PM+ Reserves

Veteran Owned Business

SPECIALIZING IN RESERVE STUDIES SINCE 1990
A PROFESSIONAL CORPORATION

Rockland Village HOA-FY19 — Chantilly, VA

Level II Update Reserve Study — October 11, 2018

C/o Mr. Dan Gordon, CMCA, AMS
Community Manager
Capitol Property Management
3914 Centreville Road, Suite 300
Chantilly, VA 20151

Dear Mr. Gordon:

Enclosed please find the Level II Update Reserve Study for Rockland Village HOA.

This is the "Final Report" if there are no concerns to be addressed after it is reviewed. If desired, we will attend a meeting to discuss this study at a mutually agreeable time. In the meantime, please let us know if there are any questions.

We thank the Board of Directors and Capitol Property Management for selecting **PM+** for this study and hope you call upon us when you need another study.

Sincerely,

Ronald P. Kirby, Jr., RS
Executive in Charge of Reserve Studies

Mario B. "Ben" Ginnetti, PRA, RS, P.E.
President

Enclosure:
Study - PDF File

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MEMBER OF community ASSOCIATIONS INSTITUTE

PLANNING A BRIGHT FUTURE APRA Association of Professional Reserve Analysts

Rockland Village HOA-FY19 — Chantilly, VA

Level II Update Reserve Study — October 11, 2018

Prepared for: Board of Directors

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EXECUTIVE SUMMARY

KEY TO UNDERSTANDING STUDY RESULTS – The purpose of a reserve study is to establish a financial plan for keeping the property's common and limited common elements in good repair. The plan is developed by identifying the component, assessing its condition, and estimating both the time when work will be needed and cost of work. In a **PM+** study these entries can be found beginning on page A1, columns (1), (4) and (5). Those entries combined with reserve savings, current reserve contribution, interest, and inflation rates and how much of a contingency should be preserved to fund unforeseen events are the factors that determine the reserve contribution.

RELEVANT DATA

1st Study Year	FY19	$211,630	AOH Start FY19
FY Begins	1-Jan-19	37,650	Your Contribution in FY18
Inspection Date(s)	20-Sep-18	1.69%	Inflation
# Units	147	2.59%	Interest

- **AOH** (cash/investments start of fiscal year) and **Current Year Contribution** were provided to **PM+** and were best estimates available when provided, they are not audited amounts.

- **INTEREST AND INFLATION** factors[1] best project the future needs of the property. Inflation is based on the last ten-year average for the Consumer Price Index (CPI); interest on savings is based on the ten-year average of the Constant Maturity Yield for the 10-Year U.S. Treasury note. The recommended owner contribution assumes interest earned on savings will be applied to the reserves and not used to offset operating account expenses or used for other purposes. If interest is not applied to the reserves, then the annual contribution will need to be increased by the interest amount.

SUMMARY OF PM+ RECOMMENDED RESERVE FINANCIAL PLAN

	If Funded by Cash Flow Method	If Association Plan Continues	If Funded by Component Method
Contribution Needed in FY19	$28,180	$38,290	$29,030
Avg Owner Contribution FY19	192	260	197
Avg Owner Contribution/Month	15.98	21.71	16.46
30-Year Income	1,289,720	1,852,630	1,289,720
Income From Interest	200,780	372,270	209,260
Income From Assessments	1,088,940	1,480,360	1,080,460
30-Year Min Balance	111,380	224,750	174,670
30-Year Max Balance	409,290	935,000	403,000
50-Year Min Balance	111,380	224,750	174,670
50-Year Max Balance	695,050	2,135,650	693,780

ANALYSIS:

- Our analysis indicates the association will need to contribute $28,180 in FY19 if it is to meet the reserve needs of the property.

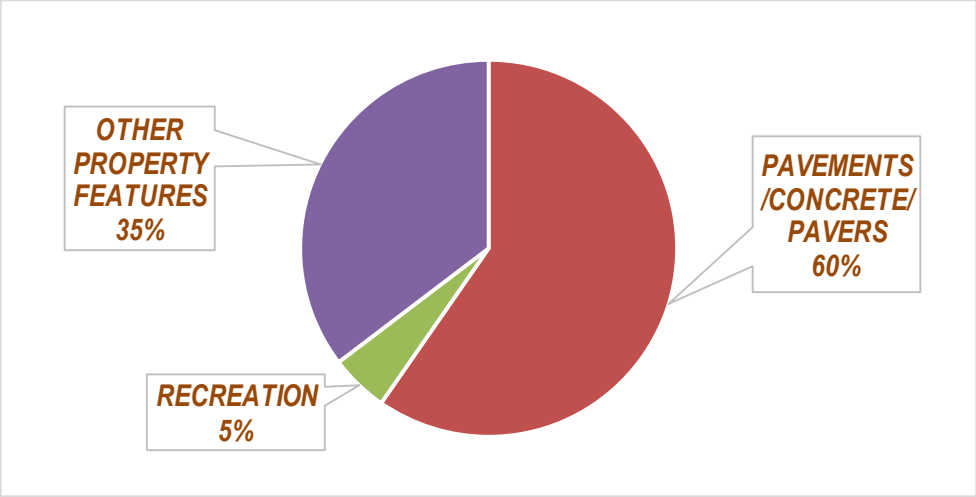
1. Although factors used may not prove to be precise they should be reasonable predictors of cost increases and contributions needed to support the reserve requirement over the life of the study.

- The recommended contribution complies with the "Cash Flow" method as defined by the Community Association Institute (CAI) and the Association of Professional Reserve Analysts (APRA) for determining reserve requirements. In addition to the cash flow method this study also calculates the reserve requirement using the component method. A comparison of both plans is shown in the 30-Year Financial Plans chart in the appendix.
- Amounts shown on 30-Financial Plan chart in columns (15) and (18) are approximate year end balances, both minimum and maximum, that can be expected if the plans are funded as shown. Properly funded plans will meet the following objectives: 1) funds are always available for needed work, 2) there is always a minimum savings balance available to provide for unforeseen contingencies, and 3) when studies are updated, there is not a substantial increase needed to meet the reserve requirement. To avoid substantial increases **PM+** studies take into consideration the first thirty-years of the study and an additional twenty-years, making the "look at" period a total of fifty-years. The 50-year projection is to assure the recommended contribution is based on a sound long range analysis of the property's reserve needs.

RECOMMENDATION:

Fund the reserves to the recommended amount using the cash flow method.

WHERE CONTRIBUTIONS TO THE RESERVES GO OVER 30-YEARS:



STUDY INFORMATION

THIS STUDY was performed with an on-site visit and is the second (Last **PM+** study – May 7, 2012) engagement for the property by **PM+**. **PM+** has neither collaborated with nor provided consulting advice to others about property issues. Interested parties should refer to earlier studies for previous assumptions and comments.

STUDY WAS DONE by Mario B. "Ben" Ginnetti, **PRA, RS, P.E**. and Ronald P. Kirby, Jr., **RS**.

RESERVE STUDY criteria are defined by the Community Association Institute (CAI) and the Association of Professional Reserve Analysts (APRA). In complying with the criteria this study compares the "Associations" current funding plan to the two recommended methods for preparing reserve studies, "Cash Flow (AKA Pooling)" and "Component." This is a reserve study only - no other use is intended.

