

REPLACEMENT RESERVE REPORT FY 2016 YOUR HOA

REPLACEMENT RESERVE REPORT FY 2016

YOUR HOA



Community Management by:

YOUR HOME OWNERS ASSOCIATION

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SAMPLE REPORT

Note: This sample report is based on an actual Replacement Reserve Study conducted for a real facility. Please note, however, that the name, location, results, and other identifying features of this report have been intentionally altered to suit the purpose of a sample and protect the confidentiality of the Client.

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REPLACEMENT RESERVE REPORT

YOUR HOA

YOURTOWN, NORTH CAROLINA



Description. Your HOA is a community located in Yourtown, North Carolina. Constructed between 2004 and 2014, the community consists of single family detached homes and townhomes with a total of 293 units. The survey examined the common elements of the property, including:

- Asphalt drive and parking.
- Concrete sidewalks, steps, and curb and gutter.
- Retaining walls, fencing, and railings.
- Swimming pool and community building.
- Tot lot and park areas.
- Wet pond features and storm water management system.

Level of Service. This study has been performed as a Level 1 Full Service Reserve Study as defined under the National Reserve Study Standards that have been adopted by the Community Associations Institute. As such, a complete inventory of components was established for the commonly owned elements of this facility based on information provided by the Board of Directors or by quantities that were developed from field measurement or takeoffs from to-scale drawings as performed by the Analyst. The condition of each inventory component was established by the Analyst, based on a visual inspection or review of provided historical data with a major repair or replacement cost for each also set. The included fund status and funding plan have been derived from analysis of this inventory.

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Replacement Reserve Analysis

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Replacement Reserve Inventory
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Projected Annual Replacements
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Overview, Standard Terms, and Definitions
Video Answers to Frequently Asked Questions

To aid in the understanding of this report and its concepts and practices, on our web site, we have developed [videos](#) addressing frequently asked topics. In addition, there are posted [links](#) covering a variety of subjects under the resources page of our web site at mdareserves.com.

Purpose. The purpose of this Replacement Reserve Study is to provide Your HOA (hereinafter called the Association) with an inventory of the common community facilities and infrastructure components that require periodic replacement. The Study includes a general view of the condition of these items and an effective financial plan to fund projected periodic replacements.

- **Inventory of Items Owned by the Association.** Section B lists the Projected Replacements of the commonly owned items that require periodic replacement using funding from Replacement Reserves. The Replacement Reserve Inventory also provides information about excluded items, which are items whose replacements are not scheduled for funding from Replacement Reserves.
- **Condition of Items Owned by the Association.** Section B includes our estimates of the normal economic life and the remaining economic life for the projected replacements. Section C provides a year-by-year listing of the projected replacements. Section D provides additional detail for items that are unique or deserving of attention because of their condition or the manner in which they have been treated in this study.
- **Financial Plan.** The Association has a fiduciary responsibility to protect the appearance, value, and safety of the property and it is therefore essential the Association have a financial plan that provides funding for the projected replacements. In conformance with American Institute of Certified Public Accountant guidelines, Section A, Replacement Reserve Analysis evaluates the current funding of Replacement Reserves as reported by the Association and recommends annual funding of Replacement Reserves by the Cash Flow Method. Section A, Replacement Reserve Analysis includes graphic and tabular presentations of the Association's current funding and the recommended funding based on the Cash Flow Method. An Executive Summary of these calculations is provided on Page A1. The alternative Component Method of funding is provided in the Appendix.

Basis. The data contained in this Replacement Reserve Study is based upon the following:

- The Request for Proposal submitted and executed by the Association.
- Miller - Dodson performed a visual evaluation on August 7, 2015 to determine a remaining useful life and replacement cost for the commonly owned elements of this facility.
- This study contains additional recommendations to address inflation for the Cash Flow Method only. For this recommendation, Miller - Dodson uses the Producers Price Index (PPI), which gauges inflation in manufacturing and construction. Please see page A5 for further details.

To-Scale Drawings. Site plans were used in the development of this study. We recommend the Association assemble and maintain a library of site and building plans of the entire facility. Record drawings should be scanned into an electronic format for safe storage and ease of distribution. Upon request for a nominal fee, Miller - Dodson can provide scanning services.

Current Funding. This reserve study has been prepared for Fiscal Year 2016 covering the period from January 1, 2016 to December 31, 2016. The projected Replacement Reserves on deposit as of January 1, 2016 are reported to be \$180,000. The planned contribution for the fiscal year is \$50,000. The balance and contribution figures have been supplied by the Association and confirmation or audit of these figures is beyond the scope of the study. For the purposes of this study, it is assumed that the annual contribution will be deposited at the end of each month.

Acknowledgement. Miller - Dodson Associates would like to acknowledge the assistance and input of Mr. Maxwell Smart and other Board Members who provided very helpful insight into the current operations of the property.

Analyst's Credentials. Larry D. Ellis holds a Bachelor's Degree in Industrial Management from the University of Tennessee and a Master's Degree in Industrial Management from Central Michigan University. He has over 20 years' experience in management engineering with the United States Air Force and over 18 years working with community associations and capital reserve analysis. Larry holds a Reserve Specialist (RS) Certification from the Community Associations Institute (CAI). He also holds a Professional Community Association Manager (PCAM) Certification from the Community Associations Institute (CAI). Larry has extensive experience at portfolio management and has managed large-scale properties, including both condominium and HOA. He has worked as a Regional Director for a large Management Company responsible for over a 100 properties and their employees and as Director of Business Development at the corporate level. Currently, Larry is a reserve specialist for Miller - Dodson Associates.

Respectfully submitted,



Larry D. Ellis, AMS, PCAM, RS
Reserve Specialist

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EXECUTIVE SUMMARY

The Your HOA Replacement Reserve Analysis uses the Cash Flow Method (CFM) to calculate Replacement Reserve funding for the periodic replacement of the 96 Projected Replacements identified in the Replacement Reserve Inventory.

\$107,483

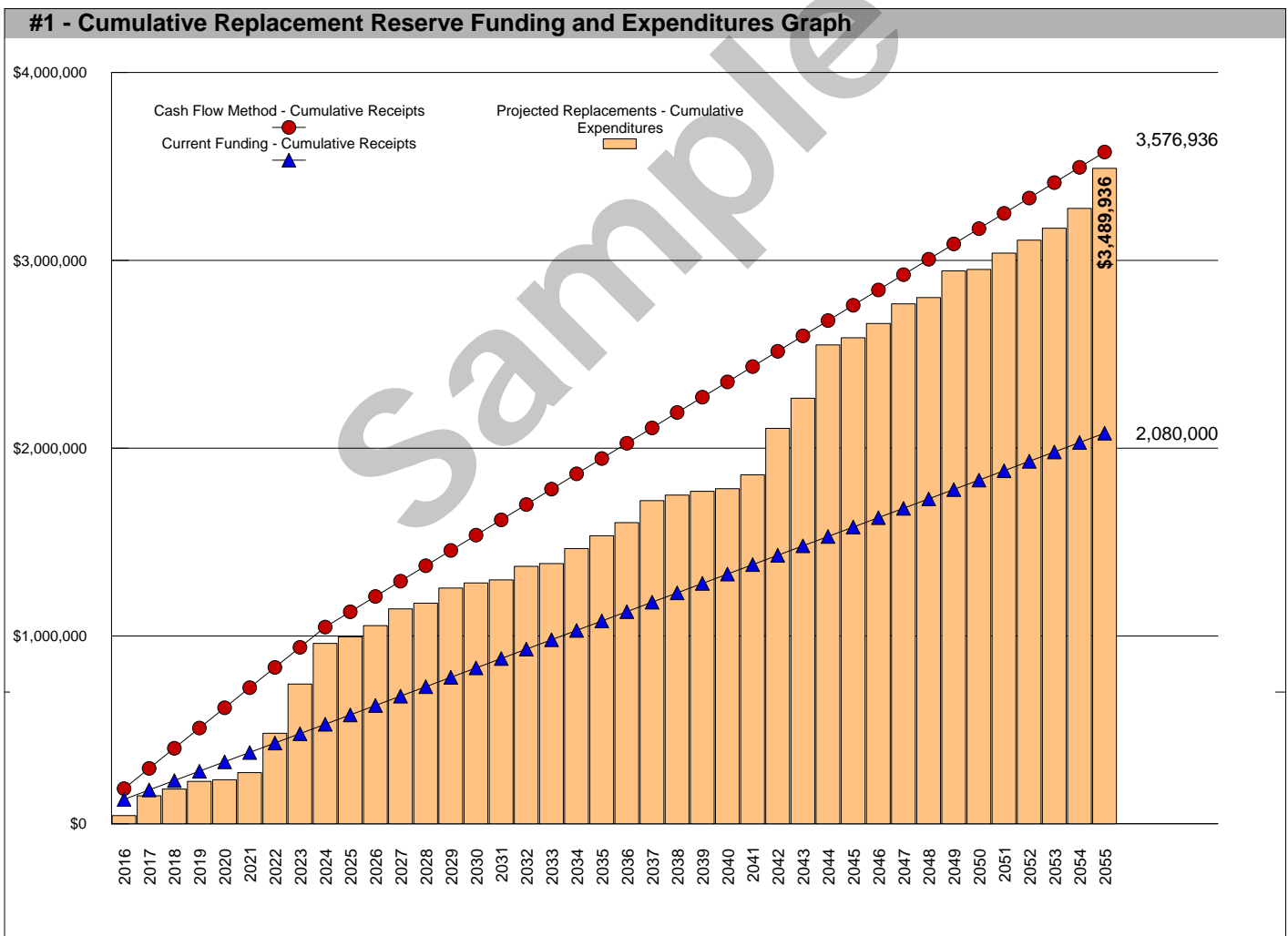
RECOMMENDED REPLACEMENT RESERVE FUNDING FOR THE STUDY YEAR, 2016

\$30.57 Per unit (average), minimum monthly funding of Replacement Reserves

We recommend the Association adopt a Replacement Reserve Funding Plan based on the annual funding recommendation above. Inflation adjusted funding for subsequent years is shown on Page A5.

Your HOA reports a Starting Balance of \$80,000 and Annual Funding totaling \$50,000.

Current funding is inadequate to fund the \$3,489,936 of Projected Replacements scheduled in the Replacement Reserve Inventory over the 40-year Study Period. See Page A3 for a more detailed evaluation.



The Current Funding Objective as calculated by the Component Method (Fully Funded) is \$720,722 making the reserve account 11.1% funded. See the Appendix for more information on this method.

REPLACEMENT RESERVE ANALYSIS - GENERAL INFORMATION

The Your HOA Replacement Reserve Analysis calculations of recommended funding of Replacement Reserves by the Cash Flow Method and the evaluation of the Current Funding are based upon the same Study Year, Study Period, Beginning Balance, Replacement Reserve Inventory and Level of Service.

2016 STUDY YEAR

The Association reports that their accounting year begins on January 1, and the Study Year, the first year evaluated by the Replacement Reserve Analysis, begins on January 1, 2016.

40 Years STUDY PERIOD

The Replacement Reserve Analysis evaluates the funding of Replacement Reserves over a 40-year Study Period.

\$80,000 STARTING BALANCE

The Association reports Replacement Reserves on Deposit totaling \$80,000 at the start of the Study Year.

Level One LEVEL OF SERVICE

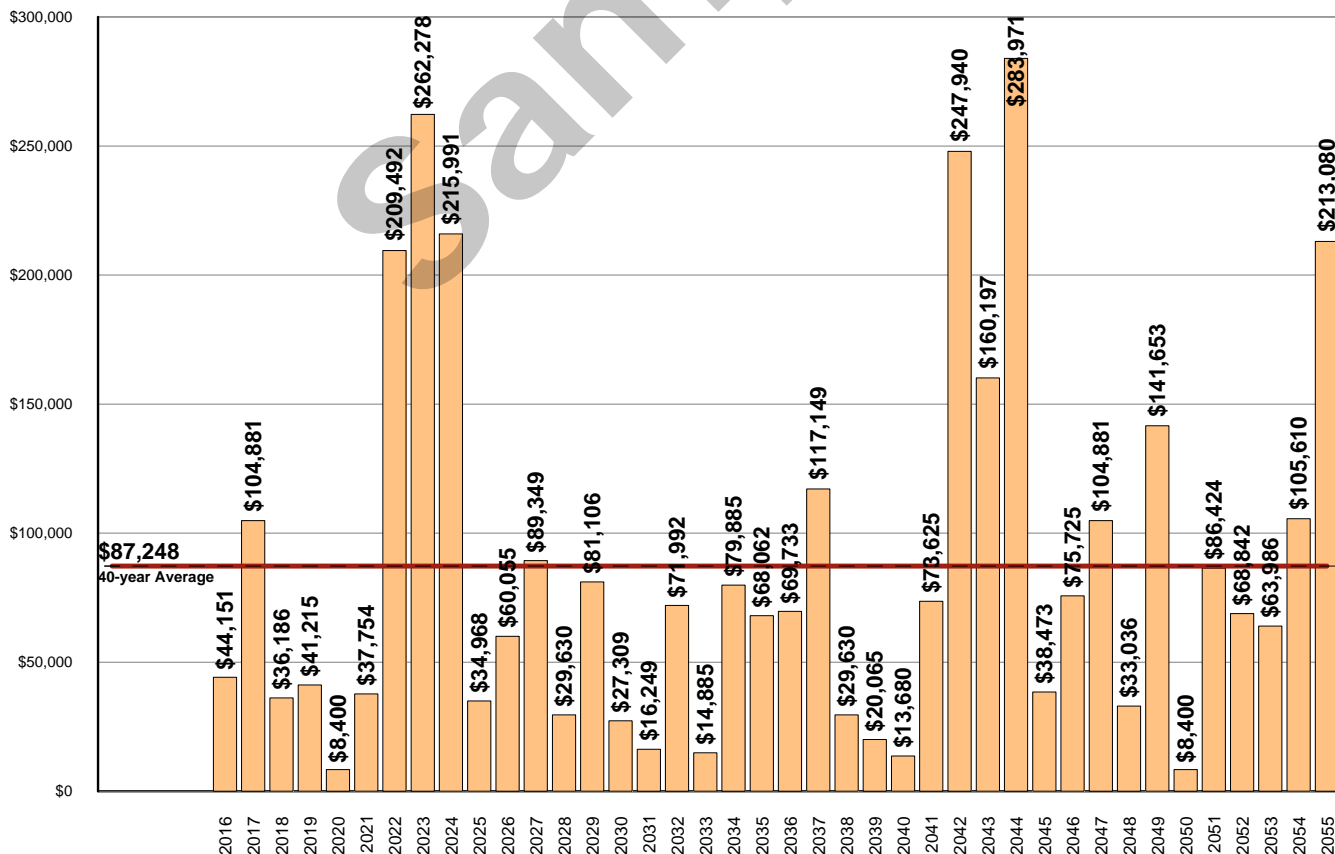
The Replacement Reserve Inventory has been developed in compliance with the National Reserve Study Standards for a Level One Study, as defined by the Community Associations Institute (CAI).

\$3,489,936 REPLACEMENT RESERVE INVENTORY - PROJECTED REPLACEMENTS

The Your HOA Replacement Reserve Inventory identifies 96 items that will require periodic replacement, that are to be funded from Replacement Reserves. We estimate the cost of these replacements will be \$3,489,936 over the 40-year Study Period. The Projected Replacements are divided into 14 major categories starting on Page B3. Pages B1-B2 provide detailed information on the Replacement Reserve Inventory.

#2 - Annual Expenditures for Projected Replacements Graph

This graph shows annual expenditures for Projected Replacements over the 40-year Study Period. The red line shows the average annual expenditure of \$87,248. Section C provides a year by year Calendar of these expenditures.



UPDATING

UPDATING OF THE FUNDING PLAN

The Association has a responsibility to review the Funding Plan annually. The review should include a comparison and evaluation of actual reserve funding with recommended levels shown on Page A4 and A5. The Projected Replacements listed on Page C2 should be compared with any replacements accomplished and funded from Replacement Reserves. Discrepancies should be evaluated and if necessary, the Reserve Study should be updated or a new study commissioned. We recommend annual increases in replacement reserve funding to account for the impact of inflation. Inflation Adjusted Funding is discussed on Page A5.

UPDATING OF THE REPLACEMENT RESERVE STUDY

At a minimum, the Replacement Reserve Study should be professionally updated every three to five years or after completion of a major replacement project. Updating should also be considered if during the annual review of the Funding Plan, discrepancies are noted between projected and actual reserve funding or replacement costs. Updating may also be necessary if there is a meaningful discrepancy between the actual inflation rate and the inflation rate used for the Inflation Adjusted Funding of Replacement Reserves on Page A5.

ANNUAL EXPENDITURES AND CURRENT FUNDING

The annual expenditures that comprise the \$3,489,936 of Projected Expenditures over the 40-year Study Period and the impact of the Association continuing to fund Replacement Reserves at the current level are detailed in Table 3.

#3 - Table of Annual Expenditures and Current Funding Data - Years 1 through 40										
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Starting Balance	\$80,000									
Projected Replacements	(\$44,151)	(\$104,881)	(\$36,186)	(\$41,215)	(\$8,400)	(\$87,754)	(\$209,492)	(\$262,278)	(\$215,991)	(\$34,968)
Annual Deposit	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
End of Year Balance	\$85,849	\$30,968	\$44,782	\$53,567	\$95,167	\$107,413	(\$52,078)	(\$264,356)	(\$430,347)	(\$415,315)
Cumulative Expenditures	(\$44,151)	(\$149,032)	(\$185,218)	(\$226,433)	(\$234,833)	(\$272,587)	(\$482,078)	(\$744,356)	(\$960,347)	(\$995,315)
Cumulative Receipts	\$130,000	\$180,000	\$230,000	\$280,000	\$330,000	\$380,000	\$430,000	\$480,000	\$530,000	\$580,000
Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Projected Replacements	(\$60,055)	(\$89,349)	(\$29,630)	(\$81,106)	(\$27,309)	(\$16,249)	(\$71,992)	(\$14,885)	(\$79,885)	(\$68,062)
Annual Deposit	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
End of Year Balance	(\$425,369)	(\$464,719)	(\$444,349)	(\$475,455)	(\$452,764)	(\$419,013)	(\$441,005)	(\$405,890)	(\$435,775)	(\$453,837)
Cumulative Expenditures	(\$1,055,369)	(\$1,144,719)	(\$1,174,349)	(\$1,255,455)	(\$1,282,764)	(\$1,299,013)	(\$1,371,005)	(\$1,385,890)	(\$1,465,775)	(\$1,533,837)
Cumulative Receipts	\$630,000	\$680,000	\$730,000	\$780,000	\$830,000	\$880,000	\$930,000	\$980,000	\$1,030,000	\$1,080,000
Year	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Projected Replacements	(\$69,733)	(\$117,149)	(\$29,630)	(\$20,065)	(\$13,680)	(\$73,625)	(\$247,940)	(\$160,197)	(\$283,971)	(\$38,473)
Annual Deposit	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
End of Year Balance	(\$473,569)	(\$540,718)	(\$520,348)	(\$490,413)	(\$454,093)	(\$477,719)	(\$675,658)	(\$785,855)	(\$1,019,826)	(\$1,008,299)
Cumulative Expenditures	(\$1,603,569)	(\$1,720,718)	(\$1,750,348)	(\$1,770,413)	(\$1,784,093)	(\$1,857,719)	(\$2,105,658)	(\$2,265,855)	(\$2,549,826)	(\$2,588,299)
Cumulative Receipts	\$1,130,000	\$1,180,000	\$1,230,000	\$1,280,000	\$1,330,000	\$1,380,000	\$1,430,000	\$1,480,000	\$1,530,000	\$1,580,000
Year	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055
Projected Replacements	(\$75,725)	(\$104,881)	(\$33,036)	(\$141,653)	(\$8,400)	(\$86,424)	(\$68,842)	(\$63,986)	(\$105,610)	(\$213,080)
Annual Deposit	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
End of Year Balance	(\$1,034,023)	(\$1,088,904)	(\$1,071,940)	(\$1,163,593)	(\$1,121,993)	(\$1,158,416)	(\$1,177,259)	(\$1,191,245)	(\$1,246,855)	(\$1,409,936)
Cumulative Expenditures	(\$2,664,023)	(\$2,768,904)	(\$2,801,940)	(\$2,943,593)	(\$2,951,993)	(\$3,038,416)	(\$3,107,259)	(\$3,171,245)	(\$3,276,855)	(\$3,489,936)
Cumulative Receipts	\$1,630,000	\$1,680,000	\$1,730,000	\$1,780,000	\$1,830,000	\$1,880,000	\$1,930,000	\$1,980,000	\$2,030,000	\$2,080,000

EVALUATION OF CURRENT FUNDING

The evaluation of Current Funding (Starting Balance of \$80,000 & annual funding of \$50,000), is done in today's dollars with no adjustments for inflation or interest earned on Replacement Reserves. The evaluation assumes Replacement Reserves will only be used for the 96 Projected Replacements identified in the Replacement Reserve Inventory and that the Association will continue Annual Funding of \$50,000 throughout the 40-year Study Period.

