



Reserve Study Update.com, LLC

Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Northwest Laidlaw Road & Northwest 174th Avenue
Bethany, Oregon 97006
Account 1215b - Version 1.01

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OFF-SITE RESERVE STUDY & MAINTENANCE PLAN

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Important Information

This document has been provided pursuant to an agreement containing restrictions on its use. The client shall have the right to reproduce and distribute copies of this report, or the information contained within, as may be required for compliance with all applicable regulations.

This reserve analysis study and the parameters under which it has been completed are based upon information provided to us in part by representatives of the association, its contractors, assorted vendors, specialist and independent contractors, the Community Association Institute, and various construction pricing and scheduling manuals including, but not limited to: Marshall & Swift Valuation Service, RS Means Facilities Maintenance & Repair Cost Data, RS Means Repair & Remodeling Cost Data, National Construction Estimator, National Repair & Remodel Estimator, Dodge Cost Manual and McGraw-Hill Professional. Additionally, costs are obtained from numerous vendor catalogues, actual quotations or historical costs, and our own experience in the field of property management and reserve study preparation.

It has been assumed, unless otherwise noted in this report, that all assets have been designed and constructed properly and that each estimated useful life will approximate that of the norm per industry standards and/or manufacturer's specifications. In some cases, estimates may have been used on assets, which have an indeterminable but potential liability to the association. The decision for the inclusion of these as well as all assets considered is left to the client.

We recommend that your reserve analysis study be updated on an annual basis due to fluctuating interest rates, inflationary changes, and the unpredictable nature of the lives of many of the assets under consideration. All of the information collected during our inspection of the association and computations made subsequently in preparing this reserve analysis study are retained in our computer files. Therefore, annual updates may be completed quickly and inexpensively each year.

ReserveStudyUpdate.com, LLC would like to thank you for using our services. We invite you to call us at any time, should you have questions, comments or need assistance. In addition, any of the parameters and estimates used in this study may be changed at your request, after which we will provide a revised study.

This reserve analysis study is provided as an aid for planning purposes and not as an accounting tool. Since it deals with events yet to take place, there is no assurance that the results enumerated within it will, in fact, occur as described. Conditions reported by the reserve study are applicable to the immediate time frame of the report and these conditions, over time, may change. Is impossible to envisage thirty years into the future to establish the cost of repair or replacement of any of the components, let alone the value of money, fluctuation in the cost of fuel, delivery/installation costs, changing building code requirements and other potential unknowns. The probability that it may project in its reserve study, or that the Board could project in its disclosures, future costs or actual future remaining useful lives of components having useful lives extended beyond one year with precision is the functional equivalent of winning a national sweepstake; while it may happen in atypical instances by chance, one may not reasonably expect it to happen. The reserve study shall not be used as health and safety concerns, evidence of construction defects, damage, potential damage, water intrusion inspection, or as a construction-quality inspection. This reserve study specifically exclude issues having to do with unpredictable natural events and environmental hazards; including but not limited to lead paint, asbestos, mold, mildew, radon, etc.

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Part I

Introduction

Preparing the annual budget and overseeing the association's finances are perhaps the most important responsibilities of board members. The annual operating and reserve budgets reflect the planning and goals of the association and set the level and quality of service for all of the association's activities.

Funding Options

When a major repair or replacement is required in a community, an association has essentially four options available to address the expenditure:

The first, and only logical means that the Board of Directors has to ensure its ability to maintain the assets for which it is obligated, is by **assessing an adequate level of reserves** as part of the regular membership assessment, thereby distributing the cost of the replacements uniformly over the entire membership. The community is not only comprised of present members, but also future members. Any decision by the Board of Directors to adopt a calculation method or funding plan which would disproportionately burden future members in order to make up for past reserve deficits, would be a breach of its fiduciary responsibility to those future members. Unlike individuals determining their own course of action, the board is responsible to the "community" as a whole.

Whereas, if the association was setting aside reserves for this purpose, using the vehicle of the regularly assessed membership dues, it would have had the full term of the life of the roof, for example, to accumulate the necessary moneys. Additionally, those contributions would have been evenly distributed over the entire membership and would have earned interest as part of that contribution.

The second option is for the association to **acquire a loan** from a lending institution in order to effect the required repairs. In many cases, banks will lend to an association using "future homeowner assessments" as collateral for the loan. With this method, the current board is pledging the future assets of an association. They are also incurring the additional expense of interest fees along with the original principal amount. In the case of a \$150,000 roofing replacement, the association may be required to pay back the loan over a three to five year period, with interest.

The third option, too often used, is simply to **defer the required repair or replacement**. This option, which is not recommended, can create an environment of declining property values due to expanding lists of deferred maintenance items and the association's financial inability to keep pace with the normal aging process of the common area components. This, in turn, can have a seriously negative impact on sellers in the association by making it difficult, or even impossible, for potential buyers to obtain financing from lenders. Increasingly, lending institutions are requesting copies of the association's most recent reserve study before granting loans, either for the association itself, a prospective purchaser, or for an individual within such an association.

The fourth option is to pass a "**special assessment**" to the membership in an amount required to cover the expenditure. When a special assessment is passed, the association has the authority and responsibility to collect the assessments, even by means of foreclosure, if necessary. However, an association considering a special assessment cannot guarantee that an assessment, when needed, will be passed. Consequently, the association cannot guarantee its ability to perform the required repairs or replacements to those major components for which it is obligated when the need arises. Additionally, while relatively new communities require very little in the way of major "reserve" expenditures, associations reaching 12 to 15 years of age and older, find many components reaching the end of their effective useful lives. These required expenditures, all accruing at the same time, could be devastating to an association's overall budget.

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Types of Reserve Studies

Most reserve studies fit into one of three categories:

Full Reserve Study;

Update with site inspection; and

Update without site inspection.

In a **Full Reserve Study**, the reserve provider conducts a component inventory, a condition assessment (based upon on-site visual observations), and life and valuation estimates to determine both a “fund status” and “funding plan”.

In an **Update with site inspection**, the reserve provider conducts a component inventory (verification only, not quantification unless new components have been added to the inventory), a condition assessment (based upon on-site visual observations), and life and valuation estimates to determine both the “fund status and “funding plan.”

In an **Update without site inspection**, the reserve provider conducts life and valuation estimates to determine the “fund status” and “funding plan.”

The Reserve Study: A Physical and a Financial Analysis

There are two components of a reserve study: a physical analysis and a financial analysis.

Physical Analysis

During the physical analysis, a reserve study provider evaluates information regarding the physical status and repair/replacement cost of the association’s major common area components. To do so, the provider conducts a component inventory, a condition assessment, and life and valuation estimates.

Developing a Component List

The budget process begins with full inventory of all the major components for which the association is responsible. The determination of whether an expense should be labeled as operational, reserve, or excluded altogether is sometimes subjective. Since this labeling may have a major impact on the financial plans of the association, subjective determinations should be minimized. We suggest the following considerations when labeling an expense.

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Operational Expenses

Occur at least annually, no matter how large the expense, and can be budgeted for effectively each year. They are characterized as being reasonably predictable, both in terms of frequency and cost. Operational expenses include all minor expenses, which would not otherwise adversely affect an operational budget from one year to the next. Examples of *operational expenses* include:

Utilities:	Bank Service Charges	Accounting
Electricity	Dues & Publications	Reserve Study
Gas	Licenses, Permits & Fees	Repair Expenses:
Water	Insurance(s)	Tile Roof Repairs
Telephone	Services:	Equipment Repairs
Cable TV	Landscaping	Minor Concrete Repairs
Administrative:	Pool Maintenance	Operating Contingency
Supplies	Street Sweeping	

Reserve Expenses

These are major expenses that occur other than annually, and which must be budgeted for in advance in order to ensure the availability of the necessary funds in time for their use. Reserve expenses are reasonably predictable both in terms of frequency and cost. However, they may include significant assets that have an indeterminable but potential liability that may be demonstrated as a likely occurrence. They are expenses that, when incurred, would have a significant effect on the smooth operation of the budgetary process from one year to the next, if they were not reserved for in advance. Examples of reserve expenses include:

Roof Replacements	Park/Play Equipment
Painting	Pool/Spa Re-plastering
Deck Resurfacing	Pool Equipment Replacement
Fencing Replacement	Pool Furniture Replacement
Asphalt Seal Coating	Tennis Court Resurfacing
Asphalt Repairs	Lighting Replacement
Asphalt Overlays	Landscape Renovation
Equipment Replacement	Property Signage
Interior Furnishings	

Budgeting is Normally Excluded for:

Repairs or replacements of assets which are deemed to have an estimated useful life equal to or exceeding the estimated useful life of the facility or community itself, or exceeding the legal life of the community as defined in an association's governing documents. Examples include the complete replacement of elevators, tile roofs, wiring and plumbing. Also excluded are insignificant expenses that may be covered either by an operating or reserve contingency, or otherwise in a general maintenance fund. Expenses that are necessitated by acts of nature, accidents or other occurrences that are more properly insured for, rather than reserved for, are also excluded.

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Financial Analysis

The financial analysis assesses the association's reserve balance or "fund status" (measured in cash or as percent fully funded) to determine a recommendation for the appropriate reserve contribution rate in the future, known as the "funding plan".

Preparing the Reserve Study

Once the reserve assets have been identified and quantified, their respective replacement costs, useful lives and remaining lives must be assigned so that a funding schedule can be constructed. Replacement costs and useful lives can be found in published manuals such as construction estimators, appraisal handbooks, and valuation guides. Remaining lives are calculated from the useful lives and ages of assets and adjusted according to conditions such as design, manufactured quality, usage, exposure to the elements and maintenance history.

By following the recommendations of an effective reserve study, the association should avoid any major shortfalls. However, to remain accurate, the report should be updated on an annual basis to reflect such changes as shifts in economic parameters, additions of phases or assets, or expenditures of reserve funds. The association can assist in simplifying the reserve analysis update process by keeping accurate records of these changes throughout the year.

Funding Methods

From the simplest to the most complex, reserve analysis providers use many different computational processes to calculate reserve requirements. However, there are two basic processes identified as industry standards: the cash flow method and the component method.

The cash flow method develops 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 actual anticipated schedule of reserve expenses until the desired funding goal is achieved. This method sets up a "window" in which all future anticipated replacement costs are computed, based upon the individual lives of the components under consideration. The ReserveStudyUpdate.com, LLC Threshold and the ReserveStudyUpdate.com, LLC Current Assessment funding models are based upon the cash flow method.

The component method develops a reserve-funding plan where the total contribution is based upon the sum of contributions for individual components. The component method is the more conservative of the two funding options, and assures that the association will achieve and maintain an ideal level of reserve over time. This method also allows for computations on individual components in the analysis. The ReserveStudyUpdate.com, LLC Component Funding model is based upon the component methodology.

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Funding Strategies

Once an association has established its funding goals, the association can select an appropriate funding plan. There are four basic strategies from which most associations select. It is recommended that associations consult professionals to determine the best strategy or combination of plans that best suit the association's need. Additionally, associations should consult with their financial advisor to determine the tax implications of selecting a particular plan. Further, consultation with the American Institute of Certified Public Accountants (AICPA) for their reporting requirements is advisable. The four funding plans and descriptions of each are detailed below. Associations will have to update their reserve studies more or less frequently depending on the funding strategy they select.

Full Funding---Given that the basis of funding for reserves is to distribute the costs of the replacements over the lives of the components in question, it follows that the ideal level of reserves would be proportionately related to those lives and costs. If an association has a component with an expected estimated useful life of ten years, it would set aside approximately one-tenth of the replacement cost each year. At the end of three years, one would expect three-tenths of the replacement cost to have accumulated, and if so, that component would be "fully-funded." This model is important in that it is a measure of the adequacy of an association's reserves at any one point of time, and is independent of any particular method which may have been used for past funding or may be under consideration for future funding. This formula represents a snapshot in time and is based upon current replacement cost, independent of future inflationary or investment factors:

Fully Funded Reserves = **Age divided by Useful Life the results multiplied by Current Replacement Cost**

When an association's total accumulated reserves for all components meet this criterion, its reserves are considered "fully-funded."

The ReserveStudyUpdate.com, LLC **Baseline Funding Model (Minimum Funding)**. The goal of this funding method is to keep the reserve cash balance above zero. This method describes the objective to have sufficient reserves on hand to never completely run out of money. This means that while each individual component may not be fully funded, the reserve balance overall does not drop below zero during the projected period. An association using this funding method must understand that even a minor reduction in a component's remaining useful life can result in a deficit in the reserve cash balance. This is sometimes described as a "cash-positive" plan. With less cash in reserves on-deposit, associations with a baseline funding objective have higher instances of special assessments and/or deferred maintenance. This funding approach is the most riskiest out of all of the funding models and is never recommended.

The ReserveStudyUpdate.com, LLC **Threshold Funding Model**. This method is based upon the cash flow funding concept. The minimum reserve cash balance in threshold funding, however, is set at a predetermined dollar amount (other than \$0). Threshold funding describes an objective chosen by the board other than the 100% (full funding) level or just staying cash-positive (baseline funding). This may be a specific percent funded target or a cash balance target. Threshold funding is often a value chosen in between full funding (Component Funding Model) and the Baseline Funding Model.

The ReserveStudyUpdate.com, LLC **Current Assessment Funding Model**. This method is also based upon the cash flow funding concept. The initial reserve assessment is set at the association's current fiscal year funding level and a 30-year projection is calculated to illustrate the adequacy of the current funding over time. The "Current Funding Model" is often used as a user defined model. This model allows the Board of Directors to experiment and contemplate alternative funding approaches and scrutinize and consider the ramifications of these funding approaches.

The ReserveStudyUpdate.com, LLC **Percentage Distribution Funding Model**. This funding method is based loosely upon the PRA System™ software objectives of reserve funding. Some property management firms which have legacy accounting software systems continue to utilize this funding approach. One of the key reasons why this funding approach has been since superseded by more modern funding approaches is due to the GAAP and ECHO reporting requirements in most states.

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The ReserveStudyUpdate.com, LLC **Component Funding Model**. This is a straight-line funding model. It distributes the cash reserves to individual reserve components and then calculates what the reserve assessment and interest contribution (minus taxes) should be, again by each reserve component. The current annual assessment is then determined by summing all the individual component assessments, hence the name “Component Funding Model”. This is the most conservative funding model. It leads to or maintains the fully funded reserve position. The following details this calculation process.

Component Funding Model Distribution of Accumulated Reserves


The “Distribution of Accumulated Reserves Report” is a “Component Funding Model” calculation. This distribution **does not** apply to the cash flow funding models.

When calculating reserves based upon the component methodology, a beginning reserve balance must be allocated for each of the individual components considered in the analysis, before the individual calculations can be completed. When this distribution is not available, or of sufficient detail, the following method is suggested for allocating reserves:

The first step the program performs in this process is subtracting, from the total accumulated reserves, any amounts for assets that have predetermined (fixed) reserve balances. The user can “fix” the accumulated reserve balance within the program on the individual asset’s detail page. If, by error, these amounts total more than the amount of funds available, then the remaining assets are adjusted accordingly. A provision for a contingency reserve is then deducted by the determined percentage used, and if there are sufficient remaining funds available.

The second step is to identify the ideal level of reserves for each asset. As indicated in the prior section, this is accomplished by evaluating the component’s age proportionate to its estimated useful life and current replacement cost. Again, the equation used is as follows:

$$\text{Fully Funded Reserves} = (\text{Age/Useful Life}) \times \text{Current Replacement Cost}$$

The  Reserve Analyst® software program performs the above calculations to the actual month the component was placed-in-service. The program projects that the accumulation of necessary reserves for repairs or replacements will be available on the first day of the fiscal year in which they are scheduled to occur.

The next step the program performs is to arrange all of the assets used in the study in ascending order by remaining life, and alphabetically within each grouping of remaining life items. These assets are then assigned their respective ideal level of reserves until the amount of funds available is depleted, or until all assets are appropriately funded. If any assets are assigned a zero remaining life (scheduled for replacement in the current fiscal year), then the amount assigned equals the current replacement cost and funding begins for the next cycle of replacement. If there are insufficient funds available to accomplish this, then the software automatically adjusts the zero remaining life items to one year, and that asset assumes its new grouping position alphabetically in the final printed report. If, at the completion of this task, there are additional moneys that have not been distributed, the remaining reserves are then assigned, in ascending order, to a level equal to, but not exceeding, the current replacement cost for each component. If there are sufficient moneys available to fund all assets at their current replacement cost levels, then any excess funds are designated as such and are not factored into any of the report computations. If, at the end of this assignment process there are designated excess funds, they can be used to offset the monthly contribution requirements recommended, or used in any other manner the client may desire.

Assigning the reserves in this manner defers the make-up period for any under-funding over the longest remaining life of all assets under consideration, thereby minimizing the impact of any deficiency. For example, if the report indicates an under funding of \$50,000, this under-funding will be assigned to components with the longest remaining lives in order to give more time to “replenish” the account. If the \$50,000 under-funding were to be assigned to short remaining life items, the impact would be felt immediately.

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If the reserves are under-funded, the monthly contribution requirements, as outlined in this report, can be expected to be higher than normal. In future years, as individual assets are replaced, the funding requirements will return to their normal levels. In the case of a large deficiency, a special assessment may be considered. The program can easily generate revised reports outlining how the monthly contributions would be affected by such an adjustment, or by any other changes that may be under consideration.

Funding Reserves

Three assessment and contribution figures are provided in the report, the “Monthly Reserve Assessment Required”, the “Average Net Monthly Interest Earned” contribution and the “Total Monthly Allocation to Reserves.” The association should allocate the “Monthly Reserve Assessment Required” amount to reserves each month when the interest earned on the reserves is left in the reserve accounts as part of the contribution. Any interest earned on reserve deposits, must be left in reserves and only amounts set aside for taxes should be removed.

The second alternative is to allocate the “Total Monthly Allocation” to reserves (this is the member assessment plus the anticipated interest earned for the fiscal year). This method assumes that all interest earned will be assigned directly as operating income. This allocation takes into consideration the anticipated interest earned on accumulated reserves regardless of whether or not it is actually earned. When taxes are paid, the amount due will be taken directly from the association’s operating accounts as the reserve accounts are allocated only those moneys net of taxes.

Users’ Guide to your Reserve Analysis Study

Part II of your ReserveStudyUpdate.com, LLC Report contains the reserve analysis study for your association. There are seven types of reports in the study as described below.

Report Summaries

The Report Summary for all funding models lists all of the parameters that were used in calculating the report as well as the summary of your reserve analysis study.

Index Reports

The **Distribution of Accumulated Reserves** report lists all assets in remaining life order. It also identifies the ideal level of reserves that should have accumulated for the association as well as the actual reserves available. This information is valid only for the “Component Funding Model” calculation.

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The **Component Listing/Summary** lists all assets by category (i.e. roofing, painting, lighting, etc.) together with their remaining life, current cost, monthly reserve contribution, and net monthly allocation.

Detail Reports

The Detail Report itemizes each asset and lists all measurements, current and future costs, and calculations for that asset. Provisions for percentage replacements, salvage values, and one-time replacements can also be utilized. These reports can be sorted by category or group.

The numerical listings for each asset are enhanced by extensive narrative detailing factors such as design, manufactured quality, usage, exposure to elements and maintenance history.

The ReserveStudyUpdate.com, LLC Detail Index is an alphabetical listing of all assets, together with the page number of the asset's detail report, the projected replacement year, and the asset number.

Projections

Thirty-year projections add to the usefulness of your reserve analysis study.

Definitions

Report I.D.

Includes the Report Date (example: November 15, 1992), Account Number (example: 9773), and Version (example: 1.0). Please use this information (displayed on the summary page) when referencing your report.

Budget Year Beginning/Ending

The budgetary year for which the report is prepared. For associations with fiscal years ending December 31st, the monthly contribution figures indicated are for the 12-month period beginning 1/1/20xx and ending 12/31/20xx.

Number of Units and/or Phases

If applicable, the number of units and/or phases included in this version of the report.

Inflation

This figure is used to approximate the future cost to repair or replace each component in the report. The current cost for each component is compounded on an annual basis by the number of remaining years to replacement, and the total is used in calculating the monthly reserve contribution that will be necessary to accumulate the required funds in time for replacement.

Annual Assessment Increase

This represents the percentage rate at which the association will increase its assessment to reserves at the end of each year. For example, in order to accumulate \$10,000 in 10 years, you could set aside \$1,000 per year. As an alternative, you could set aside \$795 the first year and increase that amount by 5% each year until the year of replacement. In either case you arrive at the same amount. The idea is that you start setting aside a lower amount and increase that number each year in accordance with the planned percentage. Ideally this figure should be equal to the rate of inflation. It can, however, be used to aide those associations that have not set aside appropriate reserves in the past, by making the initial year's allocation less formidable.

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Investment Yield Before Taxes

The average interest rate anticipated by the association based upon its current investment practices.

Taxes on Interest Yield

The estimated percentage of interest income that will be set aside to pay income taxes on the interest earned.

Projected Reserve Balance

The anticipated reserve balance on the first day of the fiscal year for which this report has been prepared. This is based upon information provided and not audited.

Percent Fully Funded

The ratio, at the beginning of the fiscal year, of the actual (or projected) reserve balance to the calculated fully funded balance, expressed as a percentage.

Phase Increment Detail and/or Age

Comments regarding aging of the components on the basis of construction date or date of acceptance by the association.

