tract B. Funding is scheduled to occur every 5 years beginning in 2022.

Asphalt Sealcoat-Pathway-Tract C - 2022

	2,300 SF	@ \$0.30
Asset ID	Asset Actual Cost	\$690.00
Non-Capital Expenditures	Percent Replacement	100%
Category Private Roads & Alleys	Future Cost	\$690.00
Placed in Service January 2017	Assigned Reserves	\$690.00
Useful Life 5		
Replacement Year 2022	Annual Assessment	<u>\$181.80</u>
Remaining Life 0	Reserve Allocation	\$181.80

This component provides funding for the application of an asphalt sealcoat on the walking paths in Tract C. Funding is scheduled to occur every 5 years beginning in 2022.

Bella Vista Homes Homeowner's Association
Component Detail Reports

Asphalt Sealcoat-Sorrento Lane (Tract K) - 2022

		9,100 SF	@ \$0.30
Asset ID		Asset Actual Cost	\$2,730.00
Non-Capital Expenditures		Percent Replacement	100%
Category	Private Roads & Alleys	Future Cost	\$2,730.00
Placed in Service	January 2017	Assigned Reserves	\$2,730.00
Useful Life	5		
Replacement Year	2022	Annual Assessment	<u>\$719.29</u>
Remaining Life	0	Reserve Allocation	<u>\$719.29</u>

This component provides funding for the application of an asphalt sealcoat on Sorrento Lane. Funding is scheduled to occur every 5 years beginning in 2022.

Asphalt Sealcoat-Veneto Circle - 2022

		27,600 SF	@ \$0.30
Asset ID		Asset Actual Cost	\$8,280.00
Non-Capital Expenditures		Percent Replacement	100%
Category	Private Roads & Alleys	Future Cost	\$8,280.00
Placed in Service	January 2012	Assigned Reserves	\$8,280.00
Useful Life	5		
Adjustment	5	Annual Assessment	<u>\$2,181.57</u>
Replacement Year	2022	Reserve Allocation	<u>\$2,181.57</u>
Remaining Life	0		

This component provides funding for the application of an asphalt sealcoat on Veneto Circle. Funding is scheduled to occur every 5 years beginning in 2017.

Irrigation System Upgrade-Park Area - 2024

		1 Total	@ \$3,000.00
Asset ID		Asset Actual Cost	\$3,000.00
Capital Expenditures		Percent Replacement	100%
Category	Landscaping & Irrigation	Future Cost	\$3,182.70
Placed in Service	July 2006	Assigned Reserves	\$2,666.67
Useful Life	20		
Adjustment	-2	Annual Assessment	<u>\$293.20</u>
Replacement Year	2024	Reserve Allocation	<u>\$293.20</u>
Remaining Life	2		

This component provides funding for renovation of the landscape irrigation system that waters the

**Bella Vista Homes Homeowner's Association
Component Detail Reports**

Irrigation System Upgrade-Park Area continued...

landscaping in the park area adjacent to Lastrada Circle. Funding is every 20 years beginning in 2024 and includes replacement valves, boxes and sprinkler heads. Replacement of buried water supply piping is not included in this reserve study.

Landscape Renovation-Park Area - 2024

	1 Total	@ \$7,500.00
Asset ID	Asset Actual Cost	\$7,500.00
Capital Expenditures	Percent Replacement	100%
Category	Future Cost	\$7,956.75
Placed in Service	Assigned Reserves	\$6,666.67
Useful Life	20	
Adjustment	-2	Annual Assessment
Replacement Year	2024	<u>\$733.01</u>
Remaining Life	2	Reserve Allocation
		\$733.01

This component provides funding for renovation of common area landscaping in th park area adjacent to Lastrada Circle. Funding is scheduled to occur every 20 years beginning in 2024. Routine maintenance expenses should be included in the annual operating budget.

Common Area Irrigation Controllers - 2025

	17 EA	@ \$500.00
Asset ID	Asset Actual Cost	\$8,500.00
Capital Expenditures	Percent Replacement	100%
Category	Future Cost	\$9,288.18
Placed in Service	Assigned Reserves	\$7,157.89
Useful Life	15	
Adjustment	4	Annual Assessment
Replacement Year	2025	<u>\$806.94</u>
Remaining Life	3	Reserve Allocation
		\$806.94

This component provides funding for replacement of the irrigation controllers that serve the common area landscaping. Funding is every 15 years beginning in 2025.

