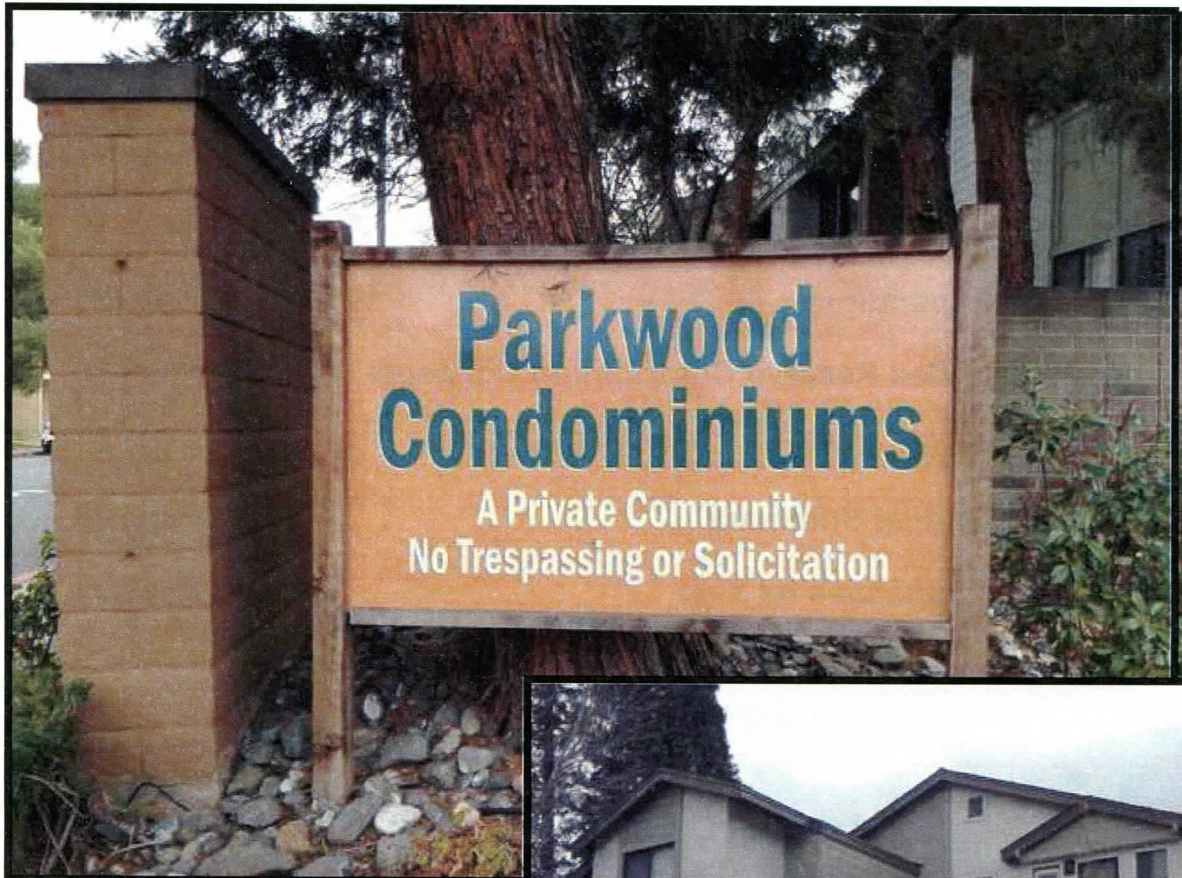


Parkwood Homeowners Association

Annual Review With Site Visit

Start Date: 07/01/2016



Better Reserve Consultants

RSS Mari Jo Betterley, RSS 000025

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April 25, 2016

Parkwood Homeowners Association
Eugene Burger Management Company Reno
5011 Meadowood Mall Way, Ste 200
Reno, NV 89523

Parkwood Homeowners Association Executive Board of Directors,

Thank you for this opportunity to complete a Reserve Study for your Association. A Reserve Study is the most important document that determines where "hundreds of thousands or millions" of your individual homeowner's dollars will be spent. The Study is a planning tool that will plan the maintenance of your Association and affect your property value now and in the future.

A Full Reserve Study is required every 5 years. The Reserve Study should be reviewed at least annually and any adjustments to the Association's funding plan should be made to provide adequate funding for the required reserves. It is important to complete a Reserve Study Update each year to ensure adequate funding of the Reserves while keeping the assessments as low as possible.

Full Reserve Study and Annual Reserve Study Update

Most Recent Full Study Completed: July 1, 2014

Next Full Study Due: January 1, 2019 - Should be done in the Spring of 2019, prior to budget.

Next Reserve Study Update: Should be completed in the Spring of 2016, prior to 2016-17 budget.

NRS 116.31152 Study of Reserves; Duties of Executive Board Regarding Study:

1. The executive board shall:

(a) At least once every 5 years, cause to be conducted a study of the reserves required to repair, replace and restore the major components of the common elements;

(b) At least annually, review the results of that study to determine whether those reserves are sufficient; and

(c) At least annually, make any adjustments to the association's funding plan which the executive board deems necessary to provide adequate funding for the required reserves.

Project Description

The Parkwood Homeowners Association is located in Reno, Nevada. The Association consists of 112 Assessment Paying Members. The Common Elements include the Exterior and Roofs of all Homes, The Asphalt Roads and Parking, Landscaping, a Club House, Pool Area, Tennis Courts, and Common Area. The Association has spent a great deal of money upgrading and remodeling all homes. There will be an additional amount of money to be spent on the Asphalt Roads and Parking. The Association is in overall good condition and well maintained.

What is a Reserve Study?

A Reserve Study is a financial planning tool that identifies the current status of the Reserve Fund and provides a Funding Tool for Repair, Replacement, Restoration or Maintenance of their Major Components of the Common Elements. A Major component of the common elements is any component of the common elements, including, without limitation, any amenity, improvement, furnishing, fixture, finish, system or equipment, that may, within 30 years after its original installation, require repair, replacement or restoration in excess of routine annual maintenance which is included in the annual operating budget of an association.

Why have a Reserve Study?

A Reserve Study is required by the State of Nevada.

*A Reserve Study provides important annual disclosures to association members and prospective buyers regarding the condition of common area components.

* If you are selling your home or if you are a potential buyer, many financial institutions will not lend money on a home in an association without a properly funded Reserve Study.

* A Reserve Study focuses on ensuring that the property is in good condition, yet "reserves" your Association's money properly so that there are no needs for "Special Assessments" or huge increases in assessments in the future.

*And most important, a Reserve Study ensures that your Association will be a better place to live, now and in the future.