Monthly Assessment

The assessment to reserves required by the association each month.

Interest Contribution (After Taxes)

The interest that should be earned on the reserves, net of taxes, based upon their beginning reserve balance and monthly contributions for one year. This figure is averaged for budgeting purposes.

Total Monthly Allocation

The sum of the monthly assessment and interest contribution figures.

Group and Category

The report may be prepared and sorted either by group (location, building, phase, etc.) or by category (roofing, painting, etc.). The standard report printing format is by category.

Percentage of Replacement or Repairs

In some cases, an asset may not be replaced in its entirety or the cost may be shared with a second party. Examples are budgeting for a percentage of replacement of streets over a period of time, or sharing the expense to replace a common wall with a neighboring party.

Placed-In-Service Date

The month and year that the asset was placed-in-service. This may be the construction date, the first escrow closure date in a given phase, or the date of the last servicing or replacement.

Estimated Useful Life

The estimated useful life of an asset based upon industry standards, manufacturer specifications, visual inspection, location, usage, association standards and prior history. All of these factors are taken into consideration when tailoring the estimated useful life to the particular asset. For example, the carpeting in a hallway or elevator (a heavy traffic area) will not have the same life as the identical carpeting in a seldom-used meeting room or office.

Adjustment to Useful Life

Once the useful life is determined, it may be adjusted, up or down, by this separate figure for the current cycle of replacement. This will allow for a current period adjustment without affecting the estimated replacement cycles for future replacements.

Estimated Remaining Life

This calculation is completed internally based upon the report's fiscal year date and the date the asset was placed-in-service.

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Replacement Year

The year that the asset is scheduled to be replaced. The appropriate funds will be available by the first day of the fiscal year for which replacement is anticipated.

Annual Fixed Reserves

An optional figure which, if used, will override the normal process of allocating reserves to each asset.

Fixed Assessment

An optional figure which, if used, will override all calculations and set the assessment at this amount. This assessment can be set for monthly, quarterly or annually as necessary.

Salvage Value

The salvage value of the asset at the time of replacement, if applicable.

One-Time Replacement

Notation if the asset is to be replaced on a one-time basis.

Current Replacement Cost

The estimated replacement cost effective at the beginning of the fiscal year for which the report is being prepared

Future Replacement Cost

The estimated cost to repair or replace the asset at the end of its estimated useful life based upon the current replacement cost and inflation.

Component Inventory

The task of selecting and qualifying reserve components. This task can be accomplished through on-site visual, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representative(s).

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A Multi-Purpose Tool

- Your ReserveStudyUpdate.com, LLC Report is an important part of your association's budgetary process. Following its recommendations should ensure the association's smooth budgetary transitions from one fiscal year to the next, and either decrease or eliminate the need for "special assessments".
- In addition, your ReserveStudyUpdate.com, LLC reserve study serves a variety of useful purposes:
- Following the recommendations of a reserve study performed by a professional consultant can protect the Board of Directors in a community from personal liability concerning reserve components and reserve funding.
- A reserve analysis study is required by your accountant during the preparation of the association's annual audit.
- The ReserveStudyUpdate.com, LLC reserve study is often requested by lending institutions during the process of loan applications, both for the community and, in many cases, the individual owners.
- Your ReserveStudyUpdate.com, LLC Report is also a detailed inventory of the association's major assets and serves as a management tool for scheduling, coordinating and planning future repairs and replacements.
- Your ReserveStudyUpdate.com, LLC Report is a tool that can assist the Board in fulfilling its legal and fiduciary obligations for maintaining the community in a state of good repair. If a community is operating on a special assessment basis, it cannot guarantee that an assessment, when needed, will be passed. Therefore, it cannot guarantee its ability to perform the required repairs or replacements to those major components for which the association is obligated.
- The ReserveStudyUpdate.com, LLC reserve study is an annual disclosure to the membership concerning the financial condition of the association, and may be used as a "consumers' guide" by prospective purchasers.
- The ReserveStudyUpdate.com, LLC Owners' Summary meets the disclosure requirements of the California Civil Code and also the recently adopted ECHO standards.
- Your ReserveStudyUpdate.com, LLC Report provides a record of the time, cost, and quantities of past reserve replacements. At times the association's management company and board of directors are transitory which may result in the loss of these important records.

Sincerely,

Brian A. Owens

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**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Level III Update Off-Site: Six Minute Full Report Summary**

LEVEL THREE UPDATE OFF-SITE: 6 MINUTE FULL REPORT SUMMARY

- **A reserve component list: Please see refer to "Detail Report by Category" section of the reserve study.**
- **Date of reserve study: Prepared on October 30, 2020 for fiscal year starting January, 1 2021.**
- **This is a Level III: Off-Site Reserve Study Update.**
- **Reserve account balance as of January, 1 2021: \$76,778**
- **Estimated percent funded as of January, 1 2021: 81.19%**
- **Estimated "Fully Funded Reserves" as of the beginning of fiscal year 2021: \$94,560***
**Please note, this figure represents the estimated "Fully Funded Reserves" in order to be considered 100% funded as of January, 1 2021 and does not represent the amount of money on-hand.*
- **Projected percent funded as of the end of 2021: (contingent on which funding model is implemented)**
Component Funding Model: 86.82% (does not include contingency of 3.00%)
"Current" Funding Model: 83.06%
Threshold Funding Model - Dollar Defined (\$67,972) Minimum: 85.45%
Threshold Funding Model - 70% Minimum (70% Floor): 78.44%
Threshold Funding Model - 85% Minimum (85% Floor): 85.00%
Baseline Funding Model: 75.73%
- **Special assessments implemented or planned: Please refer to the following sections in the report:**

See Appendix section of this report.
- **Interest rate: 0.15%, Inflation rate: 1.78%.**
- **2021 reserve account contribution rate:**
Component Funding Model: \$38,233
"Current" Funding Model: \$32,424
Threshold Funding Model - Dollar Defined (\$67,972) Minimum: \$34,580
Threshold Funding Model - 70% Minimum: \$28,265
Threshold Funding Model - 85% Minimum: \$34,172
Baseline Funding Model: \$25,822
- **2021 Component Funding Model (Fully Funded Plan) contribution: \$38,233**
2021 "Current" Funding Model reserve contribution: \$32,424
2021 Threshold Funding Model - (Dollar Defined Funding Floor) contribution: \$34,580 (recommended model)
2021 Threshold Funding Model - (70% Minimum Funding Floor) contribution: \$28,265
2021 Threshold Funding Model - (85% Minimum Funding Floor) contribution: \$34,172
2021 Baseline Funding Model contribution: \$25,822
- **Projected account balance for thirty years: Please see refer to the following sections in the report as these fluctuate according to which funding model is implemented:**

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Level III Update Off-Site: Six Minute Full Report Summary**

"Component Funding Model Projection"
"Current Funding Model Projection"
"Threshold Funding Model - Dollar Defined Minimum Projection"
"Threshold Funding Model - 70% Defined Minimum Projection"
"Threshold Funding Model - 85% Defined Minimum Projection"
"Baseline Funding Model Projection"

- **This reserve study was prepared by a reserve study professional.**

- **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 you to pay on demand as a special assessment your share of common expenses for the cost of major maintenance, repair, or replacement of a reserve component.**

Report Version 1.01.

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Annual Expenditure Detail**

Report Date October 30, 2020
 Beginning Fiscal Year January 01, 2021
 Account Number 1215b

Version Number 1.01

Description	Expenditures
Replacement Year 2021	
Arborist / Tree Work: Tree Removal - Trimming "D"	11,406
Bark Dust: Replenish - Common Area	15,579
Irrigation Controllers & Valves: Phase 2	7,370
Total for 2021	\$34,356
Replacement Year 2022	
Arborist / Tree Work: Tree Pruning - "Newer"	4,332
Arborist / Tree Work: Tree Pruning - "Older"	7,222
Arborist / Tree Work: Tree Removal - Trimming "A"	20,062
Irrigation Controllers & Valves: Phase 1	7,501
Total for 2022	\$39,118
Replacement Year 2023	
Arborist / Tree Work: Tree Removal - Trimming "B"	16,520
Bark Dust: Replenish - Common Area	16,139
Total for 2023	\$32,659
Replacement Year 2024	
Arborist / Tree Work: Tree Removal - Trimming "C"	12,580
Irrigation Controllers & Valves: Phase 3	20,953
Total for 2024	\$33,533
Replacement Year 2025	
Arborist / Tree Work: Tree Pruning - "Newer"	4,568
Arborist / Tree Work: Tree Pruning - "Older"	7,615
Bark Dust: Replenish - Common Area	16,719
Irrigation Controllers & Valves: Phase 2	7,909
Total for 2025	\$36,810
Replacement Year 2026	
Irrigation Controllers & Valves: Phase 1	8,050
Total for 2026	\$8,050

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Annual Expenditure Detail**

Description	Expenditures
Replacement Year 2027	
Bark Dust: Replenish - Common Area	17,319
Total for 2027	\$17,319
Replacement Year 2028	
Arborist / Tree Work: Tree Pruning - "Newer"	4,816
Arborist / Tree Work: Tree Pruning - "Older"	8,029
Irrigation Controllers & Valves: Phase 3	22,485
Total for 2028	\$35,330
Replacement Year 2029	
Bark Dust: Replenish - Common Area	17,941
Irrigation Controllers & Valves: Phase 2	8,487
Total for 2029	\$26,429
Replacement Year 2030	
Arborist / Tree Work: Tree Removal - Trimming "E"	13,061
Backflow Device: Common Area - Replacement	1,151
Irrigation Controllers & Valves: Phase 1	8,639
Landscape Renovation / Enhancement	13,751
Total for 2030	\$36,602
Replacement Year 2031	
Arborist / Tree Work: Tree Pruning - "Newer"	5,078
Arborist / Tree Work: Tree Pruning - "Older"	8,465
Arborist / Tree Work: Tree Removal - Trimming "D"	13,607
Bark Dust: Replenish - Common Area	18,586
Landscaping: Power Box - Cottages - Replace	564
Total for 2031	\$46,300
Replacement Year 2032	
Arborist / Tree Work: Tree Removal - Trimming "A"	23,933
Irrigation Controllers & Valves: Phase 3	24,129
Total for 2032	\$48,062
Replacement Year 2033	
Arborist / Tree Work: Tree Removal - Trimming "B"	19,708

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2033 continued...</i>	
Bark Dust: Replenish - Common Area	19,253
Irrigation Controllers & Valves: Phase 2	9,108
Total for 2033	\$48,069
Replacement Year 2034	
Arborist / Tree Work: Tree Pruning - "Newer"	5,354
Arborist / Tree Work: Tree Pruning - "Older"	8,925
Arborist / Tree Work: Tree Removal - Trimming "C"	15,008
Irrigation Controllers & Valves: Phase 1	9,270
Total for 2034	\$38,557
Replacement Year 2035	
Bark Dust: Replenish - Common Area	19,945
Total for 2035	\$19,945
Replacement Year 2036	
Irrigation Controllers & Valves: Phase 3	25,894
Total for 2036	\$25,894
Replacement Year 2037	
Arborist / Tree Work: Tree Pruning - "Newer"	5,645
Arborist / Tree Work: Tree Pruning - "Older"	9,411
Bark Dust: Replenish - Common Area	20,661
Irrigation Controllers & Valves: Phase 2	9,774
Total for 2037	\$45,490
Replacement Year 2038	
Irrigation Controllers & Valves: Phase 1	9,948
Total for 2038	\$9,948
Replacement Year 2039	
Bark Dust: Replenish - Common Area	21,403
Total for 2039	\$21,403
Replacement Year 2040	
Arborist / Tree Work: Tree Pruning - "Newer"	5,952

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2040 continued...</i>	
Arborist / Tree Work: Tree Pruning - "Older"	9,922
Arborist / Tree Work: Tree Removal - Trimming "E"	15,581
Irrigation Controllers & Valves: Phase 3	27,787
Landscape Renovation / Enhancement	16,405
Total for 2040	\$75,647
 Replacement Year 2041	
Arborist / Tree Work: Tree Removal - Trimming "D"	16,232
Bark Dust: Replenish - Common Area	22,172
Irrigation Controllers & Valves: Phase 2	10,489
Total for 2041	\$48,893
 Replacement Year 2042	
Arborist / Tree Work: Tree Removal - Trimming "A"	28,551
Irrigation Controllers & Valves: Phase 1	10,676
Total for 2042	\$39,226
 Replacement Year 2043	
Arborist / Tree Work: Tree Pruning - "Newer"	6,275
Arborist / Tree Work: Tree Pruning - "Older"	10,461
Arborist / Tree Work: Tree Removal - Trimming "B"	23,511
Bark Dust: Replenish - Common Area	22,968
Total for 2043	\$63,215
 Replacement Year 2044	
Arborist / Tree Work: Tree Removal - Trimming "C"	17,904
Irrigation Controllers & Valves: Phase 3	29,819
Total for 2044	\$47,723
 Replacement Year 2045	
Bark Dust: Replenish - Common Area	23,793
Irrigation Controllers & Valves: Phase 2	11,256
Total for 2045	\$35,049
 Replacement Year 2046	
Arborist / Tree Work: Tree Pruning - "Newer"	6,616

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2046 continued...</i>	
Arborist / Tree Work: Tree Pruning - "Older"	11,030
Irrigation Controllers & Valves: Phase 1	11,456
Total for 2046	\$29,102
Replacement Year 2047	
Bark Dust: Replenish - Common Area	24,648
Total for 2047	\$24,648
Replacement Year 2048	
Irrigation Controllers & Valves: Phase 3	32,000
Total for 2048	\$32,000
Replacement Year 2049	
Arborist / Tree Work: Tree Pruning - "Newer"	6,976
Arborist / Tree Work: Tree Pruning - "Older"	11,630
Bark Dust: Replenish - Common Area	25,533
Irrigation Controllers & Valves: Phase 2	12,079
Total for 2049	\$56,217
Replacement Year 2050	
Arborist / Tree Work: Tree Removal - Trimming "E"	18,588
Irrigation Controllers & Valves: Phase 1	12,294
Landscape Renovation / Enhancement	19,570
Total for 2050	\$50,451

EXECUTIVE SUMMARY - CURRENT FUNDING MODEL

CURRENT FUNDING MODEL OVERVIEW

The "Current Funding Model" is also based upon the cash flow funding concept. The initial reserve assessment is set at the association's current fiscal year funding level and a 30-year projection is calculated to illustrate the adequacy of the current funding over time.

PROPERTY INFORMATION

ORIGINAL STARTING DATE OF RESERVE STUDY: This reserve study was prepared for the fiscal year January 1, 2021 and ending December 31, 2021. Unless otherwise indicated, we have used January 25, 2000 to begin aging the original components in this reserve study.

NUMBER OF UNITS/LOTS & LOCATION: This reserve study is a total of 316 units located in Bethany, Oregon.

DATE OF LAST ON-SITE RESERVE STUDY: (if applicable) The last on-site physical analysis done by ReserveStudyUpdate.com, LLC was completed on August 18, 2018.

NOTE: All interest accrued from reserve savings account(s) must remain in the reserve savings account(s) and not used as an off-set for operating expenses. Income tax factors were not considered due to variables effecting net taxable income and the election of tax form to be filed.

RESERVE FUNDS ON HAND: For the purpose of this reserve study, it is anticipated that the association will have a projected beginning reserve balance of \$76,778 as of January 1, 2021. The actual or projected (estimated) total presented in this reserve study is based upon information provided to ReserveStudyUpdate.com, LLC and was not audited.

FUNDING REQUIRED: The reserve study funding model has an annual contribution increase of 1.05% per year.

INFLATION RATE: An inflation rate of 1.78% was used for all thirty years of the reserve study report. This is based on an equally weighted ten-year historical inflation rate average.

THE NATIONAL PERCENT FUNDED RATING IN THE RESERVE STUDY INDUSTRY IS:

0% to 29.99% - Poor

30% to 69.99% - Fair

70% to 100% - Good

This association is estimated to be 83.06% funded the end of the first fiscal year contingent that the funding model described in this section is implemented.

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Current Assessment Funding Model: Executive Summary**

DISCLOSURES

GENERAL: Arbor Ridge P.U.D. Homeowners Association - Cottage Collection and ReserveStudyUpdate.com, LLC have no professional or personal involvements with each other, other than the scope of work identified in the reserve study contract. This relationship cannot be perceived as a conflict of interest.

This reserve study is for budget and planning purposes and identifies the status of the reserve fund and schedules the anticipated major commonly owned item replacements in accordance with Oregon State Law(s). This reserve study will estimate the expected useful life and remaining useful life of the building and site components or systems, and will provide an estimate replacement or refurbishment cost for those components or systems.

PHYSICAL ANALYSIS: If an on-site reserve study was performed observations were limited to visual observations only. Destructive testing (invasive testing) was not performed. Any items that were not clearly visible at the time of the site observation were not viewed, and therefore were not included in the drafting of this reserve study.

A grand total of 51 assets were included in this reserve study report; of these considered, 14 were funded and 37 components were unfunded. Often times components not funded are estimated to be outside the scope of the thirty year scope of the reserve study; while other components are sometimes omitted by property management, association representative, and/or Declarant.

MEASUREMENTS: Measuring and inventory (+/- 10%) were identified via a combination of onsite physical measurements (if a Level 1 reserve study was contracted by client), previous reserve study and/or drawing take-offs. Drawing sets (if used) were provided by the property manager, Board of Directors or Declarant for our use relating only to the reserve study scope of work.

RELIANCE ON CLIENT DATA: Data received from property management including previous reserve study report(s) Fiscal Year 2017 On-Site Reserve Study by Reserve Studies by Reserve Funding published June 29, 2016, information from Association Representatives and/or Declarant is deemed reliable by ReserveStudyUpdate.com, LLC unless explicitly noted otherwise. Such data may include financial information, physical deficiencies or physical conditions, quantity of physical assets, or historical issues. Financial information received from property management, Association Representative, Declarant was not audited for accuracy.

The Association needs to carefully review each line item in the reports to be certain corrections are made from information you may possess that we are not aware of. It is assumed in our reserve study, no work, or expenditures from the reserve funds will occurred for the balance of the fiscal year. If this is not correct, you need to let ReserveStudyUpdate.com, LLC know what extra work was done and how much money will be spent.

SCOPE OF RESERVE STUDY: The Reserve Study is a reflection of information provided to the Consultant and assembled for the Association's use, not for the purpose of performing an audit, quality/forensic analysis, or background checks of historical records. Continued use of this reserve study beyond December 31, 2021 is misuse of the product and potentially a violation of applicable law(s).

The author(s) of this reserve study have absolutely no control over whether a special assessment will occur at any time during the thirty year horizon of this reserve study. The writer further submits that it is impossible to envision thirty years into the future costs or actual future remaining useful lives of components having useful lives extended beyond one year with precision is the functional equivalent of winning the lottery, while it may happen in extraordinary instances by chance, one may not reasonably expect it to happen. As a result,

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Current Assessment Funding Model: Executive Summary**

ReserveStudyUpdate.com, LLC makes absolutely no guarantee, express or implied, that a special assessment will not occur during the time period covered by this reserve study. Assumptions on future costs and life expectancy's should be reviewed and adjusted on an annualized basis, as current and future cost projections, building code requirements, and life expectancy's become more uncertain.

Report Version 1.01.