Annual Funding of \$50,000 is approximately 47 percent of the \$107,483 recommended Annual Funding calculated by the Cash Flow Method for 2016, the Study Year.

Evaluation of the 96 Projected Replacements calculates an average annual expenditure over the next 40 years of \$87,248. Annual funding of \$50,000 is 57 percent of the average annual expenditure.

Our calculations identify funding shortfalls in 34 years of the Study Period with the initial shortfall in 2022. The largest shortfall, \$-1,409,936, occurs in 2044. All shortfalls can be seen and evaluated in Table 3 above.

In summary, Current Funding as reported by the Association and shown above, does not provide adequate funding for the \$3,489,936 of Projected Replacements scheduled in the Replacement Reserve Inventory over the Study Period.

CASH FLOW METHOD FUNDING

\$107,483

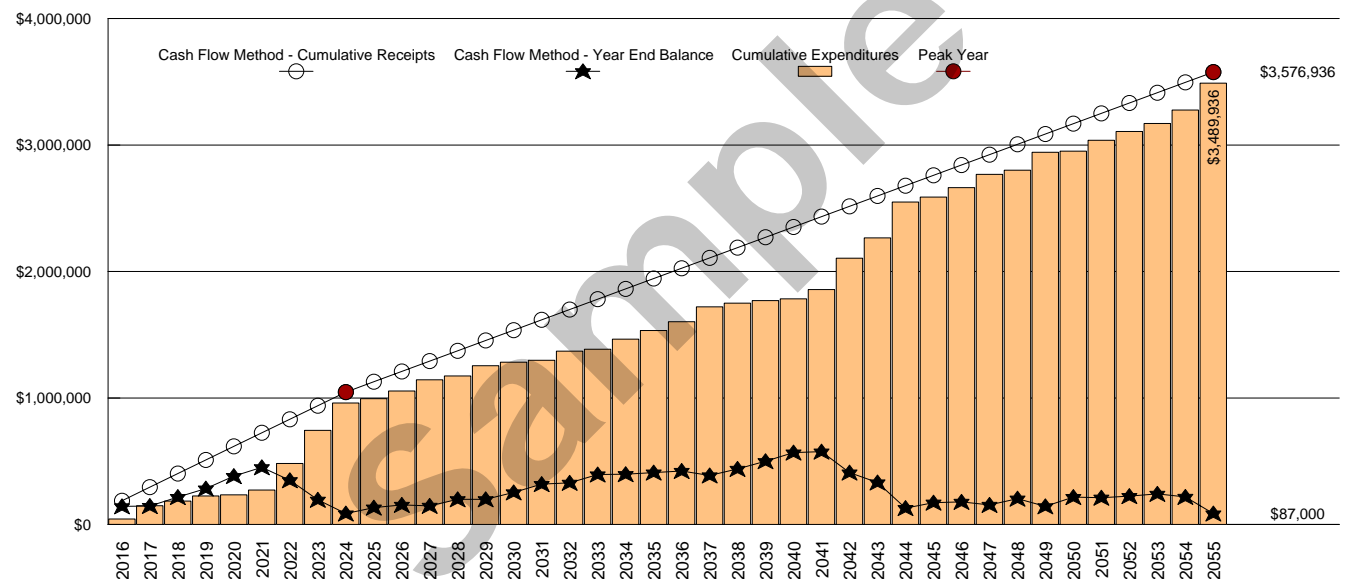
RECOMMENDED REPLACEMENT RESERVE FUNDING FOR 2016

\$30.57 Per unit (average), minimum monthly funding of Replacement Reserves

Recommended Replacement Reserve Funding has been calculated using the Cash Flow Method (also called the Straight Line or Threshold Method). This method calculates a constant annual funding between peaks in cumulative expenditures, while maintaining a Minimum Balance (threshold) in the Peak Years.

- **Peak Years.** The First Peak Year occurs in 2024 with Replacement Reserves on Deposit dropping to the Minimum Balance after the completion of \$960,347 of replacements from 2016 to 2024. Recommended funding declines from \$107,483 in 2024 to \$81,594 in 2025. Peak Years are identified in Chart 4 and Table 5.
- **Minimum Balance.** The calculations assume a Minimum Balance of \$87,000 in Replacement Reserves. This is approx. 12 months of average expenditures based on the \$87,248, 40-year average annual expenditure.
- **Cash Flow Method Study Period.** Cash Flow Method calculates funding for \$3,489,936 of expenditures over the 40-year Study Period. It does not include funding for any projects beyond 2055 and in 2055, the end of year balance will always be the Minimum Balance.

#4 - Cash Flow Method - Graph of Cumulative Receipts and Expenditures - Years 1 through 40



#5 - Cash Flow Method - Table of Receipts & Expenditures - Years 1 through 40

Year	2016	2017	2018	2019	2020	2021	2022	2023	1st Peak - 2024	2025
Starting Balance	\$80,000									
Projected Replacements	(\$44,151)	(\$104,881)	(\$36,186)	(\$41,215)	(\$8,400)	(\$37,754)	(\$209,492)	(\$262,278)	(\$215,991)	(\$34,968)
Annual Deposit	\$107,483	\$107,483	\$107,483	\$107,483	\$107,483	\$107,483	\$107,483	\$107,483	\$107,483	\$81,594
End of Year Balance	\$143,332	\$145,934	\$217,231	\$283,499	\$382,582	\$452,311	\$350,303	\$195,508	\$87,000	\$133,626
Cumulative Expenditures	\$44,151	\$149,032	\$185,218	\$226,433	\$234,833	\$272,587	\$482,078	\$744,356	\$960,347	\$995,315
Cumulative Receipts	\$187,483	\$294,966	\$402,449	\$509,932	\$617,415	\$724,898	\$832,381	\$939,864	\$1,047,347	\$1,128,941
Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Projected Replacements	(\$60,055)	(\$89,349)	(\$29,630)	(\$81,106)	(\$27,309)	(\$16,249)	(\$71,992)	(\$14,885)	(\$79,885)	(\$68,062)
Annual Deposit	\$81,594	\$81,594	\$81,595	\$81,595	\$81,595	\$81,596	\$81,596	\$81,596	\$81,597	\$81,597
End of Year Balance	\$155,166	\$147,411	\$199,376	\$199,865	\$254,151	\$319,498	\$329,101	\$395,813	\$397,525	\$411,061
Cumulative Expenditures	(\$1,055,369)	(\$1,144,719)	(\$1,174,349)	(\$1,255,455)	(\$1,282,764)	(\$1,299,013)	(\$1,371,005)	(\$1,385,890)	(\$1,465,775)	(\$1,533,837)
Cumulative Receipts	\$1,210,536	\$1,292,130	\$1,373,725	\$1,455,320	\$1,536,915	\$1,618,511	\$1,700,107	\$1,781,703	\$1,863,300	\$1,944,897
Year	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Projected Replacements	(\$69,733)	(\$117,149)	(\$29,630)	(\$20,065)	(\$13,680)	(\$73,625)	(\$247,940)	(\$160,197)	(\$283,971)	(\$38,473)
Annual Deposit	\$81,598	\$81,598	\$81,599	\$81,599	\$81,600	\$81,600	\$81,601	\$81,601	\$81,602	\$81,602
End of Year Balance	\$422,926	\$387,375	\$439,344	\$500,878	\$568,798	\$576,773	\$410,435	\$331,839	\$129,470	\$172,599
Cumulative Expenditures	(\$1,603,569)	(\$1,720,718)	(\$1,750,348)	(\$1,770,413)	(\$1,784,093)	(\$1,857,719)	(\$2,105,658)	(\$2,265,855)	(\$2,549,826)	(\$2,588,299)
Cumulative Receipts	\$2,026,495	\$2,108,094	\$2,189,692	\$2,271,292	\$2,352,892	\$2,434,492	\$2,516,093	\$2,597,694	\$2,679,296	\$2,760,898
Year	2046	2047	2048	2049	2050	2051	2052	2053	2054	2nd Peak - 2055
Projected Replacements	(\$75,725)	(\$104,881)	(\$33,036)	(\$141,653)	(\$8,400)	(\$86,424)	(\$68,842)	(\$63,986)	(\$105,610)	(\$213,080)
Annual Deposit	\$81,603	\$81,603	\$81,603	\$81,604	\$81,604	\$81,604	\$81,604	\$81,604	\$81,604	\$81,604
End of Year Balance	\$178,478	\$155,200	\$203,767	\$143,718	\$216,922	\$212,102	\$224,864	\$242,482	\$218,476	\$87,000
Cumulative Expenditures	(\$2,664,023)	(\$2,768,904)	(\$2,801,940)	(\$2,943,593)	(\$2,951,993)	(\$3,038,416)	(\$3,107,259)	(\$3,171,245)	(\$3,276,855)	(\$3,489,936)
Cumulative Receipts	\$2,842,501	\$2,924,104	\$3,005,707	\$3,087,311	\$3,168,915	\$3,250,519	\$3,332,123	\$3,413,727	\$3,495,331	\$3,576,936

INFLATION ADJUSTED FUNDING

The Cash Flow Method calculations on Page A4 have been done in today's dollars with no adjustment for inflation. At Miller + Dodson, we believe that long-term inflation forecasting is effective at demonstrating the power of compounding, not at calculating appropriate funding levels for Replacement Reserves. We have developed this proprietary model to estimate the short-term impact of inflation on Replacement Reserve funding.

\$107,483 2016 - CASH FLOW METHOD RECOMMENDED FUNDING

The 2016 Study Year calculations have been made using current replacement costs (see Page B2), modified by the Analyst for any project specific conditions.

\$113,262 2017 - INFLATION ADJUSTED FUNDING

A new analysis calculates 2017 funding based on three assumptions;

- Replacement Reserves on Deposit totaling \$143,332 on January 1, 2017.
- All 2016 Projected Replacements listed on Page C2 accomplished at a cost to Replacement Reserves less than \$44,151.
- Construction Cost Inflation of 4.50 percent in 2016.

The \$113,262 inflation adjusted funding in 2017 is a 5.38 percent increase over the non-inflation adjusted 2017 funding of \$107,483.

\$119,283 2018 - INFLATION ADJUSTED FUNDING

A new analysis calculates 2018 funding based on three assumptions;

- Replacement Reserves on Deposit totaling \$146,993 on January 1, 2018.
- All 2017 Projected Replacements listed on Page C2 accomplished at a cost to Replacement Reserves less than \$109,600.
- Construction Cost Inflation of 4.50 percent in 2017.

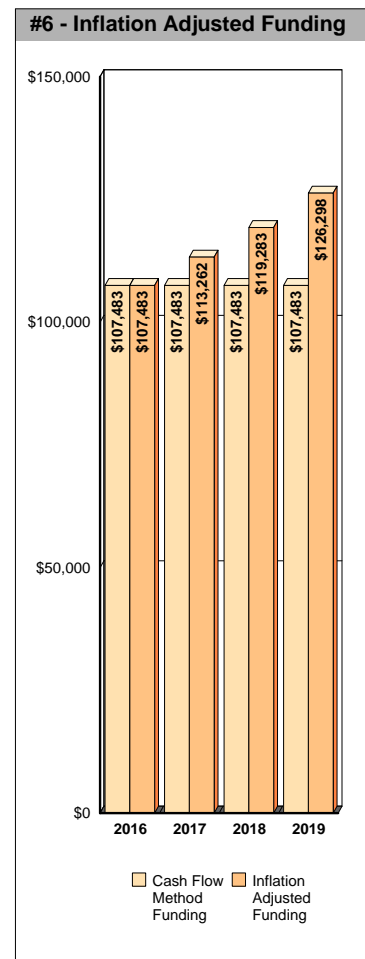
The \$119,283 inflation adjusted funding in 2018 is a 10.98 percent increase over the non-inflation adjusted 2018 funding of \$107,483.

\$126,298 2019 - INFLATION ADJUSTED FUNDING

A new analysis calculates 2019 funding based on three assumptions;

- Replacement Reserves on Deposit totaling \$226,760 on January 1, 2019.
- All 2018 Projected Replacements listed on Page C2 accomplished at a cost to Replacement Reserves less than \$39,516.
- Construction Cost Inflation of 4.50 percent in 2018.

The \$126,298 inflation adjusted funding in 2019 is a 17.51 percent increase over the non-inflation adjusted funding of \$107,483.



YEAR FIVE & BEYOND

The inflation adjusted funding calculations outlined above are not intended to be a substitute for periodic evaluation of common elements by an experienced Reserve Analyst. Industry Standards, lender requirements, and many state and local statutes require a Replacement Reserve Study be professionally updated every 3 to 5 years.

INFLATION ADJUSTMENT

Prior to approving a budget based upon the 2017, 2018 and 2019 inflation adjusted funding calculations above, the 4.50 percent base rate of inflation used in our calculations should be compared to rates published by the Bureau of Labor Statistics. If there is a significant discrepancy (over 1 percent), contact Miller Dodson + Associates prior to using the Inflation Adjusted Funding.

INTEREST ON RESERVES

The recommended funding calculations do not account for interest earned on Replacement Reserves.

In 2016, based on a 1.00 percent interest rate, we estimate the Association may earn \$1,117 on an average balance of \$111,666, \$1,452 on an average balance of \$145,162 in 2017, and \$1,869 on \$186,877 in 2018. The Association may elect to attribute 100 percent of the earned interest to Reserves, resulting in a reduction in the 2016 funding from \$107,483 to \$106,366 (a 1.04 percent reduction), \$113,262 to \$111,810 in 2017 (a 1.28 percent reduction), and \$119,283 to \$117,415 in 2018 (a 1.57 percent reduction).

REPLACEMENT RESERVE STUDY - SUPPLEMENTAL COMMENTS

- Your HOA has 293 units. The type of property is a home owner association.
- The Cash Flow Method calculates the minimum annual funding necessary to prevent Replacement Reserves from dropping below the Minimum Balance. Failure to fund at least the recommended levels may result in funding not being available for the Projected Replacements listed in the Replacement Reserve Inventory.
- The accuracy of the Replacement Reserve Analysis is dependent upon expenditures from Replacement Reserves being made ONLY for the 96 Projected Replacements specifically listed in the Replacement Reserve Inventory. The inclusion/exclusion of items from the Replacement Reserve Inventory is discussed on Page B1.

Sample

REPLACEMENT RESERVE INVENTORY GENERAL INFORMATION

Your HOA - Replacement Reserve Inventory identifies 155 items. Two types of items are identified, Projected Replacements and Excluded Items:

- **PROJECTED REPLACEMENTS.** 96 of the items are Projected Replacements and the periodic replacements of these items are scheduled for funding from Replacement Reserves. The Projected Replacements have an estimated one-time replacement cost of \$1,859,198. Replacements totaling \$3,489,936 are scheduled in the Replacement Reserve Inventory over the 40-year Study Period.

Projected Replacements are the replacement of commonly-owned physical assets that require periodic replacement and whose replacement is to be funded from Replacement Reserves.

- **EXCLUDED ITEMS.** 59 of the items are Excluded Items, and expenditures for these items are NOT scheduled for funding from Replacement Reserves. The accuracy of the calculations made in the Replacement Reserve Analysis is dependent on expenditures NOT being made for Excluded Items. The Excluded Items are listed in the Replacement Reserve Inventory to identify specific items and categories of items that are not to be funded from Replacement Reserves. There are multiple categories of items that are typically excluded from funding by Replacement Reserves, including but not limited to:

Tax Code. The United States Tax Code grants very favorable tax status to Replacement Reserves, conditioned on expenditures being made within certain guidelines. These guidelines typically exclude maintenance activities, minor repairs and capital improvements.

Value. Items with a replacement cost of less than \$1,000 and/or a normal economic life of less than 3 years are typically excluded from funding from Replacement Reserves. This exclusion should reflect Association policy on the administration of Replacement Reserves. If the Association has selected an alternative level, it will be noted in the Replacement Reserve Inventory - General Comments on Page B2.

Long-lived Items. Items that when properly maintained, can be assumed to have a life equal to the property as a whole, are typically excluded from the Replacement Reserve Inventory.

Unit improvements. Items owned by a single unit and where the items serve a single unit are generally assumed to be the responsibility of that unit, not the Association.

Other non-common improvements. Items owned by the local government, public and private utility companies, the United States Postal Service, Master Associations, state and local highway authorities, etc., may be installed on property that is owned by the Association. These types of items are generally not the responsibility of the Association and are excluded from the Replacement Reserve Inventory.

The rationale for the exclusion of an item from funding by Replacement Reserves is discussed in more detail in the 'Comments' sections of the Section B - Replacement Reserve Inventory.

- **CATEGORIES.** The 155 items included in the Your HOA Replacement Reserve Inventory are divided into 14 major categories. Each category is printed on a separate page, Pages B3 to B15.
- **LEVEL OF SERVICE.** This Replacement Reserve Inventory has been developed in compliance with the standards established for a Level One Study - Full Service, as defined by the National Reserve Study Standards, established in 1998 by Community Associations Institute, which states:

A Level I - Full Service Reserve Study includes the computation of complete component inventory information regarding commonly owned components provided by the Association, quantities derived from field measurements and/or quantity takeoffs from to-scale engineering drawings that may be made available. The condition of all components is ascertained from a visual inspection of each component by the analyst. The remaining economic life and the value of the components are provided based on these observations and the funding status and funding plan are then derived from analysis of this data.

REPLACEMENT RESERVE INVENTORY - GENERAL INFORMATION (cont'd)

- **INVENTORY DATA.** Each of the 96 Projected Replacements listed in the Replacement Reserve Inventory includes the following data:

Item Number. The Item Number is assigned sequentially and is intended for identification purposes only.

Item Description. We have identified each item included in the Inventory. Additional information may be included in the Comments section at the bottom of each page of the Inventory.

Units. We have used standard abbreviations to identify the number of units including SF-square feet, LF-lineal feet, SY-square yard, LS-lump sum, EA-each, and PR-pair. Non-standard abbreviations are noted in the Comments section at the bottom of the page.

Number of Units. The methods used to develop the quantities are discussed in "Level of Service" above.

Unit Replacement Cost. We use four sources to develop the unit cost data shown in the Inventory; actual replacement cost data provided by the client, information provided by local contractors and suppliers, industry standard estimating manuals, and a cost database we have developed based upon our detailed interviews with contractors and service providers who are specialists in their respective lines of work.

Normal Economic Life (Yrs). The number of years that a new and properly installed item should be expected to remain in service.

Remaining Economic Life (Yrs). The estimated number of years before an item will need to be replaced. In "normal" conditions, this could be calculated by subtracting the age of the item from the Normal Economic Life of the item, but only rarely do physical assets age "normally". Some items may have longer or shorter lives depending on many factors such as environment, initial quality of the item, maintenance, etc.

Total Replacement Cost. This is calculated by multiplying the Unit Replacement Cost by the Number of Units.

