

CALDERA CABINS OWNERS' ASSOCIATION, INC.
MAINTENANCE PLAN UPDATE
RESERVE STUDY
LEVEL III: UPDATE WITH NO VISUAL SITE INSPECTION
2020

 **SCHWINDT & Co.**
RESERVE STUDY SERVICES
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(503) 227-1165

CALDERA CABINS OWNERS' ASSOCIATION, INC.

Executive Summary

Year of Report:

January 1, 2020 to December 31, 2020

Number of Units:

45 Units

Parameters:

Beginning Balance: \$62,150

Year 2020 Suggested Contribution: \$11,569

Year 2020 Projected Interest Earned: \$63

Inflation: 2.50%

Annual Increase to Suggested Contribution: 2.50%

Lowest Cash Balance Over 30 Years (Threshold): \$62,150

Average Reserve Assessment per Unit: \$21.42

Prior Year's Actual Contribution: \$11,568

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Caldera Cabins Owners' Association, Inc.
Maintenance Plan Update
Reserve Study Update – Offsite
Disclosure Information
2020

We have conducted an offsite reserve study update and maintenance plan update for Caldera Cabins Owners' Association, Inc. for the year beginning January 1, 2020, in accordance with guidelines established by Community Associations Institute and the American Institute of Certified Public Accountants.

This reserve study and maintenance plan is in compliance with the legislative changes made in 2007 to ORS Chapters 94 and 100.

In addition to providing the reserve study and maintenance plan, we also provide tax and review/audit services to the Association.

Assumptions used for inflation, interest, and other factors are detailed in page 12. Income tax factors were not considered due to the uncertainty of factors affecting net taxable income and the election of tax form to be filed.

David T. Schwindt, the representative in charge of this report, is a designated Reserve Study Specialist, Professional Reserve Analyst, and Certified Public Accountant licensed in the states of Oregon, Washington, California, and Arizona.

Increases in Roofing and Painting Costs.

Over the last several years, roofing, painting and other costs have increased at a dramatic pace. Schwindt & Company has noted this in our reserve studies. We were not sure if this was a temporary price increase or the new normal in pricing. We are now of the opinion that these increased prices will most likely continue. Roofing costs have nearly doubled and painting costs have increased 50%. It is still possible to keep the increases to a minimum if Associations can find a vendor that will perform the work at a reduced price, however, these vendors are becoming rare.

The main reason for increased prices aside from normal cost increases appear to be the availability of labor. Many workers left the industry during the downturn and have not reentered the job market thus driving up wage costs to attract qualified workers. Roofers and painters are also seeing increased demand for their services due to aging association property. These factors have created the perfect storm for increased prices.

These increases are being built in to cost estimates and required contributions. Associations will see an increase in the suggested reserve contributions beginning with the 2018/2019 budget years and depending on the year the roofing and painting projects occur, the increases may be substantial. The terms *RS Means*, *National Construction Estimator*, and *Fannie Mae Expected Useful Life Tables and Forms* refer to construction industry estimating databases that are used throughout the industry to establish cost estimates and useful life estimates for common building components and products. We suggest that the Association obtain firm bids for these services.

According to Section 2.8 of the Declaration, the common area includes the private streets and common lots A, B, C, D, and E.

According to Section 2.9 of the Declaration, the Common Maintenance Area includes the common areas, landscaping, including irrigation, driveways (including any associated lighting), and main walkways that are constructed of pavers.

According to the Association, the insurance deductible is funded in the operating budget.

We are not aware of any material issues which, if not disclosed, would cause a material distortion of this report.

Certain information, such as the beginning balance of reserve funds and other information as detailed on the component detail reports, was provided by Association representatives and is deemed to be reliable by us. This reserve study is a reflection of the information provided to us and cannot be used for the purpose of performing an audit, a quality/forensic analysis, or background checks of historical records.

Site visits should not be considered a project audit or quality inspection of the Association's property. This site visit does not evaluate the condition of the property to determine the useful life or needed repairs. Schwindt & Company suggests that the Association perform a building envelope inspection to determine the condition, performance, and the useful life of all the components.

Certain costs outlined in the reserve study are subjective and, as a result, are for planning purposes only. The Association should obtain firm bids at the time of work. Actual costs will depend upon the scope of work as defined at the time the repair, replacement, or restoration is performed. All estimates relating to future work are good faith estimates and projections are based on the estimated inflation rate, which may or may not prove accurate. All future costs and life expectancies should be reviewed and adjusted annually.

This reserve study, unless specifically stated in the report, assumes no fungi, mold, asbestos, lead paint, urea-formaldehyde foam insulation, termite control substances, other chemicals, toxic wastes, radon gas, electro-magnetic radiation or other potentially hazardous materials (on the surface or sub-surface), or termites on the property. The existence of any of these substances may adversely affect the accuracy of this reserve study. Schwindt & Company assumes no responsibility regarding such conditions, as we are not qualified to detect substances, determine the impact, or develop remediation plans/costs.