The Reserve Study is prepared by an outside independent consultant for the benefit of the Board of Directors of a property with multiple owners, such as Homeowners Association, containing an assessment of the state of the commonly owned property components as determined by the particular association's CC&Rs and bylaws. Reserve studies however are not limited only to condominiums and can be created for other properties such as time shares, resorts, hotels, apartment buildings, office parks, worship facilities, swimming pools, private (golf/social) clubs, and private schools.

NRS 116.3115 Assessments for common expenses; funding of adequate reserves; collection of interest on past due assessments; calculation of assessments for particular types of common expenses; notice of meetings regarding assessments for capital improvements....

(a) All common expenses, including the reserves, must be assessed against all the units in accordance with the allocations set forth in the declaration pursuant to subsections 1 and 2 of NRS 116.2107.

(b) The association shall establish adequate reserves, funded on a reasonable basis, for the repair, replacement and restoration of the major components of the common elements and any other portion of the common-interest community that the association is obligated to maintain, repair, replace or restore. The reserves may be used only for those purposes, including, without limitation, repairing, replacing and restoring roofs, roads and sidewalks, and must not be used for daily maintenance. The association may comply with the provisions of this paragraph through a funding plan that is designed to allocate the costs for the repair, replacement and restoration of the major components of the common elements and any other portion of the common-interest community that the association is obligated to maintain, repair, replace or restore ...

Levels of Service:

There are three types of a Reserve Study:

1. Full Reserve Study:

Component Inventory-- An actual field inspection of the common elements with representative sampling;

Condition Assessment (based upon on-site visual observations)

Life and Valuation Estimates

Fund Status

Funding Plan

2. Update, With-Site-Visit/On-Site Review: (May be an update on a Reserve Study Completed by this Reserve Study Specialist or an Update to another Reserve Study Specialist's report).

Component Inventory (verification only, not quantification)

Condition Assessment (based on on-site visual observations)

Life and Valuation Estimates

Fund Status

Funding Plan

3. Update, No-Site-Visit/Off Site Review: (May be an update on a Reserve Study Completed by this Reserve Study Specialist or an Update to another Reserve Study Specialist's report).

Life and Valuation Estimates

Fund Status

Funding Plan

For updated reserve studies, quantities of major components as reported in previous reserve studies are deemed to be accurate and reliable. The reserve study relies upon the validity of previous reserve studies.

Utilities and Asbestos

Future Utility Line Major Repairs and Replacement such as Water Lines, Sewer Lines and Electrical Upgrades should be included in the Study. Expert evaluation of all Utilities is strongly recommended to ensure the accurate Repair or Replacement Costs and well as the Estimated Remaining Useful Life of each Component. If there is Asbestos present in the property, the Asbestos Abatement Costs and Time Frames should be included in the Study. Because a Reserve Study is not a Structural or Home Inspection, the Reserve Specialist may not be aware of Utility Line Issues or Asbestos. The Board of Directors and the Community Manager must inform the Specialist of any issues that may be present.

Reserve Study Specialist Experience and Qualifications

Mari Jo Betterley, RSS 0000025

*Over 1800 Reserve Studies and Reserve Study Updates completed worldwide.

*Reserve Study Specialist 2004-Present

*Graduate- University of Nevada Reno- 1983

*Attendance 600+ Homeowner Association Executive Board Meetings and HOA Meetings

*State of Nevada Instructor Continuing Education Classes:

"Reserve Studies - Working With the Experts in the Field -Pavement Engineer" - CE.0166500-

CAM " "Manager's Role/ How to Read and Interpret a Reserve Study"- CE.0166000-CAM

" Reserve Studies- Meet the Experts- Painting and Surface Treatment"- C.E.0166600-CAM

"Reserve Studies From Start to Finish- Fundamentals" – CE.0166400-CAM

*Community Association Institute Business Partner

*CAMEO Business Partner

Conflict of Interest

There is no relationship with this Association that could result in actual or perceived conflicts of interest. The Reserve Study Specialist does not expect to receive any direct or indirect compensation or profits from any person who will perform services for the client. There is no affiliation with, or financial interest in the association for which the reserve study specialist will prepare the reserve study; and The Reserve Study Specialist does not have a personal relationship with any unit's owner, member of the executive board of the association for which the reserve study specialist will prepare the reserve study.

Sources Relied Upon in Determining the Component Estimated Useful Life, Remaining Useful Life and today's cost

Better Reserve Consultants uses "real costs and numbers" whenever possible. We rely on the Management Company and the Board of Directors to provide actual bids, invoices and estimates for the Component Measurements, Replacement Costs and Estimated time frames. If the Management Company does not have the "history" of the component information, we may ask a third party Contractor to evaluate and measure the property. Any consultants and other persons with expertise used to assist in the preparation of the reserve study names have been included in this Study. If there are any conflicting recommendations of the consultants or other persons with expertise while preparing the reserve study, a written explanation as to which recommendations are selected and the reasons for their selection has been included in the Addendum.

Initial Reserve Bank Balance

The Beginning Reserve Balance for this Reserve Study has been provided by the Management Company/ Board of Directors. If the Reserve Study Site Inspection Date is not the date that the Reserve Study was prepared, the Initial Reserves may be an estimation of a future Reserve Bank Account Balance.

Board of Directors Responsibility

The Board of the Directors, the Management Company and the Reserve Study Specialist must work "hand in hand" to complete an accurate Reserve Study.

The Board of Directors must take full "ownership" in the Reserve Study. They should be involved in the process every step of the way. The Board of Directors or Manager should walk the property with the Reserve Study Specialist and discuss the "history" of the components as well as the Board's future plans for the Association. If the walkthrough is not possible, then a phone conversation to discuss the details of the Association may be adequate.

When the preliminary Study is provided, the Board of Directors should read it carefully and ensure that all information is correct. The Board of Directors should attend a Workshop or Board Meeting to discuss the Study in detail with the Reserve Study Specialist to ensure accuracy and understanding.

When the Study is adopted by the Board, the Board of Directors should think of it as a real tool to plan the future condition of the Association. Some Board Members say that they "carry the Study with them to every meeting," reviewing the plans and updating the study at each meeting. By NRS requirements, the Study is to be reviewed on an annual basis. I always tell the Board of Directors to think of themselves as "Pioneers" for their Association. It doesn't matter if the Association is 3 years old or 30 years old.... What you do now will affect the future condition of the Association.

Threshold Funding Method:

Threshold Funding: Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount. Depending on the threshold, this may be more or less conservative than "Fully Funding."