**Bella Vista Homes Homeowner's Association
Component Detail Reports**

Irrigation System Upgrade-Entrances - 2026

		1 Total	@ \$7,500.00
Asset ID		Asset Actual Cost	\$7,500.00
	Capital Expenditures	Percent Replacement	100%
Category	Landscaping & Irrigation	Future Cost	\$8,441.32
Placed in Service	July 2006	Assigned Reserves	\$6,000.00
Useful Life	20		
Replacement Year	2026	Annual Assessment	<u>\$693.57</u>
Remaining Life	4	Reserve Allocation	<u>\$693.57</u>

This component provides funding for renovation of the landscape irrigation system that waters the landscaping at the entrance and along McAndrews Road. Funding is every 20 years beginning in 2026 and includes replacement valves, boxes and sprinkler heads. Replacement of buried water supply piping is not included in this reserve study.

Landscape Renovation-East Entrance - 2026

		1 Total	@ \$5,000.00
Asset ID		Asset Actual Cost	\$5,000.00
	Capital Expenditures	Percent Replacement	100%
Category	Landscaping & Irrigation	Future Cost	\$5,627.54
Placed in Service	January 2006	Assigned Reserves	\$4,000.00
Useful Life	20		
Replacement Year	2026	Annual Assessment	<u>\$462.38</u>
Remaining Life	4	Reserve Allocation	<u>\$462.38</u>

This component provides funding for renovation of common area landscaping at the east entrance located at McAndrews Road and Veneto Circle. Funding is scheduled to occur every 20 years beginning in 2026. Routine maintenance expenses should be included in the annual operating budget.

Landscape Renovation-North Entrance - 2026

		1 Total	@ \$5,000.00
Asset ID		Asset Actual Cost	\$5,000.00
	Capital Expenditures	Percent Replacement	100%
Category	Landscaping & Irrigation	Future Cost	\$5,627.54
Placed in Service	January 2006	Assigned Reserves	\$4,000.00
Useful Life	20		
Replacement Year	2026	Annual Assessment	<u>\$462.38</u>
Remaining Life	4	Reserve Allocation	<u>\$462.38</u>

This component provides funding for renovation of common area landscaping at the north entrance
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**Bella Vista Homes Homeowner's Association
Component Detail Reports**

Landscape Renovation-North Entrance continued...

located at McAndrews Road and Sorrento Lane. Funding is scheduled to occur every 20 years beginning in 2026. Routine maintenance expenses should be included in the annual operating budget.

Landscape Renovation-West Entrance - 2026

		1 Total	@ \$5,000.00
Asset ID		Asset Actual Cost	\$5,000.00
	Capital Expenditures	Percent Replacement	100%
Category	Landscaping & Irrigation	Future Cost	\$5,627.54
Placed in Service	January 2006	Assigned Reserves	\$4,000.00
Useful Life	20		
Replacement Year	2026	Annual Assessment	<u>\$462.38</u>
Remaining Life	4	Reserve Allocation	\$462.38

This component provides funding for renovation of common area landscaping at the west entrance located at McAndrews Road and Lastrada Circle. Funding is scheduled to occur every 20 years beginning in 2026. Routine maintenance expenses should be included in the annual operating budget.

Signs-Replacement Allowance - 2027

		1 Total	@ \$1,500.00
Asset ID		Asset Actual Cost	\$1,500.00
	Capital Expenditures	Percent Replacement	100%
Category	Mailboxes & Signage	Future Cost	\$1,738.91
Placed in Service	January 2012	Assigned Reserves	\$1,000.00
Useful Life	15		
Replacement Year	2027	Annual Assessment	<u>\$167.94</u>
Remaining Life	5	Reserve Allocation	\$167.94

This component provides funding for replacement of common area signage. The sign inventory includes one Stop sign; one No parking sign and one informational sign that is mounted to the fence surrounding the retention pond. Funding is scheduled to occur every 15 years beginning in 2032.

