



1. RESERVE STUDY EXECUTIVE SUMMARY

Client: South Riding Proprietary (SRP)

Location: South Riding, Virginia

Reference: 030190

Property Basics: South Riding Proprietary is a planned unit development which is responsible for the common elements shared by 6,564 units. The community was built from 1995 to 2013.

Reserve Components Identified:

- 90 Common Reserve Components
- 98 Recreation Reserve Components
- 21 Townhome Reserve Components
- 13 Single Family Home Reserve Components

Inspection Date: August 11, 2020. We conducted the original inspection on June 12, 2014.

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 Common Funding Plan recognizes these threshold funding years in 2047 due to replacement of a portion of the playgrounds and concrete sidewalks and in 2050 due to replacement of a portion of the walking paths and concrete sidewalks.
- Our recommended Recreation Funding Plan recognizes this threshold funding year in 2047 due to replacement of the pool finishes at the Meadows Pool and renovations to the exterior and interior of the South Riding Center community building.
- Our recommended Townhome Funding Plan recognizes this threshold funding year in 2047 due to subsequent repaving of the asphalt pavement streets at the townhomes.
- Our recommended Single Family Home Funding Plan recognizes this threshold funding year in 2050 due subsequent repaving of the asphalt pavement streets at the single family homes.

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
- 0.9% anticipated annual rate of return on invested reserves
- 2.0% 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 Common Reserve Fund:

- \$2,698,024 as of June 30, 2020
- 2020 budgeted reserve contributions of \$402,000

Cash Status of Recreation Reserve Fund:

- \$1,636,088 as of June 30, 2020
- 2020 budgeted reserve contributions of \$269,000

Cash Status of Townhome Reserve Fund:

- \$3,772,639 as of June 30, 2020
- 2020 budgeted reserve contributions of \$494,000

Cash Status of Single Family Home Reserve Fund:

- \$1,399,291 as of June 30, 2020
- 2020 budgeted reserve contributions of \$210,000

Project Prioritization: We note anticipated Reserve Expenditures for the next 30 years in the *Reserve Expenditures* tables and include a *Five-Year Outlook* table following the *Reserve Funding Plan* in Section 3. We recommend the Association prioritize the following projects in the next five years based on the conditions identified:

- Replacement of a portion of the asphalt pavement walking paths (Common)
- Replacement of a portion of the concrete sidewalks (Common)
- Replacement of a portion of the playground equipment (Common)
- Replacement of a portion of the maintenance equipment (Common)
- Repaving of a portion of the asphalt pavement at the SRP streets (Townhome)
- Repaving of a portion of the asphalt pavement at the Townhome streets (Townhome)
- Replacement of a portion of the concrete curbs, gutters and sidewalks (Townhome)
- Repaving of a portion of the asphalt pavement at the single family homes (Single Family Homes)
- Replacement of a portion of the concrete curbs, gutters and sidewalks (Single Family Homes)

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

- Increase to \$420,000 in 2021
- Inflationary increases through 2050, the limit of this study's Cash Flow Analysis

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

- Reduced reserve budget of \$224,000 in 2021
- Inflationary increases through 2050, the limit of this study's Cash Flow Analysis

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

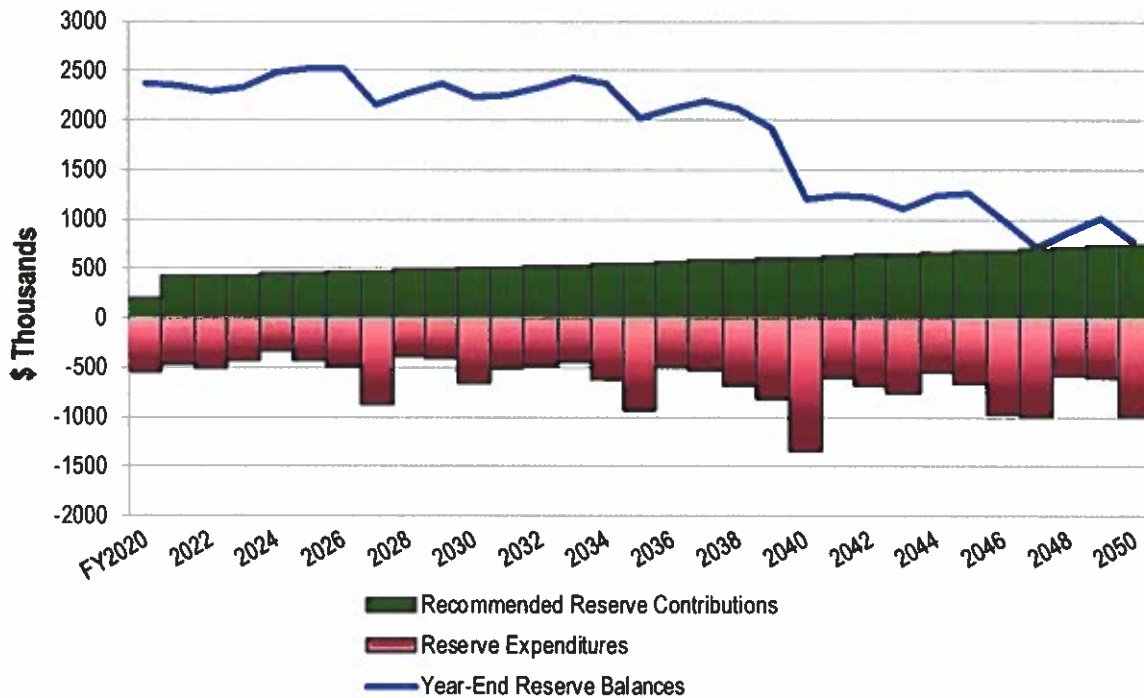
- Reduced reserve budget of \$437,000 in 2021
- Inflationary increases through 2050, the limit of this study's Cash Flow Analysis

