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# SAMPLE RESERVE STUDY REPORT

## Timeshare Resort



**APRA**



**millerdodson** | Capital  
ASSOCIATES Reserve  
Consultants

2661 Riva Road, Suite 1023  
Annapolis, MD 21401  
410.268.0479  
800.850.2835

### 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

## TIMESHARE RESORT

Annapolis, Arizona



**Description.** Timeshare is a resort located in Annapolis, Arizona. The resort was constructed between 1982 and 1990. Containing 111 timeshare units, the community consists of 24 one and two-story buildings, including a clubhouse, pools, and other recreational amenities. The survey examined the common elements of the property, including:

- Asphalt roadways and parking areas.
- Concrete curbs, sidewalks, patios, and entry pavements.
- Concrete block perimeter walls and metal gates.
- Building exteriors, HVAC equipment, and water supply systems.
- Building interiors, appliances, furnishings, and finishes.
- Lobby, restaurant, exercise room, conference room.
- Laundry equipment, elevators, offices.
- Pools, tennis courts, tot lot, putting green, volley ball, BBQ grills.

**Level of Service.** This study has been performed as a Level II Update, With Site Visit/On-Site Review as defined under the National Reserve Study Standards that have been adopted by the Community Associations Institute. As such, the component inventory is based on the study that was performed by Miller+Dodson Associates on February 19, 2010. This information was adjusted to reflect changes to the inventory that were provided by the community manager, and the quantities were adjusted accordingly from field measurement and/or quantity takeoffs from to-scale drawings. The condition of all commonly owned components was ascertained from a site visit and the visual inspection of each component by the Analyst. The life expectancy and the value of components are provided based in part on these observations. The fund status and funding plan have been derived from analysis of this data.

### Section A

#### Replacement Reserve Analysis

Executive Summary - A1  
General Information - A2  
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Comments - A6

### Section B

#### Replacement Reserve Inventory

Replacement Reserve Inventory  
General information - B1  
Replacement Reserve Inventory  
Comments - B2  
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#### Projected Annual Replacements

Projected Annual Replacements  
General Information - C1  
Reserve Analysis and Inventory Policies,  
Procedures, and Administration - C2  
Calendar of  
Projected Annual Replacements - C2

### Section D

#### Condition Assessment

### Appendix

Accounting Summary - CF1  
Component Method - CM1  
  
Overview, Standard Terms, and Definitions  
Video Answers to Frequently Asked Questions

Sample

**Purpose.** The purpose of this Replacement Reserve Study is to provide Timeshare Resort (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 Replacement Reserve Inventory 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 Replacement Reserve Inventory includes our estimates of the normal economic life and the remaining economic life for the projected replacements. Section C Calendar of Projected Annual Replacements provides a year-by-year listing of the projected replacements. Section D Condition Assessment 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.
- Our visual evaluation and measurements were performed on January 1, 2015. Miller+Dodson Associates visually inspected the common elements of the property in order to ascertain the remaining useful life and the replacement costs of these components.
- Site and unit sketches were provided. Engineering and architectural plans were not provided.

**Acknowledgement.** Miller+Dodson Associates would like to acknowledge the assistance and input of the Community's General Manager and the resort staff who provided very helpful insight into the current operations at the property.

**Analyst's Credentials.** Mr. James W. Dodson, Jr. holds a Bachelors Degree in Architectural Engineering from the University of Texas and a Masters Degree in Civil Engineering from Stanford University. He has attended the Program for Management Development at Harvard Graduate School of Business. Mr. Dodson has been a Registered Professional Engineer in the State of Texas from 1972 to 1994, and has managed construction projects up to \$100,000,000 in scope for a variety of private sector clients and government employers. He has been certified as a both a Professional Reserve Analyst by APRA and a Reserve Specialist by the CAI. He is a Principal for Miller - Dodson Associates, Inc. In this capacity, he has performed and supervised over 4,500 Reserve Studies for clients of Miller - Dodson Associates.

Respectfully submitted,



James W. Dodson, Jr. PRA, RS  
Principal

Sample

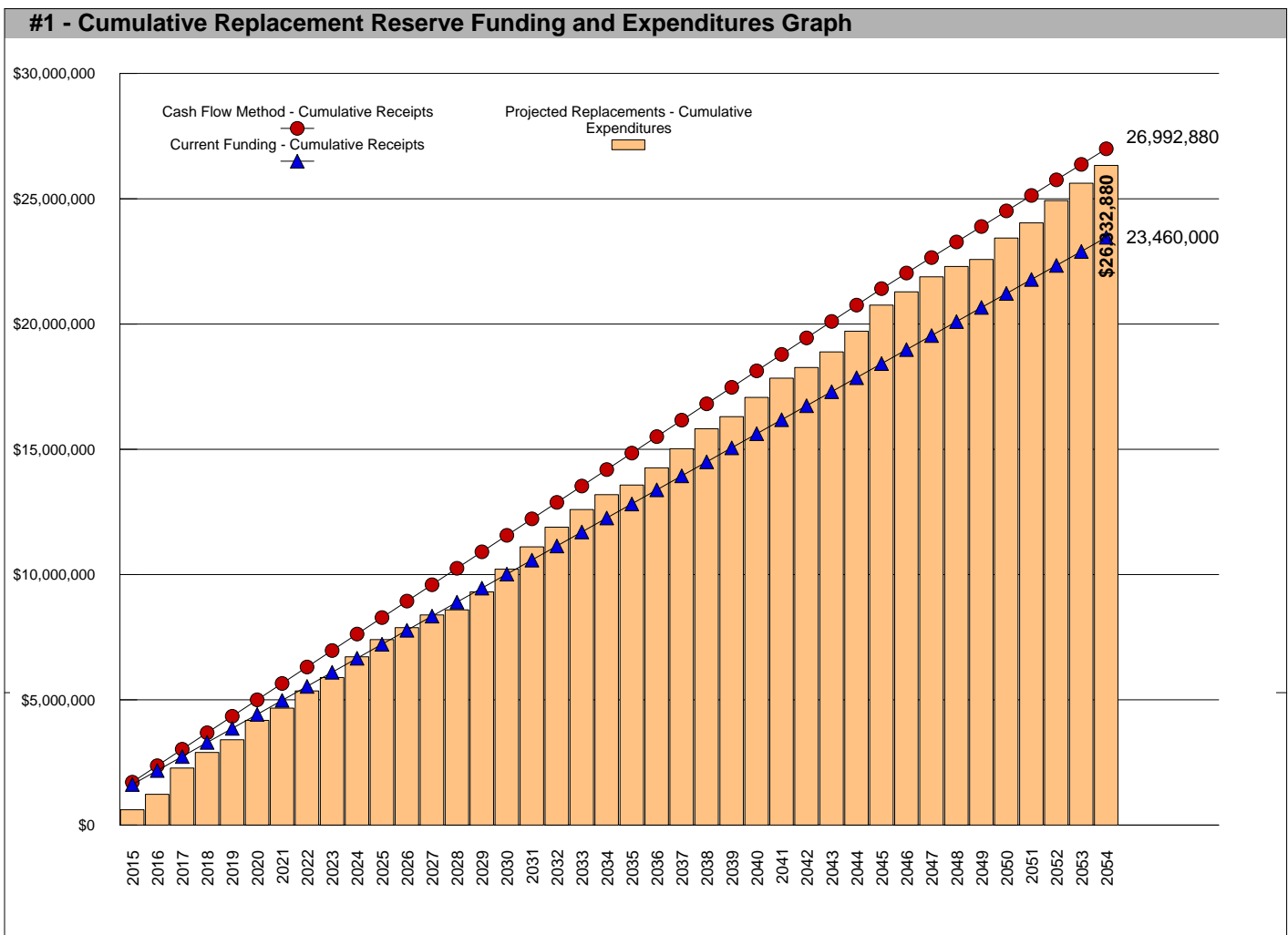
## EXECUTIVE SUMMARY

The Timeshare Resort Replacement Reserve Analysis uses the Cash Flow Method (CFM) to calculate Replacement Reserve funding for the periodic replacement of the 220 Projected Replacements identified in the Replacement Reserve Inventory.

**\$656,603** RECOMMENDED REPLACEMENT RESERVE FUNDING FOR THE STUDY YEAR, 2015

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.

Timeshare Resort reports a Starting Balance of \$1,060,000 and Annual Funding totaling \$560,000. Current funding is inadequate to fund the \$26,332,880 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 \$2,961,383 making the reserve account 35.8% funded. See the Appendix for more information on this method.

Sample



## REPLACEMENT RESERVE ANALYSIS - GENERAL INFORMATION

The Timeshare Resort 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.

### 2015 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, 2015.

### 40 Years STUDY PERIOD

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

### \$1,060,000 STARTING BALANCE

The Association reports Replacement Reserves on Deposit totaling \$1,060,000 at the start of the Study Year.

### Level Two LEVEL OF SERVICE

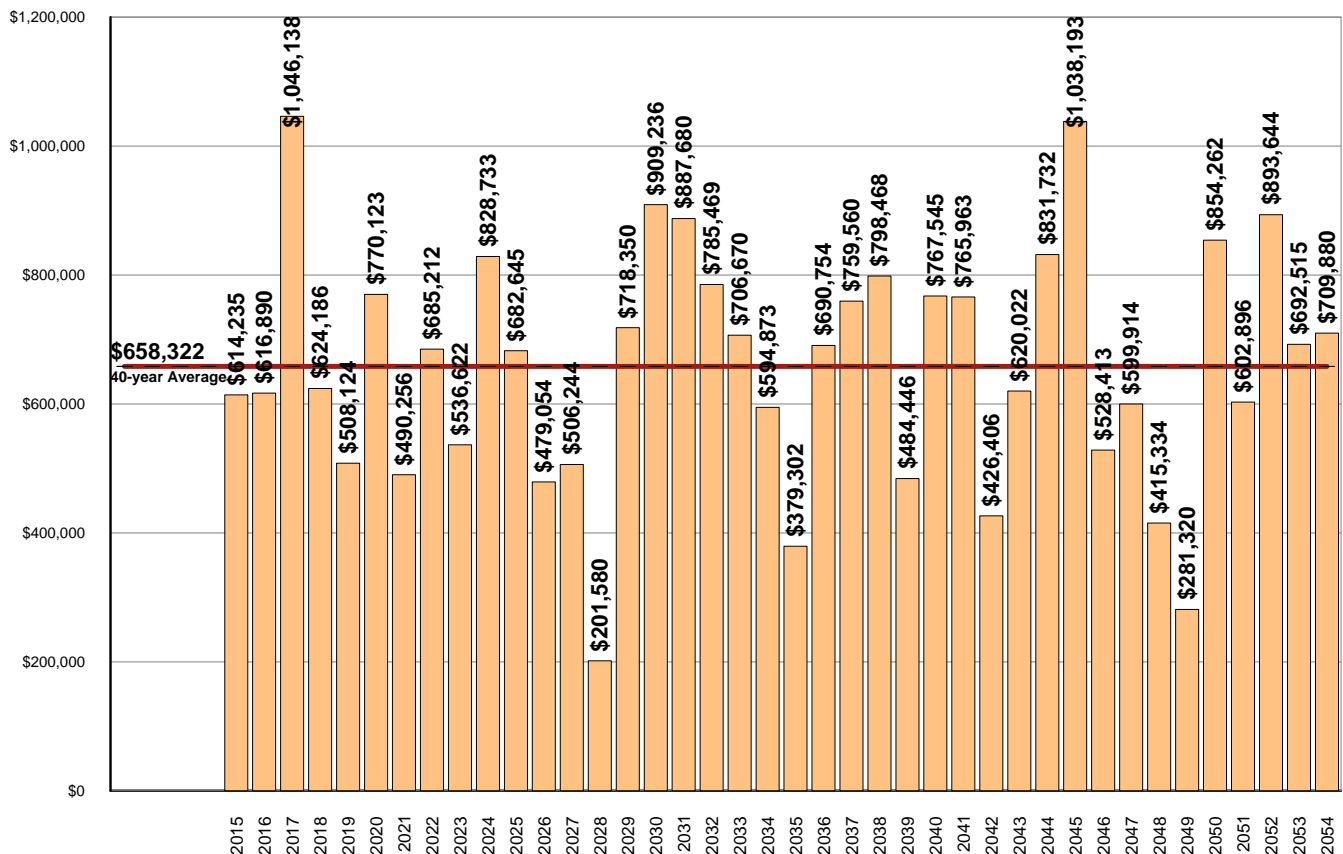
The Replacement Reserve Inventory has been developed in compliance with the National Reserve Study Standards for a Level Two Study, as defined by the Community Associations Institute (CAI).

### \$26,332,880 REPLACEMENT RESERVE INVENTORY - PROJECTED REPLACEMENTS

The Timeshare Resort Replacement Reserve Inventory identifies 220 items that will require periodic replacement, that are to be funded from Replacement Reserves. We estimate the cost of these replacements will be \$26,332,880 over the 40-year Study Period. The Projected Replacements are divided into 21 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 \$658,322. Section C provides a year by year Calendar of these expenditures.



Sample

## 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 \$26,332,880 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	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Starting Balance	\$1,060,000									
Projected Replacements	(\$614,235)	(\$616,890)	(\$1,046,138)	(\$624,186)	(\$508,124)	(\$770,123)	(\$490,256)	(\$685,212)	(\$536,622)	(\$828,733)
Annual Deposit	\$560,000	\$560,000	\$560,000	\$560,000	\$560,000	\$560,000	\$560,000	\$560,000	\$560,000	\$560,000
End of Year Balance	\$1,005,766	\$948,876	\$462,738	\$398,552	\$450,428	\$240,306	\$310,050	\$184,838	\$208,216	(\$60,517)
Cumulative Expenditures	(\$614,235)	(\$1,231,125)	(\$2,277,262)	(\$2,901,448)	(\$3,409,572)	(\$4,179,695)	(\$4,669,950)	(\$5,355,162)	(\$5,891,784)	(\$6,720,517)
Cumulative Receipts	\$1,620,000	\$2,180,000	\$2,740,000	\$3,300,000	\$3,860,000	\$4,420,000	\$4,980,000	\$5,540,000	\$6,100,000	\$6,660,000
Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Projected Replacements	(\$682,645)	(\$479,054)	(\$506,244)	(\$201,580)	(\$718,350)	(\$909,236)	(\$887,680)	(\$785,469)	(\$706,670)	(\$594,873)
Annual Deposit	\$560,000	\$560,000	\$560,000	\$560,000	\$560,000	\$560,000	\$560,000	\$560,000	\$560,000	\$560,000
End of Year Balance	(\$183,162)	(\$102,216)	(\$48,460)	\$309,961	\$151,611	(\$197,625)	(\$525,305)	(\$750,773)	(\$897,443)	(\$932,315)
Cumulative Expenditures	(\$7,403,162)	(\$7,882,216)	(\$8,388,460)	(\$8,590,040)	(\$9,308,390)	(\$10,217,625)	(\$11,105,305)	(\$11,890,773)	(\$12,597,443)	(\$13,192,315)
Cumulative Receipts	\$7,220,000	\$7,780,000	\$8,340,000	\$8,900,000	\$9,460,000	\$10,020,000	\$10,580,000	\$11,140,000	\$11,700,000	\$12,260,000
Year	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Projected Replacements	(\$379,302)	(\$690,754)	(\$759,560)	(\$798,468)	(\$484,446)	(\$767,545)	(\$765,963)	(\$426,406)	(\$620,022)	(\$831,732)
Annual Deposit	\$560,000	\$560,000	\$560,000	\$560,000	\$560,000	\$560,000	\$560,000	\$560,000	\$560,000	\$560,000
End of Year Balance	(\$751,617)	(\$882,371)	(\$1,081,931)	(\$1,320,398)	(\$1,244,844)	(\$1,452,389)	(\$1,658,352)	(\$1,524,757)	(\$1,584,779)	(\$1,856,511)
Cumulative Expenditures	(\$13,571,617)	(\$14,262,371)	(\$15,021,931)	(\$15,820,398)	(\$16,304,844)	(\$17,072,389)	(\$17,838,352)	(\$18,264,757)	(\$18,884,779)	(\$19,716,511)
Cumulative Receipts	\$12,820,000	\$13,380,000	\$13,940,000	\$14,500,000	\$15,060,000	\$15,620,000	\$16,180,000	\$16,740,000	\$17,300,000	\$17,860,000
Year	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Projected Replacements	(\$1,038,193)	(\$528,413)	(\$599,914)	(\$415,334)	(\$281,320)	(\$854,262)	(\$602,896)	(\$893,644)	(\$692,515)	(\$709,880)
Annual Deposit	\$560,000	\$560,000	\$560,000	\$560,000	\$560,000	\$560,000	\$560,000	\$560,000	\$560,000	\$560,000
End of Year Balance	(\$2,334,704)	(\$2,303,117)	(\$2,343,031)	(\$2,198,365)	(\$1,919,685)	(\$2,213,947)	(\$2,256,842)	(\$2,590,486)	(\$2,723,000)	(\$2,872,880)
Cumulative Expenditures	(\$20,754,704)	(\$21,283,117)	(\$21,883,031)	(\$22,298,365)	(\$22,579,685)	(\$23,433,947)	(\$24,036,842)	(\$24,930,486)	(\$25,623,000)	(\$26,332,880)
Cumulative Receipts	\$18,420,000	\$18,980,000	\$19,540,000	\$20,100,000	\$20,660,000	\$21,220,000	\$21,780,000	\$22,340,000	\$22,900,000	\$23,460,000

## EVALUATION OF CURRENT FUNDING

The evaluation of Current Funding (Starting Balance of \$1,060,000 & annual funding of \$560,000), 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 220 Projected Replacements identified in the Replacement Reserve Inventory and that the Association will continue Annual Funding of \$560,000 throughout the 40-year Study Period.

Annual Funding of \$560,000 is approximately 85 percent of the \$656,603 recommended Annual Funding calculated by the Cash Flow Method for 2015, the Study Year.

Evaluation of the 220 Projected Replacements calculates an average annual expenditure over the next 40 years of \$658,322. Annual funding of \$560,000 is 85 percent of the average annual expenditure.

Our calculations identify funding shortfalls in 29 years of the Study Period with the initial shortfall in 2024. The largest shortfall, \$-2,872,880, 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 \$26,332,880 of Projected Replacements scheduled in the Replacement Reserve Inventory over the Study Period.

Sample

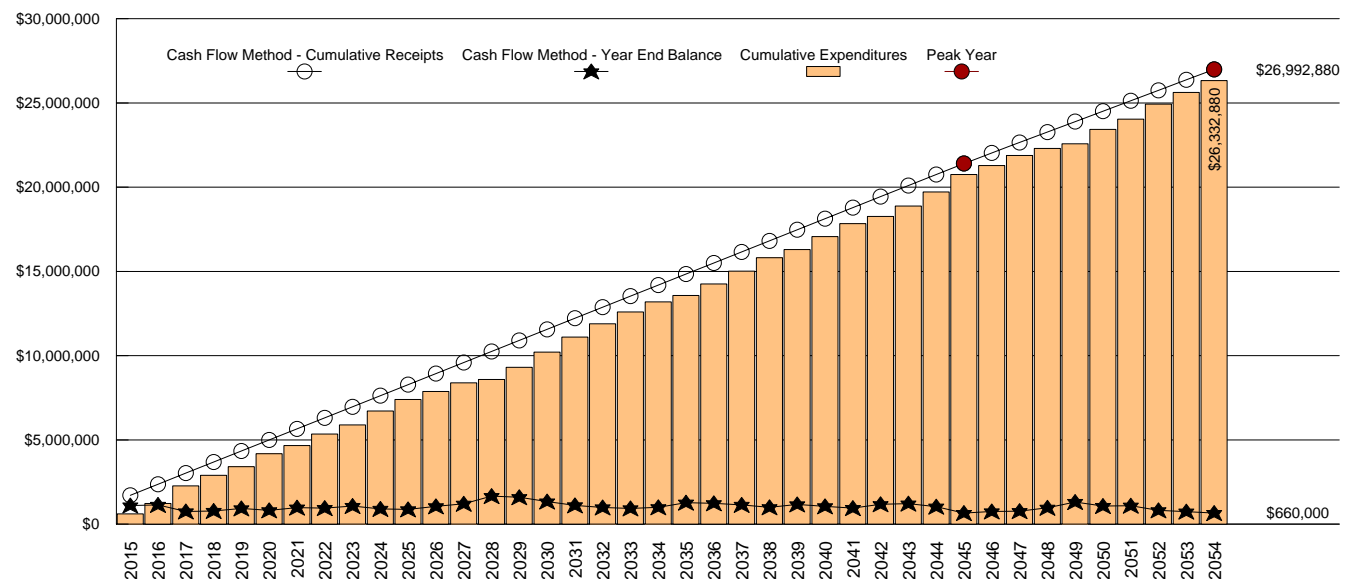
## CASH FLOW METHOD FUNDING

### **\$656,603** RECOMMENDED REPLACEMENT RESERVE FUNDING FOR 2015

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 2045 with Replacement Reserves on Deposit dropping to the Minimum Balance after the completion of \$20,754,704 of replacements from 2015 to 2045. Recommended funding declines from \$656,603 in 2045 to \$619,797 in 2046. Peak Years are identified in Chart 4 and Table 5.
- **Minimum Balance.** The calculations assume a Minimum Balance of \$660,000 in Replacement Reserves. This is approx. 12 months of average expenditures based on the \$658,322, 40-year average annual expenditure.
- **Cash Flow Method Study Period.** Cash Flow Method calculates funding for \$26,332,880 of expenditures over the 40-year Study Period. It does not include funding for any projects beyond 2054 and in 2054, 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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Year Starting Balance	\$1,060,000									
Projected Replacements	(\$614,235)	(\$616,890)	(\$1,046,138)	(\$624,186)	(\$508,124)	(\$770,123)	(\$490,256)	(\$685,212)	(\$536,622)	(\$828,733)
Annual Deposit	\$656,603	\$656,603	\$656,603	\$656,603	\$656,603	\$656,603	\$656,603	\$656,603	\$656,603	\$656,603
End of Year Balance	\$1,102,369	\$1,142,082	\$752,548	\$784,965	\$933,445	\$819,926	\$986,273	\$957,665	\$1,077,646	\$905,517
Cumulative Expenditures	\$614,235	\$1,231,125	\$2,277,262	\$2,901,448	\$3,409,572	\$4,179,695	\$4,669,950	\$5,355,162	\$5,891,784	\$6,720,517
Cumulative Receipts	\$1,716,603	\$2,373,207	\$3,029,810	\$3,686,413	\$4,343,017	\$4,999,620	\$5,656,223	\$6,312,827	\$6,969,430	\$7,626,034
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Year Projected Replacements	(\$682,645)	(\$479,054)	(\$506,244)	(\$201,580)	(\$718,350)	(\$909,236)	(\$887,680)	(\$785,469)	(\$706,670)	(\$594,873)
Annual Deposit	\$656,603	\$656,603	\$656,603	\$656,603	\$656,603	\$656,603	\$656,603	\$656,603	\$656,603	\$656,603
End of Year Balance	\$879,475	\$1,057,025	\$1,207,384	\$1,662,407	\$1,600,661	\$1,348,029	\$1,116,953	\$988,087	\$938,021	\$999,752
Cumulative Expenditures	(\$7,403,162)	(\$7,882,216)	(\$8,388,460)	(\$8,590,040)	(\$9,308,390)	(\$10,217,625)	(\$11,105,305)	(\$11,890,773)	(\$12,597,443)	(\$13,192,315)
Cumulative Receipts	\$8,282,637	\$8,939,240	\$9,595,844	\$10,252,447	\$10,909,050	\$11,565,654	\$12,222,257	\$12,878,860	\$13,535,464	\$14,192,067
	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Year Projected Replacements	(\$379,302)	(\$690,754)	(\$759,560)	(\$798,468)	(\$484,446)	(\$767,545)	(\$765,963)	(\$426,406)	(\$620,022)	(\$831,732)
Annual Deposit	\$656,603	\$656,603	\$656,603	\$656,603	\$656,603	\$656,603	\$656,603	\$656,603	\$656,603	\$656,603
End of Year Balance	\$1,277,053	\$1,242,903	\$1,139,947	\$998,083	\$1,170,240	\$1,059,298	\$949,939	\$1,180,137	\$1,216,718	\$1,041,590
Cumulative Expenditures	(\$13,571,617)	(\$14,262,371)	(\$15,021,931)	(\$15,820,398)	(\$16,304,844)	(\$17,072,389)	(\$17,838,352)	(\$18,264,757)	(\$18,884,779)	(\$19,716,511)
Cumulative Receipts	\$14,848,670	\$15,505,274	\$16,161,877	\$16,818,481	\$17,475,084	\$18,131,687	\$18,788,291	\$19,444,894	\$20,101,497	\$20,758,101
	1st Peak - 2045	2046	2047	2048	2049	2050	2051	2052	2053	2nd Peak - 2054
Year Projected Replacements	(\$1,038,193)	(\$528,413)	(\$599,914)	(\$415,334)	(\$281,320)	(\$854,262)	(\$602,896)	(\$893,644)	(\$692,515)	(\$709,880)
Annual Deposit	\$656,603	\$619,797	\$619,797	\$619,797	\$619,797	\$619,797	\$619,797	\$619,797	\$619,797	\$619,797
End of Year Balance	\$660,000	\$751,385	\$771,268	\$975,731	\$1,314,209	\$1,079,744	\$1,096,646	\$822,799	\$750,082	\$660,000
Cumulative Expenditures	(\$20,754,704)	(\$21,283,117)	(\$21,883,031)	(\$22,298,365)	(\$22,579,685)	(\$23,433,947)	(\$24,036,842)	(\$24,930,486)	(\$25,623,000)	(\$26,332,880)
Cumulative Receipts	\$21,414,704	\$22,034,501	\$22,654,299	\$23,274,096	\$23,893,893	\$24,513,690	\$25,133,488	\$25,753,285	\$26,373,082	\$26,992,880

Sample



## 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.

### **\$656,603** 2015 - CASH FLOW METHOD RECOMMENDED FUNDING

The 2015 Study Year calculations have been made using current replacement costs (see Page B2), modified by the Analyst for any project specific conditions.