Each of the 59 Excluded Items includes the Item Description, Units, and Number of Units. Many of the Excluded Items are listed as a 'Lump Sum' with a quantity of 1. For the Excluded Items, this indicates that all of the items identified by the 'Item Description' are excluded from funding by Replacement Reserves.

- **REVIEW OF EXPENDITURES.** This Replacement Reserve Study should be reviewed by an accounting professional representing the Association prior to implementation.
- **PARTIAL FUNDING.** Items may have been included in the Replacement Reserve Inventory at less than 100 percent of their full quantity and/or replacement cost. This is done on items that will never be replaced in their entirety, but which may require periodic replacements over an extended period of time. The assumptions that provide the basis for any partial funding are noted in the Comments section.
- **REMAINING ECONOMIC LIFE GREATER THAN 40 YEARS.** The calculations do not include funding for initial replacements beyond 40 years. These replacements are included in this Study for tracking and evaluation. They should be included for funding in future Studies, when they enter the 40-year window.

SITE COMPONENTS
PROJECTED REPLACEMENTS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
1	Asphalt pavement, mill & overlay 1/3rd	sf	89,374	\$1.65	20	6	\$147,467
2	Asphalt pavement, seal coat 1/3rd	sf	89,374	\$0.20	5	1	\$17,875
3	Asphalt pavement, mill & overlay 1/3rd	sf	89,374	\$1.65	20	7	\$147,467
4	Asphalt pavement, seal coat 1/3rd	sf	89,374	\$0.20	5	1	\$17,875
5	Asphalt pavement, mill & overlay 1/3rd	sf	89,374	\$1.65	20	8	\$147,467
6	Asphalt pavement, seal coat 1/3rd	sf	89,374	\$0.20	5	1	\$17,875
7	Concrete curb & gutter (3%)	ft	666	\$35.50	6	1	\$23,643
8	Concrete flatwork (3%)	sf	2,871	\$9.10	6	1	\$26,126
9	Stone steps, repoint (20%)	sf	176	\$8.45	6	1	\$1,487
10	Wood steps, PTL closed riser	ft	52	\$32.10	20	16	\$1,669
11	Wood steps, PTL railing	ft	104	\$28.45	20	16	\$2,959
12	Wood ped. bridge w/rail, PTL	sf	65	\$52.40	30	2	\$3,406
13	Retaining wall, stone	sf	3,850	\$78.50	80	68	\$302,225
14	Retaining wall, stone (repoint) 10%	sf	385	\$8.75	10	5	\$3,369
15	Stone wall/fireplace/fire pit repoint 10%	sf	44	\$8.75	10	5	\$385
16	Retaining wall, segmental block	sf	2,520	\$55.00	80	68	\$138,600
17	Retaining wall, segmental block, 10% reset	sf	252	\$45.00	10	20	\$11,340
SITE COMPONENTS - Replacement Costs - Subtotal							\$1,011,235

SITE COMPONENTS
COMMENTS

- We have assumed that the Association will replace the asphalt pavement by the installation of a 2 inch thick overlay. The pavement will need to be milled prior to the installation of the overlay. Milling and the cost of minor repairs (5 to 10 percent of the total area) to the base materials and bearing soils beneath the pavement are included in the cost shown above.
- For concrete components and other roadway shoulder work, we have assumed that the Association will conduct concrete component replacement projects in conjunction with the asphalt pavement and other concrete or right-of-way replacement projects.

SITE COMPONENTS (cont.)**PROJECTED REPLACEMENTS**

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
18	Fence, 6' galvanized chain link	ft	380	\$13.50	30	29	\$5,130
19	Fence, 6' PTL-wood picket @ firepit	ft	420	\$17.60	20	10	\$7,392
20	Fence, 3' aluminum w/ 2 rails & pickets	ft	231	\$30.70	45	33	\$7,092
21	Fence, 6' aluminum w/ 3 rails & pickets	ft	1,565	\$38.50	45	33	\$60,253
22	Mailbox, stone cluster (18 boxes)	ea	1	\$175.00	35	23	\$175
23	Irrigation, allowance	ls	1	\$5,000.00	5	5	\$5,000
24	Gazebo, 14' octagon, PTW w/ cedar shake	ea	1	\$12,700.00	25	21	\$12,700
25	Pavilion, PTL-wood w/ asphalt shingle	sf	425	\$40.70	40	33	\$17,298
26	Storm water management (10% allowance)	ls	1	\$11,250.00	10	18	\$11,250
27	Well pump	ea	1	\$1,000.00	20	8	\$1,000
28	Pond pump	ea	2	\$800.00	10	9	\$1,600
29	Pond liner, large	sf	1,350	\$8.00	30	18	\$10,800
30	Pond liner, small	sf	576	\$8.00	30	18	\$4,608
31	Entrance Feature/sign allowance	ls	1	\$2,000.00	20	8	\$2,000
SITE COMPONENTS (cont.) - Replacement Costs - Subtotal							\$146,297

SITE COMPONENTS (cont.)**COMMENTS**

- For concrete components and other roadway shoulder work, we have assumed that the Association will conduct concrete component replacement projects in conjunction with the asphalt pavement and other concrete or right-of-way replacement projects.
- Comprehensive drawings detailing the components of the systems listed above were not available for our review. We have included the estimated cost of the systems based upon our experience with other similar communities. We have assumed that 10 percent of the system(s) will require replacement. In the future, this assumption and the estimated costs should be adjusted based upon actual experience at the community.

BUILDING EXTERIORS
PROJECTED REPLACEMENTS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
32	Roofing, asphalt shingles CH	sf	5,824	\$4.00	25	8	\$23,296
33	Gutter & downspouts, 5" aluminum CH	ft	416	\$7.00	30	18	\$2,912
34	Siding & trim, cementitious CH	sf	5,220	\$10.50	50	38	\$54,810
35	Masonry (10% repointing allowance) CH	sf	130	\$10.00	10	18	\$1,300
36	Door, wood & glass CH	ea	5	\$1,350.00	25	13	\$6,750
37	Window, CH	sf	424	\$45.60	40	28	\$19,334
38	Exterior lighting, allowance CH	ls	1	\$2,000.00	15	3	\$2,000
39	Deck, structure (PTL) CH	sf	945	\$15.00	40	28	\$14,175
40	Deck, composite decking CH	sf	945	\$5.50	20	8	\$5,198
41	Deck, metal railing CH	ft	210	\$53.00	35	23	\$11,130
BUILDING EXTERIORS - Replacement Costs - Subtotal							\$140,905

BUILDING EXTERIORS
COMMENTS

- Current roof is a green roof product that is leaking and has a recall. Assume replacement with a 25 year quality asphalt shingle roof.

**BUILDING NTERIORS
PROJECTED REPLACEMENTS**

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
42	Flooring, wood refinish CH	sf	2,808	\$3.60	7	none	\$10,109
43	Flooring, wood plank & screw, replace CH	sf	2,808	\$14.50	14	7	\$40,716
44	Interior lighting, allowance	ls	1	\$3,000.00	14	2	\$3,000
45	Building/pool entry system	ls	1	\$2,500.00	20	8	\$2,500
46	Furniture/fixtures/wall art allow CH 50%	ls	1	\$7,500.00	20	3	\$7,500
47	Furniture/fixtures/wall art allow CH 50%	ls	1	\$7,500.00	20	10	\$7,500
48	Kitchen, residential cabinets	ft	20	\$220.00	21	9	\$4,400
49	Kitchen, residential, solid surface countertop	sf	20	\$63.00	35	23	\$1,260
50	Kitchen, residential electric range	ea	1	\$1,100.00	21	9	\$1,100
51	Kitchen, 18 cf residential refrigerator	ea	1	\$1,050.00	21	9	\$1,050
52	Kitchen, residential dishwasher	ea	1	\$750.00	21	9	\$750
53	Kitchen, residential countertop microwave	ea	1	\$150.00	14	2	\$150
54	Restroom, renovate CH	ea	2	\$4,000.00	20	8	\$8,000
55	Locker / Shower room, renovate CH	ea	2	\$8,000.00	20	8	\$16,000
BUILDING NTERIORS - Replacement Costs - Subtotal							\$104,035

**BUILDING NTERIORS
COMMENTS**

BUILDING SYSTEMS
PROJECTED REPLACEMENTS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
56	Lift, wheel chair	ea	1	\$14,400.00	15	3	\$14,400
57	Exchange unit	ea	3	\$2,300.00	30	18	\$6,900
58	HVAC split system,	ea	3	\$4,700.00	15	3	\$14,100
59	Fire system, allowance	ls	1	\$5,000.00	15	5	\$5,000

BUILDING SYSTEMS - Replacement Costs - Subtotal \$40,400

BUILDING SYSTEMS
COMMENTS

RECREATION
PROJECTED REPLACEMENTS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
60	Swimming pool structure main	sf	2,024	\$85.00	60	39	\$172,040
61	Swimming pool structure wading	sf	223	\$85.00	60	39	\$18,955
62	Swimming pool, whitecoat main	sf	2,024	\$5.85	10	9	\$11,840
63	Swimming pool, whitecoat wading	sf	223	\$5.85	10	9	\$1,305
64	Swimming pool waterline tile (6x6) main	ft	156	\$10.15	10	9	\$1,583
65	Swimming pool waterline tile (6x6) wading	ft	47	\$10.15	10	9	\$477
66	Swimming pool coping, main	ft	156	\$27.50	20	9	\$4,290
67	Swimming pool coping, wading	ft	47	\$27.50	20	9	\$1,293
68	Pool deck, concrete 1/3rd	sf	1,750	\$10.85	10	none	\$18,988
69	Pool deck coating	sf	5,250	\$1.10	10	none	\$5,775
70	Pool deck pavers, sand set, replace	sf	2,680	\$13.10	40	28	\$35,108
71	Pool deck pavers, sand set, reset	sf	2,680	\$4.75	5	2	\$12,730
72	Pool cover, safety mesh	sf	1,456	\$1.48	12	5	\$2,155
73	Pool pump, 2 HP	ea	4	\$1,500.00	10	2	\$6,000
74	Pool filter	ea	3	\$710.00	20	8	\$2,130
75	Chlorine controllers	ls	1	\$2,500.00	10	2	\$2,500

RECREATION - Replacement Costs - Subtotal \$297,168

RECREATION
COMMENTS

- We have assumed that the project to replace the pool deck will include the replacement of the plumbing and electrical systems installed beneath the pavement.

RECREATION (cont.)**PROJECTED REPLACEMENTS**

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
76	Pool furniture, lounge	ea	38	\$250.00	15	5	\$9,500
77	Pool furniture, chair	ea	22	\$115.00	15	5	\$2,530
78	Pool furniture, round table 54"	ea	5	\$250.00	15	3	\$1,250
79	Pool furniture, end table	ea	9	\$65.00	15	3	\$585
80	Pool furniture, umbrella	ea	4	\$345.00	15	3	\$1,380
81	Pool pole lights	ea	8	\$250.00	15	5	\$2,000
82	Pool wall mount lights	ea	2	\$100.00	15	5	\$200
83	Pool Pergola, PTL-wood	sf	840	\$27.50	25	13	\$23,100
84	Picnic Table	ea	7	\$1,000.00	15	10	\$7,000
85	Bench	ea	1	\$880.00	15	none	\$880
86	Bench	ea	6	\$880.00	15	9	\$5,280
87	Bench	ea	10	\$880.00	15	14	\$8,800
88	Lawn furniture at firepit	ls	1	\$1,000.00	15	5	\$1,000
89	Grill, charcoal park	ea	3	\$320.00	10	5	\$960
RECREATION (cont.) - Replacement Costs - Subtotal							\$64,465

RECREATION (cont.)**COMMENTS**

RECREATION (cont.)**PROJECTED REPLACEMENTS**

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
90	Tot lot, MP structure, 2 platforms	ea	2	\$13,250.00	15	11	\$26,500
91	Tot lot, spring ride (small)	ea	5	\$825.00	15	11	\$4,125
92	Tot lot, 5" arch-frame swing, 2 seat	ea	2	\$2,550.00	15	11	\$5,100
93	Fence, 3' PTL-wood picket @ tot lot	ft	150	\$14.60	20	16	\$2,190
94	Tot lot, border recycled plastic	ft	174	\$15.65	30	26	\$2,723
95	Exercise equipment 20%	ea	2	\$4,200.00	2	none	\$8,400
96	Rubber flooring	sf	1,166	\$4.85	10	5	\$5,655

RECREATION (cont.) - Replacement Costs - Subtotal \$54,693

RECREATION (cont.)**COMMENTS**

- Tot lots and tot lot equipment should be evaluated annually by a playground safety specialist for compliance with the Consumer Product Safety Commission, Handbook for Public Playground Safety. Defects should be corrected immediately to protect the users of the facilities from potential injury and the Association from potential liability for those injuries.

VALUATION EXCLUSIONS

EXCLUDED ITEMS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
	Site lighting fixtures	ls	1				EXCLUDED
	Property identification signage	ls	1				EXCLUDED
	Miscellaneous signage	ls	1				EXCLUDED
	Fire extinguisher cabinet	ls	1				EXCLUDED
	Sprinkler head	ls	1				EXCLUDED
	Emergency lighting, exit light, etc.	ls	1				EXCLUDED
	Signage	ls	1				EXCLUDED
	Interior doors	ls	1				EXCLUDED

VALUATION EXCLUSIONS

COMMENTS

- Valuation Exclusions. For ease of administration of the Replacement Reserves and to reflect accurately how Replacement Reserves are administered, items with a dollar value less than \$1,000.00 have not been scheduled for funding from Replacement Reserves. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

LONG-LIFE EXCLUSIONS**EXCLUDED ITEMS**

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
	Masonry features	ls	1				EXCLUDED
	Miscellaneous culverts	ls	1				EXCLUDED
	Exterior stone veneer	ls	1				EXCLUDED
	Building foundation(s)	ls	1				EXCLUDED
	Concrete floor slabs (interior)	ls	1				EXCLUDED
	Wall, floor, & roof structure	ls	1				EXCLUDED
	Common element electrical services	ls	1				EXCLUDED
	Electrical wiring	ls	1				EXCLUDED
	Water piping at common facilities	ls	1				EXCLUDED
	Waste piping at common facilities	ls	1				EXCLUDED
	Gas services at common facilities	ls	1				EXCLUDED
	Stainless steel pool fixtures	ls	1				EXCLUDED

LONG-LIFE EXCLUSIONS**COMMENTS**

- Long Life Exclusions. Components that when properly maintained, can be assumed to have a life equal to the property as a whole, are normally excluded from the Replacement Reserve Inventory. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- Exterior masonry is generally assumed to have an unlimited economic life but periodic repointing is required and we have included this for funding in the Replacement Reserve Inventory.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

UNIT IMPROVEMENTS EXCLUSIONS**EXCLUDED ITEMS**

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
	Domestic water pipes serving one unit	ls	1				EXCLUDED
	Sanitary sewers serving one unit	ls	1				EXCLUDED
	Electrical wiring serving one unit	ls	1				EXCLUDED
	Cable TV service serving one unit	ls	1				EXCLUDED
	Telephone service serving one unit	ls	1				EXCLUDED
	Gas service serving one unit	ls	1				EXCLUDED
	Driveway on an individual lot	ls	1				EXCLUDED
	Apron on an individual lot	ls	1				EXCLUDED
	Sidewalk on an individual lot	ls	1				EXCLUDED
	Stairs on an individual lot	ls	1				EXCLUDED
	Retaining wall on an individual lot	ls	1				EXCLUDED
	Unit exterior	ls	1				EXCLUDED
	Unit windows	ls	1				EXCLUDED
	Unit doors	ls	1				EXCLUDED
	Unit skylights	ls	1				EXCLUDED
	Unit deck, patio, and/or balcony	ls	1				EXCLUDED
	Unit mailbox	ls	1				EXCLUDED
	Unit interior	ls	1				EXCLUDED
	Unit HVAC system	ls	1				EXCLUDED

UNIT IMPROVEMENTS EXCLUSIONS**COMMENTS**

- Unit improvement Exclusions. We understand that the elements of the project that relate to a single unit are the responsibility of that unit owner. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

UTILITY EXCLUSIONS**EXCLUDED ITEMS**

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
	Primary electric feeds	ls	1				EXCLUDED
	Electric transformers	ls	1				EXCLUDED
	Cable TV systems and structures	ls	1				EXCLUDED
	Telephone cables and structures	ls	1				EXCLUDED
	Site lighting	ls	1				EXCLUDED
	Gas mains and meters	ls	1				EXCLUDED
	Water mains and meters	ls	1				EXCLUDED
	Sanitary sewers	ls	1				EXCLUDED

UTILITY EXCLUSIONS**COMMENTS**

- Utility Exclusions. Many improvements owned by utility companies are on property owned by the Association. We have assumed that repair, maintenance, and replacements of these components will be done at the expense of the appropriate utility company. Examples of items excluded from funding Replacement Reserves by this standard are listed above.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

MAINTENANCE AND REPAIR EXCLUSIONS**EXCLUDED ITEMS**

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
	Cleaning of asphalt pavement	ls	1				EXCLUDED
	Crack sealing of asphalt pavement	ls	1				EXCLUDED
	Painting of curbs	ls	1				EXCLUDED
	Striping of parking spaces	ls	1				EXCLUDED
	Numbering of parking spaces	ls	1				EXCLUDED
	Landscaping and site grading	ls	1				EXCLUDED
	Exterior painting	ls	1				EXCLUDED
	Interior painting	ls	1				EXCLUDED
	Janitorial service	ls	1				EXCLUDED
	Repair services	ls	1				EXCLUDED
	Partial replacements	ls	1				EXCLUDED
	Capital improvements	ls	1				EXCLUDED

MAINTENANCE AND REPAIR EXCLUSIONS**COMMENTS**

- Maintenance activities, one-time-only repairs, and capital improvements. These activities are NOT appropriately funded from Replacement Reserves. The inclusion of such component in the Replacement Reserve Inventory could jeopardize the special tax status of ALL Replacement Reserves, exposing the Association to significant tax liabilities. We recommend that the Board of Directors discuss these exclusions and Revenue Ruling 75-370 with a Certified Public Accountant.
- Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

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PROJECTED ANNUAL REPLACEMENTS GENERAL INFORMATION

CALENDAR OF ANNUAL REPLACEMENTS. The 96 Projected Replacements in the Your HOA Replacement Reserve Inventory whose replacement is scheduled to be funded from Replacement Reserves are broken down on a year-by-year basis, beginning on Page C2.

REPLACEMENT RESERVE ANALYSIS AND INVENTORY POLICIES, PROCEDURES, AND ADMINISTRATION

- **REVISIONS.** Revisions will be made to the Replacement Reserve Analysis and Replacement Reserve Inventory in accordance with the written instructions of the Board of Directors. No additional charge is incurred for the first revision, if requested in writing within three months of the date of the Replacement Reserve Study. It is our policy to provide revisions in electronic (Adobe PDF) format only.
- **TAX CODE.** The United States Tax Code grants favorable tax status to a common interest development (CID) meeting certain guidelines for their Replacement Reserve. If a CID files their taxes as a 'Corporation' on Form 1120 (IRC Section 277), these guidelines typically require maintenance activities, partial replacements, minor replacements, capital improvements, and one-time only replacements to be excluded from Reserves. A CID cannot co-mingle planning for maintenance activities with capital replacement activities in the Reserves (Revenue Ruling 75-370). Funds for maintenance activities and capital replacements activities must be held in separate accounts. If a CID files taxes as an "Exempt Homeowners Association" using Form 1120H (IRC Section 528), the CID does not have to segregate these activities. However, because the CID may elect to change their method of filing from year to year within the Study Period, we advise using the more restrictive approach. We further recommend that the CID consult with their Accountant and consider creating separate and independent accounts and reserves for large maintenance items, such as painting.
- **CONFLICT OF INTEREST.** Neither Miller - Dodson Associates nor the Reserve Analyst has any prior or existing relationship with this Association which would represent a real or perceived conflict of interest.
- **RELIANCE ON DATA PROVIDED BY THE CLIENT.** Information provided by an official representative of the Association regarding financial, physical conditions, quality, or historical issues is deemed reliable.
- **INTENT.** This Replacement Reserve Study is a reflection of the information provided by the Association and the visual evaluations of the Analyst. It has been prepared for the sole use of the Association and is not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records.
- **PREVIOUS REPLACEMENTS.** Information provided to Miller - Dodson Associates regarding prior replacements is considered to be accurate and reliable. Our visual evaluation is not a project audit or quality inspection.
- **EXPERIENCE WITH FUTURE REPLACEMENTS.** The Calendar of Annual Projected Replacements, lists replacements we have projected to occur over the next thirty years, begins on Page C2. Actual experience in replacing the items may differ significantly from the cost estimates and time frames shown because of conditions beyond our control. These differences may be caused by maintenance practices, inflation, variations in pricing and market conditions, future technological developments, regulatory actions, acts of God, and luck. Some items may function normally during our visual evaluation and then fail without notice.
- **REVIEW OF THE REPLACEMENT RESERVE STUDY.** For this study to be effective, it should be reviewed by the Your HOA Board of Directors, those responsible for the management of the items included in the Replacement Reserve Inventory, and the accounting professionals employed by the Association.