Calculations

This Study Fully Funded Balance is based upon the National Standards set forth through the Community Association Institute. The Fully Funded Balance is defined as: Total Accrued Depreciation-An indicator against which Actual (or projected) Reserve balance can be compared. The Reserve balance that is in direct proportion to the fraction of life "used up" of the current Repair or Replacement cost. This number is calculated for each component, then summed together for an association total. Two formulae can be utilized depending on the provider's sensitivity to interest and inflation effects. Note: Both yield identical results when interest and inflation are equivalent.

$$\text{FFB} = \text{Current Cost} \times \text{Effective Age} / \text{Useful Life}$$

or

$$\text{FFB} = (\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) + [(\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) / (1 + \text{Interest Rate}) ^ \text{Remaining Life}] - [(\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) / (1 + \text{Inflation Rate}) ^ \text{Remaining Life}]$$

An Update or a Full Reserve Study should be completed at least every year or if any of the following situations occur: If there are changes in the Management Company, Interest Rates, Changes in Inflation, or the Economy, after any major project completion or prior to beginning a major project (such as Roofing, Painting, Overlay, etc.), after a catastrophic event such as a fire or flood. The Study is a "working tool" or "living document" that should evolve and be updated with real costs and numbers.

NRS 116.31144--Audit and review of financial statements. 1. Except as otherwise provided in subsection 2, the executive board shall: (a) If the annual budget of the association is \$45,000 or more but less than \$75,000, cause the financial statement of the association to be reviewed by an independent certified public accountant during the year immediately preceding the year in which a study of the reserves of the association is to be conducted pursuant to NRS 116.31152. (b) If the annual budget of the association is \$75,000 or more but less than \$150,000, cause the financial statement of the association to be reviewed by an independent certified public accountant every fiscal year. (c) If the annual budget of the association is \$150,000 or more, cause the financial statement of the association to be audited by an independent certified public accountant every fiscal year.

Disclosures

The Initial Reserve Fund Bank Account Balance and Interest Rate was provided by the Management Company or Board of Directors. The Reserve Study Specialist did not verify or audit this fund.

There are no guarantees, express or implied, with the predictions of the cost or life expectancy of any of the major components.

Information provided to the preparer of a reserve study by an official representative of the association regarding financial, historical, physical, quantitative or reserve project issues will be deemed reliable by the preparer. A reserve study will be a reflection of information provided to the preparer of the reserve study. The total of actual or projected reserves required as presented in the reserve study is based upon information provided that was not audited.

A reserve study is not intended to be used to perform an audit, an analysis of quality, a forensic study or a background check of historical records. An on-site inspection conducted in conjunction with a reserve study should not be deemed to be a project audit or quality inspection.

Material issues which, if not disclosed, would cause the condition of the association to be misrepresented.

The projected life expectancy of the major components and the funding needs of the reserves of the association are based upon the association performing appropriate routine and preventative maintenance for each major component. Failure to perform such maintenance can negatively impact the remaining useful life of the major components and dramatically increase the funding needs of the reserves of the association.

Tim Betterley: Assists the Reserve Specialists with measurement of property/ components.

A Reserve Study is not a Structural or Home Inspection. This Reserve Study is based on the information provided to the Reserve Study Specialist. The Reserve Bank Balance, Components Cost and Estimated Useful life is based on information provided by the Management Company and/ or Board of Directors that was not audited.

Funding Summary

The Reserve Study Funding Plan is based on the Assumption that there are no unforeseen circumstances that would alter the components Repair, Replacement, Restoration or Maintenance Costs and Estimated Remaining or Useful Life. The Recommended Reserve Contribution and Funding Levels chart, included in this Study, must be followed.

"Adequately Funded"

Nevada Revised Statute requires that the Association Reserve Fund is "Adequately Funded." NAC 116.425 Reserve study: Contents. (NRS 116.31152, 116.615)

2. ... "adequately funded reserve" means the funds sufficient to maintain the common elements:

(a) At the level described in the governing documents and in a reserve study; and

(b) Without using the funds from the operating budget or without special assessments, except for occurrences that are a result of unforeseen catastrophic events.

A Reserve Study is considered a "working tool" and should be re-evaluated every year. What is accurate this year, may not be accurate in future years. Each year the Reserve Study should be updated with recent history and actual costs along with future costs and revised plans. The Reserve Study should "evolve" and change so that it is a "living document" that the Board of Directors follows and believes in.

Thank you for this opportunity to EARN your business. It has been our pleasure to complete this Reserve Study for your Homeowners Association. Better Reserve Consultants takes pride in completing an accurate Reserve Study that is very "customized" to your Association. We are happy to attend Board Meetings, Workshops or Conference Calls at no additional cost. It is our goal that you have a Reserve Study that you will actually use as a tool - a Study that you will believe in!

Thank you,

Mari Jo Betterley, RSS
Better Reserve Consultants

Important Information

Reserve Study / Fiscal Year Start Date: 07/01/2016

Reserve Study Site Inspection Date: March 23, 2016

Number of Assessment Paying Members/ Units: 112

Reserve Bank Accounts Interest Rate and Balance as of: 07/01/2016

Reserve Bank Account	.2%	<u>\$439,542.00</u>
	Total:	\$439,542.00

Inflation Rate: 2.50% (Based on the average over the last 20 years)

Income Tax Rate: 30.00% on Reserve Bank Account Interest Only

Current Annual Reserve Contribution/ Transfer From Operating: \$187,000.00

Total estimated current replacement costs of the major component inventory: \$1,416,083.23

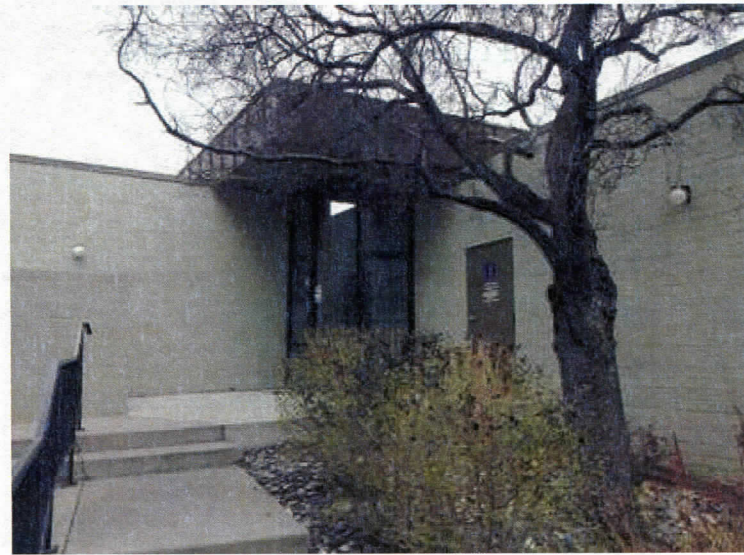
Special Reserve Assessment Recommended: \$0.00



The Asphalt Removal and Replacement and Concrete Drainage Swale Replacement has been scheduled in Phases to be done within the next 3 years. Roads that are scheduled for an Overlay will not receive Slurry Seal or Maintenance until the Overlay is completed. Concrete Curb/Gutters are replaced when the Roads have the Overlay.