### **\$687,814** 2016 - INFLATION ADJUSTED FUNDING

A new analysis calculates 2016 funding based on three assumptions;

- Replacement Reserves on Deposit totaling \$1,102,369 on January 1, 2016.
- All 2015 Projected Replacements listed on Page C2 accomplished at a cost to Replacement Reserves less than \$614,235.
- Construction Cost Inflation of 4.50 percent in 2015.

The \$687,814 inflation adjusted funding in 2016 is a 4.75 percent increase over the non-inflation adjusted 2016 funding of \$656,603.

### **\$720,507** 2017 - INFLATION ADJUSTED FUNDING

A new analysis calculates 2017 funding based on three assumptions;

- Replacement Reserves on Deposit totaling \$1,145,533 on January 1, 2017.
- All 2016 Projected Replacements listed on Page C2 accomplished at a cost to Replacement Reserves less than \$644,650.
- Construction Cost Inflation of 4.50 percent in 2016.

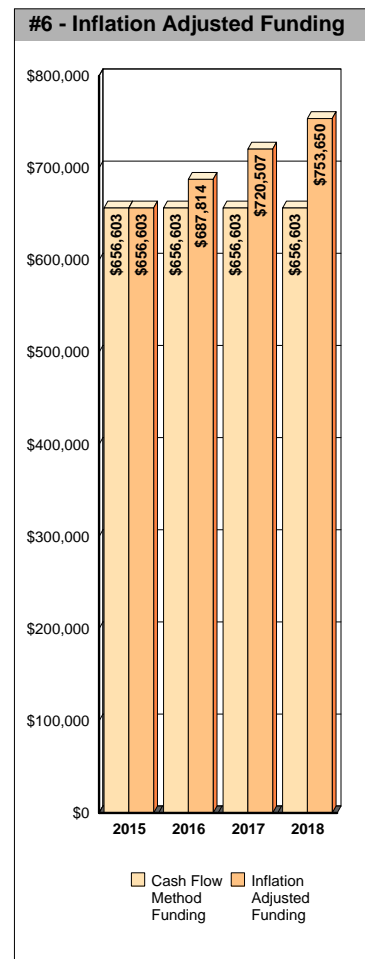
The \$720,507 inflation adjusted funding in 2017 is a 9.73 percent increase over the non-inflation adjusted 2017 funding of \$656,603.

### **\$753,650** 2018 - INFLATION ADJUSTED FUNDING

A new analysis calculates 2018 funding based on three assumptions;

- Replacement Reserves on Deposit totaling \$723,632 on January 1, 2018.
- All 2017 Projected Replacements listed on Page C2 accomplished at a cost to Replacement Reserves less than \$1,142,408.
- Construction Cost Inflation of 4.50 percent in 2017.

The \$753,650 inflation adjusted funding in 2018 is a 14.78 percent increase over the non-inflation adjusted funding of \$656,603.



## 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 2016, 2017 and 2018 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 2015, based on a 1.00 percent interest rate, we estimate the Association may earn \$10,812 on an average balance of \$1,081,184, \$11,240 on an average balance of \$1,123,951 in 2016, and \$9,346 on \$934,582 in 2017. The Association may elect to attribute 100 percent of the earned interest to Reserves, resulting in a reduction in the 2015 funding from \$656,603 to \$645,792 (a 1.65 percent reduction), \$687,814 to \$676,575 in 2016 (a 1.63 percent reduction), and \$720,507 to \$711,161 in 2017 (a 1.30 percent reduction).

Sample

## REPLACEMENT RESERVE STUDY - SUPPLEMENTAL COMMENTS

- 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 220 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

Timeshare Resort - Replacement Reserve Inventory identifies 255 items. Two types of items are identified, Projected Replacements and Excluded Items:

- **PROJECTED REPLACEMENTS.** 220 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 \$6,365,283. Replacements totaling \$19,716,511 are scheduled in the Replacement Reserve Inventory over the 30-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.** 35 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 255 items included in the Timeshare Resort Replacement Reserve Inventory are divided into 21 major categories. Each category is printed on a separate page, Pages B3 to B22.
- **LEVEL OF SERVICE.** This Replacement Reserve Inventory has been developed in compliance with the standards established for a Level Two - Update (with site visit and on-site review), as defined by the National Reserve Study Standards, established in 1998 by Community Associations Institute, which states:

*Level II Studies are based entirely on the component inventory from a prior study. This information is adjusted to reflect changes to the inventory that are provided by the Association, and the quantities are adjusted accordingly from field measurement and/or quantity takeoffs from to-scale drawings that are made available to us. The condition of all components is ascertained from a site visit and the visual inspection of each component by the analyst. The Remaining Economic Life and replacement cost of components are provided based in part on these observations. The fund status and Funding Plan are derived from analysis of this data.*

Sample

## REPLACEMENT RESERVE INVENTORY - GENERAL INFORMATION (cont'd)

- **INVENTORY DATA.** Each of the 220 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 35 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.

Sample

**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 slurry seal	sf	105,300	\$0.17	3	none	\$17,901
2	Asphalt mill & overlay	sf	105,300	\$1.10	30	21	\$115,830
3	Concrete work, plain, 2%	sf	900	\$8.50	6	none	\$7,650
4	Concrete work, stamped, 10%	sf	800	\$12.00	6	none	\$9,600
5	Masonry wall repair, 3%	sf	1,200	\$7.00	10	none	\$8,400
6	Vehicle gates	lf	80	\$200.00	40	22	\$16,000
7	Trash corral gates	lf	50	\$240.00	20	19	\$12,000
8	Site lighting, bollard & pole lights	ls	1	\$90,000.00	15	15	\$90,000
9	Awning fabric, playground	sf	330	\$18.50	8	2	\$6,105
10	Awning fabric, labyrinth	sf	400	\$8.00	8	5	\$3,200
11	Awning fabric, BBQ	ea	1	\$1,800.00	8	7	\$1,800
12	Awning fabric, wade pool	sf	950	\$9.50	8	2	\$9,025
13	Awning fabric, ice machines & other	sf	240	\$32.75	5	3	\$7,860
SITE COMPONENTS - Replacement Costs - Subtotal							\$305,371

**SITE COMPONENTS**  
**COMMENTS**

Sample



**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 (\$)
14	Lift pumps	ea	2	\$600.00	3	1	\$1,200
15	U/G water & sanitary lines, 10%	ls	1	\$13,000.00	10	4	\$13,000
16	Stormwater mgmt (allowance)	ls	1	\$2,500.00	10	9	\$2,500
17	Housekeeping equip	ls	1	\$18,000.00	3	1	\$18,000
18	Golf carts	ea	6	\$4,000.00	3	2	\$24,000
19	Laundry, washers 50 lbs	ea	2	\$12,200.00	15	1	\$24,400
20	Laundry, washers 30 lbs	ea	1	\$5,800.00	15	15	\$5,800
21	Laundry, dryers 75 lbs	ea	3	\$4,700.00	15	15	\$14,100
22	Laundry, hot water tank	ea	1	\$8,000.00	10	8	\$8,000
23	Laundry, water purification	ea	1	\$5,000.00	15	12	\$5,000
24	Laundry, kitchen (allowance)	ls	1	\$2,000.00	10	5	\$2,000
25	Laundry, empl restrooms, refurbish	ea	2	\$1,500.00	15	10	\$3,000
26	Storage sheds (allowance)	ls	1	\$15,000.00	20	5	\$15,000
SITE COMPONENTS (cont.) - Replacement Costs - Subtotal							\$136,000

**SITE COMPONENTS (cont.)**  
**COMMENTS**

Sample

**UNIT BUILDING EXTERIORS**  
**PROJECTED REPLACEMENTS**

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
27	Tile roofing, 20%	sf	9,000	\$5.00	30	2	\$45,000
28	Tile roofing, 20%	sf	9,000	\$5.00	30	5	\$45,000
29	Tile roofing, 20%	sf	9,000	\$5.00	30	23	\$45,000
30	Tile roofing, 20%	sf	9,000	\$5.00	30	26	\$45,000
31	Tile roofing, 20%	sf	9,000	\$5.00	30	29	\$45,000
32	Foam roofing, 33%	sf	16,000	\$2.25	10	2	\$36,000
33	Foam roofing, 33%	sf	16,000	\$2.25	10	6	\$36,000
34	Foam roofing, 33%	sf	16,000	\$2.25	10	9	\$36,000
35	Unit B deck membranes, 33%	sf	1,850	\$23.00	10	2	\$42,550
36	Unit B deck membranes, 33%	sf	1,850	\$23.00	10	6	\$42,550
37	Unit B deck membranes, 33%	sf	1,850	\$23.00	10	9	\$42,550
38	Wood trim & fascia (allowance)	lf	500	\$7.50	5	2	\$3,750
39	Unit windows, 10%	sf	1,440	\$36.00	20	2	\$51,840
40	Unit windows, 10%	sf	1,440	\$36.00	20	6	\$51,840
41	Unit windows, 10%	sf	1,440	\$36.00	20	10	\$51,840
42	Unit windows, 10%	sf	1,440	\$36.00	20	14	\$51,840
43	Unit windows, 10%	sf	1,440	\$36.00	20	18	\$51,840

UNIT BUILDING EXTERIORS - Replacement Costs - Subtotal \$723,600

**UNIT BUILDING EXTERIORS**  
**COMMENTS**

Sample

**UNIT BUILDING EXT (cont.)**  
**PROJECTED REPLACEMENTS**

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
44	Unit patio doors, 20%	sf	920	\$42.00	20	2	\$38,640
45	Unit patio doors, 20%	sf	920	\$42.00	20	6	\$38,640
46	Unit patio doors, 20%	sf	920	\$42.00	20	10	\$38,640
47	Unit patio doors, 20%	sf	920	\$42.00	20	14	\$38,640
48	Unit patio doors, 20%	sf	920	\$42.00	20	18	\$38,640
49	Unit front door panels & hrdwr, 10%	ea	15	\$1,600.00	20	2	\$24,000
50	Unit front door panels & hrdwr, 10%	ea	15	\$1,600.00	20	6	\$24,000
51	Unit front door panels & hrdwr, 10%	ea	15	\$1,600.00	20	10	\$24,000
52	Unit front door panels & hrdwr, 10%	ea	15	\$1,600.00	20	14	\$24,000
53	Unit front door panels & hrdwr, 10%	ea	15	\$1,600.00	20	18	\$24,000
54	Unit D, metal stair refurb (allowance)	ls	1	\$8,000.00	5	none	\$8,000

UNIT BUILDING EXT (cont.) - Replacement Costs - Subtotal \$321,200

**UNIT BUILDING EXT (cont.)**  
**COMMENTS**

Sample

**UNIT BUILDING INTERIORS**  
**PROJECTED REPLACEMENTS**

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
55	Renovate interiors, Units A1 to 25	sf	29,250	\$17.35	7	2	\$507,488
56	Renovate interiors, Units A26 to 40	sf	17,550	\$17.35	7	3	\$304,493
57	Renovate interiors, Units B1 to 25	sf	19,200	\$17.35	7	none	\$333,120
58	Renovate interiors, Units B26 to 50	sf	19,200	\$17.35	7	1	\$333,120
59	Renovate interiors, Units C1 to 9	sf	12,430	\$17.35	7	5	\$215,661
60	Renovate interiors, Units D1 to 12	sf	15,240	\$17.35	7	4	\$264,414
61	Unit carpet (19 avg units @ 775 sf)	sf	14,730	\$3.40	10	none	\$50,082
62	Unit carpet (19 avg units @ 775 sf)	sf	14,730	\$3.40	10	5	\$50,082
63	Unit carpet (19 avg units @ 775 sf)	sf	14,730	\$3.40	10	6	\$50,082
64	Unit carpet (19 avg units @ 775 sf)	sf	14,730	\$3.40	10	7	\$50,082
65	Unit carpet (19 avg units @ 775 sf)	sf	14,730	\$3.40	10	8	\$50,082
66	Unit carpet (19 avg units @ 775 sf)	sf	14,730	\$3.40	10	9	\$50,082
67	Unit tile floor (11 avg units @ 180 sf)	sf	1,980	\$12.00	25	none	\$23,760
68	Unit tile floor (11 avg units @ 180 sf)	sf	1,980	\$12.00	25	1	\$23,760
69	Unit tile floor (11 avg units @ 180 sf)	sf	1,980	\$12.00	25	17	\$23,760
70	Unit tile floor (11 avg units @ 180 sf)	sf	1,980	\$12.00	25	18	\$23,760
71	Unit tile floor (11 avg units @ 180 sf)	sf	1,980	\$12.00	25	19	\$23,760
72	Unit tile floor (12 avg units @ 180 sf)	sf	2,160	\$12.00	25	20	\$25,920
73	Unit tile floor (11 avg units @ 180 sf)	sf	1,980	\$12.00	25	21	\$23,760
74	Unit tile floor (11 avg units @ 180 sf)	sf	1,980	\$12.00	25	22	\$23,760
75	Unit tile floor (11 avg units @ 180 sf)	sf	1,980	\$12.00	25	23	\$23,760
76	Unit tile floor (11 avg units @ 180 sf)	sf	1,980	\$12.00	25	24	\$23,760
UNIT BUILDING INTERIORS - Replacement Costs - Subtotal							\$2,498,547

**UNIT BUILDING INTERIORS**  
**COMMENTS**

Sample

**UNIT BUILDING INT (cont.)**  
**PROJECTED REPLACEMENTS**

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
77	Unit kit cntrs (11 avg units @ 31 sf)	sf	341	\$60.00	12	none	\$20,460
78	Unit kit cntrs (11 avg units @ 31 sf)	sf	341	\$60.00	12	1	\$20,460
79	Unit kit cntrs (11 avg units @ 31 sf)	sf	341	\$60.00	12	4	\$20,460
80	Unit kit cntrs (11 avg units @ 31 sf)	sf	341	\$60.00	12	5	\$20,460
81	Unit kit cntrs (11 avg units @ 31 sf)	sf	341	\$60.00	12	6	\$20,460
82	Unit kit cntrs (12 avg units @ 31 sf)	sf	372	\$60.00	12	7	\$22,320
83	Unit kit cntrs (11 avg units @ 31 sf)	sf	341	\$60.00	12	8	\$20,460
84	Unit kit cntrs (11 avg units @ 31 sf)	sf	341	\$60.00	12	9	\$20,460
85	Unit kit cntrs (11 avg units @ 31 sf)	sf	341	\$60.00	12	10	\$20,460
86	Unit kit cntrs (11 avg units @ 31 sf)	sf	341	\$60.00	12	11	\$20,460
87	Unit cabinet refinish 20%	ea	22	\$1,400.00	20	1	\$30,800
88	Unit cabinet refinish 20%	ea	22	\$1,400.00	20	3	\$30,800
89	Unit cabinet refinish 20%	ea	22	\$1,400.00	20	5	\$30,800
90	Unit cabinet refinish 20%	ea	22	\$1,400.00	20	7	\$30,800
91	Unit cabinet refinish 20%	ea	23	\$1,400.00	20	19	\$32,200
92	Unit vanity tops (22 avg units @ 15 sf)	sf	330	\$60.00	30	1	\$19,800
93	Unit vanity tops (22 avg units @ 15 sf)	sf	330	\$60.00	30	3	\$19,800
94	Unit vanity tops (23 avg units @ 15 sf)	sf	345	\$60.00	30	5	\$20,700
95	Unit vanity tops (22 avg units @ 15 sf)	sf	330	\$60.00	30	7	\$19,800
96	Unit vanity tops (22 avg units @ 15 sf)	sf	330	\$60.00	30	9	\$19,800
UNIT BUILDING INT (cont.) - Replacement Costs - Subtotal							\$461,760

**UNIT BUILDING INT (cont.)**  
**COMMENTS**

Sample



**UNIT BUILDING INT (cont.)**  
**PROJECTED REPLACEMENTS**

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
97	Unit mirror replacement, 10%	Is	1	\$2,000.00	25	none	\$2,000
98	Unit mirror replacement, 10%	Is	1	\$2,000.00	25	1	\$2,000
99	Unit mirror replacement, 10%	Is	1	\$2,000.00	25	2	\$2,000
100	Unit mirror replacement, 10%	Is	1	\$2,000.00	25	3	\$2,000
101	Unit mirror replacement, 10%	Is	1	\$2,000.00	25	4	\$2,000
102	Unit mirror replacement, 10%	Is	1	\$2,000.00	25	5	\$2,000
103	Unit mirror replacement, 10%	Is	1	\$2,000.00	25	6	\$2,000
104	Unit mirror replacement, 10%	Is	1	\$2,000.00	25	7	\$2,000
105	Unit mirror replacement, 10%	Is	1	\$2,000.00	25	8	\$2,000
106	Unit mirror replacement, 10%	Is	1	\$2,000.00	25	24	\$2,000

UNIT BUILDING INT (cont.) - Replacement Costs - Subtotal \$20,000

**UNIT BUILDING INT (cont.)**  
**COMMENTS**

Sample

**UNIT BUILDING MECHANICAL  
PROJECTED REPLACEMENTS**

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
107	Unit HVAC sys, 20%	tons	80	\$1,190.00	12	2	\$95,200
108	Unit HVAC sys, 20%	tons	80	\$1,190.00	12	3	\$95,200
109	Unit HVAC sys, 20%	tons	80	\$1,190.00	12	4	\$95,200
110	Unit HVAC sys, 20%	tons	80	\$1,190.00	12	5	\$95,200
111	Unit HVAC sys, 20%	tons	80	\$1,190.00	12	6	\$95,200
112	Unit hot water heaters, 20%	ea	22	\$1,100.00	10	2	\$24,200
113	Unit hot water heaters, 20%	ea	22	\$1,100.00	10	4	\$24,200
114	Unit hot water heaters, 20%	ea	23	\$1,100.00	10	6	\$25,300
115	Unit hot water heaters, 20%	ea	22	\$1,100.00	10	8	\$24,200
116	Unit hot water heaters, 20%	ea	22	\$1,100.00	10	10	\$24,200
117	Unit appliance, 20%	ls	1	\$61,400.00	10	1	\$61,400
118	Unit appliance, 20%	ls	1	\$61,400.00	10	3	\$61,400
119	Unit appliance, 20%	ls	1	\$61,400.00	10	5	\$61,400
120	Unit appliance, 20%	ls	1	\$61,400.00	10	7	\$61,400
121	Unit appliance, 20%	ls	1	\$61,400.00	10	9	\$61,400
122	Building piping (10% allowance)	ls	1	\$70,000.00	10	15	\$70,000
UNIT BUILDING MECHANICAL - Replacement Costs - Subtotal							\$975,100

**UNIT BUILDING MECHANICAL  
COMMENTS**

Sample

**CLUB HOUSE BUILDING**  
**PROJECTED REPLACEMENTS**

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
123	CH Tile roofs	sf	6,600	\$5.00	30	25	\$33,000
124	CH Flat roofs	sf	3,600	\$2.25	10	5	\$8,100
125	CH Wood entry windows & doors	sf	77	\$117.00	25	none	\$9,009
126	CH Exterior windows	sf	560	\$38.00	30	11	\$21,280
127	CH Exterior door (allowance)	ea	2	\$900.00	5	2	\$1,800
128	CH Entrance lights	ea	4	\$650.00	30	17	\$2,600
129	CH Awnings, pool side	sf	630	\$32.75	3	none	\$20,633
130	CH light fixture & fan (allowance)	ls	1	\$6,000.00	4	4	\$6,000
131	CH Front desk	ls	1	\$3,000.00	5	4	\$3,000
132	CH Renovate lobby	ls	1	\$8,000.00	5	none	\$8,000
133	CH Renovate upper level gallery	ls	1	\$11,000.00	6	3	\$11,000
134	CH Renovate gallery restrooms	ea	2	\$2,300.00	6	3	\$4,600
135	CH Renovate spa area	ls	1	\$8,000.00	5	2	\$8,000
136	CH Refurbish indoor spa	ls	1	\$3,000.00	15	7	\$3,000
137	CH Indoor shower & sauna	ea	1	\$6,000.00	25	12	\$6,000
138	CH Renovate lower level restrooms	ea	2	\$3,800.00	5	2	\$7,600
139	CH Renovate board room	ls	1	\$5,000.00	7	6	\$5,000
CLUB HOUSE BUILDING - Replacement Costs - Subtotal							\$158,622

**CLUB HOUSE BUILDING**  
**COMMENTS**

- Renovation of lobby includes game room and activities area.

