

**J. Burt**

**Asset Group**

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February 6, 2020

Dear David Matheson,

We are please to respond to your request for a review of the progress Fairmeadows Condominiums Homeowners Association has made on the 2018 Level II Reserve Study. This letter is not an update to the 2018 study, but an effort to review what has transpired over the past two years and relate it to the funding plan, contributions and expenditures of the reserve account of the Association. The data reviewed is data provided by M & M Management and the Association and has not been audited or verified so we cannot express any assurance to the correctness of the numbers provided. We have, however found no indication that they are not correct.

The funding plan for the 2018 study suggested the Association increase the assessment for the reserve account by 30% in 2019 which has more than been done. The 2018 Reserve Study budgeted contribution was \$127,698 and the 2019 the Reserve Study budgeted contribution was \$165,570 a budgeted 30% increase year of year, however the actual contribution for 2018 was \$323,624 and the 2019 actual contribution was \$224,372 which far exceeds the plan.

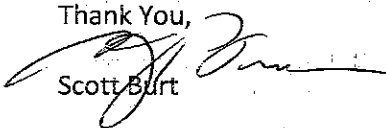
The 2018 Reserve Study budgeted expenditures were \$159,483 and the 2019 Reserve Study budgeted expenditures were \$219,927. The actual expenditures were \$177,912 in 2018 and \$185,272 in 2019. This activity has increased the reserves balance to \$300,975 going into 2020. The Reserve Study plan projected a balance of \$85,177 going in to 2020.

In summary the Association has been very aggressive in building the reserve balance and is entering 2020 with \$215,798 surplus over what the Reserve Study plan called for.

In looking at the projected expenditure budget for 2020 the Association is planning on spending \$320,900 on reserve items which far exceeds the Reserve Study plan of \$112,087. The major item driving the large expenditures increase for 2020 is \$179,800 to paint the 8 plex buildings. The Reserve Study plan called for this to be done in 2023 and 2024 so this item has been accelerated by 3 years. There is a caution that should be considered, if the period to address asset renewal, such as painting the buildings, is shortened it will require more money than is projected in the Reserve Study. On the other hand, the Reserve Study is an estimate and the life of the asset may be incorrect, which will be addressed in the next completed study.

In our opinion the Association has been diligent in building the reserve balance to exceed the 2018 Reserve Study plan. We are looking forward to updating the Reserve Study plan in 2021 with the more robust funding of the reserves as has happen over the past couple of years.

Thank You,

  
Scott Burt

**Fairmeadows Condominiums HOA 3 Year Comparison  
2018 - 2019 - 2020**

	2018 RESERVE STUDY PLAN	2018 HOA BUDGET	2018 ACTUAL	2019 RESERVE STUDY PLAN	2019 HOA BUDGET	2019 ACTUAL	2020 RESERVE STUDY PLAN	2020 HOA BUDGET	2020 ACTUAL
<b>BEGINNING RESERVE BALANCE</b>	116,163		116,163	84,378		761,875	30,021		300,975
Contributions	127,698		323,624	165,570		224,372	167,243		
Expenditures	159,483		177,912	219,927		185,272	112,087		
<b>ENDING RESERVE BALANCE</b>	84,378		261,875	30,021		300,975	85,177		300,975

**Fairmeadows Condominiums HOA 3 Year Comparison  
2018 - 2019 - 2020**

	<u>2018 RESERVE STUDY PLAN</u>	<u>2018 HOA BUDGET</u>	<u>2018 ACTUAL</u>	<u>2019 RESERVE STUDY PLAN</u>	<u>2019 HOA BUDGET</u>	<u>2019 ACTUAL</u>	<u>2020 RESERVE STUDY PLAN</u>	<u>2020 HOA BUDGET</u>	<u>2020 ACTUAL</u>
<b><u>AMENITIES</u></b>									
8 Plex Carpet	5,051		5,225	5,178	5,600	2,672	5,307		
Carpet Clubhouse							6,368		
Clubhouse A/C Units							5,296		
Pond Pump							3,184		
Pool Filters	2,020						3,389		
Pool Heater							14,330		
Pool Resurface								30,000	
Pool Furniture	7	1,000	1,373		1,000	216		1,000	
<b><u>COVENTRY</u></b>									
Coventry Awnings				17,605			18,045		
Coventry Stucco Repairs			6,872	4,100	5,692	4,748	4,202		5,000
<b><u>PAINTING</u></b>									
4 Plex	75,977		75,200	77,877	75,700	63,447			
8 Plex									179,800
8 Plex Stairs and Railings							4,829		
Fairmeadow South Side	2,020			6,213			6,368		
Clubhouse Interior Paint				5,125					
Street Signs & Poles						2,250			
Coventry Chimneys & Caps				14,350	14,000	11,250			6,400
<b><u>ROADS &amp; SIDEWALKS &amp; MISC</u></b>									
8 Plex Water Lines	15,155		15,909	12,427	12,000	10,260			
Asphalt	20,206		17,979	20,712	25,000	22,239	21,229		25,000
Cement Repairs	8,587		8,200	8,802	5,600	5,320	9,022		5,600
Mule	12,274		12,000						
Landscape Replacement			2,275	10,250	10,000	9,451	10,506		15,000
Light Posts and Signs		2,800	1,418	5	4,084	6,721	13		5,000
Fence Repair			2,230						
Cameras						4,969			2,000
<b><u>ROOFS</u></b>									
Fairmeadows 4 Plex	18,186	37,000	37,100	37,281	38,200	41,150			45,500
Roof Fans		3,600	331		600	579			600
	159,483	184,700	177,912	219,925	197,476	185,272	112,088	320,900	0