

# 2020 Reserve Study & Maintenance Plan

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## Fairview Village HOA-Phase 1

Gresham, Oregon

**Prepared By:**

Regenesis Reserves

**Report Issued Date:**

May 28, 2019

**Site Inspection Date:**

No Site Inspection Completed

May 28, 2019

Jeff Dennerline  
Phone (503) 975-0924

**RE: Fairview Village HOA-Phase 1**

### **SPECIAL NOTE ON FUNDING RESERVES**

In an effort to provide the best and most useful information to the board, our reserve study software offers customizable funding plans. That means if the board has a different funding plan in mind than the one we recommend, we can produce that plan.

There are many approaches to funding reserves but it is recommended that Full (100%) Funding be pursued because it is most likely to avoid special assessments and it shares costs fairly among all members along the 30-year time line. Due to fluctuating inflation rates, investment rates, component costs, starting balances and useful life adjustments, the Percent Funded level will fluctuate (sometimes dramatically) from year to year. The Funding Plan takes these factors into consideration, make adjustment to the Annual Contribution and charts a new course toward Full (100%) Funding.

### **Type of Reserve Study Performed**

A Level III Reserve Study Update with No Site Inspection was performed for this report.

### **Reserve Account Starting Balance**

Effective the start of the 2020 fiscal year, based on information provided by client, the Projected Starting Reserve Balance is **\$42,100** versus the Fully Funded/Ideal Starting Balance is **\$54,704**.

### **Percent Funded**

This homeowner association is currently **77% Funded** (Actual Starting Balance divided by Ideal Starting Balance.) 0-35%=Weak; 36-70%=Fair; 71-100%=Strong

### **Recommended Funding Plan Summary**

A contribution of **\$13,400 is recommended for the 2020 Fiscal Year** (See funding plan for future year recommendations). Following this Recommended Funding Plan will adjust the level of reserves to **100% funded in 10 years**, then maintain 100% funded moving forward.

**Interest Yield on Reserves**

A **0.00% Yield** is projected based on the current rate of return on your invested reserves. One of the benefits of the reserve study is it provides information needed to improve reserves investment returns. Investing reserves in CDs of differing maturities like 1 year, 3 year and 5 year based on when liquid funds will be needed will improve the average yield. A 1.5% average yield is achievable in the current market. If this rate was used in the projections, **\$28,963** in Interest Income would result over the 30 year projection period versus **\$0** produced by the current yield. Bottom Line: Increased Interest Income will lower owner contributions.

**Inflation Rate**

**2.11%** inflation rate was used based on the most recent 15-year average published by [www.inflationdata.com](http://www.inflationdata.com)

**Tax Rate. 30%** was used based on using Federal Tax Form 1120H versus 1120 which carries a 15% tax rate. Form 1120 is more complicated than 1120H, requirements are more stringent and tax preparers charge more to complete it. However, if interest earnings are high enough, the additional preparation cost can be worth it. See your CPA for more information on tax filing options.

**Maintenance Plan**

The proper care and maintenance of common components have been entrusted to the homeowner association. The goal of the Maintenance Plan is to provide general information and direction on how to maintain those components to produce the highest livability for the members. While specific items are included, the plan is not exhaustive and some issues may develop over time which should be added to the Plan. Recommendations relating to the Reserve Study are found in the Worksheet Notes; those related to annual maintenance are found in a Maintenance Plan found at the end of this report.

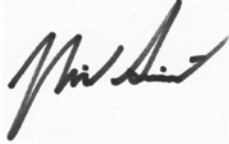
**Annual Review & Update Service.** An annual review and update of the Reserve Study is required by statute and necessary for continued accuracy. A review and update provides a new 30-year projection with current inflation factor, investment rates and any known component cost changes. **Delivered with this report is a Three Year Price Guarantee Proposal that will save considerable money.**

## REGENESIS RESERVES

Reserve Study Consultants  
Oregon | Washington

It's been my pleasure to provide this valuable financial and maintenance planning information. I can be available by teleconference, for up to one hour, to review this reserve study, answer questions and make revisions that are indicated. Tuesday, Wednesday or Thursday are generally my best available days. Please contact me to arrange a meeting.