Sample

**CLUB HOUSE BUILDING - Cont'd**  
**PROJECTED REPLACEMENTS**

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
140	CH Renovate exercise room	ls	1	\$5,000.00	7	6	\$5,000
141	CH Ex equip, upright bike	ea	1	\$2,450.00	10	4	\$2,450
142	CH Ex equip, treadmill	ea	2	\$5,200.00	10	3	\$10,400
143	CH Ex equip, elliptical trainer, 33%	ea	1	\$3,600.00	3	3	\$3,600
144	CH Ex equip, rower	ea	1	\$1,000.00	10	2	\$1,000
145	CH Ex equip, multi-station trainer	ea	1	\$5,500.00	25	3	\$5,500
146	CH Ex equip (refurb 10%)	ls	1	\$3,000.00	5	2	\$3,000
147	CH Exercise equip, miscll	ls	1	\$1,500.00	3	1	\$1,500
148	CH Racquetball court, floor refinish	sf	800	\$4.40	4	1	\$3,520
149	CH Racquetball court, floor replace	sf	800	\$15.00	24	13	\$12,000
150	CH Racquetball court lights	ea	4	\$260.00	24	13	\$1,040
151	CH Renovate restaurant & patio	ls	1	\$9,000.00	5	1	\$9,000
152	CH Renovate bar	ls	1	\$4,000.00	3	1	\$4,000
153	CH Renovate lower admin	ls	1	\$7,000.00	8	3	\$7,000
154	CH Office furniture	ls	1	\$18,000.00	3	2	\$18,000
155	Copy machine	ea	1	\$12,000.00	5	1	\$12,000
156	Computers, Phase 1	ea	11	\$1,100.00	5	none	\$12,100
157	Computers, Phase 2	ea	10	\$1,100.00	5	2	\$11,000
158	Computers, Phase 3	ea	9	\$1,100.00	5	4	\$9,900
CLUB HOUSE BUILDING - Cont'd - Replacement Costs - Subtotal							\$132,010

**CLUB HOUSE BUILDING - Cont'd**  
**COMMENTS**

Sample

**CLUB HOUSE BUILDING - Cont'd**  
**PROJECTED REPLACEMENTS**

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
159	CH Elevator cab & door, passenger	ls	1	\$15,000.00	10	5	\$15,000
160	CH Elevator control, passenger	ls	1	\$26,700.00	15	5	\$26,700
161	CH Elevator hydraulics, passenger	ls	1	\$13,400.00	30	10	\$13,400
162	CH Elevator cab & door, freight	ls	1	\$6,000.00	30	10	\$6,000
163	CH Elevator control, freight	ls	1	\$30,000.00	15	5	\$30,000
164	CH Elevator hydraulics, freight	ls	1	\$15,000.00	30	10	\$15,000
165	CH Telephone system	ls	1	\$40,000.00	15	14	\$40,000
166	CH Security camera (25%)	ea	4	\$1,200.00	4	2	\$4,800
167	CH Radio handsets	ls	1	\$6,000.00	3	2	\$6,000
168	CH Audio & video equip (allowance)	ls	1	\$9,000.00	5	3	\$9,000
169	CH HVAC systems (25%)	tons	10	\$1,100.00	20	2	\$11,000
170	CH HVAC systems (25%)	tons	10	\$1,100.00	20	7	\$11,000
171	CH HVAC systems (25%)	tons	10	\$1,100.00	20	12	\$11,000
172	CH HVAC systems (25%)	tons	10	\$1,100.00	20	17	\$11,000
173	CH Hot water solar panels	ea	2	\$1,800.00	20	4	\$3,600
174	CH Hot water booster	ea	1	\$2,000.00	10	4	\$2,000
175	CH Hot water holding tank	ea	1	\$1,200.00	10	4	\$1,200
176	CH Hot water heater	ea	1	\$2,300.00	15	2	\$2,300
CLUB HOUSE BUILDING - Cont'd - Replacement Costs - Subtotal							\$219,000

**CLUB HOUSE BUILDING - Cont'd**  
**COMMENTS**

Sample



**CLUB HOUSE BUILDING - Cont'd**  
**PROJECTED REPLACEMENTS**

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
177	Range hood	lf	8	\$950.00	20	5	\$7,600
178	Range	ea	1	\$2,100.00	15	none	\$2,100
179	Grill	ea	1	\$1,500.00	15	none	\$1,500
180	Fryer	ea	1	\$1,100.00	15	none	\$1,100
181	Work areas, SS (allowance)	ls	1	\$1,500.00	5	5	\$1,500
182	Sandwich/salad Bar	ea	1	\$2,400.00	10	8	\$2,400
183	Refrigerator, 20%	ea	1	\$1,500.00	7	1	\$1,500
184	Refrigerator, 20%	ea	1	\$1,500.00	7	2	\$1,500
185	Refrigerator, 20%	ea	1	\$1,500.00	7	4	\$1,500
186	Refrigerator, 20%	ea	1	\$1,500.00	7	5	\$1,500
187	Refrigerator, 20%	ea	1	\$1,500.00	7	6	\$1,500
188	Dishwasher	ea	1	\$3,800.00	10	9	\$3,800
189	Ice machine, grill, 50%	ea	1	\$3,000.00	10	4	\$3,000
190	Ice machine, grill, 50%	ea	1	\$3,000.00	10	9	\$3,000
191	Ice machines, unit use	ea	3	\$3,000.00	5	2	\$9,000
192	Beer cooler/tap	ea	2	\$2,500.00	6	1	\$5,000
193	Portable bar	ea	1	\$1,500.00	5	1	\$1,500
194	Podium	ea	1	\$1,200.00	10	5	\$1,200
CLUB HOUSE BUILDING - Cont'd - Replacement Costs - Subtotal							\$50,200

**CLUB HOUSE BUILDING - Cont'd**  
**COMMENTS**

Sample

**SWIMMING POOLS & SPA**  
**PROJECTED REPLACEMENTS**

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
195	Main pool, pebble tech	sf	4,000	\$11.00	20	17	\$44,000
196	Main pool tile	lf	204	\$15.00	20	17	\$3,060
197	Wading pool, pebble tech	sf	725	\$11.00	20	17	\$7,975
198	Wading pool tile	lf	80	\$15.00	20	17	\$1,200
199	Spa outdoor, pebble tech	sf	319	\$11.00	20	17	\$3,509
200	Spa outdoor tile	lf	48	\$15.00	20	17	\$720
201	Pool furniture	ls	1	\$24,000.00	3	2	\$24,000
202	Pool ladders & handrails	ea	4	\$600.00	30	10	\$2,400
203	Pool misting system	ls	1	\$6,000.00	3	none	\$6,000
204	Pool equip: pumps & filters	ls	1	\$30,000.00	3	1	\$30,000
205	Pool piping (allowance)	ls	1	\$45,000.00	20	15	\$45,000
206	Pool vinyl sound fence	lf	100	\$32.00	25	17	\$3,200
207	Pool metal railing	lf	36	\$45.00	40	20	\$1,620
208	Pool metal gates	lf	6	\$250.00	20	11	\$1,500
209	Pool deck main	sf	6,620	\$11.00	20	none	\$72,820
210	Spa & wade pool decks	sf	1,130	\$11.00	20	1	\$12,430
211	Bath house refurbishment	ea	1	\$7,000.00	4	3	\$7,000
212	Bath house HVAC	ea	1	\$3,500.00	12	5	\$3,500
SWIMMING POOLS & SPA - Replacement Costs - Subtotal							\$269,934

**SWIMMING POOLS & SPA**  
**COMMENTS**

Sample

**COURTS & AMENITIES**  
**PROJECTED REPLACEMENTS**

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
213	Tennis resurface/overlay	sf	19,800	\$1.30	5	2	\$25,740
214	Tennis court posts	pr	3	\$2,600.00	20	7	\$7,800
215	Tennis court nets & screens	ls	1	\$1,500.00	3	1	\$1,500
216	Tennis court light - heads	ea	18	\$550.00	10	5	\$9,900
217	Tennis court light - poles	ea	12	\$2,500.00	40	25	\$30,000
218	Basketball poles & backstops	ea	2	\$1,200.00	20	7	\$2,400
219	Playground equipment	ls	1	\$15,000.00	15	10	\$15,000
220	Gas BBQ grills, 50%	ea	2	\$800.00	5	2	\$1,600

COURTS & AMENITIES - Replacement Costs - Subtotal \$93,940

**COURTS & AMENITIES**  
**COMMENTS**

Sample

## VALUATION EXCLUSIONS

### EXCLUDED ITEMS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
	Miscellaneous signage	ls	1				EXCLUDED
	Bollard/access control devices	ls	1				EXCLUDED
	Tot lot border	ls	1				EXCLUDED
	Hose bib	ls	1				EXCLUDED
	Fire extinguisher cabinet	ls	1				EXCLUDED
	Emergency lighting, exit light, etc.	ls	1				EXCLUDED
	Interior doors	ls	1				EXCLUDED
	Basketball hoops & nets	ls	1				EXCLUDED
	Volleyball court, net & posts	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.

Sample

## 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
	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

## 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.

Sample



**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
	Water mains and meters	ls	1				EXCLUDED
	Sanitary mains	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.

Sample

## 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.

Sample

**GOVERNMENT EXCLUSIONS**  
**EXCLUDED ITEMS**

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
	Government, roadways & parking	ls	1				EXCLUDED
	Government, sidewalks & curbs	ls	1				EXCLUDED
	Government, lighting	ls	1				EXCLUDED
	Government, stormwater mgmt.	ls	1				EXCLUDED
	Bus stops	ls	1				EXCLUDED

**GOVERNMENT EXCLUSIONS**  
**COMMENTS**

- Government Exclusions. We have assumed that some of the improvements installed on property owned by the Association will be maintained by the state, county, or local government, or other association or other responsible entity. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- Excluded right-of-ways, including East Camelback Road and North 64th Street, and adjacent properties.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

Sample

## IRRIGATION SYSTEM EXCLUSIONS

### EXCLUDED ITEMS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
	Subsurface irrigation pipe	ls	1				EXCLUDED
	Subsurface irrigation valve	ls	1				EXCLUDED
	Subsurface irrigation control wiring	ls	1				EXCLUDED
	Irrigation control system	ls	1				EXCLUDED
	Irrigation system electrical service	ls	1				EXCLUDED
	Irrigation system enclosures	ls	1				EXCLUDED

## IRRIGATION SYSTEM EXCLUSIONS

### COMMENTS

- Irrigation System Exclusions. We have assumed that the maintenance, repair, and periodic replacement of the components of the extensive irrigation systems at the property will not be funded from Replacement Reserves. These systems should be inspected throughout the year, and repairs and replacements should be made in conjunction with these inspections.

Sample

## PROJECTED ANNUAL REPLACEMENTS GENERAL INFORMATION

CALENDAR OF ANNUAL REPLACEMENTS. The 220 Projected Replacements in the Timeshare Resort 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 Timeshare Resort 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.

Sample

PROJECTED REPLACEMENTS - YEARS 1 TO 3

Item	2015 - STUDY YEAR	\$	Item	2016 - YEAR 2	\$	Item	2017 - YEAR 3	\$
1	Asphalt slurry seal	\$17,901	14	Lift pumps	\$1,200	9	Awning fabric, playground	\$6,105
3	Concrete work, plain, 2%	\$7,650	17	Housekeeping equip	\$18,000	12	Awning fabric, wade pool	\$9,025
4	Concrete work, stamped, 10	\$9,600	19	Laundry, washers 50 lbs	\$24,400	18	Golf carts	\$24,000
5	Masonry wall repair, 3%	\$8,400	58	Renovate interiors, Units B2	\$333,120	27	Tile roofing, 20%	\$45,000
54	Unit D, metal stair refurb (all	\$8,000	68	Unit tile floor (11 avg units @	\$23,760	32	Foam roofing, 33%	\$36,000
57	Renovate interiors, Units B1	\$333,120	78	Unit kit cntrs (11 avg units @	\$20,460	35	Unit B deck membranes, 33'	\$42,550
61	Unit carpet (19 avg units @	\$50,082	87	Unit cabinet refinish 20%	\$30,800	38	Wood trim & fascia (allowan	\$3,750
67	Unit tile floor (11 avg units @	\$23,760	92	Unit vanity tops (22 avg unit	\$19,800	39	Unit windows, 10%	\$51,840
77	Unit kit cntrs (11 avg units @	\$20,460	98	Unit mirror replacement, 10%	\$2,000	44	Unit patio doors, 20%	\$38,640
97	Unit mirror replacement, 10%	\$2,000	117	Unit appliance, 20%	\$61,400	49	Unit front door panels & hrd	\$24,000
125	CH Wood entry windows & c	\$9,009	147	CH Exercise equip, miscll	\$1,500	55	Renovate interiors, Units A1	\$507,488
129	CH Awnings, pool side	\$20,633	148	CH Racquetball court, floor i	\$3,520	99	Unit mirror replacement, 10%	\$2,000
132	CH Renovate lobby	\$8,000	151	CH Renovate restaurant & p	\$9,000	107	Unit HVAC sys, 20%	\$95,200
156	Computers, Phase 1	\$12,100	152	CH Renovate bar	\$4,000	112	Unit hot water heaters, 20%	\$24,200
178	Range	\$2,100	155	Copy machine	\$12,000	127	CH Exterior door (allowance	\$1,800
179	Grill	\$1,500	183	Refrigerator, 20%	\$1,500	135	CH Renovate spa area	\$8,000
180	Fryer	\$1,100	192	Beer cooler/tap	\$5,000	138	CH Renovate lower level res	\$7,600
203	Pool misting system	\$6,000	193	Portable bar	\$1,500	144	CH Ex equip, rower	\$1,000
209	Pool deck main	\$72,820	204	Pool equip: pumps & filters	\$30,000	146	CH Ex equip (refurb 10%)	\$3,000
			210	Spa & wade pool decks	\$12,430	154	CH Office furniture	\$18,000
			215	Tennis court nets & screens	\$1,500	157	Computers, Phase 2	\$11,000
						166	CH Security camera (25%)	\$4,800
						167	CH Radio handsets	\$6,000
						169	CH HVAC systems (25%)	\$11,000
						176	CH Hot water heater	\$2,300
						184	Refrigerator, 20%	\$1,500
						191	Ice machines, unit use	\$9,000
						201	Pool furniture	\$24,000
						213	Tennis resurface/overlay	\$25,740
						220	Gas BBQ grills, 50%	\$1,600
Total Scheduled Replacements		\$614,235	Total Scheduled Replacements		\$616,890	Total Scheduled Replacements		\$1,046,138

Sample

PROJECTED REPLACEMENTS - YEARS 4 TO 6

Item	2018 - YEAR 4	\$	Item	2019 - YEAR 5	\$	Item	2020 - YEAR 6	\$
1	Asphalt slurry seal	\$17,901	14	Lift pumps	\$1,200	10	Awning fabric, labyrinth	\$3,200
13	Awning fabric, ice machines	\$7,860	15	U/G water & sanitary lines, 1	\$13,000	18	Golf carts	\$24,000
56	Renovate interiors, Units A2	\$304,493	17	Housekeeping equip	\$18,000	24	Laundry, kitchen (allowance)	\$2,000
88	Unit cabinet refinish 20%	\$30,800	60	Renovate interiors, Units D1	\$264,414	26	Storage sheds (allowance)	\$15,000
93	Unit vanity tops (22 avg unit)	\$19,800	79	Unit kit cntrs (11 avg units @	\$20,460	28	Tile roofing, 20%	\$45,000
100	Unit mirror replacement, 10%	\$2,000	101	Unit mirror replacement, 10%	\$2,000	54	Unit D, metal stair refurb (all	\$8,000
108	Unit HVAC sys, 20%	\$95,200	109	Unit HVAC sys, 20%	\$95,200	59	Renovate interiors, Units C1	\$215,661
118	Unit appliance, 20%	\$61,400	113	Unit hot water heaters, 20%	\$24,200	62	Unit carpet (19 avg units @	\$50,082
129	CH Awnings, pool side	\$20,633	130	CH light fixture & fan (allowa	\$6,000	80	Unit kit cntrs (11 avg units @	\$20,460
133	CH Renovate upper level ga	\$11,000	131	CH Front desk	\$3,000	89	Unit cabinet refinish 20%	\$30,800
134	CH Renovate gallery restroc	\$4,600	141	CH Ex equip, upright bike	\$2,450	94	Unit vanity tops (23 avg unit)	\$20,700
142	CH Ex equip, treadmill	\$10,400	147	CH Exercise equip, miscll	\$1,500	102	Unit mirror replacement, 10%	\$2,000
143	CH Ex equip, elliptical traine	\$3,600	152	CH Renovate bar	\$4,000	110	Unit HVAC sys, 20%	\$95,200
145	CH Ex equip, multi-station tr	\$5,500	158	Computers, Phase 3	\$9,900	119	Unit appliance, 20%	\$61,400
153	CH Renovate lower admin	\$7,000	173	CH Hot water solar panels	\$3,600	124	CH Flat roofs	\$8,100
168	CH Audio & video equip (all)	\$9,000	174	CH Hot water booster	\$2,000	132	CH Renovate lobby	\$8,000
203	Pool misting system	\$6,000	175	CH Hot water holding tank	\$1,200	148	CH Racquetball court, floor i	\$3,520
211	Bath house refurbishment	\$7,000	185	Refrigerator, 20%	\$1,500	154	CH Office furniture	\$18,000
			189	Ice machine, grill, 50%	\$3,000	156	Computers, Phase 1	\$12,100
			204	Pool equip: pumps & filters	\$30,000	159	CH Elevator cab & door, pas	\$15,000
			215	Tennis court nets & screens	\$1,500	160	CH Elevator control, passen	\$26,700
						163	CH Elevator control, freight	\$30,000
						167	CH Radio handsets	\$6,000
						177	Range hood	\$7,600
						181	Work areas, SS (allowance)	\$1,500
						186	Refrigerator, 20%	\$1,500
						194	Podium	\$1,200
						201	Pool furniture	\$24,000
						212	Bath house HVAC	\$3,500
						216	Tennis court light - heads	\$9,900
Total Scheduled Replacements		\$624,186	Total Scheduled Replacements		\$508,124	Total Scheduled Replacements		\$770,123

Sample

PROJECTED REPLACEMENTS - YEARS 7 TO 9

Item	2021 - YEAR 7	\$	Item	2022 - YEAR 8	\$	Item	2023 - YEAR 9	\$
1	Asphalt slurry seal	\$17,901	11	Awning fabric, BBQ	\$1,800	13	Awning fabric, ice machines	\$7,860
3	Concrete work, plain, 2%	\$7,650	14	Lift pumps	\$1,200	18	Golf carts	\$24,000
4	Concrete work, stamped, 10	\$9,600	17	Housekeeping equip	\$18,000	22	Laundry, hot water tank	\$8,000
33	Foam roofing, 33%	\$36,000	38	Wood trim & fascia (allowan	\$3,750	58	Renovate interiors, Units B2	\$333,120
36	Unit B deck membranes, 33'	\$42,550	57	Renovate interiors, Units B1	\$333,120	65	Unit carpet (19 avg units @	\$50,082
40	Unit windows, 10%	\$51,840	64	Unit carpet (19 avg units @	\$50,082	83	Unit kit cntrs (11 avg units @	\$20,460
45	Unit patio doors, 20%	\$38,640	82	Unit kit cntrs (12 avg units @	\$22,320	105	Unit mirror replacement, 10'	\$2,000
50	Unit front door panels & hrd	\$24,000	90	Unit cabinet refinish 20%	\$30,800	115	Unit hot water heaters, 20%	\$24,200
63	Unit carpet (19 avg units @	\$50,082	95	Unit vanity tops (22 avg unit	\$19,800	130	CH light fixture & fan (allowa	\$6,000
81	Unit kit cntrs (11 avg units @	\$20,460	104	Unit mirror replacement, 10'	\$2,000	154	CH Office furniture	\$18,000
103	Unit mirror replacement, 10'	\$2,000	120	Unit appliance, 20%	\$61,400	167	CH Radio handsets	\$6,000
111	Unit HVAC sys, 20%	\$95,200	127	CH Exterior door (allowance	\$1,800	168	CH Audio & video equip (all	\$9,000
114	Unit hot water heaters, 20%	\$25,300	135	CH Renovate spa area	\$8,000	182	Sandwich/salad Bar	\$2,400
129	CH Awnings, pool side	\$20,633	136	CH Refurbish indoor spa	\$3,000	183	Refrigerator, 20%	\$1,500
139	CH Renovate board room	\$5,000	138	CH Renovate lower level res	\$7,600	201	Pool furniture	\$24,000
140	CH Renovate exercise room	\$5,000	146	CH Ex equip (refurb 10%)	\$3,000			
143	CH Ex equip, elliptical traine	\$3,600	147	CH Exercise equip, miscll	\$1,500			
151	CH Renovate restaurant & p	\$9,000	152	CH Renovate bar	\$4,000			
155	Copy machine	\$12,000	157	Computers, Phase 2	\$11,000			
166	CH Security camera (25%)	\$4,800	170	CH HVAC systems (25%)	\$11,000			
187	Refrigerator, 20%	\$1,500	191	Ice machines, unit use	\$9,000			
193	Portable bar	\$1,500	192	Beer cooler/tap	\$5,000			
203	Pool misting system	\$6,000	204	Pool equip: pumps & filters	\$30,000			
			211	Bath house refurbishment	\$7,000			
			213	Tennis resurface/overlay	\$25,740			
			214	Tennis court posts	\$7,800			
			215	Tennis court nets & screens	\$1,500			
			218	Basketball poles & backstop	\$2,400			
			220	Gas BBQ grills, 50%	\$1,600			
Total Scheduled Replacements		\$490,256	Total Scheduled Replacements		\$685,212	Total Scheduled Replacements		\$536,622

Sample



PROJECTED REPLACEMENTS - YEARS 10 TO 12

Item	2024 - YEAR 10	\$	Item	2025 - YEAR 11	\$	Item	2026 - YEAR 12	\$
1	Asphalt slurry seal	\$17,901	5	Masonry wall repair, 3%	\$8,400	18	Golf carts	\$24,000
16	Stormwater mgmt (allowance)	\$2,500	9	Awning fabric, playground	\$6,105	60	Renovate interiors, Units D1	\$264,414
34	Foam roofing, 33%	\$36,000	12	Awning fabric, wade pool	\$9,025	86	Unit kit cntrs (11 avg units @	\$20,460
37	Unit B deck membranes, 33'	\$42,550	14	Lift pumps	\$1,200	117	Unit appliance, 20%	\$61,400
55	Renovate interiors, Units A1	\$507,488	17	Housekeeping equip	\$18,000	126	CH Exterior windows	\$21,280
66	Unit carpet (19 avg units @	\$50,082	25	Laundry, empl restrooms, re	\$3,000	151	CH Renovate restaurant & p	\$9,000
84	Unit kit cntrs (11 avg units @	\$20,460	41	Unit windows, 10%	\$51,840	153	CH Renovate lower admin	\$7,000
96	Unit vanity tops (22 avg unit:	\$19,800	46	Unit patio doors, 20%	\$38,640	154	CH Office furniture	\$18,000
121	Unit appliance, 20%	\$61,400	51	Unit front door panels & hrd	\$24,000	155	Copy machine	\$12,000
129	CH Awnings, pool side	\$20,633	54	Unit D, metal stair refurb (all	\$8,000	167	CH Radio handsets	\$6,000
131	CH Front desk	\$3,000	56	Renovate interiors, Units A2	\$304,493	185	Refrigerator, 20%	\$1,500
133	CH Renovate upper level ga	\$11,000	61	Unit carpet (19 avg units @	\$50,082	193	Portable bar	\$1,500
134	CH Renovate gallery restroc	\$4,600	85	Unit kit cntrs (11 avg units @	\$20,460	201	Pool furniture	\$24,000
143	CH Ex equip, elliptical traine	\$3,600	116	Unit hot water heaters, 20%	\$24,200	208	Pool metal gates	\$1,500
148	CH Racquetball court, floor i	\$3,520	132	CH Renovate lobby	\$8,000	211	Bath house refurbishment	\$7,000
158	Computers, Phase 3	\$9,900	147	CH Exercise equip, miscll	\$1,500			
184	Refrigerator, 20%	\$1,500	152	CH Renovate bar	\$4,000			
188	Dishwasher	\$3,800	156	Computers, Phase 1	\$12,100			
190	Ice machine, grill, 50%	\$3,000	161	CH Elevator hydraulics, pas	\$13,400			
203	Pool misting system	\$6,000	162	CH Elevator cab & door, frei	\$6,000			
			164	CH Elevator hydraulics, freic	\$15,000			
			166	CH Security camera (25%)	\$4,800			
			181	Work areas, SS (allowance)	\$1,500			
			202	Pool ladders & handrails	\$2,400			
			204	Pool equip: pumps & filters	\$30,000			
			215	Tennis court nets & screens	\$1,500			
			219	Playground equipment	\$15,000			
Total Scheduled Replacements		\$828,733	Total Scheduled Replacements		\$682,645	Total Scheduled Replacements		\$479,054

