

REPLACEMENT RESERVE REPORT FY 2016

VILLAS AT PARKWOOD ESTATES

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REPLACEMENT RESERVE REPORT

VILLAS AT PARKWOOD ESTATES

CRESCENT, PENNSYLVANIA



Scope. Villas at Parkwood Estates is a condominium community located in Crescent, Pennsylvania. Villas at Parkwood Estates was constructed in 2000. The community consists of eighteen patio/quad buildings with a total of 72 units. The survey examined common elements of the property, including:

- Site facilities, including common asphalt drives and driveways, concrete leadwalks, front entrance stoops, garage aprons, mailbox pads, site lighting, and community signage.
- Underground utilities, including storm water management, domestic water, and sanitary sewer laterals.
- Building exteriors, including roofing, siding, trim, and tuckpointing /repair of stone veneer.

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 14 May 2012, revised October 1, 2013. 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

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Projected Annual Replacements

Projected Annual Replacements
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Purpose. The purpose of this Replacement Reserve Study is to provide Villas at Parkwood Estates (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 two generally accepted accounting methods; the Cash Flow Method and the Component Method. Section A Replacement Reserve Analysis includes graphic and tabular presentations of these methods and current Association funding. An Executive Summary of these calculations is provided on Page A1.

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 on March 31, 2016. Miller - Dodson Associates has visually inspected the common elements of the property in order to ascertain the remaining useful life and the replacement costs of these components.

Engineering Drawings. No architectural drawings or engineering site plans were available for review in connection with this study. We recommend the Association assemble a library of site and building plans of the entire community. Reproducible drawings should be stored and kept in a secure fireproof location. The Association will find these drawings to be a valuable resource in planning and executing future projects.

Current Funding. This reserve study has been prepared for Fiscal Year 2016 covering the period from January 1, 2016 to December 31, 2016. The Replacement Reserves on deposit as of 02/29/16 are reported to be \$377,276.98. The planned contribution for the fiscal year is \$81,472. This results in a Reserve Fund balance at the start of the fiscal year as follows:

| | |
|-------------------------|--------------|
| 02/29/16 balance | \$377,276.98 |
| 2 months contribution | (13,912.22) |
| Planned expenditures | 0.00 |
| FY 2016 opening balance | \$363,364.76 |

The balance and contribution figures have been supplied by the property management agent and confirmation or audit of these figures is beyond the scope of the study. For the purposes of this study, it is assumed that the annual contribution will be deposited at the end of each month.

Acknowledgement. Miller - Dodson Associates would like to acknowledge the assistance and input of Beth Maurer. She provided very helpful insight into the current operations at the property.

Analyst's Credentials. This study has been performed by John R. Stegmiller, who holds a Bachelor's Degree in Architecture in the College of Engineering at The Ohio State University. Mr. Stegmiller is a Registered Architect in the State of Ohio. Mr. Stegmiller is the owner of Stegmiller Architects, a design and construction management firm, which was established in Columbus, Ohio in 1939. Mr. Stegmiller is a retired Captain of the United States Naval Civil Engineer Corps, where he served for nearly 30 years both on active and reserve duty. Condition assessments of naval facilities and equipment represented a large part of his naval experience.

Respectfully submitted,



John Stegmiller
Reserve Analyst

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EXECUTIVE SUMMARY

The Villas at Parkwood Estates Replacement Reserve Analysis uses the Cash Flow Method (CFM) to calculate Replacement Reserve funding for the periodic replacement of the 43 Projected Replacements identified in the Replacement Reserve Inventory.

\$105,157

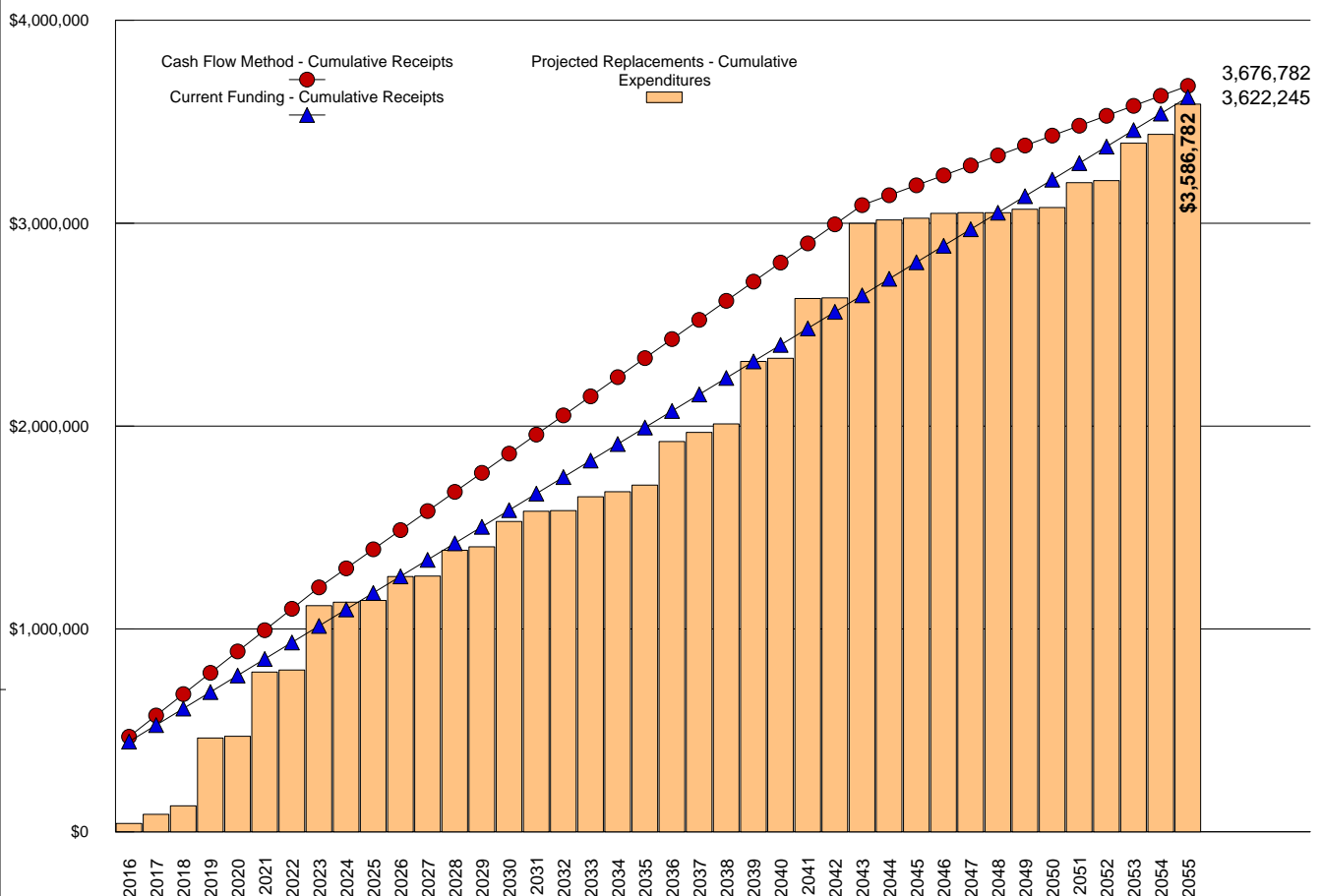
RECOMMENDED REPLACEMENT RESERVE FUNDING FOR THE STUDY YEAR, 2016

\$121.71 Per unit (average), minimum monthly funding of Replacement Reserves

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

Villas at Parkwood Estates reports a Starting Balance of \$363,365 and Annual Funding totaling \$81,472. Current funding is inadequate to fund the \$3,586,782 of Projected Replacements scheduled in the Replacement Reserve Inventory over the 40-year Study Period. See Page A3 for a more detailed evaluation.

#1 - Cumulative Replacement Reserve Funding and Expenditures Graph



The Current Funding Objective as calculated by the Component Method (Fully Funded) is \$1,092,466 making the reserve account 33.3% funded. See the Appendix for more information on this method.

REPLACEMENT RESERVE ANALYSIS - GENERAL INFORMATION

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

2016 STUDY YEAR

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

40 Years STUDY PERIOD

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

\$363,365 STARTING BALANCE

The Association reports Replacement Reserves on Deposit totaling \$363,365 at the start of the Study Year.

Level Two LEVEL OF SERVICE

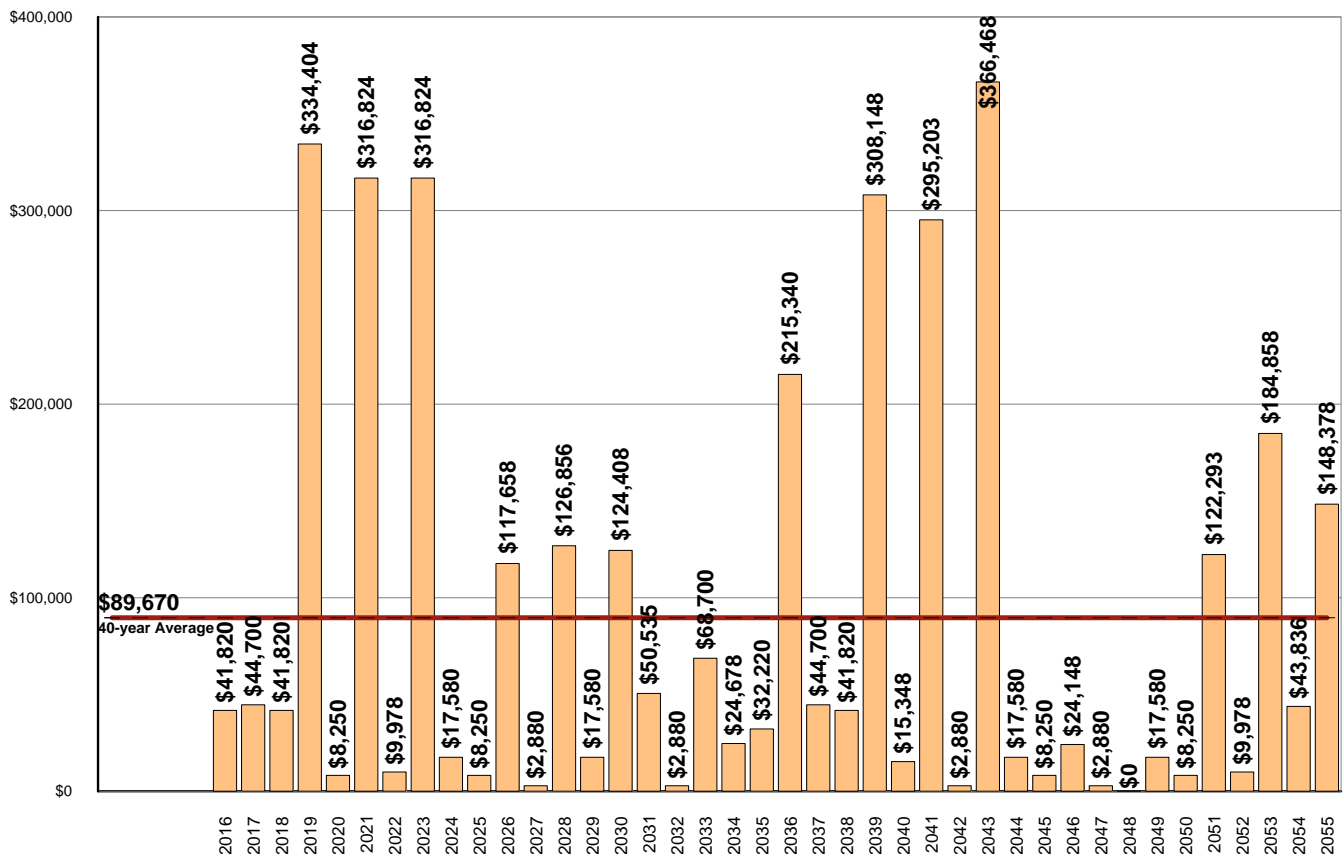
The Replacement Reserve Inventory has been developed in compliance with the National Reserve Study Standards for a Level Two Study, as defined by the Community Associations Institute (CAI).

\$3,586,782 REPLACEMENT RESERVE INVENTORY - PROJECTED REPLACEMENTS

The Villas at Parkwood Estates Replacement Reserve Inventory identifies 43 items that will require periodic replacement, that are to be funded from Replacement Reserves. We estimate the cost of these replacements will be \$3,586,782 over the 40-year Study Period. The Projected Replacements are divided into 10 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 \$89,670. Section C provides a year by year Calendar of these expenditures.



