



## Mill Creek Condominium Association

On-Site Reserve Study - Level II  
FYE: December 31, 2025  
Portland, Oregon

Prepared by Greg Sprenger, PRA  
September 19, 2024

**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 .....	1-8
Current Funding Model Summary .....	1-10
Current Funding Model Projection .....	1-11
Current Funding Model VS Fully Funded Funding Model .....	1-12
Threshold Funding Model Summary .....	1-13
Threshold Funding Model Projection .....	1-14
Threshold Funding Model VS Fully Funded Funding Model .....	1-15
Fully Funded Funding Model Summary .....	1-16
Fully Funded Funding Model Projection .....	1-17
Trust Reserves Recommended Funding Model Summary .....	1-18
Trust Reserves Recommended Funding Model Projection .....	1-19
Trust Reserves Recommended Funding Model VS Fully Funded Funding Model .....	1-20
Annual Expenditure Detail .....	1-21
Annual Expenditure Chart .....	1-27
Detail Report by Category .....	1-28
Category Detail Index .....	1-66
Funding Model Comparison by Percent Funded .....	1-67
Funding Model Contribution Comparison Chart .....	1-68
Spread Sheet .....	1-69
A Multi-Purpose Tool .....	1-72
Introduction to Reserve Studies .....	1-73
Important Information .....	1-82

**Mill Creek Condominium Association  
Reserve Study Summary**

**Mill Creek Condominium Association – 2025 Reserve Study  
Reserve Study Summary**

**Project Information:**

Units: **75**

Type of Study: **2025 On-Site Update**

Current Annual Reserve Contribution: **\$148,992**

**Economic Assumptions and Results of Study:**

Projected Reserve Balance as of January 1, 2025: **\$422,891**

Projected Percent Funded as of January 1, 2025: **40%**

Trust Reserves Recommended Funding Model Annual Allocation: **\$189,654**

Trust Reserves Recommended Funding Model Annual Allocation/Unit: **\$2,529\***

**\*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
2025	\$148,992	\$422,353	\$1,686,820	25%
2026	\$148,992	\$294,770	\$1,728,852	17%
2027	\$148,992	\$185,119	\$1,814,989	10%
2028	\$148,992	\$76,790	\$1,897,126	4%
2029	\$148,992	\$173,664	\$2,229,964	8%

**Trust Reserves Recommended Funding Model**

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

Year	Contribution	Ending Balance	Fully Funded Reserves	Percent Funded
2025	\$189,654	\$463,126	\$1,686,820	27%
2026	\$218,102	\$405,044	\$1,728,852	23%
2027	\$250,817	\$398,048	\$1,814,989	22%
2028	\$288,440	\$430,612	\$1,897,126	23%
2029	\$331,706	\$712,468	\$2,229,964	32%

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	16	82,000 Square Feet	1.75	143,500
Asphalt Seal Coat & Repairs	2014	2026	10	2	1	82,000 Square Feet	0.55	45,100
Bark Dust	2024	2027	3	0	2	1 Allowance	18,300.00	18,300
Brick Facade Maintenance	2014	2029	15	0	4	1 Allowance	5,000.00	5,000
Building Envelope Inspection	2017	2025	5	0	0	75 Each	175.00	13,125
Building Envelope Maintenance	2019	2039	20	0	14	1 Allowance	250,000.00	250,000
Building Structural Inspection	2017	2025	5	0	0	75 Each	350.00	26,250
Concrete Maintenance	2021	2031	10	0	6	1 Allowance	6,000.00	6,000
Entry Maintenance	2021	2028	7	0	3	1 Allowance	25,000.00	25,000
Exterior Lighting	2013	2033	20	0	8	240 Each	150.00	36,000
FHA Certification	2020	2025	3	0	0	1 Total	1,295.00	1,295
Fence- Picket	2001	2032	25	6	7	1 Allowance	30,000.00	30,000
Fence- Picket - Paint	2021	2031	10	0	6	1 Allowance	9,000.00	9,000
Gutters & Downspouts - Phase 1	2001	2025	20	0	0	25 Unit	800.00	20,000
Gutters & Downspouts - Phase 2	2001	2026	20	5	1	25 Unit	800.00	20,000
Gutters & Downspouts - Phase 3	2001	2027	20	6	2	25 Unit	800.00	20,000
Insurance Deductible	2016	2025	7	0	0	1 Total	10,000.00	10,000
Irrigation System	2023	2033	10	0	8	1 Allowance	1,000.00	1,000
Mailboxes	2022	2057	35	0	32	10 Each	2,500.00	25,000
Paint - Siding and Trim - Phase 1	2013	2026	8	5	1	25 Unit	7,500.00	187,500
Paint - Siding and Trim - Phase 2	2014	2027	8	5	2	25 Unit	7,500.00	187,500
Paint - Siding and Trim - Phase 3	2015	2028	8	5	3	25 Unit	7,500.00	187,500
Porch/Decking - Paint	2018	2025	5	0	0	1 Allowance	45,000.00	45,000
Pressure Washing	2024	2034	10	0	9	1 Total	14,000.00	14,000
Retaining Walls - Maintenance	2024	2034	10	0	9	1 Allowance	2,500.00	2,500
Roof - Replacement - Phase 1	2019	2069	50	0	44	1 Total	2,500,000.00	2,500,000
Roof - Replacement - Phase 2	2020	2070	50	0	45	1 Total	1,550,000.00	1,550,000
Roof Inspection	2019	2025	5	0	0	75 Each	175.00	13,125
Siding - Maintenance	2013	2025	6	5	0	1 Allowance	7,500.00	7,500
Siding - Replacement	2015	2060	45	0	35	75 Each	12,000.00@ 25%	225,000
Signage	2001	2028	20	7	3	1 Allowance	3,000.00	3,000
Tree Work	2023	2028	5	0	3	1 Allowance	12,000.00	12,000
Wood Deck - Replacement	2024	2034	10	0	9	1 Allowance	100,000.00	100,000
Wood Deck - Replacement- Phase 1	2024	2034	10	0	9	1 Allowance	100,000.00	100,000
Wood Deck - Replacement- Phase 2	2024	2025	1	0	0	1 Allowance	15,000.00	15,000
Wood Deck - Stain	2024	2029	5	0	4	1 Allowance	40,000.00	40,000
Wood Handrails & Stairs	2024	2039	15	0	14	1 Allowance	25,000.00	25,000
General - Total								\$5,919,195
Total Asset Summary								\$5,919,195

**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	268,773	40	16		0	328.78	86,100
Asphalt Seal Coat & Repairs	46,904	10	1	2	41,342	108.84	41,342
Bark Dust	19,793	3	2		6,100	138.19	6,100
Brick Facade Maintenance	5,849	15	4		0	29.50	3,667
Building Envelope Inspection	13,125	5	0		13,125	64.27	13,125
Building Envelope Maintenance	432,919	20	14		0	608.29	75,000
Building Structural Inspection	26,250	5	0		26,250	128.53	26,250
Concrete Maintenance	7,592	10	6		0	25.40	2,400
Entry Maintenance	28,122	7	3		14,286	91.82	14,286
Exterior Lighting	49,268	20	8		0	122.99	21,600
FHA Certification	1,295	3	0		1,295	9.82	1,295
Fence- Picket	39,478	25	7	6	0	112.92	23,226
Fence- Picket - Paint	11,388	10	6		0	38.10	3,600
Gutters & Downspouts - Phase 1	20,000	20	0		20,000	42.45	20,000
Gutters & Downspouts - Phase 2	20,800	20	1	5	19,200	30.56	19,200
Gutters & Downspouts - Phase 3	21,632	20	2	6	18,462	30.26	18,462
Insurance Deductible	10,000	7	0		10,000	0.00	10,000
Irrigation System	1,369	10	8		0	3.42	200
Mailboxes	87,701	35	32		0	51.50	2,143
Paint - Siding and Trim - Phase 1	195,000	8	1	5	173,077	427.96	173,077
Paint - Siding and Trim - Phase 2	202,800	8	2	5	158,654	431.36	158,654
Paint - Siding and Trim - Phase 3	210,912	8	3	5	4,823	1,388.80	144,231
Porch/Decking - Paint	45,000	5	0		45,000	220.34	45,000
Pressure Washing	19,926	10	9		0	44.11	1,400
Retaining Walls - Maintenance	3,558	10	9		0	7.88	250
Roof - Replacement - Phase 1	14,041,288	50	44		0	5,813.48	300,000
Roof - Replacement - Phase 2	9,053,822	50	45		0	3,655.74	155,000
Roof Inspection	13,125	5	0		13,125	64.27	13,125
Siding - Maintenance	7,500	6	0	5	7,500	31.75	7,500
Siding - Replacement	887,870	45	35		0	472.99	50,000
Signage	3,375	20	3	7	2,667	4.50	2,667
Tree Work	13,498	5	3		4,800	58.15	4,800
Wood Deck - Replacement	142,331	10	9		0	315.04	10,000
Wood Deck - Replacement- Phase 1	142,331	10	9		0	315.04	10,000
Wood Deck - Replacement- Phase 2	15,000	1	0		15,000	304.88	15,000
Wood Deck - Stain	46,794	5	4		0	236.00	8,000
Wood Handrails & Stairs	43,292	15	14		0	60.83	1,667
General - Total	<u>\$26,199,682</u>				<u>\$594,704</u>	<u>\$15,819</u>	<u>\$1,488,364</u>

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

Description	Future Cost	Useful Life	Remaining Life	Adjustment	Assigned Reserves	Monthly Contribution	Fully Funded
Asset Summary Total:	<u>\$26,199,682</u>				<u>\$594,704</u>	<u>\$15,819</u>	<u>\$1,488,364</u>
Contingency at 3.00%					<u>\$17,841</u>	<u>\$475</u>	<u>\$44,651</u>
Grand Total:					<u>\$612,545</u>	<u>\$16,293</u>	<u>\$1,533,015</u>

Percent Fully Funded	40%
Current Average Liability per Unit (Total Units: 75)	-\$12,273