PROJECTED REPLACEMENTS - YEARS 1 TO 6

Item	2016 - STUDY YEAR	\$
42	Flooring, wood refinish CH	\$10,109
68	Pool deck, concrete 1/3rd	\$18,988
69	Pool deck coating	\$5,775
85	Bench	\$880
95	Exercise equipment 20%	\$8,400
Total Scheduled Replacements		\$44,151

Item	2017 - YEAR 2	\$
2	Asphalt pavement, seal coat	\$17,875
4	Asphalt pavement, seal coat	\$17,875
6	Asphalt pavement, seal coat	\$17,875
7	Concrete curb & gutter (3%)	\$23,643
8	Concrete flatwork (3%)	\$26,126
9	Stone steps, repoint (20%)	\$1,487
Total Scheduled Replacements		\$104,881

Item	2018 - YEAR 3	\$
12	Wood ped. bridge w/rail, PT	\$3,406
44	Interior lighting, allowance	\$3,000
53	Kitchen, residential countert	\$150
71	Pool deck pavers, sand set,	\$12,730
73	Pool pump, 2 HP	\$6,000
75	Chlorine controllers	\$2,500
95	Exercise equipment 20%	\$8,400
Total Scheduled Replacements		\$36,186

Item	2019 - YEAR 4	\$
38	Exterior lighting, allowance C	\$2,000
46	Furniture/fixtures/wall art alk	\$7,500
56	Lift, wheel chair	\$14,400
58	HVAC split system,	\$14,100
78	Pool furniture, round table 5-	\$1,250
79	Pool furniture, end table	\$585
80	Pool furniture, umbrella	\$1,380
Total Scheduled Replacements		\$41,215

Item	2020 - YEAR 5	\$
95	Exercise equipment 20%	\$8,400
Total Scheduled Replacements		\$8,400

Item	2021 - YEAR 6	\$
14	Retaining wall, stone (repor	\$3,369
15	Stone wall/fireplace/fire pit r	\$385
23	Irrigation, allowance	\$5,000
59	Fire system, allowance	\$5,000
72	Pool cover, safety mesh	\$2,155
76	Pool furniture, lounge	\$9,500
77	Pool furniture, chair	\$2,530
81	Pool pole lights	\$2,000
82	Pool wall mount lights	\$200
88	Lawn furniture at firepit	\$1,000
89	Grill, charcoal park	\$960
96	Rubber flooring	\$5,655
Total Scheduled Replacements		\$37,754

PROJECTED REPLACEMENTS - YEARS 7 TO 12

Item	2022 - YEAR 7	\$
1	Asphalt pavement, mill & ov	\$147,467
2	Asphalt pavement, seal coat	\$17,875
4	Asphalt pavement, seal coat	\$17,875
6	Asphalt pavement, seal coat	\$17,875
95	Exercise equipment 20%	\$8,400
Total Scheduled Replacements		\$209,492

Item	2023 - YEAR 8	\$
3	Asphalt pavement, mill & ov	\$147,467
7	Concrete curb & gutter (3%)	\$23,643
8	Concrete flatwork (3%)	\$26,126
9	Stone steps, repoint (20%)	\$1,487
42	Flooring, wood refinish CH	\$10,109
43	Flooring, wood plank & scre	\$40,716
71	Pool deck pavers, sand set,	\$12,730
Total Scheduled Replacements		\$262,278

Item	2024 - YEAR 9	\$
5	Asphalt pavement, mill & ov	\$147,467
27	Well pump	\$1,000
31	Entrance Feature/sign allow	\$2,000
32	Roofing, asphalt shingles Ct	\$23,296
40	Deck, composite decking Ct	\$5,198
45	Building/pool entry system	\$2,500
54	Restroom, renovate CH	\$8,000
55	Locker / Shower room, reno	\$16,000
74	Pool filter	\$2,130
95	Exercise equipment 20%	\$8,400
Total Scheduled Replacements		\$215,991

Item	2025 - YEAR 10	\$
28	Pond pump	\$1,600
48	Kitchen, residential cabinets	\$4,400
50	Kitchen, residential electric r	\$1,100
51	Kitchen, 18 cf residential refi	\$1,050
52	Kitchen, residential dishwasl	\$750
62	Swimming pool, whitecoat rr	\$11,840
63	Swimming pool, whitecoat w	\$1,305
64	Swimming pool waterline tile	\$1,583
65	Swimming pool waterline tile	\$477
66	Swimming pool coping, mair	\$4,290
67	Swimming pool coping, wad	\$1,293
86	Bench	\$5,280
Total Scheduled Replacements		\$34,968

Item	2026 - YEAR 11	\$
19	Fence, 6' PTL-wood picket €	\$7,392
23	Irrigation, allowance	\$5,000
47	Furniture/fixtures/wall art alk	\$7,500
68	Pool deck, concrete 1/3rd	\$18,988
69	Pool deck coating	\$5,775
84	Picnic Table	\$7,000
95	Exercise equipment 20%	\$8,400
Total Scheduled Replacements		\$60,055

Item	2027 - YEAR 12	\$
2	Asphalt pavement, seal coat	\$17,875
4	Asphalt pavement, seal coat	\$17,875
6	Asphalt pavement, seal coat	\$17,875
90	Tot lot, MP structure, 2 platf	\$26,500
91	Tot lot, spring ride (small)	\$4,125
92	Tot lot, 5" arch-frame swing,	\$5,100
All Replacements not listed		\$89,349

PROJECTED REPLACEMENTS - YEARS 13 TO 18

Item	2028 - YEAR 13	\$
71	Pool deck pavers, sand set,	\$12,730
73	Pool pump, 2 HP	\$6,000
75	Chlorine controllers	\$2,500
95	Exercise equipment 20%	\$8,400
Total Scheduled Replacements		\$29,630

Item	2029 - YEAR 14	\$
7	Concrete curb & gutter (3%)	\$23,643
8	Concrete flatwork (3%)	\$26,126
9	Stone steps, repoint (20%)	\$1,487
36	Door, wood & glass CH	\$6,750
83	Pool Pergola, PTL-wood	\$23,100
Total Scheduled Replacements		\$81,106

Item	2030 - YEAR 15	\$
42	Flooring, wood refinish CH	\$10,109
87	Bench	\$8,800
95	Exercise equipment 20%	\$8,400
All Replacements not listed		\$27,309

Item	2031 - YEAR 16	\$
14	Retaining wall, stone (repoint)	\$3,369
15	Stone wall/fireplace/fire pit repair	\$385
23	Irrigation, allowance	\$5,000
85	Bench	\$880
89	Grill, charcoal park	\$960
96	Rubber flooring	\$5,655
Total Scheduled Replacements		\$16,249

Item	2032 - YEAR 17	\$
2	Asphalt pavement, seal coat	\$17,875
4	Asphalt pavement, seal coat	\$17,875
6	Asphalt pavement, seal coat	\$17,875
10	Wood steps, PTL closed rise	\$1,669
11	Wood steps, PTL railing	\$2,959
44	Interior lighting, allowance	\$3,000
53	Kitchen, residential countertop	\$150
93	Fence, 3' PTL-wood picket @	\$2,190
95	Exercise equipment 20%	\$8,400
Total Scheduled Replacements		\$71,992

Item	2033 - YEAR 18	\$
71	Pool deck pavers, sand set,	\$12,730
72	Pool cover, safety mesh	\$2,155
Total Scheduled Replacements		\$14,885

PROJECTED REPLACEMENTS - YEARS 19 TO 24

Item	2034 - YEAR 19	\$	Item	2035 - YEAR 20	\$	Item	2036 - YEAR 21	\$
26	Storm water management (1	\$11,250	7	Concrete curb & gutter (3%)	\$23,643	17	Retaining wall, segmental bl	\$11,340
29	Pond liner, large	\$10,800	8	Concrete flatwork (3%)	\$26,126	23	Irrigation, allowance	\$5,000
30	Pond liner, small	\$4,608	9	Stone steps, repoint (20%)	\$1,487	59	Fire system, allowance	\$5,000
33	Gutter & downspouts, 5" alu	\$2,912	28	Pond pump	\$1,600	68	Pool deck, concrete 1/3rd	\$18,988
35	Masonry (10% repointing all	\$1,300	62	Swimming pool, whitecoat rr	\$11,840	69	Pool deck coating	\$5,775
38	Exterior lighting, allowance (	\$2,000	63	Swimming pool, whitecoat w	\$1,305	76	Pool furniture, lounge	\$9,500
56	Lift, wheel chair	\$14,400	64	Swimming pool waterline tile	\$1,583	77	Pool furniture, chair	\$2,530
57	Exchange unit	\$6,900	65	Swimming pool waterline tile	\$477	81	Pool pole lights	\$2,000
58	HVAC split system,	\$14,100				82	Pool wall mount lights	\$200
78	Pool furniture, round table 5-	\$1,250				88	Lawn furniture at firepit	\$1,000
79	Pool furniture, end table	\$585				95	Exercise equipment 20%	\$8,400
80	Pool furniture, umbrella	\$1,380						
95	Exercise equipment 20%	\$8,400						
Total Scheduled Replacements		\$79,885	Total Scheduled Replacements		\$68,062	Total Scheduled Replacements		\$69,733
Item	2037 - YEAR 22	\$	Item	2038 - YEAR 23	\$	Item	2039 - YEAR 24	\$
2	Asphalt pavement, seal coat	\$17,875	71	Pool deck pavers, sand set,	\$12,730	22	Mailbox, stone cluster (18 br	\$175
4	Asphalt pavement, seal coat	\$17,875	73	Pool pump, 2 HP	\$6,000	41	Deck, metal railing CH	\$11,130
6	Asphalt pavement, seal coat	\$17,875	75	Chlorine controllers	\$2,500	46	Furniture/fixtures/wall art all	\$7,500
24	Gazebo, 14' octagon, PTW \	\$12,700	95	Exercise equipment 20%	\$8,400	49	Kitchen, residential, solid su	\$1,260
42	Flooring, wood refinish CH	\$10,109						
43	Flooring, wood plank & scre	\$40,716						
Total Scheduled Replacements		\$117,149	Total Scheduled Replacements		\$29,630	Total Scheduled Replacements		\$20,065

PROJECTED REPLACEMENTS - YEARS 25 TO 30

[illegible]

PROJECTED REPLACEMENTS - YEARS 31 TO 36

Item	2046 - YEAR 31	\$
17	Retaining wall, segmental bl	\$11,340
19	Fence, 6' PTL-wood picket (	\$7,392
23	Irrigation, allowance	\$5,000
44	Interior lighting, allowance	\$3,000
47	Furniture/fixtures/wall art allc	\$7,500
48	Kitchen, residential cabinets	\$4,400
50	Kitchen, residential electric r	\$1,100
51	Kitchen, 18 cf residential refi	\$1,050
52	Kitchen, residential dishwasl	\$750
53	Kitchen, residential countert	\$150
68	Pool deck, concrete 1/3rd	\$18,988
69	Pool deck coating	\$5,775
85	Bench	\$880
95	Exercise equipment 20%	\$8,400
Total Scheduled Replacements		\$75,725

Item	2047 - YEAR 32	\$
2	Asphalt pavement, seal coat	\$17,875
4	Asphalt pavement, seal coat	\$17,875
6	Asphalt pavement, seal coat	\$17,875
7	Concrete curb & gutter (3%)	\$23,643
8	Concrete flatwork (3%)	\$26,126
9	Stone steps, repoint (20%)	\$1,487
Total Scheduled Replacements		\$104,881

Item	2048 - YEAR 33	\$
12	Wood ped. bridge w/rail, PT	\$3,406
71	Pool deck pavers, sand set,	\$12,730
73	Pool pump, 2 HP	\$6,000
75	Chlorine controllers	\$2,500
95	Exercise equipment 20%	\$8,400
Total Scheduled Replacements		\$33,036

Item	2049 - YEAR 34	\$
20	Fence, 3' aluminum w/ 2 rail	\$7,092
21	Fence, 6' aluminum w/ 3 rail	\$60,253
25	Pavilion, PTL-wood w/ apha	\$17,298
32	Roofing, asphalt shingles Ct	\$23,296
38	Exterior lighting, allowance C	\$2,000
56	Lift, wheel chair	\$14,400
58	HVAC split system,	\$14,100
78	Pool furniture, round table 5-	\$1,250
79	Pool furniture, end table	\$585
80	Pool furniture, umbrella	\$1,380
Total Scheduled Replacements		\$141,653

Item	2050 - YEAR 35	\$
95	Exercise equipment 20%	\$8,400
All Replacements not listed		\$8,400

Item	2051 - YEAR 36	\$
14	Retaining wall, stone (reporir	\$3,369
15	Stone wall/fireplace/fire pit r	\$385
23	Irrigation, allowance	\$5,000
42	Flooring, wood refinish CH	\$10,109
43	Flooring, wood plank & scre'	\$40,716
59	Fire system, allowance	\$5,000
76	Pool furniture, lounge	\$9,500
77	Pool furniture, chair	\$2,530
81	Pool pole lights	\$2,000
82	Pool wall mount lights	\$200
88	Lawn furniture at firepit	\$1,000
89	Grill, charcoal park	\$960
96	Rubber flooring	\$5,655
Total Scheduled Replacements		\$86,424

PROJECTED REPLACEMENTS - YEARS 37 TO 42

Item	2052 - YEAR 37	\$	Item	2053 - YEAR 38	\$	Item	2054 - YEAR 39	\$
2	Asphalt pavement, seal coat	\$17,875	7	Concrete curb & gutter (3%)	\$23,643	26	Storm water management (1	\$11,250
4	Asphalt pavement, seal coat	\$17,875	8	Concrete flatwork (3%)	\$26,126	34	Siding & trim, cementitions (	\$54,810
6	Asphalt pavement, seal coat	\$17,875	9	Stone steps, repoint (20%)	\$1,487	35	Masonry (10% repointing all	\$1,300
10	Wood steps, PTL closed rise	\$1,669	71	Pool deck pavers, sand set,	\$12,730	36	Door, wood & glass CH	\$6,750
11	Wood steps, PTL railing	\$2,959				83	Pool Pergola, PTL-wood	\$23,100
93	Fence, 3' PTL-wood picket (	\$2,190				95	Exercise equipment 20%	\$8,400
95	Exercise equipment 20%	\$8,400						
Total Scheduled Replacements		\$68,842	Total Scheduled Replacements		\$63,986	Total Scheduled Replacements		\$105,610
Item	2055 - YEAR 40	\$	Item	2056 (beyond Study Period)	\$	Item	2057 (beyond Study Period)	\$
28	Pond pump	\$1,600	17	Retaining wall, segmental bl	\$11,340	2	Asphalt pavement, seal coat	\$17,875
60	Swimming pool structure ma	\$172,040	23	Irrigation, allowance	\$5,000	4	Asphalt pavement, seal coat	\$17,875
61	Swimming pool structure wa	\$18,955	68	Pool deck, concrete 1/3rd	\$18,988	6	Asphalt pavement, seal coat	\$17,875
62	Swimming pool, whitecoat r	\$11,840	69	Pool deck coating	\$5,775	72	Pool cover, safety mesh	\$2,155
63	Swimming pool, whitecoat w	\$1,305	84	Picnic Table	\$7,000	90	Tot lot, MP structure, 2 platf	\$26,500
64	Swimming pool waterline tile	\$1,583	95	Exercise equipment 20%	\$8,400	91	Tot lot, spring ride (small)	\$4,125
65	Swimming pool waterline tile	\$477				92	Tot lot, 5" arch-frame swing,	\$5,100
86	Bench	\$5,280						
Total Scheduled Replacements		\$213,080	Total Scheduled Replacements		\$56,503	Total Scheduled Replacements		\$91,504

CONDITION ASSESSMENT

General Comments. Miller - Dodson Associates conducted a Reserve Study at Your HOA in August 2015. Your HOA is in generally good condition for a community constructed between 2004 and 2014. A review of the Replacement Reserve Inventory will show that we are anticipating most of the components achieving their normal economic lives.

The following comments pertain to the larger, more significant components in the Replacement Reserve Inventory and to those items that are unique or deserving of attention because of their condition or the manner in which they have been treated in the Replacement Reserve Analysis or Inventory.

General Condition Statements.

Excellent. 100% to 90% of Normal Economic Life expected, with no appreciable wear or defects.

Good. 90% to 60% of Normal Economic Life expected, minor wear or cosmetic defects found. Normal maintenance should be expected. If performed properly, normal maintenance may increase the useful life of a component. Otherwise, the component is wearing normally.

Fair. 60% to 30% of Normal Economic Life expected, moderate wear with defects found. Repair actions should be taken to extend the life of the component or to correct repairable defects and distress. Otherwise, the component is wearing normally.

Marginal. 30% to 10% of Normal Economic Life expected, with moderate to significant wear or distress found. Repair actions are expected to be cost effective for localized issues, but normal wear and use are evident. The component is reaching the end of the Normal Economic Life.

Poor. 10% to 0% of Normal Economic Life expected, with significant distress and wear. Left unattended, additional damage to underlying structures is likely to occur. Further maintenance is unlikely to be cost effective.

SITE COMPONENTS

Entry Monument and Signage. The Association maintains an entry monument. The monument is made of stone and wood that are in good condition.

We recommend repointing and replacement of defective areas of the masonry as needed. The Association may want to consider applying a coat of Siloxane or other appropriate breathable sealant to mitigate water penetration and further degradation of the masonry work. For additional information, please see the appropriate links on our web site at <http://mdareserves.com/resources/links/building-exterior>.

A portion of the monument is made of wood. In order to keep the monument fresh and appealing, we recommend replacement every 15 to 20 years.

In addition to the monuments, the Association is responsible for the community's signage including stop, speed, street, and other major signs. Other small miscellaneous signs are not considered in this study and should be replaced using other funds.



Asphalt Pavement. The Association is responsible for the roadways and parking areas except for the alley ways within the community; other roadways are maintained by the City, County, or other municipality. In general, the Association's asphalt pavements are in good to fair condition, with minor cracking.



The Association maintains an inventory of asphalt pavement along the following streets and areas:

Street	Sq Ft
Parking	9,000
Dupont Commons Circle	45,648
Dupont Comons Lane	4,560
Dupont Park	21,906
Dupont View	8,568
Barfield Run	27,408
Carr Circle	10,368
Gilstrap Lane	57,984
Gates Place	4,800
Dupont Commons Drive	34,632
Whitehead Bluff	6,192
Ducan Drive	37,056
Total	268,122

As a rule of thumb, asphalt should be overlaid when approximately 5% of the surface area is cracked or otherwise deteriorated. The normal service life of asphalt pavement is typically 18 to 20 years.