UPDATING

UPDATING OF THE FUNDING PLAN

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

UPDATING OF THE REPLACEMENT RESERVE STUDY

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

ANNUAL EXPENDITURES AND CURRENT FUNDING

The annual expenditures that comprise the \$3,586,782 of Projected Expenditures over the 40-year Study Period and the impact of the Association continuing to fund Replacement Reserves at the current level are detailed in Table 3.

| #3 - Table of Annual Expenditures and Current Funding Data - Years 1 through 40 | | | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| Starting Balance | \$363,365 | | | | | | | | | |
| Projected Replacements | (\$41,820) | (\$44,700) | (\$41,820) | (\$334,404) | (\$8,250) | (\$316,824) | (\$9,978) | (\$316,824) | (\$17,580) | (\$8,250) |
| Annual Deposit | \$81,472 | \$81,472 | \$81,472 | \$81,472 | \$81,472 | \$81,472 | \$81,472 | \$81,472 | \$81,472 | \$81,472 |
| End of Year Balance | \$403,017 | \$439,789 | \$479,441 | \$226,509 | \$299,731 | \$64,379 | \$135,873 | (\$99,480) | (\$35,588) | \$37,634 |
| Cumulative Expenditures | (\$41,820) | (\$86,520) | (\$128,340) | (\$462,744) | (\$470,994) | (\$787,818) | (\$797,796) | (\$1,114,621) | (\$1,132,201) | (\$1,140,451) |
| Cumulative Receipts | \$444,837 | \$526,309 | \$607,781 | \$689,253 | \$770,725 | \$852,197 | \$933,669 | \$1,015,141 | \$1,096,613 | \$1,178,085 |
| Year | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
| Projected Replacements | (\$117,658) | (\$2,880) | (\$126,856) | (\$17,580) | (\$124,408) | (\$50,535) | (\$2,880) | (\$68,700) | (\$24,678) | (\$32,220) |
| Annual Deposit | \$81,472 | \$81,472 | \$81,472 | \$81,472 | \$81,472 | \$81,472 | \$81,472 | \$81,472 | \$81,472 | \$81,472 |
| End of Year Balance | \$1,449 | \$80,041 | \$34,657 | \$98,549 | \$55,614 | \$86,551 | \$165,143 | \$177,915 | \$234,709 | \$283,961 |
| Cumulative Expenditures | (\$1,258,108) | (\$1,260,988) | (\$1,387,844) | (\$1,405,424) | (\$1,529,831) | (\$1,580,366) | (\$1,583,246) | (\$1,651,946) | (\$1,676,624) | (\$1,708,844) |
| Cumulative Receipts | \$1,259,557 | \$1,341,029 | \$1,422,501 | \$1,503,973 | \$1,585,445 | \$1,666,917 | \$1,748,389 | \$1,829,861 | \$1,911,333 | \$1,992,805 |
| Year | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 | 2043 | 2044 | 2045 |
| Projected Replacements | (\$215,340) | (\$44,700) | (\$41,820) | (\$308,148) | (\$15,348) | (\$295,203) | (\$2,880) | (\$366,468) | (\$17,580) | (\$8,250) |
| Annual Deposit | \$81,472 | \$81,472 | \$81,472 | \$81,472 | \$81,472 | \$81,472 | \$81,472 | \$81,472 | \$81,472 | \$81,472 |
| End of Year Balance | \$150,093 | \$186,865 | \$226,517 | (\$160) | \$65,964 | (\$147,767) | (\$69,175) | (\$354,171) | (\$290,279) | (\$217,057) |
| Cumulative Expenditures | (\$1,924,184) | (\$1,968,884) | (\$2,010,704) | (\$2,318,853) | (\$2,334,201) | (\$2,629,404) | (\$2,632,284) | (\$2,998,752) | (\$3,016,332) | (\$3,024,582) |
| Cumulative Receipts | \$2,074,277 | \$2,155,749 | \$2,237,221 | \$2,318,693 | \$2,400,165 | \$2,481,637 | \$2,563,109 | \$2,644,581 | \$2,726,053 | \$2,807,525 |
| Year | 2046 | 2047 | 2048 | 2049 | 2050 | 2051 | 2052 | 2053 | 2054 | 2055 |
| Projected Replacements | (\$24,148) | (\$2,880) | | (\$17,580) | (\$8,250) | (\$122,293) | (\$9,978) | (\$184,858) | (\$43,836) | (\$148,378) |
| Annual Deposit | \$81,472 | \$81,472 | \$81,472 | \$81,472 | \$81,472 | \$81,472 | \$81,472 | \$81,472 | \$81,472 | \$81,472 |
| End of Year Balance | (\$159,733) | (\$81,141) | \$331 | \$64,223 | \$137,445 | \$96,624 | \$168,118 | \$64,733 | \$102,369 | \$35,463 |
| Cumulative Expenditures | (\$3,048,730) | (\$3,051,610) | (\$3,051,610) | (\$3,069,190) | (\$3,077,440) | (\$3,199,733) | (\$3,209,711) | (\$3,394,568) | (\$3,438,404) | (\$3,586,782) |
| Cumulative Receipts | \$2,888,997 | \$2,970,469 | \$3,051,941 | \$3,133,413 | \$3,214,885 | \$3,296,357 | \$3,377,829 | \$3,459,301 | \$3,540,773 | \$3,622,245 |

EVALUATION OF CURRENT FUNDING

The evaluation of Current Funding (Starting Balance of \$363,365 & annual funding of \$81,472), 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 43 Projected Replacements identified in the Replacement Reserve Inventory and that the Association will continue Annual Funding of \$81,472 throughout the 40-year Study Period.

Annual Funding of \$81,472 is approximately 77 percent of the \$105,157 recommended Annual Funding calculated by the Cash Flow Method for 2016, the Study Year.

Evaluation of the 43 Projected Replacements calculates an average annual expenditure over the next 40 years of \$89,670. Annual funding of \$81,472 is 91 percent of the average annual expenditure.

Our calculations identify funding shortfalls in 10 years of the Study Period with the initial shortfall in 2023. The largest shortfall, \$-354,171, occurs in 2043. All shortfalls can be seen and evaluated in Table 3 above.

In summary, Current Funding as reported by the Association and shown above, does not provide adequate funding for the \$3,586,782 of Projected Replacements scheduled in the Replacement Reserve Inventory over the Study Period.

CASH FLOW METHOD FUNDING

\$105,157

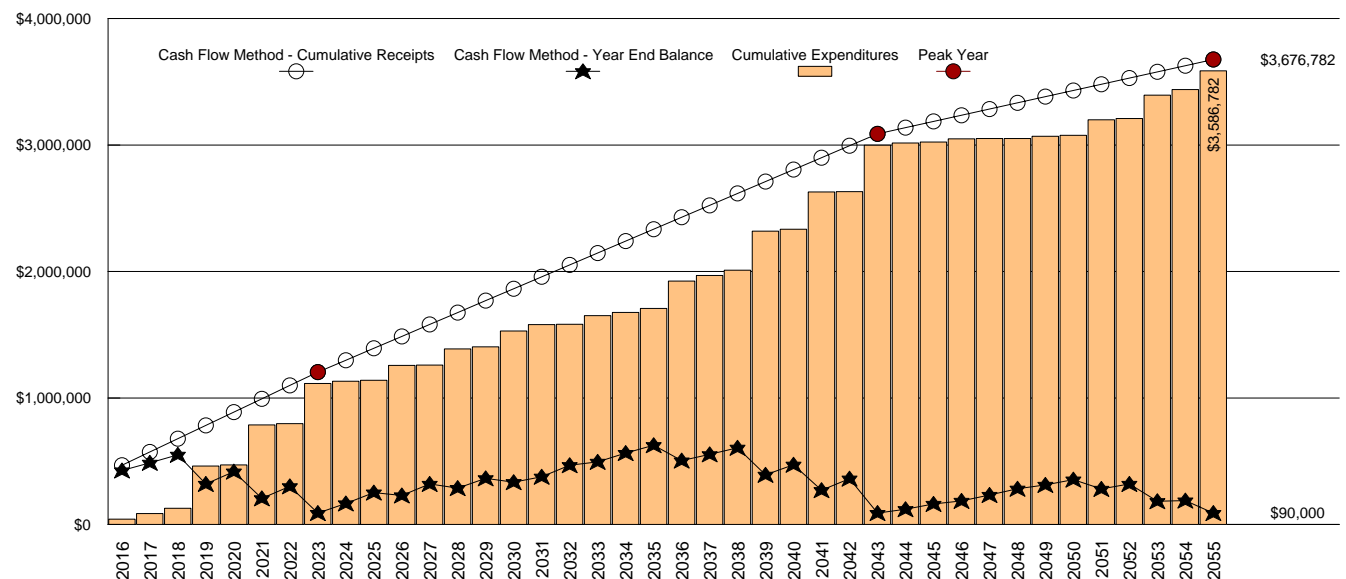
RECOMMENDED REPLACEMENT RESERVE FUNDING FOR 2016

\$121.71 Per unit (average), minimum monthly funding of Replacement Reserves

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

- **Peak Years.** The First Peak Year occurs in 2023 with Replacement Reserves on Deposit dropping to the Minimum Balance after the completion of \$1,114,621 of replacements from 2016 to 2023. Recommended funding declines from \$105,157 in 2023 to \$94,204 in 2024. Peak Years are identified in Chart 4 and Table 5.
- **Minimum Balance.** The calculations assume a Minimum Balance of \$90,000 in Replacement Reserves. This is approx. 12 months of average expenditures based on the \$89,670, 40-year average annual expenditure.
- **Cash Flow Method Study Period.** Cash Flow Method calculates funding for \$3,586,782 of expenditures over the 40-year Study Period. It does not include funding for any projects beyond 2055 and in 2055, the end of year balance will always be the Minimum Balance.

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



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

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 1st Peak - 2023 | 2024 | 2025 |
|-------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|---------------|-----------------|
| Starting Balance | \$363,365 | | | | | | | | | |
| Projected Replacements | (\$41,820) | (\$44,700) | (\$41,820) | (\$334,404) | (\$8,250) | (\$316,824) | (\$9,978) | (\$316,824) | (\$17,580) | (\$8,250) |
| Annual Deposit | \$105,157 | \$105,157 | \$105,157 | \$105,157 | \$105,157 | \$105,157 | \$105,157 | \$105,157 | \$94,204 | \$94,204 |
| End of Year Balance | \$426,702 | \$487,159 | \$550,496 | \$321,249 | \$418,156 | \$206,488 | \$301,667 | \$90,000 | \$166,624 | \$252,578 |
| Cumulative Expenditures | \$41,820 | \$86,520 | \$128,340 | \$462,744 | \$470,994 | \$787,818 | \$797,796 | \$1,114,621 | \$1,132,201 | \$1,140,451 |
| Cumulative Receipts | \$468,522 | \$573,679 | \$678,836 | \$783,993 | \$889,150 | \$994,307 | \$1,099,464 | \$1,204,621 | \$1,298,825 | \$1,393,029 |
| Year | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
| Projected Replacements | (\$117,658) | (\$2,880) | (\$126,856) | (\$17,580) | (\$124,408) | (\$50,535) | (\$2,880) | (\$68,700) | (\$24,678) | (\$32,220) |
| Annual Deposit | \$94,204 | \$94,205 | \$94,205 | \$94,205 | \$94,206 | \$94,206 | \$94,206 | \$94,207 | \$94,207 | \$94,207 |
| End of Year Balance | \$229,125 | \$320,450 | \$287,799 | \$364,425 | \$334,222 | \$377,893 | \$469,220 | \$494,726 | \$564,255 | \$626,242 |
| Cumulative Expenditures | (\$1,258,108) | (\$1,260,988) | (\$1,387,844) | (\$1,405,424) | (\$1,529,831) | (\$1,580,366) | (\$1,583,246) | (\$1,651,946) | (\$1,676,624) | (\$1,708,844) |
| Cumulative Receipts | \$1,487,234 | \$1,581,438 | \$1,675,643 | \$1,769,848 | \$1,864,054 | \$1,958,260 | \$2,052,466 | \$2,146,673 | \$2,240,879 | \$2,335,087 |
| Year | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 | 2nd Peak - 2043 | 2044 | 2045 |
| Projected Replacements | (\$215,340) | (\$44,700) | (\$41,820) | (\$308,148) | (\$15,348) | (\$295,203) | (\$2,880) | (\$366,468) | (\$17,580) | (\$8,250) |
| Annual Deposit | \$94,208 | \$94,208 | \$94,208 | \$94,208 | \$94,208 | \$94,208 | \$94,208 | \$94,208 | \$94,002 | \$49,002 |
| End of Year Balance | \$505,110 | \$554,618 | \$607,006 | \$393,066 | \$471,926 | \$270,931 | \$362,260 | \$90,000 | \$121,422 | \$162,175 |
| Cumulative Expenditures | (\$1,924,184) | (\$1,968,884) | (\$2,010,704) | (\$2,318,853) | (\$2,334,201) | (\$2,629,404) | (\$2,632,284) | (\$2,998,752) | (\$3,016,332) | (\$3,024,582) |
| Cumulative Receipts | \$2,429,294 | \$2,523,502 | \$2,617,710 | \$2,711,918 | \$2,806,127 | \$2,900,335 | \$2,994,544 | \$3,088,752 | \$3,137,754 | \$3,186,757 |
| Year | 2046 | 2047 | 2048 | 2049 | 2050 | 2051 | 2052 | 2053 | 2054 | 3rd Peak - 2055 |
| Projected Replacements | (\$24,148) | (\$2,880) | | (\$17,580) | (\$8,250) | (\$122,293) | (\$9,978) | (\$184,858) | (\$43,836) | (\$148,378) |
| Annual Deposit | \$49,002 | \$49,002 | \$49,002 | \$49,002 | \$49,002 | \$49,002 | \$49,002 | \$49,002 | \$49,002 | \$49,002 |
| End of Year Balance | \$187,029 | \$233,152 | \$282,154 | \$313,577 | \$354,329 | \$281,039 | \$320,064 | \$184,209 | \$189,375 | \$90,000 |
| Cumulative Expenditures | (\$3,048,730) | (\$3,051,610) | (\$3,051,610) | (\$3,069,190) | (\$3,077,440) | (\$3,199,733) | (\$3,209,711) | (\$3,394,568) | (\$3,438,404) | (\$3,586,782) |
| Cumulative Receipts | \$3,235,759 | \$3,284,762 | \$3,333,764 | \$3,382,767 | \$3,431,769 | \$3,480,772 | \$3,529,774 | \$3,578,777 | \$3,627,779 | \$3,676,782 |

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.

