CHERRY RIDGE OWNERS' ASSOCIATION

MAINTENANCE PLAN

RESERVE STUDY

LEVEL II: UPDATE WITH VISUAL SITE INSPECTION

BUDGET YEAR

January 1, 2024 to December 31, 2024

SCHWINDT & CO.
RESERVE STUDY SERVICES

https://www.schwindtco.com/

(503) 227-1165

SCHWINDT & CO.
RESERVE STUDY SERVICES

Members of the Association of Professional Reserve Analysts / Reserve Specialist designation from CAI

CHERRY RIDGE OWNERS' ASSOCIATION

Executive Summary

Year of Report:

January 1, 2024 to December 31, 2024

Number of Units:

205 Units

Parameters:

Beginning Balance: $50,232

Year 2024 Suggested Contribution: $13,000

Year 2024 Projected Interest Earned: $493

Inflation: 4.00%

Annual Increase to Suggested Contribution: 4.00%

Lowest Cash Balance Over 30 Years (Threshold): $23,699

Average Reserve Assessment per Unit: $63.41

Prior Year's Actual Contribution: $2,493

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SCHWINDT & CO.
RESERVE STUDY SERVICES

Members of the Association of Professional Reserve Analysts / Reserve Specialist designation from CAI

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Disclosure Information
2024

We have conducted an onsite reserve study update and maintenance plan update for Cherry Ridge Owners' Association for the year beginning January 1, 2024, in accordance with guidelines established by the Community Associations Institute and the American Institute of Certified Public Accountants.

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

In addition to providing the reserve study and maintenance plan, we also provide tax services to the Association through an affiliate company.

Assumptions used for inflation, interest, and other factors are detailed on page 16. Income tax factors were not considered due to the uncertainty of factors affecting net taxable income and the election of tax forms to be filed.

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

All information regarding the useful life and cost of reserve components was derived from the Association, local vendors, and/or from various construction pricing and scheduling manuals.

The terms *RS Means*, *National Construction Estimator*, and *Fannie Mae Expected Useful Life Tables and Forms* refer to construction industry estimating databases that are used throughout the industry to establish cost estimates and useful life estimates for common building components and products. We suggest that the Association obtain firm bids for these services.

Increases in Roofing and Painting Costs

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

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

These increases are being built into cost estimates and required contributions. Associations have seen an increase in the suggested reserve contributions beginning with the 2018/2019 budget years and depending on the year the roofing and painting projects occur, the increases may be substantial. As of 2020, we are seeing the prices remain at the elevated rate.

In December 2022, the average annual inflation rate increased to 6.45%. Experts are not sure if this increase is temporary due to supply chain issues or if this will be a long-term increase. At this time, Schwindt and Company is recommending an inflation rate of 4% in reserve studies. We will continue to monitor the inflation rate throughout this period. More information can be found at https://inflationdata.com/Inflation/Inflation_Rate/HistoricalInflation.aspx.

Currently, the price of oil has fluctuated greatly, and there are ongoing issues with the supply chain. As of now, it is unknown when these factors will be resolved, making it difficult to predict prices. We recommend the Association begin the replacement process several years out, including inspection, creation of a scope of work, and a competitive bidding process. For large projects, associations may choose to sign contracts a year before the work is to occur so that they can get

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scheduled during the spring and summer.

Article 1, Section 1.06 of the Association's Declaration states, "Common Areas shall mean the portion of the Property owned by the Association and designated on the Preliminary Plat as Tracts A, B, C, D, E, F, G, H, I, J, K, L, and M."

Article 4, Section 4.02 of the Association's Declaration states, "The assessments levied by the Association shall be used exclusively for the maintenance of the Common Areas and the improvements thereon, including the installation and maintenance of lighting thereof, landscaping and irrigation along the roadway, and the maintenance of insurance policies thereon, and for funding the Reserve Account."

An earthquake insurance deductible is not included in the reserve study.

Many reserve studies do not include components such as the structural building envelope, plumbing (including water supply and piping), electrical systems, and water/sewer systems because they are deemed to be beyond the usual 30-year threshold and reserve study providers are generally not experts in determining the estimated useful lives and replacement costs of such assets. Associations that are 20+ years in age should consider adding funding for these components because the eventual cost may be one of the largest expenditures in the study. Because the eventual replacement costs and determination of the estimated useful life of such components depend on several factors, it is advisable to hire experts to advise the Association on such matters. Schwindt and Company believes the best way to determine costs and lives associated with these components is to perform an inspection of the applicable components which should include information about the component, steps to take to lengthen the estimated useful life, projected estimated useful life, and estimated replacement costs. This inspection should be conducted by experts and should include a written report. This information will allow the reserve study provider and the Association to include appropriate costs, lives, and projected expenditures in the study. Schwindt and Company believes that the cost of these inspections should be included in the reserve study as a funded component.

