

Dear Glendover Park Homeowners:

In December 2004, the Glendover Park HOA's board of directors contracted Fisher-Smoucha Consulting to prepare a "Reserve Fund Study". The purpose of this study was to establish a reserve funding policy which would be adequate to meet future expenditures for major replacements of the common area elements owned and maintained by the Glendover Park HOA. The final report, dated January 1st 2005 was implemented into the calendar year 2005 budget for Glendover Park HOA.

The investigation included both the common area site improvements and the recreation center improvements owned and maintained by Glendover Park HOA. Excluded from consideration were the individually maintained residences, public street improvements, and site landscaping additions. Fixed expenditures of day-to-day maintenance and repairs, inspection and service fees, maintenance contracts and the like are not part of the reserve study, as they are covered by the monthly operating budget utilized by the HOA.

Three funding resolutions were prepared by Fisher-Smoucha Consulting in order to justify an appropriate reserve funding policy. These three resolutions would meet the projected future replacement expenditures without putting the Glendover Park HOA reserve fund in a deficit situation over any point over the 20-year analysis period.

The resolutions used an average annual inflation factor of three percent (3%) over the term of the analysis in projecting future replacement costs. All three resolutions included earning 2% interest on the fund balance.

After reviewing the report, the board of directors voted on Resolution No. 3 as recommended by the Fisher-Smoucha. Resolution No. 3 provides a means of maintaining the current reserve balance of \$71,000 while budgeting a 2005 annual reserve contribution of \$32,500. This annual reserve allocation, increased at an annual rate of 2%, will eliminate special assessments, and achieve the "Ideal" 100% fund level. Although, the report suggested a reserve contribution of \$32,500 annually, the budgeted reserve contribution for 2005 is \$36,000.

Attached to this narrative are three exhibits:

- Exhibit "A": An equipment inventory list currently being maintained by the HOA including current costs and remaining life.
- Exhibit "B": Projected equipment replacement / refurbishment through the year 2024.
- Exhibit "C": Reserve Funding Resolution #3 which shows reserve contributions and expenditures through the year 2024.

# Exhibit "A"

# GLENDOVER PARK

Homeowners Association

Allen, TX

January 1, 2005

## RESERVE ITEM INVENTORY

Quantity	Item Description	Current Replacement Cost	Normal Useful Life	Remaining Life	Ideal Reserve Fund	Ideal Annual Contribution
	Common Area Site Improvements	\$	Years	Years	\$	\$
1 Lot	Perimeter Wood Fencing Replacement	60,000	20	15	15,000	3,000
1 Lot	Playground Equipment / Surface Replace	40,000	15	10	13,333	2,667
2 Ea.	Pool Membrane Resurface	22,000	7	2	15,714	3,143
1 Lot	Pool Area Deck Refurbish	20,000	15	1	18,667	1,333
2 Ea.	Main Entrance Monument Restoration	16,000	15	10	5,333	1,067
1 Lot	Metal Fencing Replacement	15,000	24	19	3,125	625
1 Lot	Pool Area Outdoor Furniture Replace	13,000	7	2	9,286	1,857
1 Lot	Perimeter Wood Fencing Stain / Seal	10,000	2	2	5,000	5,000
1 Lot	Bath House Roof Membrane Replace	8,000	14	5	5,143	571
2 Ea.	Pool Tile / Coping Replacement	8,000	21	16	1,905	381
1 Ea.	Pool Filtration Equipment Replace	7,500	15	10	2,500	500
1 Lot	Bath House Exterior Renovation	6,000	12	7	2,500	500
1 Lot	Bath House Plumbing Fixture Replace	6,000	15	10	2,000	400
1 Lot	Metal Fencing Paint / Seal	5,000	5	4	1,000	1,000
Partial	Stone Retaining Wall / Column (Partial)	5,000	10	5	2,500	500
Partial	Concrete Sidewalk / Paving (Partial)	5,000	15	10	1,667	333
1 Lot	Pool Area Canvas Awning Replace	4,200	10	6	1,680	420
Allowance	Irrigation System Components	4,000	2	1	2,000	2,000
1 Lot	Bath House Lighting Replacement	3,000	10	8	600	300
1 Lot	Bath House Interior Remodel	3,000	12	7	1,250	250
1 Lot	Bath House Exterior Paint / Replace	3,000	6	1	2,500	500
1 Lot	Metal Railing / Pool Equipment Replace	2,500	8	3	1,563	313
Allowance	Annual Replacement Allowance	2,400	1	1	0	2,400
2 Ea.	Electric Water Cooler Replacement	1,800	8	3	1,125	225
					<b>100,391</b>	<b>26,285</b>