\$105,157 2016 - CASH FLOW METHOD RECOMMENDED FUNDING

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

\$112,768 2017 - INFLATION ADJUSTED FUNDING

A new analysis calculates 2017 funding based on three assumptions;

- Replacement Reserves on Deposit totaling \$426,702 on January 1, 2017.
- All 2016 Projected Replacements listed on Page C2 accomplished at a cost to Replacement Reserves less than \$41,820.
- Construction Cost Inflation of 4.50 percent in 2016.

The \$112,768 inflation adjusted funding in 2017 is a 7.24 percent increase over the non-inflation adjusted 2017 funding of \$105,157.

\$121,659 2018 - INFLATION ADJUSTED FUNDING

A new analysis calculates 2018 funding based on three assumptions;

- Replacement Reserves on Deposit totaling \$492,758 on January 1, 2018.
- All 2017 Projected Replacements listed on Page C2 accomplished at a cost to Replacement Reserves less than \$46,712.
- Construction Cost Inflation of 4.50 percent in 2017.

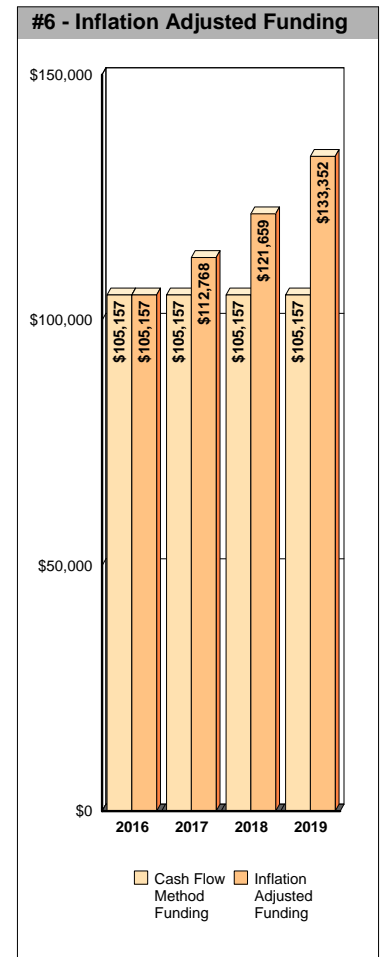
The \$121,659 inflation adjusted funding in 2018 is a 15.69 percent increase over the non-inflation adjusted 2018 funding of \$105,157.

\$133,352 2019 - INFLATION ADJUSTED FUNDING

A new analysis calculates 2019 funding based on three assumptions;

- Replacement Reserves on Deposit totaling \$568,749 on January 1, 2019.
- All 2018 Projected Replacements listed on Page C2 accomplished at a cost to Replacement Reserves less than \$45,668.
- Construction Cost Inflation of 4.50 percent in 2018.

The \$133,352 inflation adjusted funding in 2019 is a 26.81 percent increase over the non-inflation adjusted funding of \$105,157.



YEAR FIVE & BEYOND

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

INFLATION ADJUSTMENT

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

INTEREST ON RESERVES

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

In 2016, based on a 1.00 percent interest rate, we estimate the Association may earn \$3,950 on an average balance of \$395,033, \$4,597 on an average balance of \$459,730 in 2017, and \$5,308 on \$530,753 in 2018. The Association may elect to attribute 100 percent of the earned interest to Reserves, resulting in a reduction in the 2016 funding from \$105,157 to \$101,207 (a 3.76 percent reduction), \$112,768 to \$108,171 in 2017 (a 4.08 percent reduction), and \$121,659 to \$116,351 in 2018 (a 4.36 percent reduction).

REPLACEMENT RESERVE STUDY - SUPPLEMENTAL COMMENTS

- Villas at Parkwood Estates has 72 units. The type of property is a condominium association.
- The Cash Flow Method calculates the minimum annual funding necessary to prevent Replacement Reserves from dropping below the Minimum Balance. Failure to fund at least the recommended levels may result in funding not being available for the Projected Replacements listed in the Replacement Reserve Inventory.
- The accuracy of the Replacement Reserve Analysis is dependent upon expenditures from Replacement Reserves being made ONLY for the 43 Projected Replacements specifically listed in the Replacement Reserve Inventory. The inclusion/exclusion of items from the Replacement Reserve Inventory is discussed on Page B1.

REPLACEMENT RESERVE INVENTORY GENERAL INFORMATION

Villas at Parkwood Estates - Replacement Reserve Inventory identifies 64 items. Two types of items are identified, Projected Replacements and Excluded Items:

- **PROJECTED REPLACEMENTS.** 43 of the items are Projected Replacements and the periodic replacements of these items are scheduled for funding from Replacement Reserves. The Projected Replacements have an estimated one-time replacement cost of \$1,870,170. Replacements totaling \$3,586,782 are scheduled in the Replacement Reserve Inventory over the 40-year Study Period.

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

- **EXCLUDED ITEMS.** 21 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 64 items included in the Villas at Parkwood Estates Replacement Reserve Inventory are divided into 10 major categories. Each category is printed on a separate page, Pages B3 to B11.
- **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.

REPLACEMENT RESERVE INVENTORY - GENERAL INFORMATION (cont'd)

- **INVENTORY DATA.** Each of the 43 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 21 Excluded Items includes the Item Description, Units, and Number of Units. Many of the Excluded Items are listed as a 'Lump Sum' with a quantity of 1. For the Excluded Items, this indicates that all of the items identified by the 'Item Description' are excluded from funding by Replacement Reserves.

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

**SITE COMPONENT
PROJECTED REPLACEMENTS**

| ITEM # | ITEM DESCRIPTION | UNIT | NUMBER OF UNITS | UNIT REPLACEMENT COST (\$) | NORMAL ECONOMIC LIFE (YRS) | REMAINING ECONOMIC LIFE (YRS) | REPLACEMENT COST (\$) |
|-----------|------------------------|------|--------------------|----------------------------------|----------------------------------|-------------------------------------|--------------------------|
| 1 | Concrete flatwork (6%) | sf | 780 | \$9.10 | 60 | 6 | \$7,098 |
| 2 | Concrete flatwork (6%) | sf | 780 | \$9.10 | 60 | 12 | \$7,098 |
| 3 | Concrete flatwork (6%) | sf | 780 | \$9.10 | 60 | 18 | \$7,098 |
| 4 | Concrete flatwork (6%) | sf | 780 | \$9.10 | 60 | 24 | \$7,098 |
| 5 | Concrete flatwork (6%) | sf | 780 | \$9.10 | 60 | 30 | \$7,098 |
| 6 | Concrete flatwork (6%) | sf | 780 | \$9.10 | 60 | 36 | \$7,098 |
| 7 | Concrete flatwork (6%) | sf | 780 | \$9.10 | 60 | 42 | \$7,098 |
| 8 | Concrete flatwork (6%) | sf | 780 | \$9.10 | 60 | 48 | \$7,098 |
| 9 | Concrete flatwork (6%) | sf | 780 | \$9.10 | 60 | 54 | \$7,098 |
| 10 | Concrete flatwork (6%) | sf | 780 | \$9.10 | 60 | 54 | \$7,098 |

SITE COMPONENT - Replacement Costs - Subtotal \$70,980

**SITE COMPONENT
COMMENTS**

- Concrete flatwork consists of lead walks, stoops, garage apron, mail box pads.

SITE IMPROVEMENTS
PROJECTED REPLACEMENTS

| ITEM # | ITEM DESCRIPTION | UNIT | NUMBER OF UNITS | UNIT REPLACEMENT COST (\$) | NORMAL ECONOMIC LIFE (YRS) | REMAINING ECONOMIC LIFE (YRS) | REPLACEMENT COST (\$) |
|--|---|------|-----------------|----------------------------|----------------------------|-------------------------------|-----------------------|
| 11 | Asphalt, seal coating | sf | 24,600 | \$0.20 | 5 | 3 | \$4,920 |
| 12 | Asphalt pavement, mill/overlay | sf | 24,600 | \$1.70 | 20 | none | \$41,820 |
| 13 | Asphalt, seal coating | sf | 24,600 | \$0.20 | 5 | 3 | \$4,920 |
| 14 | Asphalt pavement, mill/overlay | sf | 24,600 | \$1.70 | 20 | 1 | \$41,820 |
| 15 | Asphalt, seal coating | sf | 24,600 | \$0.20 | 5 | 3 | \$4,920 |
| 16 | Asphalt pavement, mill/overlay | sf | 24,600 | \$1.70 | 20 | 2 | \$41,820 |
| 17 | Asphalt, seal coating | sf | 14,100 | \$0.20 | 5 | 3 | \$2,820 |
| 18 | Asphalt pavement, mill/overlay | sf | 14,100 | \$1.70 | 20 | 19 | \$23,970 |
| 19 | Seg. conc. blk retain wall aft.40yrs(30%) | sf | 310 | \$55.00 | 40 | 30 | \$17,050 |
| 20 | Reset segmental block walls (10%) | sf | 103 | \$45.00 | 10 | 15 | \$4,635 |
| 21 | Mailboxes, cluster, metal | ea | 6 | \$1,800.00 | 35 | 20 | \$10,800 |
| 22 | Community sign - wood | ea | 1 | \$1,500.00 | 25 | 10 | \$1,500 |
| 23 | Building/ unit location signs, wood | ea | 18 | \$200.00 | 30 | 12 | \$3,600 |
| 24 | Unit signs, wood | ea | 144 | \$50.00 | 30 | 27 | \$7,200 |
| SITE IMPROVEMENTS - Replacement Costs - Subtotal | | | | | | | \$211,795 |

SITE IMPROVEMENTS
COMMENTS

- We have assumed that the Association will replace the asphalt pavement by the installation of a 2 inch thick overlay. The pavement will need to be milled prior to the installation of the overlay. Milling and the cost of minor repairs (5 to 10 percent of the total area) to the base materials and bearing soils beneath the pavement is included in the cost shown above.

SITE UTILITIES
PROJECTED REPLACEMENTS

| ITEM # | ITEM DESCRIPTION | UNIT | NUMBER OF UNITS | UNIT REPLACEMENT COST (\$) | NORMAL ECONOMIC LIFE (YRS) | REMAINING ECONOMIC LIFE (YRS) | REPLACEMENT COST (\$) |
|-----------|-------------------------------------|------|--------------------|----------------------------------|----------------------------------|-------------------------------------|--------------------------|
| 25 | Sanitary sewer laterals (10%) allow | ls | 1 | \$28,800.00 | 10 | 17 | \$28,800 |
| 26 | Domestic water laterals (10%) allow | ls | 1 | \$18,000.00 | 10 | 17 | \$18,000 |
| 27 | Storm water system (10%) allow | ls | 1 | \$3,780.00 | 10 | 17 | \$3,780 |

SITE UTILITIES - Replacement Costs - Subtotal \$50,580

SITE UTILITIES
COMMENTS

- Comprehensive drawings detailing the components of the systems listed above were not available for our review. We have included the estimated cost of the systems based upon our experience with other similar communities. We have assumed that 10 percent of the system(s) will require replacement every 20 years. In the future, this assumption and the estimated costs should be adjusted based upon actual experience at the community.

UNIT EXTERIORS
PROJECTED REPLACEMENTS

| ITEM # | ITEM DESCRIPTION | UNIT | NUMBER OF UNITS | UNIT REPLACEMENT COST (\$) | NORMAL ECONOMIC LIFE (YRS) | REMAINING ECONOMIC LIFE (YRS) | REPLACEMENT COST (\$) |
|---|------------------------------------|------|-----------------|----------------------------|----------------------------|-------------------------------|-----------------------|
| 28 | Roof shingles asphalt (33%) | sf | 63,167 | \$4.60 | 20 | 3 | \$290,568 |
| 29 | Gutters & downspouts (33%) | lf | 2,188 | \$12.00 | 35 | 3 | \$26,256 |
| 30 | Roof shingles asphalt (33%) | sf | 63,167 | \$4.60 | 20 | 5 | \$290,568 |
| 31 | Gutters & downspouts (33%) | lf | 2,188 | \$12.00 | 35 | 5 | \$26,256 |
| 32 | Roof shingles asphalt (33%) | sf | 63,167 | \$4.60 | 20 | 7 | \$290,568 |
| 33 | Gutters & downspouts (33%) | lf | 2,188 | \$12.00 | 35 | 7 | \$26,256 |
| 34 | Masonry stone- tuckpointing (5%) | sf | 1,510 | \$12.00 | 10 | 17 | \$18,120 |
| 35 | Vinyl siding, (33%) | sf | 16,133 | \$7.20 | 25 | 10 | \$116,158 |
| 36 | Vinyl siding, (33%) | sf | 16,133 | \$7.20 | 25 | 12 | \$116,158 |
| 37 | Vinyl siding, (33%) | sf | 16,133 | \$7.20 | 25 | 14 | \$116,158 |
| 38 | Vinyl soffits, 12" | sf | 14,400 | \$6.80 | 35 | 20 | \$97,920 |
| 39 | Synthetic wood trim (5%) | lf | 1,100 | \$7.50 | 5 | 4 | \$8,250 |
| 40 | Aluminium coil covered fascia (5%) | lf | 720 | \$4.00 | 5 | 1 | \$2,880 |
| 41 | Wall mounted light fixtures | ea | 108 | \$175.00 | 30 | 15 | \$18,900 |
| 42 | Pole light fixtures | ea | 72 | \$375.00 | 30 | 15 | \$27,000 |
| 43 | Metal light pole, 6'hi | ea | 72 | \$900.00 | 35 | 20 | \$64,800 |
| UNIT EXTERIORS - Replacement Costs - Subtotal | | | | | | | \$1,536,815 |

UNIT EXTERIORS
COMMENTS

- MDA assumes the gutters and downspouts will be replaced when the roofs are replaced. The roofs will be replaced with a 30-yr asphalt shingle roof.