Arbor Ridge P.U.D. Homeowners Association - Cottage Collection

Bethany, Oregon

Current Assessment Funding Model: Summary

Report Date	October 30, 2020
Account Number	1215b
Version	1.01
Budget Year Beginning	January 1, 2021
Budget Year Ending	December 31, 2021
Total Units	316

<i>Report Parameters</i>	
Inflation	1.78%
Annual Assessment Increase	1.05%
Interest Rate on Reserve Deposit	0.15%
2021 Beginning Balance	\$76,778

Current Assessment Funding Model Summary of Calculations

Required Annual Contribution	\$32,424.00
<i>\$102.61 per unit annually</i>	
Average Net Annual Interest Earned	<u>\$112.27</u>
Total Annual Allocation to Reserves	\$32,536.27
<i>\$102.96 per unit annually</i>	

Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Current Assessment Funding Model: Projection

Report Date October 30, 2020
 Beginning Fiscal Year January 01, 2021
 Account Number 1215b

Version Number 1.01

Beginning Balance: \$76,778

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2021	144,872	32,424	112	34,356	74,959	90,246	83%
2022	147,451	32,764	103	39,118	68,708	81,523	84%
2023	150,075	33,108	104	32,659	69,260	79,744	87%
2024	152,746	33,455	104	33,533	69,286	77,577	89%
2025	155,465	33,806	99	36,810	66,381	72,580	91%
2026	158,233	34,161	139	8,050	92,630	97,320	95%
2027	161,049	34,519	165	17,319	109,995	113,629	97%
2028	163,916	34,881	164	35,330	109,711	112,471	98%
2029	166,834	35,247	178	26,429	118,707	120,935	98%
2030	169,803	35,617	177	36,602	117,898	119,789	98%
2031	172,826	35,990	161	46,300	107,750	109,356	99%
2032	175,902	36,368	144	48,062	96,200	97,560	99%
2033	179,033	36,749	127	48,069	85,008	86,172	99%
2034	182,220	37,135	125	38,557	83,711	84,900	99%
2035	185,463	37,524	152	19,945	101,443	103,198	98%
2036	188,765	37,918	170	25,894	113,637	116,427	98%
2037	192,125	38,316	160	45,490	106,622	110,618	96%
2038	195,544	38,718	203	9,948	135,595	141,564	96%
2039	199,025	39,124	230	21,403	153,546	162,098	95%
2040	202,568	39,534	176	75,647	117,610	128,497	92%
2041	206,173	39,949	163	48,893	108,829	122,249	89%
2042	209,843	40,368	165	39,226	110,136	126,462	87%
2043	213,579	40,792	132	63,215	87,843	107,081	82%
2044	217,380	41,220	122	47,723	81,462	103,883	78%
2045	221,250	41,652	132	35,049	88,198	114,302	77%
2046	225,188	42,089	152	29,102	101,336	131,746	77%
2047	229,196	42,530	179	24,648	119,397	154,837	77%
2048	233,276	42,977	196	32,000	130,570	171,671	76%
2049	237,428	43,427	177	56,217	117,956	164,986	71%
2050	241,654	43,883	167	50,451	111,555	164,896	68%

Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Current Funding Model: Component Summary by Category

Report Date October 30, 2020
 Beginning Fiscal Year January 01, 2021
 Account Number 1215b

Version Number 1.01

Description	Future Cost	Useful Life	Remaining Life	Adjustment	Distribution	Required Contribution	Ideally Funded
Cottages							
Arborist / Tree Work: Tree Pruning - "Newer"	4,332	3	1		2,838	1,328.41	2,838
Arborist / Tree Work: Tree Pruning - "Older"	7,222	3	1		4,731	2,214.59	4,731
Arborist / Tree Work: Tree Removal - Trimming "A"	20,062	10	1		17,740	2,045.93	17,740
Arborist / Tree Work: Tree Removal - Trimming "B"	16,520	10	2		11,586	2,181.69	12,758
Arborist / Tree Work: Tree Removal - Trimming "C"	12,580	10	3		0	3,732.17	8,352
Arborist / Tree Work: Tree Removal - Trimming "D"	11,406	10	0		11,406	1,204.68	11,406
Arborist / Tree Work: Tree Removal - Trimming "E"	13,061	10	9		0	1,285.79	1,114
Backflow Device: Common Area - Replacement	1,151	30	9		0	113.31	687
Bark Dust: Replenish - Common Area	15,579	2	0		15,579	7,187.29	15,579
Irrigation Controllers & Valves: Phase 1	7,501	4	1		5,528	1,751.88	5,528
Irrigation Controllers & Valves: Phase 2	7,370	4	0		7,370	1,758.47	7,370
Irrigation Controllers & Valves: Phase 3	20,953	4	3		0	6,216.09	4,968
Landscape Renovation / Enhancement	13,751	10	9		0	1,353.75	1,173
Landscaping: Power Box - Cottages - Replace	564	30	10		0	49.96	315
Cottages - Total	<u>\$152,054</u>				<u>\$76,778</u>	<u>\$32,424</u>	<u>\$94,560</u>
Grand Total:	<u>\$152,054</u>				<u>\$76,778</u>	<u>\$32,424</u>	<u>\$94,560</u>

Percent Fully Funded	81%
Current Average Liability per Unit (Total Units: 316)	-\$56

Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Current Funding Model: Distribution of Accumulated Reserves

Report Date October 30, 2020
 Beginning Fiscal Year January 01, 2021
 Account Number 1215b

Version Number 1.01

Description	Remaining Life	Replacement Year	Assigned Reserves	Fully Funded Reserves
Irrigation Controllers & Valves: Phase 2	0	2021	7,370	7,370
Arborist / Tree Work: Tree Removal - Trimming "D"	0	2021	11,406	11,406
Bark Dust: Replenish - Common Area	0	2021	15,579	15,579
Arborist / Tree Work: Tree Pruning - "Newer"	1	2022	2,838	2,838
Arborist / Tree Work: Tree Pruning - "Older"	1	2022	4,731	4,731
Irrigation Controllers & Valves: Phase 1	1	2022	5,528	5,528
Arborist / Tree Work: Tree Removal - Trimming "A"	1	2022	17,740	17,740
Arborist / Tree Work: Tree Removal - Trimming "B"	2	2023	* 11,586	12,758
Irrigation Controllers & Valves: Phase 3	3	2024		4,968
Arborist / Tree Work: Tree Removal - Trimming "C"	3	2024		8,352
Backflow Device: Common Area - Replacement	9	2030		687
Arborist / Tree Work: Tree Removal - Trimming "E"	9	2030		1,114
Landscape Renovation / Enhancement	9	2030		1,173
Landscaping: Power Box - Cottages - Replace	10	2031		315
Total Asset Summary			<u>\$76,778</u>	<u>\$94,560</u>

Percent Fully Funded	81%
Current Average Liability per Unit (Total Units: 316)	-\$56

'' Indicates Partially Funded*

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Threshold Funding Model - Dollar Defined Minimum: Executive Summary**

EXECUTIVE SUMMARY - DOLLAR DEFINED THRESHOLD FUNDING MODEL

THRESHOLD FUNDING MODEL OVERVIEW

The "Threshold Funding Model" method is based upon the cash flow funding concept. The minimum reserve cash balance in threshold funding, however, is set at a predetermined dollar amount (other than \$0). Threshold funding describes an objective chosen by the board other than the 100% (full funding) level or just staying cash-positive (baseline funding). This may be a specific percent funded target or a cash balance target. Threshold funding is often a value chosen in between full funding and baseline funding.

PROPERTY INFORMATION

ORIGINAL STARTING DATE OF RESERVE STUDY: This reserve study was prepared for the fiscal year January 1, 2021 and ending December 31, 2021. Unless otherwise indicated, we have used January 25, 2000 to begin aging the original components in this reserve study.

NUMBER OF UNITS/LOTS & LOCATION: This reserve study is a total of 316 units located in Bethany, Oregon.

DATE OF LAST ON-SITE RESERVE STUDY: (if applicable) The last on-site physical analysis done was completed on August 18, 2018.

NOTE: All interest accrued from reserve savings account(s) must remain in the reserve savings account(s) and not used as an off-set for operating expenses. Income tax factors were not considered due to variables effecting net taxable income and the election of tax form to be filed.

RESERVE FUNDS ON HAND: For the purpose of this reserve study, it is anticipated that the association will have a projected beginning reserve balance of \$76,778 as of January, 1 2021. The actual or projected (estimated) total presented in this reserve study is based upon information provided to ReserveStudyUpdate.com, LLC and was not audited.

FUNDING REQUIRED: A minimum balance threshold of \$67,972 has been used over the thirty years of this reserve study funding model. The reserve study funding model has an annual contribution increase of 3.00% per year.

INFLATION RATE: An inflation rate of 1.78% was used for all thirty years of the reserve study report. This is based on an equally weighted ten-year historical inflation rate average.

THE NATIONAL PERCENT FUNDED RATING IN THE RESERVE STUDY INDUSTRY IS:

0% to 29.99% - Poor

30% to 69.99% - Fair

70% to 100% - Good

This association is estimated to be 85.45% funded the end of the first fiscal year contingent that the funding model described in this section is implemented.

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Threshold Funding Model - Dollar Defined Minimum: Executive Summary**

DISCLOSURES

GENERAL: Arbor Ridge P.U.D. Homeowners Association - Cottage Collection and ReserveStudyUpdate.com, LLC have no professional or personal involvements with each other, other than the scope of work identified in the reserve study contract. This relationship cannot be perceived as a conflict of interest.

This reserve study is for budget and planning purposes and identifies the status of the reserve fund and schedules the anticipated major commonly owned item replacements in accordance with Oregon State Law(s). This reserve study will estimate the expected useful life and remaining useful life of the building and site components or systems, and will provide an estimate replacement or refurbishment cost for those components or systems.

PHYSICAL ANALYSIS: If an on-site reserve study was performed observations were limited to visual observations only. Destructive testing (invasive testing) was not performed. Any items that were not clearly visible at the time of the site observation were not viewed, and therefore were not included in the drafting of this reserve study.

A grand total of 51 assets were included in this reserve study report; of these considered, 14 were funded and 37 components were unfunded. Often times components not funded are estimated to be outside the scope of the thirty year scope of the reserve study; while other components are sometimes omitted by property management, Association Representative, and/or Declarant.

MEASUREMENTS: Measuring and inventory (+/- 10%) were identified via a combination of onsite physical measurements, previous reserve study and/or drawing take-offs. Drawing sets (if used) were provided by the property manager, Board of Directors or Declarant for our use relating only to the reserve study scope of work.

RELIANCE ON CLIENT DATA: Data received from property management including previous reserve study report(s) Fiscal Year 2017 On-Site Reserve Study by Reserve Studies by Reserve Funding published June 29, 2016, information from Association Representatives and/or Declarant is deemed reliable by ReserveStudyUpdate.com, LLC unless explicitly noted otherwise. Such data may include financial information, physical deficiencies or physical conditions, quantity of physical assets, or historical issues. Financial information received from property management, Association Representative, Declarant was not audited for accuracy.

The Association needs to carefully review each line item in the reports to be certain corrections are made from information you may possess that we are not aware of. It is assumed in our reserve study, no work, or expenditures from the reserve funds will occurred for the balance of the fiscal year. If this is not correct, you need to let ReserveStudyUpdate.com, LLC know what extra work will be done and how much money will be spent.

SCOPE OF RESERVE STUDY: The Reserve Study is a reflection of information provided to the Consultant and assembled for the Association's use, not for the purpose of performing an audit, quality/forensic analysis, or background checks of historical records. Continued use of this reserve study beyond December 31, 2021 is misuse of the product and potentially a violation of applicable law(s).

The author(s) of this reserve study have absolutely no control over whether a special assessment will occur at any time during the thirty year horizon of this reserve study. The writer further submits that it is impossible to envision thirty years into the future costs or actual future remaining useful lives of components having useful lives extended beyond one year with precision is the functional equivalent of winning the lottery, while it may happen in extraordinary instances by chance, one may not reasonably expect it to happen. As a result,

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Threshold Funding Model - Dollar Defined Minimum: Executive Summary**

ReserveStudyUpdate.com, LLC makes absolutely no guarantee, express or implied, that a special assessment will not occur during the time period covered by this reserve study. Assumptions on future costs and life expectancy's should be reviewed and adjusted on an annualized basis, as current and future cost projections, building code requirements, and life expectancy's become more uncertain.

Report Version 1.01.

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Threshold Funding Model - Dollar Defined Minimum: Summary**

Report Date	October 30, 2020
Account Number	1215b
Version	1.01
Budget Year Beginning	January 1, 2021
Budget Year Ending	December 31, 2021
Total Units	316

<i>Report Parameters</i>	
Inflation	1.78%
Annual Assessment Increase	3.00%
Interest Rate on Reserve Deposit	0.15%
2021 Beginning Balance	\$76,778

Threshold Funding Model Summary of Calculations

Required Annual Contribution	\$34,579.99
<i>\$109.43 per unit annually</i>	
Average Net Annual Interest Earned	<u> \$115.50</u>
Total Annual Allocation to Reserves	\$34,695.50
<i>\$109.80 per unit annually</i>	

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Threshold Funding Model - Dollar Defined Minimum: Projection**

Report Date October 30, 2020
 Beginning Fiscal Year January 01, 2021
 Account Number 1215b

Version Number 1.01

Beginning Balance: \$76,778

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2021	144,872	34,580	116	34,356	77,118	90,246	85%
2022	147,451	33,218	107	39,118	71,325	81,523	87%
2023	150,075	34,215	109	32,659	72,990	79,744	92%
2024	152,746	35,241	112	33,533	74,810	77,577	96%
2025	155,465	29,870	102	36,810	67,972	72,580	94%
2026	158,233	30,766	136	8,050	90,824	97,320	93%
2027	161,049	31,689	158	17,319	105,351	113,629	93%
2028	163,916	32,639	154	35,330	102,814	112,471	91%
2029	166,834	33,619	165	26,429	110,169	120,935	91%
2030	169,803	34,627	162	36,602	108,357	119,789	90%
2031	172,826	35,666	147	46,300	97,870	109,356	89%
2032	175,902	36,736	130	48,062	86,674	97,560	89%
2033	179,033	37,838	115	48,069	76,557	86,172	89%
2034	182,220	34,533	109	38,557	72,641	84,900	86%
2035	185,463	35,569	132	19,945	88,398	103,198	86%
2036	188,765	36,636	149	25,894	99,288	116,427	85%
2037	192,125	37,735	137	45,490	91,670	110,618	83%
2038	195,544	38,867	181	9,948	120,769	141,564	85%
2039	199,025	40,033	209	21,403	139,608	162,098	86%
2040	202,568	41,234	158	75,647	105,353	128,497	82%
2041	206,173	42,471	148	48,893	99,079	122,249	81%
2042	209,843	43,745	155	39,226	103,753	126,462	82%
2043	213,579	45,057	128	63,215	85,723	107,081	80%
2044	217,380	35,046	110	47,723	73,156	103,883	70%
2045	221,250	36,097	111	35,049	74,315	114,302	65%
2046	225,188	37,180	124	29,102	82,516	131,746	63%
2047	229,196	38,295	144	24,648	96,308	154,837	62%
2048	233,276	39,444	156	32,000	103,909	171,671	61%
2049	237,428	40,628	132	56,217	88,452	164,986	54%
2050	241,654	41,846	120	50,451	79,966	164,896	48%

Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Threshold Funding Model - Dollar Defined Minimum: Component Summary by Category

Description	Future Cost	Useful Life	Remaining Life	Adjustment	Distribution	Required Contribution	Ideally Funded
Cottages							
Arborist / Tree Work: Tree Pruning - "Newer"	4,332	3	1		2,838	1,416.74	2,838
Arborist / Tree Work: Tree Pruning - "Older"	7,222	3	1		4,731	2,361.85	4,731
Arborist / Tree Work: Tree Removal - Trimming "A"	20,062	10	1		17,740	2,181.97	17,740
Arborist / Tree Work: Tree Removal - Trimming "B"	16,520	10	2		11,586	2,326.76	12,758
Arborist / Tree Work: Tree Removal - Trimming "C"	12,580	10	3		0	3,980.33	8,352
Arborist / Tree Work: Tree Removal - Trimming "D"	11,406	10	0		11,406	1,284.78	11,406
Arborist / Tree Work: Tree Removal - Trimming "E"	13,061	10	9		0	1,371.28	1,114
Backflow Device: Common Area - Replacement	1,151	30	9		0	120.84	687
Bark Dust: Replenish - Common Area	15,579	2	0		15,579	7,665.20	15,579
Irrigation Controllers & Valves: Phase 1	7,501	4	1		5,528	1,868.37	5,528
Irrigation Controllers & Valves: Phase 2	7,370	4	0		7,370	1,875.39	7,370
Irrigation Controllers & Valves: Phase 3	20,953	4	3		0	6,629.42	4,968
Landscape Renovation / Enhancement	13,751	10	9		0	1,443.76	1,173
Landscaping: Power Box - Cottages - Replace	564	30	10		0	53.29	315
Cottages - Total	<u>\$152,054</u>				<u>\$76,778</u>	<u>\$34,580</u>	<u>\$94,560</u>
Grand Total:	<u>\$152,054</u>				<u>\$76,778</u>	<u>\$34,580</u>	<u>\$94,560</u>

Percent Fully Funded	81%
Current Average Liability per Unit (Total Units: 316)	-\$56

Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Threshold Funding Model - Dollar Defined Minimum: Distribution of Accumulated Reserves

Report Date October 30, 2020
 Beginning Fiscal Year January 01, 2021
 Account Number 1215b

Version Number 1.01

Description	Remaining Life	Replacement Year	Assigned Reserves	Fully Funded Reserves
Irrigation Controllers & Valves: Phase 2	0	2021	7,370	7,370
Arborist / Tree Work: Tree Removal - Trimming "D"	0	2021	11,406	11,406
Bark Dust: Replenish - Common Area	0	2021	15,579	15,579
Arborist / Tree Work: Tree Pruning - "Newer"	1	2022	2,838	2,838
Arborist / Tree Work: Tree Pruning - "Older"	1	2022	4,731	4,731
Irrigation Controllers & Valves: Phase 1	1	2022	5,528	5,528
Arborist / Tree Work: Tree Removal - Trimming "A"	1	2022	17,740	17,740
Arborist / Tree Work: Tree Removal - Trimming "B"	2	2023	* 11,586	12,758
Irrigation Controllers & Valves: Phase 3	3	2024		4,968
Arborist / Tree Work: Tree Removal - Trimming "C"	3	2024		8,352
Backflow Device: Common Area - Replacement	9	2030		687
Arborist / Tree Work: Tree Removal - Trimming "E"	9	2030		1,114
Landscape Renovation / Enhancement	9	2030		1,173
Landscaping: Power Box - Cottages - Replace	10	2031		315
Total Asset Summary			<u>\$76,778</u>	<u>\$94,560</u>

Percent Fully Funded	81%
Current Average Liability per Unit (Total Units: 316)	-\$56

'' Indicates Partially Funded*

EXECUTIVE SUMMARY - 70% THRESHOLD FUNDING MODEL

THRESHOLD FUNDING MODEL OVERVIEW

The "Threshold Funding Model" method is based upon the cash flow funding concept. The minimum reserve cash balance in threshold funding, however, is set at a predetermined funding percentage. Threshold funding describes an objective chosen by the board other than the 100% (full funding) level or just staying cash-positive (baseline funding). We have calculated this funding model to remain at or above 70% funded over the 30-year horizon of its reserve study report. Threshold funding is often a value chosen in between full funding and baseline funding. While we recommend that all community associations strive for a funding threshold percentage of 70% or above, this 70% funding approach is absolutely no guarantee (expressed or implied) that the community will not require a special assessment at some time in the future.

PROPERTY INFORMATION

ORIGINAL STARTING DATE OF RESERVE STUDY: This reserve study was prepared for the fiscal year January 1, 2021 and ending December 31, 2021. Unless otherwise indicated, we have used January 25, 2000 to begin aging the original components in this reserve study.

NUMBER OF UNITS/LOTS & LOCATION: This reserve study is a total of 316 units located in Bethany, Oregon.

DATE OF LAST ON-SITE RESERVE STUDY: (if applicable) The last on-site physical analysis done was completed on August 18, 2018.

NOTE: All interest accrued from reserve savings account(s) must remain in the reserve savings account(s) and not used as an off-set for operating expenses. Income tax factors were not considered due to variables effecting net taxable income and the election of tax form to be filed.

RESERVE FUNDS ON HAND: For the purpose of this reserve study, it is anticipated that the association will have a projected beginning reserve balance of \$76,778 as of January, 1 2021. The actual or projected (estimated) total presented in this reserve study is based upon information provided to ReserveStudyUpdate.com, LLC and was not audited.

FUNDING REQUIRED: A minimum threshold funding percentage of 70% has been used over the thirty years of this reserve study funding model. The reserve study funding model has an annual contribution increase of 3.00% per year.

INFLATION RATE: An inflation rate of 1.78% was used for all thirty years of the reserve study report. This is based on an equally weighted ten-year historical inflation rate average.

THE NATIONAL PERCENT FUNDED RATING IN THE RESERVE STUDY INDUSTRY IS:

0% to 29.99% - Poor

30% to 69.99% - Fair

70% to 100% - Good

This association is estimated to be 78.44% funded the end of the first fiscal year contingent that the funding model described in this section is implemented.

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Threshold Funding Model - 70% Minimum: Executive Summary**

DISCLOSURES

GENERAL: Arbor Ridge P.U.D. Homeowners Association - Cottage Collection and ReserveStudyUpdate.com, LLC have no professional or personal involvements with each other, other than the scope of work identified in the reserve study contract. This relationship cannot be perceived as a conflict of interest.

This reserve study is for budget and planning purposes and identifies the status of the reserve fund and schedules the anticipated major commonly owned item replacements in accordance with Oregon State Law(s). This reserve study will estimate the expected useful life and remaining useful life of the building and site components or systems, and will provide an estimate replacement or refurbishment cost for those components or systems.

PHYSICAL ANALYSIS: If an on-site reserve study was performed observations were limited to visual observations only. Destructive testing (invasive testing) was not performed. Any items that were not clearly visible at the time of the site observation were not viewed, and therefore were not included in the drafting of this reserve study.

A grand total of 51 assets were included in this reserve study report; of these considered, 14 were funded and 37 components were unfunded. Often times components not funded are estimated to be outside the scope of the thirty year scope of the reserve study; while other components are sometimes omitted by property management, Association Representative, and/or Declarant.

MEASUREMENTS: Measuring and inventory (+/- 10%) were identified via a combination of onsite physical measurements, previous reserve study and/or drawing take-offs. Drawing sets (if used) were provided by the property manager, Board of Directors or Declarant for our use relating only to the reserve study scope of work.

RELIANCE ON CLIENT DATA: Data received from property management including previous reserve study report(s) Fiscal Year 2017 On-Site Reserve Study by Reserve Studies by Reserve Funding published June 29, 2016, information from Association Representatives and/or Declarant is deemed reliable by ReserveStudyUpdate.com, LLC unless explicitly noted otherwise. Such data may include financial information, physical deficiencies or physical conditions, quantity of physical assets, or historical issues. Financial information received from property management, Association Representative, Declarant was not audited for accuracy.