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

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

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

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

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

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

Physical Analysis:

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

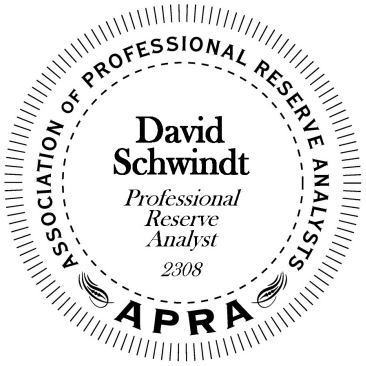
Full onsite reserve studies generally include field measurements and do not include destructive testing. Drawings are usually

not available for existing projects.

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

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

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



CHERRY RIDGE OWNERS' ASSOCIATION

MAINTENANCE PLAN

BUDGET YEAR

January 1, 2024 to December 31, 2024

Cherry Ridge Owners' Association

Executive Summary of Maintenance Plan

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

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

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

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

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

Cherry Ridge Owners' Association
Maintenance Plan
2024

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

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

Property Inspection

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

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

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

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

Frequency: Annually

Lighting: Exterior Common Area– Inspection/Maintenance

Note: Replacement of flickering or burned-out bulbs or lamps should be immediate.

Lighting is a crucial element in the provision of safety and security. All lighting systems should be inspected frequently, and care must be taken to identify and correct deficiencies.

Various fixture and lamp types may be used according to area needs. Lighting systems should be designed to provide maximum, appropriate illumination at minimal energy expenditures. Lighting maintenance processes should include a general awareness of factors that cause malfunctions in lighting systems, such as dirt accumulation and lumen depreciation. It is important to fully wash, rather than dry-wipe, exterior surfaces to reclaim light and prevent further deterioration.

Deficiencies, required maintenance, and required repairs should be noted by the maintenance contractor and/or Association representatives after completion of the review.

Repairs and inspections should be completed by a qualified professional.

This expense should be included in the annual operating budget for the Association as general property

maintenance expense.

Frequency: Bi-Weekly

Property Entrance – Review

The property entrance is a significant reflection on the development as a whole and is often the first stop in the development for residents, prospective residents or buyers, and visitors. The area should be consistently clean, functional, and accessible. In addition to serving as a point of initial access, the main entry may feature mailboxes, which should be secure and operational.

Mailboxes: Review overall condition and function of locks; proper lubrication of working parts; cleanliness of face plates; security of housing, in compliance with current postal regulations; accuracy and visibility of signage/accessibility of tactile lettering, where required; condition and function of slots and depositories for outgoing mail and packages.

Deficiencies, required maintenance, and required repairs should be noted by the maintenance contractor and/or Association representatives after completion of the review.

This expense should be included in the annual operating budget for the Association as general property maintenance expense.

Frequency: Monthly

Fence – Inspection

The fence located along the perimeter of the property should be checked semiannually for overall integrity and safety. The overall condition of the fence should be checked for deficiencies, such as vegetation encroachment, debris buildup, holes, sagging areas, missing segments, rot, fungus, and/or vandalism.

Deficiencies, required maintenance, and required repairs should be noted by the maintenance contractor and/or Association representatives after completion of the review.

Frequency: Semiannually

Trees – Maintenance

The Association will be responsible for trimming trees in the common area throughout the property. Trees and shrubs should be kept clear of the building components.

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

This expense should be included in the Association's operating budget.

Frequency: Annually

Landscape Maintenance

The Association will be responsible for maintenance and upkeep of common area landscape throughout the property. This may include mowing lawn, removal of weeds, and deadheading of flowers. Landscape techniques vary depending on the foliage and season.

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

This expense should be included in the Association's operating budget.

Frequency: Annually

Barkdust should be replaced every 2 years.

Lawn Irrigation System

Periodic maintenance to the lawn irrigation system should be anticipated with this type of component. These maintenance procedures will include replacement of the control mechanism, replacement of damaged piping, upgrading of sprinkler heads and valve components, and any other work that is advised by repair professionals.

In recent years, improvements have been made to this type of system which has increased the efficiency of the water distribution process. Such improvements can be expected to continue and the owners of such systems are well advised to plan on periodic upgrades to maintain the efficiency of their systems.

Lawn irrigation systems also require periodic testing to ensure proper operation. Sometimes this testing is mandated by ordinance or building codes. All work on lawn irrigation systems must be performed by licensed contractors who specialize in this type of work.

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

Frequency: Annually

Storm Drains

Storm drains or sewers are underground systems used to collect and dispose of surface water. They carry large quantities of water away from paved surface areas and should be kept clean to prevent the accumulation of dirt and debris. They should be cleaned and flushed annually to ensure blockages are removed and piping is functional. If drains tend to become clogged frequently, they should be inspected and cleaned more often.

Deficiencies, required maintenance, and required repairs should be noted by the maintenance contractor and/or Association representatives after completion of the review.

This expense should be included in the annual operating budget for the Association as a general property maintenance expense.

Frequency: Annually

Backflow Device Maintenance

Maintenance of the backflow device and components related to the water system includes, but is not limited to, inspecting for leaks under pressure and checking for damage or deterioration.