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 (\$) |
|--------|------------------------------------|------|-----------------|----------------------------|----------------------------|-------------------------------|-----------------------|
| | Exterior stone veneer | ls | 1 | | | | EXCLUDED |
| | Building foundation(s) | ls | 1 | | | | EXCLUDED |
| | Concrete floor slabs (interior) | ls | 1 | | | | EXCLUDED |
| | Wall, floor, & roof structure | ls | 1 | | | | EXCLUDED |
| | Electrical wiring | ls | 1 | | | | EXCLUDED |
| | Common element electrical services | 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 and unlimited economic life but periodic tuckpointing is required and we have included this for funding in the Replacement Reserve Inventory.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

UNIT IMPROVEMENTS EXCLUSIONS

EXCLUDED ITEMS

| ITEM # | ITEM DESCRIPTION | UNIT | NUMBER OF UNITS | UNIT REPLACEMENT COST (\$) | NORMAL ECONOMIC LIFE (YRS) | REMAINING ECONOMIC LIFE (YRS) | REPLACEMENT COST (\$) |
|--------|---------------------------------------|------|-----------------|----------------------------|----------------------------|-------------------------------|-----------------------|
| | Domestic water pipes serving one unit | ls | 1 | | | | EXCLUDED |
| | Sanitary sewers serving one unit | ls | 1 | | | | EXCLUDED |
| | Electrical wiring serving one unit | ls | 1 | | | | EXCLUDED |
| | Gas service serving one unit | ls | 1 | | | | EXCLUDED |
| | Cable TV service serving one unit | ls | 1 | | | | EXCLUDED |
| | Telephone service serving one unit | ls | 1 | | | | EXCLUDED |

UNIT IMPROVEMENTS EXCLUSIONS

COMMENTS

- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

Primary electric feeds
EXCLUDED ITEMS

| ITEM # | ITEM DESCRIPTION | UNIT | NUMBER OF UNITS | UNIT REPLACEMENT COST (\$) | NORMAL ECONOMIC LIFE (YRS) | REMAINING ECONOMIC LIFE (YRS) | REPLACEMENT COST (\$) |
|-----------|---------------------------------|------|--------------------|----------------------------------|----------------------------------|-------------------------------------|--------------------------|
| | Electric transformers | ls | 1 | | | | EXCLUDED |
| | Sanitary sewer mains | ls | 1 | | | | EXCLUDED |
| | Cable TV systems and structures | ls | 1 | | | | EXCLUDED |
| | Telephone cables and structures | ls | 1 | | | | EXCLUDED |
| | Gas mains and meters | ls | 1 | | | | EXCLUDED |
| | Water mains and meters | ls | 1 | | | | EXCLUDED |

Primary electric feeds
COMMENTS

- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

Cleaning of asphalt pavement
EXCLUDED ITEMS

| ITEM # | ITEM DESCRIPTION | UNIT | NUMBER OF UNITS | UNIT REPLACEMENT COST (\$) | NORMAL ECONOMIC LIFE (YRS) | REMAINING ECONOMIC LIFE (YRS) | REPLACEMENT COST (\$) |
|--------|-----------------------------------|------|-----------------|----------------------------|----------------------------|-------------------------------|-----------------------|
| | Crack sealing of asphalt pavement | ls | 1 | | | | EXCLUDED |
| | Landscaping and site grading | ls | 1 | | | | EXCLUDED |

Cleaning of asphalt pavement
COMMENTS

- 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.

City maintained roads
EXCLUDED ITEMS

| ITEM # | ITEM DESCRIPTION | UNIT | NUMBER OF UNITS | UNIT REPLACEMENT COST (\$) | NORMAL ECONOMIC LIFE (YRS) | REMAINING ECONOMIC LIFE (YRS) | REPLACEMENT COST (\$) |
|-----------|---------------------|------|--------------------|----------------------------------|----------------------------------|-------------------------------------|--------------------------|
|-----------|---------------------|------|--------------------|----------------------------------|----------------------------------|-------------------------------------|--------------------------|

| | | | | | | | |
|--|------------------------------|----|---|--|--|--|----------|
| | Curb & gutter at State roads | ls | 1 | | | | EXCLUDED |
|--|------------------------------|----|---|--|--|--|----------|

City maintained roads
COMMENTS

- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

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PROJECTED ANNUAL REPLACEMENTS GENERAL INFORMATION

CALENDAR OF ANNUAL REPLACEMENTS. The 43 Projected Replacements in the Villas at Parkwood Estates 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 Villas at Parkwood Estates Board of Directors, those responsible for the management of the items included in the Replacement Reserve Inventory, and the accounting professionals employed by the Association.

PROJECTED REPLACEMENTS - YEARS ONE TO FIFTEEN

| | | | | | | | | |
|------------------------------|--------------------------------|-----------|------------------------------|------------------------------|-----------|------------------------------|------------------------------|-----------|
| 2016 - STUDY YEAR | | | 2017 - YEAR 2 | | | 2018 - YEAR 3 | | |
| Item | | \$ | Item | | \$ | Item | | \$ |
| 12 | Asphalt pavement, mill/overl | \$41,820 | 14 | Asphalt pavement, mill/overl | \$41,820 | 16 | Asphalt pavement, mill/overl | \$41,820 |
| | | | 40 | Aluminium coil covered fasc | \$2,880 | | | |
| Total Scheduled Replacements | | | Total Scheduled Replacements | | | Total Scheduled Replacements | | |
| \$41,820 | | | \$44,700 | | | \$41,820 | | |
| 2019 - YEAR 4 | | | 2020 - YEAR 5 | | | 2021 - YEAR 6 | | |
| Item | | \$ | Item | | \$ | Item | | \$ |
| 11 | Asphalt, seal coating | \$4,920 | 39 | Synthetic wood trim (5%) | \$8,250 | 30 | Roof shingles asphalt (33%) | \$290,568 |
| 13 | Asphalt, seal coating | \$4,920 | | | | 31 | Gutters & downspouts (33%) | \$26,256 |
| 15 | Asphalt, seal coating | \$4,920 | | | | | | |
| 17 | Asphalt, seal coating | \$2,820 | | | | | | |
| 28 | Roof shingles asphalt (33%) | \$290,568 | | | | | | |
| 29 | Gutters & downspouts (33%) | \$26,256 | | | | | | |
| Total Scheduled Replacements | | | Total Scheduled Replacements | | | Total Scheduled Replacements | | |
| \$334,404 | | | \$8,250 | | | \$316,824 | | |
| 2022 - YEAR 7 | | | 2023 - YEAR 8 | | | 2024 - YEAR 9 | | |
| Item | | \$ | Item | | \$ | Item | | \$ |
| 1 | Concrete flatwork (6%) | \$7,098 | 32 | Roof shingles asphalt (33%) | \$290,568 | 11 | Asphalt, seal coating | \$4,920 |
| 40 | Aluminium coil covered fasc | \$2,880 | 33 | Gutters & downspouts (33%) | \$26,256 | 13 | Asphalt, seal coating | \$4,920 |
| Total Scheduled Replacements | | | Total Scheduled Replacements | | | 15 | Asphalt, seal coating | \$4,920 |
| \$9,978 | | | \$316,824 | | | 17 | Asphalt, seal coating | \$2,820 |
| 2025 - YEAR 10 | | | 2026 - YEAR 11 | | | 2027 - YEAR 12 | | |
| Item | | \$ | Item | | \$ | Item | | \$ |
| 39 | Synthetic wood trim (5%) | \$8,250 | 22 | Community sign - wood | \$1,500 | 40 | Aluminium coil covered fasc | \$2,880 |
| Total Scheduled Replacements | | | 35 | Vinyl siding, (33%) | \$116,158 | | | |
| \$8,250 | | | Total Scheduled Replacements | | | Total Scheduled Replacements | | |
| | | | \$117,658 | | | \$2,880 | | |
| 2028 - YEAR 13 | | | 2029 - YEAR 14 | | | 2030 - YEAR 15 | | |
| Item | | \$ | Item | | \$ | Item | | \$ |
| 2 | Concrete flatwork (6%) | \$7,098 | 11 | Asphalt, seal coating | \$4,920 | 37 | Vinyl siding, (33%) | \$116,158 |
| 23 | Building/ unit location signs, | \$3,600 | 13 | Asphalt, seal coating | \$4,920 | 39 | Synthetic wood trim (5%) | \$8,250 |
| 36 | Vinyl siding, (33%) | \$116,158 | 15 | Asphalt, seal coating | \$4,920 | | | |
| Total Scheduled Replacements | | | 17 | Asphalt, seal coating | \$2,820 | | | |
| \$126,856 | | | Total Scheduled Replacements | | | Total Scheduled Replacements | | |
| | | | \$17,580 | | | \$124,408 | | |

PROJECTED REPLACEMENTS - YEARS SIXTEEN TO THIRTY

| | | | | | | | | |
|------------------------------|------------------------------|-----------|------------------------------|------------------------------|-----------|------------------------------|------------------------------|-----------|
| 2031 - YEAR 16 | | | 2032 - YEAR 17 | | | 2033 - YEAR 18 | | |
| Item | | \$ | Item | | \$ | Item | | \$ |
| 20 | Reset segmental block walls | \$4,635 | 40 | Aluminium coil covered fasc | \$2,880 | 25 | Sanitary sewer laterals (10% | \$28,800 |
| 41 | Wall mounted light fixtures | \$18,900 | | | | 26 | Domestic water laterals (10% | \$18,000 |
| 42 | Pole light fixtures | \$27,000 | | | | 27 | Storm water system (10%) a | \$3,780 |
| | | | | | | 34 | Masonry stone- tuckpointing | \$18,120 |
| Total Scheduled Replacements | | | Total Scheduled Replacements | | | Total Scheduled Replacements | | |
| \$50,535 | | | \$2,880 | | | \$68,700 | | |
| 2034 - YEAR 19 | | | 2035 - YEAR 20 | | | 2036 - YEAR 21 | | |
| Item | | \$ | Item | | \$ | Item | | \$ |
| 3 | Concrete flatwork (6%) | \$7,098 | 18 | Asphalt pavement, mill/overl | \$23,970 | 12 | Asphalt pavement, mill/overl | \$41,820 |
| 11 | Asphalt, seal coating | \$4,920 | 39 | Synthetic wood trim (5%) | \$8,250 | 21 | Mailboxes, cluster, metal | \$10,800 |
| 13 | Asphalt, seal coating | \$4,920 | | | | 38 | Vinyl soffits, 12" | \$97,920 |
| 15 | Asphalt, seal coating | \$4,920 | | | | 43 | Metal light pole, 6'hi | \$64,800 |
| 17 | Asphalt, seal coating | \$2,820 | | | | | | |
| Total Scheduled Replacements | | | Total Scheduled Replacements | | | Total Scheduled Replacements | | |
| \$24,678 | | | \$32,220 | | | \$215,340 | | |
| 2037 - YEAR 22 | | | 2038 - YEAR 23 | | | 2039 - YEAR 24 | | |
| Item | | \$ | Item | | \$ | Item | | \$ |
| 14 | Asphalt pavement, mill/overl | \$41,820 | 16 | Asphalt pavement, mill/overl | \$41,820 | 11 | Asphalt, seal coating | \$4,920 |
| 40 | Aluminium coil covered fasc | \$2,880 | | | | 13 | Asphalt, seal coating | \$4,920 |
| | | | | | | 15 | Asphalt, seal coating | \$4,920 |
| | | | | | | 17 | Asphalt, seal coating | \$2,820 |
| | | | | | | 28 | Roof shingles asphalt (33%) | \$290,568 |
| Total Scheduled Replacements | | | Total Scheduled Replacements | | | Total Scheduled Replacements | | |
| \$44,700 | | | \$41,820 | | | \$308,148 | | |
| 2040 - YEAR 25 | | | 2041 - YEAR 26 | | | 2042 - YEAR 27 | | |
| Item | | \$ | Item | | \$ | Item | | \$ |
| 4 | Concrete flatwork (6%) | \$7,098 | 20 | Reset segmental block walls | \$4,635 | 40 | Aluminium coil covered fasc | \$2,880 |
| 39 | Synthetic wood trim (5%) | \$8,250 | 30 | Roof shingles asphalt (33%) | \$290,568 | | | |
| | | | | | | | | |
| Total Scheduled Replacements | | | Total Scheduled Replacements | | | Total Scheduled Replacements | | |
| \$15,348 | | | \$295,203 | | | \$2,880 | | |
| 2043 - YEAR 28 | | | 2044 - YEAR 29 | | | 2045 - YEAR 30 | | |
| Item | | \$ | Item | | \$ | Item | | \$ |
| 24 | Unit signs, wood | \$7,200 | 11 | Asphalt, seal coating | \$4,920 | 39 | Synthetic wood trim (5%) | \$8,250 |
| 25 | Sanitary sewer laterals (10% | \$28,800 | 13 | Asphalt, seal coating | \$4,920 | | | |
| 26 | Domestic water laterals (10% | \$18,000 | 15 | Asphalt, seal coating | \$4,920 | | | |
| 27 | Storm water system (10%) a | \$3,780 | 17 | Asphalt, seal coating | \$2,820 | | | |
| 32 | Roof shingles asphalt (33%) | \$290,568 | | | | | | |
| 34 | Masonry stone- tuckpointing | \$18,120 | | | | | | |
| Total Scheduled Replacements | | | Total Scheduled Replacements | | | Total Scheduled Replacements | | |
| \$366,468 | | | \$17,580 | | | \$8,250 | | |