Regards,



Michael B. Stewart PRA  
PROFESSIONAL RESERVE ANALYST



# 2020 Reserve Study

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## Fairview Village HOA-Phase 1

Gresham, Oregon

**Prepared By:**

Regenesis Reserves

**Date:**

May 28, 2019

## Reserve Study

### Table of Contents

#### **METHODOLOGY**

Explains the purpose of the reserve study, how the information was gathered and the sources used.

#### **LIMITATIONS & ASSUMPTIONS**

Explains what a Reserve Study does and does not do.

#### **WORKSHEET REPORT**

Alphabetical listing of the reserve components by type, cost, year put in service, useful life and replacement year

#### **FUNDING PLAN SUMMARY REPORT**

- **Percent Funded:** Starting Balance divided by the Ideal Balance
- **Ideal Balance:** Each component is measured, assessed for useful and remaining useful life plus cost of repair or replacement. Based on this analysis, each component should have a certain amount of money set aside as of the year in question. The Ideal Balance is the sum of all these component amounts as adjusted by the inflation factor.
- **Starting Balance:** Reserve funds total at beginning of each fiscal year
- **Annual Contribution:** Funds needed to meet the reserve schedule
- **Interest Income:** Yield on invested reserve funds
- **Tax Liability:** Federal taxes owed on investment interest earned

#### **ANNUAL EXPENDITURES REPORT**

Chronological repair and replacement schedule

#### **STARTING BALANCE FUNDS DISTRIBUTION**

Allocates available funds to the components. If funds are insufficient to fully fund each component, funds are allocated to components that are scheduled to happen sooner.

## Reserve Study Methodology

### DEFINITION

Reserve Study Identifies the components which will require maintenance, repair or replacement in more than one and less than thirty years and the cost of repair or replacement of each at recommended intervals. Site inspections are based on visual observation and no invasive testing was done. Representative sampling is used where visual inspection is not possible.

### RESERVE STUDY CRITERIA

1. Identify current reserve funds balance
2. Identify components to be included
3. Establish reasonable useful life of each component
4. Establish remaining useful life of each component
5. Estimate current replacement or repair cost of each component
6. Assemble data in Reserve Study
7. Generate Reserve Funding Plan.

### FUNDING PLAN CRITERIA

The Funding Plan is based on the Cashflow Method and includes Percent Funded, Inflation Adjusted Ideal Balance, Starting Balance, Annual Contribution, Interest Income, Tax Liability and Inflation Adjusted Expenditures. Inflation is based on the most recent 15-year average as determined by [www.inflationdata.com](http://www.inflationdata.com)

### SOURCES OF INFORMATION (as applicable):

Original plans and specifications  
Original builders and developers  
Contractors and vendors  
Industry Professionals (engineers, architects, construction managers, etc.)  
Board Members  
General Members  
Property Manager  
Resident Manager  
Cost Estimating Services

To remain accurate, the Reserve Study must be updated annually

## **Reserve Study Limitations & Assumptions**

1. The Reserve Study is intended for the sole use of the Client and is not to be construed as a guarantee, warranty or an opinion on the advisability of purchase.
2. The information provided by the Reserve Study is effective for one year from the completion date of the report. An annual review and update of this Reserve Study is required to adjust known cost changes and to maintain accuracy.
3. Consultant's financial liability for errors and omissions is limited to the charge made to Client to perform the Reserve Study.
4. The scope of the Reserve Study is expressly limited to the components included.
5. The useful life estimates of the Reserve Study assume normal weather conditions and do not factor in damage by flood, wind, storm, earthquake or other insurable events. The useful life estimates assume proper construction, installation, design and regular and adequate preventive maintenance. Improper construction, installation, design or failure to maintain will lead to shortened useful lives.
6. The cost estimates of the Reserve Study are based in current pricing for similar installations and materials and/or based in actual costs paid by Client. Future costs are subject to change according to supply and demand, material costs, effects of inflation and other factors which are not under Consultant's control.
7. The conclusions of the Reserve Study do not involve invasive testing of the components and were arrived at by either visual inspection and/or information provided by Client.
8. The Reserve Study is not intended to address or discover construction defects, asbestos, mold, water intrusion or lead paint. Client agrees to indemnify, defend and hold Consultant harmless from all related claims.