Since destructive testing was not performed, this reserve study does not attempt to address latent and/or patent defects. Neither does it address useful life expectancies that are abnormally short due either to improper design, installation, nor to subsequent improper maintenance. This reserve study assumes all components will be reasonably maintained for the remainder of their life expectancy.

Physical Analysis:

New projects generally include information provided by developers and/or refer to drawings.

Full onsite reserve studies generally include field measurements and do not include destructive testing. Drawings are usually not available for existing projects.

Onsite updates generally include observations of physical characteristics, but do not include field measurements.

The client is considered to have deemed previously developed component quantities as accurate and reliable. The current work is reliant on the validity of prior reserve studies.

This reserve study should be reviewed carefully. It may not include all common and limited common element components that 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. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require the association to (1) defer major maintenance, repair, or replacement, (2) increase future reserve contributions, (3) borrow funds to pay for major maintenance, repair, or replacement, or (4) impose special assessments for the cost of major maintenance, repair, or replacement.

CALDERA CABINS OWNERS' ASSOCIATION, INC.

MAINTENANCE PLAN

2020

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**Caldera Cabins Owners' Association, Inc.
Executive Summary of Maintenance Plan**

Regular maintenance of common elements is necessary to insure the maximum useful life and optimum performance of components. Of particular concern are items that may present a safety hazard to residents or guests if they are not maintained in a timely manner and components that perform a water-proofing function.

This maintenance plan is a cyclical plan that calls for maintenance at regular intervals. The frequency of the maintenance activity and the cost of the activity at the first instance follow a short descriptive narrative. This maintenance plan should be reviewed on an annual basis when preparing the annual operating budget for the Association.

Checklists, developed by Reed Construction Data, Inc., can be photocopied or accessed from the RS Means website:

<http://www.rsmeans.com/supplement/67346.asp>

They can be used to assess and document the existing condition of an Association's common elements and to track the carrying out of planned maintenance activities.

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Caldera Cabins Owners' Association, Inc.
Maintenance Plan Update
2020

Pursuant to Oregon State Statutes Chapters 94 and 100, which require a maintenance plan as an integral part of the reserve study, the maintenance procedures are as follows:

The Board of Directors should refer to this maintenance plan each year when preparing the annual operating budget for the Association to ensure that annual maintenance costs are included in the budget for the years that they are scheduled.

Property Inspection

Schwindt & Company recommends that a provision for the annual inspection of common area components be included in the maintenance plan for all associations. This valuable management tool will help to ensure that all components achieve a maximum useful life expectancy and that they function as intended throughout their lifespan.

The inspection should be performed by a qualified professional and should include a written summary of conclusions with specific recommendations for any needed repairs or maintenance.

We suggest that the Association obtain firm bids for this service.

This expense should be included in the annual operating budget for the Association.

Frequency: Annually

Asphalt – Seal Coating

Maintenance of asphalt paving includes the periodic application of an asphalt emulsion sealer or “seal coat”. This procedure is typically performed every 4 to 7 years, depending on a variety of factors that can affect the useful life of the sealer.

Vehicle traffic is one such factor, and associations that have asphalt paving that carries considerable vehicle traffic should consider a maintenance program that calls for seal coating of asphalt driving surfaces as frequently as every 4 years.

This maintenance procedure involves thoroughly cleaning all pavements, filling of any surface cracks and patching of any locally damaged pavement surfaces. The emulsion sealer is then applied.

This work should be performed by a licensed paving contractor.

Crack sealing should be done as needed annually.

This expense is included in the reserve study for the Association.

Frequency: Every 7 years

This maintenance plan is designed to preserve and extend the useful life of assets and is dependent upon proper inspection and follow up procedures.

CALDERA CABINS OWNERS' ASSOCIATION, INC.

RESERVE STUDY

LEVEL III: UPDATE WITH NO VISUAL SITE INSPECTION

2020

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**Caldera Cabins Owners' Association, Inc.
Category Detail Index**

Asset ID	Description	Replacement	Page
Siding			
1006	Signs - Repair/Replacement I	2027	21 of 31
1007	Signs - Repair/Replacement II	2035	21 of 31
Streets/Asphalt			
1002	Asphalt - Overlay I	2032	22 of 31
1005	Asphalt - Overlay II	2034	22 of 31
1009	Asphalt - Overlay III	2037	23 of 31
1001	Asphalt - Seal Coat I	2025	24 of 31
1004	Asphalt - Seal Coat II	2020	24 of 31
1010	Asphalt - Seal Coat III	2023	25 of 31
Grounds Components			
1008	Irrigation System Upgrades/Repairs	2020	27 of 31
1003	Paver Walkways - Repair	2020	27 of 31
	Total Funded Assets	10	
	Total Unfunded Assets	<u>0</u>	
	Total Assets	10	