The Association needs to carefully review each line item in the reports to be certain corrections are made from information you may possess that we are not aware of. It is assumed in our reserve study, no work, or expenditures from the reserve funds will occurred for the balance of the fiscal year. If this is not correct, you need to let ReserveStudyUpdate.com, LLC know what extra work will be done and how much money will be spent.

SCOPE OF RESERVE STUDY: The Reserve Study is a reflection of information provided to the Consultant and assembled for the Association's use, not for the purpose of performing an audit, quality/forensic analysis, or background checks of historical records. Continued use of this reserve study beyond December 31, 2021 is misuse of the product and potentially a violation of applicable law(s).

The author(s) of this reserve study have absolutely no control over whether a special assessment will occur at any time during the thirty year horizon of this reserve study. The writer further submits that it is impossible to envision thirty years into the future costs or actual future remaining useful lives of components having useful lives extended beyond one year with precision is the functional equivalent of winning the lottery, while it may happen in extraordinary instances by chance, one may not reasonably expect it to happen. As a result,

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Threshold Funding Model - 70% Minimum: Executive Summary**

ReserveStudyUpdate.com, LLC makes absolutely no guarantee, express or implied, that a special assessment will not occur during the time period covered by this reserve study. Assumptions on future costs and life expectancy's should be reviewed and adjusted on an annualized basis, as current and future cost projections, building code requirements, and life expectancy's become more uncertain.

Report Version 1.01.

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Threshold Funding Model - 70% Minimum: Summary**

Report Date	October 30, 2020
Account Number	1215b
Version	1.01
Budget Year Beginning	January 1, 2021
Budget Year Ending	December 31, 2021
Total Units	316

<i>Report Parameters</i>	
Inflation	1.78%
Annual Assessment Increase	3.00%
Interest Rate on Reserve Deposit	0.15%
2021 Beginning Balance	\$76,778

<i>Threshold 70% Funding Model Summary of Calculations</i>	
Required Annual Contribution	\$28,264.57
<i>\$89.44 per unit annually</i>	
Average Net Annual Interest Earned	<u>\$106.03</u>
Total Annual Allocation to Reserves	\$28,370.60
<i>\$89.78 per unit annually</i>	

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Threshold Funding Model - 70% Minimum: Projection**

Report Date October 30, 2020
 Beginning Fiscal Year January 01, 2021
 Account Number 1215b

Version Number 1.01

Beginning Balance: \$76,778

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2021	144,872	28,265	106	34,356	70,793	90,246	78%
2022	147,451	29,113	91	39,118	60,879	81,523	75%
2023	150,075	29,986	87	32,659	58,293	79,744	73%
2024	152,746	30,885	83	33,533	55,728	77,577	72%
2025	155,465	31,812	76	36,810	50,806	72,580	70%
2026	158,233	30,893	110	8,050	73,759	97,320	76%
2027	161,049	31,820	132	17,319	88,392	113,629	78%
2028	163,916	32,774	129	35,330	85,965	112,471	76%
2029	166,834	33,757	140	26,429	93,434	120,935	77%
2030	169,803	34,770	137	36,602	91,739	119,789	77%
2031	172,826	35,813	122	46,300	81,375	109,356	74%
2032	175,902	36,888	105	48,062	70,305	97,560	72%
2033	179,033	37,994	90	48,069	60,321	86,172	70%
2034	182,220	37,578	89	38,557	59,430	84,900	70%
2035	185,463	35,825	113	19,945	75,424	103,198	73%
2036	188,765	36,900	130	25,894	86,559	116,427	74%
2037	192,125	38,007	119	45,490	79,194	110,618	72%
2038	195,544	39,147	163	9,948	108,556	141,564	77%
2039	199,025	40,321	191	21,403	127,665	162,098	79%
2040	202,568	41,531	140	75,647	93,690	128,497	73%
2041	206,173	42,777	131	48,893	87,705	122,249	72%
2042	209,843	44,060	139	39,226	92,678	126,462	73%
2043	213,579	45,382	112	63,215	74,957	107,081	70%
2044	217,380	45,375	109	47,723	72,718	103,883	70%
2045	221,250	43,097	121	35,049	80,888	114,302	71%
2046	225,188	44,390	144	29,102	96,320	131,746	73%
2047	229,196	45,722	176	24,648	117,570	154,837	76%
2048	233,276	47,094	199	32,000	132,863	171,671	77%
2049	237,428	48,506	188	56,217	125,340	164,986	76%
2050	241,654	49,962	187	50,451	125,037	164,896	76%

Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Threshold Funding Model - 70% Minimum: Component Summary by Category

Description	Future Cost	Useful Life	Remaining Life	Adjustment	Distribution	Required Contribution	Ideally Funded
Cottages							
Arborist / Tree Work: Tree Pruning - "Newer"	4,332	3	1		2,838	1,158.00	2,838
Arborist / Tree Work: Tree Pruning - "Older"	7,222	3	1		4,731	1,930.50	4,731
Arborist / Tree Work: Tree Removal - Trimming "A"	20,062	10	1		17,740	1,783.47	17,740
Arborist / Tree Work: Tree Removal - Trimming "B"	16,520	10	2		11,586	1,901.82	12,758
Arborist / Tree Work: Tree Removal - Trimming "C"	12,580	10	3		0	3,253.39	8,352
Arborist / Tree Work: Tree Removal - Trimming "D"	11,406	10	0		11,406	1,050.14	11,406
Arborist / Tree Work: Tree Removal - Trimming "E"	13,061	10	9		0	1,120.84	1,114
Backflow Device: Common Area - Replacement	1,151	30	9		0	98.77	687
Bark Dust: Replenish - Common Area	15,579	2	0		15,579	6,265.29	15,579
Irrigation Controllers & Valves: Phase 1	7,501	4	1		5,528	1,527.14	5,528
Irrigation Controllers & Valves: Phase 2	7,370	4	0		7,370	1,532.89	7,370
Irrigation Controllers & Valves: Phase 3	20,953	4	3		0	5,418.67	4,968
Landscape Renovation / Enhancement	13,751	10	9		0	1,180.09	1,173
Landscaping: Power Box - Cottages - Replace	564	30	10		0	43.55	315
Cottages - Total	<u>\$152,054</u>				<u>\$76,778</u>	<u>\$28,265</u>	<u>\$94,560</u>
Grand Total:	<u>\$152,054</u>				<u>\$76,778</u>	<u>\$28,265</u>	<u>\$94,560</u>

Percent Fully Funded	81%
Current Average Liability per Unit (Total Units: 316)	-\$56

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Threshold Funding Model - 70% Minimum: Distribution of Accumulated Reserves**

Report Date October 30, 2020
Beginning Fiscal Year January 01, 2021
Account Number 1215b

Version Number 1.01

Description	Remaining Life	Replacement Year	Assigned Reserves	Fully Funded Reserves
Irrigation Controllers & Valves: Phase 2	0	2021	7,370	7,370
Arborist / Tree Work: Tree Removal - Trimming "D"	0	2021	11,406	11,406
Bark Dust: Replenish - Common Area	0	2021	15,579	15,579
Arborist / Tree Work: Tree Pruning - "Newer"	1	2022	2,838	2,838
Arborist / Tree Work: Tree Pruning - "Older"	1	2022	4,731	4,731
Irrigation Controllers & Valves: Phase 1	1	2022	5,528	5,528
Arborist / Tree Work: Tree Removal - Trimming "A"	1	2022	17,740	17,740
Arborist / Tree Work: Tree Removal - Trimming "B"	2	2023	* 11,586	12,758
Irrigation Controllers & Valves: Phase 3	3	2024		4,968
Arborist / Tree Work: Tree Removal - Trimming "C"	3	2024		8,352
Backflow Device: Common Area - Replacement	9	2030		687
Arborist / Tree Work: Tree Removal - Trimming "E"	9	2030		1,114
Landscape Renovation / Enhancement	9	2030		1,173
Landscaping: Power Box - Cottages - Replace	10	2031		315
Total Asset Summary			<u>\$76,778</u>	<u>\$94,560</u>

Percent Fully Funded	81%
Current Average Liability per Unit (Total Units: 316)	-\$56

*'**' Indicates Partially Funded*

EXECUTIVE SUMMARY - 85% THRESHOLD FUNDING MODEL

THRESHOLD FUNDING MODEL OVERVIEW

The "Threshold Funding Model" method is based upon the cash flow funding concept. The minimum reserve cash balance in threshold funding, however, is set at a predetermined funding percentage. Threshold funding describes an objective chosen by the board other than the 100% (full funding) level or just staying cash-positive (baseline funding). We have calculated this funding model with the aim of remaining at or above 85% funded over the 30-year horizon of its reserve study report. Threshold funding is often a value chosen in between full funding and baseline funding. While we recommend that all community associations strive for a funding threshold percentage of 70% or above, this 85% funding approach is absolutely no guarantee (expressed or implied) that the community will not require a special assessment at some time in the future.

PROPERTY INFORMATION

ORIGINAL STARTING DATE OF RESERVE STUDY: This reserve study was prepared for the fiscal year January 1, 2021 and ending December 31, 2021. Unless otherwise indicated, we have used January 25, 2000 to begin aging the original components in this reserve study.

NUMBER OF UNITS/LOTS & LOCATION: This reserve study is a total of 316 units located in Bethany, Oregon.

DATE OF LAST ON-SITE RESERVE STUDY: (if applicable) The last on-site physical analysis done was completed on August 18, 2018.

NOTE: All interest accrued from reserve savings account(s) must remain in the reserve savings account(s) and not used as an off-set for operating expenses. Income tax factors were not considered due to variables effecting net taxable income and the election of tax form to be filed.

RESERVE FUNDS ON HAND: For the purpose of this reserve study, it is anticipated that the association will have a projected beginning reserve balance of \$76,778 as of January, 1 2021. The actual or projected (estimated) total presented in this reserve study is based upon information provided to ReserveStudyUpdate.com, LLC and was not audited.

FUNDING REQUIRED: A minimum threshold percentage of 85% has been used over the thirty years of this reserve study funding model. The reserve study funding model has an annual contribution increase of 3.00% per year.

INFLATION RATE: An inflation rate of 1.78% was used for all thirty years of the reserve study report. This is based on an equally weighted ten-year historical inflation rate average.

THE NATIONAL PERCENT FUNDED RATING IN THE RESERVE STUDY INDUSTRY IS:

0% to 29.99% - Poor

30% to 69.99% - Fair

70% to 100% - Good

This association is estimated to be 85.00% funded the end of the first fiscal year contingent that the funding model described in this section is implemented.

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Threshold Funding Model - 85% Minimum: Executive Summary**

DISCLOSURES

GENERAL: Arbor Ridge P.U.D. Homeowners Association - Cottage Collection and ReserveStudyUpdate.com, LLC have no professional or personal involvements with each other, other than the scope of work identified in the reserve study contract. This relationship cannot be perceived as a conflict of interest.

This reserve study is for budget and planning purposes and identifies the status of the reserve fund and schedules the anticipated major commonly owned item replacements in accordance with Oregon State Law(s). This reserve study will estimate the expected useful life and remaining useful life of the building and site components or systems, and will provide an estimate replacement or refurbishment cost for those components or systems.

PHYSICAL ANALYSIS: If an on-site reserve study was performed observations were limited to visual observations only. Destructive testing (invasive testing) was not performed. Any items that were not clearly visible at the time of the site observation were not viewed, and therefore were not included in the drafting of this reserve study.

A grand total of 51 assets were included in this reserve study report; of these considered, 14 were funded and 37 components were unfunded. Often times components not funded are estimated to be outside the scope of the thirty year scope of the reserve study; while other components are sometimes omitted by property management, Association Representative, and/or Declarant.

MEASUREMENTS: Measuring and inventory (+/- 10%) were identified via a combination of onsite physical measurements, previous reserve study and/or drawing take-offs. Drawing sets (if used) were provided by the property manager, Board of Directors or Declarant for our use relating only to the reserve study scope of work.

RELIANCE ON CLIENT DATA: Data received from property management including previous reserve study report(s) Fiscal Year 2017 On-Site Reserve Study by Reserve Studies by Reserve Funding published June 29, 2016, information from Association Representatives and/or Declarant is deemed reliable by ReserveStudyUpdate.com, LLC unless explicitly noted otherwise. Such data may include financial information, physical deficiencies or physical conditions, quantity of physical assets, or historical issues. Financial information received from property management, Association Representative, Declarant was not audited for accuracy.

The Association needs to carefully review each line item in the reports to be certain corrections are made from information you may possess that we are not aware of. It is assumed in our reserve study, no work, or expenditures from the reserve funds will occurred for the balance of the fiscal year. If this is not correct, you need to let ReserveStudyUpdate.com, LLC know what extra work will be done and how much money will be spent.

SCOPE OF RESERVE STUDY: The Reserve Study is a reflection of information provided to the Consultant and assembled for the Association's use, not for the purpose of performing an audit, quality/forensic analysis, or background checks of historical records. Continued use of this reserve study beyond December 31, 2021 is misuse of the product and potentially a violation of applicable law(s).

The author(s) of this reserve study have absolutely no control over whether a special assessment will occur at any time during the thirty year horizon of this reserve study. The writer further submits that it is impossible to envision thirty years into the future costs or actual future remaining useful lives of components having useful lives extended beyond one year with precision is the functional equivalent of winning the lottery, while it may happen in extraordinary instances by chance, one may not reasonably expect it to happen. As a result,

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Threshold Funding Model - 85% Minimum: Executive Summary**

ReserveStudyUpdate.com, LLC makes absolutely no guarantee, express or implied, that a special assessment will not occur during the time period covered by this reserve study. Assumptions on future costs and life expectancy's should be reviewed and adjusted on an annualized basis, as current and future cost projections, building code requirements, and life expectancy's become more uncertain.

Report Version 1.01.

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Threshold Funding Model - 85% Minimum: Summary**

Report Date	October 30, 2020
Account Number	1215b
Version	1.01
Budget Year Beginning	January 1, 2021
Budget Year Ending	December 31, 2021
Total Units	316

<i>Report Parameters</i>	
Inflation	1.78%
Annual Assessment Increase	3.00%
Interest Rate on Reserve Deposit	0.15%
2021 Beginning Balance	\$76,778

Threshold 85% Funding Model Summary of Calculations

Required Annual Contribution	\$34,171.57
<i>\$108.14 per unit annually</i>	
Average Net Annual Interest Earned	<u>\$114.89</u>
Total Annual Allocation to Reserves	\$34,286.46
<i>\$108.50 per unit annually</i>	

Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Threshold Funding Model - 85% Minimum: Projection

Report Date October 30, 2020
 Beginning Fiscal Year January 01, 2021
 Account Number 1215b

Version Number 1.01

Beginning Balance: \$76,778

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2021	144,872	34,172	115	34,356	76,709	90,246	85%
2022	147,451	31,600	104	39,118	69,295	81,523	85%
2023	150,075	31,045	102	32,659	67,782	79,744	85%
2024	152,746	31,593	99	33,533	65,941	77,577	85%
2025	155,465	32,471	92	36,810	61,693	72,580	85%
2026	158,233	31,106	127	8,050	84,876	97,320	87%
2027	161,049	32,039	149	17,319	99,745	113,629	88%
2028	163,916	33,000	146	35,330	97,562	112,471	87%
2029	166,834	33,990	158	26,429	105,281	120,935	87%
2030	169,803	35,010	156	36,602	103,845	119,789	87%
2031	172,826	36,060	140	46,300	93,746	109,356	86%
2032	175,902	37,142	124	48,062	82,950	97,560	85%
2033	179,033	38,256	110	48,069	73,247	86,172	85%
2034	182,220	37,368	108	38,557	72,165	84,900	85%
2035	185,463	36,483	133	19,945	88,836	103,198	86%
2036	188,765	37,577	151	25,894	100,671	116,427	86%
2037	192,125	38,704	141	45,490	94,025	110,618	85%
2038	195,544	39,453	185	9,948	123,716	141,564	87%
2039	199,025	40,637	214	21,403	143,164	162,098	88%
2040	202,568	41,856	164	75,647	109,537	128,497	85%
2041	206,173	43,112	156	48,893	103,912	122,249	85%
2042	209,843	43,965	163	39,226	108,813	126,462	86%
2043	213,579	45,284	136	63,215	91,019	107,081	85%
2044	217,380	44,873	132	47,723	88,301	103,883	85%
2045	221,250	43,759	146	35,049	97,157	114,302	85%
2046	225,188	44,566	169	29,102	112,790	131,746	86%
2047	229,196	45,903	201	24,648	134,246	154,837	87%
2048	233,276	47,280	224	32,000	149,751	171,671	87%
2049	237,428	48,699	213	56,217	142,446	164,986	86%
2050	241,654	50,160	213	50,451	142,368	164,896	86%

Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Threshold Funding Model - 85% Minimum: Component Summary by Category

Description	Future Cost	Useful Life	Remaining Life	Adjustment	Distribution	Required Contribution	Ideally Funded
Cottages							
Arborist / Tree Work: Tree Pruning - "Newer"	4,332	3	1		2,838	1,400.01	2,838
Arborist / Tree Work: Tree Pruning - "Older"	7,222	3	1		4,731	2,333.95	4,731
Arborist / Tree Work: Tree Removal - Trimming "A"	20,062	10	1		17,740	2,156.20	17,740
Arborist / Tree Work: Tree Removal - Trimming "B"	16,520	10	2		11,586	2,299.28	12,758
Arborist / Tree Work: Tree Removal - Trimming "C"	12,580	10	3		0	3,933.32	8,352
Arborist / Tree Work: Tree Removal - Trimming "D"	11,406	10	0		11,406	1,269.61	11,406
Arborist / Tree Work: Tree Removal - Trimming "E"	13,061	10	9		0	1,355.09	1,114
Backflow Device: Common Area - Replacement	1,151	30	9		0	119.42	687
Bark Dust: Replenish - Common Area	15,579	2	0		15,579	7,574.67	15,579
Irrigation Controllers & Valves: Phase 1	7,501	4	1		5,528	1,846.30	5,528
Irrigation Controllers & Valves: Phase 2	7,370	4	0		7,370	1,853.24	7,370
Irrigation Controllers & Valves: Phase 3	20,953	4	3		0	6,551.12	4,968
Landscape Renovation / Enhancement	13,751	10	9		0	1,426.71	1,173
Landscaping: Power Box - Cottages - Replace	564	30	10		0	52.66	315
Cottages - Total	<u>\$152,054</u>				<u>\$76,778</u>	<u>\$34,172</u>	<u>\$94,560</u>
Grand Total:	<u><u>\$152,054</u></u>				<u><u>\$76,778</u></u>	<u><u>\$34,172</u></u>	<u><u>\$94,560</u></u>

Percent Fully Funded	81%
Current Average Liability per Unit (Total Units: 316)	-\$56

Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Threshold Funding Model - 85% Minimum: Distribution of Accumulated Reserves

Report Date October 30, 2020
 Beginning Fiscal Year January 01, 2021
 Account Number 1215b

Version Number 1.01

Description	Remaining Life	Replacement Year	Assigned Reserves	Fully Funded Reserves
Irrigation Controllers & Valves: Phase 2	0	2021	7,370	7,370
Arborist / Tree Work: Tree Removal - Trimming "D"	0	2021	11,406	11,406
Bark Dust: Replenish - Common Area	0	2021	15,579	15,579
Arborist / Tree Work: Tree Pruning - "Newer"	1	2022	2,838	2,838
Arborist / Tree Work: Tree Pruning - "Older"	1	2022	4,731	4,731
Irrigation Controllers & Valves: Phase 1	1	2022	5,528	5,528
Arborist / Tree Work: Tree Removal - Trimming "A"	1	2022	17,740	17,740
Arborist / Tree Work: Tree Removal - Trimming "B"	2	2023	* 11,586	12,758
Irrigation Controllers & Valves: Phase 3	3	2024		4,968
Arborist / Tree Work: Tree Removal - Trimming "C"	3	2024		8,352
Backflow Device: Common Area - Replacement	9	2030		687
Arborist / Tree Work: Tree Removal - Trimming "E"	9	2030		1,114
Landscape Renovation / Enhancement	9	2030		1,173
Landscaping: Power Box - Cottages - Replace	10	2031		315
Total Asset Summary			<u>\$76,778</u>	<u>\$94,560</u>

Percent Fully Funded	81%
Current Average Liability per Unit (Total Units: 316)	-\$56

'' Indicates Partially Funded*

EXECUTIVE SUMMARY- COMPONENT FUNDING MODEL

COMPONENT FUNDING MODEL OVERVIEW

The "Component Funding Model" is a straight-line funding model, also known by the "Full Funding Model". The objective of the model is to have on hand an amount of cash in the reserve account equal to the amount of depreciation that has occurred for each of the assets. It distributes the cash reserves to individual reserve components and then calculates what the reserve assessment and interest contribution (minus taxes) should be, again by each reserve component. The current annual assessment is then determined by summing all the individual component assessments, hence the name "Component Funding Model". This is the most conservative funding model. It leads to or maintains the fully funded reserve position.

"Full funding" describes the objective to have reserves on hand equivalent to the value of the deterioration of the each component in the reserve study. For example, for a \$10,000 (current cost) pool resurface project with a useful life of ten years, after three years, when the pool's surface has deteriorated 3/10 of \$10,000, to be fully funded the association should have \$3000 set aside for this component (and on and on again for each component). "Full funding" describes an objective where ongoing deterioration is offset by the proportional accumulation of cash.