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

Description	Remaining Life	Replacement Year	Assigned Reserves	Fully Funded Reserves
FHA Certification	0	2025	1,295	1,295
Siding - Maintenance	0	2025	7,500	7,500
Insurance Deductible	0	2025	10,000	10,000
Building Envelope Inspection	0	2025	13,125	13,125
Roof Inspection	0	2025	13,125	13,125
Wood Deck - Replacement- Phase 2	0	2025	15,000	15,000
Gutters & Downspouts - Phase 1	0	2025	20,000	20,000
Building Structural Inspection	0	2025	26,250	26,250
Porch/Decking - Paint	0	2025	45,000	45,000
Gutters & Downspouts - Phase 2	1	2026	19,200	19,200
Asphalt Seal Coat & Repairs	1	2026	41,342	41,342
Paint - Siding and Trim - Phase 1	1	2026	173,077	173,077
Bark Dust	2	2027	6,100	6,100
Gutters & Downspouts - Phase 3	2	2027	18,462	18,462
Paint - Siding and Trim - Phase 2	2	2027	158,654	158,654
Signage	3	2028	2,667	2,667
Tree Work	3	2028	4,800	4,800
Entry Maintenance	3	2028	14,286	14,286
Paint - Siding and Trim - Phase 3	3	2028	* 4,823	144,231
Brick Facade Maintenance	4	2029		3,667
Wood Deck - Stain	4	2029		8,000
Concrete Maintenance	6	2031		2,400
Fence- Picket - Paint	6	2031		3,600
Fence- Picket	7	2032		23,226
Irrigation System	8	2033		200
Exterior Lighting	8	2033		21,600
Retaining Walls - Maintenance	9	2034		250
Pressure Washing	9	2034		1,400
Wood Deck - Replacement	9	2034		10,000
Wood Deck - Replacement- Phase 1	9	2034		10,000
Wood Handrails & Stairs	14	2039		1,667
Building Envelope Maintenance	14	2039		75,000
Asphalt Overlay	16	2041		86,100
Mailboxes	32	2057		2,143
Siding - Replacement	35	2060		50,000
Roof - Replacement - Phase 1	44	2069		300,000
Roof - Replacement - Phase 2	45	2070		155,000

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

Description	Remaining Life	Replacement Year	Assigned Reserves	Fully Funded Reserves
Total Asset Summary			<u>\$594,704</u>	<u>\$1,488,364</u>
Contingency at 3.00%			<u>\$17,841</u>	<u>\$44,651</u>
Summary Total			\$612,545	\$1,533,015

Percent Fully Funded	40%
Current Average Liability per Unit (Total Units: 75)	-\$12,273

*\*' Indicates Partially Funded*

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

Report Date	September 19, 2024
Account Number	2025 On-Site Update
Version	1
Budget Year Beginning	January 1, 2025
Budget Year Ending	December 31, 2025
Total Units	75

<i>Report Parameters</i>	
Inflation	4.00%
Interest Rate on Reserve Deposit	0.50%
Contingency	3.00%
2025 Beginning Balance	\$422,891

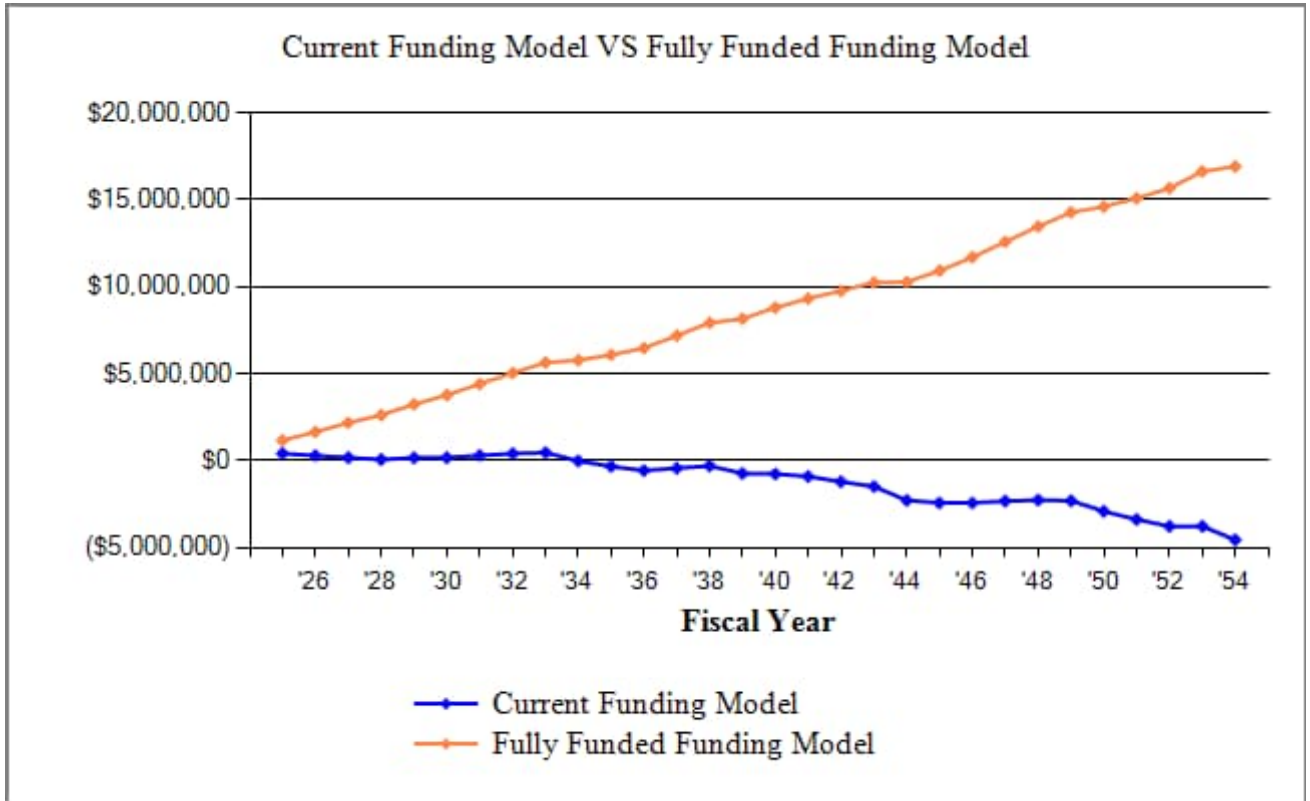
<i>Current Funding Model Summary of Calculations</i>	
Required Monthly Contribution <i>\$165.55 per unit monthly</i>	\$12,416.00
Average Net Monthly Interest Earned	<u>\$147.10</u>
Total Monthly Allocation to Reserves <i>\$167.51 per unit monthly</i>	\$12,563.10

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

Beginning Balance: \$422,891

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2025	5,919,195	148,992	1,765	151,295	422,353	1,686,820	25%
2026	6,144,963	148,992	1,129	277,704	294,770	1,728,852	17%
2027	6,390,161	148,992	582	259,225	185,119	1,814,989	10%
2028	6,630,168	148,992	42	257,363	76,790	1,897,126	4%
2029	6,895,374	148,992	525	52,644	173,664	2,229,964	8%
2030	7,171,189	148,992	568	140,888	182,336	2,494,121	7%
2031	7,458,037	148,992	1,167	30,108	302,386	2,900,548	10%
2032	7,756,359	148,992	1,722	39,478	413,622	3,327,078	12%
2033	8,066,613	148,992	2,015	92,105	472,525	3,728,408	13%
2034	8,389,277	148,992		633,794	-12,277	3,580,211	
2035	8,724,848	148,992		458,876	-322,161	3,628,721	
2036	9,073,842	148,992		386,249	-559,418	3,772,843	
2037	9,436,796	148,992		14,081	-424,507	4,337,905	
2038	9,814,268	148,992		19,981	-295,496	4,936,419	
2039	10,206,839	148,992		577,168	-723,671	4,979,871	
2040	10,615,112	148,992		177,924	-752,604	5,471,302	
2041	11,039,717	148,992		296,868	-900,479	5,874,290	
2042	11,481,305	148,992		449,575	-1,201,062	6,149,903	
2043	11,940,558	148,992		423,993	-1,476,064	6,484,833	
2044	12,418,180	148,992		945,975	-2,273,047	6,295,738	
2045	12,914,907	148,992		297,555	-2,421,610	6,816,261	
2046	13,431,503	148,992		151,299	-2,423,916	7,537,771	
2047	13,968,763	148,992		47,398	-2,322,323	8,423,877	
2048	14,527,514	148,992		82,075	-2,255,406	9,333,697	
2049	15,108,615	148,992		189,159	-2,295,573	10,191,632	
2050	15,712,959	148,992		759,763	-2,906,344	10,500,142	
2051	16,341,477	148,992		612,161	-3,369,513	11,007,692	
2052	16,995,137	148,992		544,366	-3,764,887	11,637,898	
2053	17,674,942	148,992		146,936	-3,762,831	12,749,959	
2054	18,381,940	148,992		934,972	-4,548,811	13,094,517	

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



The **Current 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 19, 2024
Account Number	2025 On-Site Update
Version	1
Budget Year Beginning	January 1, 2025
Budget Year Ending	December 31, 2025
Total Units	75

<i>Report Parameters</i>	
Inflation	4.00%
Annual Contribution Increase	4.00%
Interest Rate on Reserve Deposit	0.50%
Contingency	3.00%
2025 Beginning Balance	\$422,891