**Bella Vista Homes Homeowner's Association
Component Detail Reports**

Landscape Lighting - 2028

	1 Total	@ \$5,500.00
Asset ID	Asset Actual Cost	\$5,500.00
Capital Expenditures	Percent Replacement	100%
Category Landscaping & Irrigation	Future Cost	\$6,567.29
Placed in Service January 2018	Assigned Reserves	\$2,200.00
Useful Life 10		
Replacement Year 2028	Annual Assessment	<u>\$827.15</u>
Remaining Life 6	Reserve Allocation	\$827.15

This component provides funding for replacement of the in-ground landscape and monument lighting. Funding is scheduled to occur every 10 years beginning in 2028.

Common Area Sidewalks-Safety Repair - 2030

	675 SF	@ \$22.00
Asset ID	Asset Actual Cost	\$1,485.00
Non-Capital Expenditures	Percent Replacement	10%
Category Concrete Pavement	Future Cost	\$1,881.15
Placed in Service January 2012	Assigned Reserves	\$825.00
Useful Life 15		
Adjustment 3	Annual Assessment	<u>\$150.02</u>
Replacement Year 2030	Reserve Allocation	\$150.02
Remaining Life 8		

This component provides funding for repair of the common area sidewalks that extends around the front of the retention pond. Funding is scheduled to occur every 15 years beginning in 2030.

Cluster Mailboxes - 2032

	8 EA	@ \$2,050.00
Asset ID	Asset Actual Cost	\$16,400.00
Capital Expenditures	Percent Replacement	100%
Category Mailboxes & Signage	Future Cost	\$22,040.23
Placed in Service January 2006	Assigned Reserves	\$4,037.77
Useful Life 25		
Adjustment 1	Annual Assessment	<u>\$2,045.76</u>
Replacement Year 2032	Reserve Allocation	\$2,045.76
Remaining Life 10		

This component provides funding for replacement of the pedestal-mounted cluster mailbox. Funding is scheduled to occur every 25 years beginning in 2032.

**Bella Vista Homes Homeowner's Association
Component Detail Reports**

Asphalt Overlay-Camina Drive (Tract G) - 2037

		6,300 SF	@ \$1.35
Asset ID		Asset Actual Cost	\$8,505.00
	Capital Expenditures	Percent Replacement	100%
Category	Private Roads & Alleys	Future Cost	\$13,250.51
Placed in Service	January 2012	Assigned Reserves	<i>none</i>
Useful Life	25		
Replacement Year	2037	Annual Assessment	<u>\$1,003.84</u>
Remaining Life	15	Reserve Allocation	<u>\$1,003.84</u>

This component provides funding for the application of an asphalt overlay on Camina Drive. Funding is scheduled to occur every 25 years beginning in 2037.

Asphalt Overlay-Carino Lane (Tract F) - 2037

		17,800 SF	@ \$1.35
Asset ID		Asset Actual Cost	\$24,030.00
	Capital Expenditures	Percent Replacement	100%
Category	Private Roads & Alleys	Future Cost	\$37,437.96
Placed in Service	January 2012	Assigned Reserves	<i>none</i>
Useful Life	25		
Replacement Year	2037	Annual Assessment	<u>\$2,836.25</u>
Remaining Life	15	Reserve Allocation	<u>\$2,836.25</u>

This component provides funding for the application of an asphalt overlay on Carino Lane. Funding is scheduled to occur every 25 years beginning in 2037.

Asphalt Overlay-Lastrada Circle - 2037

		48,500 SF	@ \$1.70
Asset ID		Asset Actual Cost	\$82,450.00
	Capital Expenditures	Percent Replacement	100%
Category	Private Roads & Alleys	Future Cost	\$128,454.41
Placed in Service	January 2012	Assigned Reserves	<i>none</i>
Useful Life	25		
Replacement Year	2037	Annual Assessment	<u>\$9,731.53</u>
Remaining Life	15	Reserve Allocation	<u>\$9,731.53</u>

This component provides funding for the application of an asphalt overlay on Lastrada Circle. Funding is scheduled to occur every 25 years beginning in 2037.