Sample

PROJECTED REPLACEMENTS - YEARS 13 TO 15

Item	2027 - YEAR 13	\$	Item	2028 - YEAR 14	\$	Item	2029 - YEAR 15	\$
1	Asphalt slurry seal	\$17,901	10	Awning fabric, labyrinth	\$3,200	15	U/G water & sanitary lines, 1	\$13,000
3	Concrete work, plain, 2%	\$7,650	13	Awning fabric, ice machines	\$7,860	18	Golf carts	\$24,000
4	Concrete work, stamped, 10	\$9,600	14	Lift pumps	\$1,200	42	Unit windows, 10%	\$51,840
23	Laundry, water purification	\$5,000	17	Housekeeping equip	\$18,000	47	Unit patio doors, 20%	\$38,640
32	Foam roofing, 33%	\$36,000	78	Unit kit cntrs (11 avg units @	\$20,460	52	Unit front door panels & hrd	\$24,000
35	Unit B deck membranes, 33'	\$42,550	118	Unit appliance, 20%	\$61,400	57	Renovate interiors, Units B1	\$333,120
38	Wood trim & fascia (allowan	\$3,750	139	CH Renovate board room	\$5,000	107	Unit HVAC sys, 20%	\$95,200
59	Renovate interiors, Units C1	\$215,661	140	CH Renovate exercise room	\$5,000	113	Unit hot water heaters, 20%	\$24,200
77	Unit kit cntrs (11 avg units @	\$20,460	142	CH Ex equip, treadmill	\$10,400	131	CH Front desk	\$3,000
112	Unit hot water heaters, 20%	\$24,200	147	CH Exercise equip, miscll	\$1,500	141	CH Ex equip, upright bike	\$2,450
127	CH Exterior door (allowance	\$1,800	148	CH Racquetball court, floor i	\$3,520	154	CH Office furniture	\$18,000
129	CH Awnings, pool side	\$20,633	149	CH Racquetball court, floor i	\$12,000	158	Computers, Phase 3	\$9,900
130	CH light fixture & fan (allowa	\$6,000	150	CH Racquetball court lights	\$1,040	165	CH Telephone system	\$40,000
135	CH Renovate spa area	\$8,000	152	CH Renovate bar	\$4,000	166	CH Security camera (25%)	\$4,800
137	CH Indoor shower & sauna	\$6,000	168	CH Audio & video equip (all	\$9,000	167	CH Radio handsets	\$6,000
138	CH Renovate lower level res	\$7,600	187	Refrigerator, 20%	\$1,500	174	CH Hot water booster	\$2,000
143	CH Ex equip, elliptical traine	\$3,600	192	Beer cooler/tap	\$5,000	175	CH Hot water holding tank	\$1,200
144	CH Ex equip, rower	\$1,000	204	Pool equip: pumps & filters	\$30,000	189	Ice machine, grill, 50%	\$3,000
146	CH Ex equip (refurb 10%)	\$3,000	215	Tennis court nets & screens	\$1,500	201	Pool furniture	\$24,000
157	Computers, Phase 2	\$11,000						
171	CH HVAC systems (25%)	\$11,000						
186	Refrigerator, 20%	\$1,500						
191	Ice machines, unit use	\$9,000						
203	Pool misting system	\$6,000						
213	Tennis resurface/overlay	\$25,740						
220	Gas BBQ grills, 50%	\$1,600						
Total Scheduled Replacements		\$506,244	Total Scheduled Replacements		\$201,580	Total Scheduled Replacements		\$718,350

Sample

**PROJECTED REPLACEMENTS - YEARS 16 TO 18**

Item	2030 - YEAR 16	\$	Item	2031 - YEAR 17	\$	Item	2032 - YEAR 18	\$
1	Asphalt slurry seal	\$17,901	14	Lift pumps	\$1,200	18	Golf carts	\$24,000
8	Site lighting, bollard & pole l	\$90,000	17	Housekeeping equip	\$18,000	38	Wood trim & fascia (allowan	\$3,750
11	Awning fabric, BBQ	\$1,800	19	Laundry, washers 50 lbs	\$24,400	56	Renovate interiors, Units A2	\$304,493
20	Laundry, washers 30 lbs	\$5,800	33	Foam roofing, 33%	\$36,000	64	Unit carpet (19 avg units @	\$50,082
21	Laundry, dryers 75 lbs	\$14,100	36	Unit B deck membranes, 33'	\$42,550	69	Unit tile floor (11 avg units @	\$23,760
24	Laundry, kitchen (allowance	\$2,000	55	Renovate interiors, Units A1	\$507,488	80	Unit kit cntrs (11 avg units @	\$20,460
54	Unit D, metal stair refurb (all	\$8,000	63	Unit carpet (19 avg units @	\$50,082	110	Unit HVAC sys, 20%	\$95,200
58	Renovate interiors, Units B2	\$333,120	79	Unit kit cntrs (11 avg units @	\$20,460	120	Unit appliance, 20%	\$61,400
62	Unit carpet (19 avg units @	\$50,082	109	Unit HVAC sys, 20%	\$95,200	127	CH Exterior door (allowance	\$1,800
108	Unit HVAC sys, 20%	\$95,200	114	Unit hot water heaters, 20%	\$25,300	128	CH Entrance lights	\$2,600
119	Unit appliance, 20%	\$61,400	130	CH light fixture & fan (allowa	\$6,000	135	CH Renovate spa area	\$8,000
122	Building piping (10% allowar	\$70,000	147	CH Exercise equip, miscll	\$1,500	138	CH Renovate lower level res	\$7,600
124	CH Flat roofs	\$8,100	151	CH Renovate restaurant & p	\$9,000	146	CH Ex equip (refurb 10%)	\$3,000
129	CH Awnings, pool side	\$20,633	152	CH Renovate bar	\$4,000	148	CH Racquetball court, floor i	\$3,520
132	CH Renovate lobby	\$8,000	155	Copy machine	\$12,000	154	CH Office furniture	\$18,000
133	CH Renovate upper level ga	\$11,000	184	Refrigerator, 20%	\$1,500	157	Computers, Phase 2	\$11,000
134	CH Renovate gallery restroc	\$4,600	193	Portable bar	\$1,500	167	CH Radio handsets	\$6,000
143	CH Ex equip, elliptical traine	\$3,600	204	Pool equip: pumps & filters	\$30,000	172	CH HVAC systems (25%)	\$11,000
156	Computers, Phase 1	\$12,100	215	Tennis court nets & screens	\$1,500	176	CH Hot water heater	\$2,300
159	CH Elevator cab & door, pas	\$15,000				191	Ice machines, unit use	\$9,000
178	Range	\$2,100				195	Main pool, pebble tech	\$44,000
179	Grill	\$1,500				196	Main pool tile	\$3,060
180	Fryer	\$1,100				197	Wading pool, pebble tech	\$7,975
181	Work areas, SS (allowance)	\$1,500				198	Wading pool tile	\$1,200
183	Refrigerator, 20%	\$1,500				199	Spa outdoor, pebble tech	\$3,509
194	Podium	\$1,200				200	Spa outdoor tile	\$720
203	Pool misting system	\$6,000				201	Pool furniture	\$24,000
205	Pool piping (allowance)	\$45,000				206	Pool vinyl sound fence	\$3,200
211	Bath house refurbishment	\$7,000				212	Bath house HVAC	\$3,500
216	Tennis court light - heads	\$9,900				213	Tennis resurface/overlay	\$25,740
						220	Gas BBQ grills, 50%	\$1,600
Total Scheduled Replacements		\$909,236	Total Scheduled Replacements		\$887,680	Total Scheduled Replacements		\$785,469

Sample

PROJECTED REPLACEMENTS - YEARS 19 TO 21

Item	2033 - YEAR 19	\$	Item	2034 - YEAR 20	\$	Item	2035 - YEAR 21	\$
1	Asphalt slurry seal	\$17,901	7	Trash corral gates	\$12,000	5	Masonry wall repair, 3%	\$8,400
3	Concrete work, plain, 2%	\$7,650	14	Lift pumps	\$1,200	18	Golf carts	\$24,000
4	Concrete work, stamped, 10	\$9,600	16	Stormwater mgmt (allowanc	\$2,500	54	Unit D, metal stair refurb (all	\$8,000
9	Awning fabric, playground	\$6,105	17	Housekeeping equip	\$18,000	61	Unit carpet (19 avg units @	\$50,082
12	Awning fabric, wade pool	\$9,025	34	Foam roofing, 33%	\$36,000	72	Unit tile floor (12 avg units @	\$25,920
13	Awning fabric, ice machines	\$7,860	37	Unit B deck membranes, 33'	\$42,550	83	Unit kit cntrs (11 avg units @	\$20,460
22	Laundry, hot water tank	\$8,000	59	Renovate interiors, Units C1	\$215,661	116	Unit hot water heaters, 20%	\$24,200
43	Unit windows, 10%	\$51,840	66	Unit carpet (19 avg units @	\$50,082	130	CH light fixture & fan (allowa	\$6,000
48	Unit patio doors, 20%	\$38,640	71	Unit tile floor (11 avg units @	\$23,760	132	CH Renovate lobby	\$8,000
53	Unit front door panels & hrd	\$24,000	82	Unit kit cntrs (12 avg units @	\$22,320	139	CH Renovate board room	\$5,000
60	Renovate interiors, Units D1	\$264,414	91	Unit cabinet refinish 20%	\$32,200	140	CH Renovate exercise room	\$5,000
65	Unit carpet (19 avg units @	\$50,082	121	Unit appliance, 20%	\$61,400	154	CH Office furniture	\$18,000
70	Unit tile floor (11 avg units @	\$23,760	131	CH Front desk	\$3,000	156	Computers, Phase 1	\$12,100
81	Unit kit cntrs (11 avg units @	\$20,460	147	CH Exercise equip, miscll	\$1,500	160	CH Elevator control, passen	\$26,700
111	Unit HVAC sys, 20%	\$95,200	152	CH Renovate bar	\$4,000	163	CH Elevator control, freight	\$30,000
115	Unit hot water heaters, 20%	\$24,200	153	CH Renovate lower admin	\$7,000	167	CH Radio handsets	\$6,000
129	CH Awnings, pool side	\$20,633	158	Computers, Phase 3	\$9,900	181	Work areas, SS (allowance)	\$1,500
143	CH Ex equip, elliptical traine	\$3,600	186	Refrigerator, 20%	\$1,500	187	Refrigerator, 20%	\$1,500
166	CH Security camera (25%)	\$4,800	188	Dishwasher	\$3,800	201	Pool furniture	\$24,000
168	CH Audio & video equip (all	\$9,000	190	Ice machine, grill, 50%	\$3,000	207	Pool metal railing	\$1,620
182	Sandwich/salad Bar	\$2,400	192	Beer cooler/tap	\$5,000	209	Pool deck main	\$72,820
185	Refrigerator, 20%	\$1,500	204	Pool equip: pumps & filters	\$30,000			
203	Pool misting system	\$6,000	211	Bath house refurbishment	\$7,000			
			215	Tennis court nets & screens	\$1,500			
Total Scheduled Replacements		\$706,670	Total Scheduled Replacements		\$594,873	Total Scheduled Replacements		\$379,302

Sample

**PROJECTED REPLACEMENTS - YEARS 22 TO 24**

Item	2036 - YEAR 22	\$	Item	2037 - YEAR 23	\$	Item	2038 - YEAR 24	\$
1	Asphalt slurry seal	\$17,901	6	Vehicle gates	\$16,000	11	Awning fabric, BBQ	\$1,800
2	Asphalt mill & overlay	\$115,830	14	Lift pumps	\$1,200	13	Awning fabric, ice machines	\$7,860
10	Awning fabric, labyrinth	\$3,200	17	Housekeeping equip	\$18,000	18	Golf carts	\$24,000
57	Renovate interiors, Units B1	\$333,120	32	Foam roofing, 33%	\$36,000	29	Tile roofing, 20%	\$45,000
73	Unit tile floor (11 avg units @	\$23,760	35	Unit B deck membranes, 33'	\$42,550	55	Renovate interiors, Units A1	\$507,488
84	Unit kit cntrs (11 avg units @	\$20,460	38	Wood trim & fascia (allowan	\$3,750	75	Unit tile floor (11 avg units @	\$23,760
87	Unit cabinet refinish 20%	\$30,800	39	Unit windows, 10%	\$51,840	86	Unit kit cntrs (11 avg units @	\$20,460
117	Unit appliance, 20%	\$61,400	44	Unit patio doors, 20%	\$38,640	88	Unit cabinet refinish 20%	\$30,800
129	CH Awnings, pool side	\$20,633	49	Unit front door panels & hrd	\$24,000	118	Unit appliance, 20%	\$61,400
133	CH Renovate upper level ga	\$11,000	58	Renovate interiors, Units B2	\$333,120	142	CH Ex equip, treadmill	\$10,400
134	CH Renovate gallery restroc	\$4,600	74	Unit tile floor (11 avg units @	\$23,760	154	CH Office furniture	\$18,000
143	CH Ex equip, elliptical traine	\$3,600	85	Unit kit cntrs (11 avg units @	\$20,460	167	CH Radio handsets	\$6,000
148	CH Racquetball court, floor i	\$3,520	112	Unit hot water heaters, 20%	\$24,200	168	CH Audio & video equip (all	\$9,000
151	CH Renovate restaurant & p	\$9,000	127	CH Exterior door (allowance	\$1,800	184	Refrigerator, 20%	\$1,500
155	Copy machine	\$12,000	135	CH Renovate spa area	\$8,000	201	Pool furniture	\$24,000
193	Portable bar	\$1,500	136	CH Refurbish indoor spa	\$3,000	211	Bath house refurbishment	\$7,000
203	Pool misting system	\$6,000	138	CH Renovate lower level res	\$7,600			
210	Spa & wade pool decks	\$12,430	144	CH Ex equip, rower	\$1,000			
			146	CH Ex equip (refurb 10%)	\$3,000			
			147	CH Exercise equip, miscll	\$1,500			
			152	CH Renovate bar	\$4,000			
			157	Computers, Phase 2	\$11,000			
			166	CH Security camera (25%)	\$4,800			
			169	CH HVAC systems (25%)	\$11,000			
			183	Refrigerator, 20%	\$1,500			
			191	Ice machines, unit use	\$9,000			
			204	Pool equip: pumps & filters	\$30,000			
			213	Tennis resurface/overlay	\$25,740			
			215	Tennis court nets & screens	\$1,500			
			220	Gas BBQ grills, 50%	\$1,600			
Total Scheduled Replacements		\$690,754	Total Scheduled Replacements		\$759,560	Total Scheduled Replacements		\$798,468

Sample

PROJECTED REPLACEMENTS - YEARS 25 TO 27

Item	2039 - YEAR 25	\$	Item	2040 - YEAR 26	\$	Item	2041 - YEAR 27	\$
1	Asphalt slurry seal	\$17,901	14	Lift pumps	\$1,200	9	Awning fabric, playground	\$6,105
3	Concrete work, plain, 2%	\$7,650	17	Housekeeping equip	\$18,000	12	Awning fabric, wade pool	\$9,025
4	Concrete work, stamped, 10	\$9,600	24	Laundry, kitchen (allowance	\$2,000	18	Golf carts	\$24,000
15	U/G water & sanitary lines, 1	\$13,000	25	Laundry, empl restrooms, re	\$3,000	30	Tile roofing, 20%	\$45,000
56	Renovate interiors, Units A2	\$304,493	26	Storage sheds (allowance)	\$15,000	33	Foam roofing, 33%	\$36,000
76	Unit tile floor (11 avg units @	\$23,760	54	Unit D, metal stair refurb (all	\$8,000	36	Unit B deck membranes, 33'	\$42,550
77	Unit kit cntrs (11 avg units @	\$20,460	60	Renovate interiors, Units D1	\$264,414	40	Unit windows, 10%	\$51,840
106	Unit mirror replacement, 10%	\$2,000	62	Unit carpet (19 avg units @	\$50,082	45	Unit patio doors, 20%	\$38,640
113	Unit hot water heaters, 20%	\$24,200	67	Unit tile floor (11 avg units @	\$23,760	50	Unit front door panels & hrd	\$24,000
129	CH Awnings, pool side	\$20,633	78	Unit kit cntrs (11 avg units @	\$20,460	59	Renovate interiors, Units C1	\$215,661
130	CH light fixture & fan (allowa	\$6,000	89	Unit cabinet refinish 20%	\$30,800	63	Unit carpet (19 avg units @	\$50,082
131	CH Front desk	\$3,000	97	Unit mirror replacement, 10%	\$2,000	68	Unit tile floor (11 avg units @	\$23,760
141	CH Ex equip, upright bike	\$2,450	119	Unit appliance, 20%	\$61,400	98	Unit mirror replacement, 10%	\$2,000
143	CH Ex equip, elliptical traine	\$3,600	122	Building piping (10% allowar	\$70,000	107	Unit HVAC sys, 20%	\$95,200
158	Computers, Phase 3	\$9,900	123	CH Tile roofs	\$33,000	114	Unit hot water heaters, 20%	\$25,300
173	CH Hot water solar panels	\$3,600	124	CH Flat roofs	\$8,100	151	CH Renovate restaurant & p	\$9,000
174	CH Hot water booster	\$2,000	125	CH Wood entry windows & c	\$9,009	154	CH Office furniture	\$18,000
175	CH Hot water holding tank	\$1,200	132	CH Renovate lobby	\$8,000	155	Copy machine	\$12,000
189	Ice machine, grill, 50%	\$3,000	147	CH Exercise equip, miscll	\$1,500	166	CH Security camera (25%)	\$4,800
203	Pool misting system	\$6,000	148	CH Racquetball court, floor i	\$3,520	167	CH Radio handsets	\$6,000
			152	CH Renovate bar	\$4,000	186	Refrigerator, 20%	\$1,500
			156	Computers, Phase 1	\$12,100	193	Portable bar	\$1,500
			159	CH Elevator cab & door, pas	\$15,000	201	Pool furniture	\$24,000
			177	Range hood	\$7,600			
			181	Work areas, SS (allowance)	\$1,500			
			185	Refrigerator, 20%	\$1,500			
			192	Beer cooler/tap	\$5,000			
			194	Podium	\$1,200			
			204	Pool equip: pumps & filters	\$30,000			
			215	Tennis court nets & screens	\$1,500			
			216	Tennis court light - heads	\$9,900			
			217	Tennis court light - poles	\$30,000			
			219	Playground equipment	\$15,000			
Total Scheduled Replacements		\$484,446	Total Scheduled Replacements		\$767,545	Total Scheduled Replacements		\$765,963

Sample

**PROJECTED REPLACEMENTS - YEARS 28 TO 30**

Item	2042 - YEAR 28	\$	Item	2043 - YEAR 29	\$	Item	2044 - YEAR 30	\$
1	Asphalt slurry seal	\$17,901	13	Awning fabric, ice machines	\$7,860	10	Awning fabric, labyrinth	\$3,200
23	Laundry, water purification	\$5,000	14	Lift pumps	\$1,200	16	Stormwater mgmt (allowanc	\$2,500
38	Wood trim & fascia (allowan	\$3,750	17	Housekeeping equip	\$18,000	18	Golf carts	\$24,000
64	Unit carpet (19 avg units @	\$50,082	22	Laundry, hot water tank	\$8,000	31	Tile roofing, 20%	\$45,000
90	Unit cabinet refinish 20%	\$30,800	57	Renovate interiors, Units B1	\$333,120	34	Foam roofing, 33%	\$36,000
99	Unit mirror replacement, 10%	\$2,000	65	Unit carpet (19 avg units @	\$50,082	37	Unit B deck membranes, 33'	\$42,550
108	Unit HVAC sys, 20%	\$95,200	79	Unit kit cntrs (11 avg units @	\$20,460	58	Renovate interiors, Units B2	\$333,120
120	Unit appliance, 20%	\$61,400	100	Unit mirror replacement, 10%	\$2,000	66	Unit carpet (19 avg units @	\$50,082
127	CH Exterior door (allowance	\$1,800	109	Unit HVAC sys, 20%	\$95,200	80	Unit kit cntrs (11 avg units @	\$20,460
129	CH Awnings, pool side	\$20,633	115	Unit hot water heaters, 20%	\$24,200	101	Unit mirror replacement, 10%	\$2,000
133	CH Renovate upper level ga	\$11,000	130	CH light fixture & fan (allowa	\$6,000	110	Unit HVAC sys, 20%	\$95,200
134	CH Renovate gallery restroc	\$4,600	145	CH Ex equip, multi-station tr	\$5,500	121	Unit appliance, 20%	\$61,400
135	CH Renovate spa area	\$8,000	147	CH Exercise equip, miscll	\$1,500	131	CH Front desk	\$3,000
138	CH Renovate lower level res	\$7,600	152	CH Renovate bar	\$4,000	148	CH Racquetball court, floor i	\$3,520
139	CH Renovate board room	\$5,000	168	CH Audio & video equip (all	\$9,000	154	CH Office furniture	\$18,000
140	CH Renovate exercise room	\$5,000	182	Sandwich/salad Bar	\$2,400	158	Computers, Phase 3	\$9,900
143	CH Ex equip, elliptical traine	\$3,600	204	Pool equip: pumps & filters	\$30,000	165	CH Telephone system	\$40,000
146	CH Ex equip (refurb 10%)	\$3,000	215	Tennis court nets & screens	\$1,500	167	CH Radio handsets	\$6,000
153	CH Renovate lower admin	\$7,000				183	Refrigerator, 20%	\$1,500
157	Computers, Phase 2	\$11,000				188	Dishwasher	\$3,800
170	CH HVAC systems (25%)	\$11,000				190	Ice machine, grill, 50%	\$3,000
187	Refrigerator, 20%	\$1,500				201	Pool furniture	\$24,000
191	Ice machines, unit use	\$9,000				212	Bath house HVAC	\$3,500
203	Pool misting system	\$6,000						
211	Bath house refurbishment	\$7,000						
213	Tennis resurface/overlay	\$25,740						
214	Tennis court posts	\$7,800						
218	Basketball poles & backstop	\$2,400						
220	Gas BBQ grills, 50%	\$1,600						
Total Scheduled Replacements		\$426,406	Total Scheduled Replacements		\$620,022	Total Scheduled Replacements		\$831,732