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

- Reduced reserve budget of \$137,000 in 2021
- Inflationary increases through 2050, the limit of this study's Cash Flow Analysis

SRP
Recommended Common Reserve Funding Table and Graph

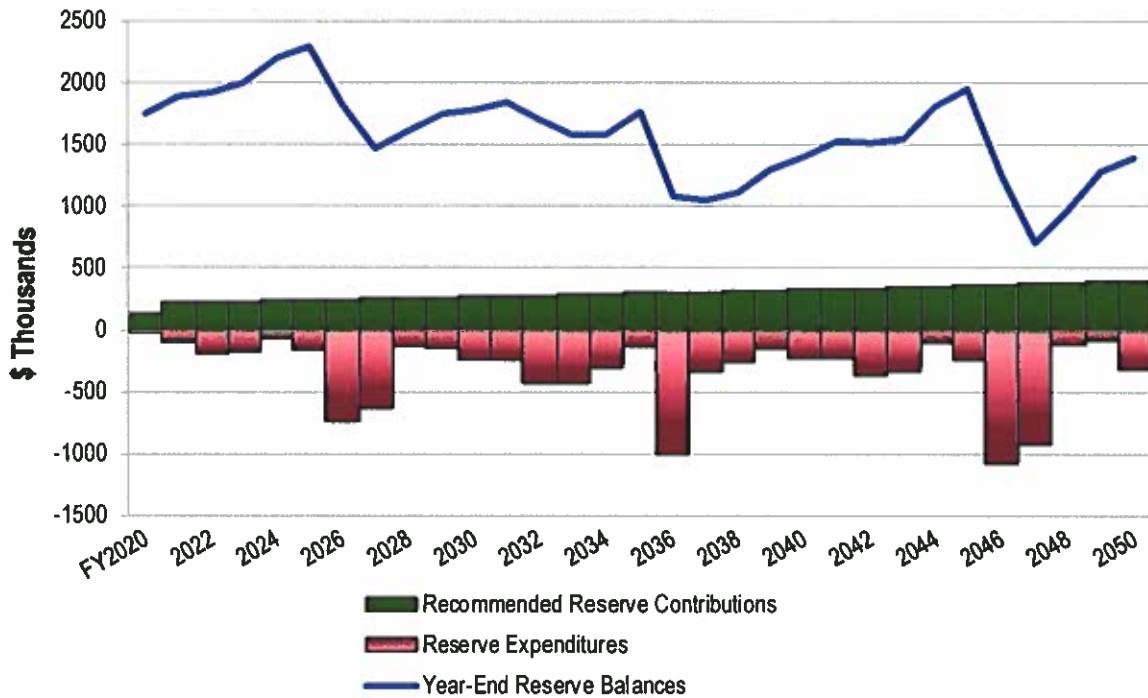
Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2021	420,000	2,357,703	2031	512,000	2,266,636	2041	624,100	1,251,728
2022	428,400	2,295,195	2032	522,200	2,329,141	2042	636,600	1,217,716
2023	437,000	2,335,544	2033	532,600	2,438,966	2043	649,300	1,114,208
2024	445,700	2,480,673	2034	543,300	2,377,112	2044	662,300	1,252,683
2025	454,600	2,523,117	2035	554,200	2,023,763	2045	675,500	1,270,959
2026	463,700	2,527,927	2036	565,300	2,126,852	2046	689,000	998,091
2027	473,000	2,157,793	2037	576,600	2,193,967	2047	702,800	726,350
2028	482,500	2,276,909	2038	588,100	2,118,715	2048	716,900	877,464
2029	492,200	2,382,300	2039	599,900	1,925,109	2049	731,200	1,012,965
2030	502,000	2,240,114	2040	611,900	1,216,125	2050	745,800	784,065