The Pool was completely rebuilt in 2014. All Pool Components and new estimated useful lives have been included in this Study.



All Clubhouse Exterior Components have been included in the Study, including Painting, Roof and Windows and Door Replacement. The Interior Painting and Carpet Replacement has been included in the Study. Furniture Replacement and Restroom Remodel are also included.



The Exterior of Homes are the HOA Responsibility. A Roofing and Painting Schedule has been included in the Study. Garage Doors are the Individual Homeowner Responsibility. Concrete Driveways are maintained by the Association. Replacement of Concrete Driveways is scheduled to be done as needed. The Association is well maintained and in overall good condition.

Component Evaluation - Concepts

Common Element

The Association CC&Rs typically define what a common element is. Usually, this is property owned in common by all the homeowners (rather than by an individual homeowner).

Component

A Major Component of the common elements is any component of the common elements, including, without limitation, any amenity, improvement, furnishing, fixture, finish, system or equipment, that may, within 30 years after its original installation, require repair, replacement or restoration in excess of routine annual maintenance which is included in the annual operating budget of an association.

Units

A quantity chosen as a standard in terms of measurement. For Example, Square Footage, Linear Footage, a Condominium Unit, a Roof, etc.

Date Last Repaired/ Replaced:

Estimated date when the Component was last Replaced, Repaired, Restored or Maintained

Cost Per Unit

How much each unit of measurement costs to repair, replace, restore, or maintain

Today's Cost:

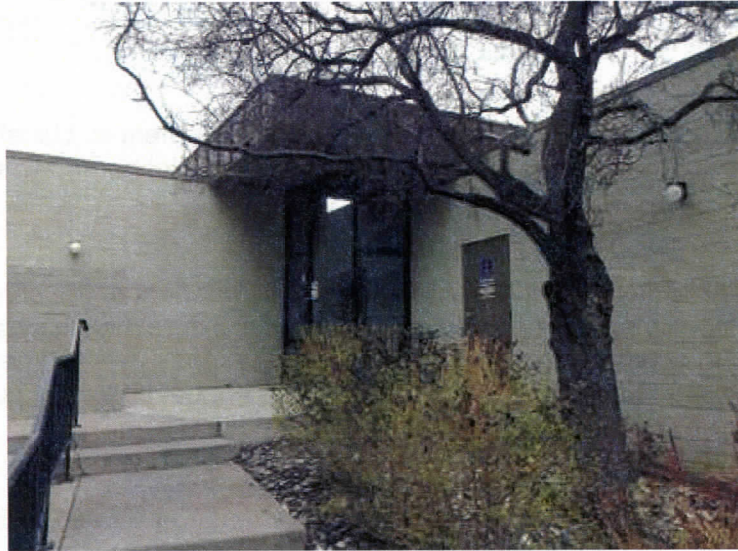
Total Estimated Cost to Repair, Replace, Maintain or Restore the Component
This may be a calculation of Costs per Unit x Number of Units or it may be a set value.

Estimated Life When New

Estimated Time Frame that the Component should last before it is Repaired, Replaced, Restored or Maintained. This may be based on a Warranty, Historical Life Span, Manufactures/ Contractors opinion, location, etc.

Estimated Remaining Useful Life:

The Estimated amount of time that the component will actually last from today
This may be a calculation based on Estimated Useful Life When New minus the actual age or it could be based on other factors such as wear, condition, climate etc.



Clubhouse

Component	Year Scheduled	Units	Cost Per Unit	Today's Cost	Estimated Remaining Useful Life (Years)	Estimated Life When New (Years)
Clubhouse - Carpet and Flooring Replacement	2033	all	4000.00	4000.00	17	20
Clubhouse - Doors and Windows	2021	all	10000.00	10000.00	5	30
Clubhouse - Furniture	2025	as needed	2500.00	2500.00	9	15
Clubhouse - Kitchen Remodel	2030	1 unit	5000.00	5000.00	14	20
Clubhouse - Paint Interior	2020	all	3000.00	3000.00	4	10
Clubhouse - Restroom(s) Remodel	2031	2 units	2500.00/unit	5000.00	15	20
Clubhouse - Roof Repairs Phase 01 (Flat Roof)	2023	1 unit	2500.00	2500.00	7	10
Clubhouse - Roof Replacement (Flat Roof)	2023	1 unit	40000.00	40000.00	7	10
Clubhouse - Roof Replacement (Shake Mansard)	2023	1 unit	6000.00	6000.00	7	25
Clubhouse - Roof Skylight Replacement	2018	4 units	2500.00/unit	10000.00	2	25



Common Area

Component	Year Scheduled	Units	Cost Per Unit	Today's Cost	Estimated Remaining Useful Life (Years)	Estimated Life When New (Years)
Common Area - Concrete Repair or Replacement	Annual	as needed	3000.00	3000.00	0	1
Common Area - Landscaping - Annual Tree Maintenance and Trimming	Annual	as needed	5000.00	5000.00	0	1
Common Area - Landscaping - Backflows	2045	as needed	15000.00	15000.00	29	30
Common Area - Landscaping , Irrigation and Curbing	Annual	as needed	5000.00	5000.00	0	1
Common Area - Lighting	2017	10 units	500.00/unit	5000.00	1	20
Common Area - Monument Signage	2019	as needed	4500.00	4500.00	3	8
Common Area - Paint Perimeter Homes Fencing Repair and Replacement	Annual	as needed	2000.00	2000.00	0	1
Common Area - Perimeter Fencing	2018	as needed	5000.00	5000.00	2	5
Common Area - Utility Line Repair or Replacement - Annual	Annual	contingency	2500.00	2500.00	0	1