Caldera Cabins Owners' Association, Inc.
Property Description

Caldera Cabins Owners' Association, Inc. consists of 45 single family home units located in Sunriver, Oregon. The Association shall provide exterior improvements upon the common driveways and walkways. The individual homeowners are responsible for all maintenance and repairs of their home and the adjacent private property such as paint, maintenance, repair and replacement of roofs, gutters, downspouts, rain drains, and exterior building surfaces. Construction began in 2007 and should be completed by early 2018.

This study uses information supplied by the Association, and various construction pricing and scheduling manuals to determine useful lives and replacement costs. The property is currently under construction.

A site visit was performed by Schwindt & Company in 2015 and 2017. Schwindt & Co did not investigate components for defects, materials, design or workmanship. This would ordinarily be considered in a complete building envelope inspection. Our condition assessment considers if the component is wearing as intended. All components are considered to be in fair condition and appear to be wearing as intended unless noted otherwise in the component detail.

Funds are being accumulated in the replacement fund based on estimates of future need for repairs and replacement of common property components. Actual expenditures, investment income, and provisions for income taxes however, may vary from estimated amounts, and variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future funding needs.

If additional funds are needed, the Association has the right, subject to board approval, to increase regular assessments, levy special assessments, otherwise the Association may delay repairs or replacements until funds are available. Special Assessments shall not be effective unless approved by a vote of two-thirds (2/3) of the Members voting in person or by proxy at meeting called for the purpose of approving special assessments; or if the special assessment is against a Lot or a group of Lots, two-thirds (2/3) of the Members who own the affected Lots who are voting in person or by proxy at a meeting called for the purpose of approving special assessments.

Caldera Cabins Owners' Association, Inc.
 Sunriver, Oregon
Cash Flow Method - Threshold Funding Model Summary

Report Date	November 4, 2019
Account Number	2caldc
Budget Year Beginning	January 1, 2020
Budget Year Ending	December 31, 2020
Total Units	45

<i>Report Parameters</i>	
Inflation	2.50%
Annual Assessment Increase	2.50%
Interest Rate on Reserve Deposit	0.10%
2020 Beginning Balance	\$62,150

**Threshold Funding
 Fully Reserved Model Summary**

- This study utilizes the cash flow method and the threshold funding model, which establishes a reserve funding goal that keeps the reserve balance above a specified dollar or percent funded amount. The threshold method assumes that the threshold method is funded with a positive threshold balance, therefore, "fully reserved".
- The following items were not included in the analysis because they have useful lives greater than 30 years: grading/drainage; foundation/footings; storm drains; telephone, cable, and internet lines.
- This funding scenario begins with a contribution of **\$11,569** in **2020** and increases **2.50%** each year for the remaining years of the study. A minimum balance of **\$62,150** is maintained.
- The purpose of this study is to insure that adequate replacement funds are available when components reach the end of their useful life. Components will be replaced as required, not necessarily in their expected replacement year. This analysis should be updated annually.

Cash Flow Method - Threshold Funding Model Summary of Calculations

Required Month Contribution	\$964.08
<i>\$21.42 per unit monthly</i>	
Average Net Month Interest Earned	<u>\$5.26</u>
Total Month Allocation to Reserves	\$969.34
<i>\$21.54 per unit monthly</i>	

Caldera Cabins Owners' Association, Inc.
Cash Flow Method - Threshold Funding Model Projection

Beginning Balance: \$62,150

Year	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2020	11,569	63	5,373	68,409	63,645	107%
2021	11,858	74	566	79,776	73,437	109%
2022	12,155	86	580	91,437	83,679	109%
2023	12,459	95	3,135	100,855	91,783	110%
2024	12,770	107	609	113,123	102,910	110%
2025	13,089	117	3,728	122,601	111,354	110%
2026	13,416	129	640	135,506	122,951	110%
2027	13,752	136	7,372	142,022	128,413	111%
2028	14,096	149	672	155,595	141,128	110%
2029	14,448	163	689	169,516	154,398	110%
2030	14,809	170	7,259	177,237	161,527	110%
2031	15,180	185	724	191,877	175,800	109%
2032	15,559	132	68,379	139,189	121,886	114%
2033	15,948	147	761	154,523	136,227	113%
2034	16,347	106	57,111	113,866	93,470	122%
2035	16,755	109	13,989	116,741	94,154	124%
2036	17,174	125	819	133,222	108,671	123%
2037	17,604	73	70,257	80,641	52,702	153%
2038	18,044	90	861	97,914	66,798	147%
2039	18,495	103	5,268	111,243	77,392	144%
2040	18,957	116	5,425	124,891	88,448	141%
2041	19,431	131	4,390	140,063	101,208	138%
2042	19,917	150	950	159,180	118,189	135%
2043	20,415	169	974	178,790	135,956	132%
2044	20,925	185	5,266	194,634	150,162	130%
2045	21,448	205	1,023	215,264	169,478	127%
2046	21,984	221	6,262	231,208	184,323	125%
2047	22,534	235	8,063	245,915	197,336	125%
2048	23,097	253	5,219	264,047	214,408	123%
2049	23,675	276	1,129	286,868	236,534	121%

