

**Year 2012
Reserve Study & Maintenance Plan
Orengo Gardeng Homeowners Association
Hillsboro Oregon**

PREPARED BY

Regenesis

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August 25, 2011

Colleen Rathka crathka@bluestonehockley.com

RE: **Orenco Gardens Homeowners Association**

Enclosed is the Reserve Study & Maintenance Plan Update you requested.

Type of Reserve Study Performed (in bold).

- Level I: Full reserve study with site inspection
- Level II: Reserve study update with site inspection
- Level III: Reserve study update with no site inspection**

Reserve Fund Balance: Effective January 1, 2012, the **Actual Starting Balance** is **\$110,076** versus the **Ideal Starting Balance** which is **\$93,263**.

Percent Funded. A key indicator of a homeowner association's reserve funding health. 100% Funded is ideal. To determine the current Percent Funded, the Actual Starting Balance is divided by the Ideal Starting Balance. Based on this formula, reserves are currently **118% Funded** (0-35%=Weak; 36-70%=Fair; 71-100%=Strong). The proposed Funding Plan will systematically adjust Annual Contributions to move this level toward the 100% Funded ideal.

Recommended Contribution to Reserves. The Funding Plan anticipates future costs to avoid special assessments when possible. To achieve this goal, a 2012 contribution of **\$10,996** is recommended.

Investment Rate. The Reserve Study allows informed long range investment planning. A **.31%** yield is projected based on current investments. Investing in the highest yielding and insured investments can substantially reduce owner contributions. See www.bankrate.com for local investment options.

Inflation Rate. **2%** was used based on the most recent 12 month average published by www.inflationdata.com/inflation/Inflation_Rate/CurrentInflation.asp

Tax Rate. **30%** was used based on using a Federal Tax Form 1120H versus Tax Form 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 is worth it. See your CPA for more information on tax filing options.

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. **The Client has agreed to a Price Guarantee as follows: No Site Inspection Update for 2013 at \$499.** Please make sure to include the cost in the annual budget.

Innovative Homeowner Association Management Strategies

Regenesis Resources

- **The Regenesis Report** (FREE) Monthly newsletter considered to be the best HOA resource available. To subscribe, email info@regenesisis.net.
- www.Regenesisis.net Gold Subscribers enjoy the largest homeowner association information resource on the planet and a personalized Ask the HOA Expert service to address specific issues. *All for only \$99 a year.* To subscribe, go to www.Regenesisis.net and click on **Subscribe Here**.

It's been my pleasure to provide this valuable financial and maintenance planning information for your homeowners association.

Regards,



Richard L. Thompson PRA
PROFESSIONAL RESERVE ANALYST



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Reserve Study**

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Reserve Study

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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 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.

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Reserve Study Methodology

DEFINITIONS

Reserve Study Identifies the components all or part of which will normally require major 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.

RESERVE STUDY CRITERIA

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

FUNDING PLAN CRITERIA

The Funding Plan goal is to reach 100% Funding of the Ideal Balance during the life of the study period. If reserves are initially severely underfunded, the Funding Plan accelerates quickly to address immediate cash needs but then eases into a gradual annual increase. Due to cash inflows and outflows, the plan rarely hits 100% exactly but hovers below or over that mark.

The Funding Plan charts the annual beginning balance, yearly expenditures, contribution requirements and ending balance. It factors in interest earned on invested reserve funds, taxes paid on interest earned and area inflation.

SOURCES OF INFORMATION (as applicable):

Original plans and specifications
Original builder and developer
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.

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Reserve Study Limitations & Assumptions