One of the selling points that may be beneficial to Arbor Ridge P.U.D. Homeowners Association - Cottage Collection is that the "Component Funding Model" compared to the other funding models is that the objective is to have an equal amount of cash on hand compared to the amount of depreciation that has occurred for each funded asset in the report. Funding models lacking a "Full Funding" criterion often result in funding strategies that shifts the burden of funding assets to future homeowners. Although the Association may be able to fund reserves perpetually employing such strategies, the Board of Directors should carefully consider the degree of risk that is acceptable to everyone. Multiple components which experience premature failure rates will likely result in special assessments which will ultimately burden current owners who have the misfortune of having a current ownership interest; while previous owners have avoided their financial responsibility. The "Component Funding Model" is recommended for Board of Directors who wish to mitigate this type of risk.

PROPERTY INFORMATION

ORIGINAL STARTING DATE OF RESERVE STUDY: This reserve study was prepared for the fiscal year January 1, 2021 and ending December 31, 2021. Unless otherwise indicated, we have used January 25, 2000 to begin aging the original components in this reserve study.

NUMBER OF UNITS/LOTS & LOCATION: This reserve study is a total of 316 units located in Bethany, Oregon.

DATE OF LAST ON-SITE RESERVE STUDY: (if applicable) The last on-site physical analysis done by ReserveStudyUpdate.com, LLC was completed on August 18, 2018.

NOTE: All interest accrued from reserve savings account(s) must remain in the reserve savings account(s) and not used as an off-set for operating expenses. Income tax factors were not considered due to variables effecting net taxable income and the election of tax form to be filed.

RESERVE FUNDS ON HAND: For the purpose of this reserve study, it is anticipated that the association will have

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Component Funding Model: Executive Summary**

a projected beginning reserve balance of \$76,778 as of January 1, 2021. The actual or projected (estimated) total presented in this reserve study is based upon information provided to ReserveStudyUpdate.com, LLC and was not audited.

FUNDING REQUIRED: The reserve study funding model has an annual contribution increase of 0.50% per year.

INFLATION RATE: An inflation rate of 1.78% was used for all thirty years of the reserve study report. This is based on an equally weighted ten-year historical inflation rate average.

THE NATIONAL PERCENT FUNDED RATING IN THE RESERVE STUDY INDUSTRY IS:

0% to 29.99% - Poor

30% to 69.99% - Fair

70% to 100% - Good

This association is estimated to be 86.82% funded the end of the first fiscal year contingent that the funding model described in this section is implemented.

DISCLOSURES

GENERAL: Arbor Ridge P.U.D. Homeowners Association - Cottage Collection and ReserveStudyUpdate.com, LLC have no professional or personal involvements with each other, other than the scope of work identified in the reserve study contract. This relationship cannot be perceived as a conflict of interest.

This reserve study is for budget and planning purposes and identifies the status of the reserve fund and schedules the anticipated major commonly owned item replacements in accordance with Oregon State Law(s). This reserve study will estimate the expected useful life and remaining useful life of the building and site components or systems, and will provide an estimate replacement or refurbishment cost for those components or systems.

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A grand total of 51 assets were included in this reserve study report; of these considered, 14 were funded and 37 components were unfunded. Often times components not funded are estimated to be outside the scope of the thirty year scope of the reserve study; while other components are sometimes omitted by property management, association representative, and/or Declarant.

MEASUREMENTS: Measuring and inventory (+/- 10%) were identified via a combination of onsite physical measurements (if a Level 1 reserve study was contracted by client), previous reserve study and/or drawing take-offs. Drawing sets (if used) were provided by the property manager, Board of Directors or Declarant for our use relating only to the reserve study scope of work.

RELIANCE ON CLIENT DATA: Data received from property management including previous reserve study report(s) Fiscal Year 2017 On-Site Reserve Study by Reserve Studies by Reserve Funding published June 29, 2016, information from Association Representatives and/or Declarant is deemed reliable by ReserveStudyUpdate.com, LLC unless explicitly noted otherwise. Such data may include financial information, physical deficiencies or physical conditions, quantity of physical assets, or historical issues. Financial information received from property

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Component Funding Model: Executive Summary**

management, Association Representative, Declarant was not audited for accuracy.

The Association needs to carefully review each line item in the reports to be certain corrections are made from information you may possess that we are not aware of. It is assumed in our reserve study, no work, or expenditures from the reserve funds will occurred for the balance of the fiscal year. If this is not correct, you need to let ReserveStudyUpdate.com, LLC know what extra work was done and how much money will be spent.

SCOPE OF RESERVE STUDY: The Reserve Study is a reflection of information provided to the Consultant and assembled for the Association's use, not for the purpose of performing an audit, quality/forensic analysis, or background checks of historical records. Continued use of this reserve study beyond December 31, 2021 is misuse of the product and potentially a violation of applicable law(s).

The author(s) of this reserve study have absolutely no control over whether a special assessment will occur at any time during the thirty year horizon of this reserve study. The writer further submits that it is impossible to envision thirty years into the future costs or actual future remaining useful lives of components having useful lives extended beyond one year with precision is the functional equivalent of winning the lottery, while it may happen in extraordinary instances by chance, one may not reasonably expect it to happen. As a result, ReserveStudyUpdate.com, LLC makes absolutely no guarantee, express or implied, that a special assessment will not occur during the time period covered by this reserve study. Assumptions on future costs and life expectancy's should be reviewed and adjusted on an annualized basis, as current and future cost projections, building code requirements, and life expectancy's become more uncertain.

Report Version 1.01.

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Component Funding Model: Summary**

Report Date	October 30, 2020
Account Number	1215b
Version	1.01
Budget Year Beginning	January 1, 2021
Budget Year Ending	December 31, 2021
Total Units	316

<i>Report Parameters</i>	
Inflation	1.78%
Interest Rate on Reserve Deposit	0.15%
Contingency	3.00%
2021 Beginning Balance	\$76,778

Component Funding Model Summary of Calculations

Required Annual Contribution	\$38,232.87
<i>\$120.99 per unit annually</i>	
Average Net Annual Interest Earned	<u>\$120.98</u>
Total Annual Allocation to Reserves	\$38,353.86
<i>\$121.37 per unit annually</i>	

Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Component Funding Model: Projection

Report Date October 30, 2020
 Beginning Fiscal Year January 01, 2021
 Account Number 1215b

Version Number 1.01

Beginning Balance: \$76,778

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2021	144,872	38,233	121	34,356	80,776	93,037	87%
2022	147,451	33,979	113	39,118	75,751	84,044	90%
2023	150,075	33,406	115	32,659	76,613	82,210	93%
2024	152,746	33,683	115	33,533	76,878	79,976	96%
2025	155,465	33,876	111	36,810	74,054	74,825	99%
2026	158,233	32,979	148	8,050	99,132	100,330	99%
2027	161,049	33,223	173	17,319	115,208	117,144	98%
2028	163,916	34,068	171	35,330	114,117	115,949	98%
2029	166,834	34,587	183	26,429	122,458	124,675	98%
2030	169,803	35,469	182	36,602	121,507	123,494	98%
2031	172,826	35,842	167	46,300	111,216	112,739	99%
2032	175,902	36,427	149	48,062	99,731	100,577	99%
2033	179,033	36,748	133	48,069	88,542	88,837	100%
2034	182,220	37,281	131	38,557	87,397	87,526	100%
2035	185,463	37,825	158	19,945	105,435	106,390	99%
2036	188,765	38,866	178	25,894	118,585	120,028	99%
2037	192,125	39,549	169	45,490	112,813	114,039	99%
2038	195,544	40,373	215	9,948	143,453	145,942	98%
2039	199,025	41,415	245	21,403	163,711	167,112	98%
2040	202,568	42,458	196	75,647	130,718	132,471	99%
2041	206,173	42,565	187	48,893	124,576	126,030	99%
2042	209,843	43,382	193	39,226	128,925	130,373	99%
2043	213,579	43,950	164	63,215	109,824	110,392	99%
2044	217,380	44,560	160	47,723	106,821	107,096	100%
2045	221,250	45,144	175	35,049	117,092	117,837	99%
2046	225,188	46,202	201	29,102	134,392	135,821	99%
2047	229,196	47,183	235	24,648	157,163	159,625	98%
2048	233,276	48,467	260	32,000	173,891	176,980	98%
2049	237,428	49,321	250	56,217	167,246	170,089	98%
2050	241,654	50,342	251	50,451	167,387	169,996	98%

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Component Funding Model: Assessment & Category Summary**

Description	Replacement Year	Useful Life	Adjustment	Remaining Life	Current Cost	Assigned Reserves	Fully Funded
Cottages							
Arborist / Tree Work: Tree Pruning - "Newer"	2022	3	0	1	4,257	2,838	2,838
Arborist / Tree Work: Tree Pruning - "Older"	2022	3	0	1	7,096	4,731	4,731
Arborist / Tree Work: Tree Removal - Trimming "A"	2022	10	0	1	19,711	17,740	17,740
Arborist / Tree Work: Tree Removal - Trimming "B"	2023	10	0	2	15,947	9,283	12,758
Arborist / Tree Work: Tree Removal - Trimming "C"	2024	10	0	3	11,932	0	8,352
Arborist / Tree Work: Tree Removal - Trimming "D"	2021	10	0	0	11,406	11,406	11,406
Arborist / Tree Work: Tree Removal - Trimming "E"	2030	10	0	9	11,143	0	1,114
Backflow Device: Common Area - Replacement	2030	30	0	9	982	0	687
Bark Dust: Replenish - Common Area	2021	2	0	0	15,579	15,579	15,579
Irrigation Controllers & Valves: Phase 1	2022	4	0	1	7,370	5,528	5,528
Irrigation Controllers & Valves: Phase 2	2021	4	0	0	7,370	7,370	7,370
Irrigation Controllers & Valves: Phase 3	2024	4	0	3	19,873	0	4,968
Landscape Renovation / Enhancement	2030	10	0	9	11,732	0	1,173
Landscaping: Power Box - Cottages - Replace	2031	30	0	10	473	0	315
Cottages - Total					\$144,872	\$74,475	\$94,560
Total Asset Summary					\$144,872	\$74,475	\$94,560
Contingency at 3.00%						\$2,303	\$2,925
Summary Total						\$76,778	\$97,485

Percent Fully Funded	79%
Current Average Liability per Unit (Total Units: 316)	-\$66

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Component Funding Model: Component Summary by Category**

Report Date October 30, 2020
 Beginning Fiscal Year January 01, 2021
 Account Number 1215b

Version Number 1.01

Description	Future Cost	Useful Life	Remaining Life	Adjustment	Distribution	Required Contribution	Ideally Funded
Cottages							
Arborist / Tree Work: Tree Pruning - "Newer"	4,332	3	1		2,838	1,479.85	2,838
Arborist / Tree Work: Tree Pruning - "Older"	7,222	3	1		4,731	2,467.06	4,731
Arborist / Tree Work: Tree Removal - Trimming "A"	20,062	10	1		17,740	2,288.08	17,740
Arborist / Tree Work: Tree Removal - Trimming "B"	16,520	10	2		9,283	3,584.53	12,758
Arborist / Tree Work: Tree Removal - Trimming "C"	12,580	10	3		0	4,159.96	8,352
Arborist / Tree Work: Tree Removal - Trimming "D"	11,406	10	0		11,406	1,327.02	11,406
Arborist / Tree Work: Tree Removal - Trimming "E"	13,061	10	9		0	1,418.76	1,114
Backflow Device: Common Area - Replacement	1,151	30	9		0	126.30	687
Bark Dust: Replenish - Common Area	15,579	2	0		15,579	7,917.19	15,579
Irrigation Controllers & Valves: Phase 1	7,501	4	1		5,528	1,954.32	5,528
Irrigation Controllers & Valves: Phase 2	7,370	4	0		7,370	1,937.05	7,370
Irrigation Controllers & Valves: Phase 3	20,953	4	3		0	6,876.37	4,968
Landscape Renovation / Enhancement	13,751	10	9		0	1,493.75	1,173
Landscaping: Power Box - Cottages - Replace	564	30	10		0	55.66	315
Cottages - Total	<u>\$152,054</u>				<u>\$74,475</u>	<u>\$37,086</u>	<u>\$94,560</u>
Asset Summary Total:					<u>\$74,475</u>	<u>\$37,086</u>	<u>\$94,560</u>
Contingency at 3.00%					<u>\$2,303</u>	<u>\$1,147</u>	<u>\$2,925</u>
Grand Total:					<u>\$76,778</u>	<u>\$38,233</u>	<u>\$97,485</u>

Percent Fully Funded	79%
Current Average Liability per Unit (Total Units: 316)	-\$66

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Component Funding Model: Distribution of Accumulated Reserves**

Report Date October 30, 2020
Beginning Fiscal Year January 01, 2021
Account Number 1215b

Version Number 1.01

Description	Remaining Life	Replacement Year	Assigned Reserves	Fully Funded Reserves
Arborist / Tree Work: Tree Removal - Trimming "D"	0	2021	11,406	11,406
Bark Dust: Replenish - Common Area	0	2021	15,579	15,579
Arborist / Tree Work: Tree Pruning - "Newer"	1	2022	2,838	2,838
Arborist / Tree Work: Tree Pruning - "Older"	1	2022	4,731	4,731
Arborist / Tree Work: Tree Removal - Trimming "A"	1	2022	17,740	17,740
Irrigation Controllers & Valves: Phase 3	3	2024		4,968
Irrigation Controllers & Valves: Phase 2	0	2021	7,370	7,370
Arborist / Tree Work: Tree Removal - Trimming "B"	2	2023	* 9,283	12,758
Irrigation Controllers & Valves: Phase 1	1	2022	5,528	5,528
Arborist / Tree Work: Tree Removal - Trimming "C"	3	2024		8,352
Backflow Device: Common Area - Replacement	9	2030		687
Arborist / Tree Work: Tree Removal - Trimming "E"	9	2030		1,114
Landscape Renovation / Enhancement	9	2030		1,173
Landscaping: Power Box - Cottages - Replace	10	2031		315
			<u>\$74,475</u>	<u>\$94,560</u>
			<u>\$2,303</u>	<u>\$2,925</u>
			\$76,778	\$97,485

Percent Fully Funded	79%
Current Average Liability per Unit (Total Units: 316)	-\$66

'' Indicates Partially Funded*

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Detail Report by Category (Dollar Defined Threshold Funding Model)**

Report Date October 30, 2020
Beginning Fiscal Year January 01, 2021
Account Number 1215b

Version Number 1.01

Arborist / Tree Work: Tree Pruning - "Newer"

		1 Total	@ \$4,256.51
Asset ID	1036	Asset Cost	\$4,256.51
	Non-Capital	Percent Replacement	100%
	Cottages	Future Cost	\$4,332.28
Placed in Service	June 2019	Assigned Reserves	\$2,837.67
Useful Life	3		
Replacement Year	2022	Annual Assessment	\$1,416.74
Remaining Life	1	Interest Contribution	<u>\$6.38</u>
		Reserve Allocation	\$1,423.12



Fiscal Year 2021 Off-Site Reserve Study Notes by ReserveStudyUpdate.com, LLC:

We have increased the component base cost for inflation. We have subtracted one year from the remaining useful life as presented 2020 on-site reserve study.

Fiscal Year 2020 Off-Site Reserve Study Notes by ReserveStudyUpdate.com, LLC:

Arbor work and tree removal occurred in June 2019 at a total cost of \$8155 and a tree (or trees) was replaced in September 2019 for \$4000. There is multiple tree line items identified in the 2017 on-site reserve study by Reserve Studies by Reserve Funding published June 29, 2016 which were carried over into our reserve study for 2019. There is some confusion in our office of which trees correspond with the labels and how they correspond with the scope of work listed above. We have made our best effort based on the service cost and replacement timetable to reset the appropriate line items in order to properly reflect this expense.

Fiscal Year 2019 On-Site Reserve Study Notes by ReserveStudyUpdate.com, LLC:

We have increased the component base cost for inflation. We have subtracted one year from the remaining useful life as presented in the 2017 on-site reserve study by Reserve Studies by Reserve Funding published June 29, 2016. A Tree Inventory Management Plan by Davey Resource Group has described the scope of work for this line item as described in the 2017 reserve study. We have not received a copy of this document. The prior reserve study indicated that this line item was for 179 newer homes in the Cottage Collection. The line item

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Detail Report by Category (Dollar Defined Threshold Funding Model)**

Arborist / Tree Work: Tree Pruning - "Newer" continued...

was defined as "Tree Pruning: Newer" in the previous reserve study. We have adjusted this number for inflation.

Typically this line item is for any major tree work that is beyond the scope of the landscaping contract. Labor associated with the removal and replacement of diseased and/or falling trees which may require the services of a certified arborist and necessary permits & approval by the City of Beaverton. Cost include but not limited to; tree replacements, stump grinding, tree replacements, and major pruning. Scope of work will likely increase along with the cost as trees mature. Tree work appears in good to fair condition. Care should be exercised in order to maintain a safe perimeter with the trees, plants, and shrubs from the buildings. For an accurate condition assessment, the Association may wish to consult with the arborist.

Recent expenditure history: Unknown.

The Association should obtain a bid from a local certified, licensed, and bonded arborist in order to determine if this estimate and timing is sufficient to meet the needs of the Association. Cost presented herein assume that the full quantity specified will be addressed simultaneously in order to avoid possible overlap in mobilization charges and fees.

It has been reported to us that the costs to obtain permits and elaborate tree studies often involve costs which may approach (if not exceed) the cost for the removal labor itself. The Board is hereby encouraged to review this cost carefully to determine if this amount is sufficient for the community. Reported in this line item are the median costs that have been reported to us based on the approximate number of trees under jurisdiction of the association. This cost may vary greatly according to vendor, time of year, previous maintenance, and the scope of work involved.

ReserveStudyUpdate.com, LLC strongly recommends that the Board obtain at least two or three estimates and/or competitive bids to affirm this estimate. As with any component listed in any of our reserve studies, should the Board and/or management find that these cost projections need to be revised, ReserveStudyUpdate.com, LLC is more than happy to make these changes to the electronic file (PDF) and provide the updated report completely free of charge prior to or during the fiscal year that the study is prepared for. This measure will aid in maintaining proper reserve funding equilibrium and aid in proper contribution to reserves.

Note: This line item is a provision for an anticipated expense. Should the Association determine that the cost of this item is less than or greater than the amount provided for herein, this reserve study should be updated to reflect the actual component cost. This cost is an estimate and will be updated when the full scope of work is known.

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Detail Report by Category (Dollar Defined Threshold Funding Model)**

Arborist / Tree Work: Tree Pruning - "Older"

		55 Each	@ \$129.02
Asset ID	1045	Asset Cost	\$7,096.04
	Non-Capital	Percent Replacement	100%
	Cottages	Future Cost	\$7,222.35
Placed in Service	June 2019	Assigned Reserves	\$4,730.70
Useful Life	3		
Replacement Year	2022	Annual Assessment	\$2,361.85
Remaining Life	1	Interest Contribution	<u>\$10.64</u>
		Reserve Allocation	\$2,372.49

Fiscal Year 2021 Off-Site Reserve Study Notes by ReserveStudyUpdate.com, LLC:

We have increased the component base cost for inflation. We have subtracted one year from the remaining useful life as presented 2020 on-site reserve study.

Fiscal Year 2020 Off-Site Reserve Study Notes by ReserveStudyUpdate.com, LLC:

Arbor work and tree removal occurred in June 2019 at a total cost of \$8155 and a tree (or trees) was replaced in September 2019 for \$4000. There is multiple tree line items identified in the 2017 on-site reserve study by Reserve Studies by Reserve Funding published June 29, 2016 which were carried over into our reserve study for 2019. There is some confusion in our office of which trees correspond with the labels and how they correspond with the scope of work listed above. We have made our best effort based on the service cost and replacement timetable to reset the appropriate line items in order to properly reflect this expense.

Fiscal Year 2019 On-Site Reserve Study Notes by ReserveStudyUpdate.com, LLC:

We have increased the component base cost for inflation. We have subtracted one year from the remaining useful life as presented in the 2017 on-site reserve study by Reserve Studies by Reserve Funding published June 29, 2016. A Tree Inventory Management Plan by Davey Resource Group has described the scope of work for this line item as described in the 2017 reserve study. We have not received a copy of this document. The prior reserve study indicated that this line item was for older homes in the Cottage Collection. The line item was defined as "Tree Pruning: Older" in the previous reserve study. We have adjusted this number for inflation.

Typically this line item is for any major tree work that is beyond the scope of the landscaping contract. Labor associated with the removal and replacement of diseased and/or falling trees which may require the services of a certified arborist and necessary permits & approval by the City of Beaverton. Cost include but not limited to; tree replacements, stump grinding, tree replacements, and major pruning. Scope of work will likely increase along with the cost as trees mature. Tree work appears in good to fair condition. Care should be exercised in order to maintain a safe perimeter with the trees, plants, and shrubs from the buildings. For an accurate condition assessment, the Association may wish to consult with the arborist.

Recent expenditure history: Unknown.

The Association should obtain a bid from a local certified, licensed, and bonded arborist in order to determine if this estimate and timing is sufficient to meet the needs of the Association. Cost presented herein assume that

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Detail Report by Category (Dollar Defined Threshold Funding Model)**

Arborist / Tree Work: Tree Pruning - "Older" continued...

the full quantity specified will be addressed simultaneously in order to avoid possible overlap in mobilization charges and fees.