COMPILED in accordance with generally accepted standards and represents our professional opinion on the components, timing and costs needed for repair and replacement. Study information was obtained from field measurements, visual observations, and management (information provided by management is reliable). Also, taken into consideration are construction features, current conditions, and component age. Testing was not performed, nor was demolition done or panels removed to determine conditions that are not obvious. Based on our observations and the information gained during the visit this study contains, to the best of our ability, all material issues required to determine the funding needed to meet the property's reserve requirement.

FOR PROPERTIES LOCATED IN THE STATE OF VIRGINIA, Virginia Statutes, 2003 Condominium and Property Owner's Association Act requires associations to conduct reserve studies at least every five years, review results at least annually and adjust as necessary unless the condominium instruments/declaration imposes more stringent requirements. See Sections 55-79.83:1 or 55-514.1 of the Statutes for the complete text.

AGE, UNITS, STYLE, AND AMENITIES

Constructed between 2001 to 2003; 8-homes added since last study.
147 Units; 61-single family, 86-townhomes.
Amenities – tot-lot and multi-purpose court.

CASH FLOW AND COMPONENT STUDIES (THIS STUDY DOES BOTH METHODS) – Note**:** Most professional reserve providers, accountants and managers agree cash flow is the preferred method for funding reserves**.**

CASH FLOW METHOD - This method develops the funding plan by having the annual contributions offset the variable annual expenses. All expenses are averaged over the life of the study to calculate the annual contribution needed to support the reserve requirement. Yearly contribution increases are mostly attributed to inflation.

COMPONENT METHOD - This method develops the funding plan by dividing the remaining useful life into the balance needed to fund the component for only the next cycle of work. Yearly contributions can vary significantly from year to year depending on where the components are in their life cycle. Contributions needed to pay expenses will equal the cash flow method over the life of the study. If this method is chosen studies should be updated annually.

FUNDING GOAL

This study complies with the "Threshold Funding Plan" established by the CA) for reserve studies. Funding goal objective is to keep the reserve balance above a specified dollar or Percent Funded amount.

COMPONENT CLASSIFICATION

PREDICTABLE LIFE CYCLE

Components have a predictable life cycle (average useful life). Total replacement needed at end of life.

ANNUAL ALLOWANCES

We reserve an average annual amount for these components. They are typically "life of the property" or long-lasting components that do not have a predictable life cycle. We assume the association will keep these components in satisfactory condition with timely spot repairs.

FOLLOWING CONSIDERATIONS should be taken into account to properly manage the reserves: 1) properly funded reserves avoids "special assessments", 2) each owner should pay their fair share for the time they use the component, 3) when reserve funds are available the Association is more inclined not to defer work; deferral results in additional deterioration and "catch-up" costs to restore the component to a good condition, 4) government mortgage guarantees agencies, i.e. FHA, require a current reserve study to be available before backing a loan, and 5) some state laws require them. In addition to these considerations, a new factor has recently become apparent. Years ago, owners were poorly informed on the importance of the reserves and paid very little attention to whether a property had an adequate plan for funding the reserves. With the inclusion of reserve tables in resale packages and other publicity, many potential buyers are now verifying the reserve status before they buy.

ALTHOUGH we use generally accepted techniques and best information available, it is possible actual costs and useful lives can vary significantly from our estimates. We recognize that possibility and attempt with our methodology to arrive at the overall funding recommendation that will avoid or minimize the amount of funding if a special assessment is needed to do reserve work.

FOR THE RESERVES to be an effective budget management tool it will need periodic updates. Because reserves on hand, current costs, quality of maintenance, acts of God, vandalism, and useful life can vary from year to year, a periodic review will assure it remains an effective management tool. We recommend studies be updated every 3 years.

UNLESS OTHERWISE NOTED this study does not take into consideration any work the association may need to correct hazardous or defective conditions, such as issues with asbestos, radon, lead, mold, FRT, etc., nor will it fund major projects to repair/replace facades, building tension cables, utilities, and other essential systems. Projects of this nature require the services of engineers or other consultants to determine scope, timing, and projects costs. If requested, once costs and project timing are known, we will provide a revised study at no additional cost.

FOR ANY RESERVE PROJECTS in progress on the date(s) of our visit our observation of the work should not be considered a project audit or quality control inspection. We leave that to others to determine.

IF WE DESCRIBE PREVENTIVE MAINTENANCE recommendations in this study they are intended to be general in nature and the most common tasks needed to extend useful life. They are not all inclusive; we do not imply that is all that is necessary for good maintenance. Manufactures' brochures, service specialty companies, and other qualified sources should be consulted to establish the full array of actions needed for proper preventive maintenance.

FUNDING FROM RESERVE VERSUS OPERATING ACCOUNT - There could be components in this study the association is funding from the operating account. When there are we recommend they be funded from the reserves. When components are worked on it usually extends their useful life - a proper reserve expense. Reserve funds are intended to keep property components in good repair and to replace those that need replacing; operating funds are intended for maintenance and reoccurring operating expenses.

READING and UNDERSTANDING TABLES/CHARTS

RELEVANT DATA

Study fiscal year, inspection date(s), units, association's financial data, and interest/inflation rates.

SUMMARY OF THE ASSOCIATION'S RESERVE FINANCIAL PLAN

Financial summary of study results.

TABLE OF REPAIR & REPLACEMENT RESERVES

The Repair and Replacement Table shows the common or limited common element, average and remaining useful life, and estimated cost for work. This information, for the most part, is self-explanatory; however, when we believe more information is needed, we provide comments or use photographs.

Column

(1) The property components the association should include in the reserves. Where a 15%, 30%, etc., is shown it means total replacement of the item is not anticipated. If we have omitted or added components that are not common or limited common area responsibility, please inform us so we can provide a revised table. It also applies if the association accomplishes the work from their annual operating expense and a reserve set-aside is not needed. If components are included that are operating expenses, we leave it to others to determine the correct tax consequence of the component.

(2) Approximate quantity and unit of measure. The following abbreviations are used; however, they may not all appear in this study:

AC – Acres	LF - Linear Feet	TN - Tons
AOH - Amount-On-Hand	LS - Lump Sum	UN - Units
AnAvg - Annual Average	HP – Horsepower	> - Greater Than
BLD - Building	RC - Replacement Cost	< - Less Than
EA - Each	SF - Square Feet	
CY - Cubic Yards	SY - Square Yards	

(3) The components' average useful life (Avg). Leading publications on useful life data, our own experiences and historical trends are used to determine average useful life.

(4) Our best estimate of the remaining useful life (RUL). Some components in the table may not fail precisely as shown. We use the remaining useful life in conjunction with the estimated cost to calculate the annual contribution needed to fund the component. Actual remaining useful life can be significantly different.