**Bella Vista Homes Homeowner's Association
Component Detail Reports**

Asphalt Overlay-Palermo Street - 2037		20,400 SF	@ \$1.70
Asset ID		Asset Actual Cost	\$34,680.00
	Capital Expenditures	Percent Replacement	100%
Category	Private Roads & Alleys	Future Cost	\$54,030.31
Placed in Service	January 2012	Assigned Reserves	<i>none</i>
Useful Life	25		
Replacement Year	2037	Annual Assessment	<u>\$4,093.26</u>
Remaining Life	15	Reserve Allocation	\$4,093.26

This component provides funding for the application of an asphalt overlay on Palermo Street. Funding is scheduled to occur every 25 years beginning in 2037.

Asphalt Overlay-Parking Area - 2037		7,200 SF	@ \$1.70
Asset ID		Asset Actual Cost	\$12,240.00
	Capital Expenditures	Percent Replacement	100%
Category	Private Roads & Alleys	Future Cost	\$19,069.52
Placed in Service	January 2012	Assigned Reserves	<i>none</i>
Useful Life	25		
Replacement Year	2037	Annual Assessment	<u>\$1,444.68</u>
Remaining Life	15	Reserve Allocation	\$1,444.68

This component provides funding for the application of an asphalt overlay on the parking area adjacent to West Lastrada Circle. Funding is scheduled to occur every 25 years beginning in 2037.

Asphalt Overlay-Pathway-Tract B - 2037		2,000 SF	@ \$1.70
Asset ID		Asset Actual Cost	\$3,400.00
	Capital Expenditures	Percent Replacement	100%
Category	Private Roads & Alleys	Future Cost	\$5,297.09
Placed in Service	January 2012	Assigned Reserves	<i>none</i>
Useful Life	25		
Replacement Year	2037	Annual Assessment	<u>\$401.30</u>
Remaining Life	15	Reserve Allocation	\$401.30

This component provides funding for the application of an asphalt overlay on the walking path in Tract B. Funding is scheduled to occur every 25 years beginning in 2037.

**Bella Vista Homes Homeowner's Association
Component Detail Reports**

Asphalt Overlay-Pathway-Tract C - 2037			
		2,300 SF	@ \$1.70
Asset ID		Asset Actual Cost	\$3,910.00
	Capital Expenditures	Percent Replacement	100%
Category	Private Roads & Alleys	Future Cost	\$6,091.65
Placed in Service	January 2012	Assigned Reserves	<i>none</i>
Useful Life	25		
Replacement Year	2037	Annual Assessment	<u>\$461.50</u>
Remaining Life	15	Reserve Allocation	\$461.50

This component provides funding for the application of an asphalt overlay on the walking path in Tract C. Funding is scheduled to occur every 25 years beginning in 2037.

Asphalt Overlay-Sorrento Lane (Tract K) - 2037			
		9,100 SF	@ \$1.70
Asset ID		Asset Actual Cost	\$15,470.00
	Capital Expenditures	Percent Replacement	100%
Category	Private Roads & Alleys	Future Cost	\$24,101.75
Placed in Service	January 2012	Assigned Reserves	<i>none</i>
Useful Life	25		
Replacement Year	2037	Annual Assessment	<u>\$1,825.92</u>
Remaining Life	15	Reserve Allocation	\$1,825.92

This component provides funding for the application of an asphalt overlay on Sorrento Lane. Funding is scheduled to occur every 25 years beginning in 2037.

Asphalt Overlay-Veneto Circle - 2037			
		27,600 SF	@ \$1.70
Asset ID		Asset Actual Cost	\$46,920.00
	Capital Expenditures	Percent Replacement	100%
Category	Private Roads & Alleys	Future Cost	\$73,099.83
Placed in Service	January 2012	Assigned Reserves	<i>none</i>
Useful Life	25		
Replacement Year	2037	Annual Assessment	<u>\$5,537.94</u>
Remaining Life	15	Reserve Allocation	\$5,537.94

This component provides funding for the application of an asphalt overlay on Veneto Circle. Funding is scheduled to occur every 25 years beginning in 2037.