It has been reported to us that the costs to obtain permits and elaborate tree studies often involve costs which may approach (if not exceed) the cost for the removal labor itself. The Board is hereby encouraged to review this cost carefully to determine if this amount is sufficient for the community. Reported in this line item are the median costs that have been reported to us based on the approximate number of trees under jurisdiction of the association. This cost may vary greatly according to vendor, time of year, previous maintenance, and the scope of work involved.

ReserveStudyUpdate.com, LLC strongly recommends that the Board obtain at least two or three estimates and/or competitive bids to affirm this estimate. As with any component listed in any of our reserve studies, should the Board and/or management find that these cost projections need to be revised, ReserveStudyUpdate.com, LLC is more than happy to make these changes to the electronic file (PDF) and provide the updated report completely free of charge prior to or during the fiscal year that the study is prepared for. This measure will aid in maintaining proper reserve funding equilibrium and aid in proper contribution to reserves.

Note: This line item is a provision for an anticipated expense. Should the Association determine that the cost of this item is less than or greater than the amount provided for herein, this reserve study should be updated to reflect the actual component cost. This cost is an estimate and will be updated when the full scope of work is known.

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Detail Report by Category (Dollar Defined Threshold Funding Model)**

Arborist / Tree Work: Tree Removal - Trimming "A"

		1 Total	@ \$19,710.94
Asset ID	1046	Asset Cost	\$19,710.94
	Non-Capital	Percent Replacement	100%
	Cottages	Future Cost	\$20,061.79
Placed in Service	January 2012	Assigned Reserves	\$17,739.85
Useful Life	10		
Replacement Year	2022	Annual Assessment	\$2,181.97
Remaining Life	1	Interest Contribution	\$29.88
		Reserve Allocation	\$2,211.86

Fiscal Year 2021 Off-Site Reserve Study Notes by ReserveStudyUpdate.com, LLC:

We have increased the component base cost for inflation. We have subtracted one year from the remaining useful life as presented 2020 on-site reserve study.

Fiscal Year 2020 Off-Site Reserve Study Notes by ReserveStudyUpdate.com, LLC:

We have increased the component base cost for inflation. We have subtracted one year from the remaining useful life as presented 2019 on-site reserve study.

Fiscal Year 2019 On-Site Reserve Study Notes by ReserveStudyUpdate.com, LLC:

We have increased the component base cost for inflation. We have subtracted one year from the remaining useful life as presented in the 2017 on-site reserve study by Reserve Studies by Reserve Funding published June 29, 2016. A Tree Inventory Management Plan by Davey Resource Group has described the scope of work for this line item as described in the 2017 reserve study. We have not received a copy of this document. The prior reserve study indicated that this line item was for trees the Cottage Collection. The line item was defined as "Trees: Removal-Trimming-A" in the previous reserve study. We have adjusted this number for inflation.

Typically this line item is for any major tree work that is beyond the scope of the landscaping contract. Labor associated with the removal and replacement of diseased and/or falling trees which may require the services of a certified arborist and necessary permits & approval by the City of Beaverton. Cost include but not limited to; tree replacements, stump grinding, tree replacements, and major pruning. Scope of work will likely increase along with the cost as trees mature. Tree work appears in good to fair condition. Care should be exercised in order to maintain a safe perimeter with the trees, plants, and shrubs from the buildings. For an accurate condition assessment, the Association may wish to consult with the arborist.

Recent expenditure history: Unknown.

The Association should obtain a bid from a local certified, licensed, and bonded arborist in order to determine if this estimate and timing is sufficient to meet the needs of the Association. Cost presented herein assume that the full quantity specified will be addressed simultaneously in order to avoid possible overlap in mobilization charges and fees.

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Detail Report by Category (Dollar Defined Threshold Funding Model)**

Arborist / Tree Work: Tree Removal - Trimming "A" continued...

It has been reported to us that the costs to obtain permits and elaborate tree studies often involve costs which may approach (if not exceed) the cost for the removal labor itself. The Board is hereby encouraged to review this cost carefully to determine if this amount is sufficient for the community. Reported in this line item are the median costs that have been reported to us based on the approximate number of trees under jurisdiction of the association. This cost may vary greatly according to vendor, time of year, previous maintenance, and the scope of work involved.

ReserveStudyUpdate.com, LLC strongly recommends that the Board obtain at least two or three estimates and/or competitive bids to affirm this estimate. As with any component listed in any of our reserve studies, should the Board and/or management find that these cost projections need to be revised, ReserveStudyUpdate.com, LLC is more than happy to make these changes to the electronic file (PDF) and provide the updated report completely free of charge prior to or during the fiscal year that the study is prepared for. This measure will aid in maintaining proper reserve funding equilibrium and aid in proper contribution to reserves.

Note: This line item is a provision for an anticipated expense. Should the Association determine that the cost of this item is less than or greater than the amount provided for herein, this reserve study should be updated to reflect the actual component cost. This cost is an estimate and will be updated when the full scope of work is known.

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Detail Report by Category (Dollar Defined Threshold Funding Model)**

Arborist / Tree Work: Tree Removal - Trimming "B"

		1 Total	@ \$15,947.46
Asset ID	1047	Asset Cost	\$15,947.46
	Non-Capital	Percent Replacement	100%
	Cottages	Future Cost	\$16,520.25
Placed in Service	January 2013	Assigned Reserves	\$11,586.49
Useful Life	10		
Replacement Year	2023	Annual Assessment	\$2,326.76
Remaining Life	2	Interest Contribution	<u>\$20.87</u>
		Reserve Allocation	\$2,347.63

Fiscal Year 2021 Off-Site Reserve Study Notes by ReserveStudyUpdate.com, LLC:

We have increased the component base cost for inflation. We have subtracted one year from the remaining useful life as presented 2020 on-site reserve study.

Fiscal Year 2020 Off-Site Reserve Study Notes by ReserveStudyUpdate.com, LLC:

We have increased the component base cost for inflation. We have subtracted one year from the remaining useful life as presented 2019 on-site reserve study.

Fiscal Year 2019 On-Site Reserve Study Notes by ReserveStudyUpdate.com, LLC:

We have increased the component base cost for inflation. We have subtracted one year from the remaining useful life as presented in the 2017 on-site reserve study by Reserve Studies by Reserve Funding published June 29, 2016. A Tree Inventory Management Plan by Davey Resource Group has described the scope of work for this line item as described in the 2017 reserve study. We have not received a copy of this document. The prior reserve study indicated that this line item was for trees the Cottage Collection. The line item was defined as "Trees: Removal-Trimming-B" in the previous reserve study. We have adjusted this number for inflation.

Typically this line item is for any major tree work that is beyond the scope of the landscaping contract. Labor associated with the removal and replacement of diseased and/or falling trees which may require the services of a certified arborist and necessary permits & approval by the City of Beaverton. Cost include but not limited to; tree replacements, stump grinding, tree replacements, and major pruning. Scope of work will likely increase along with the cost as trees mature. Tree work appears in good to fair condition. Care should be exercised in order to maintain a safe perimeter with the trees, plants, and shrubs from the buildings. For an accurate condition assessment, the Association may wish to consult with the arborist.

Recent expenditure history: Unknown.

The Association should obtain a bid from a local certified, licensed, and bonded arborist in order to determine if this estimate and timing is sufficient to meet the needs of the Association. Cost presented herein assume that the full quantity specified will be addressed simultaneously in order to avoid possible overlap in mobilization charges and fees.

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Detail Report by Category (Dollar Defined Threshold Funding Model)**

Arborist / Tree Work: Tree Removal - Trimming "B" continued...

It has been reported to us that the costs to obtain permits and elaborate tree studies often involve costs which may approach (if not exceed) the cost for the removal labor itself. The Board is hereby encouraged to review this cost carefully to determine if this amount is sufficient for the community. Reported in this line item are the median costs that have been reported to us based on the approximate number of trees under jurisdiction of the association. This cost may vary greatly according to vendor, time of year, previous maintenance, and the scope of work involved.

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Note: This line item is a provision for an anticipated expense. Should the Association determine that the cost of this item is less than or greater than the amount provided for herein, this reserve study should be updated to reflect the actual component cost. This cost is an estimate and will be updated when the full scope of work is known.

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Detail Report by Category (Dollar Defined Threshold Funding Model)**

Arborist / Tree Work: Tree Removal - Trimming "C"

		1 Total	@ \$11,931.69
Asset ID	1048	Asset Cost	\$11,931.69
	Non-Capital	Percent Replacement	100%
	Cottages	Future Cost	\$12,580.25
Placed in Service	January 2014	Assigned Reserves	<i>none</i>
Useful Life	10		
Replacement Year	2024	Annual Assessment	\$3,980.33
Remaining Life	3	Interest Contribution	<u>\$5.97</u>
		Reserve Allocation	\$3,986.30

Fiscal Year 2021 Off-Site Reserve Study Notes by ReserveStudyUpdate.com, LLC:

We have increased the component base cost for inflation. We have subtracted one year from the remaining useful life as presented 2020 on-site reserve study.

Fiscal Year 2020 Off-Site Reserve Study Notes by ReserveStudyUpdate.com, LLC:

We have increased the component base cost for inflation. We have subtracted one year from the remaining useful life as presented 2019 on-site reserve study.

Fiscal Year 2019 On-Site Reserve Study Notes by ReserveStudyUpdate.com, LLC:

We have increased the component base cost for inflation. We have subtracted one year from the remaining useful life as presented in the 2017 on-site reserve study by Reserve Studies by Reserve Funding published June 29, 2016. A Tree Inventory Management Plan by Davey Resource Group has described the scope of work for this line item as described in the 2017 reserve study. We have not received a copy of this document. The prior reserve study indicated that this line item was for trees the Cottage Collection. The line item was defined as "Trees: Removal-Trimming-C" in the previous reserve study. We have adjusted this number for inflation.

Typically this line item is for any major tree work that is beyond the scope of the landscaping contract. Labor associated with the removal and replacement of diseased and/or falling trees which may require the services of a certified arborist and necessary permits & approval by the City of Beaverton. Cost include but not limited to; tree replacements, stump grinding, tree replacements, and major pruning. Scope of work will likely increase along with the cost as trees mature. Tree work appears in good to fair condition. Care should be exercised in order to maintain a safe perimeter with the trees, plants, and shrubs from the buildings. For an accurate condition assessment, the Association may wish to consult with the arborist.

Recent expenditure history: 2017 on-site reserve study by Reserve Studies by Reserve Funding published June 29, 2016, ^6,010 was spent in 2014 for tree enhancements.

The Association should obtain a bid from a local certified, licensed, and bonded arborist in order to determine if this estimate and timing is sufficient to meet the needs of the Association. Cost presented herein assume that the full quantity specified will be addressed simultaneously in order to avoid possible overlap in mobilization charges and fees.

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Detail Report by Category (Dollar Defined Threshold Funding Model)**

Arborist / Tree Work: Tree Removal - Trimming "C" continued...

It has been reported to us that the costs to obtain permits and elaborate tree studies often involve costs which may approach (if not exceed) the cost for the removal labor itself. The Board is hereby encouraged to review this cost carefully to determine if this amount is sufficient for the community. Reported in this line item are the median costs that have been reported to us based on the approximate number of trees under jurisdiction of the association. This cost may vary greatly according to vendor, time of year, previous maintenance, and the scope of work involved.

ReserveStudyUpdate.com, LLC strongly recommends that the Board obtain at least two or three estimates and/or competitive bids to affirm this estimate. As with any component listed in any of our reserve studies, should the Board and/or management find that these cost projections need to be revised, ReserveStudyUpdate.com, LLC is more than happy to make these changes to the electronic file (PDF) and provide the updated report completely free of charge prior to or during the fiscal year that the study is prepared for. This measure will aid in maintaining proper reserve funding equilibrium and aid in proper contribution to reserves.

Note: This line item is a provision for an anticipated expense. Should the Association determine that the cost of this item is less than or greater than the amount provided for herein, this reserve study should be updated to reflect the actual component cost. This cost is an estimate and will be updated when the full scope of work is known.

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Detail Report by Category (Dollar Defined Threshold Funding Model)**

Arborist / Tree Work: Tree Removal - Trimming "D"

		1 Total	@ \$11,406.06
Asset ID	1049	Asset Cost	\$11,406.06
	Non-Capital	Percent Replacement	100%
	Cottages	Future Cost	\$11,406.06
Placed in Service	January 2001	Assigned Reserves	\$11,406.06
Useful Life	10		
Replacement Year	2021	Annual Assessment	\$1,284.78
Remaining Life	0	Interest Contribution	<u>\$1.93</u>
		Reserve Allocation	\$1,286.71

Fiscal Year 2021 Off-Site Reserve Study Notes by ReserveStudyUpdate.com, LLC:

We have increased the component base cost for inflation. We have subtracted one year from the remaining useful life as presented 2020 on-site reserve study.

Fiscal Year 2020 Off-Site Reserve Study Notes by ReserveStudyUpdate.com, LLC:

We have increased the component base cost for inflation. We have subtracted one year from the remaining useful life as presented 2019 on-site reserve study.

Analyst notes that the condition of this asset may or may not be in an acceptable enough condition not to require a replacement, rebuild, and/or repair at this time. The Board is also encouraged to reach out and seek an properly qualified vendor proficient in this specific service and/or craft for a more detailed analysis.

Fiscal Year 2019 On-Site Reserve Study Notes by ReserveStudyUpdate.com, LLC:

We have increased the component base cost for inflation. We have subtracted one year from the remaining useful life as presented in the 2017 on-site reserve study by Reserve Studies by Reserve Funding published June 29, 2016. A Tree Inventory Management Plan by Davey Resource Group has described the scope of work for this line item as described in the 2017 reserve study. We have not received a copy of this document. The prior reserve study indicated that this line item was for trees the Cottage Collection. The line item was defined as "Trees: Removal-Trimming-D" in the previous reserve study. We have adjusted this number for inflation.

Typically this line item is for any major tree work that is beyond the scope of the landscaping contract. Labor associated with the removal and replacement of diseased and/or falling trees which may require the services of a certified arborist and necessary permits & approval by the City of Beaverton. Cost include but not limited to; tree replacements, stump grinding, tree replacements, and major pruning. Scope of work will likely increase along with the cost as trees mature. Tree work appears in good to fair condition. Care should be exercised in order to maintain a safe perimeter with the trees, plants, and shrubs from the buildings. For an accurate condition assessment, the Association may wish to consult with the arborist.

Recent expenditure history: Unknown.

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Detail Report by Category (Dollar Defined Threshold Funding Model)**

Arborist / Tree Work: Tree Removal - Trimming "D" continued...

The Association should obtain a bid from a local certified, licensed, and bonded arborist in order to determine if this estimate and timing is sufficient to meet the needs of the Association. Cost presented herein assume that the full quantity specified will be addressed simultaneously in order to avoid possible overlap in mobilization charges and fees.

It has been reported to us that the costs to obtain permits and elaborate tree studies often involve costs which may approach (if not exceed) the cost for the removal labor itself. The Board is hereby encouraged to review this cost carefully to determine if this amount is sufficient for the community. Reported in this line item are the median costs that have been reported to us based on the approximate number of trees under jurisdiction of the association. This cost may vary greatly according to vendor, time of year, previous maintenance, and the scope of work involved.

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Note: This line item is a provision for an anticipated expense. Should the Association determine that the cost of this item is less than or greater than the amount provided for herein, this reserve study should be updated to reflect the actual component cost. This cost is an estimate and will be updated when the full scope of work is known.

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Detail Report by Category (Dollar Defined Threshold Funding Model)**

Arborist / Tree Work: Tree Removal - Trimming "E"

Asset ID	1050	1 Total	@ \$11,143.25
	Non-Capital	Asset Cost	\$11,143.25
	Cottages	Percent Replacement	100%
Placed in Service	October 2020	Future Cost	\$13,060.92
Useful Life	10	Assigned Reserves	<i>none</i>
Replacement Year	2030	Annual Assessment	\$1,371.28
Remaining Life	9	Interest Contribution	<u>\$2.06</u>
		Reserve Allocation	\$1,373.34

Fiscal Year 2021 Off-Site Reserve Study Notes by ReserveStudyUpdate.com, LLC:

Management reports that \$10,350 worth of tree removal has occurred in October 2020. We have reset this line item.

Fiscal Year 2020 Off-Site Reserve Study Notes by ReserveStudyUpdate.com, LLC:

We have increased the component base cost for inflation. We have subtracted one year from the remaining useful life as presented 2019 on-site reserve study.

Analyst notes that the condition of this asset may or may not be in an acceptable enough condition not to require a replacement, rebuild, and/or repair at this time. The Board is also encouraged to reach out and seek an properly qualified vendor proficient in this specific service and/or craft for a more detailed analysis.

Fiscal Year 2019 On-Site Reserve Study Notes by ReserveStudyUpdate.com, LLC:

We have increased the component base cost for inflation. We have subtracted one year from the remaining useful life as presented in the 2017 on-site reserve study by Reserve Studies by Reserve Funding published June 29, 2016. A Tree Inventory Management Plan by Davey Resource Group has described the scope of work for this line item as described in the 2017 reserve study. We have not received a copy of this document. The prior reserve study indicated that this line item was for trees the Cottage Collection. The line item was defined as "Trees: Removal-Trimming-E" in the previous reserve study. We have adjusted this number for inflation.

Typically this line item is for any major tree work that is beyond the scope of the landscaping contract. Labor associated with the removal and replacement of diseased and/or falling trees which may require the services of a certified arborist and necessary permits & approval by the City of Beaverton. Cost include but not limited to; tree replacements, stump grinding, tree replacements, and major pruning. Scope of work will likely increase along with the cost as trees mature. Tree work appears in good to fair condition. Care should be exercised in order to maintain a safe perimeter with the trees, plants, and shrubs from the buildings. For an accurate condition assessment, the Association may wish to consult with the arborist.

Recent expenditure history: Unknown.

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Detail Report by Category (Dollar Defined Threshold Funding Model)**

Arborist / Tree Work: Tree Removal - Trimming "E" continued...

The Association should obtain a bid from a local certified, licensed, and bonded arborist in order to determine if this estimate and timing is sufficient to meet the needs of the Association. Cost presented herein assume that the full quantity specified will be addressed simultaneously in order to avoid possible overlap in mobilization charges and fees.

It has been reported to us that the costs to obtain permits and elaborate tree studies often involve costs which may approach (if not exceed) the cost for the removal labor itself. The Board is hereby encouraged to review this cost carefully to determine if this amount is sufficient for the community. Reported in this line item are the median costs that have been reported to us based on the approximate number of trees under jurisdiction of the association. This cost may vary greatly according to vendor, time of year, previous maintenance, and the scope of work involved.

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Note: This line item is a provision for an anticipated expense. Should the Association determine that the cost of this item is less than or greater than the amount provided for herein, this reserve study should be updated to reflect the actual component cost. This cost is an estimate and will be updated when the full scope of work is known.

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Detail Report by Category (Dollar Defined Threshold Funding Model)**

Backflow Device: Common Area - Replacement

		1 Each	@ \$981.99
Asset ID	1051	Asset Cost	\$981.99
	Capital	Percent Replacement	100%
	Cottages	Future Cost	\$1,150.99
Placed in Service	January 2000	Assigned Reserves	<i>none</i>
Useful Life	30		
Replacement Year	2030	Annual Assessment	\$120.84
Remaining Life	9	Interest Contribution	<u>\$0.18</u>
		Reserve Allocation	\$121.02

Fiscal Year 2021 Off-Site Reserve Study Notes by ReserveStudyUpdate.com, LLC:

We have increased the component base cost for inflation. We have subtracted one year from the remaining useful life as presented 2020 on-site reserve study.

Fiscal Year 2020 Off-Site Reserve Study Notes by ReserveStudyUpdate.com, LLC:

We have increased the component base cost for inflation. We have subtracted one year from the remaining useful life as presented 2019 on-site reserve study.

Fiscal Year 2019 On-Site Reserve Study Notes by ReserveStudyUpdate.com, LLC:

This line item is for the replacement of the backflow device in the common area. Base price is per recent information (not site specific) from BWE Backflow. State statutes require an annual test of the backflow device. Therefore, the asset is assumed to be in good condition.

Note: ReserveStudyUpdate.com, LLC strongly recommends that the Board obtain at least two or three estimates and/or competitive bids to affirm this estimate. As with any component listed in any of our reserve studies, should the Board and/or management find that these cost projection(s) need to be revised, ReserveStudyUpdate.com, LLC is more than happy to make these changes to the electronic file (PDF) and provide the updated report completely free of charge prior to or during the fiscal year that the study is prepared for. This measure will aid in maintaining proper reserve funding equilibrium and aid in proper contribution to reserves.

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Detail Report by Category (Dollar Defined Threshold Funding Model)**

Bark Dust: Replenish - Common Area

		52 Units	@ \$299.60
Asset ID	1013	Asset Cost	\$15,579.44
	Non-Capital	Percent Replacement	100%
	Cottages	Future Cost	\$15,579.44
Placed in Service	May 2015	Assigned Reserves	\$15,579.44
Useful Life	2		
Replacement Year	2021	Annual Assessment	\$7,665.20
Remaining Life	0	Interest Contribution	<u>\$11.50</u>
		Reserve Allocation	\$7,676.70



Fiscal Year 2021 Off-Site Reserve Study Notes by ReserveStudyUpdate.com, LLC:

We have increased the component base cost for inflation. We have subtracted one year from the remaining useful life as presented 2020 on-site reserve study.