(5) Estimated costs are in current dollars; actual cost can be significantly different. Estimates are based on similar work in the greater Washington area, association experience, industry publications, such as R.S. Means and HomeTech, contractors and other reliable sources. It assumes the association will competitively seek bids and obtain a fair price in today's market. Some work, such as balconies, roofing, garages, façade, boiler, and chiller replacements, etc. may need the services of an engineer or architect to determine scope and oversee repairs. Those estimates take precedence over those shown in the table. Some costs can be more predictable than others, i.e., when roofs and pavements are replaced the entire component will most likely be replaced so a total replacement costs can be estimated. Other components, i.e., closed loop piping, plumbing, electrical and fire protection systems may not need total replacement and will continue to perform with sub-system repairs. For these components, we reserve a reasonable amount for this work.

(6) Distribution of the funds the association had (is projected to have) at the start of their fiscal year or the amount we were requested to use. The program distributes a prorated amount to each component.

(7) The amount needed to fund the balance of the requirement.

(8) The contribution needed to fund the 1st year applying the cash flow method. Contributions from year to year are mainly adjustments for inflation.

(9) The contribution needed to fund the 1st year applying the component method. Contributions from year to year can vary significantly.

30-YEAR COMPARISON OF FINANCIAL PLANS

Column

(10) - Fiscal Year.

(11) - Projected annual expenses.

(12) - Cumulative expenses over 30-years.

(13), (16) and (19) - Interest earned per funding plan based on previous year-end balance.

(14), (17) and (20) - Contribution per funding plan, inflation applied.

(15), (18) and (21) - Projected year-end balance per funding plan.

GRAPHS

Graphs depict the projected contributions and year end balances for each plan. The contribution objective should be to have a consistent contribution, year after year, that can be maintained with inflation adjustments. Avoid fluctuating contributions as they can impose financial hardships on owners. The plot objective for the reserve balance is to have the year end balances always above the "X" axis. If it falls below, it indicates a special assessment or loan will be needed to support the reserves.

SUMMARY

- 30-Year Income - projected from interest and owners.
- 30 & 50-Year Minimum/Maximum Balances - includes contingency for unforeseen events.

PROPERTY COMPARISON (NOT SHOWN IN SOME STUDIES)

The "Property Comparison" chart compares the property's current funding to the last properties we have studied. The comparison shows the maximums, minimums, property averages and medians compared to your property. Property features differ from one property to another so consider these as averages only and not a true comparison on your property to another similar property. Three comparisons are made:

- % Funded - Ratio of the current to the ideal Reserve Balance for each component in the Reserve Table. The ratio is a product of the "used-up" life, useful life, and component cost.
- Reserve Depletion Factor - Number of years amount-on-hand will fund (It's the same as the "go broke" date if no more money is added to the reserves).
- AOH-Dedicated reserve funds at start of study fiscal year.
- Cost Per Owner – Average contribution per owner needed to meet the reserve requirement. Dollar amounts will vary from property to property based on construction features, common/limited common elements, past contributions to the reserves and other factors that may not result in a true comparison.

APPENDIX A

TABLE OF REPAIR/REPLACEMENT RESERVES AND YEARS 1-10 EXPENSES

COMPONENT	APPROX'MT QUANTITY		USEFUL LIFE AVG (YRS)	REM	ESTIMATED COST IN CURRENT $	DISTR'BTN OF AOH AS OF 1-Jan-19	BALANCE NEEDED TO FUND RESERVE	FY19 CONTRIBUTION CASH FLOW METHODS	COMPONENT	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
(1)	(2)		(3)	(4)	(5)	(6)	(7)	(8)	(9)										
PAVEMENTS/CONCRETE/PAVERS																			
SULSER PLACE																			
PREVENTIVE MAINTENANCE	222	SY	4	1	490	250	240	170	180	490	0	0	0	0	0	0	0	0	570
PAVEMENT OVERLAY	222	SY	15	6	3,330	1,730	1,600	190	200	0	0	0	0	0	3,620	0	0	0	0
BASE/CONCRETE RPRS @ 20%	44	SY	15	6	1,600	830	770	90	90	0	0	0	0	0	1,740	0	0	0	0
TRAVER'S COURT																			
PREVENTIVE MAINTENANCE	456	SY	4	1	1,000	520	480	340	350	1,000	0	0	0	0	0	0	0	0	1,160
PAVEMENT OVERLAY	456	SY	15	6	6,830	3,550	3,280	390	400	0	0	0	0	0	7,430	0	0	0	0
BASE/CONCRETE RPRS @ 20%	91	SY	15	6	3,280	1,700	1,580	190	190	0	0	0	0	0	3,570	0	0	0	0
BELL RIDGE COURT																			
PREVENTIVE MAINTENANCE	222	SY	4	1	490	250	240	170	180	490	0	0	0	0	0	0	0	0	570
PAVEMENT OVERLAY	222	SY	15	6	3,330	1,730	1,600	190	200	0	0	0	0	0	3,620	0	0	0	0
BASE/CONCRETE RPRS @ 20%	44	SY	15	6	1,600	830	770	90	90	0	0	0	0	0	1,740	0	0	0	0
WHITLOW PLACE																			
PREVENTIVE MAINTENANCE	222	SY	4	1	490	250	240	170	180	490	0	0	0	0	0	0	0	0	570
PAVEMENT OVERLAY	222	SY	15	6	3,330	1,730	1,600	190	200	0	0	0	0	0	3,620	0	0	0	0
BASE/CONCRETE RPRS @ 20%	44	SY	15	6	1,600	830	770	90	90	0	0	0	0	0	1,740	0	0	0	0
WEEK PLACE																			
PREVENTIVE MAINTENANCE	222	SY	4	1	490	250	240	170	180	490	0	0	0	0	0	0	0	0	570
PAVEMENT OVERLAY	222	SY	15	6	3,330	1,730	1,600	190	200	0	0	0	0	0	3,620	0	0	0	0
BASE/CONCRETE RPRS @ 20%	44	SY	15	6	1,600	830	770	90	90	0	0	0	0	0	1,740	0	0	0	0
MCCLOSKEY COURT																			
PREVENTIVE MAINTENANCE	651	SY	4	1	1,430	740	690	490	510	1,430	0	0	0	0	0	0	0	0	1,660
PAVEMENT OVERLAY	651	SY	15	6	9,770	5,070	4,700	560	580	0	0	0	0	0	10,620	0	0	0	0
BASE/CONCRETE RPRS @ 20%	130	SY	15	6	4,690	2,440	2,250	270	280	0	0	0	0	0	5,100	0	0	0	0
KHALID LANE																			
PREVENTIVE MAINTENANCE	1,150	SY	4	1	2,530	1,310	1,220	870	900	2,530	0	0	0	0	0	0	0	0	2,940
PAVEMENT OVERLAY	1,150	SY	15	6	17,260	8,960	8,300	990	1,020	0	0	0	0	0	18,770	0	0	0	0
BASE/CONCRETE RPRS @ 20%	230	SY	15	6	8,280	4,300	3,980	480	490	0	0	0	0	0	9,000	0	0	0	0
PRESGRAVES COURT																			
PREVENTIVE MAINTENANCE	611	SY	4	1	1,340	700	640	460	470	1,340	0	0	0	0	0	0	0	0	1,560
PAVEMENT OVERLAY	611	SY	15	6	9,170	4,760	4,410	530	540	0	0	0	0	0	9,970	0	0	0	0
BASE/CONCRETE RPRS @ 20%	122	SY	15	6	4,400	2,290	2,110	250	260	0	0	0	0	0	4,780	0	0	0	0
DALLAS HUTCHISON STREET																			
PREVENTIVE MAINTENANCE	1,077	SY	4	1	2,370	1,230	1,140	820	840	2,370	0	0	0	0	0	0	0	0	2,760
PAVEMENT OVERLAY	1,077	SY	15	6	16,150	8,390	7,760	930	950	0	0	0	0	0	17,560	0	0	0	0
BASE/CONCRETE RPRS @ 20%	215	SY	15	6	7,750	4,030	3,720	440	460	0	0	0	0	0	8,430	0	0	0	0
PORTER HUTCHISON STREET																			
PREVENTIVE MAINTENANCE	1,315	SY	4	1	2,890	1,500	1,390	1,000	1,020	2,890	0	0	0	0	0	0	0	0	3,360
PAVEMENT OVERLAY	1,315	SY	15	6	19,720	10,240	9,480	1,130	1,160	0	0	0	0	0	21,440	0	0	0	0
BASE/CONCRETE RPRS @ 20%	263	SY	15	6	9,470	4,920	4,550	540	560	0	0	0	0	0	10,300	0	0	0	0
JAMES CROSS STREET																			
PREVENTIVE MAINTENANCE	989	SY	4	1	2,180	1,130	1,050	750	770	2,180	0	0	0	0	0	0	0	0	2,530
PAVEMENT OVERLAY	989	SY	15	6	14,830	7,700	7,130	850	880	0	0	0	0	0	16,130	0	0	0	0
BASE/CONCRETE RPRS @ 20%	198	SY	15	6	7,120	3,700	3,420	410	420	0	0	0	0	0	7,740	0	0	0	0
LINDENDALE LANE																			
PREVENTIVE MAINTENANCE	778	SY	4	1	1,710	890	820	590	600	1,710	0	0	0	0	0	0	0	0	1,990
PAVEMENT OVERLAY	778	SY	15	6	11,670	6,060	5,610	670	690	0	0	0	0	0	12,690	0	0	0	0

