



## Mill Creek Condominium Association

Reserve Study Update - Level III

FYE: December 31, 2024

Portland, Oregon

Prepared by Greg Sprenger

September 18, 2023

**TABLE OF CONTENTS**  
**Mill Creek Condominium Association**

**RESERVE STUDY**

Reserve Study Summary .....	1-1
Disclosures .....	1-2
Component Summary - Current Costs .....	1-5
Component Summary - Fully Funded .....	1-6
Distribution of Accumulated Reserves .....	1-7
Current Funding Model Summary .....	1-9
Current Funding Model Projection .....	1-10
Current Funding Model VS Fully Funded Funding Model .....	1-11
Threshold Funding Model Summary .....	1-12
Threshold Funding Model Projection .....	1-13
Threshold Funding Model VS Fully Funded Funding Model .....	1-14
Fully Funded Funding Model Summary .....	1-15
Fully Funded Funding Model Projection .....	1-16
Trust Reserves Recommended Funding Model Summary .....	1-17
Trust Reserves Recommended Funding Model Projection .....	1-18
Trust Reserves Recommended Funding Model VS Fully Funded Funding Model .....	1-19
Annual Expenditure Detail .....	1-20
Annual Expenditure Chart .....	1-26
Detail Report by Category .....	1-27
Category Detail Index .....	1-63
Funding Model Comparison by Percent Funded .....	1-64
Funding Model Contribution Comparison Chart .....	1-65
Spread Sheet .....	1-66

**GENERAL INFORMATION ABOUT RESERVE STUDIES**

A Multi-Purpose Tool .....	2-1
Introduction to Reserve Studies .....	2-2
Important Information .....	2-12

**Mill Creek Condominium Association  
Reserve Study Summary**

**Mill Creek Condominium Association – 2024 Reserve Study  
Reserve Study Summary**

**Project Information:**

Units: 75

Type of Study: **2024 Offsite Update**

Current Annual Reserve Contribution: **\$170,577**

**Economic Assumptions and Results of Study:**

Projected Reserve Balance as of January 1, 2024: **\$562,745**

Projected Percent Funded as of January 1, 2024: **44%**

Trust Reserves Funding Model Annual Allocation: **\$204,692**

Trust Reserves Funding Model Annual Allocation/Unit: **\$2,729\***

**\*If assessments are not billed equally this equals an average unit value.**

**Current Funding Model (Based on a static current annual contribution)**

If the Current Funding Model is followed, the estimated five-year results will be:

Year	Contribution	Ending Balance	Fully Funded Reserves	Percent Funded
2024	\$170,577	\$517,239	\$1,874,539	28%
2025	\$170,577	\$461,879	\$2,031,745	23%
2026	\$170,577	\$346,842	\$2,171,030	16%
2027	\$170,577	\$253,433	\$2,378,209	11%
2028	\$170,577	\$395,203	\$2,868,580	14%

**Trust Reserves Funding Model**

If our recommended model is followed, the estimated five-year results will be:

Year	Contribution	Ending Balance	Fully Funded Reserves	Percent Funded
2024	\$204,692	\$551,446	\$1,874,539	29%
2025	\$245,630	\$571,515	\$2,031,745	28%
2026	\$294,756	\$581,543	\$2,171,030	27%
2027	\$353,708	\$672,939	\$2,378,209	28%
2028	\$424,449	\$1,071,372	\$2,868,580	37%

The percent funded ratings recognized by industry standards is:

**Poor: 0-30%**      **Fair: 31-70%**      **Good: 71-100+%**

## Disclosures:

- 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.
- This report is prepared as a budget tool to assist the association in its long-range financial planning. Its use for any other purpose is not appropriate. The visual observations made do NOT constitute an "Engineering Inspection" and are not detailed enough to be relied upon, nor should they be relied upon, to determine violations of jurisdictional requirements (building ordinances, codes, etc.) relating to the safety, soundness, structural integrity, or habitability of the projects buildings or of any individual component.
- 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 or Declarant for our use relating only to the reserve study scope of work.
- Reliance on Client Data - Data received from property management, association representatives and/or Declarant is deemed reliable by Trust Reserves/ The Management Trust. Such data may include financial information, physical deficiencies or physical conditions, quantity of physical assets, or historical issues.
- Scope - 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.
- Reserve Balance - The actual or projected (estimated) total presented in this reserve study is based upon information provided or collected and was not audited.
- Reserve Projects -Information provided or collected for the purpose of this reserve study will be considered reliable and should not be considered a project audit or quality inspection.
- Adjustments to Reserve Study - Should components suggested by Consultant be removed from the reserve study or any life cycles or costs other than current bids, engineering construction standards, or current component history be used in this reserve study, the Client accepts full responsibility for the results of the reserve study and is not warranted by Consultant.
- Information Provided - Quantity, design and material information included in this report was provided in part by the Association and is subject to course of construction changes.
- Limitations on Inventory -The following items, but not limited to, are not included in the physical analysis because they have a useful life greater than 30 years. Grading/drainage, foundations/footings, party walls, bearing and shear walls, perimeter walls, beams, columns and girders, sub floors, unfinished floors, concrete stair surfaces, windows, exterior doors, window and door frames, plumbing system, flues (chimneys), air delivery or return systems, ducts, chutes, conduits, pipes, plumbing, sanitary sewage and storm drains, wire, telephone, cable, central television system, sprinkler systems and internet lines.
- Warranty or Guaranty - This reserve study and its recommendations should not be construed in any way

to constitute a warranty or guaranty regarding the current or future performance of the components. Components will be replaced as required, not necessarily in their expected replacement year.

**Annual Updates** - Often times there can be a significant expenditure in those years that exceeds the life of the reserve study. Hence, annual updates should be performed to allow adjustments in the reserve contribution each year if required.

**Ongoing Maintenance** - The reserve study component life cycles assumes that assets are inspected and maintained on an ongoing scheduled basis funded with operating budget funds and/or reserve funds set aside for this work. For example, an asphalt overlay surface should have a seal coating applied every 4 to 5 years in order to achieve the estimated expected life cycle of 30 years. Failure to perform maintenance per the recommended schedule may adversely impact the condition of said assets and have undesired effects on reserve funding.

**Tax Consequences** - The tax consequences are not considered in this reserve study due to the uncertainty of all factors affecting net taxable income and the election of the tax form to be filed.

We recommend a building envelope (water intrusion) inspection for the Building every two years and a roofing inspection every six years (not funded in the reserve).

- House Bill 955 (HB 955), in Oregon since 1/1/2006, specifically calls for the provision of a reserve study, reserve study update, maintenance plan and reserve summary. ORS 94.595 states that: "The board of directors of the association annually shall conduct a reserve study, or review and update an existing reserve study to determine the reserve study requirements". In addition, ORS 94.595 (3)(B)(c) and ORS 100.175 (3)(C)(c) further require that a Reserve Study Update be done each year.
- House Bill 2665 (Chapter 409, Oregon Laws 2007) revises portions on SB 955 by removing the requirement for a maintenance plan from the reserve study and makes it a separate requirement. Also, after 9/27/2007 HB 2665 no longer requires that owners be provided a reserve summary of the reserve study or any revisions thereto.
- Further House Bill 2665 makes windows and unit access doors, except for glazing and screening, general common elements, unless Declaration provides otherwise, (Sec 5).

Preparation of a Reserve Study:

Data is collected from several sources to prepare a reserve study and a variety of document reviews, interviews, and site observations are required to adequately fulfill our duties as a reserve provider. The following sources, but not limited to, and methods were utilized in the preparation of this reserve study document:

- Property Management Personnel Interviews
- As built Plans and Specifications Document Reviews
- On-site Observations - If Applicable
- Discussions with Engineering or Architectural Consultants
- RS Means Facilities Maintenance & Repair Cost Data, 16th Edition (2009) printed manual
- Interviewing General Contractor Consultants

A tabular list of commonly owned items has been developed and given a current condition grade, expected useful life, and remaining useful life. A portion of that data will determine in what year it is estimated the component should be replaced.

The percent funded ratings recognized by industry standards is:

0-30% - poor      31-70% - fair      71-100% - good

**Mill Creek Condominium Association  
Component Summary - Current Costs**

Description	Date in Service	Replacement Year	Useful	Adjustment Remaining	Units	Unit Cost	Current Cost	
<b>General</b>								
Asphalt Overlay	2001	2041	40	0	17	82,000 Square Feet	1.75	143,500
Asphalt Seal Coat & Repairs	2014	2026	8	4	2	82,000 Square Feet	0.55	45,100
Bark Dust	2021	2024	3	0	0	1 Allowance	22,500.00	22,500
Brick Facade Maintenance	2014	2029	15	0	5	1 Allowance	2,500.00	2,500
Building Envelope Inspection	2017	2024	5	0	0	75 Each	175.00	13,125
Concrete Maintenance	2021	2031	10	0	7	1 Allowance	6,000.00	6,000
Decking - Stain	2018	2024	5	0	0	1 Total	37,000.00	37,000
Entry Maintenance	2021	2028	7	0	4	1 Allowance	25,000.00	25,000
Exterior Lighting	2013	2033	20	0	9	240 Each	150.00	36,000
FHA Certification	2020	2024	3	0	0	1 Total	1,295.00	1,295
Fence- Picket	2001	2032	25	6	8	1 Allowance	30,000.00	30,000
Fence- Picket - Paint	2021	2031	10	0	7	1 Allowance	9,000.00	9,000
Gutters & Downspouts - Phase 1	2001	2025	24	0	1	25 Unit	700.00	17,500
Gutters & Downspouts - Phase 2	2001	2026	24	1	2	25 Unit	700.00	17,500
Gutters & Downspouts - Phase 3	2001	2027	24	2	3	25 Unit	700.00	17,500
Insurance Deductible	2016	2024	7	0	0	1 Total	10,000.00	10,000
Irrigation System	2019	2029	10	0	5	1 Allowance	1,000.00	1,000
Mailboxes	2022	2057	35	0	33	10 Each	2,300.00	23,000
Paint - Siding and Trim - Phase 1	2013	2025	6	6	1	25 Unit	7,500.00	187,500
Paint - Siding and Trim - Phase 2	2014	2026	6	6	2	25 Unit	7,500.00	187,500
Paint - Siding and Trim - Phase 3	2015	2027	6	6	3	25 Unit	7,500.00	187,500
Porch/Decking - Paint	2018	2024	5	0	0	1 Total	36,935.00	36,935
Power Wash Driveways and Walkways	2016	2026	10	0	2	1 Total	7,175.00	7,175
Retaining Walls - Maintenance	2013	2024	10	0	0	1 Allowance	2,500.00	2,500
Roof - Replacement - Phase 1	2019	2044	25	0	20	1 Total	2,364,011.00	2,364,011
Roof - Replacement - Phase 2	2020	2045	25	0	21	1 Total	1,481,675.00	1,481,675
Roof Inspection	2019	2024	5	0	0	75 Each	175.00	13,125
Siding - Maintenance	2013	2024	6	5	0	1 Allowance	3,500.00	3,500
Siding - Replacement	2015	2060	45	0	36	75 Each	11,000.00@ 10%	82,500
Signage	2001	2026	20	5	2	1 Allowance	3,000.00	3,000
Tree Work	2020	2025	5	0	1	1 Allowance	12,000.00	12,000
Wood Deck - Replacement - Phase 1	2001	2036	25	10	12	1 Total	39,146.16	39,146
Wood Deck - Replacement - Phase 2	2001	2024	25	-2	0	1 Total	39,146.16	39,146
Wood Deck - Replacement - Phase 3	2001	2024	25	-2	0	1 Total	39,146.16	39,146
Wood Handrails & Stairs	2021	2036	15	0	12	1 Allowance	25,000.00	25,000
General - Total								\$5,168,879
Total Asset Summary								\$5,168,879