Exterior of Homes

Component	Year Scheduled	Units	Cost Per Unit	Today's Cost	Estimated Remaining Useful Life (Years)	Estimated Life When New (Years)
Exterior of Homes - Component: Cinder Block Wall Repair or Replacement	2018	as needed	2000.00	2000.00	2	5
Exterior of Homes - Electrical Panel Boxes	2018	1 unit	1500.00	1500.00	2	3
Exterior of Homes - Lighting Contingency	2020	1 unit	500.00	500.00	4	5
Exterior of Homes - Painting Phase 01	2018	16 units	2500.00/unit	40000.00	2	7
Exterior of Homes - Painting Phase 02	2019	16 units	2500.00/unit	40000.00	3	7
Exterior of Homes - Painting Phase 03	2020	16 units	2500.00/unit	40000.00	4	7
Exterior of Homes - Painting Phase 04	2021	16 units	2500.00/unit	40000.00	5	7
Exterior of Homes - Painting Phase 05	2022	16 units	2500.00/unit	40000.00	6	7
Exterior of Homes - Painting Phase 06	2023	16 units	2500.00/unit	40000.00	7	7
Exterior of Homes - Painting Phase 07	2024	16 units	2500.00/unit	40000.00	8	7
Exterior of Homes - Painting Touch Up - Annual	Annual	1 unit	4200.00	4200.00	0	1
Exterior of Homes - Roof Phase 01	2026	22 units	3500.00/unit	77000.00	10	30
Exterior of Homes - Roof Phase 02	2027	22 units	3500.00/unit	77000.00	11	30

Exterior of Homes (Continued)

Component	Year Scheduled	Units	Cost Per Unit	Today's Cost	Estimated Remaining Useful Life (Years)	Estimated Life When New (Years)
Exterior of Homes - Roof Phase 03	2028	22 units	3500.00/unit	77000.00	12	30
Exterior of Homes - Roof Phase 04	2029	22 units	3500.00/unit	77000.00	13	30
Exterior of Homes - Roof Phase 05	2030	24 units	3500.00/unit	84000.00	14	30
Exterior of Homes - Roof Repairs - Annual	Annual	as needed	1600.00	1600.00	0	1



Pool Area

Component	Year Scheduled	Units	Cost Per Unit	Today's Cost	Estimated Remaining Useful Life (Years)	Estimated Life When New (Years)
Pool Area - Coping Stones (Done 2014)	2026	all	3000.00	3000.00	10	12
Pool Area - Pool Cover	2018	ea	2600.00	2600.00	2	10
Pool Area - Pool Deck Repair and Replacement	2024	as needed	5000.00	5000.00	8	10
Pool Area - Pool Filter (Done 2014)	2029	ea	7000.00	7000.00	13	15
Pool Area - Pool Furniture	2020	all	3000.00	3000.00	4	5
Pool Area - Pool Heater (Done 2014)	2029	2 units	2400.00/unit	4800.00	13	15
Pool Area - Pool Lighting and Wiring (Done 2014)	2039	as needed	6000.00	6000.00	23	25
Pool Area - Pool Pump (Done 2014)	2034	1 unit	3000.00	3000.00	18	20
Pool Area - Pool Resurface (Done 2014)	2026	1 unit	10000.00	10000.00	10	12
Pool Area - Wrought Iron Fence Painting and Repairs as needed	2019	all	2000.00	2000.00	3	5
Pool Area - Wrought Iron Fence Replacement	2045	all	25000.00	25000.00	29	40



Roads and Parking

Component	Year Scheduled	Units	Cost Per Unit	Today's Cost	Estimated Remaining Useful Life (Years)	Estimated Life When New (Years)
Roads and Parking - Concrete Curbs Replacement (C2, D, B) One Time Cost	2021	as needed	45000.00	45000.00	5	30
Roads and Parking - Removal and Reconstruction - Lorraine (Done 2013-14)	2048	as needed	30000.00	30000.00	32	35
Roads and Parking - Removal and Reconstruction Side Streets (Except Ann Marie and Ruth) First Half	2018	as needed	50000.00	50000.00	2	30
Roads and Parking - Removal and Reconstruction Side Streets (Except Ann Marie and Ruth) Second Half	2019	as needed	50000.00	50000.00	3	30
Roads and Parking - Removal and Reconstruction - Zone A (Done 2014-15)	2049	as needed	70000.00	70000.00	33	35
Roads and Parking - Removal and Reconstruction - Zone B, C1, Ann Marie and Ruth Side Streets	2016	as needed	114800.00	114800.00	0	35

Roads and Parking (Continued)

Component	Year Scheduled	Units	Cost Per Unit	Today's Cost	Estimated Remaining Useful Life (Years)	Estimated Life When New (Years)
Roads and Parking - Removal and Reconstruction - Zone C2 (Done 2015-16)	2050	as needed	40000.00	40000.00	34	35
Roads and Parking - Removal and Reconstruction - Zone D (Done 2015-16)	2050	as needed	40430.00	40430.00	34	35
Roads and Parking - Street Signs	2022	as needed	1000.00	1000.00	6	8
Roads and Parking - Surface Maintenance Treatment - Lorraine (2016-17) HA5	2016	13959 sq ft	0.2525/sq ft	3524.65	0	7
Roads and Parking - Surface Maintenance Treatment - Zone A (2016-17) HA5	2018	13959 sq ft	0.22/sq ft	3070.98	2	7
Roads and Parking - Surface Maintenance Treatment Zone C2 and Zone D (Overlay Done 2015-16)	2019	14288 sq ft	0.20/sq ft	2857.60	3	7



Tennis Court

Component	Year Scheduled	Units	Cost Per Unit	Today's Cost	Estimated Remaining Useful Life (Years)	Estimated Life When New (Years)
Tennis Court - Block Walls Concrete Retaining	2025	as needed	4000.00	4000.00	9	25
Tennis Court - Chain Link Fencing Repairs or Replacement	2017	as needed	500.00	500.00	1	5
Tennis Court - Component: Lighting	2018	1 unit	4000.00	4000.00	2	20
Tennis Court - Re-Paint the Surface	2020	all	2500.00	5000.00	4	3
Tennis Court - Resurface Removal and Replacement	2017	1 unit	60000.00	60000.00	1	30



Reserve Study

Component	Year Scheduled	Units	Cost Per Unit	Today's Cost	Estimated Remaining Useful Life (Years)	Estimated Life When New (Years)
Reserve Study - Annual Update should be completed in the Spring of 2016, prior to budget.	Annual	ea	700.00	700.00	0	1
Reserve Study - Full Reserve Study should be completed in the Spring of 2019, prior to budget.	2018	ea	3000.00	3000.00	2	5

5 Year Planned Expenditures

This is where you will spend your money in the next 5 years

2016-17	
Common Area - Concrete Repair or Replacement	\$3,000.00
Common Area - Landscaping - Annual Tree Maintenance and Trimming	\$5,000.00
Common Area - Landscaping , Irrigation and Curbing	\$5,000.00
Common Area - Paint Perimeter Homes Fencing Repair and Replacement	\$2,000.00
Common Area - Utility Line Repair or Replacement - Annual	\$2,500.00
Exterior of Homes - Painting Touch Up - Annual	\$4,200.00
Exterior of Homes - Roof Repairs - Annual	\$1,600.00
Reserve Study - Annual Update should be completed in the Spring of 2016, prior to budget.	\$700.00
Roads and Parking - Removal and Reconstruction - Zone B, C1, Ann Marie and Ruth Side Streets	\$114,800.00
Roads and Parking - Surface Maintenance Treatment - Lorraine (2016-17) HA5	\$3,524.65
Total	\$142,324.65