Sample

**PROJECTED REPLACEMENTS - YEARS 31 TO 33**

Item	2045 - YEAR 31	\$	Item	2046 - YEAR 32	\$	Item	2047 - YEAR 33	\$
1	Asphalt slurry seal	\$17,901	11	Awning fabric, BBQ	\$1,800	18	Golf carts	\$24,000
3	Concrete work, plain, 2%	\$7,650	14	Lift pumps	\$1,200	27	Tile roofing, 20%	\$45,000
4	Concrete work, stamped, 10	\$9,600	17	Housekeeping equip	\$18,000	32	Foam roofing, 33%	\$36,000
5	Masonry wall repair, 3%	\$8,400	19	Laundry, washers 50 lbs	\$24,400	35	Unit B deck membranes, 33'	\$42,550
8	Site lighting, bollard & pole l	\$90,000	56	Renovate interiors, Units A2	\$304,493	38	Wood trim & fascia (allowan	\$3,750
20	Laundry, washers 30 lbs	\$5,800	82	Unit kit cntrs (12 avg units @	\$22,320	60	Renovate interiors, Units D1	\$264,414
21	Laundry, dryers 75 lbs	\$14,100	92	Unit vanity tops (22 avg unit:	\$19,800	83	Unit kit cntrs (11 avg units @	\$20,460
41	Unit windows, 10%	\$51,840	103	Unit mirror replacement, 10%	\$2,000	104	Unit mirror replacement, 10%	\$2,000
46	Unit patio doors, 20%	\$38,640	117	Unit appliance, 20%	\$61,400	112	Unit hot water heaters, 20%	\$24,200
51	Unit front door panels & hrdv	\$24,000	147	CH Exercise equip, miscll	\$1,500	127	CH Exterior door (allowance	\$1,800
54	Unit D, metal stair refurb (all	\$8,000	151	CH Renovate restaurant & p	\$9,000	130	CH light fixture & fan (allowa	\$6,000
55	Renovate interiors, Units A1	\$507,488	152	CH Renovate bar	\$4,000	135	CH Renovate spa area	\$8,000
61	Unit carpet (19 avg units @	\$50,082	155	Copy machine	\$12,000	138	CH Renovate lower level res	\$7,600
81	Unit kit cntrs (11 avg units @	\$20,460	192	Beer cooler/tap	\$5,000	144	CH Ex equip, rower	\$1,000
102	Unit mirror replacement, 10%	\$2,000	193	Portable bar	\$1,500	146	CH Ex equip (refurb 10%)	\$3,000
111	Unit HVAC sys, 20%	\$95,200	204	Pool equip: pumps & filters	\$30,000	154	CH Office furniture	\$18,000
116	Unit hot water heaters, 20%	\$24,200	208	Pool metal gates	\$1,500	157	Computers, Phase 2	\$11,000
129	CH Awnings, pool side	\$20,633	211	Bath house refurbishment	\$7,000	167	CH Radio handsets	\$6,000
132	CH Renovate lobby	\$8,000	215	Tennis court nets & screens	\$1,500	171	CH HVAC systems (25%)	\$11,000
143	CH Ex equip, elliptical traine	\$3,600				176	CH Hot water heater	\$2,300
156	Computers, Phase 1	\$12,100				185	Refrigerator, 20%	\$1,500
166	CH Security camera (25%)	\$4,800				191	Ice machines, unit use	\$9,000
178	Range	\$2,100				201	Pool furniture	\$24,000
179	Grill	\$1,500				213	Tennis resurface/overlay	\$25,740
180	Fryer	\$1,100				220	Gas BBQ grills, 50%	\$1,600
181	Work areas, SS (allowance)	\$1,500						
184	Refrigerator, 20%	\$1,500						
203	Pool misting system	\$6,000						
Total Scheduled Replacements		\$1,038,193	Total Scheduled Replacements		\$528,413	Total Scheduled Replacements		\$599,914

Sample



**PROJECTED REPLACEMENTS - YEARS 34 TO 36**

Item	2048 - YEAR 34	\$	Item	2049 - YEAR 35	\$	Item	2050 - YEAR 36	\$
1	Asphalt slurry seal	\$17,901	9	Awning fabric, playground	\$6,105	18	Golf carts	\$24,000
13	Awning fabric, ice machines	\$7,860	12	Awning fabric, wade pool	\$9,025	24	Laundry, kitchen (allowance	\$2,000
59	Renovate interiors, Units C1	\$215,661	14	Lift pumps	\$1,200	28	Tile roofing, 20%	\$45,000
84	Unit kit cntrs (11 avg units @	\$20,460	15	U/G water & sanitary lines, 1	\$13,000	54	Unit D, metal stair refurb (all	\$8,000
93	Unit vanity tops (22 avg unit:	\$19,800	17	Housekeeping equip	\$18,000	57	Renovate interiors, Units B1	\$333,120
105	Unit mirror replacement, 10%	\$2,000	42	Unit windows, 10%	\$51,840	62	Unit carpet (19 avg units @	\$50,082
118	Unit appliance, 20%	\$61,400	47	Unit patio doors, 20%	\$38,640	86	Unit kit cntrs (11 avg units @	\$20,460
129	CH Awnings, pool side	\$20,633	52	Unit front door panels & hrd	\$24,000	94	Unit vanity tops (23 avg unit:	\$20,700
133	CH Renovate upper level ga	\$11,000	85	Unit kit cntrs (11 avg units @	\$20,460	119	Unit appliance, 20%	\$61,400
134	CH Renovate gallery restroc	\$4,600	113	Unit hot water heaters, 20%	\$24,200	122	Building piping (10% allowar	\$70,000
142	CH Ex equip, treadmill	\$10,400	131	CH Front desk	\$3,000	124	CH Flat roofs	\$8,100
143	CH Ex equip, elliptical traine	\$3,600	139	CH Renovate board room	\$5,000	132	CH Renovate lobby	\$8,000
148	CH Racquetball court, floor i	\$3,520	140	CH Renovate exercise room	\$5,000	153	CH Renovate lower admin	\$7,000
168	CH Audio & video equip (all	\$9,000	141	CH Ex equip, upright bike	\$2,450	154	CH Office furniture	\$18,000
186	Refrigerator, 20%	\$1,500	147	CH Exercise equip, miscll	\$1,500	156	Computers, Phase 1	\$12,100
203	Pool misting system	\$6,000	152	CH Renovate bar	\$4,000	159	CH Elevator cab & door, pas	\$15,000
			158	Computers, Phase 3	\$9,900	160	CH Elevator control, passen	\$26,700
			166	CH Security camera (25%)	\$4,800	163	CH Elevator control, freight	\$30,000
			174	CH Hot water booster	\$2,000	167	CH Radio handsets	\$6,000
			175	CH Hot water holding tank	\$1,200	181	Work areas, SS (allowance)	\$1,500
			187	Refrigerator, 20%	\$1,500	194	Podium	\$1,200
			189	Ice machine, grill, 50%	\$3,000	201	Pool furniture	\$24,000
			204	Pool equip: pumps & filters	\$30,000	205	Pool piping (allowance)	\$45,000
			215	Tennis court nets & screens	\$1,500	211	Bath house refurbishment	\$7,000
						216	Tennis court light - heads	\$9,900

Sample

**PROJECTED REPLACEMENTS - YEARS 37 TO 39**

Item	2051 - YEAR 37	\$	Item	2052 - YEAR 38	\$	Item	2053 - YEAR 39	\$			
1	Asphalt slurry seal	\$17,901	10	Awning fabric, labyrinth	\$3,200	13	Awning fabric, ice machines	\$7,860			
3	Concrete work, plain, 2%	\$7,650	14	Lift pumps	\$1,200	18	Golf carts	\$24,000			
4	Concrete work, stamped, 10	\$9,600	17	Housekeeping equip	\$18,000	22	Laundry, hot water tank	\$8,000			
33	Foam roofing, 33%	\$36,000	38	Wood trim & fascia (allowan	\$3,750	43	Unit windows, 10%	\$51,840			
36	Unit B deck membranes, 33'	\$42,550	55	Renovate interiors, Units A1	\$507,488	48	Unit patio doors, 20%	\$38,640			
58	Renovate interiors, Units B2	\$333,120	64	Unit carpet (19 avg units @	\$50,082	53	Unit front door panels & hrd	\$24,000			
63	Unit carpet (19 avg units @	\$50,082	78	Unit kit cntrs (11 avg units @	\$20,460	56	Renovate interiors, Units A2	\$304,493			
77	Unit kit cntrs (11 avg units @	\$20,460	95	Unit vanity tops (22 avg unit:	\$19,800	65	Unit carpet (19 avg units @	\$50,082			
114	Unit hot water heaters, 20%	\$25,300	120	Unit appliance, 20%	\$61,400	107	Unit HVAC sys, 20%	\$95,200			
129	CH Awnings, pool side	\$20,633	127	CH Exterior door (allowance	\$1,800	115	Unit hot water heaters, 20%	\$24,200			
130	CH light fixture & fan (allowa	\$6,000	135	CH Renovate spa area	\$8,000	154	CH Office furniture	\$18,000			
143	CH Ex equip, elliptical traine	\$3,600	136	CH Refurbish indoor spa	\$3,000	166	CH Security camera (25%)	\$4,800			
151	CH Renovate restaurant & p	\$9,000	137	CH Indoor shower & sauna	\$6,000	167	CH Radio handsets	\$6,000			
155	Copy machine	\$12,000	138	CH Renovate lower level res	\$7,600	168	CH Audio & video equip (all	\$9,000			
183	Refrigerator, 20%	\$1,500	146	CH Ex equip (refurb 10%)	\$3,000	182	Sandwich/salad Bar	\$2,400			
193	Portable bar	\$1,500	147	CH Exercise equip, miscll	\$1,500	201	Pool furniture	\$24,000			
203	Pool misting system	\$6,000	148	CH Racquetball court, floor i	\$3,520						
			149	CH Racquetball court, floor i	\$12,000						
			150	CH Racquetball court lights	\$1,040						
			152	CH Renovate bar	\$4,000						
			157	Computers, Phase 2	\$11,000						
			172	CH HVAC systems (25%)	\$11,000						
			184	Refrigerator, 20%	\$1,500						
			191	Ice machines, unit use	\$9,000						
			192	Beer cooler/tap	\$5,000						
			195	Main pool, pebble tech	\$44,000						
			196	Main pool tile	\$3,060						
			197	Wading pool, pebble tech	\$7,975						
			198	Wading pool tile	\$1,200						
			199	Spa outdoor, pebble tech	\$3,509						
			200	Spa outdoor tile	\$720						
			204	Pool equip: pumps & filters	\$30,000						
			213	Tennis resurface/overlay	\$25,740						
			215	Tennis court nets & screens	\$1,500						
			220	Gas BBQ grills, 50%	\$1,600						
Total Scheduled Replacements			\$602,896	Total Scheduled Replacements			\$893,644	Total Scheduled Replacements			\$692,515

Sample

PROJECTED REPLACEMENTS - YEARS 40 TO 42

Item	2054 - YEAR 40	\$	Item	2055 (beyond Study Period)	\$	Item	2056 (beyond Study Period)	\$
1	Asphalt slurry seal	\$17,901	5	Masonry wall repair, 3%	\$8,400	18	Golf carts	\$24,000
7	Trash corral gates	\$12,000	14	Lift pumps	\$1,200	80	Unit kit cntrs (11 avg units @	\$20,460
11	Awning fabric, BBQ	\$1,800	17	Housekeeping equip	\$18,000	87	Unit cabinet refinish 20%	\$30,800
16	Stormwater mgmt (allowanc	\$2,500	25	Laundry, empl restrooms, re	\$3,000	110	Unit HVAC sys, 20%	\$95,200
34	Foam roofing, 33%	\$36,000	54	Unit D, metal stair refurb (all	\$8,000	117	Unit appliance, 20%	\$61,400
37	Unit B deck membranes, 33'	\$42,550	59	Renovate interiors, Units C1	\$215,661	126	CH Exterior windows	\$21,280
60	Renovate interiors, Units D1	\$264,414	61	Unit carpet (19 avg units @	\$50,082	139	CH Renovate board room	\$5,000
66	Unit carpet (19 avg units @	\$50,082	79	Unit kit cntrs (11 avg units @	\$20,460	140	CH Renovate exercise room	\$5,000
91	Unit cabinet refinish 20%	\$32,200	109	Unit HVAC sys, 20%	\$95,200	148	CH Racquetball court, floor i	\$3,520
96	Unit vanity tops (22 avg unit:	\$19,800	116	Unit hot water heaters, 20%	\$24,200	151	CH Renovate restaurant & p	\$9,000
108	Unit HVAC sys, 20%	\$95,200	130	CH light fixture & fan (allowa	\$6,000	154	CH Office furniture	\$18,000
121	Unit appliance, 20%	\$61,400	132	CH Renovate lobby	\$8,000	155	Copy machine	\$12,000
129	CH Awnings, pool side	\$20,633	147	CH Exercise equip, miscll	\$1,500	167	CH Radio handsets	\$6,000
131	CH Front desk	\$3,000	152	CH Renovate bar	\$4,000	187	Refrigerator, 20%	\$1,500
133	CH Renovate upper level ga	\$11,000	156	Computers, Phase 1	\$12,100	193	Portable bar	\$1,500
134	CH Renovate gallery restroc	\$4,600	161	CH Elevator hydraulics, pas:	\$13,400	201	Pool furniture	\$24,000
143	CH Ex equip, elliptical traine	\$3,600	162	CH Elevator cab & door, frei	\$6,000	210	Spa & wade pool decks	\$12,430
158	Computers, Phase 3	\$9,900	164	CH Elevator hydraulics, freig	\$15,000	212	Bath house HVAC	\$3,500
185	Refrigerator, 20%	\$1,500	181	Work areas, SS (allowance)	\$1,500			
188	Dishwasher	\$3,800	186	Refrigerator, 20%	\$1,500			
190	Ice machine, grill, 50%	\$3,000	202	Pool ladders & handrails	\$2,400			
203	Pool misting system	\$6,000	204	Pool equip: pumps & filters	\$30,000			
211	Bath house refurbishment	\$7,000	209	Pool deck main	\$72,820			
			215	Tennis court nets & screens	\$1,500			
			219	Playground equipment	\$15,000			
Total Scheduled Replacements		\$709,880	Total Scheduled Replacements		\$634,923	Total Scheduled Replacements		\$354,590

Sample

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Sample

## CONDITION ASSESSMENT

**General Comments.** Miller+Dodson Associates conducted a Reserve Study at Timeshare Resort in January of 2015. The resort is in good condition for a timeshare community constructed between 1982 and 1990. A review of the Replacement Reserve Inventory will show that we are anticipating most of the components achieving their normal economic lives.

The inventories in this Reserve Study have been adjusted from previous studies to more closely match the historical reserve expenditures and replacement cycles of the resort.

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

**Asphalt Pavement.** The Association is responsible for the roadway and parking areas within the resort. In general, the asphalt pavement is in good condition, with minor cracking and a few areas of oil staining. The Association maintains an inventory of about 105,300 square feet of asphalt pavement.



Sample

As a rule of thumb, asphalt should be overlaid when approximately five percent of the surface area is cracked or otherwise deteriorated. The normal service life of asphalt pavement is typically 18 to 20 years. However, the resort seal coats (slurry seal) every 3 years and it is anticipated that the current overlay will last another 21 years.

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

1. **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 if deterioration has penetrated the asphalt, patched. This is a maintenance activity, and we have assumed that it will not be funded from Reserves.
2. **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.
3. **Seal Coating.** The asphalt should be seal coated every three to five years. For this maintenance activity to be effective in extending the life of the asphalt, cleaning and crack repair should be performed first.

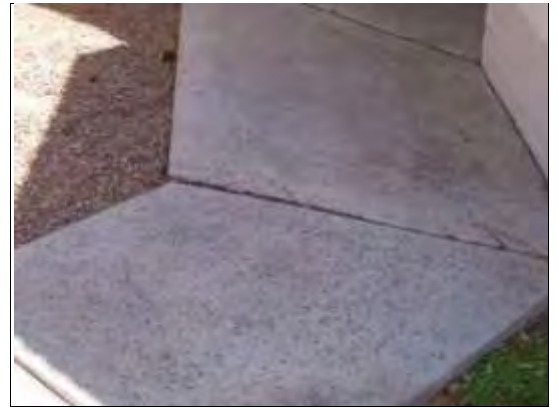
The pricing used is based on information provided by the resort management.

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 to, so to speak, '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.

**Concrete Work.** The concrete work includes the concrete curbs, sidewalks, slabs, and stamped concrete throughout the resort. The Association maintains an inventory of approximately 53,000 square feet of concrete flatwork. The overall condition of the concrete flatwork is generally good with a few tripping hazards and wide cracks.

The standards we used for recommending replacement are as follows:

1. Trip hazard, 0.5 inch height difference.
2. Severe cracking.
3. Severe spalling.
4. Uneven riser heights on steps.
5. Steps with risers in excess of 8.25 inches.



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



In addition to the concrete work, we found a number of locations where the ground adjacent to the sidewalk is eroded or subsided. We consider these to be a significant tripping and falling hazard. We recommend including this type of regrading and repair work as part of the normal annual grounds contract.

Sample



**Masonry Walls.** The perimeter of the resort is surrounded by masonry walls that are in generally good condition. A few areas are in need of repair and other areas are unfinished. We have accounted for masonry wall repairs in the study.



**Metal Gates.** Access is provided through the perimeter wall at the un-gated front entry and by two side entrances which are secured by steel gates and fences. These are in generally good condition. In addition the trash corral gates have recently been replaced.



**Site Lights.** The grounds are lit by pole and bollard lighting throughout the site. The bollard lights are in the final stages of installation and the pole lights are original to the property. In addition, there are a significant of abandoned and partially secured landscape lights around the property. To address a potential safety concern with these abandoned fixtures and handboxes, we recommend testing these lines. Active circuits should be properly terminated and secured, and dead circuits should be removed. Other open hand boxes and exposed wiring were found throughout the property.

Sample





**Fabric Awnings and Sunscreens.** The Resort maintains a large number of sunscreens and fabric awnings throughout the property. These are of varying ages and condition.



Sample



**Housekeeping.** The Resort maintains a laundry facility, golf carts, storage sheds, and other housekeeping facilities and equipment. These are in generally good condition and well maintained. This study accounts for these components based on the historical information as provided by resort management.





## BUILDING EXTERIORS

The buildings are roofed in clay tiles or foam seal systems. The Unit B decks are assumed to be roofed in a membrane system. These have been accounted for in the study based on the historical information provided.



In addition, there is a small amount of wood trim and exposed wooden components. Unit windows are being replaced on an as needed basis, and doors including patio doors are being replaced similarly. This study assumes replacements of these items based on the historical information provided.



Lastly, for the 'D' units, metal stairs with concrete treads and landings provide access at the fronts of the units. At the rears, spiral stairs provide access to the upper decks. These are showing signs of rust and concrete cracking. We recommend the removal and replacement of cracked concrete, and sandblasting and repainting of all rusted steel components. The whole-scale replacement of these stair systems is not accounted for in this study.

Sample

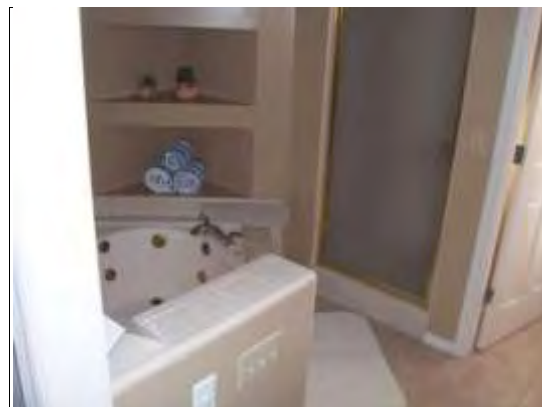


## BUILDING INTERIORS

The Unit Buildings are being renovated in six phases on a seven year cycle, with major renovation to the clubhouse occurring on the seventh year. Other flooring, kitchen, and bathroom renovations are scheduled separately. These have all been modeled based on the historical information provided by the Resort Management.



Sample



## BUILDING MECHANICAL

Similar to the interior renovations and exterior work, the HVAC, hot water, and other uit appliances are modeled based on historical replacement cycles.



The Resort maintains a number of heating and air conditioning (HVAC) systems that use the refrigerant known as R22. This refrigerant will be phased out of production by the year 2020 and generally phased out of use in new systems by the year 2010. See the EPA web site for further information, <http://www.epa.gov/ozone/title6/phaseout/hcfc.html>. Since most of the community's systems rely on the old R22 refrigerant, we assume that the HVAC replacement will include upgrading to the new refrigerant, which is likely to require the replacement of the entire system including the compressor, air handler, and line-set.

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 manufactures 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 12-years for all HVAC equipment that use the new refrigerants.

As with most equipment, to achieve a normal economic life, proper maintenance is essential. In some cases, proper maintenance can greatly extend the useful life of a component.

**Building and Underground Piping.** Copper water supply pipes have been used throughout the buildings. As a result of changes in water chemistry, brought on by federal clean water legislation, copper piping throughout the Washington, DC metropolitan area has been developing pin-hole leaks, which leads to higher maintenance costs and a shorter than normal service life. For further information about the problem and research that is being conducted, go to [www.wssc.dst.md.u](http://www.wssc.dst.md.u), click on the dropdown box labeled "Customers", and click on the listing for



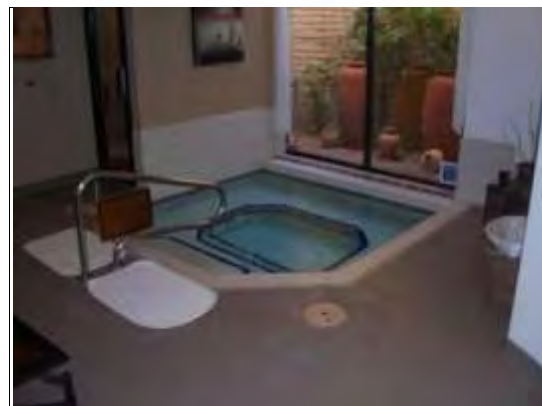
"Pin Hole Leaks". As a result, of this problem the piping will have to be replaced at some point in time. As a less expensive alternative to the extremely costly work of re-piping a building, systems have been developed to clean and line the interior surfaces of these and other types of pipes. These epoxy linings can have warranties of up to 25 years. This alternative is expensive at between \$6,000 and \$12,000 per unit, but remains significantly less expensive than traditional pipe replacement.

For water and sanitary lines, it is unlikely that these will all fail at one time. Rather it is normal of these to have an increasing failure rate as the buildings age. Water quality, in particular the Ph of the water, is critical to the longevity of these systems. Typically, the water lines are the most problematic. To date a significant occurrence of pinhole leaks or other leaks is not being reported. For these reasons, we have assumed an incremental replacement of the building and underground utility lines.

Please note that the timeframe for repiping a building can vary widely, and the estimation of the remaining economic life is highly speculative. Given the age of these buildings, the Resort should be aware of the various technologies available for pipe replacement and pipe lining. Please, see the following web sites for general information on this topic: [www.curaflo.com/index.cfm?fuseaction=pages.showpage&pageid=60](http://www.curaflo.com/index.cfm?fuseaction=pages.showpage&pageid=60) and [www.fixmypipes.com](http://www.fixmypipes.com).

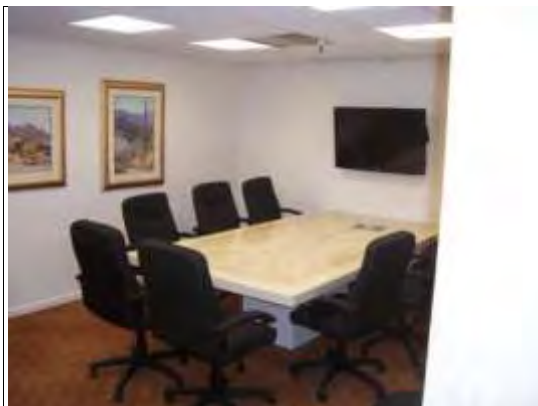
## AMENITIES

**Clubhouse and Amenities.** The Resort amenities include: a clubhouse with a spa, exercise facilities, game rooms, and a racquetball court; swimming pools; tennis courts; BBQ grilling stations; a tot lot; and golf putting areas. These are all in generally good condition.





Included in the clubhouse in a small restaurant, administrative offices, and the building mechanical systems.



Sample

**Tot Lot.** The single tot lot is in generally good condition. 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, and this is beyond the scope of this study. Information for playground design and safety can be found in the "Handbook for Public Playground Safety", U.S. Consumer Product Safety Commission, Washington, DC 20207. (Pub. No. 325). The publication can be downloaded at [www.cpsc.gov](http://www.cpsc.gov).