In order to maintain the condition of the pavement throughout the community and to ensure the longest life of the asphalt, we recommend a systematic and comprehensive maintenance program that includes:

- **Cleaning.** Long-term exposure to oil or gas breaks down asphalt. Because this asphalt pavement is generally not used for long-term parking, it is unlikely that frequent cleaning will be necessary. When necessary, spill areas should be cleaned or patched if deterioration has penetrated the asphalt. This is a maintenance activity, and we have assumed that it will not be funded from Reserves.
- **Crack Repair.** All cracks should be repaired with an appropriate compound to prevent water infiltration through the asphalt into the base. This repair should be done annually. Crack repair is normally considered a maintenance activity and is not funded from Reserves. Areas of extensive cracking or deterioration that cannot be made watertight should be cut out and patched.

- **Seal Coating.** The asphalt should be seal coated every five to seven years. For this maintenance, activity to be effective in extending the life of the asphalt, cleaning and crack repair should be performed first.

The pricing used is based on recent contracts for a two-inch overlay, which reflects the current local market for this work.

For seal coating, several different products are available. The older, more traditional seal coating products are simply paints. They coat the surface of the asphalt and they are minimally effective. However, the newer coating materials, such as those from Total Asphalt Management, Asphalt Restoration Technologies, Inc., and others, are penetrating. They are engineered, so to speak, to 'remoisturize' the pavement. Asphalt pavement is intended to be flexible. Over time, the volatile chemicals in the pavement dry, the pavement becomes brittle, and degradation follows in the forms of cracking and potholes. Remoisturizing the pavement can return its flexibility and extend the life of the pavement.

Lastly, the resource links provided on our website may provide insight into the general terms and concerns, including maintenance related advantages and disadvantages, which may help the Association better manage the asphalt pavements throughout the community: <http://mdareserves.com/resources/links/site-components>.

Concrete Work. The concrete work includes the community curbs, sidewalks, concrete pads and other flatwork. We have modeled for curb replacement when the concrete flatwork is replaced. The overall condition of the concrete work is good to poor with a few tripping hazards and poor patching of the curbs.



The standards we use for recommending replacement are as follows:

- Trip hazard, ½ inch height difference.
- Severe cracking.
- Severe spalling and scale.
- Uneven riser heights on steps.
- Steps with risers in excess of 8¼ inches.

Because it is highly unlikely that all of the concrete components will fail and require replacement in the period of the study, we have programmed funds for the replacement of these inventories and spread the funds over an extended timeframe to reflect the incremental nature of this work.

The relevant links on our web site may provide useful information related to concrete terminology, maintenance, and repair. Please see <http://mdareserves.com/resources/links/site-components>.

Stone Steps. The community has several sets of exterior steps that are of stone construction. The general condition of the steps is good to fair with a number of defects.



The defects noted include the following:

- **Failed Mortar Joints.** A number of the mortar joints between the stones have failed and are in need of repointing.
- **Cracks.** Movement of the base material under the bricks has resulted in the development of cracks in a number of the stone steps.
- **Settlement.** We noted some locations where steps have settled, creating uneven surfaces that pose a trip hazard.

Because it is highly unlikely that all of the community's stone steps will fail and require replacement in the period of the study, we have programmed funds for the incremental repointing of the inventory and spread those funds over an extended timeframe to reflect the incremental nature of this work.

Exterior Wood Stairs. The exterior stairs consist of wood treads and landings with wood stringers. The stairs are in good condition.



The wood in the exterior stairs expands and contracts with changes in temperature and moisture levels within the wood, leading to cracks. Untreated, these cracks will expand and can lead to the development of rot within the wood.

It is recommended that the Association inspect all stairs at least once each year. All areas with moderate cracking or rot should be replaced. Areas covered with mold should be cleaned and treated.

Retaining Walls. The Association maintains several stone and segmental block retaining walls. The retaining walls are in good condition.



Retaining walls in general are designed to provide slope stabilization and soil retention by means of a structural system. Typically, walls that are three feet high or more require some level of design.

Movement and displacement of any retaining wall is a sign of general settlement or failure. This typically is in the form of leaning and bowing, and can involve the entire wall or localized sections of the wall. Typically, these types of movements are gradual and may require the replacement of the wall. Movement of retaining walls located near other buildings or structures may negatively affect the stability of the adjacent structure. These conditions can become extremely costly if not properly identified, monitored, and addressed.

Stone walls can have an extended useful life of 80 years or more, and if stable, may only require periodic repointing and localized repair. Repoint is the process of raking out defective masonry joints and tooling in new mortar into the joints. Properly mortared and tooled joints will repel the weather and keep water from penetrating the wall. Siloxane or other breathable sealants should be considered to provide additional protection to the wall from water penetration. This study assumes that repointing will be performed incrementally as needed.

Segmental block retaining walls can have an extended useful life, and if stable, are likely to only require localized resetting of displaced blocks, typically near the top of the wall. This study assumes that resetting will be performed incrementally as needed.

When and if it becomes necessary to replace these walls, we recommend the Association consider one of the segmental block retaining wall systems. These systems are very low maintenance. If over time the wall experiences movement, sections of the walls can be re-stacked at a very small portion of the cost of a new wall. Segmental block retaining walls can have a service life of 80 years or more. As a general source of information about retaining walls, we offer several links from our website at <http://mdareserves.com/resources/links/site-components>.

Retaining wall replacement can be costly, and early planning on the part of the Association can help to reduce the impact of this work on the community's budget in the future. We therefore recommend having a Professional Engineer inspect the walls and develop preliminary replacement alternatives and recommendations based on the site conditions, replacement costs, and recommended replacement wall types. This information can then be incorporated into future updates to the Reserve Study.

Fencing. The Association maintains wood, aluminum and chain-link fencing that is in generally good condition. Fencing systems have a large number of configurations and finishes that can usually be repaired as a maintenance activity by replacing individual components as they become damaged or weathered.



Protection from string machine damage during lawn maintenance can extend the useful life of some fence types. Protection from this type of damage is typically provided by applying herbicides around post bases or installing protective sheathing.

Pressure treated wood fencing should be cleaned and sealed every year or two. Typically the least cost fencing option, this type of fence can last 15 to 20 years if maintained properly.

Aluminum fencing can have a useful life of 40 years or more. Periodic cleaning and touch-up painting may be required to keep the fence attractive.

Chain link fencing can have a useful life of 40 years or more. Periodic weed control may be required to protect and maintain the fence.

For more information on fencing, visit our [website link](#) to the American Fence Association.

Mailboxes. The cluster mailboxes located in the community are in good condition. Mailboxes should be maintained to the extent that all mail slot doors remain intact and hinges and locks remain operable. Our replacement estimate assumes that these units will be replaced with fiberglass or composite units. We have provided for the repointing of the stone structure.

Ponds. The community is served by two feature ponds. The ponds are lined with a membrane that is reported to be leaking. The pond is fed by a well and the water is used for irrigation in the common areas. We have provided for the replacement of the pumps and membrane. Keeping the ponds clean is a maintenance function and not included in the analysis.



Based on our understanding, we recommend the following:

- Periodically remove accumulated debris and vegetation growing in and around the ponds.
- Survey the ponds to establish the current profile of the bottom. After five years of operation, have the pond re-surveyed to establish new depths to determine the local siltation rate. This will establish the frequency required for periodic dredging.
- Periodically sample and test for contaminants.
- Consult with local contractors to determine the cost of removing and disposing of the spoil, once its nature is known.

Firms that specialize in this work can be typically found by internet searching "Lake and Pond, Construction and Maintenance" for your state or area of the country. Some states provide short lists of companies that specialize in this type of work.

Please note that the periodic removal of overgrown vegetation from the pond is considered a maintenance activity and has not been reserved for or included in this study.

BUILDING EXTERIOR

Building Roofing. The clubhouse is roofed in a green roof product that has a recall for product failure. Roof is not expected to last for normal life and we have programmed replacement accordingly with a 25-year asphalt roof product.



Asphalt shingle roofs can have a useful life of 20 to 50 years depending on the weight and quality of the shingle. Weathered, curled, and missing shingles are all indications that the shingles may be nearing the end of their useful life.

Access to the roof was not provided at the time of inspection. Annual inspections are recommended, with cleaning, repair, and mitigation of vegetation performed as needed. Access, inspection, and repair work should be performed by contractors and personnel with the appropriate access equipment who are experienced in the types of roofing used for the facility.

For additional information on roofs and roof maintenance, please see the appropriate links on our web site at <http://mdareserves.com/resources/links/building-exterior>.

Gutters and Downspouts. The buildings has aluminum gutters and downspouts. The gutters and downspouts are in good condition.

A gutter and downspout system will remove rainwater from the area of the building roof, siding, and foundation. This will protect building's exterior surfaces from water damage. Gutters should run the full length of all drip edges of the building roof. Even with full gutters, it is important to inspection the function of the gutters during heavy rain to identify any deficiencies. It may be necessary to periodically adjust the slope of sections, repair connections, replace hangers, and install shrouds to the gutters. Downspouts should be securely attached to the side of the structure. Any broken straps should be replaced. The area of the outlet should be inspected to promote run-off in the desired direction. Long straight runs should have an elbow at the bottom. Splash blocks should be installed to fray the water out-letting from the downspout.

It is recommended that all gutters be cleaned at least twice each year. If there are a large number of trees located close to a building, consider installing a gutter debris shield that will let water into the gutters but will filter out leaves, twigs, and other debris.

Siding and Trim. The exterior of the clubhouse is clad in cementitious and stone veneer siding and trim. The siding and trim materials are in generally good condition.

Wooden exterior materials are typically repaired as needed during normal painting cycles. Painting cycles for wooden exteriors vary between five and ten years depending on the grade of wood and the quality of the materials and finish work. In this study, we have modeled for incremental wood material replacement to coincide with the painting cycle of the facility.

Cementitious materials typically have an extended useful life and require repainting and recaulking every 10 to 15 years. Following the manufacturer's recommendations for cleaning, painting, and caulking, we expect cementitious products to have a useful life of 50 years or more.

Stone masonry is used as the main exterior cladding of the building. As masonry weathers, the mortar joints will become damaged by water penetration. As additional water gains access to the joints, repeated freeze-thaw cycles gradually increase the damage to the mortar joints. If allowed to progress, even the masonry units such as brick, block, and stone can have their surfaces affected and masonry units can become loose.

In general, masonry is considered a long-life item and is therefore excluded from reserve funding. However, because weather and other conditions result in the slow deterioration of the mortar in masonry joints, we have included funding in this study for repointing. Repointing is the process of raking and cutting out damaged sections of mortar and replacing them with new mortar.

Periodic repointing and local replacement of damaged masonry units will limit the damage done by moisture penetration. For this study, we assume that 10% of the masonry will require repointing every 10 years after approximately 30 years. For additional information about masonry and repointing, please view the relevant links at <http://mdareserves.com/resources/links/building-exterior>.

Windows and Doors. The Association is responsible for the common windows and exterior doors of the clubhouse and the individual owners are responsible for the windows and doors attributed to their unit. The windows and doors are in generally good condition.

Window and door units play an integral part in a facility's overall comfort, efficiency, and energy use. The quality of the installed units and the care taken in their installation and maintenance are major factors in their effectiveness and useful life. These units can have a useful life of 20 to 35 years or more depending on their use and other factors mentioned above.

In general, we recommend coordinating the replacement of these units with other exterior work, such as siding and roof replacements. The weather tightness of the building envelope often requires transitional flashing and caulking that should be performed in coordination with each other. Warranties and advantages in 'economy of scale' can often result in lower overall replacement costs and results that are more reliable. Lastly, coordinated replacements offer the opportunity to correct initial construction defects and improve the effectiveness of details with improved construction techniques and materials.

For more information, please see our links at <http://mdareserves.com/resources/links/building-exterior>.

Building Access. The building and pool area are an access-controlled facility with electrically operated doors activated by key fobs. The system is reported to be operating normally.

Systems of this type typically have a service life of 15 to 20 years. Beyond that point, it becomes increasingly difficult to find replacement parts. Additionally, changes in technology help render the systems obsolete. For these reasons, we have assumed a service life of 15 years for this type of system.

Decks/landings. The Association maintains the decks and landings at the clubhouse. The wooden deck structures are in good condition, with the synthetic decking in good condition and the metal railings in good condition.

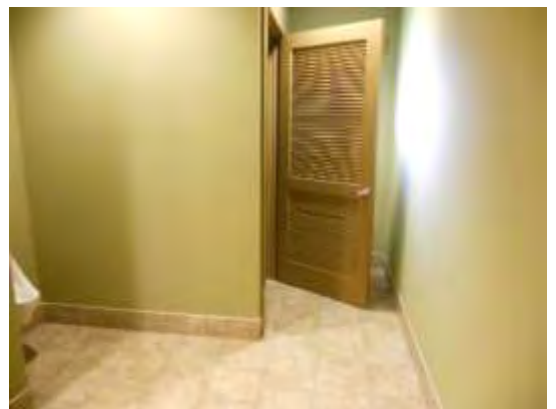
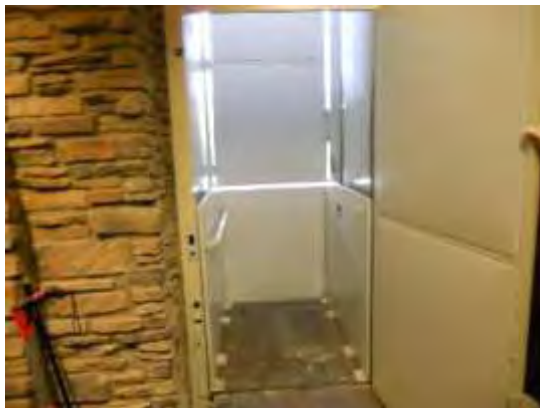
We recommend for the Association implement an annual inspection and power-washing program. Installation of carpet or other water trapping coverings should be prohibited and potted plants should be placed on raised feet to allow for proper air circulation and drying.

Please note that your State or local jurisdiction may have specific requirements for deck and balcony inspections, such as the recently enacted Maryland HB 947 (Jonathan's Law). This level of inspection is beyond the scope of work for this Reserve Study.

BUILDING INTERIOR

Club House Contents. The inventory of the Club House contents is as comprehensive as practical and includes the furniture, fixtures and equipment that were noted during the site visit. Items have been programmed for replacement based upon the normal economic life and with a value that is comparable to the existing components. The wood trim and interior doors in the club house are excluded as a long-lived item as these typically do not wear out.

Restrooms. The two restrooms and two locker rooms in the Club House are in good condition. We have provided an allowance for the renovation of all four rooms.

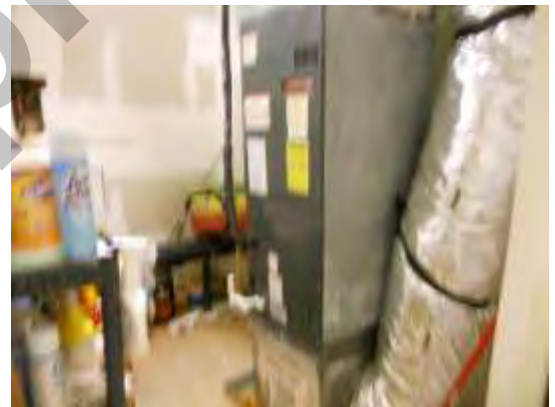




MECHANICAL

Elevator. The Association maintains a handicap lift that services three levels to include the pool level. The lift appears to be in good operating condition

Split and Package HVAC Systems. The heating ventilation and air conditioning (HVAC) of the facility are reported to be in good operating condition. Detailed inspection and testing of these systems is beyond the scope of this study.



The Association maintains a number of HVAC systems that use one of the new generation refrigerants. Unlike the old R22 refrigerant, the new refrigerants are expected to be available throughout the period of this study. However, the operating pressure for new refrigerant systems is approximately twice as high as older systems. Many of the standard components have not been redesigned for these higher pressures, including the coils, which generally fail due to metal fatigue.

Even though manufacturers continue to predict 15 to 20-year life cycles for HVAC equipment that use these new refrigerants, this is not proven by historical data. We therefore recommend anticipating a normal economic life of 15 years for all HVAC equipment that uses pressurized refrigerants of these types.

In addition, the Association maintains air handlers/furnaces throughout the facility, and these components can have a useful life of 20 to 40 years. With fan, motor, and coil replacements performed as needed, the casings of these systems can last significantly longer.

As is the case with most equipment, to achieve a maximum useful economic life, proper maintenance is essential. In some cases, proper and proactive maintenance can greatly extend the useful life of these components.

Fire Safety Systems. The building is fitted with a fire safety system that includes sprinklers and alarms, and these are reported to be operating normally. Testing and inspection of fire safety systems are not included in this study.



Sprinkler pipe systems have a wide variety of configurations and requirements depending on their age, condition, and jurisdictional location. Specific county and municipal codes can make a significant difference on what your facility's specific requirements may be.

Building fire alarm systems have a service life of 15 to 25 years. While the panels may continue to operate past this point, changes in fire safety technology and building fire safety codes tend to render them obsolete. In addition, manufacturers only support their systems for a limited period, typically about 15 years. After this time, it may be increasingly difficult to obtain replacement parts and service. When it becomes necessary to upgrade the fire alarm system, differences in the technologies and new code requirements are likely to require upgrades in lighting, sensors, alarms, and other system and sub components.

For wet and dry pipe systems, we have assumed that these are long life components and will not require whole scale replacement. It is imperative however for these pipes to be properly drained or for the water to be properly conditioned. Other components such as heads, gauges, and valves are assumed normal maintenance items and are therefore excluded from the study.

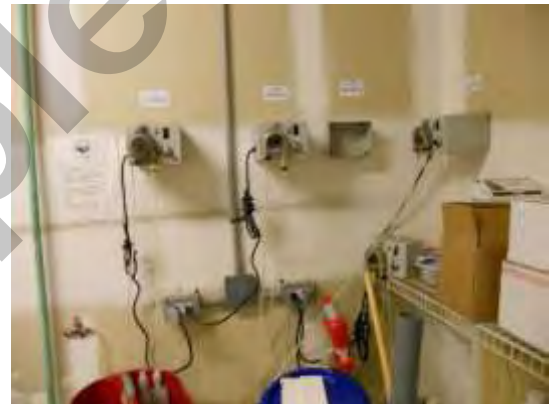
We recommend having your entire fire safety system inspected and evaluated by a professional in this field who is familiar with your area of the country. In addition, a comprehensive preventative maintenance program will ensure the maximum possible useful life from these components, and a qualified professional will be able to help in setting up and implementing such a program.

Your local CAI chapter may have a service provider list on their web site that may refer you to a local fire and life safety consultant. As an alternative, please contact our office and we will provide recommendations.

As a preliminary estimate, we have provided an allowance every 15 years for the major repair and upgrade of the fire safety systems. A detailed evaluation of the facility's fire safety system should include an estimate of reserve funding for these components and this funding estimate should be incorporated in the next reserve study update. Inspections and annual maintenance work are not accounted for or included in this study.

RECREATIONAL FACILITIES

Swimming Pool. The community operates an outdoor pool and wading pool of concrete construction. Listed below are the major components of the pool facilities:



- Pool Shell. The shell for the swimming pool is in good condition.
- Pool Deck. The pool has a concrete and pavers deck. The overall condition of the deck is good.
- Pool Deck Coating. The concrete pool deck is coated. The coating is in fair condition. We have assumed a service life for the coating of ten years.
- Whitecoat. The pool whitecoat is in good condition. We have assumed a service life of eight to ten years for the pool whitecoat.
- Waterline Tile. The waterline tile is in good condition. We have assumed that the waterline tile will be replaced or restored when the pool is whitecoated.
- Coping. The pool is edged with masonry coping. The coping is in good condition.
- Pump and Filter System. The filter system is in fair operating condition.
- Pool Fence. The swimming pool is enclosed by a metal fence that is in good condition.

Tot Lots. The community maintains a tot lot. The tot lot includes play structures, miscellaneous play equipment, synthetic borders, and a wood chip surface. The facility is in generally good condition. The wood chip surface is displaced or missing or does not appear to be adequate.