1. This 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 this 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, to maintain accuracy and is required by state statute.
3. Consultant's financial liability for errors and omissions is limited to the charge made to Client to perform this Reserve Study.
4. The scope of this Reserve Study is expressly limited to the components included.
5. The remaining useful life estimates of this Reserve Study assumes normal weather conditions and does not factor in damage by flood, wind, storm, earthquake or other insurable events. The useful life estimates assume proper construction, installation, design plus adequate preventive maintenance. Improper construction, installation, design or failure to maintain will lead to shortened useful lives.
6. The cost estimates of this 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 forces which are not under Consultant's control.
7. The conclusions of this Reserve Study do not involve forensic or destructive testing of the components and were arrived at by either visual inspection and/or information provided by Client.
8. This 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	Comment:	# of Items	Unit	Item Cost	Total Item Cost	Year Built	Useful Life	Year Replace	Life Left	One Time?
Basketball Court Backboard w/Net		2	Each	\$ 750.00	\$ 1,500	2002	10	2012	1	No
Basketball Court-Sealcoat & Restripe	Originally scheduled for 2009.	3,200	Sq.Ft.	\$ 0.50	\$ 1,600	2007	5	2012	1	No
Bench-Steel/Recycled Material	Located on the west boundary pathways.	3	Each	\$ 750.00	\$ 2,250	2002	20	2022	11	No
Benches-Metal/Recycled Material-6'	Cost including shipping from www.theparkcatalog.com	30	Each	\$ 925.00	\$ 27,750	2002	20	2022	11	No
Bridges-Wood	Two bridges along west boundary pathways measuring 6' wide by 18' long constructed of pressure treated wood and cedar.	2	Each	\$ 5,500.00	\$ 11,000	2002	20	2022	11	No
Drinking Fountain		1	Total	\$ 2,000.00	\$ 2,000	2002	20	2022	11	No
Entry Monument-Brick & Mortar-Clean & Seal	Originally scheduled for 2009.	1	Total	\$ 500.00	\$ 500	2007	5	2012	1	No
Fence-Chainlink with Vinyl Coat-Boundary-3'	This fence runs along the west retaining walls.	2,760	Ln.Ft.	\$ 14.00	\$ 38,640	2002	30	2032	21	No
Fence-Wood-Boundary-Good Neighbor-6'	This fence runs along south boundary.	1,500	Ln.Ft.	\$ 30.00	\$ 45,000	2002	20	2022	11	No
Gazebo-Paint-Exterior		1	Total	\$ 1,000.00	\$ 1,000	2010	8	2018	7	No
Gazebo-Roof-Composition-Asphalt		6	Squares	\$ 175.00	\$ 1,050	2002	30	2032	21	No
Park-Chess Tables & Chairs		2	Each	\$ 1,000.00	\$ 2,000	2002	20	2022	11	No
Park-Notice Kiosk-Recycled Material		1	Total	\$ 750.00	\$ 750	2002	20	2022	11	No
Park-Signs-Metal		2	Each	\$ 250.00	\$ 500	2002	20	2022	11	No
Pavilion-Paint-Exterior		1	Total	\$ 800.00	\$ 800	2010	8	2018	7	No
Pavilion-Roof-Composition-Asphalt		7	Squares	\$ 175.00	\$ 1,225	2002	30	2032	21	No
Pet Waste Stations	Fido House brand kit available from Peachtree Business Products.	4	Each	\$ 500.00	\$ 2,000	2006	10	2016	5	No
Picnic Tables-8'-Recycled		12	Each	\$ 1,000.00	\$ 12,000	2002	20	2022	11	No
Play Structure-Large		1	Total	\$ 20,000.00	\$ 20,000	2002	20	2022	11	No
Play Structure-Small	From Landscape Structures www.playlsi.com	1	Total	\$ 7,500.00	\$ 7,500	2002	20	2022	11	No
Retaining Wall Repairs	Repair approximately 5500 linear feet of CMU block retaining wall on the west and north boundary as needed.	1	Total	\$ 10,000.00	\$ 10,000	2008	5	2013	2	No
Trash Receptacles		4	Each	\$ 500.00	\$ 2,000	2002	20	2022	11	No