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

Sample



## CASH FLOW METHOD ACCOUNTING SUMMARY

This Timeshare Resort - Cash Flow Method Accounting Summary is an attachment to the Timeshare Resort - Replacement Reserve Study dated January 1, 2015 and is for use by accounting and reserve professionals experienced in Association funding and accounting principles. This Summary consists of four reports, the 2015, 2016, and 2017 Cash Flow Method Category Funding Reports (3) and a Three-Year Replacement Funding Report.

- CASH FLOW METHOD CATEGORY FUNDING REPORT, 2015, 2016, and 2017. Each of the 220 Projected Replacements listed in the Timeshare Resort Replacement Reserve Inventory has been assigned to one of 14 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 \$1,060,000 Beginning Balance (at the start of the Study Year) and the \$1,969,810 of additional Replacement Reserve Funding in 2015 through 2017 (as calculated in the Replacement Reserve Analysis) to each of the 220 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 2015 through 2017.
  - Allocation of the \$1,060,000 Beginning Balance to the Projected Replacements by Chronological Allocation.
  - Allocation of the \$1,969,810 of additional Replacement Reserve Funding recommended in the Replacement Reserve Analysis in years 2015 through 2017, 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 \$1,060,000 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 Timeshare Resort the Beginning Balance funds all Scheduled Replacements in the Study Year through 2015 and provides partial funding (72%) of replacements scheduled in 2016.
  - The next step is the allocation of the \$656,603 of 2015 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 Timeshare Resort the Beginning Balance and the 2015 Replacement Reserve Funding, funds replacements through 2016 and partial funds (46.4%) replacements in 2017.
  - Allocations of the 2016 and 2017 Reserve Funding are done using the same methodology.
  - The Three-Year Replacement Funding Report details component by component allocations made by Chronological Allocation.

Sample

## 2015 - CASH FLOW METHOD CATEGORY FUNDING REPORT

Each of the 220 Projected Replacements included in the Timeshare Resort Replacement Reserve Inventory has been assigned to one of the 14 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 \$1,060,000 as of the first day of the Study Year, January 1, 2015.
- Total reserve funding (including the Beginning Balance) of \$1,716,603 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 2015 being accomplished in 2015 at a cost of \$614,235.

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.

### 2015 - CASH FLOW METHOD CATEGORY FUNDING - TABLE CF1

CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2015 BEGINNING BALANCE	2015 RESERVE FUNDING	2015 PROJECTED REPLACEMENTS	2015 END OF YEAR BALANCE
SITE COMPONENTS	3 to 40 years	0 to 22 years	\$305,371	\$43,551	\$7,021	(\$43,551)	\$7,021
SITE COMPONENTS (cont.)	3 to 20 years	1 to 15 years	\$136,000	\$31,505	\$23,232		\$54,738
UNIT BUILDING EXTERIORS	5 to 30 years	2 to 29 years	\$723,600		\$83,133		\$83,133
UNIT BUILDING EXT (cont.)	5 to 20 years	0 to 18 years	\$321,200	\$8,000	\$29,069	(\$8,000)	\$29,069
UNIT BUILDING INTERIORS	7 to 25 years	0 to 24 years	\$2,498,547	\$664,844	\$334,507	(\$406,962)	\$592,389
UNIT BUILDING INT (cont.)	12 to 30 years	0 to 19 years	\$461,760	\$71,808	\$19,712	(\$20,460)	\$71,060
UNIT BUILDING INT (cont.)	25 years	0 to 24 years	\$20,000	\$3,445	\$1,483	(\$2,000)	\$2,928
UNIT BUILDING MECHANICAL	10 to 12 years	1 to 15 years	\$975,100	\$44,368	\$72,442		\$116,810
CLUB HOUSE BUILDING	3 to 30 years	0 to 25 years	\$158,622	\$37,642	\$8,075	(\$37,642)	\$8,075
CLUB HOUSE BUILDING - Cont'd	3 to 25 years	0 to 13 years	\$132,010	\$33,792	\$23,642	(\$12,100)	\$45,334
CLUB HOUSE BUILDING - Cont'd	3 to 30 years	2 to 17 years	\$219,000		\$11,184		\$11,184
CLUB HOUSE BUILDING - Cont'd	5 to 20 years	0 to 9 years	\$50,200	\$10,481	\$7,092	(\$4,700)	\$12,873
SWIMMING POOLS & SPA	3 to 40 years	0 to 20 years	\$269,934	\$109,480	\$22,908	(\$78,820)	\$53,568
COURTS & AMENITIES	3 to 40 years	1 to 25 years	\$93,940	\$1,084	\$13,104		\$14,188

Sample

## 2016 - CASH FLOW METHOD CATEGORY FUNDING REPORT

Each of the 220 Projected Replacements included in the Timeshare Resort Replacement Reserve Inventory has been assigned to one of the 14 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 \$1,102,369 on January 1, 2016.
- Total reserve funding (including the Beginning Balance) of \$2,373,207 from 2015 through 2016.
- 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 \$616,890.

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 CF2

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	3 to 40 years	1 to 21 years	\$305,371	\$7,021	\$12,068		\$19,090
SITE COMPONENTS (cont.)	3 to 20 years	0 to 14 years	\$136,000	\$54,738	\$12,862	(\$43,600)	\$24,000
UNIT BUILDING EXTERIORS	5 to 30 years	1 to 28 years	\$723,600	\$83,133	\$96,007		\$179,140
UNIT BUILDING EXT (cont.)	5 to 20 years	1 to 17 years	\$321,200	\$29,069	\$33,571		\$62,640
UNIT BUILDING INTERIORS	7 to 25 years	0 to 24 years	\$2,498,547	\$592,389	\$318,783	(\$356,880)	\$554,292
UNIT BUILDING INT (cont.)	12 to 30 years	0 to 18 years	\$461,760	\$71,060	\$7,778	(\$71,060)	\$7,778
UNIT BUILDING INT (cont.)	25 years	0 to 24 years	\$20,000	\$2,928	\$1,379	(\$2,000)	\$2,307
UNIT BUILDING MECHANICAL	10 to 12 years	0 to 14 years	\$975,100	\$116,810	\$88,062	(\$61,400)	\$143,471
CLUB HOUSE BUILDING	3 to 30 years	1 to 24 years	\$158,622	\$8,075	\$14,895		\$22,969
CLUB HOUSE BUILDING - Cont'd	3 to 25 years	0 to 12 years	\$132,010	\$45,334	\$21,759	(\$30,020)	\$37,073
CLUB HOUSE BUILDING - Cont'd	3 to 30 years	1 to 16 years	\$219,000	\$11,184	\$14,299		\$25,483
CLUB HOUSE BUILDING - Cont'd	5 to 20 years	0 to 14 years	\$50,200	\$12,873	\$5,627	(\$8,000)	\$10,500
SWIMMING POOLS & SPA	3 to 40 years	0 to 19 years	\$269,934	\$53,568	\$14,861	(\$42,430)	\$25,998
COURTS & AMENITIES	3 to 40 years	0 to 24 years	\$93,940	\$14,188	\$14,652	(\$1,500)	\$27,340

Sample

## 2017 - CASH FLOW METHOD CATEGORY FUNDING REPORT

Each of the 220 Projected Replacements included in the Timeshare Resort Replacement Reserve Inventory has been assigned to one of the 14 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 \$1,142,082 on January 1, 2017.
- Total Replacement Reserve funding (including the Beginning Balance) of \$3,029,810 from 2015 to 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 \$1,046,138.

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 CF3

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	3 to 40 years	0 to 20 years	\$305,371	\$19,090	\$21,801	(\$15,130)	\$25,761
SITE COMPONENTS (cont.)	3 to 20 years	0 to 14 years	\$136,000	\$24,000	\$8,134	(\$24,000)	\$8,134
UNIT BUILDING EXTERIORS	5 to 30 years	0 to 27 years	\$723,600	\$179,140		(\$179,140)	
UNIT BUILDING EXT (cont.)	5 to 20 years	0 to 16 years	\$321,200	\$62,640		(\$62,640)	
UNIT BUILDING INTERIORS	7 to 25 years	0 to 24 years	\$2,498,547	\$554,292	\$324,485	(\$507,488)	\$371,289
UNIT BUILDING INT (cont.)	12 to 30 years	1 to 29 years	\$461,760	\$7,778	\$47,991		\$55,769
UNIT BUILDING INT (cont.)	25 years	0 to 24 years	\$20,000	\$2,307	\$2,198	(\$2,000)	\$2,505
UNIT BUILDING MECHANICAL	10 to 12 years	0 to 13 years	\$975,100	\$143,471	\$162,692	(\$119,400)	\$186,763
CLUB HOUSE BUILDING	3 to 30 years	0 to 23 years	\$158,622	\$22,969	\$32,937	(\$17,400)	\$38,506
CLUB HOUSE BUILDING - Cont'd	3 to 25 years	0 to 11 years	\$132,010	\$37,073	\$26,936	(\$33,000)	\$31,009
CLUB HOUSE BUILDING - Cont'd	3 to 30 years	0 to 15 years	\$219,000	\$25,483	\$9,334	(\$24,100)	\$10,718
CLUB HOUSE BUILDING - Cont'd	5 to 20 years	0 to 13 years	\$50,200	\$10,500	\$1,137	(\$10,500)	\$1,137
SWIMMING POOLS & SPA	3 to 40 years	0 to 19 years	\$269,934	\$25,998	\$18,580	(\$24,000)	\$20,579
COURTS & AMENITIES	3 to 40 years	0 to 23 years	\$93,940	\$27,340	\$379	(\$27,340)	\$379

Sample

## CASH FLOW METHOD - THREE-YEAR REPLACEMENT FUNDING REPORT

TABLE CF4 below details the allocation of the \$1,060,000 Beginning Balance, as reported by the Association and the \$1,969,810 of Replacement Reserve Funding calculated by the Cash Flow Method from 2015 to 2017, to the 220 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 \$1,060,000 on January 1, 2015.
- Replacement Reserves on Deposit totaling \$1,102,369 on January 1, 2016.
- Replacement Reserves on Deposit totaling \$1,142,082 on January 1, 2017.
- Total Replacement Reserve funding (including the Beginning Balance) of \$3,029,810 from 2015 to 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 from 2015 to 2017 being accomplished as scheduled in the Replacement Reserve Inventory at a cost of \$2,277,262.

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.

CASH FLOW METHOD - THREE-YEAR REPLACEMENT FUNDING - TABLE CF4												
Item #	Description of Projected Replacement	Estimated Replacement Costs	Allocation of Beginning Balance	2015 Reserve Funding	2015 Projected Replacements	2015 End of Year Balance	2016 Reserve Funding	2016 Projected Replacements	2016 End of Year Balance	2017 Reserve Funding	2017 Projected Replacements	2017 End of Year Balance
SITE COMPONENTS												
1	Asphalt slurry seal	17,901	17,901		(17,901)		2,752		2,752	15,149		17,901
2	Asphalt mill & overlay	115,830										
3	Concrete work, plain, 2%	7,650	7,650		(7,650)							
4	Concrete work, stamped, 10%	9,600	9,600		(9,600)							
5	Masonry wall repair, 3%	8,400	8,400		(8,400)							
6	Vehicle gates	16,000										
7	Trash corral gates	12,000										
8	Site lighting, bollard & pole lights	90,000										
9	Awning fabric, playground	6,105		2,833		2,833	3,272		6,105		(6,105)	
10	Awning fabric, labyrinth	3,200										
11	Awning fabric, BBQ	1,800										
12	Awning fabric, wade pool	9,025		4,188		4,188	4,837		9,025		(9,025)	
13	Awning fabric, ice machines & other	7,860					1,208		1,208	6,652		7,860
SITE COMPONENTS (cont.)												
14	Lift pumps	1,200	867	333		1,200		(1,200)		303		303
15	U/G water & sanitary lines, 10%	13,000								3,284		3,284
16	Stormwater mgmt (allowance)	2,500										
17	Housekeeping equip	18,000	13,007	4,993		18,000		(18,000)		4,547		4,547
18	Golf carts	24,000		11,138		11,138	12,862		24,000		(24,000)	
19	Laundry, washers 50 lbs	24,400	17,631	6,769		24,400		(24,400)				
20	Laundry, washers 30 lbs	5,800										
21	Laundry, dryers 75 lbs	14,100										
22	Laundry, hot water tank	8,000										
23	Laundry, water purification	5,000										
24	Laundry, kitchen (allowance)	2,000										
25	Laundry, empl restrooms, refurbish	3,000										
26	Storage sheds (allowance)	15,000										
UNIT BUILDING EXTERIORS												
27	Tile roofing, 20%	45,000		20,883		20,883	24,117		45,000		(45,000)	
28	Tile roofing, 20%	45,000										
29	Tile roofing, 20%	45,000										
30	Tile roofing, 20%	45,000										
31	Tile roofing, 20%	45,000										
32	Foam roofing, 33%	36,000		16,706		16,706	19,294		36,000		(36,000)	
33	Foam roofing, 33%	36,000										
34	Foam roofing, 33%	36,000										
35	Unit B deck membranes, 33%	42,550		19,746		19,746	22,804		42,550		(42,550)	
36	Unit B deck membranes, 33%	42,550										
37	Unit B deck membranes, 33%	42,550										
38	Wood trim & fascia (allowance)	3,750		1,740		1,740	2,010		3,750		(3,750)	
39	Unit windows, 10%	51,840		24,057		24,057	27,783		51,840		(51,840)	

Sample

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

Item #	Description of Projected Replacement	Estimated Replacement Costs	Allocation of Beginning Balance	2015 Reserve Funding	2015 Projected Replacements	2015 End of Year Balance	2016 Reserve Funding	2016 Projected Replacements	2016 End of Year Balance	2017 Reserve Funding	2017 Projected Replacements	2017 End of Year Balance
40	Unit windows, 10%	51,840										
41	Unit windows, 10%	51,840										
42	Unit windows, 10%	51,840										
43	Unit windows, 10%	51,840										
UNIT BUILDING EXT (cont.)												
44	Unit patio doors, 20%	38,640		17,932		17,932	20,708		38,640		(38,640)	
45	Unit patio doors, 20%	38,640										
46	Unit patio doors, 20%	38,640										
47	Unit patio doors, 20%	38,640										
48	Unit patio doors, 20%	38,640										
49	Unit front door panels & hrdwr, 10%	24,000		11,138		11,138	12,862		24,000		(24,000)	
50	Unit front door panels & hrdwr, 10%	24,000										
51	Unit front door panels & hrdwr, 10%	24,000										
52	Unit front door panels & hrdwr, 10%	24,000										
53	Unit front door panels & hrdwr, 10%	24,000										
54	Unit D, metal stair refurb (allowance)	8,000	8,000		(8,000)							
UNIT BUILDING INTERIORS												
55	Renovate interiors, Units A1 to 25	507,488		235,509		235,509	271,979		507,488		(507,488)	
56	Renovate interiors, Units A26 to 40	304,493					46,804		46,804	257,688		304,493
57	Renovate interiors, Units B1 to 25	333,120	333,120		(333,120)							
58	Renovate interiors, Units B26 to 50	333,120	240,713	92,407		333,120		(333,120)				
59	Renovate interiors, Units C1 to 9	215,661										
60	Renovate interiors, Units D1 to 12	264,414								66,796		66,796
61	Unit carpet (19 avg units @ 775 sf)	50,082	50,082		(50,082)							
62	Unit carpet (19 avg units @ 775 sf)	50,082										
63	Unit carpet (19 avg units @ 775 sf)	50,082										
64	Unit carpet (19 avg units @ 775 sf)	50,082										
65	Unit carpet (19 avg units @ 775 sf)	50,082										
66	Unit carpet (19 avg units @ 775 sf)	50,082										
67	Unit tile floor (11 avg units @ 180 sf)	23,760	23,760		(23,760)							
68	Unit tile floor (11 avg units @ 180 sf)	23,760	17,169	6,591		23,760		(23,760)				
69	Unit tile floor (11 avg units @ 180 sf)	23,760										
70	Unit tile floor (11 avg units @ 180 sf)	23,760										
71	Unit tile floor (11 avg units @ 180 sf)	23,760										
72	Unit tile floor (12 avg units @ 180 sf)	25,920										
73	Unit tile floor (11 avg units @ 180 sf)	23,760										
74	Unit tile floor (11 avg units @ 180 sf)	23,760										
75	Unit tile floor (11 avg units @ 180 sf)	23,760										
76	Unit tile floor (11 avg units @ 180 sf)	23,760										
UNIT BUILDING INT (cont.)												
77	Unit kit cntrs (11 avg units @ 31 sf)	20,460	20,460		(20,460)							
78	Unit kit cntrs (11 avg units @ 31 sf)	20,460	14,784	5,676		20,460		(20,460)				
79	Unit kit cntrs (11 avg units @ 31 sf)	20,460								5,169		5,169
80	Unit kit cntrs (11 avg units @ 31 sf)	20,460										
81	Unit kit cntrs (11 avg units @ 31 sf)	20,460										
82	Unit kit cntrs (12 avg units @ 31 sf)	22,320										
83	Unit kit cntrs (11 avg units @ 31 sf)	20,460										
84	Unit kit cntrs (11 avg units @ 31 sf)	20,460										
85	Unit kit cntrs (11 avg units @ 31 sf)	20,460										
86	Unit kit cntrs (11 avg units @ 31 sf)	20,460										
87	Unit cabinet refinish 20%	30,800	22,256	8,544		30,800		(30,800)				
88	Unit cabinet refinish 20%	30,800					4,734		4,734	26,066		30,800
89	Unit cabinet refinish 20%	30,800										
90	Unit cabinet refinish 20%	30,800										
91	Unit cabinet refinish 20%	32,200										
92	Unit vanity tops (22 avg units @ 15 sf)	19,800	14,308	5,492		19,800		(19,800)				
93	Unit vanity tops (22 avg units @ 15 sf)	19,800					3,043		3,043	16,757		19,800
94	Unit vanity tops (23 avg units @ 15 sf)	20,700										
95	Unit vanity tops (22 avg units @ 15 sf)	19,800										
96	Unit vanity tops (22 avg units @ 15 sf)	19,800										
UNIT BUILDING INT (cont.)												
97	Unit mirror replacement, 10%	2,000	2,000		(2,000)							
98	Unit mirror replacement, 10%	2,000	1,445	555		2,000		(2,000)				
99	Unit mirror replacement, 10%	2,000		928		928	1,072		2,000		(2,000)	
100	Unit mirror replacement, 10%	2,000					307		307	1,693		2,000
101	Unit mirror replacement, 10%	2,000								505		505
102	Unit mirror replacement, 10%	2,000										
103	Unit mirror replacement, 10%	2,000										

Sample

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

Item #	Description of Projected Replacement	Estimated Replacement Costs	Allocation of Beginning Balance	2015 Reserve Funding	2015 Projected Replacements	2015 End of Year Balance	2016 Reserve Funding	2016 Projected Replacements	2016 End of Year Balance	2017 Reserve Funding	2017 Projected Replacements	2017 End of Year Balance
104	Unit mirror replacement, 10%	2,000										
105	Unit mirror replacement, 10%	2,000										
106	Unit mirror replacement, 10%	2,000										
	UNIT BUILDING MECHANICAL											
107	Unit HVAC sys, 20%	95,200		44,179		44,179	51,021		95,200		(95,200)	
108	Unit HVAC sys, 20%	95,200					14,633		14,633	80,567		95,200
109	Unit HVAC sys, 20%	95,200								24,049		24,049
110	Unit HVAC sys, 20%	95,200										
111	Unit HVAC sys, 20%	95,200										
112	Unit hot water heaters, 20%	24,200		11,230		11,230	12,970		24,200		(24,200)	
113	Unit hot water heaters, 20%	24,200								6,113		6,113
114	Unit hot water heaters, 20%	25,300										
115	Unit hot water heaters, 20%	24,200										
116	Unit hot water heaters, 20%	24,200										
117	Unit appliance, 20%	61,400	44,368	17,032		61,400		(61,400)		51,962		61,400
118	Unit appliance, 20%	61,400					9,438		9,438			
119	Unit appliance, 20%	61,400										
120	Unit appliance, 20%	61,400										
121	Unit appliance, 20%	61,400										
122	Building piping (10% allowance)	70,000										
	CLUB HOUSE BUILDING											
123	CH Tile roofs	33,000										
124	CH Flat roofs	8,100										
125	CH Wood entry windows & doors	9,009	9,009		(9,009)							
126	CH Exterior windows	21,280										
127	CH Exterior door (allowance)	1,800		835		835	965		1,800		(1,800)	
128	CH Entrance lights	2,600										
129	CH Awnings, pool side	20,633	20,633		(20,633)		3,171		3,171	17,461		20,633
130	CH light fixture & fan (allowance)	6,000								1,516		1,516
131	CH Front desk	3,000								758		758
132	CH Renovate lobby	8,000	8,000		(8,000)							
133	CH Renovate upper level gallery	11,000					1,691		1,691	9,309		11,000
134	CH Renovate gallery restrooms	4,600					707		707	3,893		4,600
135	CH Renovate spa area	8,000		3,713		3,713	4,287		8,000		(8,000)	
136	CH Refurbish indoor spa	3,000										
137	CH Indoor shower & sauna	6,000										
138	CH Renovate lower level restrooms	7,600		3,527		3,527	4,073		7,600		(7,600)	
139	CH Renovate board room	5,000										
	CLUB HOUSE BUILDING - Cont'd											
140	CH Renovate exercise room	5,000								619		619
141	CH Ex equip, upright bike	2,450										
142	CH Ex equip, treadmill	10,400					1,599		1,599	8,801		10,400
143	CH Ex equip, elliptical trainer, 33%	3,600					553		553	3,047		3,600
144	CH Ex equip, rower	1,000		464		464	536		1,000		(1,000)	
145	CH Ex equip, multi-station trainer	5,500					845		845	4,655		5,500
146	CH Ex equip (refurb 10%)	3,000		1,392		1,392	1,608		3,000		(3,000)	
147	CH Exercise equip, miscell	1,500	1,084	416		1,500		(1,500)		379		379
148	CH Racquetball court, floor refinish	3,520	2,544	976		3,520		(3,520)				
149	CH Racquetball court, floor replace	12,000										
150	CH Racquetball court lights	1,040										
151	CH Renovate restaurant & patio	9,000	6,503	2,497		9,000		(9,000)				
152	CH Renovate bar	4,000	2,890	1,110		4,000		(4,000)		1,010		1,010
153	CH Renovate lower admin	7,000					1,076		1,076	5,924		7,000
154	CH Office furniture	18,000		8,353		8,353	9,647		18,000		(18,000)	
155	Copy machine	12,000	8,671	3,329		12,000		(12,000)				
156	Computers, Phase 1	12,100	12,100		(12,100)							
157	Computers, Phase 2	11,000		5,105		5,105	5,895		11,000		(11,000)	
158	Computers, Phase 3	9,900								2,501		2,501
	CLUB HOUSE BUILDING - Cont'd											
159	CH Elevator cab & door, passenger	15,000										
160	CH Elevator control, passenger	26,700										
161	CH Elevator hydraulics, passenger	13,400										
162	CH Elevator cab & door, freight	6,000										
163	CH Elevator control, freight	30,000										
164	CH Elevator hydraulics, freight	15,000										
165	CH Telephone system	40,000										
166	CH Security camera (25%)	4,800		2,228		2,228	2,572		4,800		(4,800)	
167	CH Radio handsets	6,000		2,784		2,784	3,216		6,000		(6,000)	