**Mill Creek Condominium Association  
Component Summary - Fully Funded**

Description	Future Cost	Useful Life	Remaining Life	Adjustment	Assigned Reserves	Monthly Contribution	Fully Funded
<b>General</b>							
Asphalt Overlay	328,905	40	17		0	452.62	82,512
Asphalt Seal Coat & Repairs	49,723	8	2	4	37,583	142.88	37,583
Bark Dust	22,500	3	0		22,500	210.41	22,500
Brick Facade Maintenance	3,191	15	5		0	15.39	1,667
Building Envelope Inspection	13,125	5	0		13,125	80.79	13,125
Concrete Maintenance	8,443	10	7		0	28.94	1,800
Decking - Stain	37,000	5	0		37,000	227.74	37,000
Entry Maintenance	30,388	7	4		0	183.65	10,714
Exterior Lighting	55,848	20	9		0	148.13	19,800
FHA Certification	1,295	3	0		1,295	12.11	1,295
Fence- Picket	44,324	25	8	6	0	132.59	22,258
Fence- Picket - Paint	12,664	10	7		0	43.41	2,700
Gutters & Downspouts - Phase 1	18,375	24	1		16,771	37.02	16,771
Gutters & Downspouts - Phase 2	19,294	24	2	1	16,100	36.83	16,100
Gutters & Downspouts - Phase 3	20,258	24	3	2	15,481	36.71	15,481
Insurance Deductible	10,000	7	0		10,000	0.00	10,000
Irrigation System	1,276	10	5		0	6.15	500
Mailboxes	115,073	35	33		0	78.31	1,314
Paint - Siding and Trim - Phase 1	196,875	6	1	6	171,875	587.92	171,875
Paint - Siding and Trim - Phase 2	206,719	6	2	6	156,250	594.00	156,250
Paint - Siding and Trim - Phase 3	217,055	6	3	6	94,652	977.23	140,625
Porch/Decking - Paint	36,935	5	0		36,935	227.34	36,935
Power Wash Driveways and Walkways	7,910	10	2		5,740	25.66	5,740
Retaining Walls - Maintenance	2,500	10	0		2,500	9.70	2,500
Roof - Replacement - Phase 1	6,272,425	25	20		0	7,281.30	472,802
Roof - Replacement - Phase 2	4,127,891	25	21		0	4,552.06	237,068
Roof Inspection	13,125	5	0		13,125	80.79	13,125
Siding - Maintenance	3,500	6	0	5	3,500	18.80	3,500
Siding - Replacement	477,825	45	36		0	295.80	16,500
Signage	3,307	20	2	5	2,760	6.31	2,760
Tree Work	12,600	5	1		9,600	71.90	9,600
Wood Deck - Replacement - Phase 1	70,301	25	12	10	0	138.80	25,725
Wood Deck - Replacement - Phase 2	39,146	25	0	-2	39,146	121.55	39,146
Wood Deck - Replacement - Phase 3	39,146	25	0	-2	39,146	121.55	39,146
Wood Handrails & Stairs	44,896	15	12		0	88.64	5,000
General - Total	\$12,563,837				\$745,084	\$17,073	\$1,691,418
Asset Summary Total:	\$12,563,837				\$745,084	\$17,073	\$1,691,418
Contingency at 3.00%					\$22,353	\$512	\$50,743
Grand Total:					\$767,437	\$17,585	\$1,742,160

Percent Fully Funded	44%
Current Average Liability per Unit (Total Units: 75)	-\$12,996

**Mill Creek Condominium Association  
Distribution of Accumulated Reserves**

Description	Remaining Life	Replacement Year	Assigned Reserves	Fully Funded Reserves
FHA Certification	0	2024	1,295	1,295
Retaining Walls - Maintenance	0	2024	2,500	2,500
Siding - Maintenance	0	2024	3,500	3,500
Insurance Deductible	0	2024	10,000	10,000
Building Envelope Inspection	0	2024	13,125	13,125
Roof Inspection	0	2024	13,125	13,125
Bark Dust	0	2024	22,500	22,500
Porch/Decking - Paint	0	2024	36,935	36,935
Decking - Stain	0	2024	37,000	37,000
Wood Deck - Replacement - Phase 2	0	2024	39,146	39,146
Wood Deck - Replacement - Phase 3	0	2024	39,146	39,146
Tree Work	1	2025	9,600	9,600
Gutters & Downspouts - Phase 1	1	2025	16,771	16,771
Paint - Siding and Trim - Phase 1	1	2025	171,875	171,875
Signage	2	2026	2,760	2,760
Power Wash Driveways and Walkways	2	2026	5,740	5,740
Gutters & Downspouts - Phase 2	2	2026	16,100	16,100
Asphalt Seal Coat & Repairs	2	2026	37,583	37,583
Paint - Siding and Trim - Phase 2	2	2026	156,250	156,250
Gutters & Downspouts - Phase 3	3	2027	15,481	15,481
Paint - Siding and Trim - Phase 3	3	2027	* 94,652	140,625
Entry Maintenance	4	2028		10,714
Irrigation System	5	2029		500
Brick Facade Maintenance	5	2029		1,667
Concrete Maintenance	7	2031		1,800
Fence- Picket - Paint	7	2031		2,700
Fence- Picket	8	2032		22,258
Exterior Lighting	9	2033		19,800
Wood Handrails & Stairs	12	2036		5,000
Wood Deck - Replacement - Phase 1	12	2036		25,725
Asphalt Overlay	17	2041		82,512
Roof - Replacement - Phase 1	20	2044		472,802
Roof - Replacement - Phase 2	21	2045		237,068
Mailboxes	33	2057		1,314
Siding - Replacement	36	2060		16,500

**Mill Creek Condominium Association  
Distribution of Accumulated Reserves**

Description	Remaining Life	Replacement Year	Assigned Reserves	Fully Funded Reserves
Total Asset Summary			<u>\$745,084</u>	<u>\$1,691,418</u>
Contingency at 3.00%			<u>\$22,353</u>	<u>\$50,743</u>
Summary Total			\$767,437	\$1,742,160

Percent Fully Funded	44%
Current Average Liability per Unit (Total Units: 75)	-\$12,996

*\*' Indicates Partially Funded*

**Mill Creek Condominium Association**  
 Portland, Oregon  
**Current Funding Model Summary**

Report Date	September 18, 2023
Account Number	2024 Offsite Update
Version	1
Budget Year Beginning	January 1, 2024
Budget Year Ending	December 31, 2024
Total Units	75

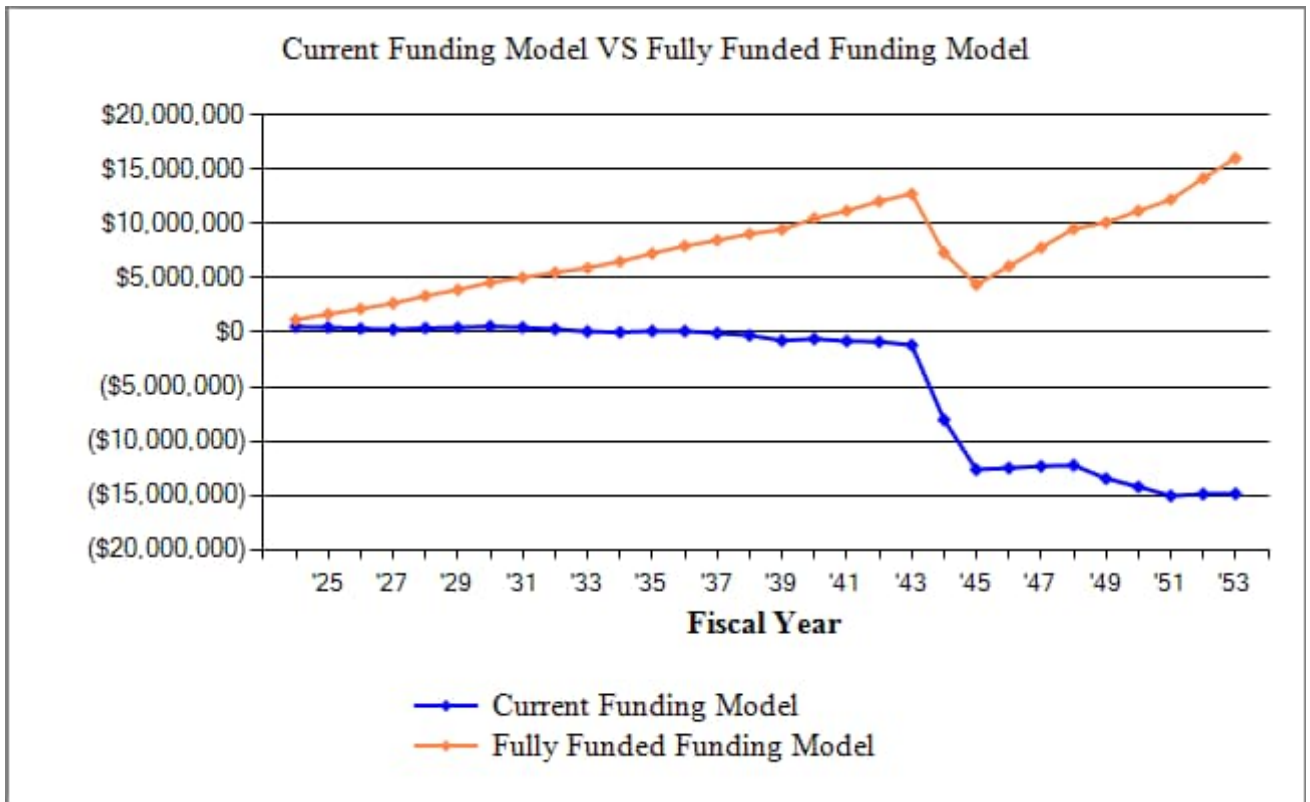
<i>Report Parameters</i>	
Inflation	5.00%
Interest Rate on Reserve Deposit	0.50%
Contingency	3.00%
2024 Beginning Balance	\$562,745

<i>Current Funding Model Summary of Calculations</i>	
Required Monthly Contribution <i>\$189.53 per unit monthly</i>	\$14,214.75
Average Net Monthly Interest Earned	<u>\$182.42</u>
Total Monthly Allocation to Reserves <i>\$191.96 per unit monthly</i>	\$14,397.17

**Mill Creek Condominium Association  
Current Funding Model Projection**

Beginning Balance: \$562,745

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2024	5,168,879	170,577	2,189	218,272	517,239	1,874,539	28%
2025	5,416,823	170,577	1,913	227,850	461,879	2,031,745	23%
2026	5,687,665	170,577	1,339	286,953	346,842	2,171,030	16%
2027	5,972,048	170,577	874	264,859	253,433	2,378,209	11%
2028	6,270,650	170,577	1,580	30,388	395,203	2,868,580	14%
2029	6,584,183	170,577	1,780	132,331	435,229	3,293,435	13%
2030	6,913,392	170,577	2,380	52,659	555,527	3,846,925	14%
2031	7,259,061	170,577	1,819	284,938	442,985	4,199,169	11%
2032	7,622,015	170,577	1,072	321,347	293,288	4,553,422	6%
2033	8,003,115	170,577	10	383,636	80,239	4,882,615	2%
2034	8,403,271	170,577		240,726	10,090	5,408,644	0%
2035	8,823,435	170,577	196	63,283	117,580	6,179,993	2%
2036	9,264,606	170,577	164	177,100	111,221	6,896,151	2%
2037	9,727,837	170,577		353,559	-71,761	7,487,212	
2038	10,214,228	170,577		371,237	-272,421	8,120,139	
2039	10,724,940	170,577		649,623	-751,468	8,516,641	
2040	11,261,187	170,577		26,194	-607,085	9,641,859	
2041	11,824,246	170,577		363,285	-799,793	10,495,160	
2042	12,415,459	170,577		234,393	-863,609	11,568,729	
2043	13,036,231	170,577		473,803	-1,166,835	12,477,168	
2044	13,688,043	170,577		7,049,005	-8,045,263	6,362,070	
2045	14,372,445	170,577		4,749,983	-12,624,669	2,471,837	
2046	15,091,067	170,577		29,765	-12,483,857	3,538,447	
2047	15,845,621	170,577			-12,313,280	4,739,337	
2048	16,637,902	170,577		88,029	-12,230,732	5,956,268	
2049	17,469,797	170,577		1,386,636	-13,446,790	5,883,360	
2050	18,343,287	170,577		931,942	-14,208,155	6,355,005	
2051	19,260,451	170,577		1,003,534	-15,041,112	6,832,073	
2052	20,223,474	170,577			-14,870,535	8,480,548	
2053	21,234,647	170,577		148,181	-14,848,139	10,116,534	



The **Current Allocation 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.