**Caldera Cabins Owners' Association, Inc.
Component Summary By Category**

Description	Date in Service	Replacement Year	Useful	Adjustment	Remaining	Units	Unit Cost	Current Cost
Siding								
Signs - Repair/Replacement I	2007	2027	20	0	7	13 Each	275.96	3,587
Signs - Repair/Replacement II	2015	2035	20	0	15	33 Each	275.96	9,107
Siding - Total								<u>\$12,694</u>
Streets/Asphalt								
Asphalt - Overlay I	2007	2032	21	4	12	22,860 SF	2.20	50,292
Asphalt - Overlay II	2013	2034	21	0	14	17,184 SF	2.20	37,805
Asphalt - Overlay III	2016	2037	21	0	17	19,664 SF	2.20	43,261
Asphalt - Seal Coat I	2018	2025	7	0	5	22,860 SF	0.12	2,743
Asphalt - Seal Coat II	2013	2020	7	0	0	17,184 SF	0.12	2,062
Asphalt - Seal Coat III	2016	2023	7	0	3	19,664 SF	0.12	2,360
Streets/Asphalt - Total								<u>\$138,523</u>
Grounds Components								
Irrigation System Upgrades/Repairs	2007	2020	10	2	0	1 Total	2,758.94	2,759
Paver Walkways - Repair	2019	2020	1	0	0	1 Total	551.90	552
Grounds Components - Total								<u>\$3,311</u>
Total Asset Summary								<u>\$154,528</u>

**Caldera Cabins Owners' Association, Inc.
Component Summary By Group**

Description	Date in Service	Replacement Year	Useful	Adjustment	Remaining	Units	Unit Cost	Current Cost
Non-Capital								
Asphalt - Overlay I	2007	2032	21	4	12	22,860 SF	2.20	50,292
Asphalt - Overlay II	2013	2034	21	0	14	17,184 SF	2.20	37,805
Asphalt - Overlay III	2016	2037	21	0	17	19,664 SF	2.20	43,261
Asphalt - Seal Coat I	2018	2025	7	0	5	22,860 SF	0.12	2,743
Asphalt - Seal Coat II	2013	2020	7	0	0	17,184 SF	0.12	2,062
Asphalt - Seal Coat III	2016	2023	7	0	3	19,664 SF	0.12	2,360
Irrigation System Upgrades/Repairs	2007	2020	10	2	0	1 Total	2,758.94	2,759
Paver Walkways - Repair	2019	2020	1	0	0	1 Total	551.90	552
Signs - Repair/Replacement I	2007	2027	20	0	7	13 Each	275.96	3,587
Signs - Repair/Replacement II	2015	2035	20	0	15	33 Each	275.96	9,107
Non-Capital - Total								<u>\$154,528</u>
Total Asset Summary								<u>\$154,528</u>

**Caldera Cabins Owners' Association, Inc.
Annual Expenditure Detail**

Description	Expenditures
Replacement Year 2020	
Asphalt - Seal Coat II	2,062
Irrigation System Upgrades/Repairs	2,759
Paver Walkways - Repair	552
Total for 2020	<u>\$5,373</u>
Replacement Year 2021	
Paver Walkways - Repair	566
Total for 2021	<u>\$566</u>
Replacement Year 2022	
Paver Walkways - Repair	580
Total for 2022	<u>\$580</u>
Replacement Year 2023	
Asphalt - Seal Coat III	2,541
Paver Walkways - Repair	594
Total for 2023	<u>\$3,135</u>
Replacement Year 2024	
Paver Walkways - Repair	609
Total for 2024	<u>\$609</u>
Replacement Year 2025	
Asphalt - Seal Coat I	3,104
Paver Walkways - Repair	624
Total for 2025	<u>\$3,728</u>
Replacement Year 2026	
Paver Walkways - Repair	640
Total for 2026	<u>\$640</u>
Replacement Year 2027	
Asphalt - Seal Coat II	2,451