Annual maintenance on the backflow device includes the testing and calibrating of valve operation. Air should be bled from the backflow preventer and the area should be cleaned.

Inspections and maintenance should be performed by a qualified, licensed service provider.

Deficiencies, required maintenance, and required repairs should be noted by the maintenance contractor and/or Association representatives after completion of the review.

This maintenance item should be included in the Association's annual operating budget.

Frequency: Annually

Concrete Pavement

Maintenance of the concrete pavement should include cleaning the surface areas with pressure washing equipment. The pavement should also be visually reviewed for signs of undue stress and cracking. Noticeable cracks should be filled with a suitable concrete crack filler to prevent penetration of moisture below the concrete surface, which will undermine the integrity of the base material over time.

Frequency: Annually

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

CHERRY RIDGE OWNERS' ASSOCIATION

RESERVE STUDY

LEVEL II: UPDATE WITH VISUAL SITE INSPECTION

BUDGET YEAR

January 1, 2024 to December 31, 2024

Cherry Ridge Owners' Association
Category Detail Index

Total Funded Assets	15
Total Unfunded Assets	1
Total Assets	16

Cherry Ridge Owners' Association

Property Description

Cherry Ridge Owners' Association is a Planned Unit Development consists of 203 single-family homes, 1 commercial lot, and 1 multi family lot located in Troutdale, Oregon. The Association is responsible for the maintenance, repair, and/or replacement to the irrigation system, fences, landscape, lights, and walkways located on the common areas. The individual homeowners are responsible for all maintenance, repairs, and/or replacement of the interior and exterior of their home. The property was constructed in 1997.

This study uses information supplied by the Association and various construction pricing and scheduling manuals to determine useful lives and replacement costs.

A site visit was performed by Schwindt and Company in 2011 and 2023. Schwindt and Company did not investigate components for defects, materials, design, or workmanship. This investigation would ordinarily be considered in a complete building envelope inspection. Our condition assessment considers if the component is wearing as intended. All components are considered to be in fair condition and appear to be wearing as intended unless noted otherwise in the component detail.

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

If additional funds are needed, the Association has the right, subject to Board approval, to increase regular assessments and/or levy special assessments. Otherwise the Association may delay repairs or replacements until funds are available.

Cherry Ridge Owners' Association
Troutdale, Oregon
Cash Flow Method - Threshold Funding Model Summary

Report Date	June 12, 2023
Budget Year Beginning	January 1, 2024
Budget Year Ending	December 31, 2024
Total Units	205

Report Parameters

Inflation	4.00%
Annual Assessment Increase	4.00%
Interest Rate on Reserve Deposit	2.00%
2024 Beginning Balance	$50,232

Threshold Funding

Fully Reserved Model Summary

- This study utilizes the cash flow method and the threshold funding model, which establishes a reserve funding goal that keeps the reserve balance above a specified dollar or percent funded amount. The threshold method assumes that the threshold method is funded with a positive threshold balance, therefore, "fully reserved".
- The following items were not included in the analysis because they have useful lives greater than 30 years: grading/drainage; foundation/footings; storm drains; telephone, cable, and internet lines.
- This funding scenario begins with a contribution of **$13,000** in **2024** and increases **4.00%** each year for the remaining years of the study. A minimum balance of **$23,699** is maintained.
- The purpose of this study is to ensure that adequate replacement funds are available when components reach the end of their useful life. Components will be replaced as required, not necessarily in their expected replacement year. This analysis should be updated annually.

Cash Flow Method - Threshold Funding Model Summary of Calculations

Required Annual Contribution	$13,000.00
$63.41 per unit annually	
Average Net Annual Interest Earned	$492.85
Total Annual Allocation to Reserves	$13,492.85
$65.82 per unit annually	

Cherry Ridge Owners' Association
Cash Flow Method - Threshold Funding Model Projection

Beginning Balance: $50,232

Year	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2024	13,000	493	38,589	25,135	82,097	31%
2025	13,520	756	832	38,580	97,643	40%
2026	14,061	981	3,569	50,053	111,489	45%
2027	14,623	1,051	12,149	53,578	117,045	46%
2028	15,208	1,157	10,938	59,005	124,631	47%
2029	15,816	1,275	11,075	65,022	133,456	49%
2030	16,449	1,546	4,176	78,841	150,424	52%
2031	17,107	1,898	1,053	96,794	171,956	56%
2032	17,791	2,201	4,516	112,270	190,843	59%
2033	18,503	2,420	9,750	123,444	205,711	60%
2034	19,243	2,347	25,316	119,719	206,296	58%
2035	20,013	2,770	1,232	141,270	232,699	61%
2036	20,813	3,136	5,283	159,936	256,721	62%
2037	21,646	3,438	9,657	175,363	277,271	63%
2038	22,512	3,634	16,191	185,317	292,662	63%
2039	23,412	3,991	9,189	203,531	317,544	64%
2040	24,349	4,434	6,181	226,133	347,460	65%
2041	25,323	4,998	1,558	254,895	384,325	66%
2042	26,336	1,089	226,790	55,530	188,565	29%
2043	27,389	1,370	14,432	69,856	206,816	34%
2044	28,485	465	75,106	23,699	164,636	14%
2045	29,624	1,030	1,823	52,530	198,089	27%
2046	30,809	1,510	7,821	77,029	227,794	34%
2047	32,041	2,142	1,972	109,241	264,941	41%
2048	33,323	2,372	23,967	120,969	281,903	43%
2049	34,656	2,867	12,270	146,222	314,068	47%
2050	36,042	719	146,320	36,663	209,454	18%
2051	37,484	1,437	2,307	73,277	251,829	29%
2052	38,983	2,047	9,896	104,412	288,215	36%
2053	40,542	2,472	21,363	126,063	315,595	40%