Item Description	# of Items	Unit	Current Item Cost	Future Replacement Cost	Year Built	Useful Life	Year Replace	Life Left	One Time?
Concrete Safety Repair <b>Comments:</b> 2017: Board advised all sidewalks, interior and exterior of HOA, are the responsibility of the city or adjacent lot/owner.	1	Total	\$ -	\$ -	2016	50	2066	47	No
Landscape Renovation <b>Comments:</b> 2017: Board advised that landscaping exterior of the wall, parks and boulevard (Park Lane) are owned/maintained by city. All other interior areas are adjacent owner responsibility.	1	Total	\$ -	\$ -	2017	50	2067	48	No
Lights-Exterior-Street/walkways/park <b>Comments:</b> 2017: Board advised these are owned/maintained by city.	1	Total	\$ -	\$ -	2017	50	2067	48	No
Lights-Exterior-Wall-Stucco-Entry (Park lane)	4	Fixtures	\$ 250.00	\$ 1,065	1997	25	2022	3	No
Mailboxes-Replace <b>Comments:</b> Repairs to be completed and paid from Operating Budget. 2017: Board advised mailboxes are not a reserve component. 2011: Mailboxes refurbished \$6,003	86	Units	\$ -	\$ -	2011	20	2031	12	No
Paving <b>Comments:</b> 2017: Board advised that all paving is owned/maintained by city.	1	Total	\$ -	\$ -	2017	50	2067	48	No
Retaining Wall-Concrete <b>Comments:</b> 18" concrete retaining wall along Park Lane appeared to be good condition. No reports of past repairs/replacement/failure. Use this budget as needed to repair wall as needed over a 10 year period. Useful life, until replacement, expected to be greater than 30 years.	1	Total	\$ 5,000.00	\$ 5,787	2016	10	2026	7	No
Sign <b>Comments:</b> Located at corner of 223rd and Glisan. Repair/replacement cost shared with other Fairview HOA's; paid from Operating Budget.	1	Total	\$ -	\$ -	2017	50	2067	48	No
Treework <b>Comments:</b> 2017: Board advised that treework exterior of the wall, parks and boulevards are owned/maintained by city. All other interior areas are adjacent owner responsibility.	1	Total	\$ -	\$ -	2017	50	2067	48	No

Item Description	# of Items	Unit	Current Item Cost	Future Replacement Cost	Year Built	Useful Life	Year Replace	Life Left	One Time?
Wall-Stucco-Clean and Paint	2,221	Ln.Ft.	\$ 20.00	\$ 48,289	2015	8	2023	4	No
<p><b>Comments:</b> Cost estimate assumes interior (owner side) and exterior (street side). Cost estimate developed using historical records (see below). HL Stucco advised that useful life of paint expected to be 8-10 years.                      2018: Completed by Rich Nelson at a cost of \$11,500 . Cost suggest partial clean and paint.                      2016: 223rd (north of Park Lane)-Interior. Cleaned and painted by Rich Nelson \$5,510                      2015: Glisan (223rd to creek)-Interior. Cleaned and painted interior; completed by Rich Nelson \$4,580 &amp; Louis Warner \$1,750 (\$6,330 total)                      2014: 223rd (Glisan to Park Lane)-Interior. Repaired and painted; completed by HL Stucco \$12,750</p>									
Wall-Stucco-Clean/Pressure Wash	2,221	Ln.Ft.	\$ 5.00	\$ 11,339	2012	8	2020	1	No
<p><b>Comments:</b> This component to occur at the mid-life of the paint cycle. Pressure washing/cleaning of the wall also to be conducted during each paint cycle, cost for cleaning built into Clean/Paint component.                      2017: HL Stucco recommended that cleaning of dirt/moss/mildew be cleaned every 2-4 years using garden hose/low pressure to keep integrity of paint job.                      2011: HBPW pressure washed all walls \$1,085                      2009: HBPW pressure washed all walls \$1,500</p>									
Wall-Stucco-Inspection	1	Total	\$ 3,000.00	\$ 3,063	2016	4	2020	1	Yes
<p><b>Comments:</b> See notes for Wall-Stucco-Replace; a representative sample of interior wall section should be evaluated to determine if a full wall replacement is warranted in the next 30 years. If so, add repair/replacement year and cost to the reserve study per contractor recommendations.</p>									