2017-18

Common Area - Concrete Repair or Replacement	\$3,075.00
Common Area - Landscaping - Annual Tree Maintenance and Trimming	\$5,125.00
Common Area - Landscaping , Irrigation and Curbing	\$5,125.00
Common Area - Lighting	\$5,125.00
Common Area - Paint Perimeter Homes Fencing Repair and Replacement	\$2,050.00
Common Area - Utility Line Repair or Replacement - Annual	\$2,562.50
Exterior of Homes - Painting Touch Up - Annual	\$4,305.00
Exterior of Homes - Roof Repairs - Annual	\$1,640.00
Reserve Study - Annual Update should be completed in the Spring of 2016, prior to budget.	\$717.50
Tennis Court - Chain Link Fencing Repairs or Replacement	\$512.50
Tennis Court - Resurface Removal and Replacement	\$61,500.00
Total	\$91,737.50

2018-19

Clubhouse - Roof Skylight Replacement	\$10,506.25
Common Area - Concrete Repair or Replacement	\$3,151.88
Common Area - Landscaping - Annual Tree Maintenance and Trimming	\$5,253.13
Common Area - Landscaping , Irrigation and Curbing	\$5,253.13
Common Area - Paint Perimeter Homes Fencing Repair and Replacement	\$2,101.25
Common Area - Perimeter Fencing	\$5,253.13
Common Area - Utility Line Repair or Replacement - Annual	\$2,626.56
Exterior of Homes - Component: Cinder Block Wall Repair or Replacement	\$2,101.25
Exterior of Homes - Electrical Panel Boxes	\$1,575.94
Exterior of Homes - Painting Phase 01	\$42,025.00
Exterior of Homes - Painting Touch Up - Annual	\$4,412.63
Exterior of Homes - Roof Repairs - Annual	\$1,681.00
Pool Area - Pool Cover	\$2,731.63
Reserve Study - Annual Update should be completed in the Spring of 2016, prior to budget.	\$735.44
Reserve Study - Full Reserve Study should be completed in the Spring of 2019, prior to budget.	\$3,151.88
Roads and Parking - Removal and Reconstruction Side Streets (Except Ann Marie and Ruth) First Half	\$52,531.25
Roads and Parking - Surface Maintenance Treatment - Zone A (2016-17) HA5	\$3,226.45
Tennis Court - Component: Lighting	\$4,202.50
Total	\$152,520.30

2019-20	
Common Area - Concrete Repair or Replacement	\$3,230.67
Common Area - Landscaping - Annual Tree Maintenance and Trimming	\$5,384.45
Common Area - Landscaping , Irrigation and Curbing	\$5,384.45
Common Area - Monument Signage	\$4,846.01
Common Area - Paint Perimeter Homes Fencing Repair and Replacement	\$2,153.78
Common Area - Utility Line Repair or Replacement - Annual	\$2,692.23
Exterior of Homes - Painting Phase 02	\$43,075.63
Exterior of Homes - Painting Touch Up - Annual	\$4,522.94
Exterior of Homes - Roof Repairs - Annual	\$1,723.03
Pool Area - Wrought Iron Fence Painting and Repairs as needed	\$2,153.78
Reserve Study - Annual Update should be completed in the Spring of 2016, prior to budget.	\$753.82
Roads and Parking - Removal and Reconstruction Side Streets (Except Ann Marie and Ruth) Second Half	\$53,844.53
Roads and Parking - Surface Maintenance Treatment Zone C2 and Zone D (Overlay Done 2015-16)	\$3,077.32
Total	\$132,842.64

2020-21

Clubhouse - Paint Interior	\$3,311.44
Common Area - Concrete Repair or Replacement	\$3,311.44
Common Area - Landscaping - Annual Tree Maintenance and Trimming	\$5,519.06
Common Area - Landscaping , Irrigation and Curbing	\$5,519.06
Common Area - Paint Perimeter Homes Fencing Repair and Replacement	\$2,207.63
Common Area - Utility Line Repair or Replacement - Annual	\$2,759.53
Exterior of Homes - Lighting Contingency	\$551.91
Exterior of Homes - Painting Phase 03	\$44,152.52
Exterior of Homes - Painting Touch Up - Annual	\$4,636.01
Exterior of Homes - Roof Repairs - Annual	\$1,766.10
Pool Area - Pool Furniture	\$3,311.44
Reserve Study - Annual Update should be completed in the Spring of 2016, prior to budget.	\$772.67
Tennis Court - Re-Paint the Surface	\$5,519.06
Total	\$83,337.87

Recommended Reserve Contribution and Funding Levels - Concepts

Beginning of the Year Balance	Reserve Bank Account(s) Balance as of the Beginning of the year
Annual Transfer	Recommended Transfer or Annual Contribution to the Reserve Account
Monthly Contribution per Unit	An example of the amount of money that each unit owner would contribute to the Reserve Bank Account each month
Annual Expenditures	Estimated Expenditures based on the Component Evaluation
Investment Earnings	Dollar Amount of Interest contributed to the Reserve Account based on the percent interest rate on the Reserve Bank Account - Provided by the Management Company or Board of Directors.
Income Tax	Estimated Income Tax - 30% of the Reserve Bank Account(s) earned interest
End of the Year Balance	Recommended Reserve Bank Account Ending Balance at the end of the Fiscal Year
% Funded	A Measure of the financial health of the Association based on funding the depreciation of each Component. The chart below indicates the financial position based on the Percent Funded.
Fully Funded- 100% Funded	Funding of 100% of the depreciation of each Component.

0% - 40% Funded is considered to be a "weak" financial position. Associations that fall into this category must take action to bring the funding levels to a proper level by raising the monthly/ annual contribution or a Special Reserve Assessment.

40% - 74% Funded is considered to be a "fair" financial position. This does not represent financial strength and stability. The likelihood of a Special Assessment is still possible. The Association should make every effort to continue strengthening the financial position of the Reserve Fund.

75% - 99% Funded is considered a "strong" financial position. This indicates financial strength of a Reserve Fund and every attempt to maintain this level should be a goal of the Association.

100% Funded or Greater is the "ideal" financial position. This means that the Association has the funds in the Reserve Account in order to repair, replace, restore or maintain the Common Elements based on their depreciation. Some Reserve Studies will fund the Reserves up to 130% Funded. In some instances, the Reserve Fund may be over the 100% funding mark in order to prepare for larger costs that will impact the Reserve Account in the future.