**Caldera Cabins Owners' Association, Inc.
Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2027 continued...</i>	
Paver Walkways - Repair	656
Signs - Repair/Replacement I	4,264
Total for 2027	\$7,372
Replacement Year 2028	
Paver Walkways - Repair	672
Total for 2028	\$672
Replacement Year 2029	
Paver Walkways - Repair	689
Total for 2029	\$689
Replacement Year 2030	
Asphalt - Seal Coat III	3,021
Irrigation System Upgrades/Repairs	3,532
Paver Walkways - Repair	706
Total for 2030	\$7,259
Replacement Year 2031	
Paver Walkways - Repair	724
Total for 2031	\$724
Replacement Year 2032	
Asphalt - Overlay I	67,637
Paver Walkways - Repair	742
Total for 2032	\$68,379
Replacement Year 2033	
Paver Walkways - Repair	761
Total for 2033	\$761
Replacement Year 2034	
Asphalt - Overlay II	53,417

**Caldera Cabins Owners' Association, Inc.
Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2034 continued...</i>	
Asphalt - Seal Coat II	2,914
Paver Walkways - Repair	780
Total for 2034	\$57,111
Replacement Year 2035	
Paver Walkways - Repair	799
Signs - Repair/Replacement II	13,189
Total for 2035	\$13,989
Replacement Year 2036	
Paver Walkways - Repair	819
Total for 2036	\$819
Replacement Year 2037	
Asphalt - Overlay III	65,826
Asphalt - Seal Coat III	3,591
Paver Walkways - Repair	840
Total for 2037	\$70,257
Replacement Year 2038	
Paver Walkways - Repair	861
Total for 2038	\$861
Replacement Year 2039	
Asphalt - Seal Coat I	4,385
Paver Walkways - Repair	882
Total for 2039	\$5,268
Replacement Year 2040	
Irrigation System Upgrades/Repairs	4,521
Paver Walkways - Repair	904
Total for 2040	\$5,425

**Caldera Cabins Owners' Association, Inc.
Annual Expenditure Detail**

Description	Expenditures
Replacement Year 2041	
Asphalt - Seal Coat II	3,463
Paver Walkways - Repair	927
Total for 2041	<u>\$4,390</u>
Replacement Year 2042	
Paver Walkways - Repair	950
Total for 2042	<u>\$950</u>
Replacement Year 2043	
Paver Walkways - Repair	974
Total for 2043	<u>\$974</u>
Replacement Year 2044	
Asphalt - Seal Coat III	4,268
Paver Walkways - Repair	998
Total for 2044	<u>\$5,266</u>
Replacement Year 2045	
Paver Walkways - Repair	1,023
Total for 2045	<u>\$1,023</u>
Replacement Year 2046	
Asphalt - Seal Coat I	5,213
Paver Walkways - Repair	1,049
Total for 2046	<u>\$6,262</u>
Replacement Year 2047	
Paver Walkways - Repair	1,075
Signs - Repair/Replacement I	6,988
Total for 2047	<u>\$8,063</u>
Replacement Year 2048	
Asphalt - Seal Coat II	4,117

**Caldera Cabins Owners' Association, Inc.
Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2048 continued...</i>	
Paver Walkways - Repair	1,102
Total for 2048	<u>\$5,219</u>
Replacement Year 2049	
Paver Walkways - Repair	1,129
Total for 2049	<u>\$1,129</u>

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Caldera Cabins Owners' Association, Inc.
Detail Report by Category

Signs - Repair/Replacement I

Asset ID	1006	13 Each	@ \$275.96
	Non-Capital	Asset Cost	\$3,587.48
	Siding	Percent Replacement	100%
Placed in Service	January 2007	Future Cost	\$4,264.39
Useful Life	20		
Replacement Year	2027		
Remaining Life	7		

This provision is for the repair or replacement of the signs.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means and/or The National Construction Estimator.

The Association should obtain a bid to confirm this estimate.

Signs - Repair/Replacement II

Asset ID	1007	33 Each	@ \$275.96
	Non-Capital	Asset Cost	\$9,106.68
	Siding	Percent Replacement	100%
Placed in Service	January 2015	Future Cost	\$13,189.19
Useful Life	20		
Replacement Year	2035		
Remaining Life	15		

This provision is for the repair or replacement of the signs.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means and/or The National Construction Estimator.

The Association should obtain a bid to confirm this estimate.

Siding - Total Current Cost \$12,694

**Caldera Cabins Owners' Association, Inc.
Detail Report by Category**

Asphalt - Overlay I

		22,860 SF	@ \$2.20
Asset ID	1002	Asset Cost	\$50,292.00
	Non-Capital	Percent Replacement	100%
	Streets/Asphalt	Future Cost	\$67,637.15
Placed in Service	January 2007		
Useful Life	21		
Adjustment	4		
Replacement Year	2032		
Remaining Life	12		

This provision is for the overlay of the asphalt driveways and private roads. At the current time, homes are still being built. Therefore annual crack sealing will occur until all the homes have been finished.