Item Description	# of Items	Unit	Current Item Cost	Future Replacement Cost	Year Built	Useful Life	Year Replace	Life Left	One Time?
Wall-Stucco-Repair	1	Total	\$ 6,685.00	\$ 6,826	2018	2	2020	1	No

**Comments:** Quantifying a budget for future repairs is difficult to determine and therefore an estimate based on historical information, site observations, and discussion with past contractors has been employed. Based on historical information, approximately \$82,000 (\$10,200/year) has been spent on major repairs from 2010-2017. It is assumed that the majority of major repairs/replacements have been completed to date and the future demand will be 1/3 of that previously spent. There have been no reports (by board or contractors) of major repairs in the immediate future. In 2018 the association advised that \$6,000 per year is included in the Operating budget. This budget is to subsidize cost in years where work may be greater than the Operating amount. Use this fund as needed over a 2-year period to inspect and repair areas as needed; list year, work done and cost here. Adjust budget as needed to reflect any known future repairs.

2018: Scheduled for completion. Scope included: Three vehicle damaged spots and 55 cracks. To be completed by Home Specialists for \$6,685.00. Board advised they have a "Wall Repair Budget items in the Operating at an amount of \$6,000 per year.

2013: Wall repair at Glisan St., owner side and Glisan entrance walkway; completed by HL Stucco \$21,180

2012: Wall repair at 223rd and Glisan, street side and cap rail; completed by HL Stucco \$42,000

2011: Repair and refinish at Park Lane entrance completed by HL Stucco \$9,270

2010: Repair and refinish at Park Lane entrance completed by HL Stucco \$8,790

Item Description	# of Items	Unit	Current Item Cost	Future Replacement Cost	Year Built	Useful Life	Year Replace	Life Left	One Time?
Wall-Stucco-Replace	2,221	Ln.Ft.	\$ -	\$ -	1997	50	2047	28	No
<p><b>Comments:</b> A budget for replacement of the wall has been considered. However, the conditions of the interior of the wall could not be verified in our visual inspection in 03/2017 and a full replacement of the stucco wall within the next 30 years is undetermined at this time. Recommend that an inspection of the interior components of the wall be completed and assessed by a contractor during the next major repair. If it is determined at that time that a major repair/replacement is warranted within the next 30 years, a replacement year and cost should be added to the reserve budget based on contractors recommendations. Note that if the interior components of the wall are of masonry or concrete, a full replacement is likely unwarranted in the next 30 years. If components of the wall are comprised of wood type products, it is highly likely that a replacement will be warranted. Although enclosed/protected, wood products, particularly those in direct contact with the ground such as a column or post, will eventually develop dry rot. Other wood components, not in direct contact with the ground, will last longer but due to the inherently high moisture content of the air in the Portland area, these too will eventually need replacement and likely within the next 30 years. Further investigation of the integrity of the existing wall is needed before a budget can be developed.</p>									
Wall-Stucco-Tile	1	Total	\$ -	\$ -	2017	50	2067	48	No
<p><b>Comments:</b> Cost included in Wall-Stucco-Repair. Repair/replace as needed.</p>									

Number of Items = 15

Weak (0-35%)      Fair (36-70%)      Strong (71-100%)