**Mill Creek Condominium Association**  
 Portland, Oregon  
**Threshold Funding Model Summary**

Report Date	September 18, 2023
Account Number	2024 Offsite Update
Version	1
Budget Year Beginning	January 1, 2024
Budget Year Ending	December 31, 2024
Total Units	75

<i>Report Parameters</i>	
Inflation	5.00%
Annual Contribution Increase	5.00%
Interest Rate on Reserve Deposit	0.50%
Contingency	3.00%
2024 Beginning Balance	\$562,745

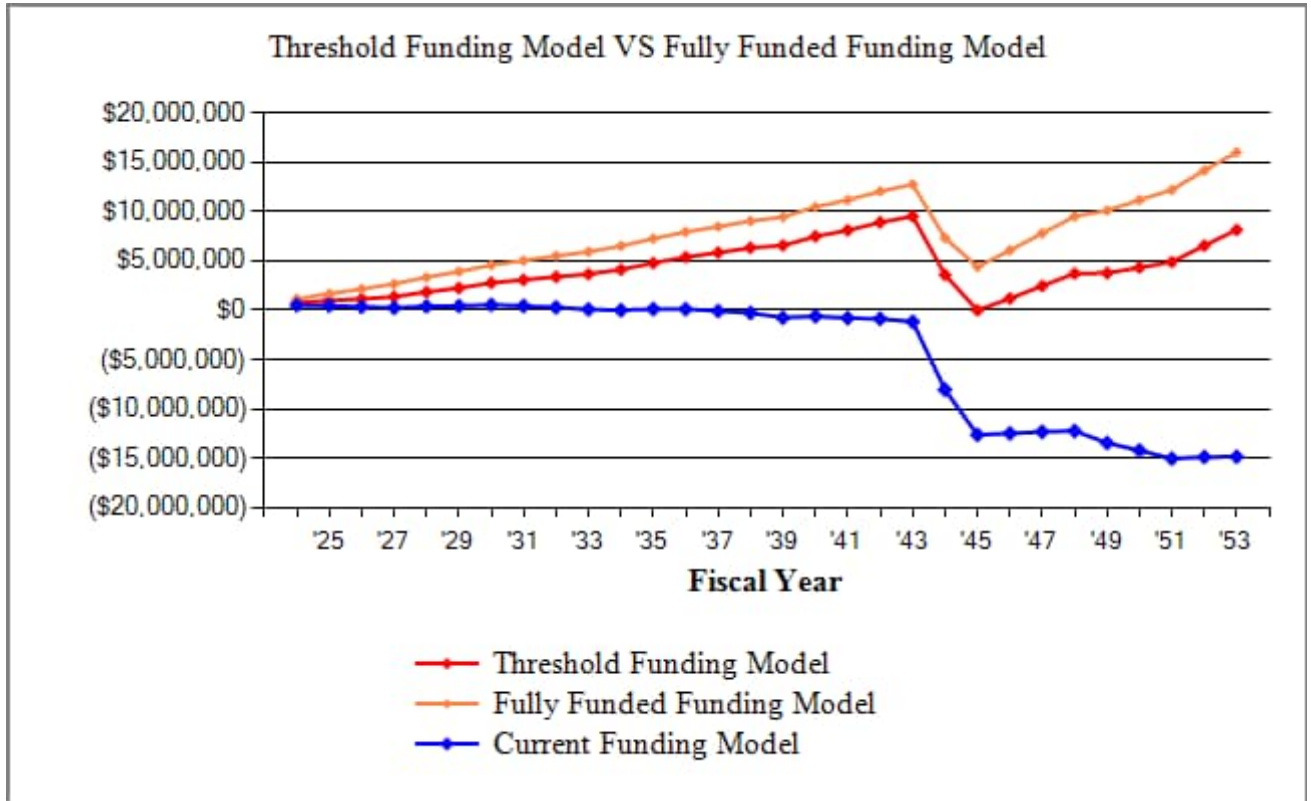
<i>Threshold Funding Model Summary of Calculations</i>	
Required Monthly Contribution	\$34,558.53
<i>\$460.78 per unit monthly</i>	
Average Net Monthly Interest Earned	<u>\$237.60</u>
Total Monthly Allocation to Reserves	\$34,796.13
<i>\$463.95 per unit monthly</i>	

**Mill Creek Condominium Association  
Threshold Funding Model Projection**

Beginning Balance: \$562,745

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2024	5,168,879	414,702	2,851	218,272	762,026	1,874,539	41%
2025	5,416,823	435,437	3,858	227,850	973,472	2,031,745	48%
2026	5,687,665	457,209	4,681	286,953	1,148,409	2,171,030	53%
2027	5,972,048	480,070	5,730	264,859	1,369,350	2,378,209	58%
2028	6,270,650	504,073	8,077	30,388	1,851,113	2,868,580	65%
2029	6,584,183	529,277	10,049	132,331	2,258,108	3,293,435	69%
2030	6,913,392	555,741	12,560	52,659	2,773,750	3,846,925	72%
2031	7,259,061	583,528	14,055	284,938	3,086,395	4,199,169	74%
2032	7,622,015	612,704	15,519	321,347	3,393,272	4,553,422	75%
2033	8,003,115	643,339	16,828	383,636	3,669,803	4,882,615	75%
2034	8,403,271	675,506	19,017	240,726	4,123,601	5,408,644	76%
2035	8,823,435	709,282	22,272	63,283	4,791,872	6,179,993	78%
2036	9,264,606	744,746	25,147	177,100	5,384,664	6,896,151	78%
2037	9,727,837	781,983	27,334	353,559	5,840,423	7,487,212	78%
2038	10,214,228	821,082	29,636	371,237	6,319,903	8,120,139	78%
2039	10,724,940	862,136	30,755	649,623	6,563,171	8,516,641	77%
2040	11,261,187	905,243	35,215	26,194	7,477,436	9,641,859	78%
2041	11,824,246	950,505	38,231	363,285	8,102,887	10,495,160	77%
2042	12,415,459	998,031	42,140	234,393	8,908,665	11,568,729	77%
2043	13,036,231	1,047,932	45,114	473,803	9,527,907	12,477,168	76%
2044	13,688,043	1,100,329	15,408	7,049,005	3,594,638	6,362,070	57%
2045	14,372,445	1,155,345		4,749,983	1	2,471,837	0%
2046	15,091,067	1,213,113	3,141	29,765	1,186,490	3,538,447	34%
2047	15,845,621	1,273,768	9,401		2,469,660	4,739,337	52%
2048	16,637,902	1,337,457	15,563	88,029	3,734,650	5,956,268	63%
2049	17,469,797	1,404,329	15,576	1,386,636	3,767,920	5,883,360	64%
2050	18,343,287	1,474,546	18,212	931,942	4,328,737	6,355,005	68%
2051	19,260,451	1,548,273	20,864	1,003,534	4,894,339	6,832,073	72%
2052	20,223,474	1,625,687	28,937		6,548,964	8,480,548	77%
2053	21,234,647	1,706,971	36,707	148,181	8,144,461	10,116,534	81%

**Mill Creek Condominium Association  
Threshold Funding Model VS Fully Funded Funding Model**



The **Threshold Funding Model** calculates the minimum reserve assessments, with the restriction that the reserve balance is not allowed to go below \$0 or other predetermined threshold, during the period of time examined. All funds for planned reserve expenditures will be available on the first day of each fiscal year. The **Threshold Funding Model** allows the client to choose the level of conservative funding they desire by choosing the threshold dollar amount.

**Mill Creek Condominium Association**  
 Portland, Oregon  
**Fully Funded Funding Model Summary**

Report Date	September 18, 2023
Account Number	2024 Offsite Update
Version	1
Budget Year Beginning	January 1, 2024
Budget Year Ending	December 31, 2024
Total Units	75

<i>Report Parameters</i>	
Inflation	5.00%
Interest Rate on Reserve Deposit	0.50%
Contingency	3.00%
2024 Beginning Balance	\$562,745

<i>Fully Funded Funding Model Summary of Calculations</i>	
Required Monthly Contribution <i>\$902.11 per unit monthly</i>	\$67,658.61
Average Net Monthly Interest Earned	<u>\$327.38</u>
Total Monthly Allocation to Reserves <i>\$906.48 per unit monthly</i>	\$67,986.00

**Mill Creek Condominium Association  
Fully Funded Funding Model Projection**

Beginning Balance: \$562,745

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2024	5,168,879	811,903	3,929	218,272	1,160,305	1,872,994	62%
2025	5,416,823	737,295	6,673	227,850	1,676,423	2,031,745	83%
2026	5,687,665	762,257	9,031	286,953	2,160,758	2,171,030	100%
2027	5,972,048	760,592	11,564	264,859	2,668,055	2,378,209	112%
2028	6,270,650	695,603	15,105	30,388	3,348,376	2,868,580	117%
2029	6,584,183	687,158	17,981	132,331	3,921,184	3,293,435	119%
2030	6,913,392	688,953	21,256	52,659	4,578,734	3,846,925	119%
2031	7,259,061	725,399	23,486	284,938	5,042,681	4,199,169	120%
2032	7,622,015	749,743	25,695	321,347	5,496,772	4,553,422	121%
2033	8,003,115	790,656	27,769	383,636	5,931,561	4,882,615	121%
2034	8,403,271	791,716	30,667	240,726	6,513,218	5,408,644	120%
2035	8,823,435	783,932	34,450	63,283	7,268,317	6,179,993	118%
2036	9,264,606	807,485	37,728	177,100	7,936,430	6,896,151	115%
2037	9,727,837	853,354	40,316	353,559	8,476,540	7,487,212	113%
2038	10,214,228	902,410	43,067	371,237	9,050,781	8,120,139	111%
2039	10,724,940	1,007,914	44,836	649,623	9,453,908	8,516,641	111%
2040	11,261,187	998,437	49,955	26,194	10,476,105	9,641,859	109%
2041	11,824,246	1,014,577	53,432	363,285	11,180,830	10,495,160	107%
2042	12,415,459	1,039,280	57,677	234,393	12,043,394	11,568,729	104%
2043	13,036,231	1,120,947	61,021	473,803	12,751,559	12,477,168	102%
2044	13,688,043	1,591,573	32,895	7,049,005	7,327,022	6,362,070	115%
2045	14,372,445	1,795,698	17,786	4,749,983	4,390,523	2,471,837	178%
2046	15,091,067	1,686,052	26,427	29,765	6,073,238	3,538,447	172%
2047	15,845,621	1,697,270	35,040		7,805,548	4,739,337	165%
2048	16,637,902	1,751,444	43,427	88,029	9,512,390	5,956,268	160%
2049	17,469,797	1,934,769	45,970	1,386,636	10,106,493	5,883,360	172%
2050	18,343,287	1,941,506	51,244	931,942	11,167,302	6,355,005	176%
2051	19,260,451	1,995,181	56,347	1,003,534	12,215,297	6,832,073	179%
2052	20,223,474	1,891,860	66,348		14,173,505	8,480,548	167%
2053	21,234,647	1,915,997	75,485	148,181	16,016,806	10,116,534	158%

**Mill Creek Condominium Association**  
 Portland, Oregon  
**Trust Reserves Recommended Funding Model Summary**

Report Date	September 18, 2023
Account Number	2024 Offsite Update
Version	1
Budget Year Beginning	January 1, 2024
Budget Year Ending	December 31, 2024
Total Units	75

<i>Report Parameters</i>	
Inflation	5.00%
Interest Rate on Reserve Deposit	0.50%
Contingency	3.00%
2024 Beginning Balance	\$562,745