Recommended Reserve Contribution

Year Funded	Beginning of Year Balance	Annual Transfer	Member Monthly Pmt	Annual Expenditures	Interest Earned	Income Tax	End of Year Balance	% Funded	Fully Funded (100%) Balance
2016-17	\$439,542.00	\$187,000.00	\$139.14	\$142,324.65	\$879.00	\$263.70	\$484,832.65	61.25	\$791,535.44
2017-18	\$484,832.65	\$187,000.00	\$139.14	\$91,737.50	\$970.00	\$291.00	\$580,774.15	69.64	\$833,955.09
2018-19	\$580,774.15	\$187,000.00	\$139.14	\$152,520.30	\$1,162.00	\$348.60	\$616,067.25	75.04	\$821,034.24
2019-20	\$616,067.25	\$187,000.00	\$139.14	\$132,842.64	\$1,232.00	\$369.60	\$671,087.01	80.75	\$831,044.10
2020-21	\$671,087.01	\$187,000.00	\$139.14	\$83,337.87	\$1,342.00	\$402.60	\$775,688.54	86.92	\$892,412.44
2021-22	\$775,688.54	\$187,000.00	\$139.14	\$136,334.68	\$1,551.00	\$465.30	\$827,439.56	91.34	\$905,845.93
2022-23	\$827,439.56	\$187,000.00	\$139.14	\$75,959.93	\$1,655.00	\$496.50	\$939,638.13	95.78	\$981,072.05
2023-24	\$939,638.13	\$190,000.00	\$141.37	\$155,747.13	\$1,879.00	\$563.70	\$975,206.30	99.22	\$982,846.69
2024-25	\$975,206.30	\$190,000.00	\$141.37	\$88,334.20	\$1,950.00	\$585.00	\$1,078,237.10	102.34	\$1,053,545.37
2025-26	\$1,078,237.10	\$190,000.00	\$141.37	\$96,251.08	\$2,156.00	\$646.80	\$1,173,495.22	104.80	\$1,119,714.58
2026-27	\$1,173,495.22	\$190,000.00	\$141.37	\$207,191.41	\$2,347.00	\$704.10	\$1,157,946.71	106.96	\$1,082,564.54
2027-28	\$1,157,946.71	\$190,000.00	\$141.37	\$193,532.77	\$2,316.00	\$694.80	\$1,156,035.14	108.69	\$1,063,584.78
2028-29	\$1,156,035.14	\$190,000.00	\$141.37	\$206,574.91	\$2,312.00	\$693.60	\$1,141,078.63	110.02	\$1,037,160.93
2029-30	\$1,141,078.63	\$190,000.00	\$141.37	\$220,286.08	\$2,282.00	\$684.60	\$1,112,389.95	110.90	\$1,003,100.63
2030-31	\$1,112,389.95	\$190,000.00	\$141.37	\$233,881.99	\$2,225.00	\$667.50	\$1,070,065.46	111.23	\$961,998.16
2031-32	\$1,070,065.46	\$190,000.00	\$141.37	\$99,932.58	\$2,140.00	\$642.00	\$1,161,630.88	110.01	\$1,055,918.14
2032-33	\$1,161,630.88	\$190,000.00	\$141.37	\$107,732.02	\$2,323.00	\$696.90	\$1,245,524.96	108.62	\$1,146,677.14
2033-34	\$1,245,524.96	\$200,000.00	\$148.81	\$189,985.61	\$2,491.00	\$747.30	\$1,257,283.05	108.09	\$1,163,218.02
2034-35	\$1,257,283.05	\$200,000.00	\$148.81	\$115,414.75	\$2,515.00	\$754.50	\$1,343,628.80	106.88	\$1,257,187.74
2035-36	\$1,343,628.80	\$200,000.00	\$148.81	\$123,096.08	\$2,687.00	\$806.10	\$1,422,413.62	105.49	\$1,348,449.59
2036-37	\$1,422,413.62	\$200,000.00	\$148.81	\$107,329.37	\$2,845.00	\$853.50	\$1,517,075.75	103.95	\$1,459,463.80
2037-38	\$1,517,075.75	\$200,000.00	\$148.81	\$122,650.87	\$3,034.00	\$910.20	\$1,596,548.68	102.34	\$1,560,038.20
2038-39	\$1,596,548.68	\$210,000.00	\$156.25	\$171,468.51	\$3,193.00	\$957.90	\$1,637,315.27	101.17	\$1,618,377.25
2039-40	\$1,637,315.27	\$220,000.00	\$163.69	\$135,117.96	\$3,275.00	\$982.50	\$1,724,489.81	100.45	\$1,716,808.34
2040-41	\$1,724,489.81	\$220,000.00	\$163.69	\$137,205.61	\$3,449.00	\$1,034.70	\$1,809,698.50	99.56	\$1,817,767.05
2041-42	\$1,809,698.50	\$220,000.00	\$163.69	\$127,922.14	\$3,619.00	\$1,085.70	\$1,904,309.66	98.57	\$1,932,014.58
2042-43	\$1,904,309.66	\$230,000.00	\$171.13	\$125,419.32	\$3,809.00	\$1,142.70	\$2,011,556.64	98.00	\$2,052,657.39
2043-44	\$2,011,556.64	\$230,000.00	\$171.13	\$255,161.80	\$4,023.00	\$1,206.90	\$1,989,210.94	96.89	\$2,052,995.84
2044-45	\$1,989,210.94	\$230,000.00	\$171.13	\$182,329.25	\$3,978.00	\$1,193.40	\$2,039,666.29	95.79	\$2,129,363.78
2045-46	\$2,039,666.29	\$230,000.00	\$171.13	\$223,058.40	\$4,079.00	\$1,223.70	\$2,049,463.19	94.46	\$2,169,722.65
Total:		\$5,999,000.00		\$4,440,681.41	\$73,718.00	\$22,115.40			

Reserve Budget Summary

Homeowners,

This Summary meets the NRS 116.31151 requirement of the Annual distribution to units' owners of operating and reserve budgets. It is provided to all individual homeowners as a recap of the Reserve Study that has been adopted by the Board of Directors.

A Full Reserve Study with a site inspection is required at least every 5 years by Nevada law. The Reserve Study should be updated each year with the estimated Reserve Bank Account Balance, Real Component Costs and actual time frames. Adjustments to the Association's funding plan should be made to provide adequate funding for the required reserves.

NRS 116.31152 Study of reserves; duties of executive board regarding study; person who conducts study required to hold permit; contents of study; submission of summary of study to Division; use of money credited against residential construction tax for upkeep of park facilities and related improvements identified in study.

