



1. RESERVE STUDY EXECUTIVE SUMMARY

Client: Mountain Villas Unit Owners' Association (Mountain Villas)

Location: Champion, Pennsylvania

Reference: 171847

Property Basics: Mountain Villas Unit Owners' Association is a unit owners association comprising of 16 townhome units in four buildings and 97 condominium units in five buildings. The community was built from 1968 to 1971.

Reserve Components Identified: 46 Reserve Components.

Inspection Date: January 10, 2018.

Funding Goal: The Funding Goal of this Reserve Study is to maintain reserves above an adequate, not excessive threshold during one or more years of significant expenditures. Our recommended Funding Plan recognizes this threshold funding year in 2043 due to subsequent repaving of the asphalt pavement.

Cash Flow Method: We use the Cash Flow Method to compute the Reserve Funding Plan. This method offsets future variable Reserve Expenditures with existing and future stable levels of reserve funding. Our application of this method also considers:

- Current and future local costs of replacement
- 1.2% annual rate of return on invested reserves
- 1.3% future Inflation Rate for estimating Future Replacement Costs

Sources for Local Costs of Replacement: Our proprietary database, historical costs and published sources, i.e., R.S. Means, Incorporated.

Cash Status of Reserve Fund:

- \$31,664 as of December 31, 2017

Project Prioritization: We recommend the Association prioritize the following projects in the next five years based on the conditions identified:

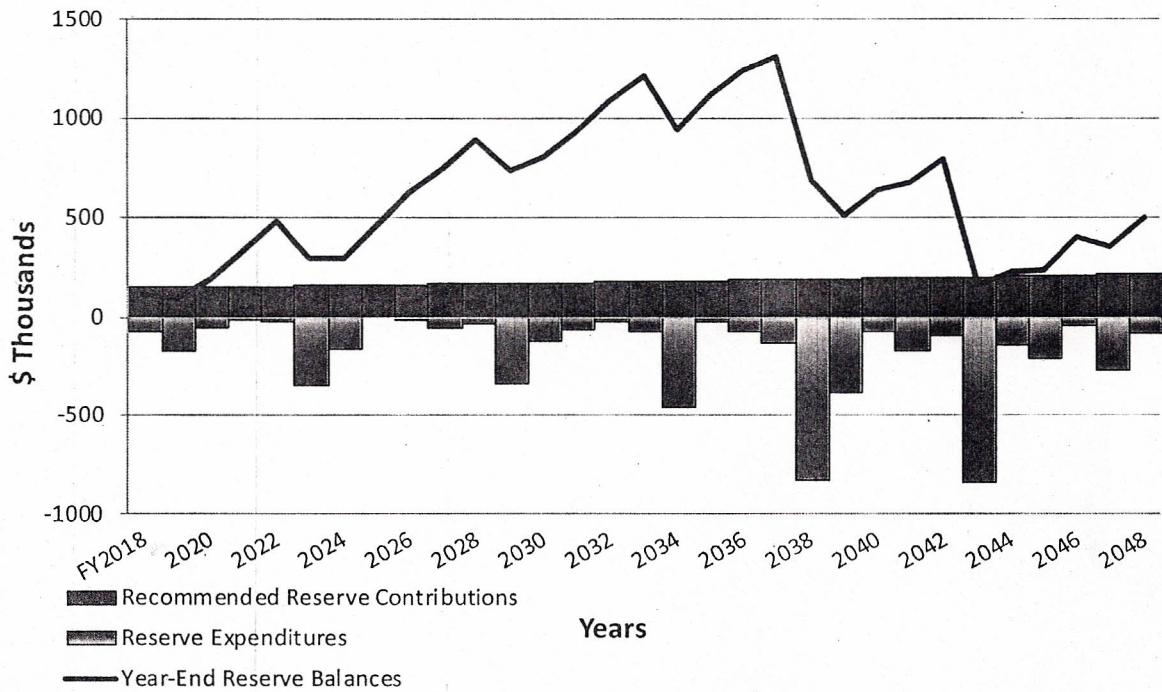
- Milling and overlayment of the asphalt pavement
- Replacement of the wood entrance walks
- Repairs and waterproof coating applications to the concrete balconies
- Inspections and repairs to the masonry façades
- Coating applications to the interior building concrete floor coverings

Recommended Reserve Funding: We recommend the following in order to achieve a stable and equitable Funding Plan:

- At the request of Management we recommend the Association contribution 148,000 to Reserves in 2018
- Inflationary increases through 2048, the limit of this study's Cash Flow Analysis
- 2018 Reserve Contribution of \$149,900 is equivalent to an average monthly contribution of \$109.15 per unit owner.