PROJECTED REPLACEMENTS - YEARS THIRTY-ONE TO FORTY-FIVE

| Item | 2046 - YEAR 31 | \$ |
|------------------------------|--------------------------------|----------|
| 5 | Concrete flatwork (6%) | \$7,098 |
| 19 | Seg. conc. blk retain wall aft | \$17,050 |
| Total Scheduled Replacements | | \$24,148 |

| Item | 2047 - YEAR 32 | \$ |
|------------------------------|-----------------------------|---------|
| 40 | Aluminium coil covered fasc | \$2,880 |
| Total Scheduled Replacements | | \$2,880 |

| Item | 2048 - YEAR 33 | \$ |
|---------------------------|----------------|----|
| No Scheduled Replacements | | |

| Item | 2049 - YEAR 34 | \$ |
|------------------------------|-----------------------|----------|
| 11 | Asphalt, seal coating | \$4,920 |
| 13 | Asphalt, seal coating | \$4,920 |
| 15 | Asphalt, seal coating | \$4,920 |
| 17 | Asphalt, seal coating | \$2,820 |
| Total Scheduled Replacements | | \$17,580 |

| Item | 2050 - YEAR 35 | \$ |
|------------------------------|--------------------------|---------|
| 39 | Synthetic wood trim (5%) | \$8,250 |
| Total Scheduled Replacements | | \$8,250 |

| Item | 2051 - YEAR 36 | \$ |
|------------------------------|-----------------------------|-----------|
| 20 | Reset segmental block walls | \$4,635 |
| 22 | Community sign - wood | \$1,500 |
| 35 | Vinyl siding, (33%) | \$116,158 |
| Total Scheduled Replacements | | \$122,293 |

| Item | 2052 - YEAR 37 | \$ |
|------------------------------|-----------------------------|---------|
| 6 | Concrete flatwork (6%) | \$7,098 |
| 40 | Aluminium coil covered fasc | \$2,880 |
| Total Scheduled Replacements | | \$9,978 |

| Item | 2053 - YEAR 38 | \$ |
|------------------------------|-------------------------------|-----------|
| 25 | Sanitary sewer laterals (10%) | \$28,800 |
| 26 | Domestic water laterals (10%) | \$18,000 |
| 27 | Storm water system (10%) a | \$3,780 |
| 34 | Masonry stone- tuckpointing | \$18,120 |
| 36 | Vinyl siding, (33%) | \$116,158 |
| Total Scheduled Replacements | | \$184,858 |

| Item | 2054 - YEAR 39 | \$ |
|------------------------------|----------------------------|----------|
| 11 | Asphalt, seal coating | \$4,920 |
| 13 | Asphalt, seal coating | \$4,920 |
| 15 | Asphalt, seal coating | \$4,920 |
| 17 | Asphalt, seal coating | \$2,820 |
| 29 | Gutters & downspouts (33%) | \$26,256 |
| Total Scheduled Replacements | | \$43,836 |

| Item | 2055 - YEAR 40 | \$ |
|------------------------------|------------------------------|-----------|
| 18 | Asphalt pavement, mill/overl | \$23,970 |
| 37 | Vinyl siding, (33%) | \$116,158 |
| 39 | Synthetic wood trim (5%) | \$8,250 |
| Total Scheduled Replacements | | \$148,378 |

| Item | 2056 (beyond Study Period) | \$ |
|------------------------------|------------------------------|----------|
| 12 | Asphalt pavement, mill/overl | \$41,820 |
| 31 | Gutters & downspouts (33%) | \$26,256 |
| Total Scheduled Replacements | | \$68,076 |

| Item | 2057 (beyond Study Period) | \$ |
|------------------------------|------------------------------|----------|
| 14 | Asphalt pavement, mill/overl | \$41,820 |
| 40 | Aluminium coil covered fasc | \$2,880 |
| Total Scheduled Replacements | | \$44,700 |

| Item | 2058 (beyond Study Period) | \$ |
|------------------------------|--------------------------------|----------|
| 7 | Concrete flatwork (6%) | \$7,098 |
| 16 | Asphalt pavement, mill/overl | \$41,820 |
| 23 | Building/ unit location signs, | \$3,600 |
| 33 | Gutters & downspouts (33%) | \$26,256 |
| Total Scheduled Replacements | | \$78,774 |

| Item | 2059 (beyond Study Period) | \$ |
|------------------------------|-----------------------------|-----------|
| 11 | Asphalt, seal coating | \$4,920 |
| 13 | Asphalt, seal coating | \$4,920 |
| 15 | Asphalt, seal coating | \$4,920 |
| 17 | Asphalt, seal coating | \$2,820 |
| 28 | Roof shingles asphalt (33%) | \$290,568 |
| Total Scheduled Replacements | | \$308,148 |

| Item | 2060 (beyond Study Period) | \$ |
|------------------------------|----------------------------|---------|
| 39 | Synthetic wood trim (5%) | \$8,250 |
| Total Scheduled Replacements | | \$8,250 |

CONDITION ASSESSMENT

General Comments. Miller - Dodson Associates conducted a Reserve Study at Villa at Parkwood Estates in March 2016. Villas at Parkwood Estates is in good condition for a condominium community constructed in 2000. A review of the Replacement Reserve Inventory will show that we are anticipating most of the components achieving their normal economic lives.

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

SITE IMPROVEMENTS

Asphalt Pavement. The site includes asphalt pavement for vehicle access and parking. In general, the asphalt pavement is in good to fair condition with multiple areas of defects. The Association maintains an inventory of 88,400 square feet of asphalt pavement, including the following road, common drives, and unit driveway.

The defects noted include the following:

- **Open Cracks.** There are multiple locations where open cracks are allowing water to penetrate to the asphalt base and the bearing soils beneath the pavement. This water will erode the base accelerating the deterioration of the asphalt pavement. If the cracks have allowed the deterioration of the base materials and the bearing soil, the damaged areas should be removed and replaced. All other cracks should be cleaned and filled.
- **Improper Grading.** The asphalt pavement is not properly graded in a number of areas, resulting in the ponding of water on the pavement. Water ponding on asphalt pavement accelerates the deterioration of the pavement and will result in the formation of potholes. Proper grading of the asphalt pavement will require replacement of portions of the asphalt. It may also require replacement of some of the adjacent segments of curb and gutter that are not properly sloped to move water to the storm water management system.



Asphalt cracking along edges of the driveway.



An asphalt curbing across common driveway to control drainage This condition needs to be corrected when asphalt is milled and overlaid.

- **Alligatoring.** There are multiple locations where the asphalt has developed a pattern of cracking known as alligatoring. Alligatoring is the result of an unstable base under the asphalt. Shifting in the base causes the asphalt to crack and shift, forming the cracks that resemble the skin of an alligator. Once these cracks extend through the asphalt, they will allow water to penetrate to the

base, accelerating the rate of deterioration. The only solution is to remove the defective asphalt and compact the base before new asphalt is installed.

- Potholes. There are a number of locations where potholes have formed as the result of the failure of the underlying base material or the surface material. Repair will require removal of the asphalt and base material, installation and compaction of new base material, and resurfacing with asphalt.



New drain with concrete curbing. New asphalt mill and overlay will need to slope accordingly.



New asphalt overlay causes tripping hazard.

- Depressions. There are areas where the asphalt surface is depressed due to deformation in the surface or underlying layers. These depressions may continue to grow with exposure to traffic. Water ponding was noted in several of these areas. Repair will require removal of the asphalt and base material, installation and compaction of new base material, and resurfacing with asphalt.
- Cracking Along Edges. Sections of the asphalt pavement have developed cracks along their edges as a result of a lack of curbing to hold it in place. The pavement will continue to deteriorate with time.
- Reflective Cracks. The asphalt pavement has a significant number of reflective cracks. Reflective cracks occur when an asphalt overlay is installed over pavement that has existing cracks. With time and movement of the asphalt surfaces, those cracks reappear in the new asphalt. Reflective cracks can be eliminated by the installation of a material, such as Petromat, over existing cracks at the time of overlay.

As a rule of thumb, asphalt should be overlayed when approximately five percent of the surface area has become cracked or has failed. The normal service life of asphalt pavement is typically 18 to 20 years.

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

- Crack Sealing. All cracks should be sealed with an appropriate sealing compound to prevent water infiltration through the asphalt compound into the base. This repair should be done annually. This is an entirely different process from the seal coating discussed below. Crack sealing is normally considered a maintenance activity and is not funded from Reserves. Areas of extensive cracking or deterioration that cannot be made watertight by crack sealing should be cut out and patched.
- 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.

- **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, the crack sealing and cleaning of the asphalt as discussed above should be completed first.

Pricing used in the study is based on a recent contract for a two-inch overlay and reflects the current local market.

Asphalt Seal Coat. The asphalt pavement does not appear to have been seal coated within the past five years. As the asphalt surface oxidizes, some of the binders in the asphalt evaporate, resulting in a gray appearance to the asphalt. As a result of this process, the asphalt loses some of its flexibility, resulting in cracking and splitting. We recommend following a crack filling and recoating cycle of five years for asphalt surfaces.

Concrete Flatwork. The concrete flatwork includes the unit leadwalks, stoops, patios, and mailbox pads. The Association maintains an inventory of approximately 13,000 square feet of concrete flatwork. The overall condition of the concrete flatwork is good with minor areas of defects. The defects noted include the following:



Leadwalk section has settled, causing a tripping hazard.



Minor crack in unit leadwalk.

- **Cracking.** There are multiple sections of the concrete flatwork that have cracked creating trip hazards.
- **Heaving/Settlement.** Sections of the concrete flatwork have heaved or settled relative to their adjacent sections, creating trip hazards.
- **Poor Drainage.** There are several areas where water is ponding on the concrete flatwork due to settlement of the flatwork or poor drainage of the surrounding area.
- The expansion joint material is not present in many of the joints between the concrete sidewalks and curbs. The expansion material that fills these joints is installed to allow movement and to serve as a gasket to prevent water from entering the pavement. If these joints are left open, soil will wash away underneath the pavement and will cause settlement of both the curb and gutter and the sidewalk. Additionally, water that is allowed to collect behind the curb and gutter will open up the joint between the asphalt and gutter pan, which will deteriorate the edges of the asphalt. The expansion joint material should be replaced with an impregnated homasote approximately every five years as a normal maintenance procedure.

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 replacement of 60 percent of the inventory and spread those funds over a 60-year timeframe to reflect the incremental nature of this work. This approach assumes a failure rate of one percent per year.

Segmental Block Retaining Walls. The community maintains an inventory of 1032 square feet of segmental block retaining wall. The major portions of the walls were installed in 2011. The overall condition of these walls is good.

The industry considers this type of retaining wall to be maintenance-free for 50 years and have an estimated service life of 80-100 years. If this conclusion is accepted, there is no need to reserve for this very significant component. However, if major work must be performed on this wall at some point in time because of settlement, erosion, latent construction defects, etc., the cost will be very high. Therefore, we have included funding for replacement of 30% of this wall at 40 years, which permits the association to accumulate slowly for this possibility.



Typical metal mailbox clusters with concrete pads.



The long and high retaining wall installed in 2011 in good condition.

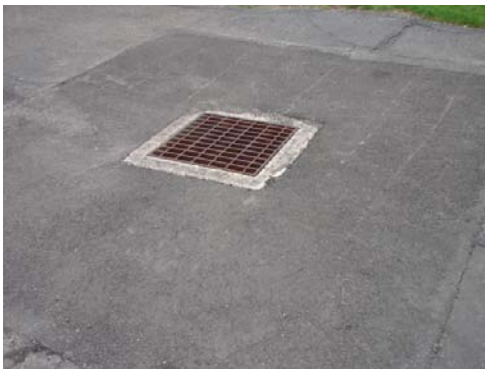
Mailboxes. The cluster mailboxes located throughout the community are in good condition, with moderate rust.

Site Lighting. The Association is responsible for the operation of the community's leadwalk lights and poles. The lighting system was not on at the time of our site visit. We understand that the lighting system is in good operating condition.



Typical 6' hi pole lights along leadwalk

Storm Water System. We have included the catch basins and underground piping portions of the storm water system in the Reserve Analysis. No engineering drawings were available to accurately determine distances, sizes of lines and materials used for underground components of the system. Accordingly, we have provided an estimate of the approximate replacement cost based on our experience with other communities of similar size and on our inspection of the visible components while on site. Inspection of the underground lines and structures is beyond the scope of work of this study.



Storm drain in common driveway.
Concrete edge needs to be level with
asphalt when the asphalt is milled and
overlayed.



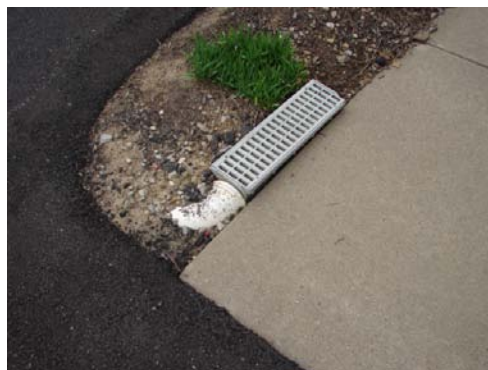
Storm drain at end of common driveway.

Storm Water Piping. The cost of replacing community storm water systems varies widely with the number of dwelling units in the community, the density of the housing, the local climate, and the total area of impervious surfaces. Costs for piping system replacement typically range between \$1,000 and \$3,000 per dwelling unit.