The safety of each individual piece of playground equipment as well as the layout of the entire play area should be considered when evaluating a playground for safety. The installation and maintenance of the protective surfacing under and around all equipment is crucial. Please note that the evaluation of the equipment and these facilities for safety is beyond the scope of this work.

Information for playground design and safety can be found in the "Public Playground Safety Handbook", U.S. Consumer Product Safety Commission (Pub Number 325). For a link to this handbook, please see our web site at www.mdareerves.com/resources/links/recreation.

Our estimates for playground equipment are based on comparing photos of the existing equipment with equipment of a similar size in manufacturers' catalogs. We use the pricing that is quoted by manufacturers for comparable equipment and add 30% for the disposal of the old equipment and installation of new equipment.

This Condition Assessment is based upon our visual survey of the property. The sole purpose of the visual survey was an evaluation of the common elements of the property to ascertain the remaining useful life and the replacement costs of these common elements. Our evaluation assumed that all components met building code requirements in force at the time of construction. Our visual survey was conducted with care by experienced persons, but no warranty or guarantee is expressed or implied.

End of Condition Assessment

CASH FLOW METHOD ACCOUNTING SUMMARY

This Your HOA - Cash Flow Method Accounting Summary is an attachment to the Your HOA - Replacement Reserve Study dated August 7, 2015 and is for use by accounting and reserve professionals experienced in Association funding and accounting principles. This Summary consists of four reports, the 2016, 2017, and 2018 Cash Flow Method Category Funding Reports (3) and a Three-Year Replacement Funding Report.

- CASH FLOW METHOD CATEGORY FUNDING REPORT, 2016, 2017, and 2018. Each of the 96 Projected Replacements listed in the Your HOA Replacement Reserve Inventory has been assigned to one of 8 categories. The following information is summarized by category in each report:
 - Normal Economic Life and Remaining Economic Life of the Projected Replacements.
 - Cost of all Scheduled Replacements in each category.
 - Replacement Reserves on Deposit allocated to the category at the beginning and end of the report period.
 - Cost of Projected Replacements in the report period.
 - Recommended Replacement Reserve Funding allocated to the category during the report period as calculated by the Cash Flow Method.
- THREE-YEAR REPLACEMENT FUNDING REPORT. This report details the allocation of the \$80,000 Beginning Balance (at the start of the Study Year) and the \$322,449 of additional Replacement Reserve Funding in 2016 through 2018 (as calculated in the Replacement Reserve Analysis) to each of the 96 Projected Replacements listed in the Replacement Reserve Inventory. These allocations have been made using Chronological Allocation, a method developed by Miller Dodson Associates, Inc., and discussed below. The calculated data includes:
 - Identification and estimated cost of each Projected Replacement scheduled in years 2016 through 2018.
 - Allocation of the \$80,000 Beginning Balance to the Projected Replacements by Chronological Allocation.
 - Allocation of the \$322,449 of additional Replacement Reserve Funding recommended in the Replacement Reserve Analysis in years 2016 through 2018, by Chronological Allocation.
- CHRONOLOGICAL ALLOCATION. Chronological Allocation assigns Replacement Reserves to Projected Replacements on a "first come, first serve" basis in keeping with the basic philosophy of the Cash Flow Method. The Chronological Allocation methodology is outlined below.
 - The first step is the allocation of the \$80,000 Beginning Balance to the Projected Replacements in the Study Year. Remaining unallocated funds are next allocated to the Projected Replacements in subsequent years in chronological order until the total of Projected Replacements in the next year is greater than the unallocated funds. Projected Replacements in this year are partially funded with each replacement receiving percentage funding. The percentage of funding is calculated by dividing the unallocated funds by the total of Projected Replacements in the partially funded year.

At Your HOA the Beginning Balance funds all Scheduled Replacements in the Study Year through 2016 and provides partial funding (34%) of replacements scheduled in 2017.
 - The next step is the allocation of the \$107,483 of 2016 Cash Flow Method Reserve Funding calculated in the Replacement Reserve Analysis. These funds are first allocated to fund the partially funded Projected Replacements and then to subsequent years in chronological order as outlined above.

At Your HOA the Beginning Balance and the 2016 Replacement Reserve Funding, funds replacements through 2018 and partial funds (5.5%) replacements in 2019.
 - Allocations of the 2017 and 2018 Reserve Funding are done using the same methodology.
 - The Three-Year Replacement Funding Report details component by component allocations made by Chronological Allocation.

2016 - CASH FLOW METHOD CATEGORY FUNDING REPORT

Each of the 96 Projected Replacements included in the Your HOA Replacement Reserve Inventory has been assigned to one of the 8 categories listed in TABLE CF1 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- A Beginning Balance of \$80,000 as of the first day of the Study Year, January 1, 2016.
- Total reserve funding (including the Beginning Balance) of \$187,483 in the Study Year.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2016 being accomplished in 2016 at a cost of \$44,151.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates to arrange for an update of the Replacement Reserve Study.

2016 - CASH FLOW METHOD CATEGORY FUNDING - TABLE CF1							
CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2016 BEGINNING BALANCE	2016 RESERVE FUNDING	2016 PROJECTED REPLACEMENTS	2016 END OF YEAR BALANCE
SITE COMPONENTS	5 to 80 years	1 to 68 years	\$1,011,235	\$35,849	\$72,438		\$108,287
SITE COMPONENTS (cont.)	5 to 45 years	5 to 33 years	\$146,297				
BUILDING EXTERIORS	10 to 50 years	3 to 38 years	\$140,905		\$110		\$110
BUILDING NTERIORS	7 to 35 years	0 to 23 years	\$104,035	\$10,109	\$3,562	(\$10,109)	\$3,562
BUILDING SYSTEMS	15 to 30 years	3 to 18 years	\$40,400		\$1,566		\$1,566
RECREATION	5 to 60 years	0 to 39 years	\$297,168	\$24,763	\$21,230	(\$24,763)	\$21,230
RECREATION (cont.)	10 to 25 years	0 to 14 years	\$64,465	\$880	\$177	(\$880)	\$177
RECREATION (cont.)	2 to 30 years	0 to 26 years	\$54,693	\$8,400	\$8,400	(\$8,400)	\$8,400

2017 - CASH FLOW METHOD CATEGORY FUNDING REPORT

Each of the 96 Projected Replacements included in the Your HOA Replacement Reserve Inventory has been assigned to one of the 8 categories listed in TABLE CF2 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling \$143,332 on January 1, 2017.
- Total reserve funding (including the Beginning Balance) of \$294,966 from 2016 through 2017.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2017 being accomplished in 2017 at a cost of \$104,881.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates to arrange for an update of the Replacement Reserve Study.

2017 - CASH FLOW METHOD CATEGORY FUNDING - TABLE CF2

CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2017 BEGINNING BALANCE	2017 RESERVE FUNDING	2017 PROJECTED REPLACEMENTS	2017 END OF YEAR BALANCE
SITE COMPONENTS	5 to 80 years	0 to 67 years	\$1,011,235	\$108,287	\$25,236	(\$104,881)	\$28,642
SITE COMPONENTS (cont.)	5 to 45 years	4 to 32 years	\$146,297		\$5,000		\$5,000
BUILDING EXTERIORS	10 to 50 years	2 to 37 years	\$140,905	\$110	\$1,890		\$2,000
BUILDING INTERIORS	7 to 35 years	1 to 22 years	\$104,035	\$3,562	\$7,088		\$10,650
BUILDING SYSTEMS	15 to 30 years	2 to 17 years	\$40,400	\$1,566	\$31,934		\$33,500
RECREATION	5 to 60 years	1 to 38 years	\$297,168	\$21,230	\$2,155		\$23,385
RECREATION (cont.)	10 to 25 years	2 to 14 years	\$64,465	\$177	\$19,228		\$19,405
RECREATION (cont.)	2 to 30 years	1 to 25 years	\$54,693	\$8,400	\$14,952		\$23,352

2018 - CASH FLOW METHOD CATEGORY FUNDING REPORT

Each of the 96 Projected Replacements included in the Your HOA Replacement Reserve Inventory has been assigned to one of the 8 categories listed in TABLE CF3 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling \$145,934 on January 1, 2018.
- Total Replacement Reserve funding (including the Beginning Balance) of \$402,449 from 2016 to 2018.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2018 being accomplished in 2018 at a cost of \$36,186.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates to arrange for an update of the Replacement Reserve Study.

2018 - CASH FLOW METHOD CATEGORY FUNDING - TABLE CF3							
CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2018 BEGINNING BALANCE	2018 RESERVE FUNDING	2018 PROJECTED REPLACEMENTS	2018 END OF YEAR BALANCE
SITE COMPONENTS	5 to 80 years	0 to 66 years	\$1,011,235	\$28,642	\$103,173	(\$3,406)	\$128,409
SITE COMPONENTS (cont.)	5 to 45 years	3 to 31 years	\$146,297	\$5,000			\$5,000
BUILDING EXTERIORS	10 to 50 years	1 to 36 years	\$140,905	\$2,000	(\$0)		\$2,000
BUILDING INTERIORS	7 to 35 years	0 to 21 years	\$104,035	\$10,650	(\$0)	(\$3,150)	\$7,500
BUILDING SYSTEMS	15 to 30 years	1 to 16 years	\$40,400	\$33,500	(\$0)		\$33,500
RECREATION	5 to 60 years	0 to 37 years	\$297,168	\$23,385		(\$21,230)	\$2,155
RECREATION (cont.)	10 to 25 years	1 to 13 years	\$64,465	\$19,405	\$0		\$19,405
RECREATION (cont.)	2 to 30 years	0 to 24 years	\$54,693	\$23,352	\$4,310	(\$8,400)	\$19,262

CASH FLOW METHOD - THREE-YEAR REPLACEMENT FUNDING - TABLE CF4												
Item #	Description of Projected Replacement	Estimated Replacement Costs	Allocation of Beginning Balance	2016 Reserve Funding	2016 Projected Replacements	2016 End of Year Balance	2017 Reserve Funding	2017 Projected Replacements	2017 End of Year Balance	2018 Reserve Funding	2018 Projected Replacements	2018 End of Year Balance
SITE COMPONENTS												
1	Asphalt pavement, mill & overlay 1/3rd	147,467					15,753		15,753	75,660		91,414
2	Asphalt pavement, seal coat 1/3rd	17,875	6,110	11,765		17,875	1,910	(17,875)	1,910	9,171		11,080
3	Asphalt pavement, mill & overlay 1/3rd	147,467										
4	Asphalt pavement, seal coat 1/3rd	17,875	6,110	11,765		17,875	1,910	(17,875)	1,910	9,171		11,080
5	Asphalt pavement, mill & overlay 1/3rd	147,467										
6	Asphalt pavement, seal coat 1/3rd	17,875	6,110	11,765		17,875	1,910	(17,875)	1,910	9,171		11,080
7	Concrete curb & gutter (3%)	23,643	8,081	15,562		23,643		(23,643)				
8	Concrete flatwork (3%)	26,126	8,930	17,196		26,126		(26,126)				
9	Stone steps, repoint (20%)	1,487	508	979		1,487		(1,487)				
10	Wood steps, PTL closed riser	1,669										
11	Wood steps, PTL railing	2,959										
12	Wood ped. bridge w/rail, PTL	3,406		3,406		3,406			3,406	(3,406)		
13	Retaining wall, stone	302,225										
14	Retaining wall, stone (repoint) 10%	3,369					3,369		3,369			3,369
15	Stone wall/fireplace/fire pit repoint 10%	385					385		385			385
16	Retaining wall, segmental block	138,600										
17	Retaining wall, segmental block, 10% allowance	11,340										
SITE COMPONENTS (cont.)												
18	Fence, 6' galvanized chain link	5,130										
19	Fence, 6' PTL-wood picket @ firepit	7,392										
20	Fence, 3' aluminum w/ 2 rails & picket	7,092										
21	Fence, 6' aluminum w/ 3 rails & picket	60,253										
22	Mailbox, stone cluster (18 boxes)	175										
23	Irrigation, allowance	5,000					5,000		5,000			5,000
24	Gazebo, 14' octagon, PTW w/ cedar sh	12,700										
25	Pavilion, PTL-wood w/ aphalt shingle	17,298										
26	Storm water management (10% allowance)	11,250										
27	Well pump	1,000										
28	Pond pump	1,600										
29	Pond liner, large	10,800										
30	Pond liner, small	4,608										
31	Entrance Feature/sign allowance	2,000										
BUILDING EXTERIORS												
32	Roofing, asphalt shingles CH	23,296										
33	Gutter & downspouts, 5" aluminum CH	2,912										
34	Siding & trim, cementitions CH	54,810										
35	Masonry (10% repointing allowance) CH	1,300										
36	Door, wood & glass CH	6,750										
37	Window, CH	19,334										
38	Exterior lighting, allowance CH	2,000		110		110	1,890		2,000			2,000

CASH FLOW METHOD - THREE-YEAR REPLACEMENT FUNDING - TABLE CF4 cont'd

Item #	Description of Projected Replacement	Estimated Replacement Costs	Allocation of Beginning Balance	2016 Reserve Funding	2016 Projected Replacements	2016 End of Year Balance	2017 Reserve Funding	2017 Projected Replacements	2017 End of Year Balance	2018 Reserve Funding	2018 Projected Replacements	2018 End of Year Balance
40	Deck, composite decking CH	5,198										
41	Deck, metal railing CH	11,130										
BUILDING INTERIORS												
42	Flooring, wood refinish CH	10,109	10,109		(10,109)							
43	Flooring, wood plank & screw, replace	40,716										
44	Interior lighting, allowance	3,000		3,000		3,000			3,000		(3,000)	
45	Building/pool entry system	2,500										
46	Furniture/fixtures/wall art allow CH 50	7,500		412		412	7,088		7,500			7,500
47	Furniture/fixtures/wall art allow CH 50	7,500										
48	Kitchen, residential cabinets	4,400										
49	Kitchen, residential, solid surface coun	1,260										
50	Kitchen, residential electric range	1,100										
51	Kitchen, 18 cf residential refrigerator	1,050										
52	Kitchen, residential dishwasher	750										
53	Kitchen, residential countertop microw	150		150		150			150		(150)	
54	Restroom, renovate CH	8,000										
55	Locker / Shower room, renovate CH	16,000										
BUILDING SYSTEMS												
56	Lift, wheel chair	14,400		791		791	13,609		14,400			14,400
57	Exchange unit	6,900										
58	HVAC split system,	14,100		775		775	13,325		14,100			14,100
59	Fire system, allowance	5,000					5,000		5,000			5,000
RECREATION												
60	Swimming pool structure main	172,040										
61	Swimming pool structure wading	18,955										
62	Swimming pool, whitecoat main	11,840										
63	Swimming pool, whitecoat wading	1,305										
64	Swimming pool waterline tile (6x6) m	1,583										
65	Swimming pool waterline tile (6x6) w	477										
66	Swimming pool coping, main	4,290										
67	Swimming pool coping, wading	1,293										
68	Pool deck, concrete 1/3rd	18,988	18,988		(18,988)							
69	Pool deck coating	5,775	5,775		(5,775)							
70	Pool deck pavers, sand set, replace	35,108										
71	Pool deck pavers, sand set, reset	12,730		12,730		12,730			12,730		(12,730)	
72	Pool cover, safety mesh	2,155					2,155		2,155			2,155
73	Pool pump, 2 HP	6,000		6,000		6,000			6,000		(6,000)	
74	Pool filter	2,130										
75	Chlorine controllers	2,500		2,500		2,500			2,500		(2,500)	
RECREATION (cont.)												
76	Pool furniture, lounge	9,500					9,500		9,500			9,500
77	Pool furniture, chair	2,530					2,530		2,530			2,530
78	Pool furniture, round table 54"	1,250		69		69	1,181		1,250			1,250
79	Pool furniture, end table	585		32		32	553		585			585
80	Pool furniture, umbrella	1,380		76		76	1,304		1,380			1,380
81	Pool pole lights	2,000					2,000		2,000			2,000
82	Pool wall mount lights	200					200		200			200
83	Pool Pergola, PTL-wood	23,100										
84	Picnic Table	7,000										
85	Bench	880	880		(880)							
86	Bench	5,280										
87	Bench	8,800										
88	Lawn furniture at firepit	1,000					1,000		1,000			1,000
89	Grill, charcoal park	960					960		960			960
RECREATION (cont.)												
90	Tot lot, MP structure, 2 platforms	26,500										
91	Tot lot, spring ride (small)	4,125										
92	Tot lot, 5" arch-frame swing, 2 seat	5,100										
93	Fence, 3' PTL-wood picket @ tot lot	2,190										
94	Tot lot, border recycled plastic	2,723										
95	Exercise equipment 20%	8,400	8,400	8,400	(8,400)	8,400	9,297		17,697	4,310	(8,400)	13,607
96	Rubber flooring	5,655					5,655		5,655			5,655

COMPONENT METHOD



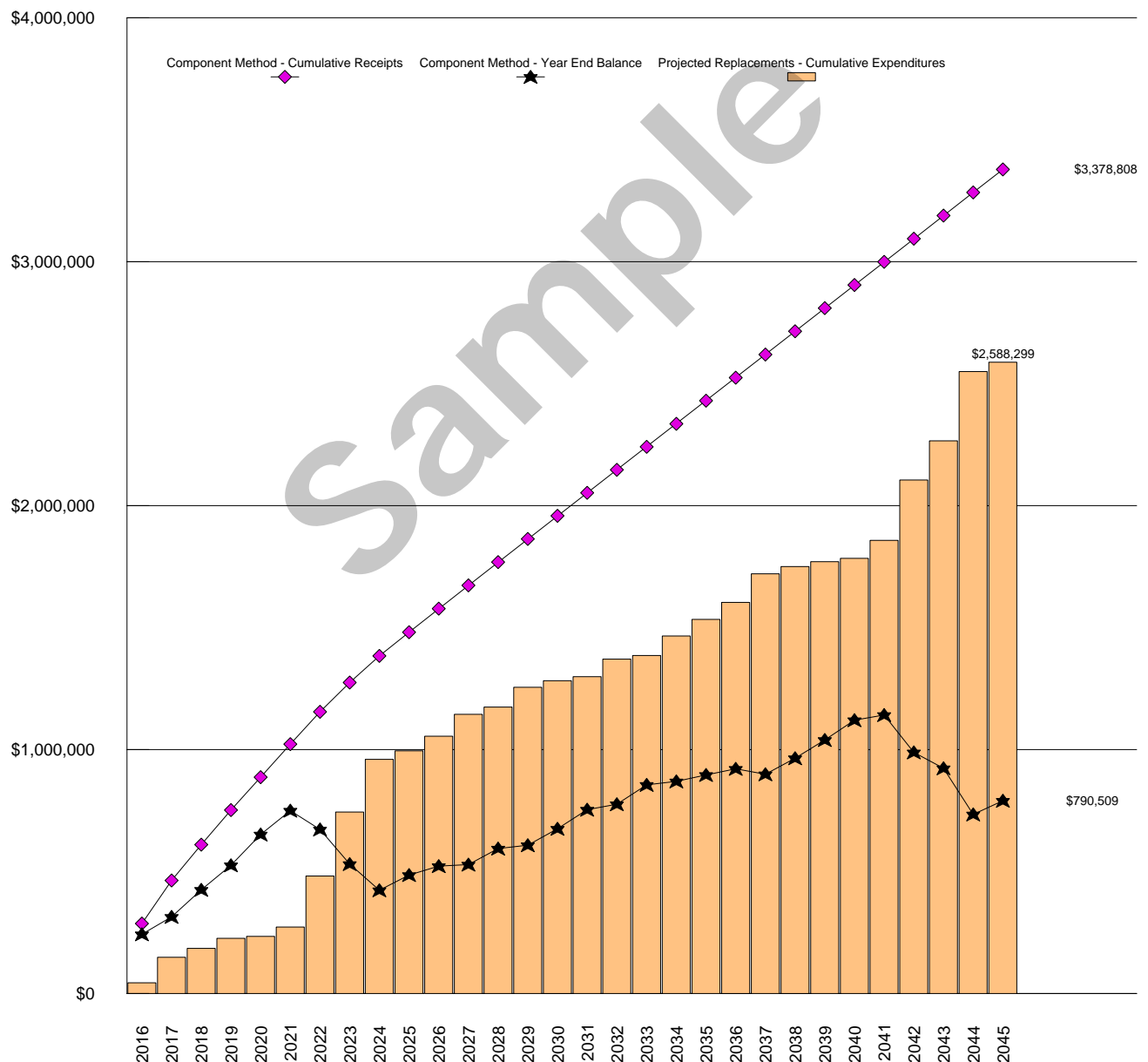
\$207,340

COMPONENT METHOD RECOMMENDED ANNUAL FUNDING OF REPLACEMENT RESERVES IN THE STUDY YEAR, 2016.