Sample



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

Item #	Description of Projected Replacement	Estimated Replacement Costs	Allocation of Beginning Balance	2015 Reserve Funding	2015 Projected Replacements	2015 End of Year Balance	2016 Reserve Funding	2016 Projected Replacements	2016 End of Year Balance	2017 Reserve Funding	2017 Projected Replacements	2017 End of Year Balance
168	CH Audio & video equip (allowance)	9,000					1,383		1,383	7,617		9,000
169	CH HVAC systems (25%)	11,000		5,105		5,105	5,895		11,000		(11,000)	
170	CH HVAC systems (25%)	11,000										
171	CH HVAC systems (25%)	11,000										
172	CH HVAC systems (25%)	11,000										
173	CH Hot water solar panels	3,600								909		909
174	CH Hot water booster	2,000								505		505
175	CH Hot water holding tank	1,200								303		303
176	CH Hot water heater	2,300		1,067		1,067	1,233		2,300		(2,300)	
CLUB HOUSE BUILDING - Cont'd												
177	Range hood	7,600										
178	Range	2,100	2,100		(2,100)							
179	Grill	1,500	1,500		(1,500)							
180	Fryer	1,100	1,100		(1,100)							
181	Work areas, SS (allowance)	1,500										
182	Sandwich/salad Bar	2,400										
183	Refrigerator, 20%	1,500	1,084	416		1,500	804	(1,500)				
184	Refrigerator, 20%	1,500		696		696			1,500		(1,500)	
185	Refrigerator, 20%	1,500								379		379
186	Refrigerator, 20%	1,500										
187	Refrigerator, 20%	1,500										
188	Dishwasher	3,800										
189	Ice machine, grill, 50%	3,000								758		758
190	Ice machine, grill, 50%	3,000										
191	Ice machines, unit use	9,000		4,177		4,177	4,823		9,000		(9,000)	
192	Beer cooler/tap	5,000	3,613	1,387		5,000		(5,000)				
193	Portable bar	1,500	1,084	416		1,500		(1,500)				
194	Podium	1,200										
SWIMMING POOLS & SPA												
195	Main pool, pebble tech	44,000										
196	Main pool tile	3,060										
197	Wading pool, pebble tech	7,975										
198	Wading pool tile	1,200										
199	Spa outdoor, pebble tech	3,509										
200	Spa outdoor tile	720										
201	Pool furniture	24,000		11,138		11,138	12,862		24,000		(24,000)	
202	Pool ladders & handrails	2,400										
203	Pool misting system	6,000	6,000		(6,000)		922		922	5,078		6,000
204	Pool equip: pumps & filters	30,000	21,678	8,322		30,000		(30,000)		7,579		7,579
205	Pool piping (allowance)	45,000										
206	Pool vinyl sound fence	3,200										
207	Pool metal railing	1,620										
208	Pool metal gates	1,500										
209	Pool deck main	72,820	72,820		(72,820)							
210	Spa & wade pool decks	12,430	8,982	3,448		12,430		(12,430)				
211	Bath house refurbishment	7,000					1,076		1,076	5,924		7,000
212	Bath house HVAC	3,500										
COURTS & AMENITIES												
213	Tennis resurface/overlay	25,740		11,945		11,945	13,795		25,740		(25,740)	
214	Tennis court posts	7,800										
215	Tennis court nets & screens	1,500	1,084	416		1,500		(1,500)		379		379
216	Tennis court light - heads	9,900										
217	Tennis court light - poles	30,000										
218	Basketball poles & backstops	2,400										
219	Playground equipment	15,000										
220	Gas BBQ grills, 50%	1,600		743		743	857		1,600		(1,600)	

Sample



## COMPONENT METHOD

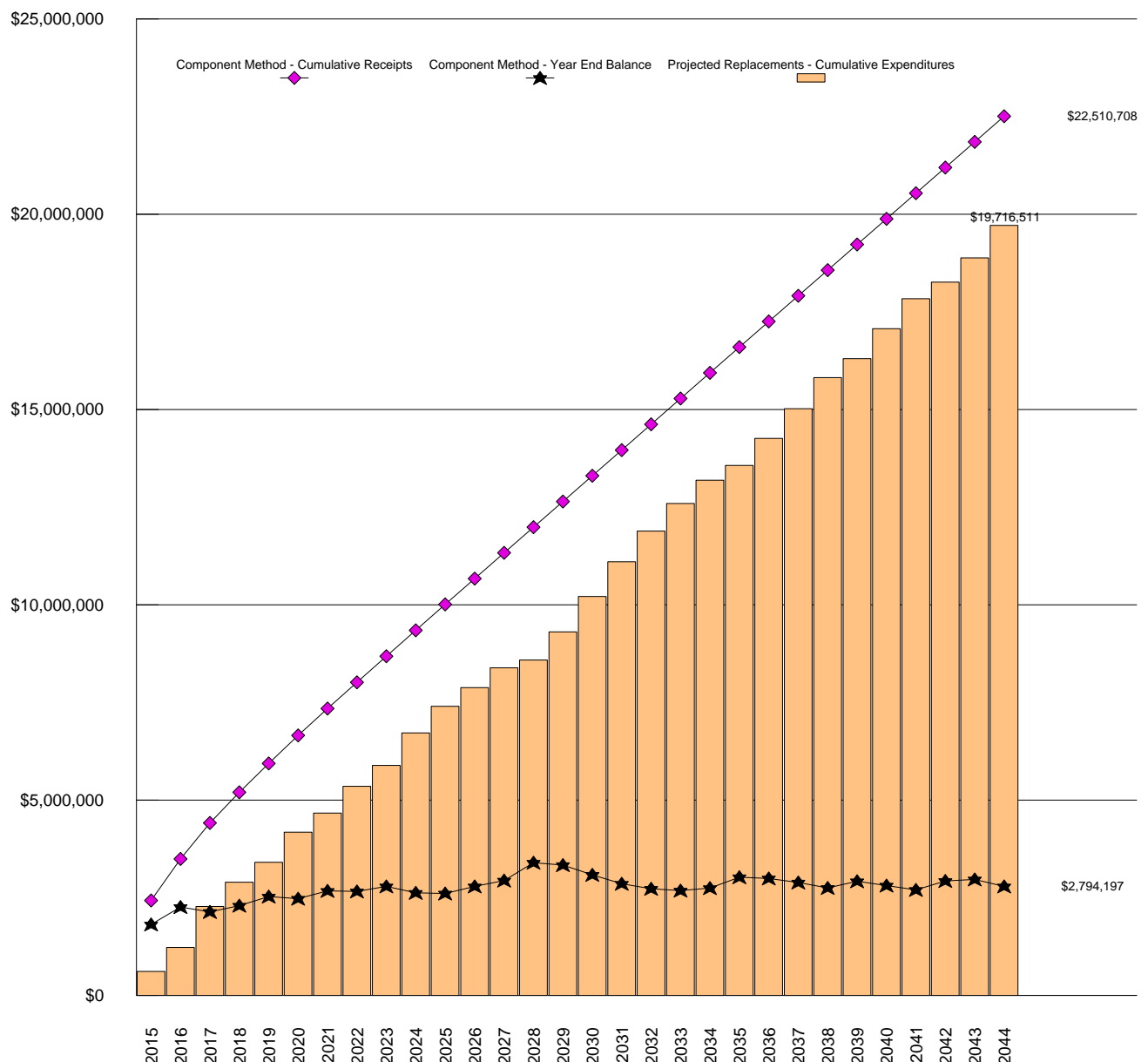


**\$1,373,425**

### COMPONENT METHOD RECOMMENDED ANNUAL FUNDING OF REPLACEMENT RESERVES IN THE STUDY YEAR, 2015.

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 220 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



Sample

## 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 220 Projected Replacements. The total, \$2,961,383, 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 (\$1,060,000) by the Current Funding Objective (\$2,961,383). At Timeshare Resort the Funding Percentage is 35.8%
- **Allocation of the Beginning Balance.** The Beginning Balance is divided among the 220 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 35.8 percent funded, there is \$286 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 \$1,373,425, the Component Method Recommended Annual Funding of Replacement Reserves in the Study Year (2015).

In our fence example, the \$286 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 \$357. Next year, the deposit remains \$357, 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	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Beginning balance	\$1,060,000									
Recommended annual funding	\$1,373,425	\$1,062,877	\$920,101	\$786,363	\$738,956	\$717,340	\$687,860	\$672,247	\$665,969	\$664,909
Interest on reserves										
Expenditures	\$614,235	\$616,890	\$1,046,138	\$624,186	\$508,124	\$770,123	\$490,256	\$685,212	\$536,622	\$828,733
Year end balance	\$1,819,191	\$2,265,178	\$2,139,141	\$2,301,318	\$2,532,150	\$2,479,368	\$2,676,972	\$2,664,007	\$2,793,354	\$2,629,529
Cumulative Expenditures	\$614,235	\$1,231,125	\$2,277,262	\$2,901,448	\$3,409,572	\$4,179,695	\$4,669,950	\$5,355,162	\$5,891,784	\$6,720,517
Cumulative Receipts	\$2,433,425	\$3,496,302	\$4,416,403	\$5,202,766	\$5,941,722	\$6,659,062	\$7,346,922	\$8,019,169	\$8,685,138	\$9,350,046
Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Recommended annual funding	\$663,842	\$659,315	\$658,600	\$658,235	\$657,986	\$656,760	\$659,482	\$659,482	\$658,921	\$658,535
Interest on reserves										
Expenditures	\$682,645	\$479,054	\$506,244	\$201,580	\$718,350	\$909,236	\$887,680	\$785,469	\$706,670	\$594,873
Year end balance	\$2,610,727	\$2,790,989	\$2,943,345	\$3,399,999	\$3,339,635	\$3,087,160	\$2,858,963	\$2,732,976	\$2,685,228	\$2,748,890
Cumulative Expenditures	\$7,403,162	\$7,882,216	\$8,388,460	\$8,590,040	\$9,308,390	\$10,217,625	\$11,105,305	\$11,890,773	\$12,597,443	\$13,192,315
Cumulative Receipts	\$10,013,889	\$10,673,204	\$11,331,804	\$11,990,039	\$12,648,024	\$13,304,785	\$13,964,267	\$14,623,749	\$15,282,670	\$15,941,205
Year	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Recommended annual funding	\$658,382	\$658,232	\$657,247	\$657,004	\$656,738	\$656,738	\$656,370	\$656,263	\$656,263	\$656,263
Interest on reserves										
Expenditures	\$379,302	\$690,754	\$759,560	\$798,468	\$484,446	\$767,545	\$765,963	\$426,406	\$620,022	\$831,732
Year end balance	\$3,027,970	\$2,995,449	\$2,893,136	\$2,751,673	\$2,923,965	\$2,813,159	\$2,703,566	\$2,933,424	\$2,969,665	\$2,794,197
Cumulative Expenditures	\$13,571,617	\$14,262,371	\$15,021,931	\$15,820,398	\$16,304,844	\$17,072,389	\$17,838,352	\$18,264,757	\$18,884,779	\$19,716,511
Cumulative Receipts	\$16,599,587	\$17,257,819	\$17,915,067	\$18,572,071	\$19,228,809	\$19,885,548	\$20,541,918	\$21,198,181	\$21,854,444	\$22,510,708

Sample

## COMPONENT METHOD ACCOUNTING SUMMARY

This Timeshare Resort - Component Method Accounting Summary is an attachment to the Timeshare Resort - Replacement Reserve Study dated January 1, 2015 and is for use by accounting and reserve professionals experienced in Association funding and accounting principles. This Summary consists of four reports, the 2015, 2016, and 2017 Component Method Category Funding Reports (3) and a Three-Year Replacement Funding Report.

- COMPONENT METHOD CATEGORY FUNDING REPORT, 2015, 2016, and 2017. Each of the 220 Projected Replacements listed in the Timeshare Resort Replacement Reserve Inventory has been assigned to one of 14 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 \$1,060,000 Beginning Balance (at the start of the Study Year) and the \$3,356,403 of additional Replacement Reserve funding from 2015 to 2017 (as calculated in the Replacement Reserve Analysis) to each of the 220 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 2015 through 2017.
  - Allocation of the \$1,060,000 Beginning Balance to the Projected Replacements by the Component Method.
  - Allocation of the \$3,356,403 of additional Replacement Reserve Funding recommended in the Replacement Reserve Analysis in years 2015 through 2017, by the Component Method.

Sample

## 2015 - COMPONENT METHOD CATEGORY FUNDING REPORT

Each of the 220 Projected Replacements included in the Timeshare Resort Replacement Reserve Inventory has been assigned to one of the 14 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 \$1,060,000 as of the first day of the Study Year, January 1, 2015.
- Total reserve funding (including the Beginning Balance) of \$2,433,425 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 2015 being accomplished in 2015 at a cost of \$614,235.

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.

**2015 - COMPONENT METHOD CATEGORY FUNDING - TABLE CM1**

CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2015 BEGINNING BALANCE	2015 RESERVE FUNDING	2015 PROJECTED REPLACEMENTS	2015 END OF YEAR BALANCE
SITE COMPONENTS	3 to 40 years	0 to 22 years	\$305,371	\$33,313	\$45,990	\$43,551	\$35,751
SITE COMPONENTS (cont.)	3 to 20 years	1 to 15 years	\$136,000	\$17,043	\$32,128		\$49,170
UNIT BUILDING EXTERIORS	5 to 30 years	2 to 29 years	\$723,600	\$102,618	\$86,418		\$189,037
UNIT BUILDING EXT (cont.)	5 to 20 years	0 to 18 years	\$321,200	\$53,312	\$38,348	\$8,000	\$83,659
UNIT BUILDING INTERIORS	7 to 25 years	0 to 24 years	\$2,498,547	\$454,817	\$712,109	\$406,962	\$759,964
UNIT BUILDING INT (cont.)	12 to 30 years	0 to 19 years	\$461,760	\$92,417	\$79,016	\$20,460	\$150,973
UNIT BUILDING INT (cont.)	25 years	0 to 24 years	\$20,000	\$5,183	\$3,942	\$2,000	\$7,125
UNIT BUILDING MECHANICAL	10 to 12 years	1 to 15 years	\$975,100	\$157,321	\$159,407		\$316,728
CLUB HOUSE BUILDING	3 to 30 years	0 to 25 years	\$158,622	\$27,035	\$39,663	\$37,642	\$29,056
CLUB HOUSE BUILDING - Cont'd	3 to 25 years	0 to 13 years	\$132,010	\$19,906	\$39,358	\$12,100	\$47,164
CLUB HOUSE BUILDING - Cont'd	3 to 30 years	2 to 17 years	\$219,000	\$32,876	\$26,753		\$59,628
CLUB HOUSE BUILDING - Cont'd	5 to 20 years	0 to 9 years	\$50,200	\$8,105	\$12,558	\$4,700	\$15,963
SWIMMING POOLS & SPA	3 to 40 years	0 to 20 years	\$269,934	\$43,164	\$84,609	\$78,820	\$48,953
COURTS & AMENITIES	3 to 40 years	1 to 25 years	\$93,940	\$12,892	\$13,127		\$26,018

Sample

## 2016 - COMPONENT METHOD CATEGORY FUNDING REPORT

Each of the 220 Projected Replacements included in the Timeshare Resort Replacement Reserve Inventory has been assigned to one of the 14 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 \$1,819,191 on January 1, 2016.
- Total reserve funding (including the Beginning Balance) of \$3,496,302 from 2015 through 2016.
- 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 \$616,890.

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 CM2

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	3 to 40 years	1 to 21 years	\$305,371	\$35,751	\$27,709		\$63,460
SITE COMPONENTS (cont.)	3 to 20 years	0 to 14 years	\$136,000	\$49,170	\$32,128	\$43,600	\$37,698
UNIT BUILDING EXTERIORS	5 to 30 years	1 to 28 years	\$723,600	\$189,037	\$86,418		\$275,455
UNIT BUILDING EXT (cont.)	5 to 20 years	1 to 17 years	\$321,200	\$83,659	\$34,811		\$118,471
UNIT BUILDING INTERIORS	7 to 25 years	0 to 24 years	\$2,498,547	\$759,964	\$504,363	\$356,880	\$907,447
UNIT BUILDING INT (cont.)	12 to 30 years	0 to 18 years	\$461,760	\$150,973	\$67,585	\$71,060	\$147,497
UNIT BUILDING INT (cont.)	25 years	0 to 24 years	\$20,000	\$7,125	\$2,738	\$2,000	\$7,862
UNIT BUILDING MECHANICAL	10 to 12 years	0 to 14 years	\$975,100	\$316,728	\$159,407	\$61,400	\$414,736
CLUB HOUSE BUILDING	3 to 30 years	1 to 24 years	\$158,622	\$29,056	\$24,333		\$53,389
CLUB HOUSE BUILDING - Cont'd	3 to 25 years	0 to 12 years	\$132,010	\$47,164	\$34,009	\$30,020	\$51,153
CLUB HOUSE BUILDING - Cont'd	3 to 30 years	1 to 16 years	\$219,000	\$59,628	\$26,753		\$86,381
CLUB HOUSE BUILDING - Cont'd	5 to 20 years	0 to 14 years	\$50,200	\$15,963	\$9,853	\$8,000	\$17,817
SWIMMING POOLS & SPA	3 to 40 years	0 to 19 years	\$269,934	\$48,953	\$39,643	\$42,430	\$46,166
COURTS & AMENITIES	3 to 40 years	0 to 24 years	\$93,940	\$26,018	\$13,127	\$1,500	\$37,645

Sample

## 2017 - COMPONENT METHOD CATEGORY FUNDING REPORT

Each of the 220 Projected Replacements included in the Timeshare Resort Replacement Reserve Inventory has been assigned to one of the 14 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 \$2,265,178 on January 1, 2017.
- Total Replacement Reserve funding (including the Beginning Balance) of \$4,416,403 from 2015 to 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 \$1,046,138.

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 CM3

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	3 to 40 years	0 to 20 years	\$305,371	\$63,460	\$27,709	\$15,130	\$76,040
SITE COMPONENTS (cont.)	3 to 20 years	0 to 14 years	\$136,000	\$37,698	\$23,284	\$24,000	\$36,982
UNIT BUILDING EXTERIORS	5 to 30 years	0 to 27 years	\$723,600	\$275,455	\$86,418	\$179,140	\$182,734
UNIT BUILDING EXT (cont.)	5 to 20 years	0 to 16 years	\$321,200	\$118,471	\$34,811	\$62,640	\$90,642
UNIT BUILDING INTERIORS	7 to 25 years	0 to 24 years	\$2,498,547	\$907,447	\$420,959	\$507,488	\$820,918
UNIT BUILDING INT (cont.)	12 to 30 years	1 to 29 years	\$461,760	\$147,497	\$47,279		\$194,777
UNIT BUILDING INT (cont.)	25 years	0 to 24 years	\$20,000	\$7,862	\$2,147	\$2,000	\$8,009
UNIT BUILDING MECHANICAL	10 to 12 years	0 to 13 years	\$975,100	\$414,736	\$143,638	\$119,400	\$438,974
CLUB HOUSE BUILDING	3 to 30 years	0 to 23 years	\$158,622	\$53,389	\$24,333	\$17,400	\$60,322
CLUB HOUSE BUILDING - Cont'd	3 to 25 years	0 to 11 years	\$132,010	\$51,153	\$28,811	\$33,000	\$46,964
CLUB HOUSE BUILDING - Cont'd	3 to 30 years	0 to 15 years	\$219,000	\$86,381	\$26,753	\$24,100	\$89,034
CLUB HOUSE BUILDING - Cont'd	5 to 20 years	0 to 13 years	\$50,200	\$17,817	\$8,150	\$10,500	\$15,467
SWIMMING POOLS & SPA	3 to 40 years	0 to 19 years	\$269,934	\$46,166	\$32,841	\$24,000	\$55,007
COURTS & AMENITIES	3 to 40 years	0 to 23 years	\$93,940	\$37,645	\$12,966	\$27,340	\$23,271

Sample

## COMPONENT METHOD - THREE-YEAR REPLACEMENT FUNDING REPORT

TABLE CM4 below details the allocation of the \$1,060,000 Beginning Balance, as reported by the Association and the \$3,356,403 of Replacement Reserve Funding calculated by the Cash Flow Method from 2015 to 2017, to the 220 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 \$1,060,000 on January 1, 2015.
- Replacement Reserves on Deposit totaling \$1,819,191 on January 1, 2016.
- Replacement Reserves on Deposit totaling \$2,265,178 on January 1, 2017.
- Total Replacement Reserve funding (including the Beginning Balance) of \$4,416,403 from 2015 to 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 from 2015 to 2017 being accomplished as scheduled in the Replacement Reserve Inventory at a cost of \$2,277,262.