TABLE OF REPAIR/REPLACEMENT RESERVES AND YEARS 1-10 EXPENSES

COMPONENT	APPROX'MT QUANTITY		USEFUL LIFE AVG (YRS)	REM	ESTIMATED COST IN CURRENT $	DISTR'BTN OF AOH AS OF 1-Jan-19	BALANCE NEEDED TO FUND RESERVE	FY19 CONTRIBUTION CASH FLOW METHODS	COMPONENT	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
(1)	(2)		(3)	(4)	(5)	(6)	(7)	(8)	(9)										
BASE/CONCRETE RPRS @ 20%	156	SY	15	6	5,600	2,910	2,690	320	330	0	0	0	0	0	6,090	0	0	0	0
CONCRETE/PAVERS																			
CURBS/GUTTERS/SIDEWALKS/STEPS		LS	1	1	2,600	1,350	1,250	900	920	2,600	2,640	2,690	2,730	2,780	2,830	2,880	2,920	2,970	3,020
TOTAL PAVEMENTS/CONCRETE					195,720	101,630	94,090	16,970	17,470										
RECREATION																			
TOT LOT	1	EA	25	10	25,000	12,980	12,020	860	890	0	0	0	0	0	0	0	0	0	29,070
MULTI-PURPOSE COURT	1	EA	10	2	4,500	2,340	2,160	770	800	0	4,580	0	0	0	0	0	0	0	0
PARK BENCHES	4	EA	15	1	4,400	2,290	2,110	1,510	1,560	4,400	0	0	0	0	0	0	0	0	0
METAL TRASH CONTAINER	1	EA	15	1	500	260	240	170	180	500	0	0	0	0	0	0	0	0	0
TOTAL RECREATION					34,400	17,870	16,530	3,310	3,430										
OTHER PROPERTY FEATURES																			
ENTRANCE FEATURE WALLS/SIGNAGE		LS	10	8	4,100	2,130	1,970	180	180	0	0	0	0	0	0	0	4,610	0	0
TREES/SHUBBERY-DISEASED/DEAD REPLACEMENT		LS	3	2	4,500	2,340	2,160	770	800	0	4,580	0	0	4,810	0	0	5,060	0	0
FENCING																			
8' SOLID BOARD FENCE (WALNEY ROAD)	224	LF	15	15	11,340	5,890	5,450	260	270	0	0	0	0	0	0	0	0	0	0
WATER RETENTION POND																			
6' CHAIN LINK FENCE (WATER RETENTION POND)	260	LF	35	20	6,760	3,510	3,250	120	120	0	0	0	0	0	0	0	0	0	0
6' ALUMINUM FENCE (WATER RETENTION POND)	790	LF	35	34	29,000	15,060	13,940	290	300	0	0	0	0	0	0	0	0	0	0
DAM GATE VALVE	1	EA	30	15	14,000	7,270	6,730	320	330	0	0	0	0	0	0	0	0	0	0
AERATORS/DIFFUSERS	1	EA	10	1	9,000	4,670	4,330	3,100	3,190	9,000	0	0	0	0	0	0	0	0	0
WATER RETENTION POND	13,855	SF	35	20	76,200	39,580	36,620	1,310	1,350	0	0	0	0	0	0	0	0	0	0
MAIL BOXES-STREET	86	EA	25	10	17,200	8,930	8,270	590	610	0	0	0	0	0	0	0	0	0	20,000
STORM WATER RUN OFF		LS	3	3	3,800	1,970	1,830	440	450	0	0	3,930	0	0	4,130	0	0	4,350	0
SITE ITEMS		LS	1	1	1,500	780	720	520	530	1,500	1,530	1,550	1,580	1,600	1,630	1,660	1,690	1,720	1,740
TOTAL OTHER PROPERTY FEATURES					177,400	92,130	85,270	7,900	8,130										
TOTAL RESERVES					$407,520	$211,630	$195,890	$28,180	$29,030	$35,410	$13,330	$8,170	$4,310	$9,190	$199,650	$4,540	$14,280	$9,040	$74,070

Notes:

All dollars rounded to nearest $10. Totals may not add due to rounding.

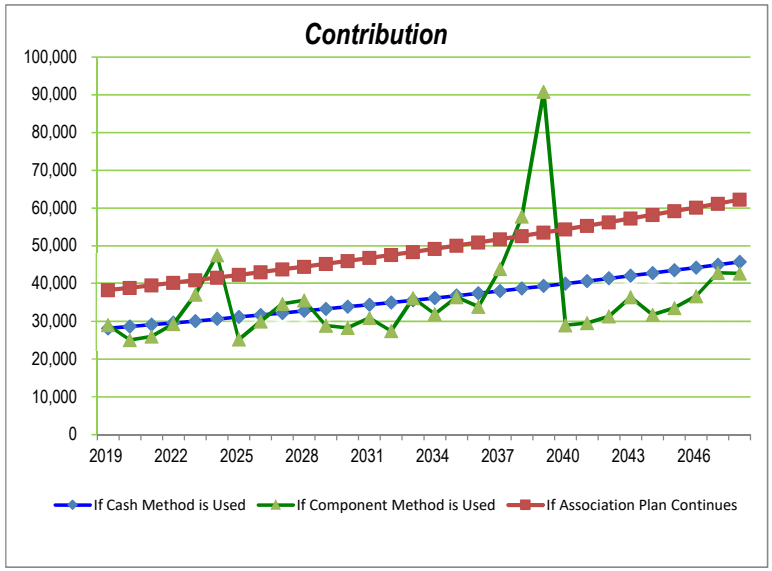
One year remaining useful life indicates the useful life of the component is used up.