**Bella Vista Homes Homeowner's Association
Component Detail Reports**

Chain Link Fencing-Tract B & C - 2042		2,950 LF	@ \$26.00
Asset ID		Asset Actual Cost	\$76,700.00
Capital Expenditures		Percent Replacement	100%
Category	Fencing & Site Walls	Future Cost	\$138,528.73
Placed in Service	January 2012	Assigned Reserves	<i>none</i>
Useful Life	30		
Replacement Year	2042	Annual Assessment	<u>\$7,871.06</u>
Remaining Life	20	Reserve Allocation	\$7,871.06

This component provides funding for replacement of the vinyl-coated chain link fencing that surrounds the retention pond. Funding is scheduled to occur every 30 years beginning in 2042.

Bella Vista Homes Homeowner's Association
Distribution of Accumulated Reserves

Report Date September 26, 2021
 Beginning Fiscal Year January 01, 2022
 Account Number OR-1408-0002

Version Number LEVEL II

Description	Remaining Life	Replacement Year	Assigned Reserves	Fully Funded Reserves
Asphalt Sealcoat-Pathway-Tract B	0	2022	600	600
Asphalt Sealcoat-Pathway-Tract C	0	2022	690	690
Asphalt Sealcoat-Camina Drive (Tract G)	0	2022	1,890	1,890
Asphalt Sealcoat-Parking Area	0	2022	2,160	2,160
Asphalt Sealcoat-Sorrento Lane (Tract K)	0	2022	2,730	2,730
Asphalt Sealcoat-Carino Lane (Tract F)	0	2022	5,340	5,340
Asphalt Sealcoat-Palermo Street	0	2022	6,120	6,120
Asphalt Sealcoat-Veneto Circle	0	2022	8,280	8,280
Asphalt Road-Crackfill & Repair (All Areas)	0	2022	10,000	10,000
Asphalt Sealcoat-Lastrada Circle	0	2022	14,550	14,550
Irrigation System Upgrade-Park Area	2	2024	2,667	2,667
Landscape Renovation-Park Area	2	2024	6,667	6,667
Common Area Irrigation Controllers	3	2025	7,158	7,158
Landscape Renovation-East Entrance	4	2026	4,000	4,000
Landscape Renovation-North Entrance	4	2026	4,000	4,000
Landscape Renovation-West Entrance	4	2026	4,000	4,000
Irrigation System Upgrade-Entrances	4	2026	6,000	6,000
Signs-Replacement Allowance	5	2027	1,000	1,000
Landscape Lighting	6	2028	2,200	2,200
Common Area Sidewalks-Safety Repair	8	2030	825	825
Cluster Mailboxes	10	2032	* 4,038	10,092
Asphalt Overlay-Pathway-Tract B	15	2037		1,360
Asphalt Overlay-Pathway-Tract C	15	2037		1,564
Asphalt Overlay-Camina Drive (Tract G)	15	2037		3,402
Asphalt Overlay-Parking Area	15	2037		4,896
Asphalt Overlay-Sorrento Lane (Tract K)	15	2037		6,188
Asphalt Overlay-Carino Lane (Tract F)	15	2037		9,612
Asphalt Overlay-Palermo Street	15	2037		13,872
Asphalt Overlay-Veneto Circle	15	2037		18,768
Asphalt Overlay-Lastrada Circle	15	2037		32,980
Chain Link Fencing-Tract B & C	20	2042		25,567

**Bella Vista Homes Homeowner's Association
Distribution of Accumulated Reserves**

Description	Remaining Life	Replacement Year	Assigned Reserves	Fully Funded Reserves
			<u>\$94,914</u>	<u>\$219,177</u>
Total Asset Summary				

'' Indicates Partially Funded*

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Abbreviations

Btu – British thermal unit
CFM – Cubic feet per minute
CY – Cubic yard
EA – Each
FYE – Fiscal year end or fiscal year ending
GPM – Gallons per minute
LBS – Pounds
LF – Lineal foot
MBH – Thousand Btu per hour
NCE – National Construction Estimator CostBooks® construction cost estimating database
RSM – RS Means CostWorks® construction cost estimating database
SF – Square foot
SQ – 100 square feet (commonly used unit of measure for shingle roofing)
SY – Square yard
TSF – Total square feet
YR – Year

Reserve Study Terms

Accumulated Reserves -The accumulated reserves are the funds available to pay for reserve expenditures as of the first day of the current budget cycle. The accumulated reserve balance may or may not include the reserve contribution for the current year depending on whether the reserve contribution is made at the beginning of the budget year or throughout the course of the year. The terms beginning balance and starting balance are also used in some reserve studies.