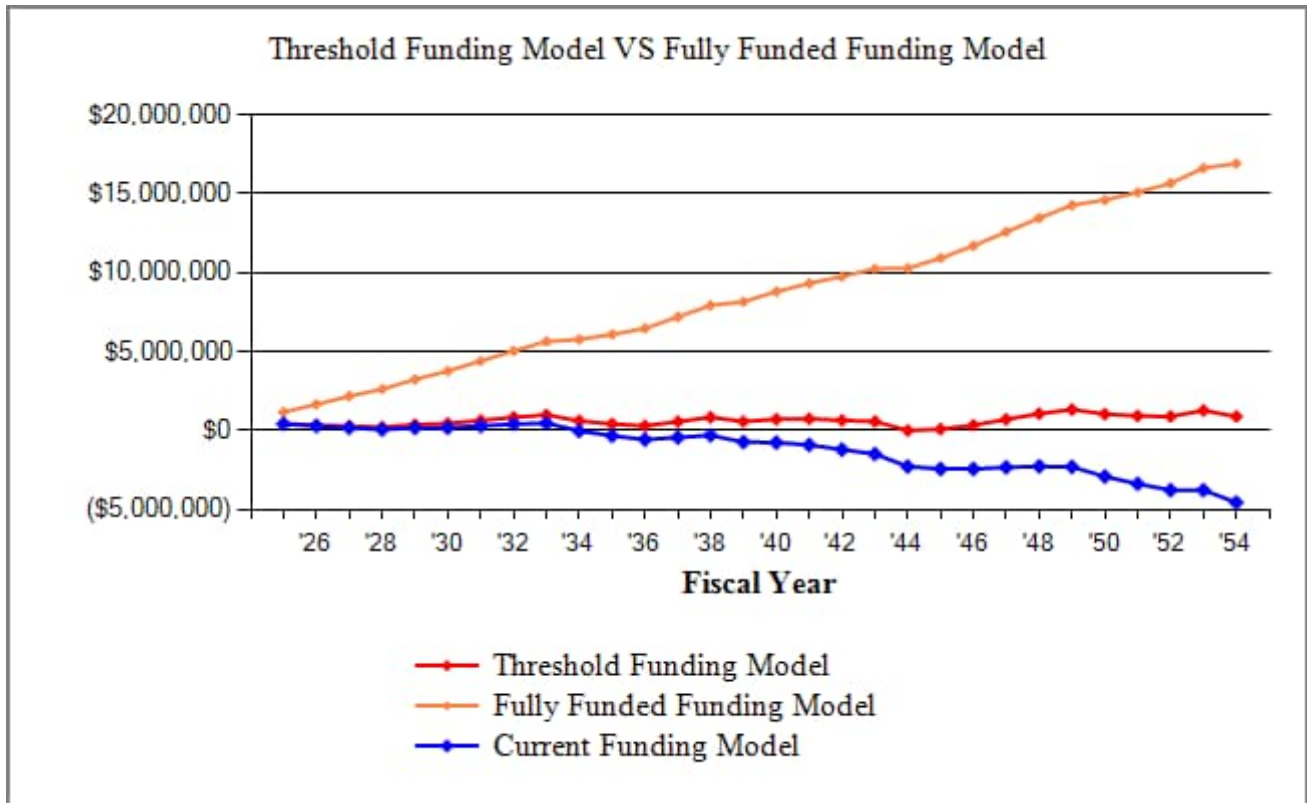
<i>Threshold Funding Model Summary of Calculations</i>	
Required Monthly Contribution <i>\$195.15 per unit monthly</i>	\$14,636.13
Average Net Monthly Interest Earned	<u>\$153.12</u>
Total Monthly Allocation to Reserves <i>\$197.19 per unit monthly</i>	\$14,789.26

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

Beginning Balance: \$422,891

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2025	5,919,195	175,634	1,837	151,295	449,067	1,686,820	27%
2026	6,144,963	182,659	1,354	277,704	355,376	1,728,852	21%
2027	6,390,161	189,965	997	259,225	287,113	1,814,989	16%
2028	6,630,168	197,564	685	257,363	227,999	1,897,126	12%
2029	6,895,374	205,466	1,436	52,644	382,258	2,229,964	17%
2030	7,171,189	213,685	1,789	140,888	456,844	2,494,121	18%
2031	7,458,037	222,233	2,741	30,108	651,709	2,900,548	22%
2032	7,756,359	231,122	3,695	39,478	847,048	3,327,078	25%
2033	8,066,613	240,367	4,435	92,105	999,746	3,728,408	27%
2034	8,389,277	249,981	2,512	633,794	618,445	3,580,211	17%
2035	8,724,848	259,981	1,505	458,876	421,055	3,628,721	12%
2036	9,073,842	270,380	908	386,249	306,094	3,772,843	8%
2037	9,436,796	281,195	2,226	14,081	575,434	4,337,905	13%
2038	9,814,268	292,443	3,577	19,981	851,473	4,936,419	17%
2039	10,206,839	304,141	2,200	577,168	580,645	4,979,871	12%
2040	10,615,112	316,306	2,876	177,924	721,903	5,471,302	13%
2041	11,039,717	328,958	3,022	296,868	757,016	5,874,290	13%
2042	11,481,305	342,117	2,469	449,575	652,026	6,149,903	11%
2043	11,940,558	355,801	2,108	423,993	585,942	6,484,833	9%
2044	12,418,180	370,033		945,975	10,001	6,295,738	0%
2045	12,914,907	384,835		297,555	97,281	6,816,261	1%
2046	13,431,503	400,228	815	151,299	347,025	7,537,771	5%
2047	13,968,763	416,237	2,631	47,398	718,495	8,423,877	9%
2048	14,527,514	432,887	4,364	82,075	1,073,670	9,333,697	12%
2049	15,108,615	450,202	5,654	189,159	1,340,367	10,191,632	13%
2050	15,712,959	468,210	4,180	759,763	1,052,994	10,500,142	10%
2051	16,341,477	486,939	3,530	612,161	931,301	11,007,692	8%
2052	16,995,137	506,416	3,313	544,366	896,665	11,637,898	8%
2053	17,674,942	526,673	5,186	146,936	1,281,587	12,749,959	10%
2054	18,381,940	547,740	3,223	934,972	897,578	13,094,517	7%

**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 19, 2024
Account Number	2025 On-Site Update
Version	1
Budget Year Beginning	January 1, 2025
Budget Year Ending	December 31, 2025
Total Units	75

<i>Report Parameters</i>	
Inflation	4.00%
Interest Rate on Reserve Deposit	0.50%
Contingency	3.00%
2025 Beginning Balance	\$422,891

<i>Fully Funded Funding Model Summary of Calculations</i>	
Required Monthly Contribution <i>\$997.33 per unit monthly</i>	\$74,799.69
Average Net Monthly Interest Earned	<u>\$316.32</u>
Total Monthly Allocation to Reserves <i>\$1,001.55 per unit monthly</i>	\$75,116.01

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

Beginning Balance: \$422,891

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2025	5,919,195	897,596	3,796	151,295	1,172,988	1,685,290	70%
2026	6,144,963	765,867	6,564	277,704	1,667,716	1,728,852	96%
2027	6,390,161	767,381	9,140	259,225	2,185,011	1,799,539	121%
2028	6,630,168	691,404	11,536	257,363	2,630,588	1,897,126	139%
2029	6,895,374	652,378	14,689	52,644	3,245,011	2,229,964	146%
2030	7,171,189	660,175	17,347	140,888	3,781,645	2,494,121	152%
2031	7,458,037	643,374	20,546	30,108	4,415,457	2,900,548	152%
2032	7,756,359	645,303	23,680	39,478	5,044,962	3,327,078	152%
2033	8,066,613	671,855	26,644	92,105	5,651,355	3,728,408	152%
2034	8,389,277	735,735	27,141	633,794	5,780,437	3,580,211	161%
2035	8,724,848	744,951	28,690	458,876	6,095,202	3,628,721	168%
2036	9,073,842	737,630	30,611	386,249	6,477,194	3,772,843	172%
2037	9,436,796	704,227	34,300	14,081	7,201,640	4,337,905	166%
2038	9,814,268	718,380	37,939	19,981	7,937,978	4,936,419	161%
2039	10,206,839	766,039	38,966	577,168	8,165,816	4,979,871	164%
2040	10,615,112	778,247	42,142	177,924	8,808,281	5,471,302	161%
2041	11,039,717	774,878	44,757	296,868	9,331,047	5,874,290	159%
2042	11,481,305	842,249	46,794	449,575	9,770,515	6,149,903	159%
2043	11,940,558	857,905	49,167	423,993	10,253,593	6,484,833	158%
2044	12,418,180	919,931	49,140	945,975	10,276,689	6,295,738	163%
2045	12,914,907	900,493	52,453	297,555	10,932,080	6,816,261	160%
2046	13,431,503	868,603	56,384	151,299	11,705,768	7,537,771	155%
2047	13,968,763	869,824	60,785	47,398	12,588,979	8,423,877	149%
2048	14,527,514	899,673	65,118	82,075	13,471,695	9,333,697	144%
2049	15,108,615	929,702	69,087	189,159	14,281,325	10,191,632	140%
2050	15,712,959	1,019,422	70,528	759,763	14,611,512	10,500,142	139%
2051	16,341,477	1,027,677	72,945	612,161	15,099,973	11,007,692	137%
2052	16,995,137	1,040,435	75,767	544,366	15,671,809	11,637,898	135%
2053	17,674,942	1,030,766	80,598	146,936	16,636,237	12,749,959	130%
2054	18,381,940	1,136,824	81,770	934,972	16,919,860	13,094,517	129%

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

Report Date	September 19, 2024
Account Number	2025 On-Site Update
Version	1
Budget Year Beginning	January 1, 2025
Budget Year Ending	December 31, 2025
Total Units	75

<i>Report Parameters</i>	
Inflation	4.00%
Interest Rate on Reserve Deposit	0.50%
Contingency	3.00%
2025 Beginning Balance	\$422,891