\$58.97 Per unit (average), recommended monthly funding of Replacement Reserves

General. The Component Method (also referred to as the Full Funded Method) is a very conservative mathematical model developed by HUD in the early 1980s. Each of the 96 Projected Replacements listed in the Replacement Reserve Inventory is treated as a separate account. The Beginning Balance is allocated to each of the individual accounts, as is all subsequent funding of Replacement Reserves. These funds are "locked" in these individual accounts and are not available to fund other Projected Replacements. The calculation of Recommended Annual Funding of Replacement Reserves is a multi-step process outlined in more detail on Page CM2.

Component Method - Cumulative Receipts and Expenditures Graph



COMPONENT METHOD (cont'd)

- **Current Funding Objective.** A Current Funding Objective is calculated for each of the Projected Replacements listed in the Replacement Reserve Inventory. Replacement Cost is divided by the Normal Economic Life to determine the nominal annual contribution. The Remaining Economic Life is then subtracted from the Normal Economic Life to calculate the number of years that the nominal annual contribution should have been made. The two values are then multiplied to determine the Current Funding Objective. This is repeated for each of the 96 Projected Replacements. The total, \$720,722, is the Current Funding Objective.

For an example, consider a very simple Replacement Reserve Inventory with one Projected Replacement, a fence with a \$1,000 Replacement Cost, a Normal Economic Life of 10 years, and a Remaining Economic Life of 2 years. A contribution to Replacement Reserves of \$100 (\$1,000 ÷ 10 years) should have been made in each of the previous 8 years (10 years - 2 years). The result is a Current Funding Objective of \$800 (8 years x \$100 per year).

- **Funding Percentage.** The Funding Percentage is calculated by dividing the Beginning Balance (\$80,000) by the Current Funding Objective (\$720,722). At Your HOA the Funding Percentage is 11.1%
- **Allocation of the Beginning Balance.** The Beginning Balance is divided among the 96 Projected Replacements in the Replacement Reserve Inventory. The Current Funding Objective for each Projected Replacement is multiplied by the Funding Percentage and these funds are then "locked" into the account of each item.

If we relate this calculation back to our fence example, it means that the Association has not accumulated \$800 in Reserves (the Funding Objective), but rather at 11.1 percent funded, there is \$89 in the account for the fence.

- **Annual Funding.** The Recommended Annual Funding of Replacement Reserves is then calculated for each Projected Replacement. The funds allocated to the account of the Projected Replacement are subtracted from the Replacement Cost. The result is then divided by the number of years until replacement, and the result is the annual funding for each of the Projected Replacements. The sum of these is \$207,340, the Component Method Recommended Annual Funding of Replacement Reserves in the Study Year (2016).

In our fence example, the \$89 in the account is subtracted from the \$1,000 Total Replacement Cost and divided by the 2 years that remain before replacement, resulting in an annual deposit of \$456. Next year, the deposit remains \$456, but in the third year, the fence is replaced and the annual funding adjusts to \$100.

- **Adjustment to the Component Method for interest and inflation.** The calculations in the Replacement Reserve Analysis do not account for interest earned on Replacement Reserves, inflation, or a constant annual increase in Annual Funding of Replacement Reserves. The Component Method is a very conservative method and if the Analysis is updated regularly, adequate funding will be maintained without the need for adjustments.

Component Method Data - Years 1 through 30

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Beginning balance	\$80,000									
Recommended annual funding	\$207,340	\$176,268	\$146,778	\$141,864	\$135,035	\$135,035	\$132,629	\$120,456	\$108,684	\$97,199
Interest on reserves										
Expenditures	\$44,151	\$104,881	\$36,186	\$41,215	\$8,400	\$37,754	\$209,492	\$262,278	\$215,991	\$34,968
Year end balance	\$243,188	\$314,576	\$425,167	\$525,816	\$652,451	\$749,732	\$672,870	\$531,048	\$423,741	\$485,973
Cumulative Expenditures	\$44,151	\$149,032	\$185,218	\$226,433	\$234,833	\$272,587	\$482,078	\$744,356	\$960,347	\$995,315
Cumulative Receipts	\$287,340	\$463,608	\$610,385	\$752,249	\$887,284	\$1,022,319	\$1,154,948	\$1,275,404	\$1,384,088	\$1,481,288
Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Recommended annual funding	\$96,455	\$95,762	\$95,233	\$95,233	\$94,399	\$94,399	\$94,399	\$94,345	\$94,345	\$94,507
Interest on reserves										
Expenditures	\$60,055	\$89,349	\$29,630	\$81,106	\$27,309	\$16,249	\$71,992	\$14,885	\$79,885	\$68,062
Year end balance	\$522,373	\$528,786	\$594,389	\$608,515	\$675,605	\$753,755	\$776,162	\$855,623	\$870,083	\$896,529
Cumulative Expenditures	\$1,055,369	\$1,144,719	\$1,174,349	\$1,255,455	\$1,282,764	\$1,299,013	\$1,371,005	\$1,385,890	\$1,465,775	\$1,533,837
Cumulative Receipts	\$1,577,742	\$1,673,505	\$1,768,737	\$1,863,970	\$1,958,369	\$2,052,768	\$2,147,167	\$2,241,513	\$2,335,858	\$2,430,365
Year	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Recommended annual funding	\$94,507	\$95,101	\$95,040	\$95,040	\$94,893	\$94,893	\$94,893	\$94,884	\$94,884	\$94,306
Interest on reserves										
Expenditures	\$69,733	\$117,149	\$29,630	\$20,065	\$13,680	\$73,625	\$247,940	\$160,197	\$283,971	\$38,473
Year end balance	\$921,303	\$899,255	\$964,665	\$1,039,640	\$1,120,853	\$1,142,121	\$989,075	\$923,762	\$734,676	\$790,509
Cumulative Expenditures	\$1,603,569	\$1,720,718	\$1,750,348	\$1,770,413	\$1,784,093	\$1,857,719	\$2,105,658	\$2,265,855	\$2,549,826	\$2,588,299
Cumulative Receipts	\$2,524,873	\$2,619,974	\$2,715,013	\$2,810,053	\$2,904,946	\$2,999,840	\$3,094,733	\$3,189,618	\$3,284,502	\$3,378,808

COMPONENT METHOD ACCOUNTING SUMMARY

This Your HOA - Component Method Accounting Summary is an attachment to the Your HOA - Replacement Reserve Study dated August 7, 2015 and is for use by accounting and reserve professionals experienced in Association funding and accounting principles. This Summary consists of four reports, the 2016, 2017, and 2018 Component Method Category Funding Reports (3) and a Three-Year Replacement Funding Report.

- COMPONENT METHOD CATEGORY FUNDING REPORT, 2016, 2017, and 2018. Each of the 96 Projected Replacements listed in the Your HOA Replacement Reserve Inventory has been assigned to one of 8 categories. The following information is summarized by category in each report:
 - Normal Economic Life and Remaining Economic Life of the Projected Replacements.
 - Cost of all Scheduled Replacements in each category.
 - Replacement Reserves on Deposit allocated to the category at the beginning and end of the report period.
 - Cost of Projected Replacements in the report period.
 - Recommended Replacement Reserve Funding allocated to the category during the report period as calculated by the Component Method.
- THREE-YEAR REPLACEMENT FUNDING REPORT. This report details the allocation of the \$80,000 Beginning Balance (at the start of the Study Year) and the \$530,385 of additional Replacement Reserve funding from 2016 to 2018 (as calculated in the Replacement Reserve Analysis) to each of the 96 Projected Replacements listed in the Replacement Reserve Inventory. These allocations have been made using the Component Method as outlined in the Replacement Reserve Analysis. The calculated data includes:
 - Identification and estimated cost of each Projected Replacement schedule in years 2016 through 2018.
 - Allocation of the \$80,000 Beginning Balance to the Projected Replacements by the Component Method.
 - Allocation of the \$530,385 of additional Replacement Reserve Funding recommended in the Replacement Reserve Analysis in years 2016 through 2018, by the Component Method.

2016 - COMPONENT METHOD CATEGORY FUNDING REPORT

Each of the 96 Projected Replacements included in the Your HOA Replacement Reserve Inventory has been assigned to one of the 8 categories listed in TABLE CM1 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- A Beginning Balance of \$80,000 as of the first day of the Study Year, January 1, 2016.
- Total reserve funding (including the Beginning Balance) of \$287,340 in the Study Year.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2016 being accomplished in 2016 at a cost of \$44,151.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates to arrange for an update of the Replacement Reserve Study.

2016 - COMPONENT METHOD CATEGORY FUNDING - TABLE CM1

CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2016 BEGINNING BALANCE	2016 RESERVE FUNDING	2016 PROJECTED REPLACEMENTS	2016 END OF YEAR BALANCE
SITE COMPONENTS	5 to 80 years	1 to 68 years	\$1,011,235	\$44,140	\$109,614		\$153,755
SITE COMPONENTS (cont.)	5 to 45 years	5 to 33 years	\$146,297	\$3,470	\$6,490		\$9,960
BUILDING EXTERIORS	10 to 50 years	3 to 38 years	\$140,905	\$5,333	\$7,019		\$12,352
BUILDING NTERIORS	7 to 35 years	0 to 23 years	\$104,035	\$6,461	\$20,652	\$10,109	\$17,003
BUILDING SYSTEMS	15 to 30 years	3 to 18 years	\$40,400	\$2,934	\$7,671		\$10,605
RECREATION	5 to 60 years	0 to 39 years	\$297,168	\$12,672	\$37,063	\$24,763	\$24,973
RECREATION (cont.)	10 to 25 years	0 to 14 years	\$64,465	\$2,947	\$7,325	\$880	\$9,392
RECREATION (cont.)	2 to 30 years	0 to 26 years	\$54,693	\$2,043	\$11,506	\$8,400	\$5,149

2017 - COMPONENT METHOD CATEGORY FUNDING REPORT

Each of the 96 Projected Replacements included in the Your HOA Replacement Reserve Inventory has been assigned to one of the 8 categories listed in TABLE CM2 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling \$243,188 on January 1, 2017.
- Total reserve funding (including the Beginning Balance) of \$463,608 from 2016 through 2017.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2017 being accomplished in 2017 at a cost of \$104,881.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates to arrange for an update of the Replacement Reserve Study.

2017 - COMPONENT METHOD CATEGORY FUNDING - TABLE CM2

CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2017 BEGINNING BALANCE	2017 RESERVE FUNDING	2017 PROJECTED REPLACEMENTS	2017 END OF YEAR BALANCE
SITE COMPONENTS	5 to 80 years	0 to 67 years	\$1,011,235	\$153,755	\$109,614	\$104,881	\$158,488
SITE COMPONENTS (cont.)	5 to 45 years	4 to 32 years	\$146,297	\$9,960	\$6,490		\$16,449
BUILDING EXTERIORS	10 to 50 years	2 to 37 years	\$140,905	\$12,352	\$7,019		\$19,371
BUILDING NTERIORS	7 to 35 years	1 to 22 years	\$104,035	\$17,003	\$13,109		\$30,113
BUILDING SYSTEMS	15 to 30 years	2 to 17 years	\$40,400	\$10,605	\$7,671		\$18,276
RECREATION	5 to 60 years	1 to 38 years	\$297,168	\$24,973	\$17,525		\$42,498
RECREATION (cont.)	10 to 25 years	2 to 14 years	\$64,465	\$9,392	\$6,601		\$15,993
RECREATION (cont.)	2 to 30 years	1 to 25 years	\$54,693	\$5,149	\$8,238		\$13,387

2018 - COMPONENT METHOD CATEGORY FUNDING REPORT

Each of the 96 Projected Replacements included in the Your HOA Replacement Reserve Inventory has been assigned to one of the 8 categories listed in TABLE CM3 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling \$314,576 on January 1, 2018.
- Total Replacement Reserve funding (including the Beginning Balance) of \$610,385 from 2016 to 2018.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2018 being accomplished in 2018 at a cost of \$36,186.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates to arrange for an update of the Replacement Reserve Study.

2018 - COMPONENT METHOD CATEGORY FUNDING - TABLE CM3

CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2018 BEGINNING BALANCE	2018 RESERVE FUNDING	2018 PROJECTED REPLACEMENTS	2018 END OF YEAR BALANCE
SITE COMPONENTS	5 to 80 years	0 to 66 years	\$1,011,235	\$158,488	\$80,124	\$3,406	\$235,206
SITE COMPONENTS (cont.)	5 to 45 years	3 to 31 years	\$146,297	\$16,449	\$6,490		\$22,939
BUILDING EXTERIORS	10 to 50 years	1 to 36 years	\$140,905	\$19,371	\$7,019		\$26,390
BUILDING INTERIORS	7 to 35 years	0 to 21 years	\$104,035	\$30,113	\$13,109	\$3,150	\$40,072
BUILDING SYSTEMS	15 to 30 years	1 to 16 years	\$40,400	\$18,276	\$7,671		\$25,947
RECREATION	5 to 60 years	0 to 37 years	\$297,168	\$42,498	\$17,525	\$21,230	\$38,794
RECREATION (cont.)	10 to 25 years	1 to 13 years	\$64,465	\$15,993	\$6,601		\$22,594
RECREATION (cont.)	2 to 30 years	0 to 24 years	\$54,693	\$13,387	\$8,238	\$8,400	\$13,225

COMPONENT METHOD - THREE-YEAR REPLACEMENT FUNDING REPORT

TABLE CM4 below details the allocation of the \$80,000 Beginning Balance, as reported by the Association and the \$530,385 of Replacement Reserve Funding calculated by the Cash Flow Method from 2016 to 2018, to the 96 Projected Replacements listed in the Replacement Reserve Inventory. These allocations have been made by Chronological Allocation, a method developed by Miller Dodson Associates, Inc., and outlined on Page CF1.

The accuracy of the allocations is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling \$80,000 on January 1, 2016.
- Replacement Reserves on Deposit totaling \$243,188 on January 1, 2017.
- Replacement Reserves on Deposit totaling \$314,576 on January 1, 2018.
- Total Replacement Reserve funding (including the Beginning Balance) of \$610,385 from 2016 to 2018.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory from 2016 to 2018 being accomplished as scheduled in the Replacement Reserve Inventory at a cost of \$185,218.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates, Inc., to arrange for an update of the Replacement Reserve Study.

COMPONENT METHOD - THREE-YEAR REPLACEMENT FUNDING - TABLE CM4

Item #	Description of Projected Replacement	Estimated Replacement Costs	Allocation of Beginning Balance	2016 Reserve Funding	2016 Projected Replacements	2016 End of Year Balance	2017 Reserve Funding	2017 Projected Replacements	2017 End of Year Balance	2018 Reserve Funding	2018 Projected Replacements	2018 End of Year Balance
SITE COMPONENTS												
1	Asphalt pavement, mill & overlay 1/3r	147,467	10,640	19,547		30,186	19,547		49,733	19,547		69,280
2	Asphalt pavement, seal coat 1/3rd	17,875	1,190	8,342		9,533	8,342	(17,875)		3,575		3,575
3	Asphalt pavement, mill & overlay 1/3r	147,467	9,821	17,206		27,027	17,206		44,233	17,206		61,438
4	Asphalt pavement, seal coat 1/3rd	17,875	1,190	8,342		9,533	8,342	(17,875)		3,575		3,575
5	Asphalt pavement, mill & overlay 1/3r	147,467	9,003	15,385		24,388	15,385		39,773	15,385		55,158
6	Asphalt pavement, seal coat 1/3rd	17,875	1,190	8,342		9,533	8,342	(17,875)		3,575		3,575
7	Concrete curb & gutter (3%)	23,643	1,750	10,947		12,696	10,947	(23,643)		3,941		3,941
8	Concrete flatwork (3%)	26,126	1,933	12,096		14,030	12,096	(26,126)		4,354		4,354
9	Stone steps, repoint (20%)	1,487	110	689		799	689	(1,487)		248		248
10	Wood steps, PTL closed riser	1,669	28	97		124	97		221	97		317
11	Wood steps, PTL railing	2,959	49	171		220	171		392	171		563
12	Wood ped. bridge w/rail, PTL	3,406	340	1,022		1,362	1,022		2,384	1,022	(3,406)	
13	Retaining wall, stone	302,225	4,613	4,313		8,926	4,313		13,239	4,313		17,552
14	Retaining wall, stone (repoint) 10%	3,369	150	537		686	537		1,223	537		1,759
15	Stone wall/fireplace/fire pit repoint 10%	385	17	61		78	61		140	61		201
16	Retaining wall, segmental block	138,600	2,115	1,978		4,093	1,978		6,071	1,978		8,049
17	Retaining wall, segmental block, 10%	11,340		540		540	540		1,080	540		1,620
SITE COMPONENTS (cont.)												
18	Fence, 6' galvanized chain link	5,130		171		171	171		342	171		513
19	Fence, 6' PTL-wood picket @ firepit	7,392	369	638		1,008	638		1,646	638		2,285
20	Fence, 3' aluminum w/ 2 rails & picket	7,092	192	203		395	203		598	203		801
21	Fence, 6' aluminum w/ 3 rails & picket	60,253	1,635	1,724		3,359	1,724		5,083	1,724		6,807
22	Mailbox, stone cluster (18 boxes)	175	6	7		13	7		20	7		27
23	Irrigation, allowance	5,000		833		833	833		1,667	833		2,500
24	Gazebo, 14' octagon, PTW w/ cedar sh	12,700	169	570		739	570		1,308	570		1,878
25	Pavilion, PTL-wood w/ asphalt shingle	17,298	288	500		788	500		1,289	500		1,789
26	Storm water management (10% allowa	11,250		592		592	592		1,184	592		1,776
27	Well pump	1,000	61	104		165	104		270	104		374
28	Pond pump	1,600		160		160	160		320	160		480
29	Pond liner, large	10,800	440	545		985	545		1,530	545		2,075
30	Pond liner, small	4,608	188	233		420	233		653	233		886
31	Entrance Feature/sign allowance	2,000	122	209		331	209		539	209		748
BUILDING EXTERIORS												
32	Roofing, asphalt shingles CH	23,296	1,655	2,405		4,060	2,405		6,464	2,405		8,869
33	Gutter & downspouts, 5" aluminum CH	2,912	119	147		266	147		413	147		560
34	Siding & trim, cementitious CH	54,810	1,338	1,371		2,710	1,371		4,081	1,371		5,452
35	Masonry (10% repointing allowance) C	1,300		68		68	68		137	68		205
36	Door, wood & glass CH	6,750	330	459		788	459		1,247	459		1,705
37	Window, CH	19,334	590	646		1,237	646		1,883	646		2,529
38	Exterior lighting, allowance CH	2,000	163	459		622	459		1,081	459		1,541
39	Deck, structure (PTL) CH	14,175	433	474		907	474		1,380	474		1,854