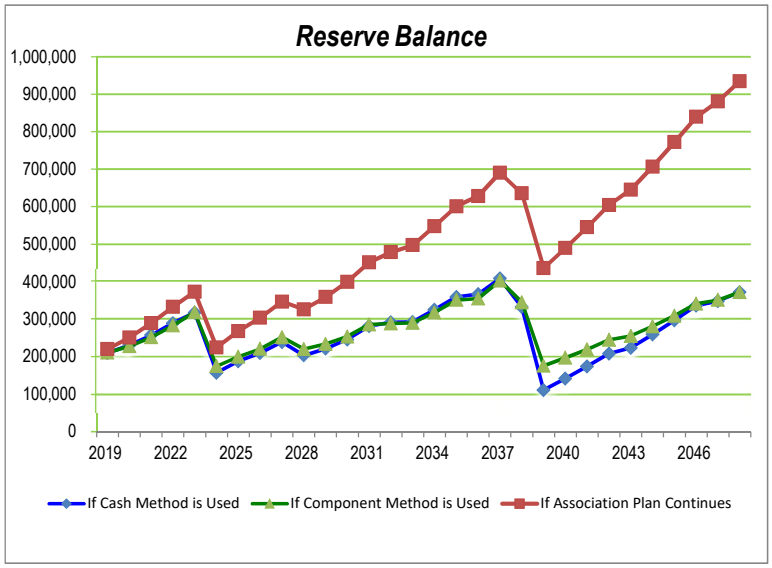
COMPONENT	USEFUL LIFE AVG (YRS)	REM	ESTIMATED COST IN CURRENT $	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
(1)	(3)	(4)	(5)																				
PAVEMENTS/CONCRETE/PAVERS																							
SULSER PLACE																							
PREVENTIVE MAINTENANCE	4	1	490	0	0	0	610	0	0	0	650	0	0	0	0	0	0	730	0	0	0	780	0
PAVEMENT OVERLAY	15	6	3,330	0	0	0	0	0	0	0	0	0	0	4,660	0	0	0	0	0	0	0	0	0
BASE/CONCRETE RPRS @ 20%	15	6	1,600	0	0	0	0	0	0	0	0	0	0	2,240	0	0	0	0	0	0	0	0	0
TRAVER'S COURT																							
PREVENTIVE MAINTENANCE	4	1	1,000	0	0	0	1,240	0	0	0	1,330	0	0	0	0	0	0	1,500	0	0	0	1,600	0
PAVEMENT OVERLAY	15	6	6,830	0	0	0	0	0	0	0	0	0	0	9,550	0	0	0	0	0	0	0	0	0
BASE/CONCRETE RPRS @ 20%	15	6	3,280	0	0	0	0	0	0	0	0	0	0	4,590	0	0	0	0	0	0	0	0	0
BELL RIDGE COURT																							
PREVENTIVE MAINTENANCE	4	1	490	0	0	0	610	0	0	0	650	0	0	0	0	0	0	730	0	0	0	780	0
PAVEMENT OVERLAY	15	6	3,330	0	0	0	0	0	0	0	0	0	0	4,660	0	0	0	0	0	0	0	0	0
BASE/CONCRETE RPRS @ 20%	15	6	1,600	0	0	0	0	0	0	0	0	0	0	2,240	0	0	0	0	0	0	0	0	0
WHITLOW PLACE																							
PREVENTIVE MAINTENANCE	4	1	490	0	0	0	610	0	0	0	650	0	0	0	0	0	0	730	0	0	0	780	0
PAVEMENT OVERLAY	15	6	3,330	0	0	0	0	0	0	0	0	0	0	4,660	0	0	0	0	0	0	0	0	0
BASE/CONCRETE RPRS @ 20%	15	6	1,600	0	0	0	0	0	0	0	0	0	0	2,240	0	0	0	0	0	0	0	0	0
WEEK PLACE																							
PREVENTIVE MAINTENANCE	4	1	490	0	0	0	610	0	0	0	650	0	0	0	0	0	0	730	0	0	0	780	0
PAVEMENT OVERLAY	15	6	3,330	0	0	0	0	0	0	0	0	0	0	4,660	0	0	0	0	0	0	0	0	0
BASE/CONCRETE RPRS @ 20%	15	6	1,600	0	0	0	0	0	0	0	0	0	0	2,240	0	0	0	0	0	0	0	0	0
MCCLOSKEY COURT																							
PREVENTIVE MAINTENANCE	4	1	1,430	0	0	0	1,780	0	0	0	1,900	0	0	0	0	0	0	2,140	0	0	0	2,290	0
PAVEMENT OVERLAY	15	6	9,770	0	0	0	0	0	0	0	0	0	0	13,660	0	0	0	0	0	0	0	0	0
BASE/CONCRETE RPRS @ 20%	15	6	4,690	0	0	0	0	0	0	0	0	0	0	6,560	0	0	0	0	0	0	0	0	0
KHALID LANE																							
PREVENTIVE MAINTENANCE	4	1	2,530	0	0	0	3,150	0	0	0	3,360	0	0	0	0	0	0	3,780	0	0	0	4,040	0
PAVEMENT OVERLAY	15	6	17,260	0	0	0	0	0	0	0	0	0	0	24,130	0	0	0	0	0	0	0	0	0
BASE/CONCRETE RPRS @ 20%	15	6	8,280	0	0	0	0	0	0	0	0	0	0	11,580	0	0	0	0	0	0	0	0	0
PRESGRAVES COURT																							
PREVENTIVE MAINTENANCE	4	1	1,340	0	0	0	1,670	0	0	0	1,780	0	0	0	0	0	0	2,000	0	0	0	2,140	0
PAVEMENT OVERLAY	15	6	9,170	0	0	0	0	0	0	0	0	0	0	12,820	0	0	0	0	0	0	0	0	0
BASE/CONCRETE RPRS @ 20%	15	6	4,400	0	0	0	0	0	0	0	0	0	0	6,150	0	0	0	0	0	0	0	0	0
DALLAS HUTCHISON STREET																							
PREVENTIVE MAINTENANCE	4	1	2,370	0	0	0	2,950	0	0	0	3,150	0	0	0	0	0	0	3,540	0	0	0	3,790	0
PAVEMENT OVERLAY	15	6	16,150	0	0	0	0	0	0	0	0	0	0	22,580	0	0	0	0	0	0	0	0	0
BASE/CONCRETE RPRS @ 20%	15	6	7,750	0	0	0	0	0	0	0	0	0	0	10,840	0	0	0	0	0	0	0	0	0
PORTER HUTCHISON STREET																							
PREVENTIVE MAINTENANCE	4	1	2,890	0	0	0	3,590	0	0	0	3,840	0	0	0	0	0	0	4,320	0	0	0	4,620	0
PAVEMENT OVERLAY	15	6	19,720	0	0	0	0	0	0	0	0	0	0	27,570	0	0	0	0	0	0	0	0	0
BASE/CONCRETE RPRS @ 20%	15	6	9,470	0	0	0	0	0	0	0	0	0	0	13,240	0	0	0	0	0	0	0	0	0
JAMES CROSS STREET																							
PREVENTIVE MAINTENANCE	4	1	2,180	0	0	0	2,710	0	0	0	2,900	0	0	0	0	0	0	3,260	0	0	0	3,490	0
PAVEMENT OVERLAY	15	6	14,830	0	0	0	0	0	0	0	0	0	0	20,740	0	0	0	0	0	0	0	0	0
BASE/CONCRETE RPRS @ 20%	15	6	7,120	0	0	0	0	0	0	0	0	0	0	9,960	0	0	0	0	0	0	0	0	0
LINDENDALE LANE																							
PREVENTIVE MAINTENANCE	4	1	1,710	0	0	0	2,130	0	0	0	2,270	0	0	0	0	0	0	2,560	0	0	0	2,730	0
PAVEMENT OVERLAY	15	6	11,670	0	0	0	0	0	0	0	0	0	0	16,320	0	0	0	0	0	0	0	0	0
BASE/CONCRETE RPRS @ 20%	15	6	5,600	0	0	0	0	0	0	0	0	0	0	7,830	0	0	0	0	0	0	0	0	0
CONCRETE/PAVERS																							

