

## RESERVE EXPENDITURES

Heron Lakes  
Townhome Association, Inc.  
Houston, Texas

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Unit (2016)	Per Phase (2016)
						Useful	Remaining		
<b><u>Exterior Building Elements</u></b>									
1.140	84	42	Each	Chimney Caps, Metal, Phased	2027	to 25	11 to 12	450.00	18,900
1.240	10,350	5,175	Linear Feet	Gutters and Downspouts, Aluminum, Phased	2027	15 to 20	11 to 12	7.00	36,225
1.280	2,100	1,050	Squares	Roofs, Asphalt Shingles, Phased	2027	15 to 20	11 to 12	360.00	378,000
1.760	93,400	93,400	Square Feet	Walls, Fiber Cement Siding, Paint Finishes and Repairs	2023	8 to 10	7	1.75	163,450
1.800	28,600	28,600	Square Feet	Walls, Masonry, Inspections and Repairs	2023	8 to 12	7	0.55	15,730
<b><u>Property Site Elements</u></b>									
4.100	12	12	Each	Catch Basins, Inspections and Capital Repairs	2026	15 to 20	10	500.00	6,000
4.120	50,100	2,090	Square Feet	Concrete Driveways, Partial	2021	to 65	5 to 30+	10.50	21,945
4.140	50,800	2,115	Square Feet	Concrete Sidewalks, Partial	2021	to 65	5 to 30+	9.00	19,035
4.180	65,500	4,365	Square Feet	Concrete Streets (Incl. Curbs and Gutters), Partial	2026	to 65	10 to 30+	12.00	52,380
4.240	1,580	1,580	Linear Feet	Fences, Metal, Paint Finishes	2021	6 to 8	5	6.00	9,480
4.245	1,580	1,580	Linear Feet	Fences, Metal, Replacement	2033	to 35	17	50.00	79,000
4.285	2,100	1,050	Linear Feet	Fences, Wood, Phased	2017	15 to 20	1 to 2	39.00	40,950
4.310	1	1	Panel	Gate Entry System	2027	10 to 15	11	3,500.00	3,500
4.320	2	2	Each	Gate Operators	2025	to 10	9	3,500.00	7,000
4.330	2	2	Each	Gates	2021	to 20	5	5,000.00	10,000
4.420	3	1	Allowance	Irrigation System, Phased	2036	to 40	20 to 24	40,000.00	40,000
4.560	16	16	Each	Light Poles and Fixtures	2031	to 30	15	4,000.00	64,000
4.640	1,650	1,650	Linear Feet	Perimeter Walls, Vinyl	2024	20 to 25	8	75.00	123,750
4.810	1	1	Allowance	Signage, Entrance Monument, Replacement	2025	15 to 20	9	6,500.00	6,500

**Anticipated Expenditures, By Year**

**Explanatory Notes:**

- 1) **1.7%** is the estimated future Inflation Rate for estimating Future Replacement Costs.  
 2) FY2016 is Fiscal Year beginning January 1, 2016 and ending December 31, 2016.

Costs, \$		RUL = 0	1	2	3	4	5	6	7	8	9	10	11	12
Total (2016)	30-Year Total (Inflated)	FY2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
37,800	<b>45,888</b>												22,751	23,137
72,450	<b>207,082</b>												43,605	44,347
756,000	<b>2,160,856</b>												455,011	462,747
163,450	<b>635,256</b>								183,921					
15,730	<b>61,136</b>								17,700					
6,000	<b>17,051</b>											7,102		
526,050	<b>178,688</b>						23,875					25,974		
457,200	<b>154,992</b>						20,709					22,530		
786,000	<b>222,234</b>											61,998		
9,480	<b>51,152</b>						10,314						11,411	
79,000	<b>105,216</b>													
81,900	<b>201,680</b>		41,646	42,354										
3,500	<b>9,371</b>												4,213	
7,000	<b>29,203</b>										8,147			
10,000	<b>26,120</b>						10,879							
120,000	<b>173,943</b>													
64,000	<b>82,413</b>													
123,750	<b>141,616</b>									141,616				
6,500	<b>18,163</b>										7,565			
	<b>\$4,522,060</b>	0	41,646	42,354	0	0	65,777	0	201,621	141,616	15,712	117,604	536,991	530,231

Years 2016 to 2031

Year:

13 2029	14 2030	15 2031	16 2032	17 2033	18 2034	19 2035	20 2036	21 2037	22 2038	23 2039	24 2040	25 2041	26 2042	27 2043	28 2044
		210,474								240,861					
		20,256								23,180					
		28,259					30,744						33,447		
		24,511					26,667						29,012		
							73,381								
										13,970					
				105,216											
								58,344	59,336						
										5,158					
						9,643									
													15,241		
							56,038	57,959			59,946				
		82,413													
0	0	365,913	0	105,216	0	9,643	186,830	58,344	117,295	283,169	59,946	77,700	0	0	0

s 2032 to 2046

29 2045	30 2046
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59,063	60,067
616,310	626,788