COMPONENT METHOD - THREE-YEAR REPLACEMENT FUNDING - TABLE CM4 cont'd

Item #	Description of Projected Replacement	Estimated Replacement Costs	Allocation of Beginning Balance	2016 Reserve Funding	2016 Projected Replacements	2016 End of Year Balance	2017 Reserve Funding	2017 Projected Replacements	2017 End of Year Balance	2018 Reserve Funding	2018 Projected Replacements	2018 End of Year Balance
40	Deck, composite decking CH	5,198	317	542		860	542		1,402	542		1,944
41	Deck, metal railing CH	11,130	388	448		836	448		1,283	448		1,731
BUILDING NTERIORS												
42	Flooring, wood refinish CH	10,109	1,122	8,987	(10,109)		1,444		1,444	1,444		2,888
43	Flooring, wood plank & screw, replace	40,716	1,937	4,847		6,784	4,847		11,632	4,847		16,479
44	Interior lighting, allowance	3,000	262	913		1,174	913		2,087	913	(3,000)	
45	Building/pool entry system	2,500	153	261		413	261		674	261		935
46	Furniture/fixtures/wall art allow CH 50	7,500	666	1,709		2,374	1,709		4,083	1,709		5,791
47	Furniture/fixtures/wall art allow CH 50	7,500	375	648		1,022	648		1,670	648		2,318
48	Kitchen, residential cabinets	4,400	256	414		670	414		1,085	414		1,499
49	Kitchen, residential, solid surface coun	1,260	44	51		95	51		145	51		196
50	Kitchen, residential electric range	1,100	64	104		168	104		271	104		375
51	Kitchen, 18 cf residential refrigerator	1,050	61	99		160	99		259	99		358
52	Kitchen, residential dishwasher	750	44	71		114	71		185	71		256
53	Kitchen, residential countertop microw	150	13	46		59	46		104	46	(150)	
54	Restroom, renovate CH	8,000	488	835		1,323	835		2,158	835		2,992
55	Locker / Shower room, renovate CH	16,000	977	1,669		2,646	1,669		4,315	1,669		5,985
BUILDING SYSTEMS												
56	Lift, wheel chair	14,400	1,172	3,307		4,479	3,307		7,786	3,307		11,093
57	Exchange unit	6,900	281	348		629	348		978	348		1,326
58	HVAC split system,	14,100	1,148	3,238		4,386	3,238		7,624	3,238		10,862
59	Fire system, allowance	5,000	333	778		1,111	778		1,889	778		2,666
RECREATION												
60	Swimming pool structure main	172,040	6,365	4,142		10,507	4,142		14,649	4,142		18,791
61	Swimming pool structure wading	18,955	701	456		1,158	456		1,614	456		2,070
62	Swimming pool, whitecoat main	11,840		1,184		1,184	1,184		2,368	1,184		3,552
63	Swimming pool, whitecoat wading	1,305		130		130	130		261	130		391
64	Swimming pool waterline tile (6x6) m	1,583		158		158	158		317	158		475
65	Swimming pool waterline tile (6x6) w	477		48		48	48		95	48		143
66	Swimming pool coping, main	4,290	238	405		643	405		1,048	405		1,454
67	Swimming pool coping, wading	1,293	72	122		194	122		316	122		438
68	Pool deck, concrete 1/3rd	18,988	2,108	16,880	(18,988)		1,899		1,899	1,899		3,798
69	Pool deck coating	5,775	641	5,134	(5,775)		578		578	578		1,155
70	Pool deck pavers, sand set, replace	35,108	1,072	1,174		2,245	1,174		3,419	1,174		4,593
71	Pool deck pavers, sand set, reset	12,730	565	4,055		4,620	4,055		8,675	4,055	(12,730)	
72	Pool cover, safety mesh	2,155	120	339		459	339		798	339		1,137
73	Pool pump, 2 HP	6,000	466	1,845		2,311	1,845		4,155	1,845	(6,000)	
74	Pool filter	2,130	130	222		352	222		574	222		797
75	Chlorine controllers	2,500	194	769		963	769		1,731	769	(2,500)	
RECREATION (cont.)												
76	Pool furniture, lounge	9,500	633	1,478		2,111	1,478		3,588	1,478		5,066
77	Pool furniture, chair	2,530	168	394		562	394		956	394		1,349
78	Pool furniture, round table 54"	1,250	102	287		389	287		676	287		963
79	Pool furniture, end table	585	48	134		182	134		316	134		451
80	Pool furniture, umbrella	1,380	112	317		429	317		746	317		1,063
81	Pool pole lights	2,000	133	311		444	311		755	311		1,067
82	Pool wall mount lights	200	13	31		44	31		76	31		107
83	Pool Pergola, PTL-wood	23,100	1,128	1,569		2,698	1,569		4,267	1,569		5,836
84	Picnic Table	7,000	207	618		825	618		1,442	618		2,060
85	Bench	880	98	782	(880)		59		59	59		117
86	Bench	5,280	195	508		704	508		1,212	508		1,721
87	Bench	8,800		587		587	587		1,173	587		1,760
88	Lawn furniture at firepit	1,000	67	156		222	156		378	156		533
89	Grill, charcoal park	960	43	153		196	153		348	153		501
RECREATION (cont.)												
90	Tot lot, MP structure, 2 platforms	26,500	588	2,159		2,748	2,159		4,907	2,159		7,066
91	Tot lot, spring ride (small)	4,125	92	336		428	336		764	336		1,100
92	Tot lot, 5" arch-frame swing, 2 seat	5,100	113	416		529	416		944	416		1,360
93	Fence, 3' PTL-wood picket @ tot lot	2,190	36	127		163	127		290	127		416
94	Tot lot, border recycled plastic	2,723	30	100		130	100		230	100		329
95	Exercise equipment 20%	8,400	932	7,468	(8,400)		4,200		4,200	4,200	(8,400)	
96	Rubber flooring	5,655	251	901		1,152	901		2,052	901		2,953

1. COMMON INTEREST DEVELOPMENTS - AN OVERVIEW

Over the past 40 years, the responsibility for community facilities and infrastructure around many of our homes has shifted from the local government to Community Associations. Thirty years ago, a typical new town house abutted a public street on the front and a public alley on the rear. Open space was provided by a nearby public park and recreational facilities were purchased ala carte from privately owned country clubs, swim clubs, tennis clubs, and gymnasiums. Today, 60% of all new residential construction, i.e. townhouses, single-family homes, condominiums, and cooperatives, is in Common Interest Developments (CID). In a CID, a homeowner is bound to a Community Association that owns, maintains, and is responsible for periodic replacements of various components that may include the roads, curbs, sidewalks, playgrounds, streetlights, recreational facilities, and other community facilities and infrastructure.

The growth of Community Associations has been explosive. In 1965, there were only 500 Community Associations in the United States. According to the 1990 U.S. Census, there were 130,000 Community Associations. Community Associations Institute (CAI), a national trade association, estimates there were more than 200,000 Community Associations in the year 2000, and that the number of Community Associations will continue to multiply.

The shift of responsibility for billions of dollars of community facilities and infrastructure from the local government and private sector to Community Associations has generated new and unanticipated problems. Although Community Associations have succeeded in solving many short-term problems, many Associations have failed to properly plan for the tremendous expenses of replacing community facilities and infrastructure components. When inadequate replacement reserve funding results in less than timely replacements of failing components, home owners are exposed to the burden of special assessments, major increases in Association fees, and a decline in property values.

2. REPLACEMENT RESERVE STUDY

The purpose of a Replacement Reserve Study is to provide the Association with an inventory of the common community facilities and infrastructure components that require periodic replacement, a general view of the condition of these components, and an effective financial plan to fund projected periodic replacements. The Replacement Reserve Study consists of the following:

- **Replacement Reserve Study Introduction.** The introduction provides a description of the property, reviews the intent of the Replacement Reserve Study, and lists documents and site evaluations upon which the Replacement Reserve Study is based.
- **Section A Replacement Reserve Analysis.** Many components owned by the Association have a limited life and require periodic replacement. Therefore, it is essential the Association have a financial plan that provides funding for the timely replacement of these components in order to protect the safety, appearance, and value of the community. In conformance with American Institute of Certified Public Accountant guidelines, a Replacement Reserve Analysis evaluates the current funding of Replacement Reserves as reported by the Association and recommends annual funding of Replacement Reserves by two generally accepted accounting methods; the Cash Flow Method and the Component Method. Miller - Dodson provides a replacement reserve recommendation based on the Cash Flow Method in Section A, and the Component Method in the Appendix of the report.
- **Section B Replacement Reserve Inventory.** The Replacement Reserve Inventory lists the commonly owned components within the community that require periodic replacement using funding from Replacement Reserves. The Replacement Reserve Inventory also provides information about components excluded from the Replacement Reserve Inventory whose replacement is not scheduled for funding from Replacement Reserves.

Replacement Reserve Inventory includes estimates of the normal economic life and the remaining economic life for those components whose replacement is scheduled for funding from Replacement Reserves.

- **Section C Projected Annual Replacements.** The Calendar of Projected Annual Replacements provides a year-by-year listing of the Projected Replacements based on the data in the Replacement Reserve Inventory.
- **Section D Condition Assessment.** Several of the items listed in the Replacement Reserve Inventory are discussed in more detail. The Condition Assessment includes a narrative and photographs that document conditions at the property observed during our visual evaluation.
- **The Appendix** is provided as an attachment to the Replacement Reserve Study. Additional attachments may include supplemental photographs to document conditions at the property and additional information specific to the property cited in the Conditions Assessment (i.e. Consumer Product Safety Commission, Handbook for Public Playground Safety, information on segmental retaining walls, manufacturer recommendations for asphalt shingles or siding, etc). The Appendix also includes the Accounting Summary for the Cash Flow Method and the Component Method.

3. METHODS OF ANALYSIS

The Replacement Reserve industry generally recognizes two different methods of accounting for Replacement Reserve Analysis. Due to the difference in accounting methodologies, these methods lead to different calculated values for the Minimum Annual Contribution to the Reserves. The results of both methods are presented in this report. The Association should obtain the advice of its accounting professional as to which method is more appropriate for the Association. The two methods are:

- **Cash Flow Method.** The Cash Flow Method is sometimes referred to as the "Pooling Method." It calculates the minimum constant annual contribution to reserves (Minimum Annual Deposit) required to meet projected expenditures without allowing total reserves on hand to fall below the specified minimum level in any year.

First, the Minimum Recommended Reserve Level to be Held on Account is determined based on the age, condition, and replacement cost of the individual components. The mathematical model then allocates the estimated replacement costs to the future years in which they are projected to occur. Based on these expenditures, it then calculates the minimum constant yearly contribution (Minimum Annual Deposit) to the reserves necessary to keep the reserve balance at the end of each year above the Minimum Recommended Reserve Level to be Held on Account. The Cash Flow Analysis assumes that the Association will have authority to use all of the reserves on hand for replacements as the need occurs. This method usually results in a Minimum Annual Deposit that is less than that arrived at by the Component Method.

- **Component Method.** This method is a time tested mathematical model developed by HUD in the early 1980s, but has been generally relegated to a few States that require it by law. For the vast majority of Miller - Dodson's clients, this method is not used.

The Component Method treats each item in the replacement schedule as an individual line item budget. Generally, the Minimum Annual Contribution to Reserves is higher when calculated by the Component Method. The mathematical model for this method works as follows:

First, the total Current Objective is calculated, which is the reserve amount that would have accumulated had all of the items on the schedule been funded from initial construction at their current replacement costs. Next, the Reserves Currently on Deposit (as reported by the Association) are distributed to the components in the schedule in proportion to the Current Objective. The Minimum Annual Deposit for each component is equal to the Estimated Replacement Cost, minus the Reserves on Hand, divided by the years of life remaining.

4. REPLACEMENT RESERVE STUDY DATA

- **Identification of Reserve Components.** The Reserve Analyst has only two methods of identifying Reserve Components; (1) information provided by the Association and (2) observations made at the site. It is important that the Reserve Analyst be provided with all available information detailing the components owned by the Association. It is our policy to request such information prior to bidding on a project and to meet with the individuals responsible for maintaining the community after acceptance of our proposal. After completion of the Study, the Study should be reviewed by the Board of Directors, individuals responsible for maintaining the community, and the Association's accounting professionals. We are dependent upon the Association for correct information, documentation, and drawings.

- **Unit Costs.** Unit costs are developed using nationally published standards and estimating guides and are adjusted by state or region. In some instances, recent data received in the course of our work is used to modify these figures.

Contractor proposals or actual cost experience may be available as part of the Association records. This is useful information, which should be incorporated into your report. Please bring any such available data to our attention, preferably before the report is commenced.

- **Replacement vs. Repair and Maintenance.** A Replacement Reserve Study addresses the required funding for Capital Replacement Expenditures. This should not be confused with operational costs or cost of repairs or maintenance.

5. DEFINITIONS

Adjusted Cash Flow Analysis. Cash flow analysis adjusted to take into account annual cost increases due to inflation and interest earned on invested reserves. In this method, the annual contribution is assumed to grow annually at the inflation rate.

Annual Deposit if Reserves Were Fully Funded. Shown on the Summary Sheet A1 in the Component Method summary, this would be the amount of the Annual Deposit needed if the Reserves Currently on Deposit were equal to the Total Current Objective.

Cash Flow Analysis. See Cash Flow Method, above.

Component Analysis. See Component Method, above.

Contingency. An allowance for unexpected requirements. Roughly the same as the Minimum Recommended Reserve Level to be Held on Account used in the Cash Flow Method of analysis.

Critical Year. In the Cash Flow Method, a year in which the reserves on hand are projected to fall to the established minimum level. See Minimum Recommended Reserve Level to be Held on Account.

Current Objective. This is the reserve amount that would have accumulated had the item been funded from initial construction at its current replacement cost. It is equal to the estimated replacement cost divided by the estimated economic life, times the number of years expended (the difference between the Estimated Economic Life and the Estimated Life Left). The Total Current Objective can be thought of as the amount of reserves the Association should now have on hand based on the sum of all of the Current Objectives.

Cyclic Replacement Item. A component item that typically begins to fail after an initial period (Estimated Initial Replacement), but which will be replaced in increments over a number of years (the Estimated Replacement Cycle). The Reserve Analysis program divides the number of years in the Estimated Replacement Cycle into five equal increments. It then allocates the Estimated Replacement Cost equally over those five increments. (As distinguished from Normal Replacement Items, see below)

Estimated Economic Life. Used in the Normal Replacement Schedules. This represents the industry average number of years that a new item should be expected to last until it has to be replaced. This figure is sometimes modified by climate, region, or original construction conditions.

Estimated Economic Life Left. Used in the Normal Replacement Schedules. Number of years until the item is expected to need replacement. Normally, this number would be considered to be the difference between the Estimated Economic Life and the age of the item. However, this number must be modified to reflect maintenance practice, climate, original construction and quality, or other conditions. For the purpose of this report, this number is determined by the Reserve Analyst based on the present condition of the item relative to the actual age.

Estimated Initial Replacement. For a Cyclic Replacement Item (see above), the number of years until the replacement cycle is expected to begin.

Estimated Replacement Cycle. For a Cyclic Replacement Item, the number of years over which the remainder of the component's replacement occurs.

Minimum Annual Deposit. Shown on the Summary Sheet A1. The calculated requirement for annual contribution to reserves as calculated by the Cash Flow Method (see above).

Minimum Deposit in the Study Year. Shown on the Summary Sheet A1. The calculated requirement for contribution to reserves in the study year as calculated by the Component Method (see above).

Minimum Recommended Reserve Level to be Held on Account. Shown on the Summary Sheet A1, this number is used in the Cash Flow Method only. This is the prescribed level below which the reserves will not be allowed to fall in any year. This amount is determined based on the age, condition, and replacement cost of the individual components. This number is normally given as a percentage of the total Estimated Replacement Cost of all reserve components.

Normal Replacement Item. A component of the property that, after an expected economic life, is replaced in its entirety. (As distinguished from Cyclic Replacement Items, see above.)

Normal Replacement Schedules. The list of Normal Replacement Items by category or location. These items appear on pages designated.

Number of Years of the Study. The numbers of years into the future for which expenditures are projected and reserve levels calculated. This number should be large enough to include the projected replacement of every item on the schedule, at least once. This study covers a 40-year period.

One Time Deposit Required to Fully Fund Reserves. Shown on the Summary Sheet A1 in the Component Method summary, this is the difference between the Total Current Objective and the Reserves Currently on Deposit.

Reserves Currently on Deposit. Shown on the Summary Sheet A1, this is the amount of accumulated reserves as reported by the Association in the current year.

Reserves on Hand. Shown in the Cyclic Replacement and Normal Replacement Schedules, this is the amount of reserves allocated to each component item in the Cyclic or Normal Replacement schedules. This figure is based on the ratio of Reserves Currently on Deposit divided by the total Current Objective.

Replacement Reserve Study. An analysis of all of the components of the common property of the Association for which a need for replacement should be anticipated within the economic life of the property as a whole. The analysis involves estimation for each component of its estimated Replacement Cost, Estimated Economic Life, and Estimated Life Left. The objective of the study is to calculate a recommended annual contribution to the Association's Replacement Reserve Fund.

Total Replacement Cost. Shown on the Summary Sheet A1, this is total of the Estimated Replacement Costs for all items on the schedule if they were to be replaced once.

Unit Replacement Cost. Estimated replacement cost for a single unit of a given item on the schedule.

Unit (of Measure). Non-standard abbreviations are defined on the page of the Replacement Reserve Inventory where the item appears. The following standard abbreviations are used in this report:

EA: each FT: feet LS: lump sum PR: pair SF: square feet SY: square yard

What is a Reserve Study?
Who are we?



<http://bcove.me/nc0o69t7>

What kind of property uses a Reserve Study?
Who are our clients?



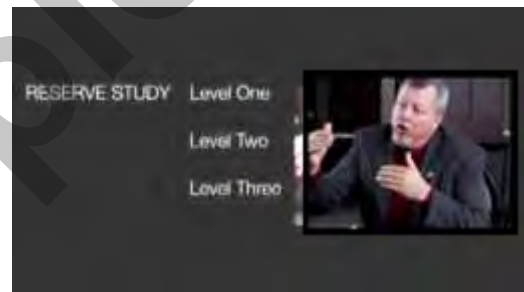
<http://bcove.me/stt373hj>

Who conducts a Reserve Study?
Reserve Specialist (RS) what does this mean?



<http://bcove.me/81ch7kit>

When should a Reserve Study be updated?
What are the different types of Reserve Studies?



<http://bcove.me/ixis1yxm>

What is in a Reserve Study and what is out?
Improvement vs Component, is there a difference?



<http://bcove.me/81ch7kit>

What is my role as a Community Manager?
Will the report help me explain Reserves to my



<http://bcove.me/fazwdk3h>

clients?

What is my role as a Board Member?
Will a Reserve Study meet my community's needs?



<http://bcove.me/n6nwnktv>

Community dues, how can a Reserve Study help?
Will a study help keep my property competitive?



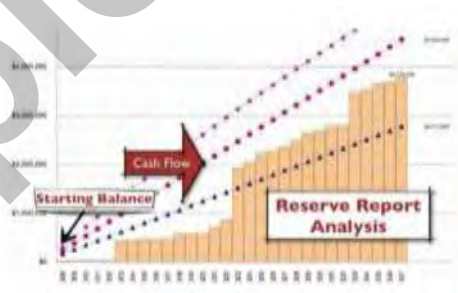
<http://bcove.me/2vfih1tz>

How do I read the report?
Will I have a say in what the report contains?



<http://bcove.me/wb2fugb1>

Where do the numbers come from?
Cumulative expenditures and funding, what?



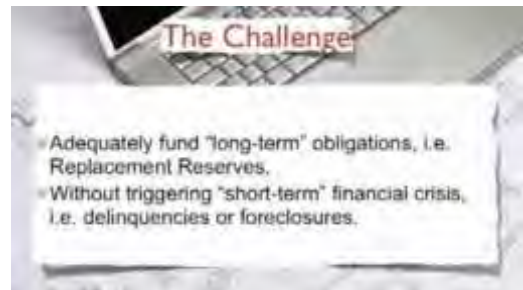
<http://bcove.me/7buer3n8>

How are interest and inflation addressed?
What should we look at when considering inflation?



<http://bcove.me/s2tmtj9b>

A community needs more help, where do we go?
What is a Strategic Funding Plan?



<http://bcove.me/iqul31vq>