Cherry Ridge Owners' Association
Component Summary By Category

Description	Date in Service	Next Occurrence	Useful	Adjustment	Remaining	Units		Unit Cost		Current Cost
Fencing/Security										
Ornamental Aluminum Fence - Replacement	2012	2042	30	0	18	2,173	LF	50.00		108,650
Wood Fence - Repair		*Unfunded*								
Fencing/Security - Total										$108,650
Lighting										
Lights - Replacement	2014	2029	15	0	5	1	Total	4,500.00		4,500
Lighting - Total										$4,500
Grounds Components										
Barkdust - Renewal	2011	2024	2	0	0	1	Total	2,500.00		2,500
Concrete - Partial Replacement/Repair	1997	2024	20	0	0	8,450	SF	15.00	@ 10%	12,675
Concrete - Power Washing	1997	2024	5	11	0	8,450	SF	0.45		3,802
Irrigation System - Major Repairs and Equip..	1997	2024	10	0	0	1	Total	10,000.00		10,000
Wood Bench - Replacement	1997	2024	15	0	0	1	Total	500.00		500
Landscaping - Renovation	1997	2027	30	0	3	1	Total	10,000.00		10,000
Tree Removal and Replace	2023	2028	5	0	4	1	Total	5,000.00		5,000
Monument Sign - Repair	1997	2037	40	0	13	1	Total	5,000.00		5,000
Grounds Components - Total										$49,477
Mailboxes										
Mailboxes - Replacement II	1997	2024	30	-3	0	3	Each	2,604.00		7,812
Mailboxes - Replacement I	2020	2050	30	0	26	19	Each	2,604.00		49,476
Mailboxes - Total										$57,288
Reserve Study										
Reserve Study Update - Offsite	2023	2024	1	0	0	1	Total	800.00		800
Reserve Study Update - Onsite	2023	2028	5	0	4	1	Total	1,850.00		1,850
Reserve Study - Total										$2,650
Insurance Deductible										
Insurance Deductible	2011	2024	1	0	0	1	Total	500.00		500
Insurance Deductible - Total										$500
Total Asset Summary										$223,065

Cherry Ridge Owners' Association
Component Summary By Group

Description	Date in Service	Next Occurrence	Useful	Adjustment	Remaining	Units	Unit Cost	Current Cost
Capital								
Lights - Replacement	2014	2029	15	0	5	1 Total	4,500.00	4,500
Mailboxes - Replacement I	2020	2050	30	0	26	19 Each	2,604.00	49,476
Mailboxes - Replacement II	1997	2024	30	-3	0	3 Each	2,604.00	7,812
Ornamental Aluminum Fence - Replacement	2012	2042	30	0	18	2,173 LF	50.00	108,650
Wood Bench - Replacement	1997	2024	15	0	0	1 Total	500.00	500
Capital - Total								$170,938
Non-Capital								
Barkdust - Renewal	2011	2024	2	0	0	1 Total	2,500.00	2,500
Concrete - Partial Replacement/Repair	1997	2024	20	0	0	8,450 SF	15.00@ 10%	12,675
Concrete - Power Washing	1997	2024	5	11	0	8,450 SF	0.45	3,802
Insurance Deductible	2011	2024	1	0	0	1 Total	500.00	500
Irrigation System - Major Repairs and Equip..	1997	2024	10	0	0	1 Total	10,000.00	10,000
Landscaping - Renovation	1997	2027	30	0	3	1 Total	10,000.00	10,000
Monument Sign - Repair	1997	2037	40	0	13	1 Total	5,000.00	5,000
Reserve Study Update - Offsite	2023	2024	1	0	0	1 Total	800.00	800
Reserve Study Update - Onsite	2023	2028	5	0	4	1 Total	1,850.00	1,850
Tree Removal and Replace	2023	2028	5	0	4	1 Total	5,000.00	5,000
Wood Fence - Repair		*Unfunded*						
Non-Capital - Total								$52,127
Total Asset Summary								$223,065