According to the Association, there is 22,860 square feet of asphalt that was installed in 2006-2009.

Units 24-36: 21,420 SF
Units 39, 40, 43-45 & 3: 1,440 SF

The cost is based on a per square foot estimate from Vic Russell Asphalt.

The useful life assumption is based on accepted industry estimates as established by RS Means and/or The National Construction Estimator.

The Association should obtain a bid to confirm this estimate.

Asphalt - Overlay II

		17,184 SF	@ \$2.20
Asset ID	1005	Asset Cost	\$37,804.80
	Non-Capital	Percent Replacement	100%
	Streets/Asphalt	Future Cost	\$53,417.19
Placed in Service	January 2013		
Useful Life	21		
Replacement Year	2034		
Remaining Life	14		

This provision is for the overlay of the asphalt driveways and private roads. At the current time, homes are still being built. Therefore annual crack sealing will occur until all the homes have been finished.

An estimate of 17,184 square feet is used.

Unit 4: 1,620 SF
Units 5-6: 3,960 SF

**Caldera Cabins Owners' Association, Inc.
Detail Report by Category**

Asphalt - Overlay II continued...

Units 7-8: 3,660 SF
Units 9-11: 3,504 SF
Units 21-23: 4,440 SF

The cost is based on a per square foot estimate from Vic Russell Asphalt.

The useful life assumption is based on accepted industry estimates as established by RS Means and/or The National Construction Estimator.

The Association should obtain a bid to confirm this estimate.

Asphalt - Overlay III

Asset ID	1009	19,664 SF	@ \$2.20
	Non-Capital	Asset Cost	\$43,260.80
	Streets/Asphalt	Percent Replacement	100%
Placed in Service	January 2016	Future Cost	\$65,826.42
Useful Life	21		
Replacement Year	2037		
Remaining Life	17		

This provision is for the overlay of the asphalt driveways and private roads. At the current time, homes are still being built. Therefore annual crack sealing will occur until all the homes have been finished.

An estimate of 19,664 square feet is used.

Units 1-2: 2,352 SF
Units 12: 1,248 SF
Units 13-14: 2,400 SF
Units 15-16: 2,580 SF
Units 17-18: 2,760 SF
Units 19-20: 2,520 SF
Units 37-38: 3,320 SF
Units 41: 2,016 SF
Units 42: 468 SF

The cost is based on a per square foot estimate from Vic Russell Asphalt.

The useful life assumption is based on accepted industry estimates as established by RS Means and/or The National Construction Estimator.

The Association should obtain a bid to confirm this estimate.

**Caldera Cabins Owners' Association, Inc.
Detail Report by Category**

Asphalt - Seal Coat I

		22,860 SF	@ \$0.12
Asset ID	1001	Asset Cost	\$2,743.20
	Non-Capital	Percent Replacement	100%
	Streets/Asphalt	Future Cost	\$3,103.68
Placed in Service	January 2018		
Useful Life	7		
Replacement Year	2025		
Remaining Life	5		

This provision is for the seal coating of the asphalt driveways and private roads. At the current time, homes are still being built. Therefore annual crack sealing will occur until all the homes have been finished. At that time a seal coat is planned. This is estimated to occur in 2018.

According to the Association, there is 22,860 square feet of asphalt that was installed in 2006-2009.

Units 24-36: 21,420 SF

Units 39, 40, 43-45 & 3: 1,440 SF

The cost is based on a per square foot estimate from Vic Russell Asphalt. According to the Association, this was done in 208 fro \$2,776.

The useful life assumption is based on accepted industry estimates as established by RS Means and/or The National Construction Estimator.

The Association should obtain a bid to confirm this estimate.

Asphalt - Seal Coat II

		17,184 SF	@ \$0.12
Asset ID	1004	Asset Cost	\$2,062.08
	Non-Capital	Percent Replacement	100%
	Streets/Asphalt	Future Cost	\$2,062.08
Placed in Service	January 2013		
Useful Life	7		
Replacement Year	2020		
Remaining Life	0		

This provision is for the seal coating of the asphalt driveways and private roads. At the current time, homes are still being built. Therefore annual crack sealing will occur until all the homes have been finished. At that time a seal coat is planned. This is estimated to occur in 2018.

An estimate of 17,184 square feet is used.

Unit 4: 1,620 SF

Units 5-6: 3,960 SF

**Caldera Cabins Owners' Association, Inc.
Detail Report by Category**

Asphalt - Seal Coat II continued...