***Trust Reserves Recommended Funding Model Summary of Calculations***

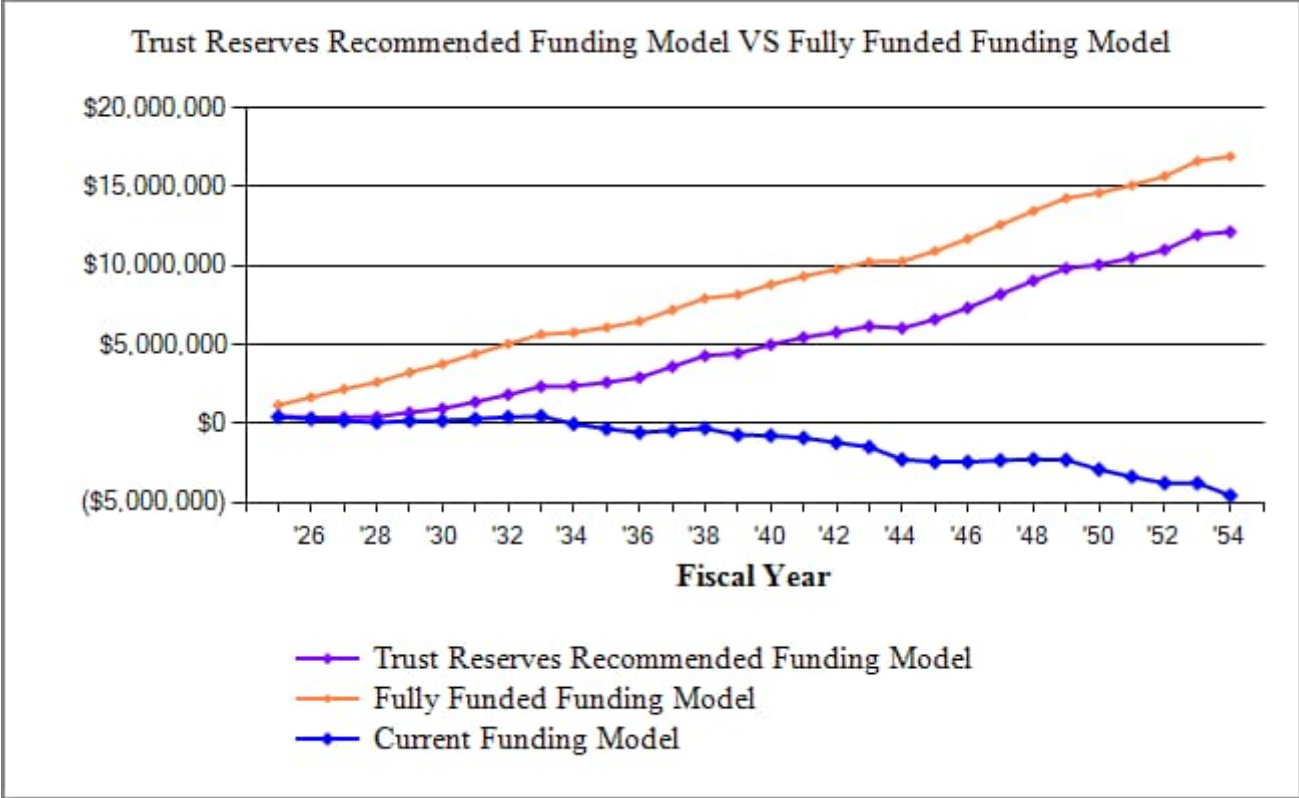
Required Monthly Contribution	\$15,804.50
<i>\$210.73 per unit monthly</i>	
Average Net Monthly Interest Earned	<u>\$156.29</u>
Total Monthly Allocation to Reserves	\$15,960.79
<i>\$212.81 per unit monthly</i>	

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

Beginning Balance: \$422,891

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2025	5,919,195	189,654	1,876	151,295	463,126	1,686,820	27%
2026	6,144,963	218,102	1,521	277,704	405,044	1,728,852	23%
2027	6,390,161	250,817	1,411	259,225	398,048	1,814,989	22%
2028	6,630,168	288,440	1,487	257,363	430,612	1,897,126	23%
2029	6,895,374	331,706	2,794	52,644	712,468	2,229,964	32%
2030	7,171,189	381,462	3,899	140,888	956,941	2,494,121	38%
2031	7,458,037	438,681	5,835	30,108	1,371,349	2,900,548	47%
2032	7,756,359	504,483	8,043	39,478	1,844,397	3,327,078	55%
2033	8,066,613	580,156	10,355	92,105	2,342,804	3,728,408	63%
2034	8,389,277	667,179	10,374	633,794	2,386,564	3,580,211	67%
2035	8,724,848	673,851	11,488	458,876	2,613,027	3,628,721	72%
2036	9,073,842	680,590	13,006	386,249	2,920,373	3,772,843	77%
2037	9,436,796	687,396	16,429	14,081	3,610,117	4,337,905	83%
2038	9,814,268	694,269	19,875	19,981	4,304,281	4,936,419	87%
2039	10,206,839	701,212	20,580	577,168	4,448,906	4,979,871	89%
2040	10,615,112	708,224	23,325	177,924	5,002,531	5,471,302	91%
2041	11,039,717	729,471	25,561	296,868	5,460,695	5,874,290	93%
2042	11,481,305	751,355	27,151	449,575	5,789,626	6,149,903	94%
2043	11,940,558	773,896	28,989	423,993	6,168,517	6,484,833	95%
2044	12,418,180	797,113	28,335	945,975	6,047,990	6,295,738	96%
2045	12,914,907	821,026	31,045	297,555	6,602,506	6,816,261	97%
2046	13,431,503	845,657	34,624	151,299	7,331,488	7,537,771	97%
2047	13,968,763	871,027	38,867	47,398	8,193,983	8,423,877	97%
2048	14,527,514	897,157	43,086	82,075	9,052,151	9,333,697	97%
2049	15,108,615	924,072	46,923	189,159	9,833,988	10,191,632	96%
2050	15,712,959	951,794	48,057	759,763	10,074,075	10,500,142	96%
2051	16,341,477	980,348	50,077	612,161	10,492,339	11,007,692	95%
2052	16,995,137	1,009,758	52,593	544,366	11,010,325	11,637,898	95%
2053	17,674,942	1,040,051	57,263	146,936	11,960,703	12,749,959	94%
2054	18,381,940	1,071,253	58,161	934,972	12,155,145	13,094,517	93%

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



**The Trust Reserves Recommended 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 2025</b>	
Building Envelope Inspection	13,125
Building Structural Inspection	26,250
FHA Certification	1,295
Gutters & Downspouts - Phase 1	20,000
Insurance Deductible	10,000
Porch/Decking - Paint	45,000
Roof Inspection	13,125
Siding - Maintenance	7,500
Wood Deck - Replacement- Phase 2	15,000
<b>Total for 2025</b>	<b>\$151,295</b>
<b>Replacement Year 2026</b>	
Asphalt Seal Coat & Repairs	46,904
Gutters & Downspouts - Phase 2	20,800
Paint - Siding and Trim - Phase 1	195,000
Wood Deck - Replacement- Phase 2	15,000
<b>Total for 2026</b>	<b>\$277,704</b>
<b>Replacement Year 2027</b>	
Bark Dust	19,793
Gutters & Downspouts - Phase 3	21,632
Paint - Siding and Trim - Phase 2	202,800
Wood Deck - Replacement- Phase 2	15,000
<b>Total for 2027</b>	<b>\$259,225</b>
<b>Replacement Year 2028</b>	
Entry Maintenance	28,122
FHA Certification	1,457
Paint - Siding and Trim - Phase 3	210,912
Signage	3,375
Tree Work	13,498
<b>Total for 2028</b>	<b>\$257,363</b>
<b>Replacement Year 2029</b>	
Brick Facade Maintenance	5,849
Wood Deck - Stain	46,794
<b>Total for 2029</b>	<b>\$52,644</b>

**Mill Creek Condominium Association  
Annual Expenditure Detail**

Description	Expenditures
<b>Replacement Year 2030</b>	
Bark Dust	22,265
Building Envelope Inspection	15,969
Building Structural Inspection	31,937
Porch/Decking - Paint	54,749
Roof Inspection	15,969
<b>Total for 2030</b>	<b>\$140,888</b>
<b>Replacement Year 2031</b>	
Concrete Maintenance	7,592
FHA Certification	1,639
Fence- Picket - Paint	11,388
Siding - Maintenance	9,490
<b>Total for 2031</b>	<b>\$30,108</b>
<b>Replacement Year 2032</b>	
Fence- Picket	39,478
<b>Total for 2032</b>	<b>\$39,478</b>
<b>Replacement Year 2033</b>	
Bark Dust	25,045
Exterior Lighting	49,268
Irrigation System	1,369
Tree Work	16,423
<b>Total for 2033</b>	<b>\$92,105</b>
<b>Replacement Year 2034</b>	
FHA Certification	1,843
Paint - Siding and Trim - Phase 1	266,871
Pressure Washing	19,926
Retaining Walls - Maintenance	3,558
Wood Deck - Replacement	142,331
Wood Deck - Replacement- Phase 1	142,331
Wood Deck - Stain	56,932
<b>Total for 2034</b>	<b>\$633,794</b>
<b>Replacement Year 2035</b>	
Building Envelope Inspection	19,428

**Mill Creek Condominium Association  
Annual Expenditure Detail**

Description	Expenditures
<b><i>Replacement Year 2035 continued...</i></b>	
Building Structural Inspection	38,856
Entry Maintenance	37,006
Paint - Siding and Trim - Phase 2	277,546
Porch/Decking - Paint	66,611
Roof Inspection	19,428
<b>Total for 2035</b>	<b><u>\$458,876</u></b>
<b>Replacement Year 2036</b>	
Asphalt Seal Coat & Repairs	69,429
Bark Dust	28,172
Paint - Siding and Trim - Phase 3	288,648
<b>Total for 2036</b>	<b><u>\$386,249</u></b>
<b>Replacement Year 2037</b>	
FHA Certification	2,073
Siding - Maintenance	12,008
<b>Total for 2037</b>	<b><u>\$14,081</u></b>
<b>Replacement Year 2038</b>	
Tree Work	19,981
<b>Total for 2038</b>	<b><u>\$19,981</u></b>
<b>Replacement Year 2039</b>	
Bark Dust	31,690
Building Envelope Maintenance	432,919
Wood Deck - Stain	69,267
Wood Handrails & Stairs	43,292
<b>Total for 2039</b>	<b><u>\$577,168</u></b>
<b>Replacement Year 2040</b>	
Building Envelope Inspection	23,637
Building Structural Inspection	47,275
FHA Certification	2,332
Porch/Decking - Paint	81,042
Roof Inspection	23,637
<b>Total for 2040</b>	<b><u>\$177,924</u></b>