Cherry Ridge Owners' Association
Annual Expenditure Detail

Description	Expenditures
Replacement Year 2024	
Barkdust - Renewal	2,500
Concrete - Partial Replacement/Repair	12,675
Concrete - Power Washing	3,802
Insurance Deductible	500
Irrigation System - Major Repairs and Equipment Upgrade	10,000
Mailboxes - Replacement II	7,812
Reserve Study Update - Offsite	800
Wood Bench - Replacement	500
Total for 2024	**$38,589**
Replacement Year 2025	
Reserve Study Update - Offsite	832
Total for 2025	**$832**
Replacement Year 2026	
Barkdust - Renewal	2,704
Reserve Study Update - Offsite	865
Total for 2026	**$3,569**
Replacement Year 2027	
Landscaping - Renovation	11,249
Reserve Study Update - Offsite	900
Total for 2027	**$12,149**
Replacement Year 2028	
Barkdust - Renewal	2,925
Reserve Study Update - Onsite	2,164
Tree Removal and Replace	5,849
Total for 2028	**$10,938**
Replacement Year 2029	
Concrete - Power Washing	4,626
Lights - Replacement	5,475
Reserve Study Update - Offsite	973
Total for 2029	**$11,075**

Cherry Ridge Owners' Association
Annual Expenditure Detail

Description	Expenditures
Replacement Year 2030	
Barkdust - Renewal	3,163
Reserve Study Update - Offsite	1,012
Total for 2030	**$4,176**
Replacement Year 2031	
Reserve Study Update - Offsite	1,053
Total for 2031	**$1,053**
Replacement Year 2032	
Barkdust - Renewal	3,421
Reserve Study Update - Offsite	1,095
Total for 2032	**$4,516**
Replacement Year 2033	
Reserve Study Update - Onsite	2,633
Tree Removal and Replace	7,117
Total for 2033	**$9,750**
Replacement Year 2034	
Barkdust - Renewal	3,701
Concrete - Power Washing	5,629
Irrigation System - Major Repairs and Equipment Upgrade	14,802
Reserve Study Update - Offsite	1,184
Total for 2034	**$25,316**
Replacement Year 2035	
Reserve Study Update - Offsite	1,232
Total for 2035	**$1,232**
Replacement Year 2036	
Barkdust - Renewal	4,003
Reserve Study Update - Offsite	1,281
Total for 2036	**$5,283**

Cherry Ridge Owners' Association
Annual Expenditure Detail

Description	Expenditures
Replacement Year 2037	
Monument Sign - Repair	8,325
Reserve Study Update - Offsite	1,332
Total for 2037	**$9,657**
Replacement Year 2038	
Barkdust - Renewal	4,329
Reserve Study Update - Onsite	3,204
Tree Removal and Replace	8,658
Total for 2038	**$16,191**
Replacement Year 2039	
Concrete - Power Washing	6,848
Reserve Study Update - Offsite	1,441
Wood Bench - Replacement	900
Total for 2039	**$9,189**
Replacement Year 2040	
Barkdust - Renewal	4,682
Reserve Study Update - Offsite	1,498
Total for 2040	**$6,181**
Replacement Year 2041	
Reserve Study Update - Offsite	1,558
Total for 2041	**$1,558**
Replacement Year 2042	
Barkdust - Renewal	5,065
Ornamental Aluminum Fence - Replacement	220,105
Reserve Study Update - Offsite	1,621
Total for 2042	**$226,790**
Replacement Year 2043	
Reserve Study Update - Onsite	3,898
Tree Removal and Replace	10,534
Total for 2043	**$14,432**

Cherry Ridge Owners' Association
Annual Expenditure Detail

Description	Expenditures
Replacement Year 2044	
Barkdust - Renewal	5,478
Concrete - Partial Replacement/Repair	27,772
Concrete - Power Washing	8,332
Irrigation System - Major Repairs and Equipment Upgrade	21,911
Lights - Replacement	9,860
Reserve Study Update - Offsite	1,753
Total for 2044	**$75,106**
Replacement Year 2045	
Reserve Study Update - Offsite	1,823
Total for 2045	**$1,823**
Replacement Year 2046	
Barkdust - Renewal	5,925
Reserve Study Update - Offsite	1,896
Total for 2046	**$7,821**
Replacement Year 2047	
Reserve Study Update - Offsite	1,972
Total for 2047	**$1,972**
Replacement Year 2048	
Barkdust - Renewal	6,408
Reserve Study Update - Onsite	4,742
Tree Removal and Replace	12,817
Total for 2048	**$23,967**
Replacement Year 2049	
Concrete - Power Washing	10,137
Reserve Study Update - Offsite	2,133
Total for 2049	**$12,270**
Replacement Year 2050	
Barkdust - Renewal	6,931