YEARS 11 - 30 EXPENSES

COMPONENT	USEFUL LIFE AVG (YRS)	USEFUL LIFE REM (YRS)	ESTIMATED COST IN CURRENT $	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
(1)	(3)	(4)	(5)																				
CURBS/GUTTERS/SIDEWALKS/STEPS	1	1	2,600	3,070	3,130	3,180	3,230	3,290	3,340	3,400	3,460	3,520	3,570	3,640	3,700	3,760	3,820	3,890	3,950	4,020	4,090	4,160	4,230
TOTAL PAVEMENTS/CONCRETE/PAVERS			195,720																				
RECREATION																							
TOT LOT	25	10	25,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MULTI-PURPOSE COURT	10	2	4,500	0	5,410	0	0	0	0	0	0	0	0	0	6,400	0	0	0	0	0	0	0	0
PARK BENCHES	15	1	4,400	0	0	0	0	0	5,660	0	0	0	0	0	0	0	0	0	0	0	0	0	0
METAL TRASH CONTAINER	15	1	500	0	0	0	0	0	640	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL RECREATION			34,400																				
OTHER PROPERTY FEATURES																							
ENTRANCE FEATURE WALLS/SIGNAGE	10	8	4,100	0	0	0	0	0	0	0	5,450	0	0	0	0	0	0	0	0	0	6,450	0	0
TREES/SHUBBERY-DISEASED/DEAD REPLACEMENT	3	2	4,500	5,320	0	0	5,600	0	0	5,880	0	0	6,190	0	0	6,510	0	0	6,840	0	0	7,190	0
FENCING																							
8' SOLID BOARD FENCE (WALNEY ROAD)	15	15	11,340	0	0	0	0	14,340	0	0	0	0	0	0	0	0	0	0	0	0	0	0	18,440
WATER RETENTION POND																							
6' CHAIN LINK FENCE (WATER RETENTION POND)	35	20	6,760	0	0	0	0	0	0	0	0	0	9,290	0	0	0	0	0	0	0	0	0	0
6' ALUMINUM FENCE (WATER RETENTION POND)	35	34	29,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DAM GATE VALVE	30	15	14,000	0	0	0	0	17,700	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
AERATORS/DIFFUSERS	10	1	9,000	10,640	0	0	0	0	0	0	0	0	0	12,580	0	0	0	0	0	0	0	0	0
WATER RETENTION POND	35	20	76,200	0	0	0	0	0	0	0	0	0	104,770	0	0	0	0	0	0	0	0	0	0
MAIL BOXES-STREET	25	10	17,200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
STORM WATER RUN OFF	3	3	3,800	0	4,570	0	0	4,800	0	0	5,050	0	0	5,310	0	0	5,590	0	0	5,880	0	0	6,180
SITE ITEMS	1	1	1,500	1,770	1,800	1,830	1,870	1,900	1,930	1,960	1,990	2,030	2,060	2,100	2,130	2,170	2,210	2,240	2,280	2,320	2,360	2,400	2,440
TOTAL OTHER PROPERTY FEATURES			177,400																				
TOTAL RESERVES			$407,520	$20,800	$14,910	$5,010	$32,360	$42,030	$11,570	$11,240	$39,080	$5,550	$125,880	$269,350	$12,230	$12,440	$11,620	$32,150	$13,070	$12,220	$12,900	$41,570	$31,290

FY	Expenses		If Cash Method is Used			If Association Plan Continues			If Component Method is Used		
	Annual *	Cumulative	Interest	Contr'btn	Balance	Interest	Contr'btn	Balance	Interest	Contr'btn	Balance
(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)
AOH					***$211,630***			***$211,630***			***$211,630***
2019	35,410	35,410	5,490	28,180	209,890	5,490	38,290	220,000	5,490	29,030	210,740
2020	13,330	48,740	5,440	28,660	230,660	5,700	38,940	251,310	5,460	25,080	227,950
2021	8,170	56,910	5,980	29,140	257,610	6,510	39,600	289,250	5,910	25,990	251,680
2022	4,310	61,220	6,680	29,630	289,610	7,500	40,270	332,710	6,520	29,350	283,240
2023	9,190	70,410	7,510	30,130	318,060	8,620	40,950	373,090	7,340	37,100	318,490
2024	199,650	270,060	8,240	30,640	157,290	9,670	41,640	224,750	8,260	47,570	174,670
2025	4,540	274,600	4,080	31,160	187,990	5,830	42,340	268,380	4,530	25,220	199,880
2026	14,280	288,880	4,870	31,690	210,270	6,960	43,060	304,120	5,180	30,020	220,800
2027	9,040	297,920	5,450	32,230	238,910	7,880	43,790	346,750	5,720	34,660	252,140
2028	74,070	371,990	6,190	32,770	203,800	8,990	44,530	326,200	6,540	35,630	220,240
2029	20,800	392,790	5,280	33,320	221,600	8,460	45,280	359,140	5,710	28,900	234,050
2030	14,910	407,700	5,740	33,880	246,310	9,310	46,050	399,590	6,070	28,320	253,530
2031	5,010	412,710	6,380	34,450	282,130	10,360	46,830	451,770	6,570	30,920	286,010
2032	32,360	445,070	7,310	35,030	292,110	11,710	47,620	478,740	7,410	27,450	288,510
2033	42,030	487,100	7,570	35,620	293,270	12,410	48,420	497,540	7,480	36,210	290,170
2034	11,570	498,670	7,600	36,220	325,520	12,900	49,240	548,110	7,520	31,920	318,040
2035	11,240	509,910	8,440	36,830	359,550	14,210	50,070	601,150	8,240	36,460	351,500
2036	39,080	548,990	9,320	37,450	367,240	15,580	50,920	628,570	9,110	33,900	355,430
2037	5,550	554,540	9,520	38,080	409,290	16,290	51,780	691,090	9,210	43,910	403,000
2038	125,880	680,420	10,610	38,720	332,740	17,910	52,660	635,780	10,450	57,770	345,340
2039	269,350	949,770	8,620	39,370	111,380	16,480	53,550	436,460	8,950	90,840	175,780
2040	12,230	962,000	2,890	40,040	142,080	11,310	54,450	489,990	4,560	29,020	197,130
2041	12,440	974,440	3,680	40,720	174,040	12,700	55,370	545,620	5,110	29,610	219,410
2042	11,620	986,060	4,510	41,410	208,340	14,140	56,310	604,450	5,690	31,400	244,880
2043	32,150	1,018,210	5,400	42,110	223,700	15,670	57,260	645,230	6,350	36,420	255,500
2044	13,070	1,031,280	5,800	42,820	259,250	16,720	58,230	707,110	6,620	31,820	280,870
2045	12,220	1,043,500	6,720	43,540	297,290	18,330	59,210	772,430	7,280	33,590	309,520
2046	12,900	1,056,400	7,710	44,280	336,380	20,020	60,210	839,760	8,020	36,700	341,340
2047	41,570	1,097,970	8,720	45,030	348,560	21,770	61,230	881,190	8,850	42,910	351,530
2048	31,290	1,129,260	9,030	45,790	372,090	22,840	62,260	935,000	9,110	42,740	372,090
	SUMMARY										
	30-Year Income =		200,780	1,088,940		372,270	1,480,360		209,260	1,080,460	
	30-Year Minimum Balance =				111,380			224,750			174,670
	30-Year Maximum Balance =				409,290			935,000			403,000
	50-Year Minimum Balance =				111,380			224,750			174,670
	50 Year Maximum Balance =				695,050			2,135,650			693,780