Recommended Recreation Reserve Funding Table and Graph

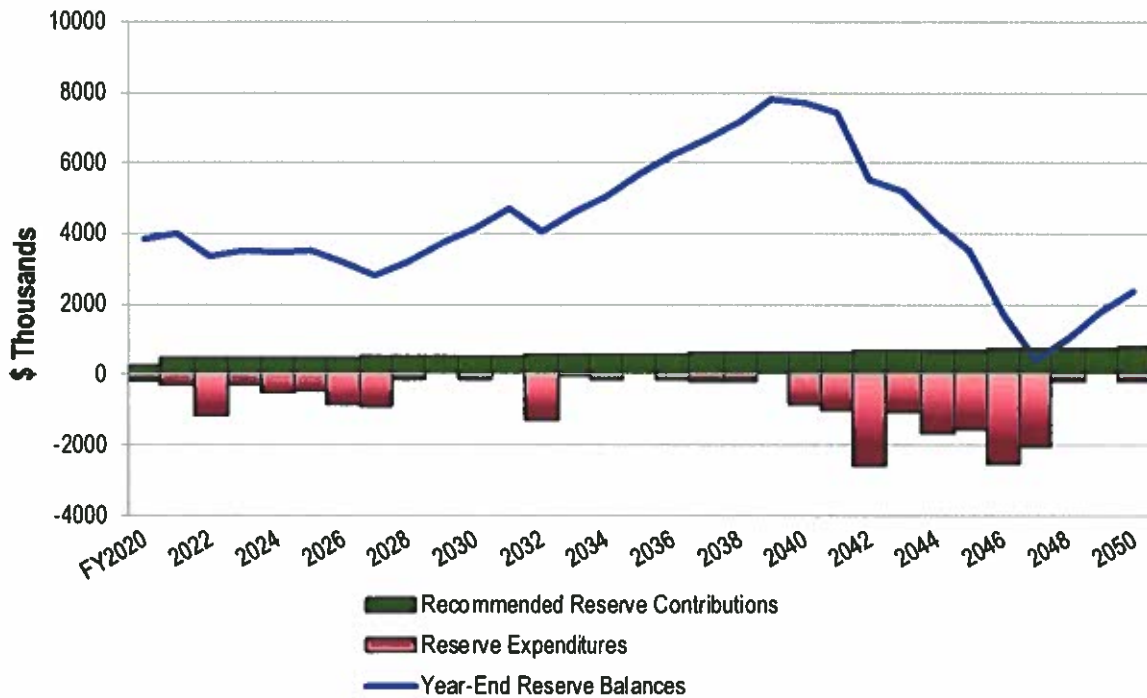
Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2021	224,000	1,883,044	2031	273,500	1,837,828	2041	333,400	1,531,549
2022	228,500	1,927,287	2032	279,000	1,699,710	2042	340,100	1,515,857
2023	233,100	2,003,284	2033	284,600	1,577,287	2043	346,900	1,549,400
2024	237,800	2,195,586	2034	290,300	1,581,840	2044	353,800	1,818,565
2025	242,600	2,299,889	2035	296,100	1,764,401	2045	360,900	1,954,049
2026	247,500	1,821,454	2036	302,000	1,074,266	2046	368,100	1,249,288
2027	252,500	1,465,241	2037	308,000	1,051,909	2047	375,500	702,423
2028	257,600	1,611,421	2038	314,200	1,116,224	2048	383,000	971,799
2029	262,800	1,744,866	2039	320,500	1,294,252	2049	390,700	1,288,272
2030	268,100	1,782,472	2040	326,900	1,407,453	2050	398,500	1,386,641





Recommended Townhome Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2021	437,000	4,008,992	2031	532,600	4,726,238	2041	649,300	7,417,467
2022	445,700	3,334,782	2032	543,300	4,034,920	2042	662,300	5,523,396
2023	454,600	3,496,020	2033	554,200	4,601,940	2043	675,500	5,183,400
2024	463,700	3,458,361	2034	565,300	5,061,091	2044	689,000	4,276,718
2025	473,000	3,513,370	2035	576,600	5,685,836	2045	702,800	3,483,049
2026	482,500	3,159,465	2036	588,100	6,210,426	2046	716,900	1,696,966
2027	492,200	2,785,699	2037	599,900	6,649,112	2047	731,200	411,888
2028	502,000	3,191,351	2038	611,900	7,132,430	2048	745,800	980,973
2029	512,000	3,734,377	2039	624,100	7,823,530	2049	760,700	1,753,925
2030	522,200	4,153,857	2040	636,600	7,692,330	2050	775,900	2,343,034





Recommended Single Family Home Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2021	137,000	1,646,689	2031	167,000	1,520,805	2041	203,500	3,082,916
2022	139,700	1,769,346	2032	170,300	1,442,469	2042	207,600	3,270,915
2023	142,500	1,510,940	2033	173,700	1,610,468	2043	211,800	2,120,806
2024	145,400	1,159,376	2034	177,200	1,761,752	2044	216,000	809,825
2025	148,300	1,302,164	2035	180,700	1,938,869	2045	220,300	1,013,718
2026	151,300	1,299,240	2036	184,300	2,120,792	2046	224,700	919,035
2027	154,300	1,448,643	2037	188,000	2,307,655	2047	229,200	1,131,854
2028	157,400	1,371,810	2038	191,800	2,476,483	2048	233,800	743,246
2029	160,500	1,527,396	2039	195,600	2,673,330	2049	238,500	962,787
2030	163,700	1,359,528	2040	199,500	2,875,429	2050	243,300	294,391