Cherry Ridge Owners' Association
Annual Expenditure Detail

Description	Expenditures
Replacement Year 2050 continued...	
Mailboxes - Replacement I	137,171
Reserve Study Update - Offsite	2,218
Total for 2050	**$146,320**
Replacement Year 2051	
Reserve Study Update - Offsite	2,307
Total for 2051	**$2,307**
Replacement Year 2052	
Barkdust - Renewal	7,497
Reserve Study Update - Offsite	2,399
Total for 2052	**$9,896**
Replacement Year 2053	
Reserve Study Update - Onsite	5,770
Tree Removal and Replace	15,593
Total for 2053	**$21,363**

Ornamental Aluminum Fence - Replacement

		2,173 LF	@ $50.00
Asset ID	1009	Asset Actual Cost	$108,650.00
	Capital	Percent Replacement	100%
Category	Fencing/Security	Future Cost	$220,104.96
Placed in Service	January 2012		
Useful Life	30		
Replacement Year	2042		
Remaining Life	18		

This provision provides funding for the replacement of the ornamental aluminum fence that was installed in 2012. The fence should be cleaned as needed.

According to the Association, some areas of the wood fence was replaced with an ornamental aluminum fence. A bid was obtained by Reliable Fence & Construction, Inc. for $43,590. The Association would like to increase the cost by $2,000 for budgeting purposes.

Reliable Fence and Construction, Inc. provided 2,255 lineal feet and Schwindt & Company estimated 2,173 lineal feet of the fencing area that will be replaced to an ornamental aluminum fence.

The useful life assumption is based on estimates established on RS Means and/or the National Estimator.

Wood Fence - Repair

		1,623 LF	@ $0.00
Asset ID	1002	Asset Actual Cost	
	Non-Capital	Percent Replacement	30%
Category	Fencing/Security	Future Cost	
Placed in Service	January 2010		
Useful Life	5		
Replacement Year	2024		
Remaining Life	0		

According to the Association, any remaining wood fence is the responsibility of the lot owner, therefore this component is unfunded.

This provision provides funding for repairs to the wood fencing that will not be replaced to an ornamental aluminum fence.

Schwindt & Company estimated 1,623 lineal feet of wood fence. During the site visit, some

Wood Fence - Repair continued...

areas of fencing needs repair.

In 2011, the Association provided that the wood fence throughout the property was repaired for approximately $23,000 by Always Affordable Handyman Service in 2010. The Association would like to repair the fence every 5 years.

Fencing/Security - Total Current Cost	**$108,650**

Cherry Ridge Owners' Association
Detail Report by Category

Lights - Replacement

		1 Total	@ $4,500.00
Asset ID	1006	Asset Actual Cost	$4,500.00
	Capital	Percent Replacement	100%
Category	Lighting	Future Cost	$5,474.94
Placed in Service	January 2014		
Useful Life	15		
Replacement Year	2029		
Remaining Life	5		

This provision provides funding for the replacement of the lighting fixtures.

During Schwindt & Company's 2011 site visit, the lights were not working and will need replacement. Schwindt & Company counted 3 lights. The lights were installed underground to provide lighting for the Association sign.

According to the Association, the lights were replaced in 2014 for $3,975.

The cost and useful life assumptions are based on estimates established on RS Means and/or the National Estimator. The Association will need to obtain bids for this work.

Lighting - Total Current Cost **$4,500**

Cherry Ridge Owners' Association
Detail Report by Category

Barkdust - Renewal

		1 Total	@ $2,500.00
Asset ID	1008	Asset Actual Cost	$2,500.00
	Non-Capital	Percent Replacement	100%
Category	Grounds Components	Future Cost	$2,500.00
Placed in Service	January 2011		
Useful Life	2		
Replacement Year	2024		
Remaining Life	0		

This provision provides funding for barkdust renewal on the common areas. The Association is currently exploring the use of another ground cover, such as pea gravel.

According to Scott of TruGreen Landscaping, the common areas will require approximately 5 units of barkdust. Scott provided a cost of $1,300 for 5 units.

This component is scheduled to occur every 2 years. If the Association would like this component to occur differently, this component will need to be revised.

Concrete - Partial Replacement/Repair

		8,450 SF	@ $15.00
Asset ID	1007	Asset Actual Cost	$12,675.00
	Non-Capital	Percent Replacement	10%
Category	Grounds Components	Future Cost	$12,675.00
Placed in Service	January 1997		
Useful Life	20		
Replacement Year	2024		
Remaining Life	0		

This provision provides funding for the partial replacement of the concrete walkways throughout the property and the concrete curb circle located on SW Sturges Lane.

Schwindt & Company estimated 8,450 square feet of concrete walkways and 76 lineal feet of curbing.

The cost is based on a per square foot estimate provided by a local vendor. The Association will need to obtain bids for this work.

The useful life assumption is based on estimates established on RS Means and/or the National Estimator.

Cherry Ridge Owners' Association
Detail Report by Category

Concrete - Power Washing

		8,450 SF	@ $0.45
Asset ID	1011	Asset Actual Cost	$3,802.50
	Non-Capital	Percent Replacement	100%
Category	Grounds Components	Future Cost	$3,802.50
Placed in Service	January 1997		
Useful Life	5		
Adjustment	11		
Replacement Year	2024		
Remaining Life	0		

This provision provides funding for power washing of the concrete walkways throughout the property.