**Mill Creek Condominium Association  
Annual Expenditure Detail**

Description	Expenditures
<b>Replacement Year 2041</b>	
Asphalt Overlay	268,773
Concrete Maintenance	11,238
Fence- Picket - Paint	16,857
<b>Total for 2041</b>	<b>\$296,868</b>
<b>Replacement Year 2042</b>	
Bark Dust	35,647
Entry Maintenance	48,698
Paint - Siding and Trim - Phase 1	365,231
<b>Total for 2042</b>	<b>\$449,575</b>
<b>Replacement Year 2043</b>	
FHA Certification	2,623
Irrigation System	2,026
Paint - Siding and Trim - Phase 2	379,841
Siding - Maintenance	15,194
Tree Work	24,310
<b>Total for 2043</b>	<b>\$423,993</b>
<b>Replacement Year 2044</b>	
Brick Facade Maintenance	10,534
Paint - Siding and Trim - Phase 3	395,034
Pressure Washing	29,496
Retaining Walls - Maintenance	5,267
Wood Deck - Replacement	210,685
Wood Deck - Replacement- Phase 1	210,685
Wood Deck - Stain	84,274
<b>Total for 2044</b>	<b>\$945,975</b>
<b>Replacement Year 2045</b>	
Bark Dust	40,098
Building Envelope Inspection	28,758
Building Structural Inspection	57,517
Gutters & Downspouts - Phase 1	43,822
Porch/Decking - Paint	98,601
Roof Inspection	28,758
<b>Total for 2045</b>	<b>\$297,555</b>

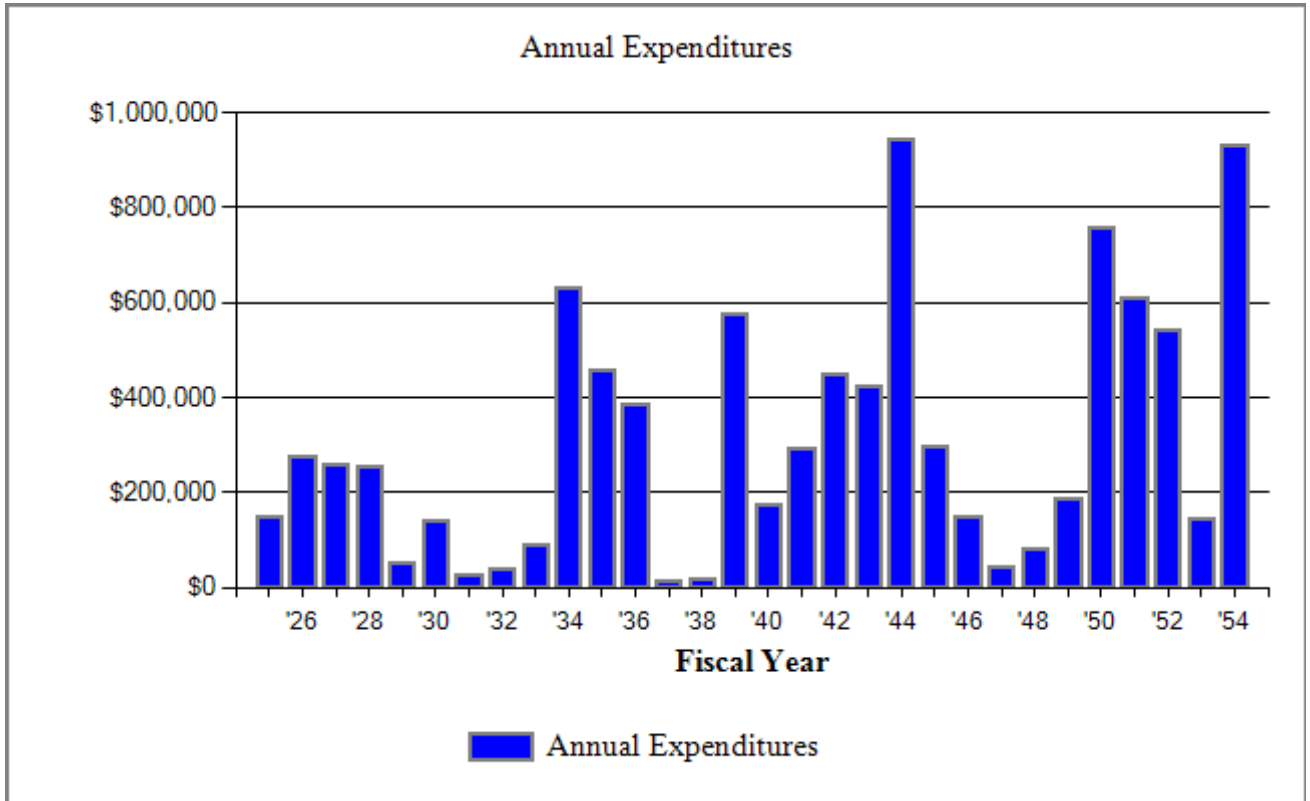
**Mill Creek Condominium Association  
Annual Expenditure Detail**

Description	Expenditures
<b>Replacement Year 2046</b>	
Asphalt Seal Coat & Repairs	102,772
FHA Certification	2,951
Gutters & Downspouts - Phase 2	45,575
<b>Total for 2046</b>	<b>\$151,299</b>
<b>Replacement Year 2047</b>	
Gutters & Downspouts - Phase 3	47,398
<b>Total for 2047</b>	<b>\$47,398</b>
<b>Replacement Year 2048</b>	
Bark Dust	45,104
Signage	7,394
Tree Work	29,577
<b>Total for 2048</b>	<b>\$82,075</b>
<b>Replacement Year 2049</b>	
Entry Maintenance	64,083
FHA Certification	3,319
Siding - Maintenance	19,225
Wood Deck - Stain	102,532
<b>Total for 2049</b>	<b>\$189,159</b>
<b>Replacement Year 2050</b>	
Building Envelope Inspection	34,989
Building Structural Inspection	69,978
Paint - Siding and Trim - Phase 1	499,844
Porch/Decking - Paint	119,963
Roof Inspection	34,989
<b>Total for 2050</b>	<b>\$759,763</b>
<b>Replacement Year 2051</b>	
Bark Dust	50,736
Concrete Maintenance	16,635
Fence- Picket - Paint	24,952
Paint - Siding and Trim - Phase 2	519,838
<b>Total for 2051</b>	<b>\$612,161</b>

**Mill Creek Condominium Association  
Annual Expenditure Detail**

Description	Expenditures
<b>Replacement Year 2052</b>	
FHA Certification	3,734
Paint - Siding and Trim - Phase 3	540,632
<b>Total for 2052</b>	<b>\$544,366</b>
<b>Replacement Year 2053</b>	
Exterior Lighting	107,953
Irrigation System	2,999
Tree Work	35,984
<b>Total for 2053</b>	<b>\$146,936</b>
<b>Replacement Year 2054</b>	
Bark Dust	57,071
Pressure Washing	43,661
Retaining Walls - Maintenance	7,797
Wood Deck - Replacement	311,865
Wood Deck - Replacement- Phase 1	311,865
Wood Deck - Stain	124,746
Wood Handrails & Stairs	77,966
<b>Total for 2054</b>	<b>\$934,972</b>

**Mill Creek Condominium Association  
Annual Expenditure Chart**



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

<b>Asphalt Overlay - 2041</b>		82,000 Square Feet	@ \$1.75
Asset ID	1041	Asset Actual Cost	\$143,500.00
		Percent Replacement	100%
Category	General	Future Cost	\$268,772.81
Placed in Service	February 2001	Assigned Reserves	<i>none</i>
Useful Life	40		
Replacement Year	2041	Monthly Assessment	\$253.26
Remaining Life	16	Interest Contribution	<u>\$3.65</u>
		Reserve Allocation	\$256.91



**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

		82,000 Square Feet	@ \$0.55
Asset ID	1042	Asset Actual Cost	\$45,100.00
		Percent Replacement	100%
Category	General	Future Cost	\$46,904.00
Placed in Service	January 2014	Assigned Reserves	\$41,341.67
Useful Life	10		
Adjustment	2	Monthly Assessment	\$83.84
Replacement Year	2026	Interest Contribution	<u>\$18.47</u>
Remaining Life	1	Reserve Allocation	\$102.32



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 - 2027**

Asset ID	1001	1 Allowance	@ \$18,300.00
Category	General	Asset Actual Cost	\$18,300.00
Placed in Service	February 2024	Percent Replacement	100%
Useful Life	3	Future Cost	\$19,793.28
Replacement Year	2027	Assigned Reserves	\$6,100.00
Remaining Life	2	Monthly Assessment	\$106.45
		Interest Contribution	<u>\$4.08</u>
		Reserve Allocation	\$110.53



**Remarks:**

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

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

<b>Brick Facade Maintenance - 2029</b>			
Asset ID	1009	1 Allowance	@ \$5,000.00
		Asset Actual Cost	\$5,000.00
		Percent Replacement	100%
Category	General	Future Cost	\$5,849.29
Placed in Service	January 2014	Assigned Reserves	<i>none</i>
Useful Life	15		
Replacement Year	2029	Monthly Assessment	\$22.72
Remaining Life	4	Interest Contribution	<u>\$0.33</u>
		Reserve Allocation	\$23.05



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 - 2025</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	2025	Monthly Assessment	\$49.50
Remaining Life	0	Interest Contribution	<u>\$0.71</u>
		Reserve Allocation	\$50.22



**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**

**Building Envelope Maintenance - 2039**

		1 Allowance	@ \$250,000.00
Asset ID	1060	Asset Actual Cost	\$250,000.00
		Percent Replacement	100%
Category	General	Future Cost	\$432,919.11
Placed in Service	January 2019	Assigned Reserves	<i>none</i>
Useful Life	20		
Replacement Year	2039	Monthly Assessment	\$468.57
Remaining Life	14	Interest Contribution	<u>\$6.75</u>
		Reserve Allocation	\$475.32



Remarks:

This is an allowance to complete building envelope work including, but not limited to, roofing, decks, siding, and attics.

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

<b>Building Structural Inspection - 2025</b>		75 Each	@ \$350.00
Asset ID	1059	Asset Actual Cost	\$26,250.00
		Percent Replacement	100%
Category	General	Future Cost	\$26,250.00
Placed in Service	April 2017	Assigned Reserves	\$26,250.00
Useful Life	5		
Replacement Year	2025	Monthly Assessment	\$99.01
Remaining Life	0	Interest Contribution	\$1.43
		Reserve Allocation	\$100.43



Remarks:

A building structural inspection should be performed by a licensed professional.