Due to the subsurface locations of the pipe, the condition of individual sections cannot be easily determined. Different types of pipe have drastically different life expectancies. Generally, both reinforced concrete pipe (RCP) and aluminized steel corrugated pipe (ASCP) have 75-year service lives.



Typical storm drain at some driveways in front of garage door



Small drain along leadwalk. Drain is too high above grade.

We have included the catch basins and underground piping portions of the storm water system in the Reserve Analysis. No engineering drawings were available to accurately determine distances, sizes of lines, and materials used for underground components of the system. Accordingly, we have provided an estimate of the approximate replacement cost based on our experience with other communities of similar size and on our inspection of the visible components while on site. Inspection of the underground lines and structures is beyond the scope of work of this study.

Because it is highly unlikely that all of the community's storm water piping will fail and require replacement in the period of the study, we have programmed funds for the replacement of ten percent of the inventory every 20 years to reflect the incremental nature of this work.

Water and Sewer Laterals. The water and sewer laterals are those portions of the underground utility system that extend from the individual units to the water and sewer mains typically located under or along the street. In the absence of drawings, we have assumed 50 linear feet of each line is required to serve each unit. This is the approximate average distance from the face of the building to the curb line.

Entrance Monuments. Stone walls have been erected as entrance monuments to the community. Because the stonework has a very long life expectancy, we have excluded replacement of these walls. We have, however, included funding for the periodic tuckpointing of mortar joints as exposure to weather over an extended period of time will wash lime out of the mortar and weaken the joint. Periodic tuckpointing of these joints and replacement of damaged stone is required to extend the life of the wall. Unless the wall is damaged by settlement, this work is typically not required until the wall is approximately 35-40 years old. At that point, we expect that approximately 10 percent of the surface area will require repair and that an additional 10 percent will require repair every 10 years thereafter.

BUILDING UNIT EXTERIORS

Asphalt Shingle Roofing. All buildings have asphalt shingle roofs that vary in age and condition. We have estimated the remaining useful life of the roofs based on the conditions seen at the site as well as the age of the roofs. We have assumed that when the roofs eventually will require replacement, all roofs will be replaced with 30-year roofs. We have assumed that the gutters and downspouts will be replaced when the roofs are replaced with 6" aluminum gutters and downspouts.

Due to the large inventory and the varying rates at which the roofing materials will age and require replacement, we have divided the roof inventory into 4 equal components and spread their replacement over a 6-year period.



Typical gable roof end with aluminum coil fascia. The gutter and downspout need to be replaced with 6" aluminum when roof is replaced. Not all corners have floodlights.



Asphalt shingle roof in closed valleys hold moisture and tends to deteriorate faster.

Vinyl Siding. The vinyl siding on the unit buildings is in good-fair overall condition. We have estimated the remaining useful life of the siding based on the conditions seen at the site as well as the age of the siding.



Typical wall mounted fixture between the garage doors.



Vinyl siding was replaced with non-matching colors.

Due to the large inventory and the varying rates at which the siding materials will age and require replacement, we have divided the siding inventory into 4 equal components and spread their replacement over a six-year period.

Stone Masonry Tuckpointing/Repair. The masonry on the buildings and entrance monument are in good condition. Masonry is usually considered to be a life of structure item and therefore excluded from reserve funding. Because weather and other conditions result in the slow deterioration of the mortar in the masonry joints, we have included funding in the Reserve Analysis for masonry tuckpointing and repair.



The rear of stone monument with cut stone cap. This stone area as well as other areas will eventually need tuckpointing/repair.



The stone veneer has some deterioration where covered by mulch. Remove mulch.

This masonry repair is the process of raking and cutting out damaged sections of mortar and replacing it with new mortar. When mortar joints become damaged, they allow water to gain access to the masonry units. Repeated freeze-thaw cycles gradually increase the damage to the mortar joints, allowing even more moisture into the masonry joints. If allowed to progress sufficiently, the masonry surfaces can spall or entire units can fall off.

Periodic masonry repair limits the damage done by moisture penetration, maximizing the life of both the mortar and the masonry. For the Reserve Analysis, we have assumed that five percent of the masonry will require repair every ten years.

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

End of Condition Assessment

CASH FLOW METHOD ACCOUNTING SUMMARY

This Villas at Parkwood Estates - Cash Flow Method Accounting Summary is an attachment to the Villas at Parkwood Estates - Replacement Reserve Study dated March 31, 2016 and is for use by accounting and reserve professionals experienced in Association funding and accounting principles. This Summary consists of four reports, the 2016, 2017, and 2018 Cash Flow Method Category Funding Reports (3) and a Three-Year Replacement Funding Report.

- CASH FLOW METHOD CATEGORY FUNDING REPORT, 2016, 2017, and 2018. Each of the 43 Projected Replacements listed in the Villas at Parkwood Estates Replacement Reserve Inventory has been assigned to one of 4 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 \$363,365 Beginning Balance (at the start of the Study Year) and the \$315,471 of additional Replacement Reserve Funding in 2016 through 2018 (as calculated in the Replacement Reserve Analysis) to each of the 43 Projected Replacements listed in the Replacement Reserve Inventory. These allocations have been made using Chronological Allocation, a method developed by Miller Dodson Associates, Inc., and discussed below. The calculated data includes:
 - Identification and estimated cost of each Projected Replacement scheduled in years 2016 through 2018.
 - Allocation of the \$363,365 Beginning Balance to the Projected Replacements by Chronological Allocation.
 - Allocation of the \$315,471 of additional Replacement Reserve Funding recommended in the Replacement Reserve Analysis in years 2016 through 2018, by Chronological Allocation.
- CHRONOLOGICAL ALLOCATION. Chronological Allocation assigns Replacement Reserves to Projected Replacements on a "first come, first serve" basis in keeping with the basic philosophy of the Cash Flow Method. The Chronological Allocation methodology is outlined below.
 - The first step is the allocation of the \$363,365 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 Villas at Parkwood Estates the Beginning Balance funds all Scheduled Replacements in the Study Year through 2018 and provides partial funding (70%) of replacements scheduled in 2019.
 - The next step is the allocation of the \$105,157 of 2016 Cash Flow Method Reserve Funding calculated in the Replacement Reserve Analysis. These funds are first allocated to fund the partially funded Projected Replacements and then to subsequent years in chronological order as outlined above.

At Villas at Parkwood Estates the Beginning Balance and the 2016 Replacement Reserve Funding, funds replacements through 2019 and partial funds (70.0%) replacements in 2020.
 - Allocations of the 2017 and 2018 Reserve Funding are done using the same methodology.
 - The Three-Year Replacement Funding Report details component by component allocations made by Chronological Allocation.

2016 - CASH FLOW METHOD CATEGORY FUNDING REPORT

Each of the 43 Projected Replacements included in the Villas at Parkwood Estates Replacement Reserve Inventory has been assigned to one of the 4 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 \$363,365 as of the first day of the Study Year, January 1, 2016.
- Total reserve funding (including the Beginning Balance) of \$468,522 in the Study Year.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2016 being accomplished in 2016 at a cost of \$41,820.

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

2016 - CASH FLOW METHOD CATEGORY FUNDING - TABLE CF1

| CATEGORY | NORMAL ECONOMIC LIFE | REMAINING ECONOMIC LIFE | ESTIMATED REPLACEMENT COST | 2016 BEGINNING BALANCE | 2016 RESERVE FUNDING | 2016 PROJECTED REPLACEMENTS | 2016 END OF YEAR BALANCE |
|-------------------|----------------------------|-------------------------------|----------------------------------|------------------------------|----------------------------|-----------------------------------|--------------------------------|
| SITE COMPONENT | 60 years | 6 to 54 years | \$70,980 | | | | |
| SITE IMPROVEMENTS | 5 to 40 years | 0 to 30 years | \$211,795 | \$137,816 | \$5,224 | (\$41,820) | \$101,220 |
| SITE UTILITIES | 10 years | 17 years | \$50,580 | | | | |
| UNIT EXTERIORS | 5 to 35 years | 1 to 20 years | \$1,536,815 | \$225,549 | \$99,932 | | \$325,482 |

2017 - CASH FLOW METHOD CATEGORY FUNDING REPORT

Each of the 43 Projected Replacements included in the Villas at Parkwood Estates Replacement Reserve Inventory has been assigned to one of the 4 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 \$426,702 on January 1, 2017.
- Total reserve funding (including the Beginning Balance) of \$573,679 from 2016 through 2017.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2017 being accomplished in 2017 at a cost of \$44,700.

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

2017 - CASH FLOW METHOD CATEGORY FUNDING - TABLE CF2

| CATEGORY | NORMAL ECONOMIC LIFE | REMAINING ECONOMIC LIFE | ESTIMATED REPLACEMENT COST | 2017 BEGINNING BALANCE | 2017 RESERVE FUNDING | 2017 PROJECTED REPLACEMENTS | 2017 END OF YEAR BALANCE |
|-------------------|----------------------------|-------------------------------|----------------------------------|------------------------------|----------------------------|-----------------------------------|--------------------------------|
| SITE COMPONENT | 60 years | 5 to 53 years | \$70,980 | | | | |
| SITE IMPROVEMENTS | 5 to 40 years | 0 to 29 years | \$211,795 | \$101,220 | | (\$41,820) | \$59,400 |
| SITE UTILITIES | 10 years | 16 years | \$50,580 | | | | |
| UNIT EXTERIORS | 5 to 35 years | 0 to 19 years | \$1,536,815 | \$325,482 | \$105,157 | (\$2,880) | \$427,759 |

2018 - CASH FLOW METHOD CATEGORY FUNDING REPORT

Each of the 43 Projected Replacements included in the Villas at Parkwood Estates Replacement Reserve Inventory has been assigned to one of the 4 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 \$487,159 on January 1, 2018.
- Total Replacement Reserve funding (including the Beginning Balance) of \$678,836 from 2016 to 2018.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2018 being accomplished in 2018 at a cost of \$41,820.

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

2018 - CASH FLOW METHOD CATEGORY FUNDING - TABLE CF3

| CATEGORY | NORMAL ECONOMIC LIFE | REMAINING ECONOMIC LIFE | ESTIMATED REPLACEMENT COST | 2018 BEGINNING BALANCE | 2018 RESERVE FUNDING | 2018 PROJECTED REPLACEMENTS | 2018 END OF YEAR BALANCE |
|-------------------|----------------------------|-------------------------------|----------------------------------|------------------------------|----------------------------|-----------------------------------|--------------------------------|
| SITE COMPONENT | 60 years | 4 to 52 years | \$70,980 | | | | |
| SITE IMPROVEMENTS | 5 to 40 years | 0 to 28 years | \$211,795 | \$59,400 | | (\$41,820) | \$17,580 |
| SITE UTILITIES | 10 years | 15 years | \$50,580 | | | | |
| UNIT EXTERIORS | 5 to 35 years | 1 to 18 years | \$1,536,815 | \$427,759 | \$105,157 | | \$532,916 |

CASH FLOW METHOD - THREE-YEAR REPLACEMENT FUNDING REPORT

TABLE CF4 below details the allocation of the \$363,365 Beginning Balance, as reported by the Association and the \$315,471 of Replacement Reserve Funding calculated by the Cash Flow Method from 2016 to 2018, to the 43 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 \$363,365 on January 1, 2016.
- Replacement Reserves on Deposit totaling \$426,702 on January 1, 2017.
- Replacement Reserves on Deposit totaling \$487,159 on January 1, 2018.
- Total Replacement Reserve funding (including the Beginning Balance) of \$678,836 from 2016 to 2018.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory from 2016 to 2018 being accomplished as scheduled in the Replacement Reserve Inventory at a cost of \$128,340.

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.