	9,949
	36,389
	31,563
	86,855
15,457	

11,413	
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10,598	
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712,841	851,611
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## RESERVE FUNDING PLAN

**CASH FLOW ANALYSIS**  
**Heron Lakes**  
**Townhome Association, Inc.**

		<u>Individual Reserve Budgets &amp; Cash Flows for the Next 30 Years</u>															
<u>Houston, Texas</u>		<u>FY2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>
<b>Reserves at Beginning of Year (Note 1)</b>		239,639	239,639	295,183	360,741	479,754	610,255	678,263	815,371	753,507	753,479	882,424	912,727	523,804	139,429	286,268	437,384
<b>Total Recommended Reserve Contributions (Note 2)</b>		N/A	94,000	104,000	114,000	124,000	126,100	128,200	130,400	132,600	134,900	137,200	139,500	141,900	144,300	146,800	149,300
Plus	<b>Estimated Interest Earned, During Year (Note 3)</b>	N/A	3,190	3,912	5,013	6,501	7,685	8,908	9,357	8,988	9,757	10,707	8,568	3,956	2,539	4,316	3,949
Less	<b>Anticipated Expenditures, By Year</b>	N/A	(41,646)	(42,354)	0	0	(65,777)	0	(201,621)	(141,616)	(15,712)	(117,604)	(536,991)	(530,231)	0	0	(365,913)
<b>Anticipated Reserves at Year End</b>		<u>\$239,639</u>	<u>\$295,183</u>	<u>\$360,741</u>	<u>\$479,754</u>	<u>\$610,255</u>	<u>\$678,263</u>	<u>\$815,371</u>	<u>\$753,507</u>	<u>\$753,479</u>	<u>\$882,424</u>	<u>\$912,727</u>	<u>\$523,804</u>	<u>\$139,429</u>	<u>\$286,268</u>	<u>\$437,384</u>	<u>\$224,720</u>
icted Reserves based on 2017 funding level of:		\$94,000	239,639	295,183	350,681	449,453	549,410	584,395	685,972	585,937	545,067	630,366	614,185	175,906	(260,832)	(169,398)	

(NOTE 5)

(continued)

		<u>Individual Reserve Budgets &amp; Cash Flows for the Next 30 Years, Continued</u>															
		<u>2032</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>	<u>2036</u>	<u>2037</u>	<u>2038</u>	<u>2039</u>	<u>2040</u>	<u>2041</u>	<u>2042</u>	<u>2043</u>	<u>2044</u>	<u>2045</u>	<u>2046</u>	
<b>Reserves at Beginning of Year</b>		224,720	380,127	434,168	597,320	755,445	739,934	856,310	917,595	815,664	939,989	1,050,963	1,244,453	1,443,384	1,647,821	1,140,812	
<b>Total Recommended Reserve Contributions</b>		151,800	154,400	157,000	159,700	162,400	165,200	168,000	170,900	173,800	176,800	179,800	182,900	186,000	189,200	192,400	
Plus	<b>Estimated Interest Earned, During Year</b>	3,607	4,857	6,152	8,068	8,919	9,520	10,580	10,338	10,471	11,874	13,690	16,031	18,437	16,632	9,734	
Less	<b>Anticipated Expenditures, By Year</b>	0	(105,216)	0	(9,643)	(186,830)	(58,344)	(117,295)	(283,169)	(59,946)	(77,700)	0	0	0	(712,841)	(851,611)	
<b>Anticipated Reserves at Year End</b>		<u>\$380,127</u>	<u>\$434,168</u>	<u>\$597,320</u>	<u>\$755,445</u>	<u>\$739,934</u>	<u>\$856,310</u>	<u>\$917,595</u>	<u>\$815,664</u>	<u>\$939,989</u>	#####	#####	#####	#####	#####	#####	<u>\$491,335</u>

(NOTE 4)

**Explanatory Notes:**

- 1) Year 2016 starting reserves are projected by Management as of January 1, 2017; FY2016 starts January 1, 2016 and ends December 31, 2016.
- 2) Reserve Contributions for 2016 are budgeted; 2017 is budgeted; 2018 is the first year of recommended contributions.
- 3) 1.20% is the estimated annual rate of return on invested reserves.
- 4) Accumulated year 2046 ending reserves consider the need to fund for replacement of the fiber cement siding shortly after 2046, and the age, size, overall condition and complexity of the property.
- 5) Threshold Funding Year (reserve balance at critical point).

comprises  
 Expenditures

Version	v3.0	
Name	Heron Lakes Townhome Association, Inc.	
City	Houston	
State	Texas	
Reference Number	060490	
Length of Study (Years)		30
Number of Units		84
Number of Buildings		22
Date of Inspection	11/15/2016	
Current Fiscal Year		2016
Fiscal Year Beginning	1/1/2016	
First Year of Recommendation		2018
Remaining Budgeted Months		12
Beginning Reserve Balance	\$239,639.00	
Current Reserve Contributions	\$0.00	
Inflation		0.017
Interest		0.012
Frequency of Contributions		12