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

<b>Concrete Maintenance - 2031</b>			
Asset ID	1003	1 Allowance	@ \$6,000.00
		Asset Actual Cost	\$6,000.00
		Percent Replacement	100%
Category	General	Future Cost	\$7,591.91
Placed in Service	June 2021	Assigned Reserves	<i>none</i>
Useful Life	10		
Replacement Year	2031	Monthly Assessment	\$19.56
Remaining Life	6	Interest Contribution	<u>\$0.28</u>
		Reserve Allocation	\$19.85



**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**

**Entry Maintenance - 2028**

		1 Allowance	@ \$25,000.00
Asset ID	1056	Asset Actual Cost	\$25,000.00
		Percent Replacement	100%
Category	General	Future Cost	\$28,121.60
Placed in Service	September 2021	Assigned Reserves	<i>none</i>
Useful Life	7		
Replacement Year	2028	Monthly Assessment	\$146.03
Remaining Life	3	Interest Contribution	<u>\$2.10</u>
		Reserve Allocation	\$148.13



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
		Percent Replacement	100%
Category	General	Future Cost	\$49,268.49
Placed in Service	January 2013	Assigned Reserves	<i>none</i>
Useful Life	20		
Replacement Year	2033	Monthly Assessment	\$94.74
Remaining Life	8	Interest Contribution	<u>\$1.36</u>
		Reserve Allocation	\$96.11



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 - 2025</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	2025	Monthly Assessment	\$7.56
Remaining Life	0	Interest Contribution	<u>\$0.11</u>
		Reserve Allocation	\$7.67



**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**

**Fence- Picket - 2032**

Asset ID	1055	1 Allowance	@ \$30,000.00
Category	General	Asset Actual Cost	\$30,000.00
Placed in Service	January 2001	Percent Replacement	100%
Useful Life	25	Future Cost	\$39,477.95
Adjustment	6	Assigned Reserves	<i>none</i>
Replacement Year	2032	Monthly Assessment	\$86.98
Remaining Life	7	Interest Contribution	<u>\$1.25</u>
		Reserve Allocation	\$88.23



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	\$11,387.87		
Placed in Service	September 2021	Assigned Reserves	<i>none</i>		
Useful Life	10				
Replacement Year	2031	Monthly Assessment	\$29.35		
Remaining Life	6	Interest Contribution	<u>\$0.42</u>		
		Reserve Allocation	\$29.77		



**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	@ \$800.00
Asset ID	1022	Asset Actual Cost	\$20,000.00
		Percent Replacement	100%
Category	General	Future Cost	\$20,000.00
Placed in Service	February 2001	Assigned Reserves	\$20,000.00
Useful Life	20		
Replacement Year	2025	Monthly Assessment	\$32.70
Remaining Life	0	Interest Contribution	<u>\$0.47</u>
		Reserve Allocation	\$33.17



**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 (20) years, or as needed.

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

<b>Gutters &amp; Downspouts - Phase 2 - 2026</b>		25 Unit	@ \$800.00
Asset ID	1023	Asset Actual Cost	\$20,000.00
		Percent Replacement	100%
Category	General	Future Cost	\$20,800.00
Placed in Service	February 2001	Assigned Reserves	\$19,200.00
Useful Life	20		
Adjustment	5	Monthly Assessment	\$23.54
Replacement Year	2026	Interest Contribution	<u>\$8.36</u>
Remaining Life	1	Reserve Allocation	\$31.90



**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 (20) 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	@ \$800.00
Asset ID	1024	Asset Actual Cost	\$20,000.00
		Percent Replacement	100%
Category	General	Future Cost	\$21,632.00
Placed in Service	February 2001	Assigned Reserves	\$18,461.54
Useful Life	20		
Adjustment	6	Monthly Assessment	\$23.31
Replacement Year	2027	Interest Contribution	<u>\$8.05</u>
Remaining Life	2	Reserve Allocation	\$31.35



**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 - 2025**

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	2025	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 - 2033			
Asset ID	1005	1 Allowance	@ \$1,000.00
		Asset Actual Cost	\$1,000.00
		Percent Replacement	100%
Category	General	Future Cost	\$1,368.57
Placed in Service	August 2023	Assigned Reserves	<i>none</i>
Useful Life	10		
Replacement Year	2033	Monthly Assessment	\$2.63
Remaining Life	8	Interest Contribution	<u>\$0.04</u>
		Reserve Allocation	\$2.67



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**

<b>Mailboxes - 2057</b>		10 Each	@ \$2,500.00
Asset ID	1015	Asset Actual Cost	\$25,000.00
		Percent Replacement	100%
Category	General	Future Cost	\$87,701.47
Placed in Service	March 2022	Assigned Reserves	<i>none</i>
Useful Life	35		
Replacement Year	2057	Monthly Assessment	\$39.67
Remaining Life	32	Interest Contribution	<u>\$0.57</u>
		Reserve Allocation	\$40.24



**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**

<b>Paint - Siding and Trim - Phase 1 - 2026</b>		25 Unit	@ \$7,500.00
Asset ID	1026	Asset Actual Cost	\$187,500.00
		Percent Replacement	100%
Category	General	Future Cost	\$195,000.00
Placed in Service	January 2013	Assigned Reserves	\$173,076.92
Useful Life	8		
Adjustment	5	Monthly Assessment	\$329.66
Replacement Year	2026	Interest Contribution	<u>\$77.03</u>
Remaining Life	1	Reserve Allocation	\$406.69



Remarks:

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

Life extended by the board.

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

<b>Paint - Siding and Trim - Phase 2 - 2027</b>		25 Unit	@ \$7,500.00
Asset ID	1027	Asset Actual Cost	\$187,500.00
		Percent Replacement	100%
Category	General	Future Cost	\$202,800.00
Placed in Service	January 2014	Assigned Reserves	\$145,751.09
Useful Life	8		
Adjustment	5	Monthly Assessment	\$434.05
Replacement Year	2027	Interest Contribution	<u>\$67.12</u>
Remaining Life	2	Reserve Allocation	\$501.16



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 - 2028</b>		25 Unit	@ \$7,500.00
Asset ID	1028	Asset Actual Cost	\$187,500.00
		Percent Replacement	100%
Category	General	Future Cost	\$210,912.00
Placed in Service	January 2015	Assigned Reserves	<i>none</i>
Useful Life	8		
Adjustment	5	Monthly Assessment	\$1,095.23
Replacement Year	2028	Interest Contribution	<u>\$15.77</u>
Remaining Life	3	Reserve Allocation	\$1,111.00



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 - 2025**

Asset ID	1052	1 Allowance	@ \$45,000.00
Category	General	Asset Actual Cost	\$45,000.00
Placed in Service	September 2018	Percent Replacement	100%
Useful Life	5	Future Cost	\$45,000.00
Replacement Year	2025	Assigned Reserves	\$45,000.00
Remaining Life	0	Monthly Assessment	\$169.73
		Interest Contribution	<u>\$2.44</u>
		Reserve Allocation	\$172.17



**Remarks:**

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

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

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

**Pressure Washing - 2034**

Asset ID	1039	1 Total	@ \$14,000.00
Category	General	Asset Actual Cost	\$14,000.00
Placed in Service	February 2024	Percent Replacement	100%
Useful Life	10	Future Cost	\$19,926.36
Replacement Year	2034	Assigned Reserves	<i>none</i>
Remaining Life	9	Monthly Assessment	\$33.98
		Interest Contribution	<u>\$0.49</u>
		Reserve Allocation	\$34.46



Remarks:

This is an allowance to pressure wash the community as needed.

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

Retaining Walls - Maintenance - 2034

		1 Allowance	@ \$2,500.00
Asset ID	1038	Asset Actual Cost	\$2,500.00
		Percent Replacement	100%
Category	General	Future Cost	\$3,558.28
Placed in Service	July 2024	Assigned Reserves	<i>none</i>
Useful Life	10		
Replacement Year	2034	Monthly Assessment	\$6.07
Remaining Life	9	Interest Contribution	<u>\$0.09</u>
		Reserve Allocation	\$6.15



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**

<b>Roof - Replacement - Phase 1 - 2069</b>		1 Total @ \$2,500,000.00
Asset ID	1019	Asset Actual Cost \$2,500,000.00
		Percent Replacement 100%
Category	General	Future Cost \$14,041,287.69
Placed in Service	January 2019	Assigned Reserves <i>none</i>
Useful Life	50	
Replacement Year	2069	Monthly Assessment \$4,478.18
Remaining Life	44	Interest Contribution <u>\$64.48</u>
		Reserve Allocation \$4,542.66



Remarks:

Replacement of the presidential tl roofing every twenty (20) years. Replace missing and damaged shingles and remove moss as required.

The roof that was installed has a 50 year life per the board. It is recommended to have regular inspections to the buildings including the roof to adjust based on the wear.

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

<b>Roof - Replacement - Phase 2 - 2070</b>		1 Total @ \$1,550,000.00	
Asset ID	1020	Asset Actual Cost	\$1,550,000.00
		Percent Replacement	100%
Category	General	Future Cost	\$9,053,822.30
Placed in Service	June 2020	Assigned Reserves	<i>none</i>
Useful Life	50		
Replacement Year	2070	Monthly Assessment	\$2,816.06
Remaining Life	45	Interest Contribution	<u>\$40.55</u>
		Reserve Allocation	\$2,856.60



**Remarks:**

Replacement of the presidential tl roofing every twenty (20) years. Replace missing and damaged shingles and remove moss as required.

Cost based on work performed by Clearwater Construction, Inc.

The roof that was installed has a 50 year life per the board. It is recommended to have regular inspections to the buildings including the roof to adjust based on the wear.

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

<b>Roof Inspection - 2025</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	2025	Monthly Assessment	\$49.50
Remaining Life	0	Interest Contribution	<u>\$0.71</u>
		Reserve Allocation	\$50.22



Remarks:

A roof inspection should be performed by a licensed professional.