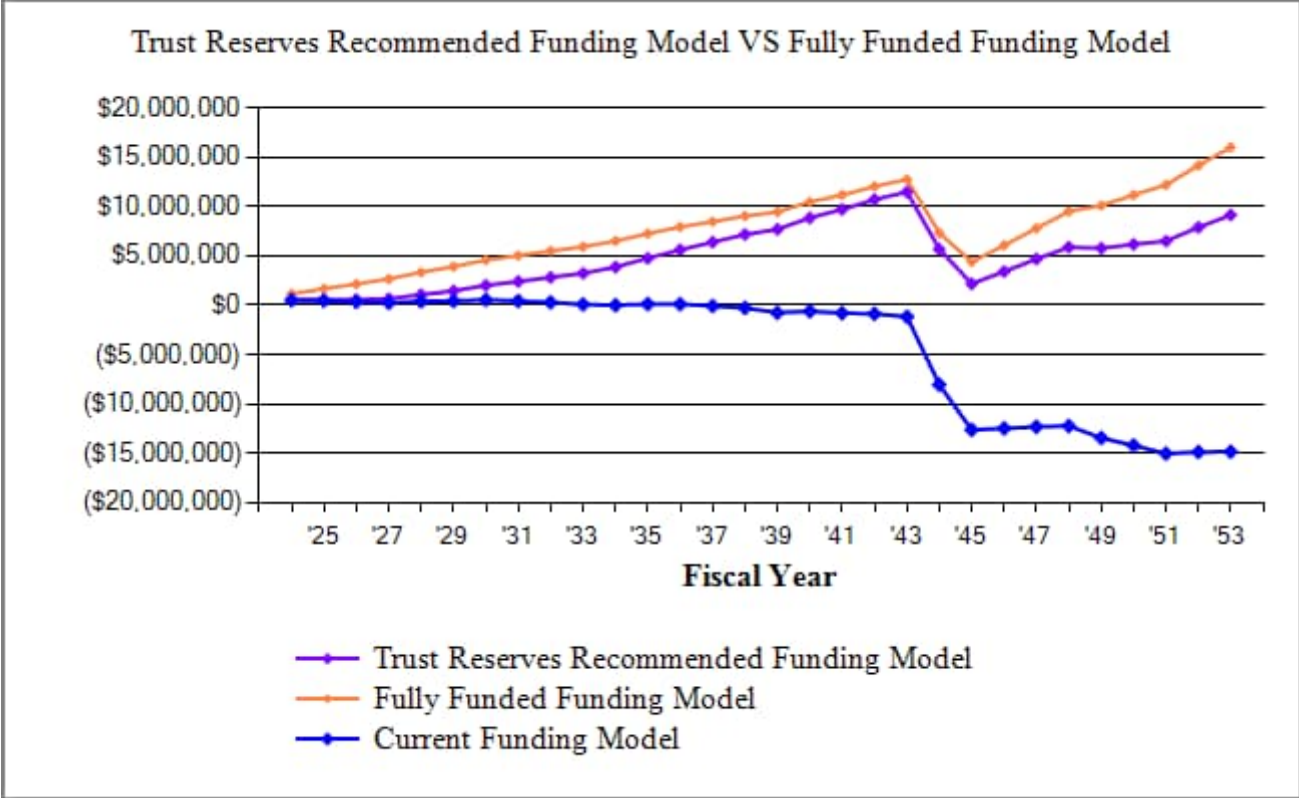
<i>Trust Reserves Funding Model Summary of Calculations</i>	
Required Monthly Contribution	\$17,057.67
<i>\$227.44 per unit monthly</i>	
Average Net Monthly Interest Earned	<u>\$190.13</u>
Total Monthly Allocation to Reserves	\$17,247.79
<i>\$229.97 per unit monthly</i>	

**Mill Creek Condominium Association  
Trust Reserves Recommended Funding Model Projection**

Beginning Balance: \$562,745

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2024	5,168,879	204,692	2,282	218,272	551,446	1,874,539	29%
2025	5,416,823	245,630	2,288	227,850	571,515	2,031,745	28%
2026	5,687,665	294,756	2,226	286,953	581,543	2,171,030	27%
2027	5,972,048	353,708	2,546	264,859	672,939	2,378,209	28%
2028	6,270,650	424,449	4,371	30,388	1,071,372	2,868,580	37%
2029	6,584,183	509,339	6,088	132,331	1,454,468	3,293,435	44%
2030	6,913,392	611,207	8,683	52,659	2,021,699	3,846,925	53%
2031	7,259,061	664,688	10,507	284,938	2,411,955	4,199,169	57%
2032	7,622,015	722,848	12,438	321,347	2,825,894	4,553,422	62%
2033	8,003,115	786,097	14,372	383,636	3,242,727	4,882,615	66%
2034	8,403,271	854,880	17,363	240,726	3,874,244	5,408,644	72%
2035	8,823,435	929,683	21,620	63,283	4,762,265	6,179,993	77%
2036	9,264,606	1,011,030	25,721	177,100	5,621,915	6,896,151	82%
2037	9,727,837	1,099,495	29,385	353,559	6,397,235	7,487,212	85%
2038	10,214,228	1,115,987	33,226	371,237	7,175,211	8,120,139	88%
2039	10,724,940	1,132,727	35,775	649,623	7,694,090	8,516,641	90%
2040	11,261,187	1,149,718	41,546	26,194	8,859,160	9,641,859	92%
2041	11,824,246	1,166,964	45,742	363,285	9,708,581	10,495,160	93%
2042	12,415,459	1,184,468	50,692	234,393	10,709,349	11,568,729	93%
2043	13,036,231	1,202,235	54,556	473,803	11,492,337	12,477,168	92%
2044	13,688,043	1,220,269	25,578	7,049,005	5,689,178	6,362,070	89%
2045	14,372,445	1,238,573	8,066	4,749,983	2,185,835	2,471,837	88%
2046	15,091,067	1,244,766	14,181	29,765	3,415,018	3,538,447	97%
2047	15,845,621	1,250,990	20,508		4,686,515	4,739,337	99%
2048	16,637,902	1,257,244	26,455	88,029	5,882,185	5,956,268	99%
2049	17,469,797	1,263,531	25,957	1,386,636	5,785,037	5,883,360	98%
2050	18,343,287	1,288,801	27,817	931,942	6,169,714	6,355,005	97%
2051	19,260,451	1,314,577	29,456	1,003,534	6,510,212	6,832,073	95%
2052	20,223,474	1,340,869	36,263		7,887,344	8,480,548	93%
2053	21,234,647	1,367,686	42,494	148,181	9,149,344	10,116,534	90%

**Mill Creek Condominium Association  
Trust Reserves Recommended Funding Model VS Fully Funded Funding Model**



**The Trust Reserves Funding Model** is our recommended model and is based on the cash flow, parameters, and reserve fund balance. Because it is calculated using the cash flow, it will give the accurate projection of how well the association is funded for the next 30 years of planned reserve expenditures.

**Mill Creek Condominium Association  
Annual Expenditure Detail**

Description	Expenditures
<b>Replacement Year 2024</b>	
Bark Dust	22,500
Building Envelope Inspection	13,125
Decking - Stain	37,000
FHA Certification	1,295
Insurance Deductible	10,000
Porch/Decking - Paint	36,935
Retaining Walls - Maintenance	2,500
Roof Inspection	13,125
Siding - Maintenance	3,500
Wood Deck - Replacement - Phase 2	39,146
Wood Deck - Replacement - Phase 3	39,146
<b>Total for 2024</b>	<b>\$218,272</b>
<b>Replacement Year 2025</b>	
Gutters & Downspouts - Phase 1	18,375
Paint - Siding and Trim - Phase 1	196,875
Tree Work	12,600
<b>Total for 2025</b>	<b>\$227,850</b>
<b>Replacement Year 2026</b>	
Asphalt Seal Coat & Repairs	49,723
Gutters & Downspouts - Phase 2	19,294
Paint - Siding and Trim - Phase 2	206,719
Power Wash Driveways and Walkways	7,910
Signage	3,307
<b>Total for 2026</b>	<b>\$286,953</b>
<b>Replacement Year 2027</b>	
Bark Dust	26,047
FHA Certification	1,499
Gutters & Downspouts - Phase 3	20,258
Paint - Siding and Trim - Phase 3	217,055
<b>Total for 2027</b>	<b>\$264,859</b>
<b>Replacement Year 2028</b>	
Entry Maintenance	30,388
<b>Total for 2028</b>	<b>\$30,388</b>

**Mill Creek Condominium Association  
Annual Expenditure Detail**

Description	Expenditures
<b>Replacement Year 2029</b>	
Brick Facade Maintenance	3,191
Building Envelope Inspection	16,751
Decking - Stain	47,222
Irrigation System	1,276
Porch/Decking - Paint	47,139
Roof Inspection	16,751
<b>Total for 2029</b>	<b><u>\$132,331</u></b>
<b>Replacement Year 2030</b>	
Bark Dust	30,152
FHA Certification	1,735
Siding - Maintenance	4,690
Tree Work	16,081
<b>Total for 2030</b>	<b><u>\$52,659</u></b>
<b>Replacement Year 2031</b>	
Concrete Maintenance	8,443
Fence- Picket - Paint	12,664
Paint - Siding and Trim - Phase 1	263,831
<b>Total for 2031</b>	<b><u>\$284,938</u></b>
<b>Replacement Year 2032</b>	
Fence- Picket	44,324
Paint - Siding and Trim - Phase 2	277,023
<b>Total for 2032</b>	<b><u>\$321,347</u></b>
<b>Replacement Year 2033</b>	
Bark Dust	34,905
Exterior Lighting	55,848
FHA Certification	2,009
Paint - Siding and Trim - Phase 3	290,874
<b>Total for 2033</b>	<b><u>\$383,636</u></b>
<b>Replacement Year 2034</b>	
Asphalt Seal Coat & Repairs	73,463
Building Envelope Inspection	21,379
Decking - Stain	60,269

**Mill Creek Condominium Association  
Annual Expenditure Detail**

Description	Expenditures
<b><i>Replacement Year 2034 continued...</i></b>	
Porch/Decking - Paint	60,163
Retaining Walls - Maintenance	4,072
Roof Inspection	21,379
<b>Total for 2034</b>	<b><u>\$240,726</u></b>
 <b>Replacement Year 2035</b>	
Entry Maintenance	42,758
Tree Work	20,524
<b>Total for 2035</b>	<b><u>\$63,283</u></b>
 <b>Replacement Year 2036</b>	
Bark Dust	40,407
FHA Certification	2,326
Power Wash Driveways and Walkways	12,885
Siding - Maintenance	6,285
Wood Deck - Replacement - Phase 1	70,301
Wood Handrails & Stairs	44,896
<b>Total for 2036</b>	<b><u>\$177,100</u></b>
 <b>Replacement Year 2037</b>	
Paint - Siding and Trim - Phase 1	353,559
<b>Total for 2037</b>	<b><u>\$353,559</u></b>
 <b>Replacement Year 2038</b>	
Paint - Siding and Trim - Phase 2	371,237
<b>Total for 2038</b>	<b><u>\$371,237</u></b>
 <b>Replacement Year 2039</b>	
Bark Dust	46,776
Building Envelope Inspection	27,286
Decking - Stain	76,920
FHA Certification	2,692
Irrigation System	2,079
Paint - Siding and Trim - Phase 3	389,799
Porch/Decking - Paint	76,785
Roof Inspection	27,286
<b>Total for 2039</b>	<b><u>\$649,623</u></b>

**Mill Creek Condominium Association  
Annual Expenditure Detail**

Description	Expenditures
<b>Replacement Year 2040</b>	
Tree Work	26,194
<b>Total for 2040</b>	<b><u>\$26,194</u></b>
<b>Replacement Year 2041</b>	
Asphalt Overlay	328,905
Concrete Maintenance	13,752
Fence- Picket - Paint	20,628
<b>Total for 2041</b>	<b><u>\$363,285</u></b>
<b>Replacement Year 2042</b>	
Asphalt Seal Coat & Repairs	108,539
Bark Dust	54,149
Entry Maintenance	60,165
FHA Certification	3,117
Siding - Maintenance	8,423
<b>Total for 2042</b>	<b><u>\$234,393</u></b>
<b>Replacement Year 2043</b>	
Paint - Siding and Trim - Phase 1	473,803
<b>Total for 2043</b>	<b><u>\$473,803</u></b>
<b>Replacement Year 2044</b>	
Brick Facade Maintenance	6,633
Building Envelope Inspection	34,825
Decking - Stain	98,172
Paint - Siding and Trim - Phase 2	497,493
Porch/Decking - Paint	98,000
Retaining Walls - Maintenance	6,633
Roof - Replacement - Phase 1	6,272,425
Roof Inspection	34,825
<b>Total for 2044</b>	<b><u>\$7,049,005</u></b>
<b>Replacement Year 2045</b>	
Bark Dust	62,684
FHA Certification	3,608
Paint - Siding and Trim - Phase 3	522,368
Roof - Replacement - Phase 2	4,127,891