Fiscal Year 2020 Off-Site Reserve Study Notes by ReserveStudyUpdate.com, LLC:

We have increased the component base cost for inflation. We have subtracted one year from the remaining useful life as presented 2019 on-site reserve study.

Analyst notes that the condition of this asset may or may not be in an acceptable enough condition not to require a replacement, rebuild, and/or repair at this time. The Board is also encouraged to reach out and seek an properly qualified vendor proficient in this specific service and/or craft for a more detailed analysis.

Fiscal Year 2019 On-Site Reserve Study Notes by ReserveStudyUpdate.com, LLC:

We have increased the component base cost for inflation. We have subtracted one year from the remaining useful life as presented in the 2017 on-site reserve study by Reserve Studies by Reserve Funding published June 29, 2016. Quantity presented in the 2017 reserve study by Reserve Studies by Reserve Funding appears to be accurate +/- 10% based on our visual observation. Our analyst estimates approximately 46 to 54 units of bark dust in the Cottage Collection portions areas of the community.

No deficiencies have been reported to our office about this component. Proper ongoing maintenance will likely extend the lifespan of this component in accordance with manufacturer's specifications.

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Detail Report by Category (Dollar Defined Threshold Funding Model)**

Bark Dust: Replenish - Common Area continued...

Recent expenditure history: Unknown, appears to be original.

Asset condition: Fair to Inferior, should be re-applied in the next 12 months.

Costs projected assume that maintenance is performed on a periodic basis, which will significantly aid in components reaching the estimated life expectancy. These costs do not take into consideration any possible future increase in permit costs and fees that may be required.

Note: This line item is a provision for an anticipated expense. Should the Association determine that the cost of this item is less than or greater than the amount provided for herein, this reserve study should be updated to reflect the actual component cost. This cost is an estimate and will be updated when the full scope of work is known.

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Detail Report by Category (Dollar Defined Threshold Funding Model)**

Irrigation Controllers & Valves: Phase 1

Asset ID	1041	1 Provision	@ \$7,370.17
	Capital	Asset Cost	\$7,370.17
	Cottages	Percent Replacement	100%
Placed in Service	May 2018	Future Cost	\$7,501.36
Useful Life	4	Assigned Reserves	\$5,527.62
Replacement Year	2022	Annual Assessment	\$1,868.37
Remaining Life	1	Interest Contribution	<u>\$11.09</u>
		Reserve Allocation	\$1,879.46



Fiscal Year 2021 Off-Site Reserve Study Notes by ReserveStudyUpdate.com, LLC:

We have increased the component base cost for inflation. We have subtracted one year from the remaining useful life as presented 2020 on-site reserve study.

Fiscal Year 2020 Off-Site Reserve Study Notes by ReserveStudyUpdate.com, LLC:

We have increased the component base cost for inflation. We have subtracted one year from the remaining useful life as presented 2019 on-site reserve study.

Fiscal Year 2019 On-Site Reserve Study Notes by ReserveStudyUpdate.com, LLC:

This line item is for the ongoing replacement of irrigation controllers and associated valves on Phase One Lots. Irrigation controllers should be replaced upon failure. Battery operated controllers typically have a life expectancy between 2-5 years. Electric operated controllers typically have a life expectancy between 5-8 years or longer. Component appears to be in fair condition, however should be tested by the contracted landscape company for an accurate assessment.

The 2017 on-site reserve study by Reserve Studies by Reserve Funding published June 29, 2016 disbursed \$24,538 every ten years. We have taken a similar approach, however have structured a smaller disbursement on a more frequent basis. This is because the nature of these replacements require than monies are spent on an as-needed basis due to the sporadic nature of these components.

Note: This line item is a provision for an anticipated expense. Should the Association determine that the cost of

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Detail Report by Category (Dollar Defined Threshold Funding Model)**

Irrigation Controllers & Valves: Phase 1 continued...

this item is less than or greater than the amount provided for herein, this reserve study should be updated to reflect the actual component cost. This cost is an estimate and will be updated when the full scope of work is known.

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Detail Report by Category (Dollar Defined Threshold Funding Model)**

Irrigation Controllers & Valves: Phase 2

Asset ID	1042	1 Provision	@ \$7,370.17
	Capital	Asset Cost	\$7,370.17
	Cottages	Percent Replacement	100%
Placed in Service	May 2017	Future Cost	\$7,370.17
Useful Life	4	Assigned Reserves	\$7,370.17
Replacement Year	2021	Annual Assessment	\$1,875.39
Remaining Life	0	Interest Contribution	<u>\$2.81</u>
		Reserve Allocation	\$1,878.21



Fiscal Year 2021 Off-Site Reserve Study Notes by ReserveStudyUpdate.com, LLC:

We have increased the component base cost for inflation. We have subtracted one year from the remaining useful life as presented 2020 on-site reserve study.

Fiscal Year 2020 Off-Site Reserve Study Notes by ReserveStudyUpdate.com, LLC:

We have increased the component base cost for inflation. We have subtracted one year from the remaining useful life as presented 2019 on-site reserve study.

Fiscal Year 2019 On-Site Reserve Study Notes by ReserveStudyUpdate.com, LLC:

This line item is for the ongoing replacement of irrigation controllers and associated valves on Phase Two Lots. Irrigation controllers should be replaced upon failure. Battery operated controllers typically have a life expectancy between 2-5 years. Electric operated controllers typically have a life expectancy between 5-8 years or longer. Component appears to be in fair condition, however should be tested by the contracted landscape company for an accurate assessment.

The 2017 on-site reserve study by Reserve Studies by Reserve Funding published June 29, 2016 disbursed \$24,538 every ten years. We have taken a similar approach, however have structured a smaller disbursement on a more frequent basis. This is because the nature of these replacements require than monies are spent on an as-needed basis due to the sporadic nature of these components.

Note: This line item is a provision for an anticipated expense. Should the Association determine that the cost of

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Detail Report by Category (Dollar Defined Threshold Funding Model)**

Irrigation Controllers & Valves: Phase 2 continued...

this item is less than or greater than the amount provided for herein, this reserve study should be updated to reflect the actual component cost. This cost is an estimate and will be updated when the full scope of work is known.

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Detail Report by Category (Dollar Defined Threshold Funding Model)**

Irrigation Controllers & Valves: Phase 3

Asset ID	1043	1 Provision	@ \$19,872.76
	Capital	Asset Cost	\$19,872.76
	Cottages	Percent Replacement	100%
Placed in Service	September 2020	Future Cost	\$20,952.97
Useful Life	4	Assigned Reserves	<i>none</i>
Replacement Year	2024	Annual Assessment	\$6,629.42
Remaining Life	3	Interest Contribution	<u>\$9.94</u>
		Reserve Allocation	\$6,639.36



Fiscal Year 2021 Off-Site Reserve Study Notes by ReserveStudyUpdate.com, LLC:

Management reports that \$19872.76 worth of irrigation components were replaced in September 2020. We have increased this provision and reset this line item and increased the cost.

Fiscal Year 2020 Off-Site Reserve Study Notes by ReserveStudyUpdate.com, LLC:

We have increased the component base cost for inflation. We have subtracted one year from the remaining useful life as presented 2019 on-site reserve study.

Analyst notes that the condition of this asset may or may not be in an acceptable enough condition not to require a replacement, rebuild, and/or repair at this time. The Board is also encouraged to reach out and seek an properly qualified vendor proficient in this specific service and/or craft for a more detailed analysis.

Fiscal Year 2019 On-Site Reserve Study Notes by ReserveStudyUpdate.com, LLC:

This line item is for the ongoing replacement of irrigation controllers and associated valves on Phase Three Lots. Irrigation controllers should be replaced upon failure. Battery operated controllers typically have a life expectancy between 2-5 years. Electric operated controllers typically have a life expectancy between 5-8 years or longer. Component appears to be in fair condition, however should be tested by the contracted landscape company for an accurate assessment.

The 2017 on-site reserve study by Reserve Studies by Reserve Funding published June 29, 2016 disbursed \$24,538 every ten years. We have taken a similar approach, however have structured a smaller disbursement on

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Detail Report by Category (Dollar Defined Threshold Funding Model)**

Irrigation Controllers & Valves: Phase 3 continued...

a more frequent basis. This is because the nature of these replacements require than monies are spent on an as-needed basis due to the sporadic nature of these components.

Note: This line item is a provision for an anticipated expense. Should the Association determine that the cost of this item is less than or greater than the amount provided for herein, this reserve study should be updated to reflect the actual component cost. This cost is an estimate and will be updated when the full scope of work is known.

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Detail Report by Category (Dollar Defined Threshold Funding Model)**

Landscape Renovation / Enhancement		1 Project	@ \$11,732.24
Asset ID	1040	Asset Cost	\$11,732.24
	Non-Capital Cottages	Percent Replacement	100%
		Future Cost	\$13,751.28
Placed in Service	September 2020	Assigned Reserves	<i>none</i>
Useful Life	10		
Replacement Year	2030	Annual Assessment	\$1,443.76
Remaining Life	9	Interest Contribution	<u>\$2.17</u>
		Reserve Allocation	\$1,445.93



Fiscal Year 2021 Off-Site Reserve Study Notes by ReserveStudyUpdate.com, LLC:

Management reports that \$1,761.08 worth of landscape renovations in September 2020. We have reset this line item.

Fiscal Year 2020 Off-Site Reserve Study Notes by ReserveStudyUpdate.com, LLC:

We have increased the component base cost for inflation. We have subtracted one year from the remaining useful life as presented 2019 on-site reserve study.

Fiscal Year 2019 On-Site Reserve Study Notes by ReserveStudyUpdate.com, LLC:

This line item is a provision for the possible re-work of the landscaping in the community including the replacement of bushes & shrubs, and alleviating any drainage issues. Depending on how close the trees and shrubs were originally spaced, and what varieties of plants were used, overcrowding can become an issue, sometimes as early as 7 to 10 years after initial planting, especially if pruning has been minimal. Current landscaping appears to be in good to fair condition. Commencement of life cycle could not be established by analyst; however the analyst based the in-service date based on the current visual appearance. Emphasis should be placed on identifying and correcting any possible drainage problems as they occur which can be mitigated by regrading the surface.

The Board should monitor this situation carefully and adjust the timing and report to the reserve analyst as necessary. Analyst encourages the Board of Directors to review this information with the current landscape contractor and provide us with any revisions or additional information as warranted in order to insure proper funding.

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Detail Report by Category (Dollar Defined Threshold Funding Model)**

Landscape Renovation / Enhancement continued...

Note: This line item is a provision for an anticipated expense. Should the Association determine that the cost of this item is less than or greater than the amount provided for herein, this reserve study should be updated to reflect the actual component cost. This cost is an estimate and will be updated when the full scope of work is known.

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Detail Report by Category (Dollar Defined Threshold Funding Model)**

Landscaping: Power Box - Cottages - Replace

Asset ID	1044	1 Total	@ \$473.06
	Capital	Asset Cost	\$473.06
	Cottages	Percent Replacement	100%
Placed in Service	January 2001	Future Cost	\$564.34
Useful Life	30	Assigned Reserves	<i>none</i>
Replacement Year	2031	Annual Assessment	\$53.29
Remaining Life	10	Interest Contribution	<u>\$0.08</u>
		Reserve Allocation	\$53.37



Fiscal Year 2021 Off-Site Reserve Study Notes by ReserveStudyUpdate.com, LLC:

We have increased the component base cost for inflation. We have subtracted one year from the remaining useful life as presented 2020 on-site reserve study.

Fiscal Year 2020 Off-Site Reserve Study Notes by ReserveStudyUpdate.com, LLC:

We have increased the component base cost for inflation. We have subtracted one year from the remaining useful life as presented 2019 on-site reserve study.

Fiscal Year 2019 On-Site Reserve Study Notes by ReserveStudyUpdate.com, LLC:

We have increased the component base cost for inflation. We have subtracted one year from the remaining useful life as presented in the 2017 on-site reserve study by Reserve Studies by Reserve Funding published June 29, 2016. Quantity presented in the 2017 reserve study by Reserve Studies by Reserve Funding appears to be accurate +/- 10% based on our visual observation. Component appears to be wearing as expected based on the assets chronological age.

No deficiencies have been reported to our office about this component. Proper ongoing maintenance will likely extend the lifespan of this component in accordance with manufacturer's specifications.

Recent expenditure history: Unknown, appears to be original.

Asset condition: Good to fair.

Costs projected assume that maintenance is performed on a periodic basis, which will significantly aid in

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Detail Report by Category (Dollar Defined Threshold Funding Model)**

Landscaping: Power Box - Cottages - Replace continued...

components reaching the estimated life expectancy. These costs do not take into consideration any possible future increase in permit costs and fees that may be required.

Note: This line item is a provision for an anticipated expense. Should the Association determine that the cost of this item is less than or greater than the amount provided for herein, this reserve study should be updated to reflect the actual component cost. This cost is an estimate and will be updated when the full scope of work is known.

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Detail Report by Category (Dollar Defined Threshold Funding Model)**

Cottages - Total Current Cost	\$144,872
Assigned Reserves	\$76,778
Fully Funded Reserves	\$94,560

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Detail Report by Category (Dollar Defined Threshold Funding Model)**

Detail Report Summary

Grand Total

Assigned Reserves	\$76,778.00
Annual Contribution	\$34,579.99
Annual Interest	\$115.50
Annual Allocation	\$34,695.49

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Category Detail Index**

Asset ID	Description	Replacement	Page
1036	Arborist / Tree Work: Tree Pruning - "Newer"	2022	2-44
1045	Arborist / Tree Work: Tree Pruning - "Older"	2022	2-46
1046	Arborist / Tree Work: Tree Removal - Trimming "A"	2022	2-48
1047	Arborist / Tree Work: Tree Removal - Trimming "B"	2023	2-50
1048	Arborist / Tree Work: Tree Removal - Trimming "C"	2024	2-52
1049	Arborist / Tree Work: Tree Removal - Trimming "D"	2021	2-54
1050	Arborist / Tree Work: Tree Removal - Trimming "E"	2030	2-56
1051	Backflow Device: Common Area - Replacement	2030	2-58
1013	Bark Dust: Replenish - Common Area	2021	2-59
1041	Irrigation Controllers & Valves: Phase 1	2022	2-61
1042	Irrigation Controllers & Valves: Phase 2	2021	2-63
1043	Irrigation Controllers & Valves: Phase 3	2024	2-65
1040	Landscape Renovation / Enhancement	2030	2-67
1044	Landscaping: Power Box - Cottages - Replace	2031	2-69
	Total Funded Assets	14	
	Total Unfunded Assets	<u>0</u>	
	Total Assets	14	

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Spread Sheet**

Description	2021	2022	2023	2024	2025	2026	2027	2028	2029
Arborist / Tree Work: Tree Pruning - "Newer"		4,332			4,568			4,816	
Arborist / Tree Work: Tree Pruning - "Older"		7,222			7,615			8,029	
Arborist / Tree Work: Tree Removal - Trimming "A"		20,062							
Arborist / Tree Work: Tree Removal - Trimming "B"			16,520						
Arborist / Tree Work: Tree Removal - Trimming "C"				12,580					
Arborist / Tree Work: Tree Removal - Trimming "D"	11,406								
Arborist / Tree Work: Tree Removal - Trimming "E"									
Backflow Device: Common Area - Replacement									
Bark Dust: Replenish - Common Area	15,579		16,139		16,719		17,319		17,941
Irrigation Controllers & Valves: Phase 1		7,501				8,050			
Irrigation Controllers & Valves: Phase 2	7,370				7,909				8,487
Irrigation Controllers & Valves: Phase 3				20,953				22,485	
Landscape Renovation / Enhancement									
Landscaping: Power Box - Cottages - Replace									
Year Total:	34,356	39,118	32,659	33,533	36,810	8,050	17,319	35,330	26,429

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Spread Sheet**

Description	2030	2031	2032	2033	2034	2035	2036	2037	2038
Arborist / Tree Work: Tree Pruning - "Newer"		5,078			5,354			5,645	
Arborist / Tree Work: Tree Pruning - "Older"		8,465			8,925			9,411	
Arborist / Tree Work: Tree Removal - Trimming "A"									
			23,933						
Arborist / Tree Work: Tree Removal - Trimming "B"									
				19,708					
Arborist / Tree Work: Tree Removal - Trimming "C"									
					15,008				
Arborist / Tree Work: Tree Removal - Trimming "D"									
		13,607							
Arborist / Tree Work: Tree Removal - Trimming "E"									
	13,061								
Backflow Device: Common Area - Replacement	1,151								
Bark Dust: Replenish - Common Area		18,586		19,253		19,945		20,661	
Irrigation Controllers & Valves: Phase 1	8,639				9,270				9,948
Irrigation Controllers & Valves: Phase 2				9,108				9,774	
Irrigation Controllers & Valves: Phase 3			24,129				25,894		
Landscape Renovation / Enhancement	13,751								
Landscaping: Power Box - Cottages - Replace		564							
Year Total:	36,602	46,300	48,062	48,069	38,557	19,945	25,894	45,490	9,948

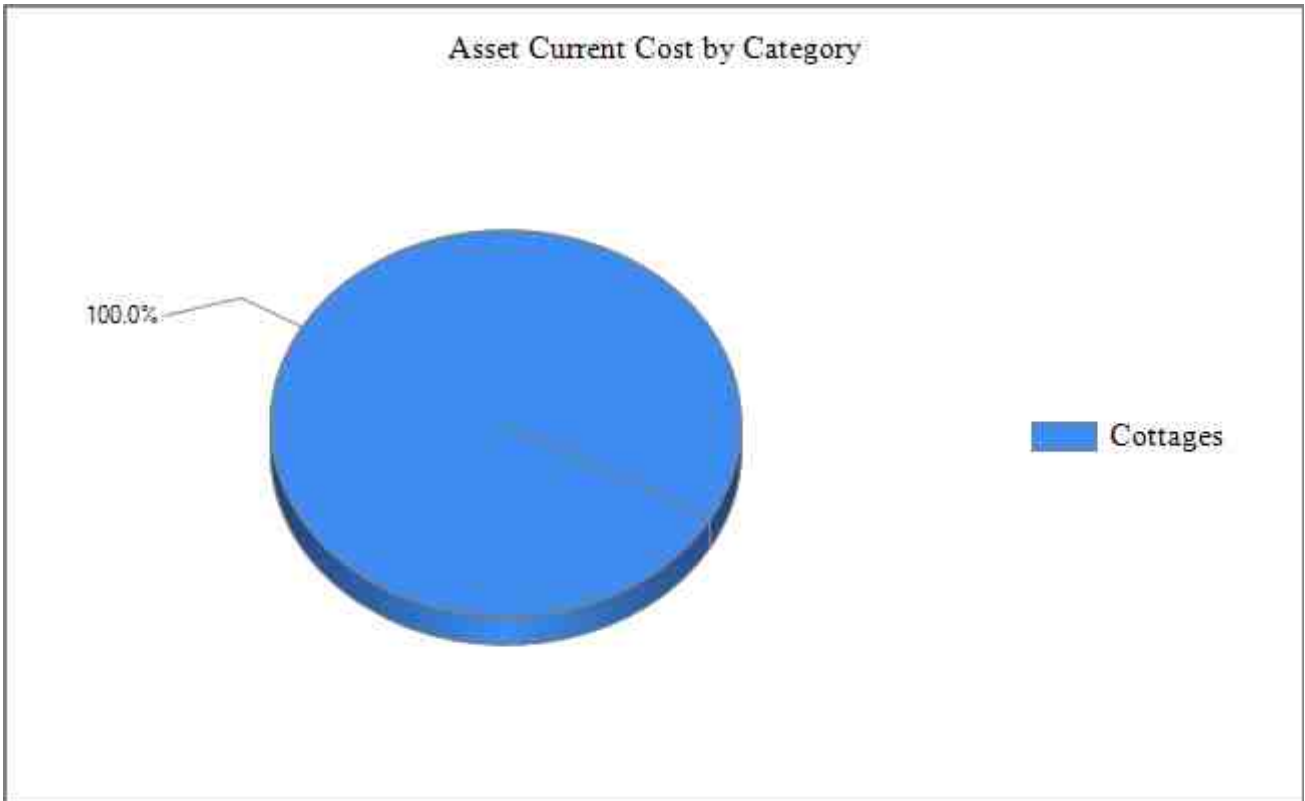
**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Spread Sheet**

Description	2039	2040	2041	2042	2043	2044	2045	2046	2047
Arborist / Tree Work: Tree Pruning - "Newer"		5,952			6,275			6,616	
Arborist / Tree Work: Tree Pruning - "Older"		9,922			10,461			11,030	
Arborist / Tree Work: Tree Removal - Trimming "A"				28,551					
Arborist / Tree Work: Tree Removal - Trimming "B"					23,511				
Arborist / Tree Work: Tree Removal - Trimming "C"						17,904			
Arborist / Tree Work: Tree Removal - Trimming "D"									
Arborist / Tree Work: Tree Removal - Trimming "E"			16,232						
Backflow Device: Common Area - Replacement		15,581							
Bark Dust: Replenish - Common Area	21,403		22,172		22,968		23,793		24,648
Irrigation Controllers & Valves: Phase 1				10,676				11,456	
Irrigation Controllers & Valves: Phase 2			10,489				11,256		
Irrigation Controllers & Valves: Phase 3		27,787				29,819			
Landscape Renovation / Enhancement		16,405							
Landscaping: Power Box - Cottages - Replace									
Year Total:	21,403	75,647	48,893	39,226	63,215	47,723	35,049	29,102	24,648

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Spread Sheet**

Description	2048	2049	2050
Arborist / Tree Work: Tree Pruning - "Newer"		6,976	
Arborist / Tree Work: Tree Pruning - "Older"		11,630	
Arborist / Tree Work: Tree Removal - Trimming "A"			
Arborist / Tree Work: Tree Removal - Trimming "B"			
Arborist / Tree Work: Tree Removal - Trimming "C"			
Arborist / Tree Work: Tree Removal - Trimming "D"			
Arborist / Tree Work: Tree Removal - Trimming "E"			18,588
Backflow Device: Common Area - Replacement			
Bark Dust: Replenish - Common Area		25,533	
Irrigation Controllers & Valves: Phase 1			12,294
Irrigation Controllers & Valves: Phase 2		12,079	
Irrigation Controllers & Valves: Phase 3	32,000		
Landscape Renovation / Enhancement			19,570
Landscaping: Power Box - Cottages - Replace			
Year Total:	32,000	56,217	50,451

**Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Asset Current Cost by Category**



This is the distribution of reserves by category

APPENDIX - PRESENT DAY CONTRIBUTION SCENARIO WITHOUT ANNUAL INFLATION ADJUSTMENT: EXECUTIVE SUMMARY

SCENARIO OVERVIEW

The following page presents an exploratory scenario where the reported present-day annual contribution is simply applied without inflation over the course of thirty (30) years and no other variables are explored. This approach utilizes the same expenditure timetable as presented in the earlier sections of the body of this reserve study.