Number of Items = 22

8/25/2011

Funding Plan Summary

Orengo Gardens Homeowners Association

Year	Percent Funded	Inflation Adjusted Ideal Balance	Starting Balance	Annual Contribution	Interest Income	Tax Liability	Inflation Adjusted Expenditures
2012	118%	93,263	110,076	10,996	358	(107)	(3,600)
2013	114%	102,673	117,723	11,216	382	(115)	(10,200)
2014	112%	105,763	119,007	11,441	387	(116)	0
2015	109%	119,548	130,718	11,669	423	(127)	0
2016	106%	133,841	142,684	11,903	461	(138)	(2,165)
2017	104%	146,451	152,744	12,141	492	(148)	(2,319)
2018	102%	159,399	162,911	12,384	524	(157)	(13,289)
2019	100%	161,663	162,373	12,631	523	(157)	0
2020	98%	177,781	175,371	13,085	564	(169)	0
2021	97%	194,478	188,850	13,653	607	(182)	0
2022	95%	211,772	202,928	14,289	651	(195)	(166,210)
2023	85%	60,146	51,463	14,155	181	(54)	(12,434)
2024	85%	62,612	53,311	14,463	188	(56)	0
2025	86%	78,089	67,905	14,824	233	(70)	0
2026	88%	94,161	82,892	15,214	281	(84)	(5,014)
2027	88%	105,729	93,288	15,629	313	(94)	(2,826)
2028	88%	120,057	106,311	16,077	354	(106)	(13,728)
2029	87%	123,853	108,908	16,547	363	(109)	0
2030	88%	142,035	125,710	17,066	416	(125)	0
2031	88%	160,896	143,067	17,640	471	(141)	0
2032	89%	180,453	161,037	18,282	528	(158)	(66,147)
2033	85%	133,259	113,541	18,699	381	(114)	(15,157)
2034	85%	137,465	117,350	19,138	393	(118)	(2,783)
2035	86%	154,716	133,981	19,620	446	(134)	0
2036	87%	175,497	153,912	20,159	508	(153)	(3,217)
2037	88%	193,767	171,211	20,733	563	(169)	(3,445)
2038	88%	212,529	188,892	21,374	619	(186)	(16,734)
2039	88%	218,480	193,965	21,738	635	(190)	0
2040	89%	241,995	216,148	22,060	704	(211)	0
2041	89%	266,362	238,701	22,965	776	(233)	0
Total				<u>\$481,791</u>	<u>\$13,726</u>	<u>(\$4,118)</u>	<u>(\$339,267)</u>

0.31% Investment Rate
30.00% Tax Rate
2.00% Inflation Rate
0.00% Contingency Rate

Annual Expenditures

8/25/2011

Orenco Gardens Homeowners Association

Year	Amount	Item Description
	1,500	Basketball Court Backboard w/Net
	1,600	Basketball Court-Sealcoat & Restripe
	500	Entry Monument-Brick & Mortar-Clean & Seal
2012	3,600	
	10,200	Retaining Wall Repairs
2013	10,200	
	2,165	Pet Waste Stations
2016	2,165	
	1,767	Basketball Court-Sealcoat & Restripe
	552	Entry Monument-Brick & Mortar-Clean & Seal
2017	2,319	
	1,126	Gazebo-Paint-Exterior
	901	Pavilion-Paint-Exterior
	11,262	Retaining Wall Repairs
2018	13,289	
	1,828	Basketball Court Backboard w/Net
	1,950	Basketball Court-Sealcoat & Restripe
	2,743	Bench-Steel/Recycled Material
	33,827	Benches-Metal/Recycled Material-6'
	13,409	Bridges-Wood
	2,438	Drinking Fountain
	609	Entry Monument-Brick & Mortar-Clean & Seal
	54,855	Fence-Wood-Boundary-Good Neighbor-6'
	2,438	Park-Chess Tables & Chairs
	914	Park-Notice Kiosk-Recycled Material
	609	Park-Signs-Metal
	14,628	Picnic Tables-8'-Recycled
	24,380	Play Structure-Large
	9,142	Play Structure-Small
	2,438	Trash Receptacles
2022	166,210	
	12,434	Retaining Wall Repairs
2023	12,434	
	1,319	Gazebo-Paint-Exterior
	1,056	Pavilion-Paint-Exterior
	2,639	Pet Waste Stations
2026	5,014	
	2,153	Basketball Court-Sealcoat & Restripe
	673	Entry Monument-Brick & Mortar-Clean & Seal
2027	2,826	
	13,728	Retaining Wall Repairs

Annual Expenditures

8/25/2011

Orenco Gardens Homeowners Association

Year	Amount	Item Description
	1,500	Basketball Court Backboard w/Net
2028	13,728	
	2,229	Basketball Court Backboard w/Net
	2,378	Basketball Court-Sealcoat & Restripe
	743	Entry Monument-Brick & Mortar-Clean & Seal
	57,417	Fence-Chainlink with Vinyl Coat-Boundary-3'
	1,560	Gazebo-Roof-Composition-Asphalt
	1,820	Pavilion-Roof-Composition-Asphalt
2032	66,147	
	15,157	Retaining Wall Repairs
2033	15,157	
	1,546	Gazebo-Paint-Exterior
	1,237	Pavilion-Paint-Exterior
2034	2,783	
	3,217	Pet Waste Stations
2036	3,217	
	2,625	Basketball Court-Sealcoat & Restripe
	820	Entry Monument-Brick & Mortar-Clean & Seal
2037	3,445	
	16,734	Retaining Wall Repairs
2038	16,734	
Total	339,267	