Notes:

* An annual average cost. Expenditures can change from year-to-year depending on when actual work is done.

Contribution and projections are based on the study fiscal year and will change if estimated cost, useful life, amount-on-hand, contribution and contingency to be preserved change.

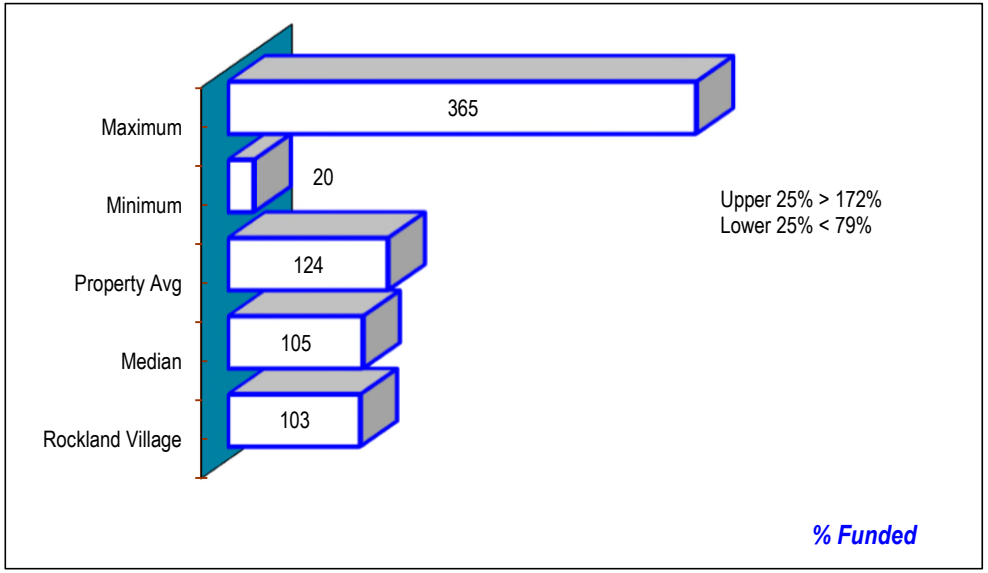
Data should be considered a more accurate projection for years 1 - 5 than the out-years.

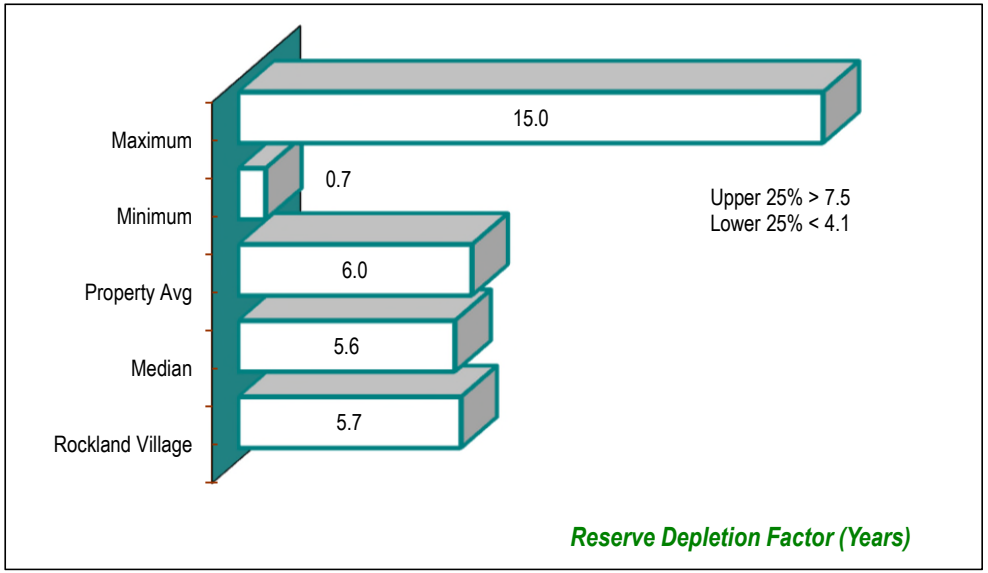
Minimum balance does not include the first year.

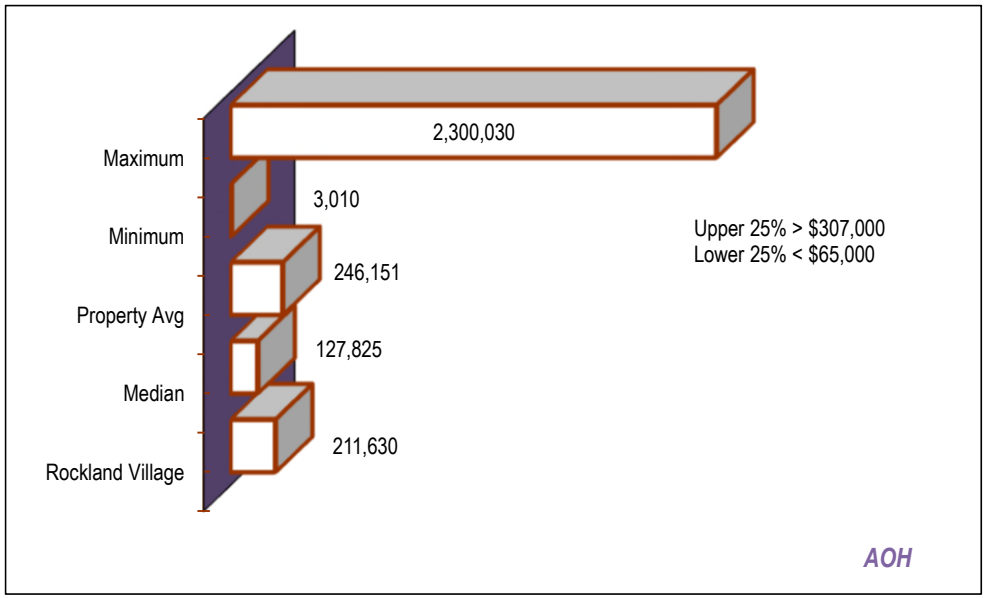
If Component method is chosen expect column (17) amounts to vary significantly from one year to the next.