Capital Expense – For the purposes of this reserve funding analysis The AICPA definition of capital expense shall apply, as follows: Funds expended for improvements, or major repairs or replacements or improvements of property components that extend their useful lives or service periods.

Cash Flow Funding – Cash flow funding is a reserve funding model which is designed to generate sufficient cash flow to pay for the reserve expenditures set forth in the reserve study as opposed to a funding schedule that accumulates reserves in correlation with the rate at which the capital assets are losing value due to depreciation. Under a cash flow funding model, the accumulated reserves at any point in time may or may not offset the asset value that has been lost to depreciation. When the accumulated reserve fund balance is equal to or greater than the value that has been lost to depreciation the reserves are said to be fully funded or 100% funded.

Common Elements - Common Elements are the assets and improvements that are commonly owned by the members of the Association and which are maintained, repaired and replaced at the Association’s expense. Common elements may be limited common elements meaning they are used by some but not all association members or they may be a general common element, which means they are intended for the use and benefit of all association members.

Component – In the context of reserve planning a component is an expense identified in the reserve study that will be paid for with funds from the reserve account.

Component Funding – Component Funding is a funding method which allocates reserves to each component based on the projected replacement cost and remaining life expectancy as of the beginning date of the current

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fiscal reporting period. The projected replacement cost is then amortized over the remaining life expectancy of the component and the accumulated reserves are allocated by dividing the future replacement cost by the number of years remaining until replacement is scheduled to occur.

Component Funding utilizes a different math model from that which is used to calculate Cash Flow Funding Projections and is therefore considered an alternative reserve funding methodology to Cash Flow Funding. Component Funding is typically utilized when the goal is to generate annual reserve contributions which offset the loss in value associated with the depreciation of the components which are the subject of the funding analysis.

Component Inventory – A list of all components included in the replacement reserve funding schedule.

Current Assessment Funding Model - Current Assessment Funding is a cash flow funding method which begins with a first-year reserve contribution equal to the current annual reserve contribution which has been scheduled by the Association or an amount specified by the Board of Directors or the Reserve Specialist®.

Current Assessment Funding is often used when an Association has already approved the annual reserve contribution for the upcoming budget year; or when it is necessary to specify the reserve fund contribution rather than allowing the reserve study software to calculate the contribution.

Effective Age – The effective age is the difference between useful life expectancy and the remaining useful life of a component. The effective age is not always equivalent to the chronological age of the component due to the tendency for similar components to age at differing rates because of unique characteristics of the individual components.

Expected Useful Life (EUL) - The generally accepted life expectancy of a component from the time it is placed into service as a new component until the time when major renovation, renewal or replacement of the component is required in order to maintain the quality, performance and usefulness of the component.

Financial Analysis – The section of the reserve study which analyzes the current and future financial implications of the reserve funding obligations set forth in the study. The current analysis provides information regarding the current reserve fund status as of the first day of the current reporting period. The future analysis addresses the financial obligations established by the reserve study based on the future component expenditures and replacement schedules set forth in the study.

Fiscal Year – An accounting term used to describe a one-year reporting cycle other than a January 1-December 31 cycle (calendar year), although the term “fiscal year” is often used to describe any one-year financial reporting cycle, including a calendar year reporting cycle. The fiscal year is identified by the year when the reporting cycle ends. Hence, if the fiscal year ends on June 30th then the fiscal year ending on June 30, 2020 is referred to as the 2020 fiscal year or fiscal year 2020 (FY2020).

Fully Funded Balance – The term Fully Funded means that the amount of money allocated to pay for each funded reserve expense is equal to the amount derived from the following formula:

$$\text{Fully Funded} = \text{PV} \times \text{CA} / \text{EUL}$$

Where PV = present value; CA = current age; and EUL = expected useful life.