Item Description	Useful Life	Life Left	Year Replace	Total Item Cost	Ideal Balance	Actual Balance	2012 Contribution
Basketball Court Backboard w/Net	10	1	2012	\$ 1,500	\$ 1,500	\$ 1,500	\$ 150
Basketball Court-Sealcoat & Restripe	5	1	2012	\$ 1,600	\$ 1,600	\$ 1,600	\$ 320
Bench-Steel/Recycled Material	20	11	2022	\$ 2,250	\$ 1,125	\$ 1,125	\$ 113
Benches-Metal/Recycled Material-6'	20	11	2022	\$ 27,750	\$ 13,875	\$ 13,875	\$ 1,388
Bridges-Wood	20	11	2022	\$ 11,000	\$ 5,500	\$ 5,500	\$ 550
Drinking Fountain	20	11	2022	\$ 2,000	\$ 1,000	\$ 1,000	\$ 100
Entry Monument-Brick & Mortar-Clean & Seal	5	1	2012	\$ 500	\$ 500	\$ 500	\$ 100
Fence-Chainlink with Vinyl Coat-Boundary-3'	30	21	2032	\$ 38,640	\$ 12,880	\$ 12,880	\$ 1,288
Fence-Wood-Boundary-Good Neighbor-6'	20	11	2022	\$ 45,000	\$ 22,500	\$ 22,500	\$ 2,250
Gazebo-Paint-Exterior	8	7	2018	\$ 1,000	\$ 250	\$ 250	\$ 125
Gazebo-Roof-Composition-Asphalt	30	21	2032	\$ 1,050	\$ 350	\$ 350	\$ 35
Park-Chess Tables & Chairs	20	11	2022	\$ 2,000	\$ 1,000	\$ 1,000	\$ 100
Park-Notice Kiosk-Recycled Material	20	11	2022	\$ 750	\$ 375	\$ 375	\$ 38
Park-Signs-Metal	20	11	2022	\$ 500	\$ 250	\$ 250	\$ 25
Pavilion-Paint-Exterior	8	7	2018	\$ 800	\$ 200	\$ 200	\$ 100
Pavilion-Roof-Composition-Asphalt	30	21	2032	\$ 1,225	\$ 408	\$ 408	\$ 41
Pet Waste Stations	10	5	2016	\$ 2,000	\$ 1,200	\$ 1,200	\$ 200
Picnic Tables-8'-Recycled	20	11	2022	\$ 12,000	\$ 6,000	\$ 6,000	\$ 600
Play Structure-Large	20	11	2022	\$ 20,000	\$ 10,000	\$ 10,000	\$ 1,000
Play Structure-Small	20	11	2022	\$ 7,500	\$ 3,750	\$ 3,750	\$ 375
Retaining Wall Repairs	5	2	2013	\$ 10,000	\$ 8,000	\$ 8,000	\$ 2,000
Trash Receptacles	20	11	2022	\$ 2,000	\$ 1,000	\$ 1,000	\$ 100
				\$ 191,065	\$ 93,263	\$ 93,263	\$ 10,996
						\$ 16,813	
					Contingency	\$ -	\$ -
					Total	\$ 93,263	\$ 93,263

Investment Rate 0.31%
Tax Rate 30.00%
Inflation Rate 2.00%
Contingency Rate 0.00%

**Year 2012
Maintenance Plan**

**Orengo Gardeng Homeowners Association
Hillsboro Oregon**

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Maintenance Plan for Orengo Gardens Homeowners Association

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.

The Maintenance Plan is divided into two parts: **Annual Maintenance** and **Reserve Repairs & Replacements**. The first deals with annual tasks while the second deals with cyclical tasks. Close attention to both are required to achieve the desired results.