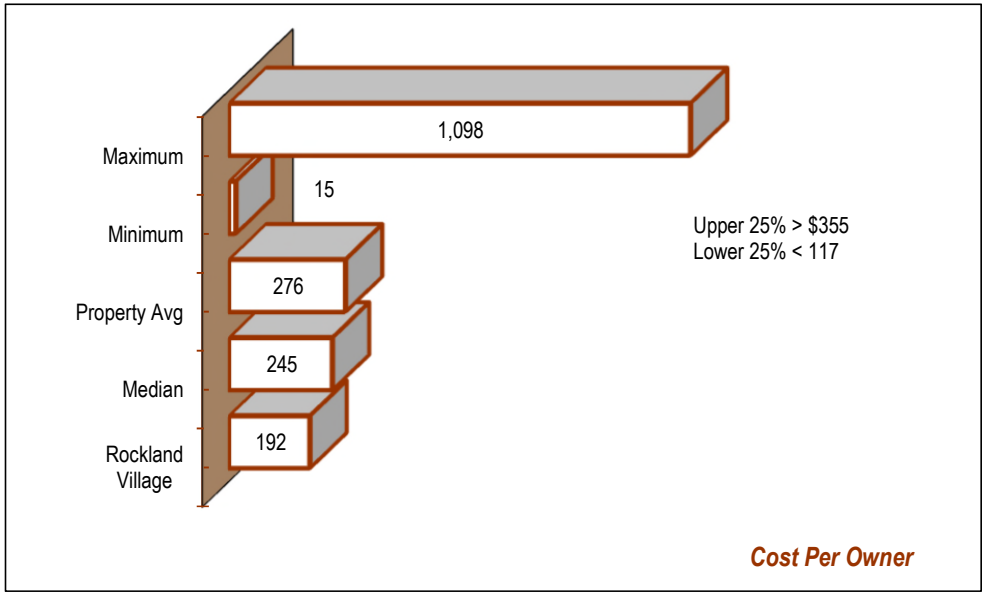
COMPARISON TO OTHER PROPERTIES

Sample Size = 100 HOA's/POA's









Legend:

This comparison only compares the first study year to other properties.
% Funded -- Used-up life divided by Useful Life times Current Cost.
Reserve Depletion Factor -- Number of years the amount-on-hand will fund if no more is contributed to the reserves.
AOH - Reserve funds available at start of fiscal year.
Cost Per Owner - The average cost per owner to meet the reserve requirement compared to other properties.

Attention is directed to columns (1) COMPONENT, (3) AVG and (4) REM USEFUL LIFE, and (5) ESTIMATED COST IN CURRENT DOLLARS on Page A1. These entries, along with reserve savings at the start of the fiscal year and contingency built into the funding plan, determine the annual contribution needed to support the reserves. The remaining useful life approximates the time period when funding should be available for repair/replacement work. Good maintenance and repair practices prior to replacement can extend component useful life; conversely, poor or no maintenance/repair will shorten life and result in more cost to the association. Following comments are provided for components that may need further explanation.

PAVEMENTS/CONCRETE/PAVERS

	To maximize pavement useful life the following recommendations should be implemented. 1) Have a preventive maintenance program - preventive maintenance consist of sealing open cracks (equal to or greater than 1/8"), repair wearing surface/base/sub-base areas that have failed (distinguished by "alligator" or "chicken wire" cracking), apply a seal coat to the entire surface and repaint traffic markings. An additional benefit of sealcoating and traffic markings is the pavement will look uniform and that enhances property appearance. Funding for this work is identified as "Preventive Maintenance" and/or "Immediate Repairs for Life Extension." Although we allow for preventive maintenance to be done every four years, if cracks open or asphalt failures occur sooner they should be repaired as needed. Contingency built into the funding plan should be more than adequate to fund this work, 2) Be prepared to repave all asphalt around the time period shown in the table. When repaving there are two possible courses of action, a) mill only near gutter pans to preserve proper drainage and place back 1-1/2" (or more) of compacted asphalt throughout, and b) total milling of all asphalt and repave to thickness removed. Notes: a) Asphalt is an oil based product - price varies with the cost of a barrel of oil, and b) When pavements are shared with adjacent properties quantity shown is one-half the shared amount. c) Although we allow for 100% of the asphalt to be repaved our experience supports a smaller percentage of the base/sub-base will need repairs prior to overlaying.
CONCRETE/PAVERS	Repairs as needed to keep components in good repair. Work should be done concurrently with pavement work; pricing should be better because contractor is on site.

RECREATION

TOT LOT	Tot-lot cost can vary depending on features desired - we use average costs for features and size. Always replace with equipment that "helps children develop physical coordination, strength, and flexibility as well as providing recreation and enjoyment (Wikipedia)." Keep running surfaces filled with "loose fill materials" to absorb falls or jumps. Children falling on non-absorbing materials cause 70% of tot lot injuries
MULTI-PURPOSE COURT	Multi-purpose courts need periodic crack sealing and color coating. Major repairs are needed when cracks and surface areas deteriorate and detract from play.

OTHER PROPERTY FEATURES

OTHER PROPERTY FEATURES	Provides for masonry repairs/repointing, name restoration, cleaning, and other work needed to keep entrance features in good condition.
ENTRANCE FEATURE WALLS/SIGNAGE	A reasonable amount to replace dead or diseased common area trees and shrubbery. Does not include normal landscaping upkeep which is funded from the operating account nor large scale improvements.
FENCING	Provides for the next time these components may need to be replaced.
WATER RETENTION POND	Because cost will depend on how much silt needs to be removed and other needed repairs we use an average cost - actual cost can be higher or lower depending on conditions at that time. We recommend the association have a bathymetric study done to determine dredging needs, timing and other requirements to maintain an environmentally healthy pond.
STORM WATER RUN OFF	Repairs to storm water drainage systems and ground areas where standing water or flowing water need to be controlled.
SITE ITEMS	Repairs to signs, sign posts, masonry columns and walls, and other miscellaneous items that are not reserved for elsewhere.

EXCLUSIONS

PRESSURE WASHING/PAINTING/STAINING	Not included in the reserves. Maintenance work, properly funded from the operating account.
CATASTROPHES	Are not predictable events - no reserve allowance. If one occurs funding from other sources may be needed if the contingency built into the reserves is insufficient to cover expenses.