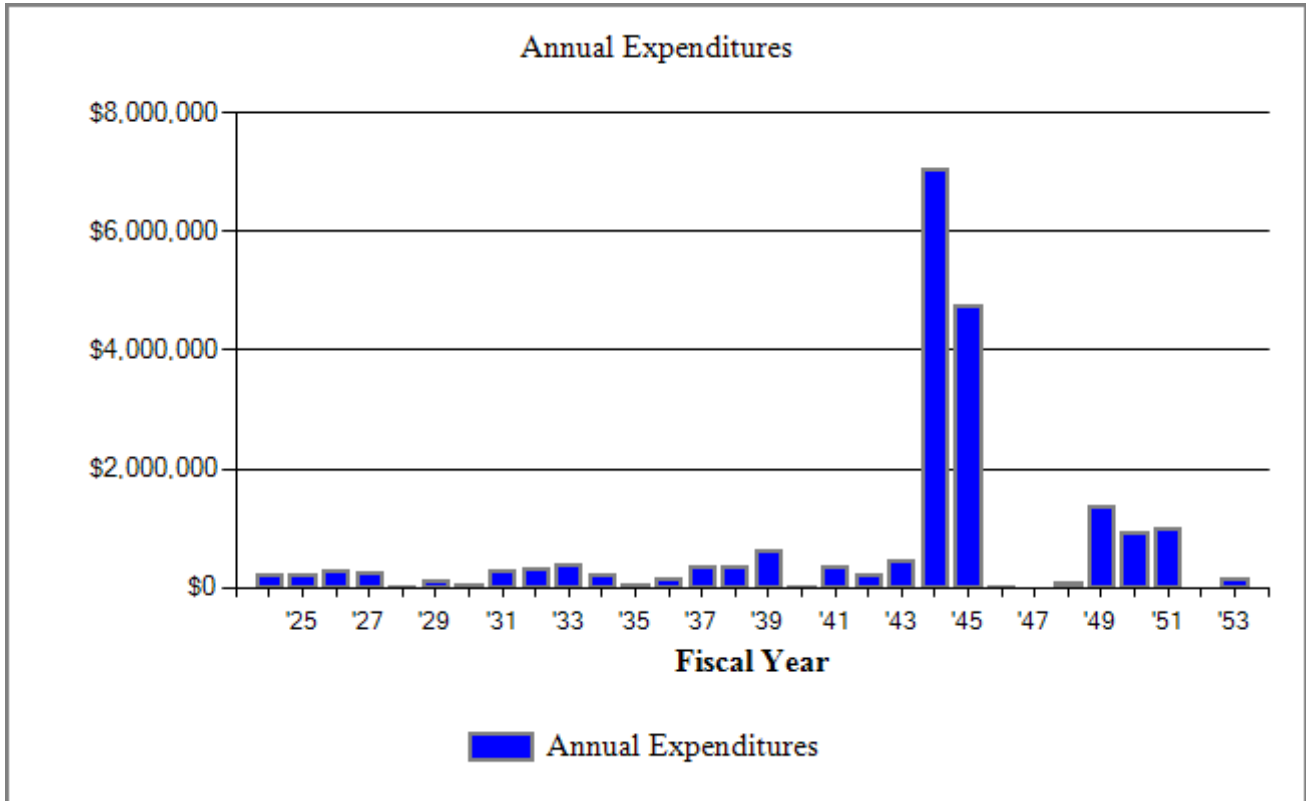
**Mill Creek Condominium Association  
Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2045 continued...</i>	
Tree Work	33,432
<b>Total for 2045</b>	<b>\$4,749,983</b>
<b>Replacement Year 2046</b>	
Power Wash Driveways and Walkways	20,989
Signage	8,776
<b>Total for 2046</b>	<b>\$29,765</b>
<i>No Replacement in 2047</i>	
<b>Replacement Year 2048</b>	
Bark Dust	72,565
FHA Certification	4,177
Siding - Maintenance	11,288
<b>Total for 2048</b>	<b>\$88,029</b>
<b>Replacement Year 2049</b>	
Building Envelope Inspection	44,446
Decking - Stain	125,295
Entry Maintenance	84,659
Gutters & Downspouts - Phase 1	59,261
Irrigation System	3,386
Paint - Siding and Trim - Phase 1	634,942
Porch/Decking - Paint	125,075
Roof Inspection	44,446
Wood Deck - Replacement - Phase 2	132,563
Wood Deck - Replacement - Phase 3	132,563
<b>Total for 2049</b>	<b>\$1,386,636</b>
<b>Replacement Year 2050</b>	
Asphalt Seal Coat & Repairs	160,361
Gutters & Downspouts - Phase 2	62,224
Paint - Siding and Trim - Phase 2	666,689
Tree Work	42,668
<b>Total for 2050</b>	<b>\$931,942</b>
<b>Replacement Year 2051</b>	
Bark Dust	84,003

**Mill Creek Condominium Association  
Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2051 continued...</i>	
Concrete Maintenance	22,401
FHA Certification	4,835
Fence- Picket - Paint	33,601
Gutters & Downspouts - Phase 3	65,335
Paint - Siding and Trim - Phase 3	700,023
Wood Handrails & Stairs	93,336
<b>Total for 2051</b>	<b><u>\$1,003,534</u></b>
 <i>No Replacement in 2052</i>	
 <b>Replacement Year 2053</b>	
Exterior Lighting	148,181
<b>Total for 2053</b>	<b><u>\$148,181</u></b>

**Mill Creek Condominium Association  
Annual Expenditure Chart**



The chart above compares the projected reserve ending balances of the three funding models (Current Assessment Funding Model, Threshold Funding Model and Component Funding Model) over 30 years.

**Mill Creek Condominium Association  
Detail Report by Category**

<b>Asphalt Overlay - 2041</b>				
Asset ID	1041	82,000 Square Feet	@ \$1.75	
		Asset Actual Cost	\$143,500.00	
		Percent Replacement	100%	
Category	General	Future Cost	\$328,904.63	
Placed in Service	February 2001	Assigned Reserves	<i>none</i>	
Useful Life	40			
Replacement Year	2041	Monthly Assessment	\$452.62	
Remaining Life	17	Interest Contribution	<u>\$4.19</u>	
		Reserve Allocation	\$456.81	



**Remarks:**

This item is the overlay of the asphalt surface including resetting of manhole and valve covers and grinding of edges as needed.

Regular seal coating will help prolong this component to exceed thirty (30) years.

**Mill Creek Condominium Association  
Detail Report by Category**

**Asphalt Seal Coat & Repairs - 2026**

Asset ID	1042	82,000 Square Feet	@ \$0.55
Category	General	Asset Actual Cost	\$45,100.00
Placed in Service	January 2014	Percent Replacement	100%
Useful Life	8	Future Cost	\$49,722.75
Adjustment	4	Assigned Reserves	\$37,583.33
Replacement Year	2026	Monthly Assessment	\$142.88
Remaining Life	2	Interest Contribution	<u>\$17.02</u>
		Reserve Allocation	\$159.90



**Remarks:**

This item is the seal coating (slurry seal) of the asphalt surface and includes any re-striping, crack repair, or alligating sealing as needed.

**Mill Creek Condominium Association  
Detail Report by Category**

**Bark Dust - 2024**

Asset ID	1001	1 Allowance	@ \$22,500.00
Category	General	Asset Actual Cost	\$22,500.00
Placed in Service	April 2021	Percent Replacement	100%
Useful Life	3	Future Cost	\$22,500.00
Replacement Year	2024	Assigned Reserves	\$22,500.00
Remaining Life	0	Monthly Assessment	\$210.41
		Interest Contribution	<u>\$1.95</u>
		Reserve Allocation	\$212.36



**Remarks:**

Refresh and blow in two (2) inch layer of bark dust onto all planting beds every three (3) years, or as needed.

Cost obtained from work completed by ProGrass Inc in 2021.

**Mill Creek Condominium Association  
Detail Report by Category**

<b>Brick Facade Maintenance - 2029</b>		1 Allowance	@ \$2,500.00
Asset ID	1009	Asset Actual Cost	\$2,500.00
		Percent Replacement	100%
Category	General	Future Cost	\$3,190.70
Placed in Service	January 2014	Assigned Reserves	<i>none</i>
Useful Life	15		
Replacement Year	2029	Monthly Assessment	\$15.39
Remaining Life	5	Interest Contribution	<u>\$0.14</u>
		Reserve Allocation	\$15.53



**Remarks:**

This is an allowance for any ongoing maintenance such as sealcoating, pressure washing, or replacing broken areas of the brick.

**Mill Creek Condominium Association  
Detail Report by Category**

<b>Building Envelope Inspection - 2024</b>		75 Each	@ \$175.00
Asset ID	1057	Asset Actual Cost	\$13,125.00
		Percent Replacement	100%
Category	General	Future Cost	\$13,125.00
Placed in Service	April 2017	Assigned Reserves	\$13,125.00
Useful Life	5		
Replacement Year	2024	Monthly Assessment	\$80.79
Remaining Life	0	Interest Contribution	<u>\$0.75</u>
		Reserve Allocation	\$81.53



**Remarks:**

A building envelope inspection should be performed by a licensed professional. This helps to protect the buildings from damage than can occur from unchecked leaks and water intrusion.

**Mill Creek Condominium Association  
Detail Report by Category**

**Concrete Maintenance - 2031**

Asset ID	1003	1 Allowance	@ \$6,000.00
Category	General	Asset Actual Cost	\$6,000.00
Placed in Service	June 2021	Percent Replacement	100%
Useful Life	10	Future Cost	\$8,442.60
Replacement Year	2031	Assigned Reserves	<i>none</i>
Remaining Life	7	Monthly Assessment	\$28.94
		Interest Contribution	<u>\$0.27</u>
		Reserve Allocation	\$29.20



Remarks:

This is an allowance to repair cracks and breaks that can occur as the ground underneath the cement settles over the years. Inspect sidewalk and staircases for tripping hazards. Grind down and replace selected sections as needed.

**Mill Creek Condominium Association  
Detail Report by Category**

**Decking - Stain - 2024**

		1 Total	@ \$37,000.00
Asset ID	1053	Asset Actual Cost	\$37,000.00
		Percent Replacement	100%
Category	General	Future Cost	\$37,000.00
Placed in Service	October 2018	Assigned Reserves	\$37,000.00
Useful Life	5		
Replacement Year	2024	Monthly Assessment	\$227.74
Remaining Life	0	Interest Contribution	<u>\$2.11</u>
		Reserve Allocation	\$229.84



Remarks:

This line item is for the decking that receives stain. Expect to re-stain every five (5) years, or as needed.

**Mill Creek Condominium Association  
Detail Report by Category**

**Entry Maintenance - 2028**

Asset ID	1056	1 Allowance	@ \$25,000.00
Category	General	Asset Actual Cost	\$25,000.00
Placed in Service	September 2021	Percent Replacement	100%
Useful Life	7	Future Cost	\$30,387.66
Replacement Year	2028	Assigned Reserves	<i>none</i>
Remaining Life	4	Monthly Assessment	\$183.65
		Interest Contribution	<u>\$1.70</u>
		Reserve Allocation	\$185.35



Remarks:

This is an allowance for any ongoing maintenance to the entry ways of the units.

**Mill Creek Condominium Association  
Detail Report by Category**

<b>Exterior Lighting - 2033</b>		240 Each	@ \$150.00
Asset ID	1037	Asset Actual Cost	\$36,000.00
Category	General	Percent Replacement	100%
Placed in Service	January 2013	Future Cost	\$55,847.82
Useful Life	20	Assigned Reserves	<i>none</i>
Replacement Year	2033	Monthly Assessment	\$148.13
Remaining Life	9	Interest Contribution	<u>\$1.37</u>
		Reserve Allocation	\$149.50



Remarks:

Inspect light fixture and test sensor. Expect replacement of the exterior mounted light fixtures every twenty (20) years, or as needed.

**Mill Creek Condominium Association  
Detail Report by Category**

<b>FHA Certification - 2024</b>		1 Total	@ \$1,295.00
Asset ID	1049	Asset Actual Cost	\$1,295.00
		Percent Replacement	100%
Category	General	Future Cost	\$1,295.00
Placed in Service	July 2020	Assigned Reserves	\$1,295.00
Useful Life	3		
Replacement Year	2024	Monthly Assessment	\$12.11
Remaining Life	0	Interest Contribution	<u>\$0.11</u>
		Reserve Allocation	\$12.22



**Remarks:**

The Federal Housing Administration have implemented new rules and regulations in regards to FHA mortgages. In this process, the association has to be approved and FHA Certified for homeowners to qualify for a FHA Loan in that condominium project. This line item is to facilitate that application process. The certification is effective for three (3) years.