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	2015 Reserve Funding	2015 Projected Replacements	2015 End of Year Balance	2016 Reserve Funding	2016 Projected Replacements	2016 End of Year Balance	2017 Reserve Funding	2017 Projected Replacements	2017 End of Year Balance
SITE COMPONENTS												
1	Asphalt slurry seal	17,901	6,408	11,493	(17,901)		5,967		5,967	5,967		11,934
2	Asphalt mill & overlay	115,830	11,056	4,762		15,819	4,762		20,581	4,762		25,343
3	Concrete work, plain, 2%	7,650	2,738	4,912	(7,650)		1,275		1,275	1,275		2,550
4	Concrete work, stamped, 10%	9,600	3,436	6,164	(9,600)		1,600		1,600	1,600		3,200
5	Masonry wall repair, 3%	8,400	3,007	5,393	(8,400)		840		840	840		1,680
6	Vehicle gates	16,000	2,434	590		3,024	590		3,614	590		4,203
7	Trash corral gates	12,000		600		600	600		1,200	600		1,800
8	Site lighting, bollard & pole lights	90,000		5,625		5,625	5,625		11,250	5,625		16,875
9	Awning fabric, playground	6,105	1,366	1,580		2,946	1,580		4,525	1,580	(6,105)	
10	Awning fabric, labyrinth	3,200	286	486		772	486		1,258	486		1,743
11	Awning fabric, BBQ	1,800		225		225	225		450	225		675
12	Awning fabric, wade pool	9,025	2,019	2,335		4,354	2,335		6,690	2,335	(9,025)	
13	Awning fabric, ice machines & other	7,860	563	1,824		2,387	1,824		4,211	1,824		6,036
SITE COMPONENTS (cont.)												
14	Lift pumps	1,200	143	528		672	528	(1,200)		400		400
15	U/G water & sanitary lines, 10%	13,000	2,327	2,135		4,461	2,135		6,596	2,135		8,731
16	Stormwater mgmt (allowance)	2,500		250		250	250		500	250		750
17	Housekeeping equip	18,000	2,148	7,926		10,074	7,926	(18,000)		6,000		6,000
18	Golf carts	24,000		8,000		8,000	8,000		16,000	8,000	(24,000)	
19	Laundry, washers 50 lbs	24,400	7,569	8,415		15,985	8,415	(24,400)		1,627		1,627
20	Laundry, washers 30 lbs	5,800		363		363	363		725	363		1,088
21	Laundry, dryers 75 lbs	14,100		881		881	881		1,763	881		2,644
22	Laundry, hot water tank	8,000	286	857		1,143	857		2,000	857		2,858
23	Laundry, water purification	5,000	239	366		605	366		971	366		1,337
24	Laundry, kitchen (allowance)	2,000	286	286		572	286		858	286		1,143
25	Laundry, empl restrooms, refurbish	3,000	286	247		533	247		780	247		1,026
26	Storage sheds (allowance)	15,000	3,758	1,874		5,632	1,874		7,506	1,874		9,379
UNIT BUILDING EXTERIORS												
27	Tile roofing, 20%	45,000	14,497	10,168		24,664	10,168		34,832	10,168	(45,000)	
28	Tile roofing, 20%	45,000	12,886	5,352		18,238	5,352		23,591	5,352		28,943
29	Tile roofing, 20%	45,000	3,221	1,741		4,962	1,741		6,703	1,741		8,444
30	Tile roofing, 20%	45,000	1,611	1,607		3,218	1,607		4,825	1,607		6,432
31	Tile roofing, 20%	45,000		1,500		1,500	1,500		3,000	1,500		4,500
32	Foam roofing, 33%	36,000	9,020	8,993		18,013	8,993		27,007	8,993	(36,000)	
33	Foam roofing, 33%	36,000	3,866	4,591		8,456	4,591		13,047	4,591		17,638
34	Foam roofing, 33%	36,000		3,600		3,600	3,600		7,200	3,600		10,800
35	Unit B deck membranes, 33%	42,550	10,661	10,630		21,291	10,630		31,920	10,630	(42,550)	
36	Unit B deck membranes, 33%	42,550	4,569	5,426		9,995	5,426		15,421	5,426		20,847
37	Unit B deck membranes, 33%	42,550		4,255		4,255	4,255		8,510	4,255		12,765
38	Wood trim & fascia (allowance)	3,750	537	1,071		1,608	1,071		2,679	1,071	(3,750)	
39	Unit windows, 10%	51,840	15,772	12,023		27,795	12,023		39,817	12,023	(51,840)	

Sample



COMPONENT METHOD - THREE-YEAR REPLACEMENT FUNDING - TABLE CM4 cont'd												
Item #	Description of Projected Replacement	Estimated Replacement Costs	Allocation of Beginning Balance	2015 Reserve Funding	2015 Projected Replacements	2015 End of Year Balance	2016 Reserve Funding	2016 Projected Replacements	2016 End of Year Balance	2017 Reserve Funding	2017 Projected Replacements	2017 End of Year Balance
40	Unit windows, 10%	51,840	12,061	5,683		17,744	5,683		23,427	5,683		29,109
41	Unit windows, 10%	51,840	8,350	3,954		12,304	3,954		16,257	3,954		20,211
42	Unit windows, 10%	51,840	4,639	3,147		7,786	3,147		10,932	3,147		14,079
43	Unit windows, 10%	51,840	928	2,680		3,607	2,680		6,287	2,680		8,967
UNIT BUILDING EXT (cont.)												
44	Unit patio doors, 20%	38,640	11,756	8,961		20,717	8,961		29,679	8,961	(38,640)	
45	Unit patio doors, 20%	38,640	8,990	4,236		13,226	4,236		17,461	4,236		21,697
46	Unit patio doors, 20%	38,640	6,224	2,947		9,171	2,947		12,118	2,947		15,065
47	Unit patio doors, 20%	38,640	3,458	2,345		5,803	2,345		8,149	2,345		10,494
48	Unit patio doors, 20%	38,640	692	1,997		2,689	1,997		4,686	1,997		6,683
49	Unit front door panels & hrdwr, 10%	24,000	7,302	5,566		12,868	5,566		18,434	5,566	(24,000)	
50	Unit front door panels & hrdwr, 10%	24,000	5,584	2,631		8,215	2,631		10,846	2,631		13,477
51	Unit front door panels & hrdwr, 10%	24,000	3,866	1,830		5,696	1,830		7,527	1,830		9,357
52	Unit front door panels & hrdwr, 10%	24,000	2,148	1,457		3,604	1,457		5,061	1,457		6,518
53	Unit front door panels & hrdwr, 10%	24,000	430	1,241		1,670	1,241		2,911	1,241		4,151
54	Unit D, metal stair refurb (allowance)	8,000	2,864	5,136	(8,000)		1,600		1,600	1,600		3,200
UNIT BUILDING INTERIORS												
55	Renovate interiors, Units A1 to 25	507,488	103,800	134,562		238,363	134,562		372,925	134,562	(507,488)	
56	Renovate interiors, Units A26 to 40	304,493	46,710	64,446		111,156	64,446		175,601	64,446		240,047
57	Renovate interiors, Units B1 to 25	333,120	119,237	213,883	(333,120)		47,589		47,589	47,589		95,177
58	Renovate interiors, Units B26 to 50	333,120	85,169	123,975		209,145	123,975	(333,120)		47,589		47,589
59	Renovate interiors, Units C1 to 9	215,661	11,028	34,105		45,133	34,105		79,239	34,105		113,344
60	Renovate interiors, Units D1 to 12	264,414	27,041	47,475		74,516	47,475		121,990	47,475		169,465
61	Unit carpet (19 avg units @ 775 sf)	50,082	17,926	32,156	(50,082)		5,008		5,008	5,008		10,016
62	Unit carpet (19 avg units @ 775 sf)	50,082	7,171	7,152		14,322	7,152		21,474	7,152		28,626
63	Unit carpet (19 avg units @ 775 sf)	50,082	5,378	6,386		11,764	6,386		18,151	6,386		24,537
64	Unit carpet (19 avg units @ 775 sf)	50,082	3,585	5,812		9,397	5,812		15,209	5,812		21,022
65	Unit carpet (19 avg units @ 775 sf)	50,082	1,793	5,365		7,158	5,365		12,524	5,365		17,889
66	Unit carpet (19 avg units @ 775 sf)	50,082		5,008		5,008	5,008		10,016	5,008		15,025
67	Unit tile floor (11 avg units @ 180 sf)	23,760	8,505	15,255	(23,760)		950		950	950		1,901
68	Unit tile floor (11 avg units @ 180 sf)	23,760	7,824	7,968		15,792	7,968	(23,760)		950		950
69	Unit tile floor (11 avg units @ 180 sf)	23,760	2,381	1,188		3,569	1,188		4,757	1,188		5,944
70	Unit tile floor (11 avg units @ 180 sf)	23,760	2,041	1,143		3,184	1,143		4,327	1,143		5,470
71	Unit tile floor (11 avg units @ 180 sf)	23,760	1,701	1,103		2,804	1,103		3,907	1,103		5,010
72	Unit tile floor (12 avg units @ 180 sf)	25,920	1,484	1,164		2,648	1,164		3,812	1,164		4,975
73	Unit tile floor (11 avg units @ 180 sf)	23,760	1,021	1,034		2,054	1,034		3,088	1,034		4,121
74	Unit tile floor (11 avg units @ 180 sf)	23,760	680	1,003		1,684	1,003		2,687	1,003		3,691
75	Unit tile floor (11 avg units @ 180 sf)	23,760	340	976		1,316	976		2,292	976		3,268
76	Unit tile floor (11 avg units @ 180 sf)	23,760		950		950	950		1,901	950		2,851
UNIT BUILDING INT (cont.)												
77	Unit kit cntrs (11 avg units @ 31 sf)	20,460	7,323	13,137	(20,460)		1,705		1,705	1,705		3,410
78	Unit kit cntrs (11 avg units @ 31 sf)	20,460	6,103	7,179		13,281	7,179	(20,460)		1,705		1,705
79	Unit kit cntrs (11 avg units @ 31 sf)	20,460	4,272	3,238		7,510	3,238		10,747	3,238		13,985
80	Unit kit cntrs (11 avg units @ 31 sf)	20,460	3,662	2,800		6,461	2,800		9,261	2,800		12,061
81	Unit kit cntrs (11 avg units @ 31 sf)	20,460	3,051	2,487		5,538	2,487		8,025	2,487		10,512
82	Unit kit cntrs (12 avg units @ 31 sf)	22,320	2,663	2,457		5,120	2,457		7,577	2,457		10,034
83	Unit kit cntrs (11 avg units @ 31 sf)	20,460	1,831	2,070		3,901	2,070		5,971	2,070		8,041
84	Unit kit cntrs (11 avg units @ 31 sf)	20,460	1,221	1,924		3,145	1,924		5,068	1,924		6,992
85	Unit kit cntrs (11 avg units @ 31 sf)	20,460	610	1,805		2,415	1,805		4,219	1,805		6,024
86	Unit kit cntrs (11 avg units @ 31 sf)	20,460		1,705		1,705	1,705		3,410	1,705		5,115
87	Unit cabinet refinish 20%	30,800	9,922	10,439		20,361	10,439	(30,800)		1,540		1,540
88	Unit cabinet refinish 20%	30,800	8,820	5,495		14,315	5,495		19,810	5,495		25,305
89	Unit cabinet refinish 20%	30,800	7,717	3,847		11,564	3,847		15,411	3,847		19,259
90	Unit cabinet refinish 20%	30,800	6,615	3,023		9,638	3,023		12,661	3,023		15,684
91	Unit cabinet refinish 20%	32,200		1,610		1,610	1,610		3,220	1,610		4,830
92	Unit vanity tops (22 avg units @ 15 sf)	19,800	6,615	6,593		13,207	6,593	(19,800)		660		660
93	Unit vanity tops (22 avg units @ 15 sf)	19,800	6,142	3,414		9,557	3,414		12,971	3,414		16,386
94	Unit vanity tops (23 avg units @ 15 sf)	20,700	5,928	2,462		8,390	2,462		10,852	2,462		13,314
95	Unit vanity tops (22 avg units @ 15 sf)	19,800	5,197	1,825		7,023	1,825		8,848	1,825		10,673
96	Unit vanity tops (22 avg units @ 15 sf)	19,800	4,725	1,508		6,232	1,508		7,740	1,508		9,247
UNIT BUILDING INT (cont.)												
97	Unit mirror replacement, 10%	2,000	716	1,284	(2,000)		80		80	80		160
98	Unit mirror replacement, 10%	2,000	659	671		1,329	671	(2,000)		80		80
99	Unit mirror replacement, 10%	2,000	630	457		1,087	457		1,543	457	(2,000)	
100	Unit mirror replacement, 10%	2,000	601	350		951	350		1,301	350		1,650
101	Unit mirror replacement, 10%	2,000	573	285		858	285		1,144	285		1,429
102	Unit mirror replacement, 10%	2,000	544	243		787	243		1,029	243		1,272
103	Unit mirror replacement, 10%	2,000	515	212		728	212		940	212		1,152

Sample



COMPONENT METHOD - THREE-YEAR REPLACEMENT FUNDING - TABLE CM4 cont'd												
Item #	Description of Projected Replacement	Estimated Replacement Costs	Allocation of Beginning Balance	2015 Reserve Funding	2015 Projected Replacements	2015 End of Year Balance	2016 Reserve Funding	2016 Projected Replacements	2016 End of Year Balance	2017 Reserve Funding	2017 Projected Replacements	2017 End of Year Balance
104	Unit mirror replacement, 10%	2,000	487	189		676	189		865	189		1,054
105	Unit mirror replacement, 10%	2,000	458	171		629	171		801	171		972
106	Unit mirror replacement, 10%	2,000		80		80	80		160	80		240
UNIT BUILDING MECHANICAL												
107	Unit HVAC sys, 20%	95,200	25,557	23,214		48,771	23,214		71,986	23,214	(95,200)	
108	Unit HVAC sys, 20%	95,200	22,717	18,121		40,838	18,121		58,959	18,121		77,079
109	Unit HVAC sys, 20%	95,200	19,878	15,064		34,942	15,064		50,007	15,064		65,071
110	Unit HVAC sys, 20%	95,200	17,038	13,027		30,065	13,027		43,092	13,027		56,119
111	Unit HVAC sys, 20%	95,200	14,198	11,572		25,770	11,572		37,342	11,572		48,913
112	Unit hot water heaters, 20%	24,200	6,064	6,045		12,109	6,045		18,155	6,045	(24,200)	
113	Unit hot water heaters, 20%	24,200	4,331	3,974		8,305	3,974		12,279	3,974		16,252
114	Unit hot water heaters, 20%	25,300	2,717	3,226		5,943	3,226		9,169	3,226		12,395
115	Unit hot water heaters, 20%	24,200	866	2,593		3,459	2,593		6,052	2,593		8,644
116	Unit hot water heaters, 20%	24,200		2,200		2,200	2,200		4,400	2,200		6,600
117	Unit appliance, 20%	61,400	17,582	21,909		39,491	21,909	(61,400)		6,140		6,140
118	Unit appliance, 20%	61,400	13,187	12,053		25,240	12,053		37,293	12,053		49,347
119	Unit appliance, 20%	61,400	8,791	8,768		17,559	8,768		26,327	8,768		35,096
120	Unit appliance, 20%	61,400	4,396	7,126		11,521	7,126		18,647	7,126		25,772
121	Unit appliance, 20%	61,400		6,140		6,140	6,140		12,280	6,140		18,420
122	Building piping (10% allowance)	70,000		4,375		4,375	4,375		8,750	4,375		13,125
CLUB HOUSE BUILDING												
123	CH Tile roofs	33,000	1,575	1,209		2,784	1,209		3,992	1,209		5,201
124	CH Flat roofs	8,100	1,160	1,157		2,316	1,157		3,473	1,157		4,630
125	CH Wood entry windows & doors	9,009	3,225	5,784	(9,009)		360		360	360		721
126	CH Exterior windows	21,280	4,570	1,392		5,963	1,392		7,355	1,392		8,748
127	CH Exterior door (allowance)	1,800	258	514		772	514		1,286	514	(1,800)	
128	CH Entrance lights	2,600	372	124		496	124		620	124		744
129	CH Awnings, pool side	20,633	7,385	13,247	(20,633)		6,878		6,878	6,878		13,755
130	CH light fixture & fan (allowance)	6,000		1,200		1,200	1,200		2,400	1,200		3,600
131	CH Front desk	3,000		600		600	600		1,200	600		1,800
132	CH Renovate lobby	8,000	2,864	5,136	(8,000)		1,600		1,600	1,600		3,200
133	CH Renovate upper level gallery	11,000	1,312	2,422		3,734	2,422		6,156	2,422		8,578
134	CH Renovate gallery restrooms	4,600	549	1,013		1,562	1,013		2,574	1,013		3,587
135	CH Renovate spa area	8,000	1,145	2,285		3,430	2,285		5,715	2,285	(8,000)	
136	CH Refurbish indoor spa	3,000	501	312		813	312		1,126	312		1,438
137	CH Indoor shower & sauna	6,000	1,031	382		1,413	382		1,795	382		2,178
138	CH Renovate lower level restrooms	7,600	1,088	2,171		3,259	2,171		5,429	2,171	(7,600)	
139	CH Renovate board room	5,000		714		714	714		1,429	714		2,143
CLUB HOUSE BUILDING - Cont'd												
140	CH Renovate exercise room	5,000		714		714	714		1,429	714		2,143
141	CH Ex equip, upright bike	2,450	438	402		841	402		1,243	402		1,645
142	CH Ex equip, treadmill	10,400	2,234	2,042		4,275	2,042		6,317	2,042		8,358
143	CH Ex equip, elliptical trainer, 33%	3,600		900		900	900		1,800	900		2,700
144	CH Ex equip, rower	1,000	251	250		500	250		750	250	(1,000)	
145	CH Ex equip, multi-station trainer	5,500	1,654	962		2,615	962		3,577	962		4,538
146	CH Ex equip (refurb 10%)	3,000	430	857		1,286	857		2,143	857	(3,000)	
147	CH Exercise equip, miscell	1,500	179	661		839	661	(1,500)		500		500
148	CH Racquetball court, floor refinish	3,520	630	1,445		2,075	1,445	(3,520)		880		880
149	CH Racquetball court, floor replace	12,000	1,790	729		2,519	729		3,248	729		3,978
150	CH Racquetball court lights	1,040	155	63		218	63		282	63		345
151	CH Renovate restaurant & patio	9,000	1,933	3,534		5,466	3,534	(9,000)		1,800		1,800
152	CH Renovate bar	4,000	477	1,761		2,239	1,761	(4,000)		1,333		1,333
153	CH Renovate lower admin	7,000	1,253	1,437		2,690	1,437		4,126	1,437		5,563
154	CH Office furniture	18,000		6,000		6,000	6,000		12,000	6,000	(18,000)	
155	Copy machine	12,000	2,577	4,711		7,289	4,711	(12,000)		2,400		2,400
156	Computers, Phase 1	12,100	4,331	7,769	(12,100)		2,420		2,420	2,420		4,840
157	Computers, Phase 2	11,000	1,575	3,142		4,717	3,142		7,858	3,142	(11,000)	
158	Computers, Phase 3	9,900		1,980		1,980	1,980		3,960	1,980		5,940
CLUB HOUSE BUILDING - Cont'd												
159	CH Elevator cab & door, passenger	15,000	2,148	2,142		4,290	2,142		6,432	2,142		8,574
160	CH Elevator control, passenger	26,700	5,734	3,494		9,229	3,494		12,723	3,494		16,217
161	CH Elevator hydraulics, passenger	13,400	3,038	942		3,980	942		4,922	942		5,864
162	CH Elevator cab & door, freight	6,000	1,360	422		1,782	422		2,204	422		2,626
163	CH Elevator control, freight	30,000	6,443	3,926		10,369	3,926		14,295	3,926		18,221
164	CH Elevator hydraulics, freight	15,000	3,400	1,055		4,455	1,055		5,509	1,055		6,564
165	CH Telephone system	40,000		2,667		2,667	2,667		5,333	2,667		8,000
166	CH Security camera (25%)	4,800	430	1,457		1,886	1,457		3,343	1,457	(4,800)	
167	CH Radio handsets	6,000		2,000		2,000	2,000		4,000	2,000	(6,000)	

Sample

COMPONENT METHOD - THREE-YEAR REPLACEMENT FUNDING - TABLE CM4 cont'd												
Item #	Description of Projected Replacement	Estimated Replacement Costs	Allocation of Beginning Balance	2015 Reserve Funding	2015 Projected Replacements	2015 End of Year Balance	2016 Reserve Funding	2016 Projected Replacements	2016 End of Year Balance	2017 Reserve Funding	2017 Projected Replacements	2017 End of Year Balance
168	CH Audio & video equip (allowance)	9,000	644	2,089		2,733	2,089		4,822	2,089		6,911
169	CH HVAC systems (25%)	11,000	3,347	2,551		5,898	2,551		8,449	2,551	(11,000)	
170	CH HVAC systems (25%)	11,000	2,362	1,080		3,442	1,080		4,522	1,080		5,602
171	CH HVAC systems (25%)	11,000	1,378	740		2,118	740		2,858	740		3,599
172	CH HVAC systems (25%)	11,000	394	589		983	589		1,572	589		2,161
173	CH Hot water solar panels	3,600	966	527		1,493	527		2,020	527		2,547
174	CH Hot water booster	2,000	358	328		686	328		1,015	328		1,343
175	CH Hot water holding tank	1,200	215	197		412	197		609	197		806
176	CH Hot water heater	2,300	659	547		1,206	547		1,753	547	(2,300)	
CLUB HOUSE BUILDING - Cont'd												
177	Range hood	7,600	1,904	949		2,854	949		3,803	949		4,752
178	Range	2,100	752	1,348	(2,100)		140		140	140		280
179	Grill	1,500	537	963	(1,500)		100		100	100		200
180	Fryer	1,100	394	706	(1,100)		73		73	73		147
181	Work areas, SS (allowance)	1,500		250		250	250		500	250		750
182	Sandwich/salad Bar	2,400	86	257		343	257		600	257		857
183	Refrigerator, 20%	1,500	384	558		942	558	(1,500)		214		214
184	Refrigerator, 20%	1,500	307	398		705	398		1,102	398	(1,500)	
185	Refrigerator, 20%	1,500	153	269		423	269		692	269		961
186	Refrigerator, 20%	1,500	77	237		314	237		551	237		788
187	Refrigerator, 20%	1,500		214		214	214		429	214		643
188	Dishwasher	3,800		380		380	380		760	380		1,140
189	Ice machine, grill, 50%	3,000	537	493		1,030	493		1,522	493		2,015
190	Ice machine, grill, 50%	3,000		300		300	300		600	300		900
191	Ice machines, unit use	9,000	1,289	2,570		3,859	2,570		6,430	2,570	(9,000)	
192	Beer cooler/tap	5,000	1,193	1,903		3,097	1,903	(5,000)		833		833
193	Portable bar	1,500	322	589		911	589	(1,500)		300		300
194	Podium	1,200	172	171		343	171		515	171		686
SWIMMING POOLS & SPA												
195	Main pool, pebble tech	44,000	1,575	2,357		3,932	2,357		6,289	2,357		8,646
196	Main pool tile	3,060	110	164		273	164		437	164		601
197	Wading pool, pebble tech	7,975	285	427		713	427		1,140	427		1,567
198	Wading pool tile	1,200	43	64		107	64		172	64		236
199	Spa outdoor, pebble tech	3,509	126	188		314	188		502	188		690
200	Spa outdoor tile	720	26	39		64	39		103	39		141
201	Pool furniture	24,000		8,000		8,000	8,000		16,000	8,000	(24,000)	
202	Pool ladders & handrails	2,400	544	169		713	169		882	169		1,050
203	Pool misting system	6,000	2,148	3,852	(6,000)		2,000		2,000	2,000		4,000
204	Pool equip: pumps & filters	30,000	3,579	13,210		16,790	13,210	(30,000)		10,000		10,000
205	Pool piping (allowance)	45,000	3,221	2,611		5,833	2,611		8,444	2,611		11,055
206	Pool vinyl sound fence	3,200	321	160		481	160		641	160		801
207	Pool metal railing	1,620	275	64		339	64		403	64		468
208	Pool metal gates	1,500	215	107		322	107		429	107		536
209	Pool deck main	72,820	26,065	46,755	(72,820)		3,641		3,641	3,641		7,282
210	Spa & wade pool decks	12,430	4,004	4,213		8,217	4,213	(12,430)		622		622
211	Bath house refurbishment	7,000		1,750		1,750	1,750		3,500	1,750		5,250
212	Bath house HVAC	3,500	626	479		1,105	479		1,584	479		2,063
COURTS & AMENITIES												
213	Tennis resurface/overlay	25,740	3,685	7,352		11,037	7,352		18,388	7,352	(25,740)	
214	Tennis court posts	7,800	1,675	766		2,441	766		3,206	766		3,972
215	Tennis court nets & screens	1,500	179	661		839	661	(1,500)		500		500
216	Tennis court light - heads	9,900	1,417	1,414		2,831	1,414		4,245	1,414		5,659
217	Tennis court light - poles	30,000	3,758	1,009		4,768	1,009		5,777	1,009		6,786
218	Basketball poles & backstops	2,400	515	236		751	236		987	236		1,222
219	Playground equipment	15,000	1,432	1,233		2,665	1,233		3,899	1,233		5,132
220	Gas BBQ grills, 50%	1,600	229	457		686	457		1,143	457	(1,600)	

Sample

## 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.

Sample

### 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?



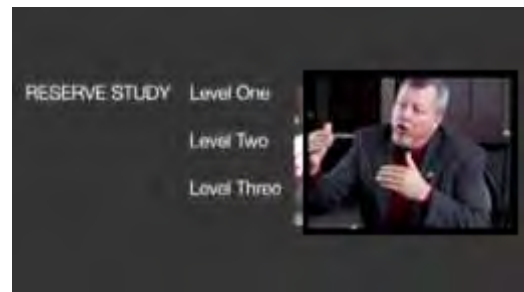
<http://bcove.me/stt373hj>

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?

Sample

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?



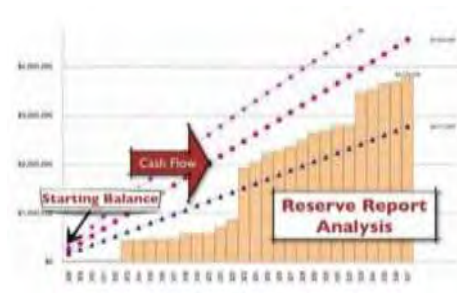
<http://bcove.me/2vfih1tz>

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?



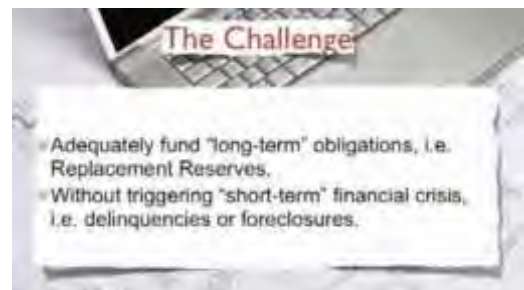
<http://bcove.me/7buer3n8>

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>

Sample