Annual Maintenance

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

Landscape-Maintenance Landscaping is an extremely important aspect of livability and market value. Having a contractor that is competent and regularly attending to the landscaping is the proper approach. When the contractor completes work, a job slip should be left with a designated Committee member so the work can be reviewed. If there are deficiencies, the contractor should be notified immediately. If the contractor is consistently unresponsive or the quality of work deficient, a change in contractors is indicated. For details on landscape maintenance, refer to the landscape contractor's agreement.

Lights-Exterior For appearance and security, all exterior light fixtures should be in good working order. Repair fixture or replace bulbs as needed.

Pressure Washing Each year, selected areas of asphalt and concrete sidewalks and steps should be pressure washed to remove oil spots, algae and moss which could cause slipping hazards.

Roof Maintenance Applies to park Pavilion and Gazebo. To ensure the roof lasts its normal useful life, the roof must be kept clean of dirt, debris, moss and algae. As needed, apply moss killer and clear moss away when it is dead and dry. Repair roofing and flashing as needed at least once a year.

Treework Inspect large common area trees for deadwood and remove as needed.

Reserve Repairs & Replacements

The following items should be performed according to the schedule outlined in the Reserve Study:

Barkdust Barkdust beautifies, reduces irrigation water and retards weed growth. Install 2" of medium fresh fir on all planting beds.

Basketball Court-Sealcoat & Restripe

1. Keep sprinkler system (if applies) turned off before and throughout process
2. Thoroughly clean all asphalt surfaces removing moss, algae, oil, dirt, rocks and weeds
3. Seal cracks with rubberized sealer
4. Apply two coats of emulsified sealcoat.
5. Add 3 lbs of sand per gallon to first coat
6. Apply sealcoat in dry weather only with surface temperature of at least 60 degrees F
7. Allow first coat to dry to touch before applying second coat.
8. Restripe court to original pattern.

Entry Monument-Brick & Mortar-Clean, Repair & Seal

1. Pressure wash to remove dirt, algae and moss.
2. Repair mortar as needed.
3. Apply two coats of high quality ten year warranty sealer according to manufacturer's specifications.

Fence-Wood-Boundary-Good Neighbor-6'

1. Install 4" x 4" x 8' pressure treated fence posts set a minimum of 18" deep
2. Fill each post hole with one sack of premixed concrete
3. 2" x 4" treated horizontal rails for attaching vertical boards
4. Install 1" x 6" x 6' #1 tight knot cedar board alternating on railings with 1/2" overlap
5. Install 1" x 6" #1 tight knot cedar horizontal boards on top and bottom of vertical overlapping boards
6. Install 2" x 6" #1 tight knot cedar cap rail
7. Use brass screws or cement coated galvanized nails as fasteners

Landscape Renovation Bushes and plants mature, overgrow their location and die. This fund is to remove and replace those specimens that need it. It is recommended to use drought and pest resistant native species.

Paint-Exterior Applies to Pavilion and Gazebo.

1. Inspect and repair as needed.
2. Power wash all surfaces to remove peeling paint, moss, algae, dirt and other contaminants.
3. Treat areas with mildew with mildewcide.
4. Scrape or wire brush loose paint and prime all bare spots with primer.
5. Remove and/or provide adequate protection for lighting fixtures and other hardware.

6. Mask with tape and paper, cover with plastic tarp or otherwise protect windows, other unpainted surfaces, landscaping and personal property from paint drips and/or overspray.
7. Surface to be painted shall be dry and free of dirt, dust, oils or other contaminants which will prevent adhesion of the coating.
8. Coating shall be applied at a temperature in accordance with manufacturer's specification.
10. Spray and backroll high quality paint or stain product suitable for siding, trim, soffit and fascia according to manufacturer's guidelines.
11. Spray high quality paint or sealer product as applies on exterior doors.
12. Clean up all work related debris and dispose of off site.

Roof-Composition-Asphalt Applies to Pavilion and Gazebo. When due for replacement, roofing must be removed to install the new shingles. Consider upgrading to a longer life product for greater durability and smaller per year cost. Remove and replace with comparable quality roofing according to manufacture's specification; replace all flashing.

Treework Have all common area trees inspected by certified arborist; Perform corrective pruning as needed to insure maximum health and beauty of trees. Remove deadwood to prevent injury from falling limbs.