**Mill Creek Condominium Association  
Detail Report by Category**

<b>Fence- Picket - 2032</b>		1 Allowance	@ \$30,000.00
Asset ID	1055	Asset Actual Cost	\$30,000.00
Category	General	Percent Replacement	100%
Placed in Service	January 2001	Future Cost	\$44,323.66
Useful Life	25	Assigned Reserves	<i>none</i>
Adjustment	6	Monthly Assessment	\$132.59
Replacement Year	2032	Interest Contribution	<u>\$1.23</u>
Remaining Life	8	Reserve Allocation	\$133.82



Remarks:

This is an allowance to repair/replace the sections of picket fencing in the community.

**Mill Creek Condominium Association  
Detail Report by Category**

<b>Fence- Picket - Paint - 2031</b>					
Asset ID	1054	1 Allowance	@ \$9,000.00		
		Asset Actual Cost	\$9,000.00		
		Percent Replacement	100%		
Category	General	Future Cost	\$12,663.90		
Placed in Service	September 2021	Assigned Reserves	<i>none</i>		
Useful Life	10				
Replacement Year	2031	Monthly Assessment	\$43.41		
Remaining Life	7	Interest Contribution	<u>\$0.40</u>		
		Reserve Allocation	\$43.81		



Remarks:

Expect to paint the wood fence every ten (10) years, or as needed. Doing so will help prolong the life of the fence.

**Mill Creek Condominium Association  
Detail Report by Category**

<b>Gutters &amp; Downspouts - Phase 1 - 2025</b>		25 Unit	@ \$700.00
Asset ID	1022	Asset Actual Cost	\$17,500.00
		Percent Replacement	100%
Category	General	Future Cost	\$18,375.00
Placed in Service	February 2001	Assigned Reserves	\$16,770.83
Useful Life	24		
Replacement Year	2025	Monthly Assessment	\$37.02
Remaining Life	1	Interest Contribution	<u>\$7.35</u>
		Reserve Allocation	\$44.37



**Remarks:**

This item is the replacement of the gutters and downspouts on the community building and the equipment building. The gutters and downspouts should be typically cleaned once annually to keep them running freely. This should happen more often in areas that are heavily treed. Overflowing gutters damage the siding and promote leaks, particularly around windows and doors. Expect replacement of gutters and downspouts every twenty-four (24) years, or as needed.

**Mill Creek Condominium Association  
Detail Report by Category**

<b>Gutters &amp; Downspouts - Phase 2 - 2026</b>		25 Unit	@ \$700.00
Asset ID	1023	Asset Actual Cost	\$17,500.00
Category	General	Percent Replacement	100%
Placed in Service	February 2001	Future Cost	\$19,293.75
Useful Life	24	Assigned Reserves	\$16,100.00
Adjustment	1	Monthly Assessment	\$36.83
Replacement Year	2026	Interest Contribution	<u>\$7.06</u>
Remaining Life	2	Reserve Allocation	\$43.90



**Remarks:**

This item is the replacement of the gutters and downspouts on the community building and the equipment building. The gutters and downspouts should be typically cleaned once annually to keep them running freely. This should happen more often in areas that are heavily treed. Overflowing gutters damage the siding and promote leaks, particularly around windows and doors. Expect replacement of gutters and downspouts every twenty-four (24) years, or as needed.

Life extended by one year, per the board.

**Mill Creek Condominium Association  
Detail Report by Category**

<b>Gutters &amp; Downspouts - Phase 3 - 2027</b>		25 Unit	@ \$700.00
Asset ID	1024	Asset Actual Cost	\$17,500.00
Category	General	Percent Replacement	100%
Placed in Service	February 2001	Future Cost	\$20,258.44
Useful Life	24	Assigned Reserves	\$15,480.77
Adjustment	2	Monthly Assessment	\$36.71
Replacement Year	2027	Interest Contribution	<u>\$6.80</u>
Remaining Life	3	Reserve Allocation	\$43.51



**Remarks:**

This item is the replacement of the gutters and downspouts on the community building and the equipment building. The gutters and downspouts should be typically cleaned once annually to keep them running freely. This should happen more often in areas that are heavily treed. Overflowing gutters damage the siding and promote leaks, particularly around windows and doors. Expect replacement of gutters and downspouts every twenty-four (24) years, or as needed.

Life extended by two years, per the board.

**Mill Creek Condominium Association  
Detail Report by Category**

**Insurance Deductible - 2024**

Asset ID	1048	1 Total	@ \$10,000.00
Category	General	Asset Actual Cost	\$10,000.00
Placed in Service	March 2016	Percent Replacement	100%
Useful Life	7	Future Cost	\$10,000.00
Replacement Year	2024	Assigned Reserves	\$10,000.00
Remaining Life	0	<i>No Future Assessments</i>	



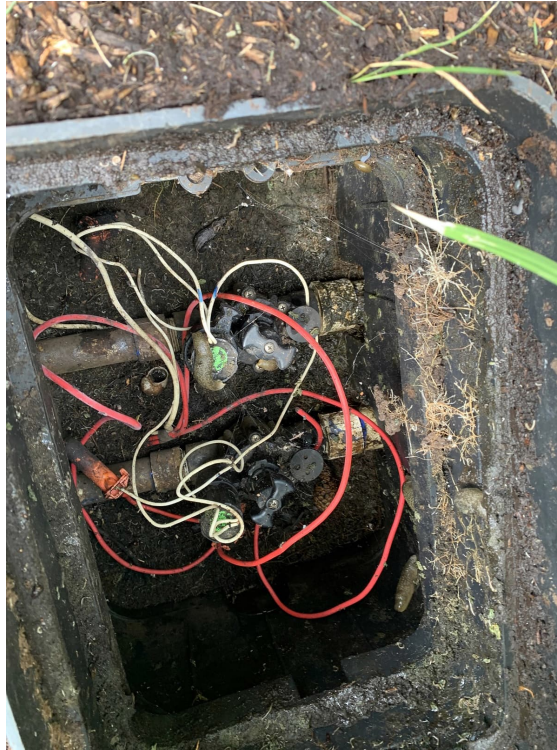
**Remarks:**

This is a requirement of Fannie Mae and Freddie Mac to underwrite condominium mortgage loans.

The association has insurance in place to help protect against catastrophic events and the deductible should be reserved for if such an event were to occur. The study is currently constructed to ensure that deductible is met and will need to be adjusted each year depending whether a claim has been made.

**Mill Creek Condominium Association  
Detail Report by Category**

Irrigation System - 2029			
Asset ID	1005	1 Allowance	@ \$1,000.00
		Asset Actual Cost	\$1,000.00
		Percent Replacement	100%
Category	General	Future Cost	\$1,276.28
Placed in Service	January 2019	Assigned Reserves	<i>none</i>
Useful Life	10		
Replacement Year	2029	Monthly Assessment	\$6.15
Remaining Life	5	Interest Contribution	<u>\$0.06</u>
		Reserve Allocation	\$6.21



Remarks:

Check for valve blockages and controller integrity. Electric controllers typically have a life expectancy of seven to ten years.

**Mill Creek Condominium Association  
Detail Report by Category**

**Mailboxes - 2057**

		10 Each	@ \$2,300.00
Asset ID	1015	Asset Actual Cost	\$23,000.00
		Percent Replacement	100%
Category	General	Future Cost	\$115,073.33
Placed in Service	March 2022	Assigned Reserves	<i>none</i>
Useful Life	35		
Replacement Year	2057	Monthly Assessment	\$78.31
Remaining Life	33	Interest Contribution	<u>\$0.72</u>
		Reserve Allocation	\$79.04



Remarks:

This item is for the replacement of the cluster style mailboxes throughout the association. Ongoing maintenance such as replace faulty hinges and doors and removing graffiti will need to happen as it occurs.

**Mill Creek Condominium Association  
Detail Report by Category**

**Paint - Siding and Trim - Phase 1 - 2025**

Asset ID	1026	25 Unit	@ \$7,500.00
Category	General	Asset Actual Cost	\$187,500.00
Placed in Service	January 2013	Percent Replacement	100%
Useful Life	6	Future Cost	\$196,875.00
Adjustment	6	Assigned Reserves	\$171,875.00
Replacement Year	2025	Monthly Assessment	\$587.92
Remaining Life	1	Interest Contribution	<u>\$77.22</u>
		Reserve Allocation	\$665.14



Remarks:

This item is for the painting of the exterior trim and siding on all buildings.

Life extended by five years, per the board and then another year per CAM.

**Mill Creek Condominium Association  
Detail Report by Category**

<b>Paint - Siding and Trim - Phase 2 - 2026</b>		25 Unit	@ \$7,500.00
Asset ID	1027	Asset Actual Cost	\$187,500.00
		Percent Replacement	100%
Category	General	Future Cost	\$206,718.75
Placed in Service	January 2014	Assigned Reserves	\$156,250.00
Useful Life	6		
Adjustment	6	Monthly Assessment	\$594.00
Replacement Year	2026	Interest Contribution	<u>\$70.75</u>
Remaining Life	2	Reserve Allocation	\$664.76



Remarks:

This item is for the painting of the exterior trim and siding on all buildings

Life extended by five years, per the board and then another year per CAM.

**Mill Creek Condominium Association  
Detail Report by Category**

<b>Paint - Siding and Trim - Phase 3 - 2027</b>		25 Unit	@ \$7,500.00
Asset ID	1028	Asset Actual Cost	\$187,500.00
		Percent Replacement	100%
Category	General	Future Cost	\$217,054.69
Placed in Service	January 2015	Assigned Reserves	\$94,652.21
Useful Life	6		
Adjustment	6	Monthly Assessment	\$977.23
Replacement Year	2027	Interest Contribution	<u>\$48.57</u>
Remaining Life	3	Reserve Allocation	\$1,025.81



Remarks:

This item is for the painting of the exterior trim and siding on all buildings.

Life extended by five years, per the board and then another year per CAM.

**Mill Creek Condominium Association  
Detail Report by Category**

**Porch/Decking - Paint - 2024**

Asset ID	1052	1 Total	@ \$36,935.00
Category	General	Asset Actual Cost	\$36,935.00
Placed in Service	September 2018	Percent Replacement	100%
Useful Life	5	Future Cost	\$36,935.00
Replacement Year	2024	Assigned Reserves	\$36,935.00
Remaining Life	0	Monthly Assessment	\$227.34
		Interest Contribution	<u>\$2.10</u>
		Reserve Allocation	\$229.44



Remarks:

This line item is for the sanding and painting of the decks and front porches.

Cost was obtained from the work completed by O'Hara's Construction where 54 decks/porches were painted.

**Mill Creek Condominium Association  
Detail Report by Category**

**Power Wash Driveways and Walkways - 2026**

Asset ID	1039	1 Total	@ \$7,175.00
Category	General	Asset Actual Cost	\$7,175.00
Placed in Service	May 2016	Percent Replacement	100%
Useful Life	10	Future Cost	\$7,910.44
Replacement Year	2026	Assigned Reserves	\$5,740.00
Remaining Life	2	Monthly Assessment	\$25.66
		Interest Contribution	<u>\$2.63</u>
		Reserve Allocation	\$28.30



Remarks:

An allowance is in place to power wash the driveways and walkways every ten (10) years, or as needed.

Cost obtained from work completed by Northwest Clean Source in May of 2016.

**Mill Creek Condominium Association  
Detail Report by Category**

**Retaining Walls - Maintenance - 2024**

Asset ID	1038	1 Allowance	@ \$2,500.00
Category	General	Asset Actual Cost	\$2,500.00
Placed in Service	January 2013	Percent Replacement	100%
Useful Life	10	Future Cost	\$2,500.00
Replacement Year	2024	Assigned Reserves	\$2,500.00
Remaining Life	0	Monthly Assessment	\$9.70
		Interest Contribution	<u>\$0.09</u>
		Reserve Allocation	\$9.79



Remarks:

Walls will need maintenance and inspections every ten (10) years. Maintenance would include replacement of broken areas and fallen boulders as needed.

**Mill Creek Condominium Association  
Detail Report by Category**

**Roof - Replacement - Phase 1 - 2044**

Asset ID	1019	1 Total @	\$2,364,011.00
Category	General	Asset Actual Cost	\$2,364,011.00
Placed in Service	January 2019	Percent Replacement	100%
Useful Life	25	Future Cost	\$6,272,424.96
Replacement Year	2044	Assigned Reserves	<i>none</i>
Remaining Life	20	Monthly Assessment	\$7,281.30
		Interest Contribution	<u>\$67.39</u>
		Reserve Allocation	\$7,348.69



Remarks:

Replacement of the presidential tl roofing every thirty (25) years. Replace missing and damaged shingles and remove moss as required.