The Fully Funded balance is the cumulative amount required to achieve Full Funding for all of the components included in the replacement reserve funding schedule. The present value is always the future replacement cost adjusted for inflation as of the beginning date of the current reserve study. This concept is explained in more

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detail under the definition of Percent Funded.

It is important to note that full funding does not mean that 100% of the projected replacement cost is available to pay for the expense in question at any particular point in time. Rather it means the current level of funding is equal to the value of the component or components that has been lost to depreciation. If a component is projected to cost \$20,000 to replace and it has a 20-year life expectancy then it will depreciate at the rate of \$1,000 per year. At year 10, the component will have lost \$10,000 of its economic value and hence the allocated reserves at the end of the 10th year would need to be \$10,000 in order for the component to be Fully Funded.

Funding Projection – A schedule which projects the annual reserve funding contributions required to meet the reserve funding requirements set forth in the reserve study. When the reserve funding projection begins with the first day of the current reporting period the reserve study is said to be current. The reserve funding projections contained in most studies encompass a period of thirty years but can encompass any number of years.

Financial Analysis – The section of the reserve funding study which analyzes the current and future financial implications of the reserve funding obligations presented in the study. The current analysis provides information regarding the current reserve fund status as of the first day of the current reporting period. The future analysis discusses the financial obligations implied by the reserve funding study based on the future component expenditures and replacement schedules set forth in the study.

Funding Velocity – Funding Velocity is a dynamic value utilized when Component Funding is used to generate the annual reserve funding projection. The Funding Velocity influences the percent funded level and determines how quickly the reserve fund will reach Fully Funded status; with 100% used as a baseline. If a Funding Velocity greater than 100% is required to achieve a Fully Funded reserve fund balance, the current funding levels would be considered low. If a Funding Velocity less than 100% is sufficient to accomplish full funding of the reserve account then the current funding levels are considered strong. The degree to which the Funding Velocity deviates from 100% is considered a relative measurement of the strength of an Association's reserve funding plan.

Legacy Systems – Also referred to as legacy components, the term refers to a class of commonly-owned assets that date to the original construction of the development and which are typically expected to achieve a useful service life that is beyond 30 years. In some cases, the service life of legacy systems may be significantly longer than 30 years. In those instances where the life expectancy of the component exceeds 40 to 50 years the need to replace or renew the component may only occur one time in the course of a 100-year period.

Percent Funded Level - The percent funded level measures the relationship between the accumulated reserves and amount of money required to achieve a Fully Funded reserve account at a given point in time. A Fully Funded reserve account occurs when the accumulated reserves are equal to the value of the value of the components that has been lost to depreciation.

When the reserve account is Fully Funded the percent funded level is 100%. Therefore, if 100% represents a Fully Funded level of reserves, then a reserve fund which is 60% funded would contain actual cash reserves equal to 60% of the amount necessary to be 100% funded.

To calculate the percent funded level for a reserve fund containing more than one component expenditure this calculation is performed for each component and the sum total is the amount required to achieve Full Funding. Hence, the percent funded level for a typical reserve fund represents an average of the percent funded level for all of the components that are included in the reserve funding analysis.

Bella Vista Homes Homeowner's Association Glossary

Physical Analysis – The physical analysis includes four elements: development of the component inventory; conducting the condition assessment; determining the remaining useful life of the components and preparing a replacement cost analysis. The information obtained while conducting the physical analysis is the primary data that determines the reserve funding schedule established in the reserve funding study.

Baseline Property Condition Assessment – A baseline property condition assessment (PCA) is a walk-through survey conducted for the purpose of establishing the current physical condition and remaining life expectancy of the assets and improvements which are the subject of the inspection. The written report that results from a PCA is known as a Property Condition Report or PCR.

A Baseline Property Condition Assessment that meets the ASTM E2018-08 standard will also identify physical deficiencies in the subject property and includes an examination of construction documents and interviews with property managers, maintenance personnel and other individuals who possess specific knowledge about the subject property for the purpose of gaining additional insight into the physical condition and maintenance requirements for the property. The document is referred to as a Baseline Property Condition Assessment report.