Units 7-8: 3,660 SF
Units 9-11: 3,504 SF
Units 21-23: 4,440 SF

The cost is based on a per square foot estimate from Vic Russell Asphalt.

The useful life assumption is based on accepted industry estimates as established by RS Means and/or The National Construction Estimator.

The Association should obtain a bid to confirm this estimate.

Asphalt - Seal Coat III

Asset ID	1010	19,664 SF	@ \$0.12
	Non-Capital	Asset Cost	\$2,359.68
	Streets/Asphalt	Percent Replacement	100%
Placed in Service	January 2016	Future Cost	\$2,541.12
Useful Life	7		
Replacement Year	2023		
Remaining Life	3		

This provision is for the seal coating of the asphalt driveways and private roads. At the current time, homes are still being built. Therefore annual crack sealing will occur until all the homes have been finished. At that time a seal coat is planned. This is estimated to occur in 2018.

An estimate of 19,664 square feet is used.

Units 1-2: 2,352 SF
Units 12: 1,248 SF
Units 13-14: 2,400 SF
Units 15-16: 2,580 SF
Units 17-18: 2,760 SF
Units 19-20: 2,520 SF
Units 37-38: 3,320 SF
Units 41: 2,016 SF
Units 42: 468 SF

The cost is based on a per square foot estimate from Vic Russell Asphalt.

The useful life assumption is based on accepted industry estimates as established by RS Means

**Caldera Cabins Owners' Association, Inc.
Detail Report by Category**

Asphalt - Seal Coat III continued...

and/or The National Construction Estimator.

The Association should obtain a bid to confirm this estimate.

Streets/Asphalt - Total Current Cost

\$138,523

DRAFT

Caldera Cabins Owners' Association, Inc.
Detail Report by Category

Irrigation System Upgrades/Repairs

Asset ID	1008	1 Total	@ \$2,758.94
Non-Capital		Asset Cost	\$2,758.94
Grounds Components		Percent Replacement	100%
Placed in Service	January 2007	Future Cost	\$2,758.94
Useful Life	10		
Adjustment	2		
Replacement Year	2020		
Remaining Life	0		

This provision is for the upgrade and repair of the irrigation system. This does not include annual sprinkler head replacements.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means and/or The National Construction Estimator.

The Association should obtain a bid to confirm this estimate.

Paver Walkways - Repair

Asset ID	1003	1 Total	@ \$551.90
Non-Capital		Asset Cost	\$551.90
Grounds Components		Percent Replacement	100%
Placed in Service	January 2019	Future Cost	\$551.90
Useful Life	1		
Replacement Year	2020		
Remaining Life	0		

This provision is for the repair of the paver walkways of the property. Repairs should be done as needed.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means and/or The National Construction Estimator.

The Association should obtain a bid to confirm this estimate.

Grounds Components - Total Current Cost

\$3,311

Additional Disclosures

Levels of Service

The following three categories describe the various types of Reserve Studies from exhaustive to minimal.

I. Full: A Reserve Study in which the following five Reserve Study tasks are performed:

- Component Inventory
- Condition Assessment (based upon on-site visual observations)
- Life and Valuation Estimates
- Fund Status
- Funding Plan

II. Update, With Site Visit/On-Site Review: A Reserve Study update in which the following five Reserve Study tasks are performed:

- Component Inventory (verification only, not quantification)
- Condition Assessment (based on on-site visual observations)
- Life and Valuation Estimates
- Fund Status
- Funding Plan

III. Update, No Site Visit/Off Site Review: A Reserve Study update with no on-site visual observations in which the following three Reserve Study tasks are performed:

- Life and Valuation Estimates
- Fund Status
- Funding Plan

Terms and Definitions

CASH FLOW METHOD: A method of developing a reserve *Funding Plan* where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve *Funding Plans* are tested against the anticipated schedule of reserve expenses until the desired *Funding Goal* is achieved.

COMPONENT: The individual line items in the *Reserve Study* developed or updated in the *Physical Analysis*. These elements form the building blocks for the *Reserve Study*. *Components* typically are: 1) association responsibility; 2) with limited *Useful Life* expectancies; 3) predictable *Remaining Useful Life* expectancies; 4) above a minimum threshold cost; and 5) as required by local codes.

COMPONENT INVENTORY: The task of selecting and quantifying reserve *Components*. This task can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representative(s) of the Association or cooperative.

COMPONENT METHOD: A method of developing a reserve *Funding Plan* where the total contribution is

based on the sum of contributions for individual *Components*. See *Cash Flow Method*.

CONDITION ASSESSMENT: The task of evaluating the current condition of the *Component* based on observed or reported characteristics.

CURRENT REPLACEMENT COST: See *Replacement Cost*.