[illegible]

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

[illegible]

COMPONENT METHOD



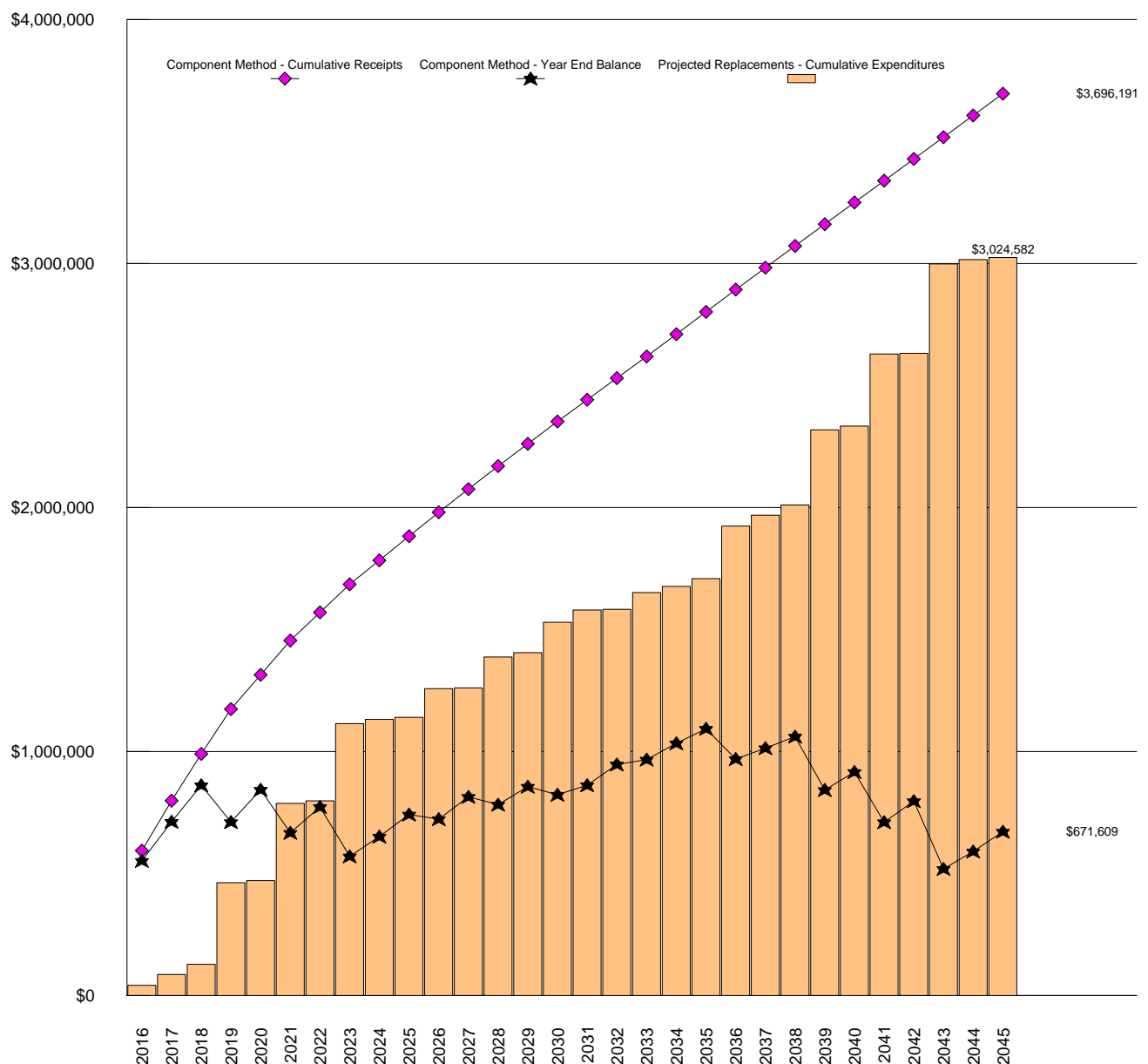
\$230,580

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

\$266.87 Per unit (average), recommended monthly funding of Replacement Reserves

General. The Component Method (also referred to as the Full Funded Method) is a very conservative mathematical model developed by HUD in the early 1980s. Each of the 43 Projected Replacements listed in the Replacement Reserve Inventory is treated as a separate account. The Beginning Balance is allocated to each of the individual accounts, as is all subsequent funding of Replacement Reserves. These funds are "locked" in these individual accounts and are not available to fund other Projected Replacements. The calculation of Recommended Annual Funding of Replacement Reserves is a multi-step process outlined in more detail on Page CM2.

Component Method - Cumulative Receipts and Expenditures Graph



COMPONENT METHOD (cont'd)

- **Current Funding Objective.** A Current Funding Objective is calculated for each of the Projected Replacements listed in the Replacement Reserve Inventory. Replacement Cost is divided by the Normal Economic Life to determine the nominal annual contribution. The Remaining Economic Life is then subtracted from the Normal Economic Life to calculate the number of years that the nominal annual contribution should have been made. The two values are then multiplied to determine the Current Funding Objective. This is repeated for each of the 43 Projected Replacements. The total, \$1,092,466, 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 (\$363,365) by the Current Funding Objective (\$1,092,466). At Villas at Parkwood Estates the Funding Percentage is 33.3%
- **Allocation of the Beginning Balance.** The Beginning Balance is divided among the 43 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 33.3 percent funded, there is \$266 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 \$230,580, the Component Method Recommended Annual Funding of Replacement Reserves in the Study Year (2016).

In our fence example, the \$266 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 \$367. Next year, the deposit remains \$367, but in the third year, the fence is replaced and the annual funding adjusts to \$100.

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

Component Method Data - Years 1 through 30

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Beginning balance | \$363,365 | | | | | | | | | |
| Recommended annual funding | \$230,580 | \$204,760 | \$191,624 | \$183,716 | \$140,465 | \$140,465 | \$115,421 | \$114,823 | \$98,589 | \$98,589 |
| Interest on reserves | | | | | | | | | | |
| Expenditures | \$41,820 | \$44,700 | \$41,820 | \$334,404 | \$8,250 | \$316,824 | \$9,978 | \$316,824 | \$17,580 | \$8,250 |
| Year end balance | \$552,125 | \$712,185 | \$861,989 | \$711,301 | \$843,516 | \$667,157 | \$772,600 | \$570,599 | \$651,609 | \$741,948 |
| Cumulative Expenditures | \$41,820 | \$86,520 | \$128,340 | \$462,744 | \$470,994 | \$787,818 | \$797,796 | \$1,114,621 | \$1,132,201 | \$1,140,451 |
| Cumulative Receipts | \$593,945 | \$798,705 | \$990,329 | \$1,174,046 | \$1,314,511 | \$1,454,976 | \$1,570,397 | \$1,685,220 | \$1,783,809 | \$1,882,398 |
| Year | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
| Recommended annual funding | \$98,589 | \$94,592 | \$94,592 | \$91,339 | \$91,339 | \$89,272 | \$88,552 | \$88,552 | \$91,606 | \$91,435 |
| Interest on reserves | | | | | | | | | | |
| Expenditures | \$117,658 | \$2,880 | \$126,856 | \$17,580 | \$124,408 | \$50,535 | \$2,880 | \$68,700 | \$24,678 | \$32,220 |
| Year end balance | \$722,880 | \$814,591 | \$782,327 | \$856,087 | \$823,018 | \$861,755 | \$947,427 | \$967,280 | \$1,034,207 | \$1,093,423 |
| Cumulative Expenditures | \$1,258,108 | \$1,260,988 | \$1,387,844 | \$1,405,424 | \$1,529,831 | \$1,580,366 | \$1,583,246 | \$1,651,946 | \$1,676,624 | \$1,708,844 |
| Cumulative Receipts | \$1,980,988 | \$2,075,580 | \$2,170,171 | \$2,261,510 | \$2,352,850 | \$2,442,122 | \$2,530,674 | \$2,619,226 | \$2,710,832 | \$2,802,267 |
| Year | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 | 2043 | 2044 | 2045 |
| Recommended annual funding | \$91,435 | \$89,229 | \$89,229 | \$89,229 | \$89,229 | \$89,119 | \$89,119 | \$89,119 | \$89,107 | \$89,107 |
| Interest on reserves | | | | | | | | | | |
| Expenditures | \$215,340 | \$44,700 | \$41,820 | \$308,148 | \$15,348 | \$295,203 | \$2,880 | \$366,468 | \$17,580 | \$8,250 |
| Year end balance | \$969,518 | \$1,014,047 | \$1,061,457 | \$842,538 | \$916,419 | \$710,335 | \$796,574 | \$519,224 | \$590,752 | \$671,609 |
| Cumulative Expenditures | \$1,924,184 | \$1,968,884 | \$2,010,704 | \$2,318,853 | \$2,334,201 | \$2,629,404 | \$2,632,284 | \$2,998,752 | \$3,016,332 | \$3,024,582 |
| Cumulative Receipts | \$2,893,702 | \$2,982,932 | \$3,072,161 | \$3,161,390 | \$3,250,620 | \$3,339,739 | \$3,428,858 | \$3,517,976 | \$3,607,084 | \$3,696,191 |

COMPONENT METHOD ACCOUNTING SUMMARY

This Villas at Parkwood Estates - Component Method Accounting Summary is an attachment to the Villas at Parkwood Estates - Replacement Reserve Study dated March 31, 2016 and is for use by accounting and reserve professionals experienced in Association funding and accounting principles. This Summary consists of four reports, the 2016, 2017, and 2018 Component Method Category Funding Reports (3) and a Three-Year Replacement Funding Report.

- COMPONENT METHOD CATEGORY FUNDING REPORT, 2016, 2017, and 2018. Each of the 43 Projected Replacements listed in the Villas at Parkwood Estates Replacement Reserve Inventory has been assigned to one of 4 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 \$363,365 Beginning Balance (at the start of the Study Year) and the \$626,964 of additional Replacement Reserve funding from 2016 to 2018 (as calculated in the Replacement Reserve Analysis) to each of the 43 Projected Replacements listed in the Replacement Reserve Inventory. These allocations have been made using the Component Method as outlined in the Replacement Reserve Analysis. The calculated data includes:
 - Identification and estimated cost of each Projected Replacement schedule in years 2016 through 2018.
 - Allocation of the \$363,365 Beginning Balance to the Projected Replacements by the Component Method.
 - Allocation of the \$626,964 of additional Replacement Reserve Funding recommended in the Replacement Reserve Analysis in years 2016 through 2018, by the Component Method.

2016 - COMPONENT METHOD CATEGORY FUNDING REPORT

Each of the 43 Projected Replacements included in the Villas at Parkwood Estates Replacement Reserve Inventory has been assigned to one of the 4 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 \$363,365 as of the first day of the Study Year, January 1, 2016.
- Total reserve funding (including the Beginning Balance) of \$593,945 in the Study Year.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2016 being accomplished in 2016 at a cost of \$41,820.

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

2016 - COMPONENT METHOD CATEGORY FUNDING - TABLE CM1

| CATEGORY | NORMAL ECONOMIC LIFE | REMAINING ECONOMIC LIFE | ESTIMATED REPLACEMENT COST | 2016 BEGINNING BALANCE | 2016 RESERVE FUNDING | 2016 PROJECTED REPLACEMENTS | 2016 END OF YEAR BALANCE |
|-------------------|----------------------------|-------------------------------|----------------------------------|------------------------------|----------------------------|-----------------------------------|--------------------------------|
| SITE COMPONENT | 60 years | 6 to 54 years | \$70,980 | \$10,467 | \$2,533 | | \$13,000 |
| SITE IMPROVEMENTS | 5 to 40 years | 0 to 30 years | \$211,795 | \$43,252 | \$59,692 | \$41,820 | \$61,124 |
| SITE UTILITIES | 10 years | 17 years | \$50,580 | | \$2,810 | | \$2,810 |
| UNIT EXTERIORS | 5 to 35 years | 1 to 20 years | \$1,536,815 | \$309,647 | \$165,544 | | \$475,191 |

2017 - COMPONENT METHOD CATEGORY FUNDING REPORT

Each of the 43 Projected Replacements included in the Villas at Parkwood Estates Replacement Reserve Inventory has been assigned to one of the 4 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 \$552,125 on January 1, 2017.
- Total reserve funding (including the Beginning Balance) of \$798,705 from 2016 through 2017.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2017 being accomplished in 2017 at a cost of \$44,700.

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

2017 - COMPONENT METHOD CATEGORY FUNDING - TABLE CM2

| CATEGORY | NORMAL ECONOMIC LIFE | REMAINING ECONOMIC LIFE | ESTIMATED REPLACEMENT COST | 2017 BEGINNING BALANCE | 2017 RESERVE FUNDING | 2017 PROJECTED REPLACEMENTS | 2017 END OF YEAR BALANCE |
|-------------------|----------------------------|-------------------------------|----------------------------------|------------------------------|----------------------------|-----------------------------------|--------------------------------|
| SITE COMPONENT | 60 years | 5 to 53 years | \$70,980 | \$13,000 | \$2,533 | | \$15,533 |
| SITE IMPROVEMENTS | 5 to 40 years | 0 to 29 years | \$211,795 | \$61,124 | \$33,873 | \$41,820 | \$53,177 |
| SITE UTILITIES | 10 years | 16 years | \$50,580 | \$2,810 | \$2,810 | | \$5,620 |
| UNIT EXTERIORS | 5 to 35 years | 0 to 19 years | \$1,536,815 | \$475,191 | \$165,544 | \$2,880 | \$637,855 |

2018 - COMPONENT METHOD CATEGORY FUNDING REPORT

Each of the 43 Projected Replacements included in the Villas at Parkwood Estates Replacement Reserve Inventory has been assigned to one of the 4 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 \$712,185 on January 1, 2018.
- Total Replacement Reserve funding (including the Beginning Balance) of \$990,329 from 2016 to 2018.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2018 being accomplished in 2018 at a cost of \$41,820.

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

2018 - COMPONENT METHOD CATEGORY FUNDING - TABLE CM3

| CATEGORY | NORMAL ECONOMIC LIFE | REMAINING ECONOMIC LIFE | ESTIMATED REPLACEMENT COST | 2018 BEGINNING BALANCE | 2018 RESERVE FUNDING | 2018 PROJECTED REPLACEMENTS | 2018 END OF YEAR BALANCE |
|-------------------|----------------------------|-------------------------------|----------------------------------|------------------------------|----------------------------|-----------------------------------|--------------------------------|
| SITE COMPONENT | 60 years | 4 to 52 years | \$70,980 | \$15,533 | \$2,533 | | \$18,067 |
| SITE IMPROVEMENTS | 5 to 40 years | 0 to 28 years | \$211,795 | \$53,177 | \$21,314 | \$41,820 | \$32,671 |
| SITE UTILITIES | 10 years | 15 years | \$50,580 | \$5,620 | \$2,810 | | \$8,430 |
| UNIT EXTERIORS | 5 to 35 years | 1 to 18 years | \$1,536,815 | \$637,855 | \$164,967 | | \$802,822 |

COMPONENT METHOD - THREE-YEAR REPLACEMENT FUNDING REPORT

TABLE CM4 below details the allocation of the \$363,365 Beginning Balance, as reported by the Association and the \$626,964 of Replacement Reserve Funding calculated by the Cash Flow Method from 2016 to 2018, to the 43 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 \$363,365 on January 1, 2016.
- Replacement Reserves on Deposit totaling \$552,125 on January 1, 2017.
- Replacement Reserves on Deposit totaling \$712,185 on January 1, 2018.
- Total Replacement Reserve funding (including the Beginning Balance) of \$990,329 from 2016 to 2018.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory from 2016 to 2018 being accomplished as scheduled in the Replacement Reserve Inventory at a cost of \$128,340.