1. The executive board shall:

(a) At least once every 5 years, cause to be conducted a study of the reserves required to repair, replace and restore the major components of the common elements;

(b) At least annually, review the results of that study to determine whether those reserves are sufficient; and

(c) At least annually, make any adjustments to the association's funding plan which the executive board deems necessary to provide adequate funding for the required reserves.

A copy of the entire Reserve Study is available by contacting the Community Management Company.

Reserve Study Start Date: 07/01/2016

Reserve Bank Balance as of Fiscal Year Start Date: \$439,542.00

Recommended Annual Contribution to the Reserve Account: \$187,000.00

Estimated Expenditures: \$142,324.65

Projected Reserve Bank Balance at the End of the Fiscal Year: \$484,832.65

Planned Special Reserve Assessments: \$0.00

Study Method: Threshold Funding

Reserve Study Completed By: Reserve Study Specialist: RSS Mari Jo Betterley, 0000025, Better Reserve Consultants

**Major Components of the Common Elements to be
Repaired, Replaced, Restored or Maintained**

Component	Today's Cost	Estimated Remaining Useful Life	Estimated Life When New
<u>Clubhouse</u>			
Clubhouse - Carpet and Flooring Replacement	4,000.00	17	20
Clubhouse - Doors and Windows	10,000.00	5	30
Clubhouse - Furniture	2,500.00	9	15
Clubhouse - Kitchen Remodel	5,000.00	14	20
Clubhouse - Paint Interior	3,000.00	4	10
Clubhouse - Restroom(s) Remodel	5,000.00	15	20
Clubhouse - Roof Repairs Phase 01 (Flat Roof)	2,500.00	7	10
Clubhouse - Roof Replacement (Flat Roof)	40,000.00	7	10
Clubhouse - Roof Replacement (Shake Mansard)	6,000.00	7	25
Clubhouse - Roof Skylight Replacement	10,000.00	2	25
<u>Common Area</u>			
Common Area - Concrete Repair or Replacement	3,000.00	0	1
Common Area - Landscaping - Annual Tree Maintenance and Trimming	5,000.00	0	1
Common Area - Landscaping - Backflows	15,000.00	29	30
Common Area - Landscaping , Irrigation and Curbing	5,000.00	0	1
Common Area - Lighting	5,000.00	1	20
Common Area - Monument Signage	4,500.00	3	8
Common Area - Paint Perimeter Homes Fencing Repair and Replacement	2,000.00	0	1
Common Area - Perimeter Fencing	5,000.00	2	5
Common Area - Utility Line Repair or Replacement - Annual	2,500.00	0	1
<u>Exterior of Homes</u>			
Exterior of Homes - Component: Cinder Block Wall Repair or Replacement	2,000.00	2	5
Exterior of Homes - Electrical Panel Boxes	1,500.00	2	3
Exterior of Homes - Lighting Contingency	500.00	4	5
Exterior of Homes - Painting Phase 01	40,000.00	2	7
Exterior of Homes - Painting Phase 02	40,000.00	3	7
Exterior of Homes - Painting Phase 03	40,000.00	4	7
Exterior of Homes - Painting Phase 04	40,000.00	5	7
Exterior of Homes - Painting Phase 05	40,000.00	6	7
Exterior of Homes - Painting Phase 06	40,000.00	7	7
Exterior of Homes - Painting Phase 07	40,000.00	8	7
Exterior of Homes - Painting Touch Up - Annual	4,200.00	0	1
Exterior of Homes - Roof Phase 01	77,000.00	10	30
Exterior of Homes - Roof Phase 02	77,000.00	11	30
Exterior of Homes - Roof Phase 03	77,000.00	12	30
Exterior of Homes - Roof Phase 04	77,000.00	13	30
Exterior of Homes - Roof Phase 05	84,000.00	14	30
Exterior of Homes - Roof Repairs - Annual	1,600.00	0	1

Pool Area

Pool Area - Coping Stones (Done 2014)	3,000.00	10	12
Pool Area - Pool Cover	2,600.00	2	10
Pool Area - Pool Deck Repair and Replacement	5,000.00	8	10
Pool Area - Pool Filter (Done 2014)	7,000.00	13	15
Pool Area - Pool Furniture	3,000.00	4	5
Pool Area - Pool Heater (Done 2014)	4,800.00	13	15
Pool Area - Pool Lighting and Wiring (Done 2014)	6,000.00	23	25
Pool Area - Pool Pump (Done 2014)	3,000.00	18	20
Pool Area - Pool Resurface (Done 2014)	10,000.00	10	12
Pool Area - Wrought Iron Fence Painting and Repairs as needed	2,000.00	3	5
Pool Area - Wrought Iron Fence Replacement	25,000.00	29	40

Reserve Study

Reserve Study - Annual Update should be completed in the Spring of 2016, prior to budget.	700.00	0	1
Reserve Study - Full Reserve Study should be completed in the Spring of 2019, prior to budget.	3,000.00	2	5

Roads and Parking

Roads and Parking - Concrete Curbs Replacement (C2, D, B) One Time Cost	45,000.00	5	30
Roads and Parking - Removal and Reconstruction - Lorraine (Done 2013-14)	30,000.00	32	35
Roads and Parking - Removal and Reconstruction Side Streets (Except Ann Marie and Ruth) First Half	50,000.00	2	30
Roads and Parking - Removal and Reconstruction Side Streets (Except Ann Marie and Ruth) Second Half	50,000.00	3	30
Roads and Parking - Removal and Reconstruction - Zone A (Done 2014-15)	70,000.00	33	35
Roads and Parking - Removal and Reconstruction - Zone B, C1, Ann Marie and Ruth Side Streets	114,800.00	0	35
Roads and Parking - Removal and Reconstruction - Zone C2 (Done 2015-16)	40,000.00	34	35
Roads and Parking - Removal and Reconstruction - Zone D (Done 2015-16)	40,430.00	34	35
Roads and Parking - Street Signs	1,000.00	6	8
Roads and Parking - Surface Maintenance Treatment - Lorraine (2016-17) HA5	3,524.65	0	7
Roads and Parking - Surface Maintenance Treatment - Zone A (2016-17) HA5	3,070.98	2	7
Roads and Parking - Surface Maintenance Treatment Zone C2 and Zone D (Overlay Done 2015-16)	2,857.60	3	7

Tennis Court

Tennis Court - Block Walls Concrete Retaining	4,000.00	9	25
Tennis Court - Chain Link Fencing Repairs or Replacement	500.00	1	5
Tennis Court - Component: Lighting	4,000.00	2	20
Tennis Court - Re-Paint the Surface	5,000.00	4	3
Tennis Court - Resurface Removal and Replacement	60,000.00	1	30

Total: 1,416,083.23