DEFICIT: An actual or projected *Reserve Balance* that is less than the *Fully Funded Balance*. The opposite would be a *Surplus*.

EFFECTIVE AGE: The difference between *Useful Life* and *Remaining Useful Life*. Not always equivalent to chronological age since some *Components* age irregularly. Used primarily in computations.

FINANCIAL ANALYSIS: The portion of a *Reserve Study* where current status of the reserves (measured as cash or *Percent Funded*) and a recommended reserve contribution rate (reserve *Funding Plan*) are derived, and the projected reserve income and expense over time is presented. The *Financial Analysis* is one of the two parts of a *Reserve Study*.

FULLY FUNDED: 100% Funded. When the actual or projected *Reserve Balance* is equal to the *Fully Funded Balance*.

FULLY FUNDED BALANCE (FFB): 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 added together for an association total. Two formulas 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

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

FUND STATUS: The status of the reserve fund as compared to an established benchmark such as percent funding.

FUNDING GOALS: Independent of methodology utilized, the following represent the basic categories of *Funding Plan* goals:

- **Baseline Funding:** Establishing a reserve funding goal of keeping the reserve cash balance above zero.
- **Full Funding:** Setting a reserve funding goal of attaining and maintaining reserves at or near 100% funded.

- **Statutory Funding:** Establishing a reserve funding goal of setting aside the specific minimum amount of reserves required by local statutes.
- **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.

FUNDING PLAN: An association’s plan to provide income to a reserve fund to offset anticipated expenditures from that fund.

FUNDING PRINCIPLES:

- Sufficient Funds When Required
- Stable Contribution Rate over the Years
- Evenly Distributed Contributions over the Years
- Fiscally Responsible

LIFE AND VALUATION ESTIMATES: The task of estimating *Useful Life*, *Remaining Useful Life*, and repair or *Replacement Costs* for the reserve *Components*.

PERCENT FUNDED: The ratio at a particular point of time (typically the beginning of the Fiscal Year) of the actual or projected *Reserve Balance* to the *Fully Funded Balance*, expressed as a percentage.

PHYSICAL ANALYSIS: The portion of the *Reserve Study* where the *Component Inventory*, *Condition Assessment*, and *Life and Valuation Estimate* tasks are performed. This represents one of the two parts of the *Reserve Study*.

REMAINING USEFUL LIFE (RUL): Also referred to as “Remaining Life” (RL). The estimated time, in years, that a reserve *Component* can be expected to continue to serve its intended function. Projects anticipated to occur in the initial year have “zero” *Remaining Useful Life*.

REPLACEMENT COST: The cost of replacing, repairing, or restoring a reserve *Component* to its original functional condition. The *Current Replacement Cost* would be the cost to replace, repair, or restore the *Component* during that particular year.

RESERVE BALANCE: Actual or projected funds as of a particular point in time that the Association has identified for use to defray the future repair or replacement of those major *Components* which the Association is obligated to maintain. Also known as reserves, reserve accounts, or cash reserves. Based upon information provided and not audited.

RESERVE PROVIDER: An individual that prepares *Reserve Studies*.

RESERVE STUDY: A budget planning tool which identifies the current status of the reserve fund and a stable and equitable *Funding Plan* to offset the anticipated future major common area expenditures. The *Reserve Study*

consists of two parts: the *Physical Analysis* and the *Financial Analysis*.

RESPONSIBLE CHARGE: A reserve specialist in *Responsible Charge* of a *Reserve Study* shall render regular and effective supervision to those individuals performing services which directly and materially affect the quality and competence rendered by the reserve specialist. A reserve specialist shall maintain such records as are reasonably necessary to establish that the reserve specialist exercised regular and effective supervision of a *Reserve Study* of which he was in *Responsible Charge*. A reserve specialist engaged in any of the following acts or practices shall be deemed not to have rendered the regular and effective supervision required herein:

- The regular and continuous absence from principal office premises from which professional services are rendered, except for performance of field work or presence in a field office maintained exclusively for a specific project;
- The failure to personally inspect or review the work of subordinates where necessary and appropriate;
- The rendering of a limited, cursory, or perfunctory review of plans or projects in lieu of an appropriate detailed review;
- The failure to personally be available on a reasonable basis or with adequate advance notice for consultation and inspection where circumstances require personal availability.

SPECIAL ASSESSMENT: An assessment levied on the members of an association in addition to regular assessments. *Special Assessments* are often regulated by governing documents or local statutes.

SURPLUS: An actual or projected *Reserve Balance* greater than the *Fully Funded Balance*. The opposite would be a *Deficit*.

USEFUL LIFE (UL): Total *Useful Life* or depreciable life. The estimated time, in years, that a *Reserve Component* can be expected to serve its intended function if properly constructed in its present application or installation.