May 28, 2019

**Funding Plan Summary**

Fairview Village HOA-Phase 1

Year	Percent Funded	Inflation Adjusted Ideal Balance	Starting Balance	Annual Contribution	Interest Income	Tax Liability	Inflation Adjusted Expenditures
2020	77%	54,704	42,100	13,400	0	0	(21,229)
2021	76%	45,366	34,271	13,607	0	0	0
2022	84%	57,257	47,878	13,817	0	0	(8,182)
2023	88%	61,148	53,513	14,030	0	0	(48,289)
2024	74%	26,028	19,254	14,247	0	0	(7,421)
2025	82%	31,935	26,080	14,466	0	0	0
2026	90%	45,263	40,546	14,690	0	0	(13,524)
2027	92%	45,366	41,712	14,916	0	0	0
2028	96%	58,993	56,628	15,147	0	0	(21,468)
2029	97%	51,628	50,307	15,380	0	0	0
2030	100%	65,732	65,687	14,284	0	0	(8,411)
2031	100%	71,604	71,560	15,580	0	0	(57,069)
2032	100%	30,115	30,071	15,767	0	0	(8,770)
2033	100%	37,112	37,068	15,767	0	0	0
2034	100%	52,879	52,835	15,962	0	0	(9,144)
2035	100%	59,697	59,653	15,962	0	0	0
2036	100%	75,659	75,615	16,691	0	0	(32,502)
2037	100%	59,848	59,804	16,691	0	0	0
2038	100%	76,539	76,495	16,903	0	0	(9,940)
2039	100%	83,501	83,457	18,435	0	0	(67,444)
2040	100%	34,492	34,448	18,656	0	0	(10,364)
2041	100%	42,784	42,740	18,656	0	0	0
2042	100%	61,441	61,397	18,887	0	0	(10,806)
2043	100%	69,521	69,477	18,887	0	0	0
2044	100%	88,408	88,364	19,552	0	0	(29,984)
2045	100%	77,977	77,933	19,552	0	0	0
2046	100%	97,529	97,485	20,007	0	0	(20,534)
2047	100%	97,002	96,958	21,867	0	0	(81,500)
2048	100%	37,369	37,325	22,129	0	0	(12,248)
2049	100%	47,249	47,205	22,129	0	0	0

**Total**      \$506,062      \$0      \$0      (\$478,828)

0.00%      **Investment Rate**  
 30.00%      **Tax Rate**  
 2.11%      **Inflation Rate**  
 0.00%      **State Tax**

May 28, 2019

Annual Expenditures

Fairview Village HOA-Phase 1

Year	Amount	Item Description
	11,339	Wall-Stucco-Clean/Pressure Wash
	3,063	Wall-Stucco-Inspection
	6,826	Wall-Stucco-Repair
<b>2020</b>	<b>21,229</b>	
	1,065	Lights-Exterior-Wall-Stucco-Entry (Park lane)
	7,117	Wall-Stucco-Repair
<b>2022</b>	<b>8,182</b>	
	48,289	Wall-Stucco-Clean and Paint
<b>2023</b>	<b>48,289</b>	
	7,421	Wall-Stucco-Repair
<b>2024</b>	<b>7,421</b>	
	5,787	Retaining Wall-Concrete
	7,737	Wall-Stucco-Repair
<b>2026</b>	<b>13,524</b>	
	13,401	Wall-Stucco-Clean/Pressure Wash
	8,067	Wall-Stucco-Repair
<b>2028</b>	<b>21,468</b>	
	8,411	Wall-Stucco-Repair
<b>2030</b>	<b>8,411</b>	
	57,069	Wall-Stucco-Clean and Paint
<b>2031</b>	<b>57,069</b>	
	8,770	Wall-Stucco-Repair
<b>2032</b>	<b>8,770</b>	
	9,144	Wall-Stucco-Repair