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

**Siding - Maintenance - 2025**

Asset ID	1050	1 Allowance	@ \$7,500.00
Category	General	Asset Actual Cost	\$7,500.00
Placed in Service	January 2013	Percent Replacement	100%
Useful Life	6	Future Cost	\$7,500.00
Adjustment	5	Assigned Reserves	\$7,500.00
Replacement Year	2025	Monthly Assessment	\$24.45
Remaining Life	0	Interest Contribution	<u>\$0.35</u>
		Reserve Allocation	\$24.81



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**

		75 Each	@ \$12,000.00
Asset ID	1051	Asset Actual Cost	\$225,000.00
		Percent Replacement	25%
Category	General	Future Cost	\$887,870.02
Placed in Service	May 2015	Assigned Reserves	<i>none</i>
Useful Life	45		
Replacement Year	2060	Monthly Assessment	\$364.35
Remaining Life	35	Interest Contribution	<u>\$5.25</u>
		Reserve Allocation	\$369.60



**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 - 2028</b>		1 Allowance	@ \$3,000.00
Asset ID	1040	Asset Actual Cost	\$3,000.00
		Percent Replacement	100%
Category	General	Future Cost	\$3,374.59
Placed in Service	February 2001	Assigned Reserves	<i>none</i>
Useful Life	20		
Adjustment	7	Monthly Assessment	\$17.52
Replacement Year	2028	Interest Contribution	<u>\$0.25</u>
Remaining Life	3	Reserve Allocation	\$17.78



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 - 2028**

Asset ID	1047	1 Allowance	@ \$12,000.00
Category	General	Asset Actual Cost	\$12,000.00
Placed in Service	September 2023	Percent Replacement	100%
Useful Life	5	Future Cost	\$13,498.37
Replacement Year	2028	Assigned Reserves	<i>none</i>
Remaining Life	3	Monthly Assessment	\$70.09
		Interest Contribution	<u>\$1.01</u>
		Reserve Allocation	\$71.10



**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 - 2034**

Asset ID	1033	1 Allowance	@ \$100,000.00
Category	General	Asset Actual Cost	\$100,000.00
Placed in Service	July 2024	Percent Replacement	100%
Useful Life	10	Future Cost	\$142,331.18
Replacement Year	2034	Assigned Reserves	<i>none</i>
Remaining Life	9	Monthly Assessment	\$242.68
		Interest Contribution	<u>\$3.49</u>
		Reserve Allocation	\$246.18



**Remarks:**

Expect to replace the wood decking every twenty-five (25) years, or as needed. This is an allowance for targeted repairs every 10 years.

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

Wood Deck - Replacement- Phase 1 - 2034

		1 Allowance	@ \$100,000.00
Asset ID	1062	Asset Actual Cost	\$100,000.00
		Percent Replacement	100%
Category	General	Future Cost	\$142,331.18
Placed in Service	July 2024	Assigned Reserves	<i>none</i>
Useful Life	10		
Replacement Year	2034	Monthly Assessment	\$242.68
Remaining Life	9	Interest Contribution	<u>\$3.49</u>
		Reserve Allocation	\$246.18



**Remarks:**

Expect to replace the wood decking every twenty-five (25) years, or as needed. This is an allowance for targeted repairs every 10 years.

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

**Wood Deck - Replacement- Phase 2 - 2025**

Asset ID	1063	1 Allowance	@ \$15,000.00
Category	General	Asset Actual Cost	\$15,000.00
Placed in Service	July 2024	Percent Replacement	100%
Useful Life	1	Future Cost	\$15,000.00
Replacement Year	2025	Assigned Reserves	\$15,000.00
Remaining Life	0	Monthly Assessment	\$234.85
		Interest Contribution	<u>\$3.38</u>
		Reserve Allocation	\$238.23



Remarks:

This is an allowance for the remaining 16 decks to have repairs and/or replacement starting in 2025.

This will be removed after the 3 years that is anticipated to have the work completed.

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

**Wood Deck - Stain - 2029**

		1 Allowance	@ \$40,000.00
Asset ID	1061	Asset Actual Cost	\$40,000.00
		Percent Replacement	100%
Category	General	Future Cost	\$46,794.34
Placed in Service	July 2024	Assigned Reserves	<i>none</i>
Useful Life	5		
Replacement Year	2029	Monthly Assessment	\$181.79
Remaining Life	4	Interest Contribution	<u>\$2.62</u>
		Reserve Allocation	\$184.41



**Remarks:**

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

It is assumed there was enough staining done with the deck repair/replacement project we can reset this life.

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

**Wood Handrails & Stairs - 2039**

Asset ID	1034	1 Allowance	@ \$25,000.00
Category	General	Asset Actual Cost	\$25,000.00
Placed in Service	July 2024	Percent Replacement	100%
Useful Life	15	Future Cost	\$43,291.91
Replacement Year	2039	Assigned Reserves	<i>none</i>
Remaining Life	14	Monthly Assessment	\$46.86
		Interest Contribution	<u>\$0.67</u>
		Reserve Allocation	\$47.53



**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.

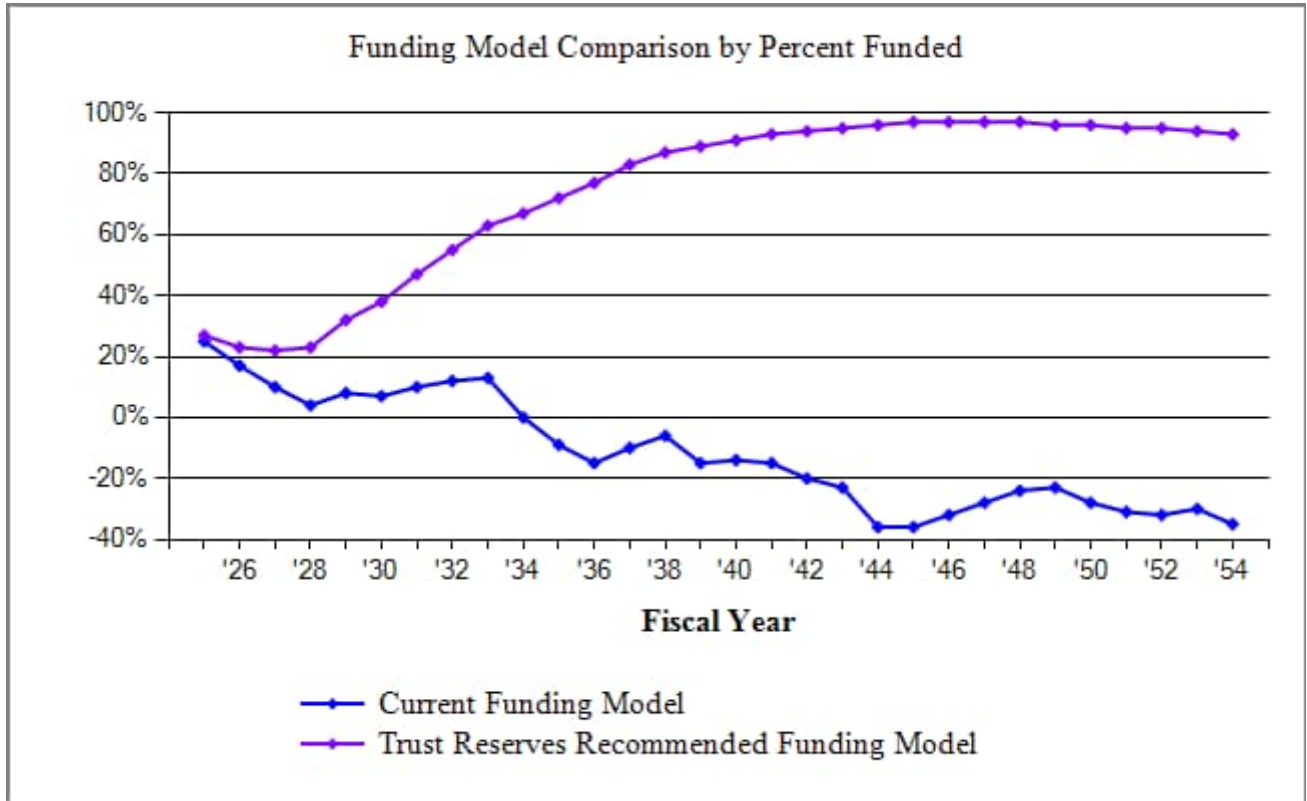
**Mill Creek Condominium Association  
Detail Report by Category**

<b>General - Total Current Cost</b>	<b>\$5,919,195</b>
<b>Assigned Reserves</b>	<b>\$555,226</b>
<b>Fully Funded Reserves</b>	<b>\$1,488,364</b>