Cost based on work performed by Clearwater Construction, Inc.

**Mill Creek Condominium Association  
Detail Report by Category**

<b>Roof - Replacement - Phase 2 - 2045</b>		1 Total @ \$1,481,675.00
Asset ID	1020	Asset Actual Cost \$1,481,675.00
		Percent Replacement 100%
Category	General	Future Cost \$4,127,891.12
Placed in Service	June 2020	Assigned Reserves <i>none</i>
Useful Life	25	
Replacement Year	2045	Monthly Assessment \$4,552.06
Remaining Life	21	Interest Contribution <u>\$42.13</u>
		Reserve Allocation \$4,594.20



**Remarks:**

Replacement of the presidential tl roofing every twenty-five (25) years. Replace missing and damaged shingles and remove moss as required.

Cost based on work performed by Clearwater Construction, Inc.

**Mill Creek Condominium Association  
Detail Report by Category**

<b>Roof Inspection - 2024</b>		75 Each	@ \$175.00
Asset ID	1058	Asset Actual Cost	\$13,125.00
		Percent Replacement	100%
Category	General	Future Cost	\$13,125.00
Placed in Service	April 2019	Assigned Reserves	\$13,125.00
Useful Life	5		
Replacement Year	2024	Monthly Assessment	\$80.79
Remaining Life	0	Interest Contribution	<u>\$0.75</u>
		Reserve Allocation	\$81.53



Remarks:

A roof inspection should be performed by a licensed professional.

**Mill Creek Condominium Association  
Detail Report by Category**

**Siding - Maintenance - 2024**

Asset ID	1050	1 Allowance	@ \$3,500.00
Category	General	Asset Actual Cost	\$3,500.00
Placed in Service	January 2013	Percent Replacement	100%
Useful Life	6	Future Cost	\$3,500.00
Adjustment	5	Assigned Reserves	\$3,500.00
Replacement Year	2024	Monthly Assessment	\$18.80
Remaining Life	0	Interest Contribution	<u>\$0.17</u>
		Reserve Allocation	\$18.98



Remarks:

Siding has a life expectancy that exceeds the this study. This line item is an allowance for any repairs or replacement of portions of the siding.

**Mill Creek Condominium Association  
Detail Report by Category**

**Siding - Replacement - 2060**

Asset ID	1051	75 Each	@ \$11,000.00
		Asset Actual Cost	\$82,500.00
Category	General	Percent Replacement	10%
Placed in Service	May 2015	Future Cost	\$477,824.83
Useful Life	45	Assigned Reserves	<i>none</i>
Replacement Year	2060	Monthly Assessment	\$295.80
Remaining Life	36	Interest Contribution	<u>\$2.74</u>
		Reserve Allocation	\$298.54



**Remarks:**

This item is for the replacement of the fiber cement siding. Siding has a life expectancy that exceeds thirty (30) years. This component is being gradually funded for prior to the component's useful life falling below the life of this study.

**Mill Creek Condominium Association  
Detail Report by Category**

<b>Signage - 2026</b>			
Asset ID	1040	1 Allowance	@ \$3,000.00
		Asset Actual Cost	\$3,000.00
		Percent Replacement	100%
Category	General	Future Cost	\$3,307.50
Placed in Service	February 2001	Assigned Reserves	\$2,760.00
Useful Life	20		
Adjustment	5	Monthly Assessment	\$6.31
Replacement Year	2026	Interest Contribution	<u>\$1.21</u>
Remaining Life	2	Reserve Allocation	\$7.52



Remarks:

Replacement of any signage within the association every fifteen (15) years, or as needed. Ongoing maintenance such as pressure washing may be needed.

**Mill Creek Condominium Association  
Detail Report by Category**

**Tree Work - 2025**

Asset ID	1047	1 Allowance	@ \$12,000.00
Category	General	Asset Actual Cost	\$12,000.00
Placed in Service	June 2020	Percent Replacement	100%
Useful Life	5	Future Cost	\$12,600.00
Replacement Year	2025	Assigned Reserves	\$9,600.00
Remaining Life	1	Monthly Assessment	\$71.90
		Interest Contribution	<u>\$4.67</u>
		Reserve Allocation	\$76.57



**Remarks:**

Expect major pruning, maintenance, and/or replacement of some trees by an arborist every five (5) years, or as needed.

**Mill Creek Condominium Association  
Detail Report by Category**

Wood Deck - Replacement - Phase 1 - 2036

		1 Total	@ \$39,146.16
Asset ID	1033	Asset Actual Cost	\$39,146.16
		Percent Replacement	100%
Category	General	Future Cost	\$70,300.88
Placed in Service	February 2001	Assigned Reserves	<i>none</i>
Useful Life	25		
Adjustment	10	Monthly Assessment	\$138.80
Replacement Year	2036	Interest Contribution	<u>\$1.28</u>
Remaining Life	12	Reserve Allocation	\$140.08



Remarks:

Expect to replace the wood decking every twenty-five (25) years, or as needed.

Board replacement on 22 decks completed by Clearwater Construction in 2018 at a cost of \$17,000.

**Mill Creek Condominium Association  
Detail Report by Category**

Wood Deck - Replacement - Phase 2 - 2024

		1 Total	@ \$39,146.16
Asset ID	1045	Asset Actual Cost	\$39,146.16
		Percent Replacement	100%
Category	General	Future Cost	\$39,146.16
Placed in Service	February 2001	Assigned Reserves	\$39,146.16
Useful Life	25		
Adjustment	-2	Monthly Assessment	\$121.55
Replacement Year	2024	Interest Contribution	<u>\$1.12</u>
Remaining Life	0	Reserve Allocation	\$122.68



Remarks:

Expect to replace the wood decking every twenty-five (25) years, or as needed.

**Mill Creek Condominium Association  
Detail Report by Category**

Wood Deck - Replacement - Phase 3 - 2024

		1 Total	@ \$39,146.16
Asset ID	1046	Asset Actual Cost	\$39,146.16
		Percent Replacement	100%
Category	General	Future Cost	\$39,146.16
Placed in Service	February 2001	Assigned Reserves	\$39,146.16
Useful Life	25		
Adjustment	-2	Monthly Assessment	\$121.55
Replacement Year	2024	Interest Contribution	<u>\$1.12</u>
Remaining Life	0	Reserve Allocation	\$122.68



Remarks:

Expect to replace the wood decking every twenty-five (25) years, or as needed.

**Mill Creek Condominium Association  
Detail Report by Category**

**Wood Handrails & Stairs - 2036**

Asset ID	1034	1 Allowance	@ \$25,000.00
Category	General	Asset Actual Cost	\$25,000.00
Placed in Service	September 2021	Percent Replacement	100%
Useful Life	15	Future Cost	\$44,896.41
Replacement Year	2036	Assigned Reserves	<i>none</i>
Remaining Life	12	Monthly Assessment	\$88.64
		Interest Contribution	<u>\$0.82</u>
		Reserve Allocation	\$89.46



**Remarks:**

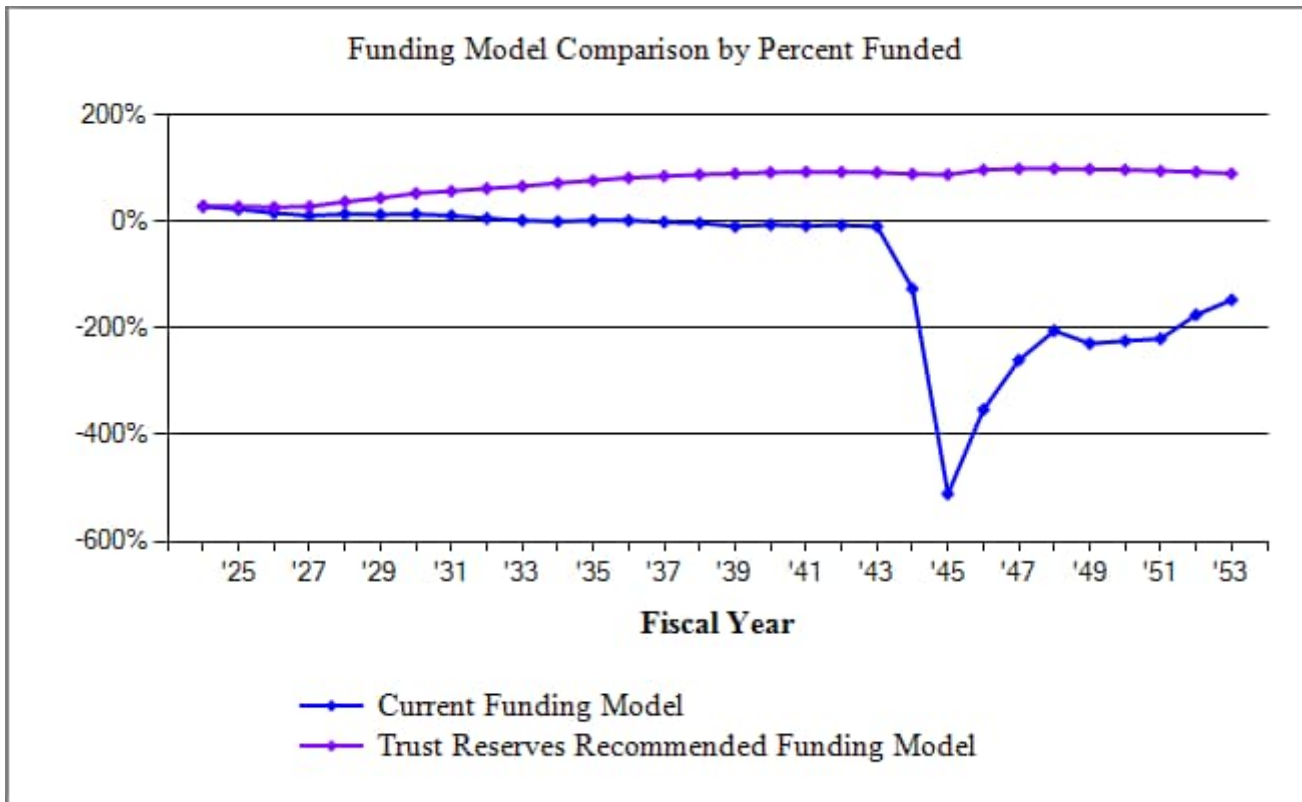
This is an allowance for the ongoing maintenance for the handrails and stairs throughout the association. Currently this is set to happen every fifteen (15) years, or as needed.

**Mill Creek Condominium Association  
Detail Report by Category**

<b>General - Total Current Cost</b>	<b>\$5,168,879</b>
<b>Assigned Reserves</b>	<b>\$745,084</b>
<b>Fully Funded Reserves</b>	<b>\$1,691,418</b>