Year	Amount	Item Description
<b>2034</b>	<b>9,144</b>	
	7,131	Retaining Wall-Concrete
	15,837	Wall-Stucco-Clean/Pressure Wash
	9,534	Wall-Stucco-Repair
<b>2036</b>	<b>32,502</b>	
	9,940	Wall-Stucco-Repair
<b>2038</b>	<b>9,940</b>	
	67,444	Wall-Stucco-Clean and Paint
<b>2039</b>	<b>67,444</b>	
	10,364	Wall-Stucco-Repair
<b>2040</b>	<b>10,364</b>	
	10,806	Wall-Stucco-Repair
<b>2042</b>	<b>10,806</b>	
	18,717	Wall-Stucco-Clean/Pressure Wash
	11,267	Wall-Stucco-Repair
<b>2044</b>	<b>29,984</b>	
	8,786	Retaining Wall-Concrete
	11,747	Wall-Stucco-Repair
<b>2046</b>	<b>20,534</b>	
	1,794	Lights-Exterior-Wall-Stucco-Entry (Park lane)
	79,706	Wall-Stucco-Clean and Paint
<b>2047</b>	<b>81,500</b>	
	12,248	Wall-Stucco-Repair
<b>2048</b>	<b>12,248</b>	
<b>Total</b>	<b>478,828</b>	

Item Description	Useful Life	Life Left	Year Replace	Future Replacement Cost	Ideal Balance	Actual Balance
Concrete Safety Repair	50	47	2066	\$ -	\$ -	\$ -
Landscape Renovation	50	48	2067	\$ -	\$ -	\$ -
Lights-Exterior-Street/walkways/park	50	48	2067	\$ -	\$ -	\$ -
Lights-Exterior-Wall-Stucco-Entry (Park lane)	25	3	2022	\$ 1,065	\$ 979	\$ 979
Mailboxes-Replace	20	12	2031	\$ -	\$ -	\$ -
Paving	50	48	2067	\$ -	\$ -	\$ -
Retaining Wall-Concrete	10	7	2026	\$ 5,787	\$ 2,315	\$ -
Sign	50	48	2067	\$ -	\$ -	\$ -
Treework	50	48	2067	\$ -	\$ -	\$ -
Wall-Stucco-Clean and Paint	8	4	2023	\$ 48,289	\$ 30,181	\$ 19,892
Wall-Stucco-Clean/Pressure Wash	8	1	2020	\$ 11,339	\$ 11,339	\$ 11,339
Wall-Stucco-Inspection	4	1	2020	\$ 3,063	\$ 3,063	\$ 3,063
Wall-Stucco-Repair	2	1	2020	\$ 6,826	\$ 6,826	\$ 6,826
Wall-Stucco-Replace	50	28	2047	\$ -	\$ -	\$ -
Wall-Stucco-Tile	50	48	2067	\$ -	\$ -	\$ -
				\$ 76,370	\$ 54,704	\$ 42,100

**Investment Rate** 0.00%  
**Tax Rate** 30.00%  
**Inflation Rate** 2.11%  
**Contingency Rate** 0.00%

Contingency	\$ -	\$ -
<b>Total</b>	<b>\$ 54,704</b>	<b>\$ 42,100</b>



## **Maintenance Plan for Fairview Village HOA-Phase 1**

The proper care and maintenance of substantial assets have been entrusted to the homeowner association. The key to any effective Maintenance Plan is consistency and expertise. The goal of this Maintenance Plan is to provide general information and direction on how to maintain those assets to produce the highest livability and market values for member units. While many specific items are included, the list is not exhaustive and some issues may develop over time which should be added to the Plan.

Many building and grounds components require specific maintenance to ensure their proper function. Many of the tasks are suitable only to trained professionals with a thorough understanding of the systems. It is highly recommended that only licensed, bonded and insured workman with the training, knowledge, tools and equipment to handle the maintenance of those systems or components be used to ensure highest service quality.

### **Annual Maintenance**

The following tasks should be performed on according to a regular and adequate schedule as preventive maintenance:

#### **General Repairs**

The Operating Budget should provide money to handle various minor repairs like paint touchup, re-caulking, minor electrical, plumbing and roof repairs. Various non-emergency repair requests should be grouped together so work can be handled cost effectively.

#### **Lights-Exterior**

For appearance and security, all exterior light fixtures should be in good working order. Inspect and repair fixtures or replace bulbs as needed.

#### **Water Intrusion Repairs**

A knowledgeable contractor should inspect the buildings for sources of potential water intrusion, like missing flashing, failed caulking or negative drainage which directs water toward the building. Take appropriate corrective action as indicated.

### **Reserve Study Maintenance**

See Worksheet report comments