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

COMPONENT METHOD - THREE-YEAR REPLACEMENT FUNDING - TABLE CM4

| Item # | Description of Projected Replacement | Estimated Replacement Costs | Allocation of Beginning Balance | 2016 Reserve Funding | 2016 Projected Replacements | 2016 End of Year Balance | 2017 Reserve Funding | 2017 Projected Replacements | 2017 End of Year Balance | 2018 Reserve Funding | 2018 Projected Replacements | 2018 End of Year Balance |
|-------------------|---|-----------------------------|---------------------------------|----------------------|-----------------------------|--------------------------|----------------------|-----------------------------|--------------------------|----------------------|-----------------------------|--------------------------|
| SITE COMPONENT | | | | | | | | | | | | |
| 1 | Concrete flatwork (6%) | 7,098 | 2,085 | 716 | | 2,802 | 716 | | 3,518 | 716 | | 4,234 |
| 2 | Concrete flatwork (6%) | 7,098 | 1,849 | 404 | | 2,253 | 404 | | 2,657 | 404 | | 3,061 |
| 3 | Concrete flatwork (6%) | 7,098 | 1,613 | 289 | | 1,902 | 289 | | 2,191 | 289 | | 2,479 |
| 4 | Concrete flatwork (6%) | 7,098 | 1,377 | 229 | | 1,606 | 229 | | 1,835 | 229 | | 2,064 |
| 5 | Concrete flatwork (6%) | 7,098 | 1,141 | 192 | | 1,333 | 192 | | 1,525 | 192 | | 1,718 |
| 6 | Concrete flatwork (6%) | 7,098 | 905 | 167 | | 1,072 | 167 | | 1,240 | 167 | | 1,407 |
| 7 | Concrete flatwork (6%) | 7,098 | 669 | 150 | | 818 | 150 | | 968 | 150 | | 1,117 |
| 8 | Concrete flatwork (6%) | 7,098 | 433 | 136 | | 569 | 136 | | 705 | 136 | | 841 |
| 9 | Concrete flatwork (6%) | 7,098 | 197 | 125 | | 322 | 125 | | 448 | 125 | | 573 |
| 10 | Concrete flatwork (6%) | 7,098 | 197 | 125 | | 322 | 125 | | 448 | 125 | | 573 |
| SITE IMPROVEMENTS | | | | | | | | | | | | |
| 11 | Asphalt, seal coating | 4,920 | 327 | 1,148 | | 1,475 | 1,148 | | 2,624 | 1,148 | | 3,772 |
| 12 | Asphalt pavement, mill/overlay | 41,820 | 13,910 | 27,910 | (41,820) | | 2,091 | | 2,091 | 2,091 | | 4,182 |
| 13 | Asphalt, seal coating | 4,920 | 327 | 1,148 | | 1,475 | 1,148 | | 2,624 | 1,148 | | 3,772 |
| 14 | Asphalt pavement, mill/overlay | 41,820 | 12,519 | 14,651 | | 27,169 | 14,651 | (41,820) | | 2,091 | | 2,091 |
| 15 | Asphalt, seal coating | 4,920 | 327 | 1,148 | | 1,475 | 1,148 | | 2,624 | 1,148 | | 3,772 |
| 16 | Asphalt pavement, mill/overlay | 41,820 | 11,823 | 9,999 | | 21,822 | 9,999 | | 31,821 | 9,999 | (41,820) | |
| 17 | Asphalt, seal coating | 2,820 | 188 | 658 | | 846 | 658 | | 1,504 | 658 | | 2,162 |
| 18 | Asphalt pavement, mill/overlay | 23,970 | | 1,199 | | 1,199 | 1,199 | | 2,397 | 1,199 | | 3,596 |
| 19 | Seg. conc. blk retain wall aft.40yrs(30%) | 17,050 | 1,276 | 509 | | 1,785 | 509 | | 2,294 | 509 | | 2,802 |
| 20 | Reset segmental block walls (10%) | 4,635 | | 290 | | 290 | 290 | | 579 | 290 | | 869 |
| 21 | Mailboxes, cluster, metal | 10,800 | 1,437 | 446 | | 1,883 | 446 | | 2,329 | 446 | | 2,774 |
| 22 | Community sign - wood | 1,500 | 279 | 111 | | 390 | 111 | | 501 | 111 | | 612 |
| 23 | Building/ unit location signs, wood | 3,600 | 679 | 225 | | 903 | 225 | | 1,128 | 225 | | 1,353 |
| 24 | Unit signs, wood | 7,200 | 160 | 251 | | 411 | 251 | | 663 | 251 | | 914 |
| SITE UTILITIES | | | | | | | | | | | | |
| 25 | Sanitary sewer laterals (10%) allow | 28,800 | | 1,600 | | 1,600 | 1,600 | | 3,200 | 1,600 | | 4,800 |
| 26 | Domestic water laterals (10%) allow | 18,000 | | 1,000 | | 1,000 | 1,000 | | 2,000 | 1,000 | | 3,000 |
| 27 | Storm water system (10%) allow | 3,780 | | 210 | | 210 | 210 | | 420 | 210 | | 630 |
| UNIT EXTERIORS | | | | | | | | | | | | |
| 28 | Roof shingles asphalt (33%) | 290,568 | 77,317 | 53,313 | | 130,630 | 53,313 | | 183,942 | 53,313 | | 237,255 |
| 29 | Gutters & downspouts (33%) | 26,256 | 7,735 | 4,630 | | 12,365 | 4,630 | | 16,995 | 4,630 | | 21,626 |
| 30 | Roof shingles asphalt (33%) | 290,568 | 67,652 | 37,153 | | 104,805 | 37,153 | | 141,957 | 37,153 | | 179,110 |
| 31 | Gutters & downspouts (33%) | 26,256 | 7,236 | 3,170 | | 10,406 | 3,170 | | 13,576 | 3,170 | | 16,746 |
| 32 | Roof shingles asphalt (33%) | 290,568 | 57,988 | 29,073 | | 87,060 | 29,073 | | 116,133 | 29,073 | | 145,205 |
| 33 | Gutters & downspouts (33%) | 26,256 | 6,737 | 2,440 | | 9,177 | 2,440 | | 11,617 | 2,440 | | 14,057 |
| 34 | Masonry stone- tuckpointing (5%) | 18,120 | | 1,007 | | 1,007 | 1,007 | | 2,013 | 1,007 | | 3,020 |
| 35 | Vinyl siding, (33%) | 116,158 | 21,636 | 8,593 | | 30,229 | 8,593 | | 38,821 | 8,593 | | 47,414 |
| 36 | Vinyl siding, (33%) | 116,158 | 18,545 | 7,509 | | 26,054 | 7,509 | | 33,562 | 7,509 | | 41,071 |

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

| Item # | Description of Projected Replacement | Estimated Replacement Costs | Allocation of Beginning Balance | 2016 Reserve Funding | 2016 Projected Replacements | 2016 End of Year Balance | 2017 Reserve Funding | 2017 Projected Replacements | 2017 End of Year Balance | 2018 Reserve Funding | 2018 Projected Replacements | 2018 End of Year Balance |
|--------|--------------------------------------|-----------------------------|---------------------------------|----------------------|-----------------------------|--------------------------|----------------------|-----------------------------|--------------------------|----------------------|-----------------------------|--------------------------|
| 37 | Vinyl siding, (33%) | 116,158 | 15,454 | 6,714 | | 22,168 | 6,714 | | 28,881 | 6,714 | | 35,595 |
| 38 | Vinyl soffits, 12" | 97,920 | 13,028 | 4,042 | | 17,070 | 4,042 | | 21,113 | 4,042 | | 25,155 |
| 39 | Synthetic wood trim (5%) | 8,250 | | 1,650 | | 1,650 | 1,650 | | 3,300 | 1,650 | | 4,950 |
| 40 | Aluminium coil covered fascia (5%) | 2,880 | 575 | 1,153 | | 1,727 | 1,153 | (2,880) | | 576 | | 576 |
| 41 | Wall mounted light fixtures | 18,900 | 2,934 | 998 | | 3,932 | 998 | | 4,929 | 998 | | 5,927 |
| 42 | Pole light fixtures | 27,000 | 4,191 | 1,426 | | 5,616 | 1,426 | | 7,042 | 1,426 | | 8,468 |
| 43 | Metal light pole, 6'hi | 64,800 | 8,621 | 2,675 | | 11,296 | 2,675 | | 13,972 | 2,675 | | 16,647 |

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 home owner 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, street lights, 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 U.S. Census, there were 130,000 Community Associations in 1990. 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, 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 two generally accepted accounting methods; the Cash Flow Method and the Component Method. Section A Replacement Reserve Analysis includes graphic and tabular presentations of these methods and current Association funding.
- **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.
- **Section E Attachments.** 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.).

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:

- **Component Method.** This method is a time tested mathematical model developed by HUD in the early 1980s. It 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.

- **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. This method usually results in a calculated requirement for annual contribution somewhat less than that arrived at by the Component Method of analysis.

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, which is less than that, arrived at by the Component Method.

- **Adjusted Cash Flow Analysis.** This program has the ability to modify the Cash Flow Method to take into account forecasted inflation and interest rates, thereby producing an Adjusted Cash Flow Analysis. Attempting to forecast future inflation and interest rates and the impact of changing technology is highly tenuous. Therefore, in most cases it is preferable to make a new schedule periodically rather than attempt to project far into the future. We will provide more information on this type of analysis upon request.

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 number 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

6. LIST OF RECOMMENDED REPAIRS - PROCEDURES

A List of Recommended Repairs is offered as a supplemental report to the Replacement Reserve Study (at an additional fee) to assist the Association in understanding the financial implications of all items owned by the Association, not just the items included for funding by Replacement Reserves listed in the Replacement Reserve Inventory. The following information relates to the List of Recommended Repairs:

- Repair costs. Cost range estimates given in the repair list assume that all work by a given trade will be done together as a single project. If repairs were done piece-meal, the costs would be significantly higher. The costs of any repairs to be funded out of the Reserve Fund should be subtracted from the Reserves Currently on Deposit figure. The Board or Property Manager should coordinate this decision with the Reserve Analyst as part of the revision process.
- Completion of repairs. The Replacement Reserve Analysis assumes that all repairs cited in the Repair List will be completed within a twelve-month period of time. Estimated Life Left in the Replacement Reserve Study has been factored under this assumption. Any deletions or delays of the projects included in the List of Recommended Repairs may result in major inaccuracies in the Replacement Reserve Analysis.
- Safety issues. If safety issues have been cited, they should be given the highest priority and should be done immediately upon receipt of this report. The Board must recognize that from a liability standpoint, they have been made aware of the existence of these unsafe conditions, if any, once the report is delivered for their review.
- Unit costs. Nationally published standards and standard estimating manuals have been used in the development of this report. Contractor proposals or actual cost experience may be available as part of the Association records. We will adjust our figures to conform to your experience if the material or information is disclosed to us and/or made available for our use.

Capital Replacement Reserve Study Video Answers to Frequently Asked Questions

What is a Reserve Study?
Who are we?



<http://bcove.me/nc0o69t7>

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



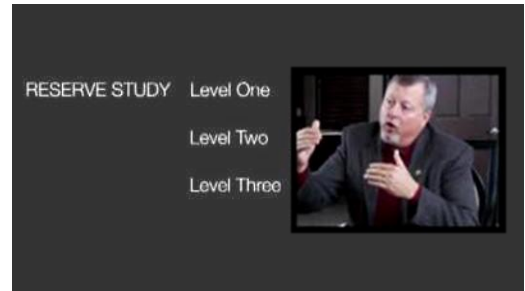
<http://bcove.me/stt373hj>

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



<http://bcove.me/81ch7kjt>

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/81ch7kjt>

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



<http://bcove.me/fazwdk3h>

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



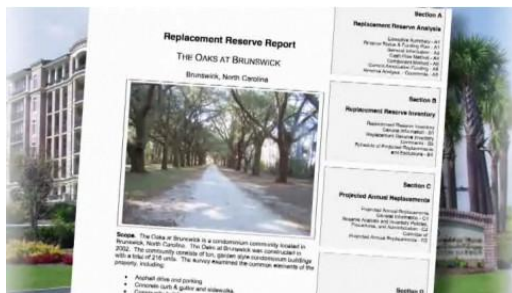
<http://bcove.me/n6nwnktv>

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



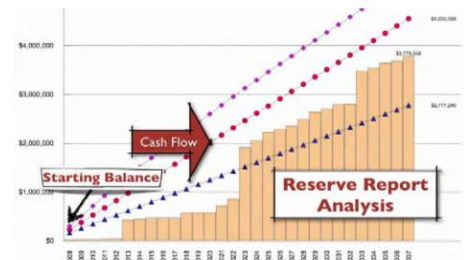
<http://bcove.me/2vfih1tz>

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?



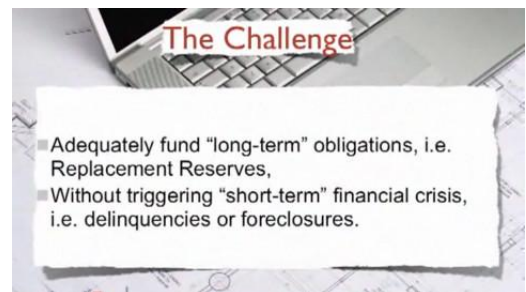
<http://bcove.me/7buer3n8>

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>