**Mill Creek Condominium Association  
Category Detail Index**

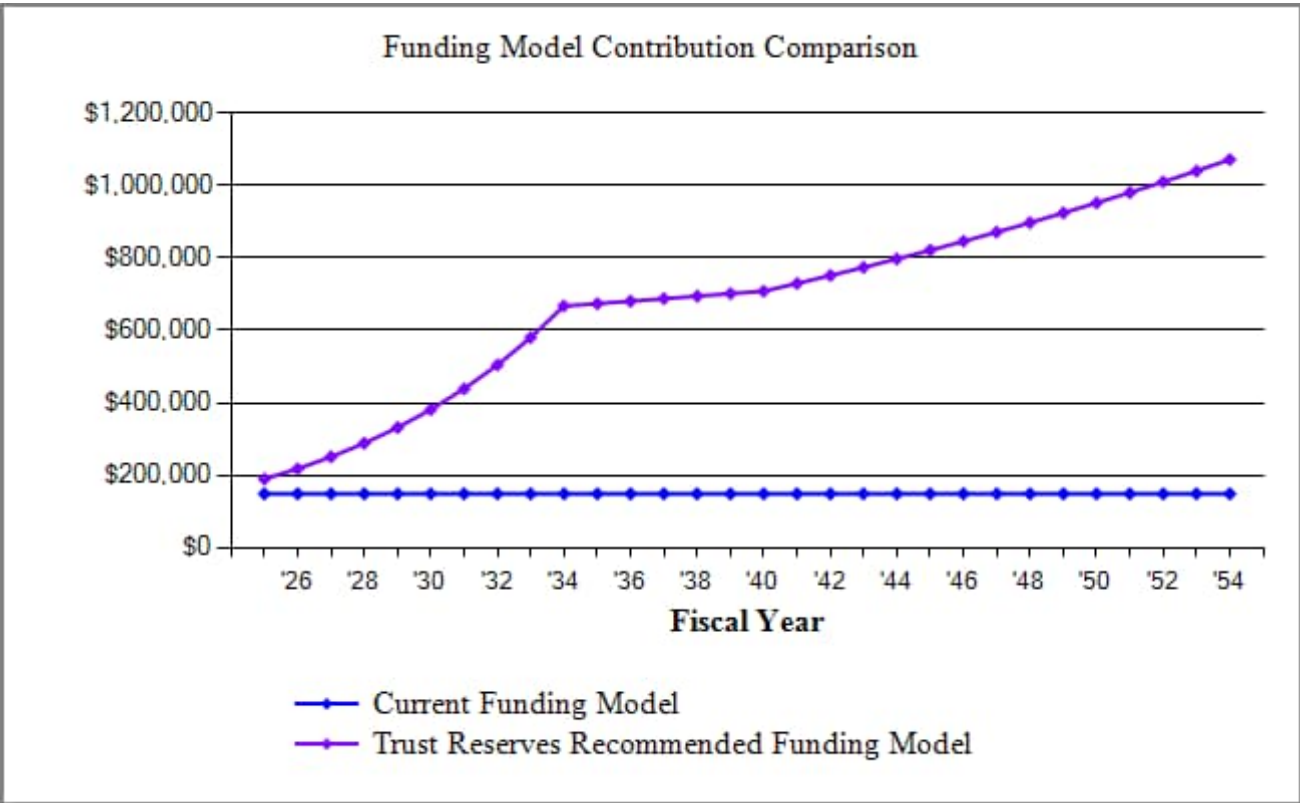
Asset ID	Description	Replacement	Page
<b>General</b>			
1041	Asphalt Overlay	2041	1-28
1042	Asphalt Seal Coat & Repairs	2026	1-29
1001	Bark Dust	2027	1-30
1009	Brick Facade Maintenance	2029	1-31
1057	Building Envelope Inspection	2025	1-32
1060	Building Envelope Maintenance	2039	1-33
1059	Building Structural Inspection	2025	1-34
1003	Concrete Maintenance	2031	1-35
1056	Entry Maintenance	2028	1-36
1037	Exterior Lighting	2033	1-37
1049	FHA Certification	2025	1-38
1055	Fence- Picket	2032	1-39
1054	Fence- Picket - Paint	2031	1-40
1022	Gutters & Downspouts - Phase 1	2025	1-41
1023	Gutters & Downspouts - Phase 2	2026	1-42
1024	Gutters & Downspouts - Phase 3	2027	1-43
1048	Insurance Deductible	2025	1-44
1005	Irrigation System	2033	1-45
1015	Mailboxes	2057	1-46
1026	Paint - Siding and Trim - Phase 1	2026	1-47
1027	Paint - Siding and Trim - Phase 2	2027	1-48
1028	Paint - Siding and Trim - Phase 3	2028	1-49
1052	Porch/Decking - Paint	2025	1-50
1039	Pressure Washing	2034	1-51
1038	Retaining Walls - Maintenance	2034	1-52
1019	Roof - Replacement - Phase 1	2069	1-53
1020	Roof - Replacement - Phase 2	2070	1-54
1058	Roof Inspection	2025	1-55
1050	Siding - Maintenance	2025	1-56
1051	Siding - Replacement	2060	1-57
1040	Signage	2028	1-58
1047	Tree Work	2028	1-59
1033	Wood Deck - Replacement	2034	1-60
1062	Wood Deck - Replacement- Phase 1	2034	1-61
1063	Wood Deck - Replacement- Phase 2	2025	1-62
1061	Wood Deck - Stain	2029	1-63
1034	Wood Handrails & Stairs	2039	1-64
	Total Funded Assets	37	
	Total Unfunded Assets	<u>0</u>	
	Total Assets	37	

**Mill Creek Condominium Association  
Funding Model Comparison by Percent Funded**



This chart compares the Current Funding Model and the Trust Reserves Recommended Funding Model by percentage fully funded over 30 years.

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



The chart above compares the annual reserve contribution of the Current Funding Model and the Trust Reserves Recommended Funding Model over 30 years.

**Mill Creek Condominium Association  
Spread Sheet**

<b>Description</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>	<b>2034</b>
Asphalt Overlay										
Asphalt Seal Coat & Repairs		46,904								
Bark Dust			19,793			22,265			25,045	
Brick Facade Maintenance					5,849					
Building Envelope Inspection	13,125					15,969				
Building Envelope Maintenance										
Building Structural Inspection	26,250					31,937				
Concrete Maintenance							7,592			
Entry Maintenance				28,122						
Exterior Lighting									49,268	
FHA Certification	1,295			1,457			1,639			1,843
Fence- Picket								39,478		
Fence- Picket - Paint							11,388			
Gutters & Downspouts - Phase 1	20,000									
Gutters & Downspouts - Phase 2		20,800								
Gutters & Downspouts - Phase 3			21,632							
Insurance Deductible	10,000									
Irrigation System									1,369	
Mailboxes										
Paint - Siding and Trim - Phase 1		195,000								266,871
Paint - Siding and Trim - Phase 2			202,800							
Paint - Siding and Trim - Phase 3				210,912						
Porch/Decking - Paint	45,000					54,749				
Pressure Washing										19,926
Retaining Walls - Maintenance										3,558
Roof - Replacement - Phase 1										
Roof - Replacement - Phase 2										
Roof Inspection	13,125					15,969				
Siding - Maintenance	7,500						9,490			
Siding - Replacement										
Signage				3,375						
Tree Work				13,498					16,423	
Wood Deck - Replacement										142,331
Wood Deck - Replacement- Phase 1										142,331
Wood Deck - Replacement- Phase 2	15,000	15,000	15,000							
Wood Deck - Stain					46,794					56,932
Wood Handrails & Stairs										
<b>Year Total:</b>	<b>151,295</b>	<b>277,704</b>	<b>259,225</b>	<b>257,363</b>	<b>52,644</b>	<b>140,888</b>	<b>30,108</b>	<b>39,478</b>	<b>92,105</b>	<b>633,794</b>

**Mill Creek Condominium Association  
Spread Sheet**

<b>Description</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>	<b>2044</b>
Asphalt Overlay							268,773			
Asphalt Seal Coat & Repairs		69,429								
Bark Dust		28,172			31,690			35,647		
Brick Facade Maintenance										10,534
Building Envelope Inspection	19,428					23,637				
Building Envelope Maintenance					432,919					
Building Structural Inspection	38,856					47,275				
Concrete Maintenance							11,238			
Entry Maintenance	37,006							48,698		
Exterior Lighting										
FHA Certification			2,073			2,332			2,623	
Fence- Picket										
Fence- Picket - Paint							16,857			
Gutters & Downspouts - Phase 1										
Gutters & Downspouts - Phase 2										
Gutters & Downspouts - Phase 3										
Insurance Deductible										
Irrigation System									2,026	
Mailboxes										
Paint - Siding and Trim - Phase 1								365,231		
Paint - Siding and Trim - Phase 2	277,546								379,841	
Paint - Siding and Trim - Phase 3		288,648								395,034
Porch/Decking - Paint	66,611					81,042				
Pressure Washing										29,496
Retaining Walls - Maintenance										5,267
Roof - Replacement - Phase 1										
Roof - Replacement - Phase 2										
Roof Inspection	19,428					23,637				
Siding - Maintenance			12,008						15,194	
Siding - Replacement										
Signage										
Tree Work				19,981					24,310	
Wood Deck - Replacement										210,685
Wood Deck - Replacement- Phase 1										210,685
Wood Deck - Replacement- Phase 2										
Wood Deck - Stain					69,267					84,274
Wood Handrails & Stairs					43,292					
<b>Year Total:</b>	<b>458,876</b>	<b>386,249</b>	<b>14,081</b>	<b>19,981</b>	<b>577,168</b>	<b>177,924</b>	<b>296,868</b>	<b>449,575</b>	<b>423,993</b>	<b>945,975</b>

**Mill Creek Condominium Association  
Spread Sheet**

<b>Description</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>	<b>2054</b>
Asphalt Overlay										
Asphalt Seal Coat & Repairs		102,772								
Bark Dust	40,098			45,104			50,736			57,071
Brick Facade Maintenance										
Building Envelope Inspection	28,758					34,989				
Building Envelope Maintenance										
Building Structural Inspection	57,517					69,978				
Concrete Maintenance							16,635			
Entry Maintenance					64,083					
Exterior Lighting									107,953	
FHA Certification		2,951			3,319			3,734		
Fence- Picket										
Fence- Picket - Paint							24,952			
Gutters & Downspouts - Phase 1	43,822									
Gutters & Downspouts - Phase 2		45,575								
Gutters & Downspouts - Phase 3			47,398							
Insurance Deductible										
Irrigation System									2,999	
Mailboxes										
Paint - Siding and Trim - Phase 1						499,844				
Paint - Siding and Trim - Phase 2							519,838			
Paint - Siding and Trim - Phase 3								540,632		
Porch/Decking - Paint	98,601					119,963				
Pressure Washing										43,661
Retaining Walls - Maintenance										7,797
Roof - Replacement - Phase 1										
Roof - Replacement - Phase 2										
Roof Inspection	28,758					34,989				
Siding - Maintenance					19,225					
Siding - Replacement										
Signage				7,394						
Tree Work				29,577					35,984	
Wood Deck - Replacement										311,865
Wood Deck - Replacement- Phase 1										311,865
Wood Deck - Replacement- Phase 2										
Wood Deck - Stain					102,532					124,746
Wood Handrails & Stairs										77,966
<b>Year Total:</b>	<b>297,555</b>	<b>151,299</b>	<b>47,398</b>	<b>82,075</b>	<b>189,159</b>	<b>759,763</b>	<b>612,161</b>	<b>544,366</b>	<b>146,936</b>	<b>934,972</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 "consumers' 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	Insurance(s)
Equipment Replacement	Reserve Study
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 cashflow, parameters, and reserve fund balance. Because it is calculated using the cashflow, it will give the accurate projection of how well the association is funded for the next 30 years of planned reserve expenditures.

The **Baseline 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.

### **Users' 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.