Schwindt & Company estimated 8,450 square feet of concrete walkways,

The cost is based on a per square foot estimate provided by Verhaalen Painting, Inc. The Association will need to obtain bids for this work.

The useful life assumption is based on estimates established on RS Means and/or the National Estimator.

Irrigation System - Major Repairs and Equipment Upgrade

		1 Total	@ $10,000.00
Asset ID	1004	Asset Actual Cost	$10,000.00
	Non-Capital	Percent Replacement	100%
Category	Grounds Components	Future Cost	$10,000.00
Placed in Service	January 1997		
Useful Life	10		
Replacement Year	2024		
Remaining Life	0		

This provision provides funding for major repairs and/or upgrades to equipment associated with the irrigation system. Broken heads should be replaced as needed with operating funds.

In 2011, Scott of TruGreen Landscaping provided a cost of $10,000 for repairs and replacements to valves and controllers and other equipment if needed. Scott provided an expected useful life of 15 to 20 years for the irrigation equipment.

According to the Association, the original system is in place.

Cherry Ridge Owners' Association
Detail Report by Category

Landscaping - Renovation

		1 Total	@ $10,000.00
Asset ID	1019	Asset Actual Cost	$10,000.00
	Non-Capital	Percent Replacement	100%
Category	Grounds Components	Future Cost	$11,248.64
Placed in Service	January 1997		
Useful Life	30		
Replacement Year	2027		
Remaining Life	3		

There is a large retention pond in the Association. This provision provides funding for the renovation of the landscaping including any this pond.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means and/or The National Construction Estimator. The Association should obtain a bid to confirm this estimate.

Monument Sign - Repair

		1 Total	@ $5,000.00
Asset ID	1018	Asset Actual Cost	$5,000.00
	Non-Capital	Percent Replacement	100%
Category	Grounds Components	Future Cost	$8,325.37
Placed in Service	January 1997		
Useful Life	40		
Replacement Year	2037		
Remaining Life	13		

This provision is for the repair of the monument sign.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means and/or The National Construction Estimator. The Association should obtain a bid to confirm this estimate.

Tree Removal and Replace

		1 Total	@ $5,000.00
Asset ID	1005	Asset Actual Cost	$5,000.00
	Non-Capital	Percent Replacement	100%
Category	Grounds Components	Future Cost	$5,849.29
Placed in Service	January 2023		
Useful Life	5		
Replacement Year	2028		
Remaining Life	4		

This provision provides funding for tree removal and tree replacement.

Cherry Ridge Owners' Association
Detail Report by Category

Tree Removal and Replace continued...

In 2011, Scott of TruGreen Landscaping provided a cost of $1,700 to remove and replace a tree. This component assumes 5 trees will be remove and replace every 3 years. If the Association would like this component to occur differently, the component will need to be revised.

The Association spent $4,975 on tree removal and canopy adjustment in 2022.

Wood Bench - Replacement

		1 Total	@ $500.00
Asset ID	1017	Asset Actual Cost	$500.00
	Capital	Percent Replacement	100%
Category	Grounds Components	Future Cost	$500.00
Placed in Service	January 1997		
Useful Life	15		
Replacement Year	2024		
Remaining Life	0		

This provision is for the repair of the wood bench in the park.

Grounds Components - Total Current Cost **$49,477**

Cherry Ridge Owners' Association
Detail Report by Category

Mailboxes - Replacement I

		19 Each	@ $2,604.00
Asset ID	1013	Asset Actual Cost	$49,476.00
	Capital	Percent Replacement	100%
Category	Mailboxes	Future Cost	$137,170.71
Placed in Service	January 2020		
Useful Life	30		
Replacement Year	2050		
Remaining Life	26		

This provision provides funding for the replacement of the mailboxes.

According to the Association, 19 of the 22 mail units were replaced from 2020-2022 for $40,457.

The useful life assumption is based on estimates established on RS Means and/or the National Estimator.

Mailboxes - Replacement II

		3 Each	@ $2,604.00
Asset ID	1014	Asset Actual Cost	$7,812.00
	Capital	Percent Replacement	100%
Category	Mailboxes	Future Cost	$7,812.00
Placed in Service	January 1997		
Useful Life	30		
Adjustment	-3		
Replacement Year	2024		
Remaining Life	0		

This provision provides funding for the replacement of the mailboxes.

According to the Association, 19 of the 22 mail units were replaced from 2020-2022 for $40,457.

The useful life assumption is based on estimates established on RS Means and/or the National Estimator.

Mailboxes - Total Current Cost **$57,288**

Cherry Ridge Owners' Association
Detail Report by Category

Reserve Study Update - Offsite

		1 Total	@ $800.00
Asset ID	1015	Asset Actual Cost	$800.00
	Non-Capital	Percent Replacement	100%
Category	Reserve Study	Future Cost	$800.00
Placed in Service	January 2023		
Useful Life	1		
Replacement Year	2024		
Remaining Life	0		

This provision is for an offsite reserve study update.