Mountain Villas
Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2019	149,900	89,577	2029	170,600	735,575	2039	194,100	511,351
2020	151,800	186,585	2030	172,800	799,857	2040	196,600	641,753
2021	153,800	340,201	2031	175,000	925,011	2041	199,200	675,774
2022	155,800	477,712	2032	177,300	1,087,956	2042	201,800	790,225
2023	157,800	293,333	2033	179,600	1,205,983	2043	204,400	160,948
2024	159,900	299,777	2034	181,900	935,384	2044	207,100	228,497
2025	162,000	466,346	2035	184,300	1,112,645	2045	209,800	234,698
2026	164,100	625,871	2036	186,700	1,238,737	2046	212,500	403,626
2027	166,200	747,018	2037	189,100	1,312,106	2047	215,300	359,476
2028	168,400	891,052	2038	191,600	689,210	2048	218,100	497,236



RESERVE FUNDING PLAN

CASH FLOW ANALYSIS

Mountain Villas

Unit Owners' Association

Champion, Pennsylvania

	Individual Reserve Budgets & Cash Flows for the Next 30 Years															
	FY2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Reserves at Beginning of Year (Note 1)	31,664	108,414	89,577	186,585	340,201	477,712	293,333	299,777	466,346	625,871	747,018	891,052	735,575	799,857	925,011	1,087,956
Total Recommended Reserve Contributions (Note 2)	148,000	149,900	151,800	153,800	155,800	157,800	159,900	162,000	164,100	166,200	168,400	170,600	172,800	175,000	177,300	179,600
Plus Estimated Interest Earned, During Year (Note 3)	0	1,181	1,647	3,142	4,878	4,599	3,537	4,569	6,514	8,188	9,770	9,702	9,158	10,287	12,006	13,682
Less Anticipated Expenditures, By Year	(71,250)	(169,918)	(56,439)	(3,326)	(23,167)	(346,778)	(156,993)	0	(11,089)	(53,241)	(34,136)	(335,779)	(117,676)	(60,133)	(26,361)	(75,255)
Anticipated Reserves at Year End	\$108,414	\$89,577	\$186,585	\$340,201	\$477,712	\$293,333	\$299,777	\$466,346	\$625,871	\$747,018	\$891,052	\$735,575	\$799,857	\$925,011	\$1,087,956	\$1,205,983

(continued)

	Individual Reserve Budgets & Cash Flows for the Next 30 Years, Continued														
	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
Reserves at Beginning of Year	1,205,983	935,384	1,112,645	1,238,737	1,312,106	689,210	511,351	641,753	675,774	790,225	160,948	228,497	234,698	403,626	359,476
Total Recommended Reserve Contributions	181,900	184,300	186,700	189,100	191,600	194,100	196,600	199,200	201,800	204,400	207,100	209,800	212,500	215,300	218,100
Plus Estimated Interest Earned, During Year	12,772	12,215	14,024	15,214	11,936	7,160	6,877	7,858	8,744	5,673	2,323	2,763	3,807	4,551	5,110
Less Anticipated Expenditures, By Year	(465,271)	(19,254)	(74,632)	(130,945)	(826,432)	(379,119)	(73,075)	(173,037)	(96,093)	(839,350)	(141,874)	(206,362)	(47,379)	(264,001)	(85,450)
Anticipated Reserves at Year End	\$935,384	\$1,112,645	\$1,238,737	\$1,312,106	\$689,210	\$511,351	\$641,753	\$675,774	\$790,225	\$160,948	\$228,497	\$234,698	\$403,626	\$359,476	\$497,236
										(NOTE 5)					(NOTE 4)

Explanatory Notes:

- 1) Year 2018 ending reserves are as of December 31, 2017; FY2018 starts January 1, 2018 and ends December 31, 2018.
- 2) 2018 is the first year of recommended contributions.
- 3) 1.2% is the estimated annual rate of return on invested reserves
- 4) Accumulated year 2048 ending reserves consider the age, size, overall condition and complexity of the property.
- 5) Threshold Funding Year (reserve balance at critical point).