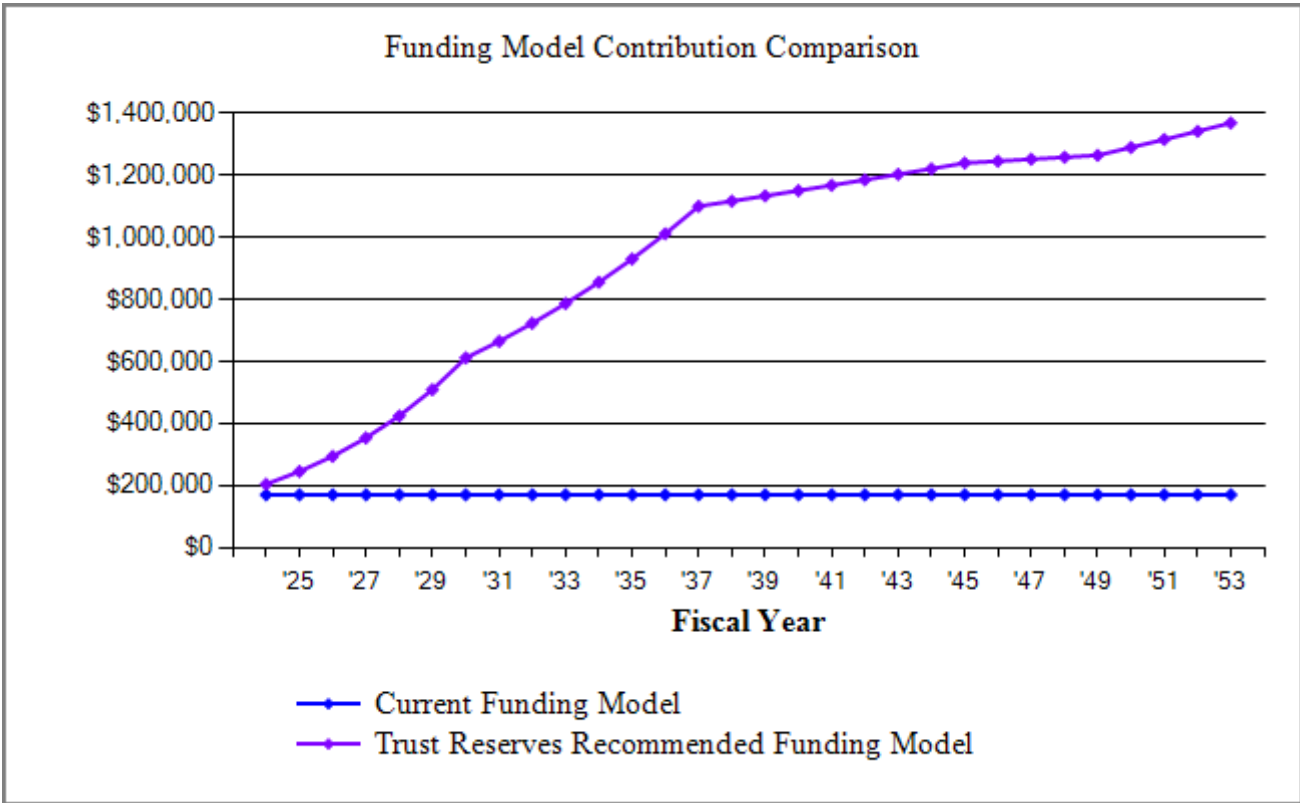
**Mill Creek Condominium Association  
Category Detail Index**

Asset ID	Description	Replacement	Page
<b>General</b>			
1041	Asphalt Overlay	2041	1-27
1042	Asphalt Seal Coat & Repairs	2026	1-28
1001	Bark Dust	2024	1-29
1009	Brick Facade Maintenance	2029	1-30
1057	Building Envelope Inspection	2024	1-31
1003	Concrete Maintenance	2031	1-32
1053	Decking - Stain	2024	1-33
1056	Entry Maintenance	2028	1-34
1037	Exterior Lighting	2033	1-35
1049	FHA Certification	2024	1-36
1055	Fence- Picket	2032	1-37
1054	Fence- Picket - Paint	2031	1-38
1022	Gutters & Downspouts - Phase 1	2025	1-39
1023	Gutters & Downspouts - Phase 2	2026	1-40
1024	Gutters & Downspouts - Phase 3	2027	1-41
1048	Insurance Deductible	2024	1-42
1005	Irrigation System	2029	1-43
1015	Mailboxes	2057	1-44
1026	Paint - Siding and Trim - Phase 1	2025	1-45
1027	Paint - Siding and Trim - Phase 2	2026	1-46
1028	Paint - Siding and Trim - Phase 3	2027	1-47
1052	Porch/Decking - Paint	2024	1-48
1039	Power Wash Driveways and Walkways	2026	1-49
1038	Retaining Walls - Maintenance	2024	1-50
1019	Roof - Replacement - Phase 1	2044	1-51
1020	Roof - Replacement - Phase 2	2045	1-52
1058	Roof Inspection	2024	1-53
1050	Siding - Maintenance	2024	1-54
1051	Siding - Replacement	2060	1-55
1040	Signage	2026	1-56
1047	Tree Work	2025	1-57
1033	Wood Deck - Replacement - Phase 1	2036	1-58
1045	Wood Deck - Replacement - Phase 2	2024	1-59
1046	Wood Deck - Replacement - Phase 3	2024	1-60
1034	Wood Handrails & Stairs	2036	1-61
	Total Funded Assets	35	
	Total Unfunded Assets	<u>0</u>	
	Total Assets	35	



The chart above compares the annual assessment of the three funding models (Current Assessment Funding Model, Threshold Funding Model and Component Funding Model) over 30 years.

**Mill Creek Condominium Association  
Funding Model Contribution Comparison Chart**



The chart above compares the annual assessment of the three funding models (Current Assessment Funding Model, Threshold Funding Model and Component Funding Model) over 30 years.

**Mill Creek Condominium Association  
Spread Sheet**

<b>Description</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>
Asphalt Overlay										
Asphalt Seal Coat & Repairs			49,723							
Bark Dust	22,500			26,047			30,152			34,905
Brick Facade Maintenance						3,191				
Building Envelope Inspection	13,125					16,751				
Concrete Maintenance								8,443		
Decking - Stain	37,000					47,222				
Entry Maintenance					30,388					
Exterior Lighting										55,848
FHA Certification	1,295			1,499			1,735			2,009
Fence- Picket									44,324	
Fence- Picket - Paint								12,664		
Gutters & Downspouts - Phase 1		18,375								
Gutters & Downspouts - Phase 2			19,294							
Gutters & Downspouts - Phase 3				20,258						
Insurance Deductible	10,000									
Irrigation System						1,276				
Mailboxes										
Paint - Siding and Trim - Phase 1		196,875						263,831		
Paint - Siding and Trim - Phase 2			206,719						277,023	
Paint - Siding and Trim - Phase 3				217,055						290,874
Porch/Decking - Paint	36,935					47,139				
Power Wash Driveways and Walkways			7,910							
Retaining Walls - Maintenance	2,500									
Roof - Replacement - Phase 1										
Roof - Replacement - Phase 2										
Roof Inspection	13,125					16,751				
Siding - Maintenance	3,500						4,690			
Siding - Replacement										
Signage			3,307							
Tree Work		12,600					16,081			
Wood Deck - Replacement - Phase 1										
Wood Deck - Replacement - Phase 2	39,146									
Wood Deck - Replacement - Phase 3	39,146									
Wood Handrails & Stairs										
<b>Year Total:</b>	<b>218,272</b>	<b>227,850</b>	<b>286,953</b>	<b>264,859</b>	<b>30,388</b>	<b>132,331</b>	<b>52,659</b>	<b>284,938</b>	<b>321,347</b>	<b>383,636</b>

**Mill Creek Condominium Association  
Spread Sheet**

<b>Description</b>	<b>2034</b>	<b>2035</b>	<b>2036</b>	<b>2037</b>	<b>2038</b>	<b>2039</b>	<b>2040</b>	<b>2041</b>	<b>2042</b>	<b>2043</b>
Asphalt Overlay								328,905		
Asphalt Seal Coat & Repairs	73,463								108,539	
Bark Dust			40,407			46,776			54,149	
Brick Facade Maintenance										
Building Envelope Inspection	21,379					27,286				
Concrete Maintenance								13,752		
Decking - Stain	60,269					76,920				
Entry Maintenance		42,758							60,165	
Exterior Lighting										
FHA Certification			2,326			2,692			3,117	
Fence- Picket										
Fence- Picket - Paint								20,628		
Gutters & Downspouts - Phase 1										
Gutters & Downspouts - Phase 2										
Gutters & Downspouts - Phase 3										
Insurance Deductible										
Irrigation System						2,079				
Mailboxes										
Paint - Siding and Trim - Phase 1				353,559						473,803
Paint - Siding and Trim - Phase 2					371,237					
Paint - Siding and Trim - Phase 3						389,799				
Porch/Decking - Paint	60,163					76,785				
Power Wash Driveways and Walkways			12,885							
Retaining Walls - Maintenance	4,072									
Roof - Replacement - Phase 1										
Roof - Replacement - Phase 2										
Roof Inspection	21,379					27,286				
Siding - Maintenance			6,285						8,423	
Siding - Replacement										
Signage										
Tree Work		20,524					26,194			
Wood Deck - Replacement - Phase 1			70,301							
Wood Deck - Replacement - Phase 2										
Wood Deck - Replacement - Phase 3										
Wood Handrails & Stairs			44,896							
<b>Year Total:</b>	<b>240,726</b>	<b>63,283</b>	<b>177,100</b>	<b>353,559</b>	<b>371,237</b>	<b>649,623</b>	<b>26,194</b>	<b>363,285</b>	<b>234,393</b>	<b>473,803</b>

**Mill Creek Condominium Association  
Spread Sheet**

<b>Description</b>	<b>2044</b>	<b>2045</b>	<b>2046</b>	<b>2047</b>	<b>2048</b>	<b>2049</b>	<b>2050</b>	<b>2051</b>	<b>2052</b>	<b>2053</b>
Asphalt Overlay										
Asphalt Seal Coat & Repairs							160,361			
Bark Dust		62,684			72,565			84,003		
Brick Facade Maintenance	6,633									
Building Envelope Inspection	34,825					44,446				
Concrete Maintenance								22,401		
Decking - Stain	98,172					125,295				
Entry Maintenance						84,659				
Exterior Lighting										148,181
FHA Certification		3,608			4,177			4,835		
Fence- Picket										
Fence- Picket - Paint								33,601		
Gutters & Downspouts - Phase 1						59,261				
Gutters & Downspouts - Phase 2							62,224			
Gutters & Downspouts - Phase 3								65,335		
Insurance Deductible										
Irrigation System						3,386				
Mailboxes										
Paint - Siding and Trim - Phase 1						634,942				
Paint - Siding and Trim - Phase 2	497,493						666,689			
Paint - Siding and Trim - Phase 3		522,368						700,023		
Porch/Decking - Paint	98,000					125,075				
Power Wash Driveways and Walkways			20,989							
Retaining Walls - Maintenance	6,633									
Roof - Replacement - Phase 1	6,272,425									
Roof - Replacement - Phase 2		4,127,891								
Roof Inspection	34,825					44,446				
Siding - Maintenance					11,288					
Siding - Replacement										
Signage			8,776							
Tree Work		33,432					42,668			
Wood Deck - Replacement - Phase 1										
Wood Deck - Replacement - Phase 2						132,563				
Wood Deck - Replacement - Phase 3						132,563				
Wood Handrails & Stairs								93,336		
<b>Year Total:</b>	<b>7,049,005</b>	<b>4,749,983</b>	<b>29,765</b>		<b>88,029</b>	<b>1,386,636</b>	<b>931,942</b>	<b>1,003,534</b>		<b>148,181</b>

# A Multi-Purpose Tool

Your reserve study 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 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 study is required by your accountant during the preparation of the association's annual audit.
- The 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 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 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.
- Since the reserve study includes measurements and cost estimates of the client's assets, the detail reports may be used to evaluate the accuracy and price of contractor bids when assets are due to be repaired or replaced.
- The reserve study is an annual disclosure to the membership concerning the financial condition of the association, and may be used as a "consumer's guide" by prospective purchasers.
- Your 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.

# Introduction to Reserve Studies

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.

## 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.

## 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:

<b>Utilities:</b>	Bank Service Charges	Accounting
Electricity	Dues & Publications	Reserve Study
Gas	Licenses, Permits & Fees	<b>Repair Expenses:</b>
Water	Insurance(s)	Tile Roof Repairs
Telephone	<b>Services:</b>	Equipment Repairs
Cable TV	Landscaping	Minor Concrete Repairs
<b>Administrative:</b>	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	
Equipment Replacement	
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.

## **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 *Trust Reserves* update process by keeping accurate records of these changes throughout the year.

## **Funding Methods**

From the simplest to the most complex, the reserve study 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 Threshold and The 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 Component Funding model is based upon the component methodology.

## **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 Trust Reserves Funding Model** is our recommended model and is based on the cash flow, parameters, and reserve fund balance. Because it is calculated using the cash flow, it will give the accurate projection of how well the association is funded for the next 30 years of planned reserve expenditures.

The **Baseline/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).

The **Current Allocation 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.

### **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.

### **User's Guide to your *Trust Reserves Study***

Part I of your report contains the *Trust Reserves* 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 *Trust Reserves* 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.

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 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 *Trust Reserves* 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 31<sup>st</sup>, 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.

**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.

**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).

# Important Information

This document has been provided pursuant to an agreement containing restrictions on its use. No part of this document may be copied or distributed, in any form or by any means, nor disclosed to third parties without the expressed written permission of The Management Trust. 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 *Trust Reserves* 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 *Trust Reserves* 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 *Trust Reserves* study are retained in our computer files. Therefore, annual updates may be completed quickly and inexpensively each year.

The Management Trust 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 Trust Reserves 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.