This scenario is not considered to be a bonafide funding model and is simply presented here for comparison purposes with the actual funding models (e.g. Threshold Funding Model, Component Funding Model) in order to aid in developing an alternate and effective funding strategy.

The scenario presented here may or may not result in a negative ending balance which trigger a special assessment and/or deferring of preventive or required replacements and repairs. It is assumed that all interest accrued from reserve savings account is assumed remain in the reserve savings account(s) and not used as an off-set for operating expenses. Income tax factors were not considered in this funding scenario due to variables effecting net taxable income and the election of tax form to be filed.

This report is a reflection of information provided to the Consultant and assembled for the Association's use, not for the purpose of performing an audit, quality/forensic analysis, or background checks of historical records. Continued use of this reserve study beyond December 31, 2021 is misuse of the product and potentially a violation of applicable law(s).

The author(s) of this report has absolutely no control over whether a special assessment will occur at any time during the thirty year horizon of this reserve study. However, it should be noted that any scenario where the association theoretically operates with a negative bank balance, the situation would have to be cured by implementing a special assessment, or other strategy. The writer further submits that it is impossible to envision thirty years into the future costs or actual future remaining useful lives of components having useful lives extended beyond one year with precision is the functional equivalent of winning the lottery, while it may happen in extraordinary instances by chance, one may not reasonably expect it to happen. As a result, ReserveStudyUpdate.com, LLC makes absolutely no guarantee, express or implied, that a special assessment will not occur during the time period covered by this reserve study. Assumptions on future costs and life expectancy's should be reviewed and adjusted on an annualized basis, as current and future cost projections, building code requirements, and life expectancy's become more uncertain.

Report Version 1.01.

Arbor Ridge P.U.D. Homeowners Association - Cottage Collection
Appendix - Contribution Scenario without Inflation: Projection

Report Date October 30, 2020
 Beginning Fiscal Year January 01, 2021
 Account Number 1215b

Version Number 1.01

Beginning Balance: \$76,778

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2021	144,872	32,424	112	34,356	74,959	90,246	83%
2022	147,451	32,424	102	39,118	68,367	81,523	84%
2023	150,075	32,424	102	32,659	68,234	79,744	86%
2024	152,746	32,424	101	33,533	67,226	77,577	87%
2025	155,465	32,424	94	36,810	62,933	72,580	87%
2026	158,233	32,424	131	8,050	87,439	97,320	90%
2027	161,049	32,424	154	17,319	102,697	113,629	90%
2028	163,916	32,424	150	35,330	99,941	112,471	89%
2029	166,834	32,424	159	26,429	106,095	120,935	88%
2030	169,803	32,424	153	36,602	102,070	119,789	85%
2031	172,826	32,424	132	46,300	88,327	109,356	81%
2032	175,902	32,424	109	48,062	72,797	97,560	75%
2033	179,033	32,424	86	48,069	57,238	86,172	66%
2034	182,220	32,424	77	38,557	51,182	84,900	60%
2035	185,463	32,424	95	19,945	63,756	103,198	62%
2036	188,765	32,424	105	25,894	70,392	116,427	60%
2037	192,125	32,424	86	45,490	57,412	110,618	52%
2038	195,544	32,424	120	9,948	80,007	141,564	57%
2039	199,025	32,424	137	21,403	91,165	162,098	56%
2040	202,568	32,424	72	75,647	48,014	128,497	37%
2041	206,173	32,424	47	48,893	31,592	122,249	26%
2042	209,843	32,424	37	39,226	24,827	126,462	20%
2043	213,579	32,424		63,215	-5,964	107,081	
2044	217,380	32,424		47,723	-21,263	103,883	
2045	221,250	32,424		35,049	-23,888	114,302	
2046	225,188	32,424		29,102	-20,566	131,746	
2047	229,196	32,424		24,648	-12,790	154,837	
2048	233,276	32,424		32,000	-12,365	171,671	
2049	237,428	32,424		56,217	-36,159	164,986	
2050	241,654	32,424		50,451	-54,186	164,896	

Part III - Maintenance Plan Item Inventory - Arbor Ridge P.U.D. Homeowners Association

#1 - Asphalt - Overlay

Frequency: 30-40 Months

Upon replacing the asphalt surface, the surface preparation, materials, and thickness of the overlay should be designed for the climate and traffic anticipated. The surface preparation should be dictated by the distresses that are prevalent in the existing pavement, the degree of roughness, or considerations for curb reveal or surface drainage. A tack coat should always be applied in preparation of a thin overlay on an un-milled surface, although it may not be essential on a milled surface. It may be either modified or unmodified, and the rate of application will be dictated by existing surface requirements. Materials for the overlay should be selected carefully the mixture should be dictated by the planned thickness. Planned seal coat per the manufactures specification may result in an overlay which is viable for thirty years or longer.



#2 - Asphalt Repairs - Walkways

Frequency: 3-5 Years

Upon repairing the asphalt surface, the surface preparation, materials, and thickness of the overlay should be designed for the climate and traffic anticipated. The surface preparation should be dictated by the distresses that are prevalent in the existing pavement, the degree of roughness, or considerations for curb reveal or surface drainage. A tack coat should always be applied in preparation of a thin overlay on an un-milled surface, although it may not be essential on a milled surface. It may be either modified or unmodified, and the rate of application will be dictated by existing surface requirements. Materials for the overlay should be selected carefully the mixture should be dictated by the planned thickness. Planned seal coat per the manufactures specification may result in an overlay which is viable for thirty years or longer.



#3 - Asphalt Seal Coat & Repairs

Frequency: 4-6 Years

Maintenance of asphalt paving includes the periodic application of an asphalt emulsion sealer or seal coat. Seal coating typically maximizes the life expectancy of the underlying overlay. This process is characteristically 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 variable 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. Parking area demarcation lines will need to be renewed each time a seal coat is applied. The component expense includes the cost of this work as well as the seal coating cost. This work should be performed by a licensed and bonded paving contractor.



#4 - Backflow Device - Irrigation

Frequency: 30-45 Months

The backflow preventer is the single most expensive part of your irrigation system. It is also the first item to be damaged if a system is not properly winterized. A certified professional backflow inspector should examine and provide necessary documentation of the test results as required by many municipal jurisdictions. Typically a properly inspected and maintained backflow device has a life expectancy exceeding 30 years.

#5 - Backflow Device - Testing

Frequency: 12 Months

The law requires that the community association notify the local water provider before removing a backflow assembly. A water provider inspector will need to inspect the plumbing to verify the cross connection has been eliminated. A plumbing permit may be required to perform this type of work. All backflow assembly testing should be performed annually and by a certified contractor.

#6 - Bark Dust

Frequency: 2-3 Years

For weed control and aesthetic purposes, it is recommended to refresh the bark dust beds in the common areas every 2 years or so. Immediately adjacent homeowners should be notified in advance because some people may have an adverse reaction to any bark particles which may fly in the air.



#7 - Bollards - Common Area

Frequency: 25-35 Years

Expect replacement of the various bollards in the common areas every 12-18 years or as needed. Illuminated bollards should have light bulbs replaced as needed by a representative from the community. This individual should be empowered to report and/or replace light bulbs as a safety measure. Upon bollard replacement, a style should be selected that does not allow people to use these assets as t-ball stands as this is a common cause of premature failure/damage to these items.



#8 - Brick Masonry – Clean & Tuck Repoint

Frequency: 10 Years

Repointing is the process of removing deteriorated mortar from the joints of a masonry wall and replacing it with new mortar. Repointing restores the visual and physical integrity of the masonry. Disintegrating mortar, cracks in mortar joints, loose bricks or stones, damp walls, and/or damaged plasterwork may prompt the decision to repoint. Facing these obvious signs of deterioration it is important not to assume that repointing alone will solve. The source cause of the deterioration such as leaking roofs or gutters, differential settlement of the building, capillary action causing rising damp, or extreme weather exposure should always be dealt with prior to the commencement work.

It is essential to ensure that the proposed repointing work is both physically and visually appropriate to the building. Analysis of un-weathered sections of the historic mortar to which the new mortar will be matched can suggest appropriate mixes for the repointing mortar. This measure is critical as to avoid damage to the building because it is excessively strong or vapor impermeable.

The relationship of repointing to other labors proposed on the building must be recognized. For example, if paint removal or cleaning is anticipated, and if the mortar joints are basically sound and need only selective repointing, it is generally better to postpone repointing until after completion of these projects. However, if the mortar has eroded significantly, allowing moisture to penetrate deeply into the wall, repointing should be accomplished before cleaning. Anticipated work, such as roof repairs or structural, should be scheduled so that they do not interfere with repointing. It is important to optimize projects planning in order take maximum advantage of erected scaffolding.

All brickwork and other repairs and maintenance to the brick surface should be performed by a licensed and certified professional.



#9 - Bridge - Wood - Pressure Treated

Frequency: 25-30 Years

A wood bridge provides a warm connection with the outdoors, adding to natural area beauty and providing a pathway for transit. But wooden bridges take a lot of abuse, from ongoing use, through continued exposure to weather and possible vandalism. After a few years, without proper care, they become weathered and uninviting.

Fortunately, most wooden bridge surface problems are cosmetic in nature; not structural, because decking is built of durable woods; usually cedar, redwood, or pressure-treated pine. Redwood and cedar heartwoods have a natural resistance to decay and termites; pine is pressure-treated with a pesticide to give it a resilient barrier. Ultraviolet radiation from the sun breaks down surface fibers and lignin, causing surface erosion and graying. Moisture encourages surface mildew and causes stains, particularly in damp or humid climates where surfaces never completely dry. And natural extractives in redwood and cedar can discolor the surface.

The initial steps of restoring a bridge involve cleaning the bridge followed by a diagnostic and treating the discoloration, and then you diagnose and treat any discoloration. Examine the bolts and fastening components carefully and tighten and secure as needed for safety. Finally treat the bridge with a durable finish. If the bridge is crossing a creek or other depression in the earth's surface, beginning be sure to protect the area below it with plastic sheeting or drop cloths.



#10 - Concrete Maintenance

Frequency: TBD Years

Concrete is used as a building material in several areas throughout the association including but not limited to; driveway aprons, sidewalks, entry walks, and trash enclosures. Concrete is very durable and is usually very low maintenance as long as it is protected from misuse including but not limited to repeated hosing, radiator overflow, fertilizers or pesticides, and ice-melting agents.

Only use products designed to be used with concrete to melt snow and ice. Avoid using salt or other chemicals not approved for this purpose to melt ice on concrete surfaces. Salt or other chemicals may damage the concrete and shorten its useful life. If the association elects to use such products, the association needs to plan accordingly for possible earlier repairs or replacement.

Schedule and perform concrete surface inspections every season to determine if cracking, fissures, or settlement have occurred. Check for lifting and tripping hazards. Cordon off safety hazards until appropriate repairs have been made. Correct sources of cracking problems such as tree roots and drainage situations. A certified contractor should grind down and replace sections as needed.



#11 - Fence & Gates-Chain Link

Frequency: 40-60 Years

Unlike other types of fencing, chain link fencing requires very little maintenance and upkeep. No staining, painting, or sealing is required to keep a chain link fence looking great. With chain link, a little hosing down or a simple soap and water mix is all you'll need to clean the fence. In addition to requiring little funds and minimal maintenance, chain link fences are very durable. Not only can they withstand blows from flying baseballs and Frisbees, but they are also highly weather-resistant, ensuring that your fencing investment will return many years of increased security and protection.



#12 - Irrigation Controllers & Valves

Frequency: 5-10 Years

When an electrical impulse is transmitted to the solenoid, an electromagnetic field causes a small metal plunger in the solenoid to move upward. When the plunger moves upward, a small hole in the valve is uncovered which allows the water in the chamber above the closing mechanism to flow through the port and out of the valve, relieving water pressure needed to hold the valve closed. The pressure of the incoming flow of water is greater than the pressure in the chamber above the piston, and the force of the water pushing up underneath the piston opens the valve. When the solenoid is de-energized, the plunger moves down, closing the small port. Water flowing through a small hole in the closing mechanism refills the chamber above the piston and builds up pressure. The increased pressure forces the piston downward, thus closing the valve. All valves have a range of pressure and water flow that must be maintained in order to work properly.



#13 - Irrigation System Startup & Testing

Frequency: 12 Months

It is always best to hire a qualified professional contractor when performing tasks like spring start-up. Irrigation contractors are experts in hydraulics, proper sprinkler system layout, plant watering requirements and soil types. Their skills will ensure a water-efficient system and years of trouble-free operation. During spring startup cycle the batteries should be replaced in battery operated controllers.



#14 - Lights-Entry

Frequency: 10-20 Years

Outdoor lighting maintenance involves much more than simply replacing burnt out light bulbs. Lighting maintenance involves optimizing existing equipment configurations so that homeowners can receive the best return on their financial investment possible and maintain the highest value that outdoor lighting brings to their property.

Start by replacing bulbs that have burned out. An easy, fairly low-cost solution is to replace any medium-base incandescent lamps with screw-base CFLs. However, in cold climates CFLs may be less effective as these bulbs require a higher operating temperature.

Consider replacing the fixture with long-lasting HID or LED lamps as their long lifetimes mean they require less frequent replacement, and the ensuing labor savings and lower energy consumption justify the slightly higher initial investment.



#15 - Lights-Street-Acorn Style

Frequency: 25-35 Years

Outdoor lighting maintenance involves much more than simply replacing burnt out light bulbs. Lighting maintenance involves optimizing existing equipment configurations so that homeowners can receive the best return on their financial investment possible and maintain the highest value that outdoor lighting brings to their property.

Start by replacing bulbs that have burned out. An easy, fairly low-cost solution is to replace any medium-base incandescent lamps with screw-base CFLs. However, in cold climates CFLs may be less effective as these bulbs require a higher operating temperature.

Consider replacing the fixture with long-lasting HID or LED lamps as their long lifetimes mean they require less frequent replacement, and the ensuing labor savings and lower energy consumption justify the slightly higher initial investment.



#16 - Mailbox - Maintenance

Frequency: 4-6 Years

Assess overall condition and function of locks, proper lubrication of moving components, cleanliness and appearance of face plates, security of housing, in compliance with current postal regulations, accuracy and visibility of signage/accessibility of lettering, where required, and condition and proper function of slots and depositories for outgoing mail and packages. Evaluate paint on the gang-style cluster mailbox along with the supporting pedestal. Many times the paint is removed on one quadrant of cluster style mailbox pedestals because of dogs urinating on these specific sections.



If replacement is necessary, check with postmaster for proper placement as many times older mailboxes are grandfathered in terms of sidewalk placement but may have stipulations which require movement upon mailbox replacement. All replacements should be coordinated with residents and the postmaster.

#17 - Mailbox - Replace

Frequency: 30-50 Years

Properly maintained mailboxes typically have a life expectancy exceeding thirty years, however if replacement is necessary check with postmaster for proper placement as many times older mailboxes are grandfathered in terms of sidewalk placement but may have stipulations which require movement upon mailbox replacement. All replacements should be coordinated with residents and the postmaster. A clear plan should be in place for key replacement and/or locksmith services in the event that keys are not interchangeable with the new mailbox units. Homeowners should be notified in writing far in advance in order to avoid any confusion.



#18 - Monument Maintenance

Frequency: 8-12 Years

Even though one of the chief advantages of masonry construction is durability; intermittent inspections and maintenance can extend the life of mason work in structures. Generally, if masonry is properly designed, detailed and constructed, it is extremely durable and requires little maintenance. However, many of the other components incorporated in the mason work such as caps, copings, sills, lintels and sealant joints may require periodic examination and repair. Neglecting maintenance of these components may lead to deterioration of other elements in the wall. Maintenance of buildings may be broken into two general categories; general inspection to identify potential problems with the performance of exterior walls; and maintenance to correct problems which may develop.



Timely inspections should be conducted to determine the condition of the various materials used on a structure.. Yearly inspection periods are recommended so that the behavior of building materials in various weather conditions can be noted. Inspection records, including conditions and comments, should be kept to identify changes in materials, potential problems and needed repair. If the structure is painted, the mason work should be examined carefully prior to the paint cycle. It is not all- inclusive; however, it may establish a guideline for use during inspections. Conditions that may necessitate maintenance or repair actions include; efflorescence, spalling, deteriorating mortar joints, interior moisture damage and mold. Once one more of these conditions becomes evident, the origin of the problem should be determined and action taken to correct both the cause and visible effect of the condition. All labor should be performed by licensed and certified contractors. Replace monument lettering and remove graffiti as needed.



#19 - Retaining Wall Maintenance

Frequency: TBD Years

Bricks typically have a life expectancy exceeding thirty years. However bricks tend to "move" over time and require periodic work and cleaning. Bricks may be pushed up by tree roots or just shifted thanks to water runoff and erosion. Bricks should ideally be cleaned carefully with a power washer or a cleaning agent such as 30 Second Cleaner to avoid buildup of moss and algae.



#20 - Signs - Various

Frequency: 10-20 Years

Most of the outdoor street signs will require replacement within 12 – 18 years depending on a variety of factors including but not limited to; theft, graffiti, sun fade, and other considerations. Signs and support poles may become bent by moving vehicles and trash haulers and should be addressed in a timely manner. Replacements should be of a comparable sign and meet DOT specifications and local codes.



#21 - String Trimming - Pathway

Frequency: 6-8 Months

Carefully string trimming in and around the water quality pond should be done as needed to maintain a consistent appearance with the surrounding turf. Debris from such trimming will be removed from pathways and any parking lots and roadways immediately. String trimming shall be completed with adequate care, so as to not damage trees, fencing or other objects.

This line item is for any major work required in maintaining the open spaces in the community.



#22 - Tree-Maintenance

Frequency: 6-10 Years

The first pruning of young trees and shrubs always consists of removing broken, crossing, and weak-structured branches. The recommendation to remove one-third of the top to compensate for root loss of balled and bur lapped material at transplanting has been revised. Prune these plants for structural integrity and cosmetic reasons only. Plenty of water during establishment will take care of the root loss problem. Trees with a central leader, such as cedar, sweet gum, or pin oak, may need little or no pruning except to eliminate branches competing with the central leader; these should be shortened. Some pruning may be necessary to maintain desired shape and shorten extra-vigorous shoots on trees that spread. Depending on the species and the desired impact, the height of the lowest branch can be a few inches above the ground.



#23 - Vinyl Fence

Frequency: 30-40 Years

As an alternative to wood, vinyl fence requires no painting or staining. Vinyl fence will keep its superior look for years longer than wood fence with minimal maintenance required. The prices generally are higher than wood fences, however, the concept that it does not need stained, painted or treated in any way will reduce the maintenance and replacement costs over the long term. Vinyl fence is increasingly becoming the preferred choice for homeowners looking for a maintenance-free fence solution. A long-lasting, easy-care alternative to wood, vinyl fence won't rot, warp, peel or splinter. In addition, time won't be wasted or money on sanding, staining or painting every few years. Vinyl also offers excellent weather-ability and is impervious to termites and wood-boring insects that can wreak havoc on a wood fence. Simply spray it with a hose from time to time to maintain its original beauty.



#24 - Winterize Irrigation System

Frequency: 12 Months

As winter approaches it is important to take care to prepare your irrigation system for the coming of cold weather. Water left in an irrigation system can freeze and damage pipes. Compressed air to remove all water from the irrigation system will eliminate risk of damaged pipes. Leave backflow valve in place for the upcoming year.