Remaining Useful Life (RUL) - The remaining life is the number of years that remain until a component reaches the end of its service life or until major renovation or renewal of the component is expected to be required. The remaining useful life analysis is used to develop the schedule of reserve fund expenditures that appears in the reserve study.

Replacement Reserves - Replacement reserves are funds collected from Association members that will be used to pay for repair and replacement of common area components according to the repair and replacement schedules contained in the reserve study. These funds should be held in a separate account and not co-mingled with operating funds.

Statutory Funding – Funding of the reserve account at a level required by local or state statutes. As of 2017 the only state with a statutory funding requirement for homeowner associations is Hawaii. In the aftermath of the collapse of the Champlain Tower condominium in Surfside, FL (June 2021), it is expected that many states will adopt the policy recommendations of the Community Association with respect to mandatory reserve funding. As of 9/1/2021 no state other than Hawaii requires that the reserves be funded, or that a specific level of funding must be maintained.

Threshold Funding Method – Threshold funding is a cash flow funding model that allows the Reserve Specialist® to specify a minimum balance for the Association's reserve account and creates a funding projection which results in the fund balance never dropping below the predetermined minimum balance. The minimum fund balance established for the fund is known as the funding threshold.

Transition Inspection – The inspection of Association property at or near the time period when control of the Board of Directors passes from the Declarant to a board comprised of unit owners other than the original declarant. The transition inspection is an extremely important process which should be undertaken by a qualified architect or engineer to ensure the interests of the community are protected. The statute of limitations concerning construction defects varies from one jurisdiction to another. The Association's right to legal recourse for defective products and installations may be compromised if they fail to document the current condition of their property during this transitional period. In addition, warranties in effect could be impacted by the failure to perform timely inspections of components under warranty.

**Bella Vista Homes Homeowner's Association
Component Detail Report Index**

Asset ID	Description	Replacement	Page
Concrete Pavement			
	Common Area Sidewalks-Safety Repair	2030	A-8
Fencing & Site Walls			
	Chain Link Fencing-Tract B & C	2042	A-12
Landscaping & Irrigation			
	Irrigation System Upgrade-Park Area	2024	A-4
	Landscape Renovation-Park Area	2024	A-5
	Common Area Irrigation Controllers	2025	A-5
	Irrigation System Upgrade-Entrances	2026	A-6
	Landscape Renovation-East Entrance	2026	A-6
	Landscape Renovation-North Entrance	2026	A-6
	Landscape Renovation-West Entrance	2026	A-7
	Landscape Lighting	2028	A-8
Mailboxes & Signage			
	Signs-Replacement Allowance	2027	A-7
	Cluster Mailboxes	2032	A-8
Private Roads & Alleys			
	Asphalt Road-Crackfill & Repair (All Areas)	2022	A-1
	Asphalt Sealcoat-Camina Drive (Tract G)	2022	A-1
	Asphalt Sealcoat-Carino Lane (Tract F)	2022	A-2
	Asphalt Sealcoat-Lastrada Circle	2022	A-2
	Asphalt Sealcoat-Palermo Street	2022	A-2
	Asphalt Sealcoat-Parking Area	2022	A-3
	Asphalt Sealcoat-Pathway-Tract B	2022	A-3
	Asphalt Sealcoat-Pathway-Tract C	2022	A-3
	Asphalt Sealcoat-Sorrento Lane (Tract K)	2022	A-4
	Asphalt Sealcoat-Veneto Circle	2022	A-4
	Asphalt Overlay-Camina Drive (Tract G)	2037	A-9
	Asphalt Overlay-Carino Lane (Tract F)	2037	A-9
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Component Detail Report Index**

Asset ID Description	Replacement	Page
<i>Private Roads & Alleys Continued...</i>		
Asphalt Overlay-Pathway-Tract C	2037	A-11
Asphalt Overlay-Sorrento Lane (Tract K)	2037	A-11
Asphalt Overlay-Veneto Circle	2037	A-11
Total Funded Assets	31	
Total Unfunded Assets	<u>0</u>	
Total Assets	31	