Reserve Study Update - Onsite

		1 Total	@ $1,850.00
Asset ID	1016	Asset Actual Cost	$1,850.00
	Non-Capital	Percent Replacement	100%
Category	Reserve Study	Future Cost	$2,164.24
Placed in Service	January 2023		
Useful Life	5		
Replacement Year	2028		
Remaining Life	4		

This provision is for an onsite reserve study update.

Reserve Study - Total Current Cost **$2,650**

Cherry Ridge Owners' Association
Detail Report by Category

Insurance Deductible

		1 Total	@ $500.00
Asset ID	1012	Asset Actual Cost	$500.00
	Non-Capital	Percent Replacement	100%
Category	Insurance Deductible	Future Cost	$500.00
Placed in Service	January 2011		
Useful Life	1		
Replacement Year	2024		
Remaining Life	0		

This provision provides funding for the insurance deductible in the event of a claim.

Insurance Deductible - Total Current Cost **$500**

Additional Disclosures

Levels of Service

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

I. Full: A Reserve Study in which the following five Reserve Study tasks are performed:
- ■ Component Inventory
- ■ Condition Assessment (based upon on-site visual observations)
- ■ Life and Valuation Estimates
- ■ Fund Status
- ■ Funding Plan

II. Update, With Site Visit/On-Site Review: A Reserve Study update in which the following five Reserve Study tasks are performed:
- ■ Component Inventory (verification only, not quantification)
- ■ Condition Assessment (based on on-site visual observations)
- ■ Life and Valuation Estimates
- ■ Fund Status
- ■ Funding Plan

III. Update, No Site Visit/Off-Site Review: A Reserve Study update with no on-site visual observations in which the following three Reserve Study tasks are performed:
- ■ Life and Valuation Estimates
- ■ Fund Status
- ■ Funding Plan

IV. Preliminary, Community Not Yet Constructed. A reserve study prepared before construction, that is generally used for budget estimates. It is based on design documents such as the architectural and engineering plans. The following three tasks are performed to prepare this type of study:
- ■ Component inventory
- ■ Life and valuation estimates
- ■ Funding Plan

Terms and Definitions

CAPITAL IMPROVEMENTS: Additions to the association's common elements that previously did not exist. While these components should be added to the reserve study for future replacement, the cost of construction should not be taken from the reserve fund.

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

COMPONENT: The individual line items in the *Reserve Study* developed or updated in the *Physical Analysis*. These elements form the building blocks for the *Reserve Study*. *Components* typically are: 1) association

responsibility; 2) with limited *Useful Life* expectancies; 3) predictable *Remaining Useful Life* expectancies; 4) above a minimum threshold cost, and 5) as required by local codes.

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

COMPONENT METHOD: A method of developing a reserve *Funding Plan* where the total contribution is based on the sum of contributions for individual *Components*. See *Cash Flow Method*.

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

CURRENT REPLACEMENT COST: See *Replacement Cost*.

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

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

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

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

FULLY FUNDED BALANCE (FFB): Total accrued depreciation, an indicator against which actual or projected *Reserve Balance* can be compared. The *Reserve Balance* that is in direct proportion to the fraction of life "used up" of the current repair or *Replacement Cost*. This number is calculated for each *Component*, then added together for an association total. Two formulas can be utilized, depending on the provider's sensitivity to interest and inflation effects. Note: Both yield identical results when interest and inflation are equivalent.

FFB = Current Cost X *Effective Age* / *Useful Life*

or

FFB = (Current Cost X *Effective Age* / *Useful Life*) + [(Current Cost X *Effective Age* / *Useful Life*) / (1 + Interest Rate) ^ Remaining Life] - [(Current Cost X *Effective Age* / *Useful Life*) / (1 + Inflation Rate) ^ Remaining Life]

FUND STATUS: The status of the reserve fund as compared to an established benchmark such as percent funding. The Association appears to be adequately funded as the threshold method, reducing the potential risk of a special assessment.

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

- Baseline Funding: Establishing a reserve funding goal of keeping the reserve cash balance above zero.
- Full Funding: Setting a reserve funding goal of attaining and maintaining reserves at or near 100% funded.
- Statutory Funding: Establishing a reserve funding goal of setting aside the specific minimum amount of reserves required by local statutes.
- Threshold Funding: Establishing a reserve funding goal of keeping the *Reserve Balance* above a specified dollar or *Percent Funded* amount. Depending on the threshold, this may be more or less conservative than fully funding.

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

FUNDING PRINCIPLES:

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

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

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

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

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

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

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

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

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

RESPONSIBLE CHARGE: A reserve specialist in *Responsible Charge* of a *Reserve Study* shall render regular

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

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

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

SURPLUS: An actual or projected *Reserve Balance* greater than the *Fully Funded Balance*.

The opposite would be a *Deficit*.

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