**Exhibit "B"**

**20-YEAR PROJECTED CAPITAL RESERVE  
EXPENDITURE PROJECTION**

**GLENDOVER PARK**

Homeowners Association  
Allen, TX  
January 1, 2005

Item Description	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Common Area Site Improvements</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Main Entrance Monument Restoration	-	-	-	-	-	-	-	-	-	20,800	-	-	-	-	-	-	-	-	-	-
Perimeter Wood Fencing Stain / Seal	-	-	10,600	-	11,200	-	11,900	-	12,700	-	13,400	-	14,200	-	15,100	-	16,000	-	17,000	-
Perimeter Wood Fencing Replacement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	90,600	-	-	-	-	-
Metal Fencing Paint / Seal	-	-	-	5,450	-	-	-	-	6,350	-	-	-	-	7,350	-	-	-	-	8,500	-
Metal Fencing Replacement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25,500	-
Stone Retaining Wall / Column (Partial)	-	-	-	-	5,600	-	-	-	-	-	-	-	-	-	7,550	-	-	-	-	-
Pool Membrane Resurface	-	22,660	-	-	-	-	-	-	27,940	-	-	-	-	-	-	34,320	-	-	-	-
Pool Tile / Coping Replacement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,080	-	-	-	-
Pool Area Deck Refurbish	20,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	31,200	-	-	-	-
Pool Filtration Equipment Replace	-	-	-	-	-	-	-	-	-	9,750	-	-	-	-	-	-	-	-	-	-
Pool Area Outdoor Furniture Replace	13,000	-	-	-	-	-	-	-	16,510	-	-	-	-	-	-	20,280	-	-	-	-
Metal Railing / Pool Equipment Replace	-	-	2,650	-	-	-	-	-	-	-	3,350	-	-	-	-	-	-	-	4,250	-
Electric Water Cooler Replacement	1,500	-	-	-	-	-	-	-	-	-	2,412	-	-	-	-	-	-	-	3,060	-
Bath House Roof Membrane Replace	-	-	-	-	-	4,872	-	-	-	-	-	-	-	-	-	6,552	-	-	-	-
Bath House Exterior Paint / Replace	-	-	-	-	8,960	-	-	-	-	-	-	-	-	-	-	-	-	-	13,600	-
Bath House Interior Remodel	-	-	-	-	-	-	7,140	-	-	-	-	-	-	-	-	-	-	-	10,200	-
Bath House Plumbing Fixture Replace	3,000	-	-	-	-	-	3,180	-	-	-	-	-	4,260	-	-	-	-	-	5,100	-
Bath House Lighting Replacement	-	-	-	-	-	-	3,570	-	-	-	-	-	-	-	-	-	-	-	5,100	-
Playground Equipment / Surface Repla	-	-	-	-	-	-	-	-	-	52,000	-	-	-	-	-	-	-	-	-	-
Concrete Sidewalk / Paving (Partial)	-	-	-	-	-	-	-	-	-	6,500	-	-	-	-	-	-	-	-	-	-
Irrigation System Components	4,000	-	4,240	-	4,480	-	4,760	-	5,080	-	5,360	-	5,680	-	6,040	-	6,400	-	6,800	-
Annual Replacement Allowance	2,400	2,472	2,546	2,623	2,701	2,782	2,866	2,952	3,040	3,131	3,225	3,322	3,422	3,524	3,630	3,739	3,851	3,967	4,086	4,208
	<b>43,900</b>	<b>25,132</b>	<b>20,036</b>	<b>8,073</b>	<b>32,941</b>	<b>7,654</b>	<b>33,416</b>	<b>2,952</b>	<b>71,620</b>	<b>92,181</b>	<b>27,747</b>	<b>3,322</b>	<b>27,562</b>	<b>10,874</b>	<b>122,920</b>	<b>108,171</b>	<b>26,251</b>	<b>3,967</b>	<b>103,196</b>	<b>4,208</b>
Beginning Year Reserve Amount:	71,000	61,020	70,258	85,441	113,566	118,075	148,665	154,823	192,299	162,604	112,516	126,637	166,257	183,238	218,071	142,395	80,813	100,794	144,351	90,460
End of Year Reserve Amount:	61,020	70,258	85,441	113,566	118,075	148,665	154,823	192,299	162,604	112,516	126,637	166,257	183,238	218,071	142,395	80,813	100,794	144,351	90,460	135,407

# GLENDOVER PARK

## Exhibit "C"

Homeowners Association

Allen, TX

January 1, 2005

### RESERVE FUNDING RESOLUTION NO. 3

Year	Beginning of Year Reserve Funds \$	Assumed Simple Interest %	Indicated Net Annual Contribution \$	Accumulated Total Reserve \$	Less Expenditures \$	End of Year Remaining Balance \$
2005	71,000 #	2.00%	32,500	104,920	43,900	61,020
2006	61,020	2.00%	33,150	95,390	25,132	70,258
2007	70,258	2.00%	33,813	105,477	20,036	85,441
2008	85,441	2.00%	34,489	121,639	8,073	113,566
2009	113,566	2.00%	35,179	151,016	32,941	118,075
2010	118,075	2.00%	35,883	156,319	7,654	148,665
2011	148,665	2.00%	36,600	188,239	33,416	154,823
2012	154,823	2.00%	37,332	195,251	2,952	192,299
2013	192,299	2.00%	38,079	234,224	71,620	162,604
2014	162,604	2.00%	38,841	204,697	92,181	112,516
2015	112,516	2.00%	39,617	154,384	27,747	126,637
2016	126,637	2.00%	40,410	169,579	3,322	166,257
2017	166,257	2.00%	41,218	210,800	27,562	183,238
2018	183,238	2.00%	42,042	228,945	10,874	218,071
2019	218,071	2.00%	42,883	265,315	122,920	142,395
2020	142,395	2.00%	43,741	188,984	108,171	80,813
2021	80,813	2.00%	44,616	127,045	26,251	100,794
2022	100,794	2.00%	45,508	148,318	3,967	144,351
2023	144,351	2.00%	46,418	193,656	103,196	90,460
2024	90,460	2.00%	47,346	139,615	4,208	135,407

# - January 1, 2005 Reserve Fund Balance