

RESERVE STUDY

Woodgate Farms
Olmsted Township, Ohio

Study Completed By:
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EXECUTIVE SUMMARY

At the request of the Woodgate Farms Homeowners Association Board, J. R. Johnson Engineering has conducted a Reserve Study for the Woodgate Farms Homeowners Association located in Olmsted Township, Ohio. The results of our study are identified in this report. We conducted our visual, noninvasive inspection for this study on June 4, 2012. This Reserve study is meant to be used as a tool to assist with the planning of future capital expenditures.

The Woodgate Farms Homeowners Association consists of 1 common recreational building and 583 contributing members. The building was built in 2002. There are forty nine Reserve Components that will possibly need to be repaired or replaced over the next 30 years. According to the Association's Management the projected Reserve Fund Balance, as of December 2013 will be \$7,533. If the Association were to continue to fund Reserves at its 2012 budgeted amount of \$7,533 with annual increases for inflation, the Reserve Fund would potentially incur a shortage in 2015. This Reserve Study's funding goal is to keep the Reserve Fund Balance above an adequate threshold.

Although there are several ways to fund capital repairs such as special assessments and loans, we recommend Level Monthly Reserve Assessments with annual adjustments for inflation. This method allows for the equal distribution of repair costs amongst all of the homeowners. This method also assists in maintaining an acceptable overall property appearance.

This Reserve Study utilizes the Cash Flow Method to determine the appropriate Reserve Funding Plan. The Reserve Funding Plan calculates the adequate Reserve Contributions required through a 30-year Cash Flow Analysis. National standards require a Reserve Component to have a "Predictable Remaining Useful Life." Beyond thirty years the accuracy of estimates deteriorates drastically due to large variances in construction inflation and component lifecycles. The Cash Flow Analysis takes numerous factors into account such as current Reserve Funds, future interest earnings, inflation, increases in construction costs and planned Reserve Expenditures.

Our historical costs and published sources, (i.e., R.S. Means, National Renovation and Insurance Repair Estimator and National Construction Estimator Software) were used to establish the current and future costs of replacement.

The Woodgate Farms Homeowners Association has budgeted \$7,533 for Reserve Contributions in 2012. We recommend that the Woodgate Farms Homeowners Association adopt a reserve budget of \$19,963 in 2013. We also recommend an annual Reserve Contribution increase of 2.25% in order to stay ahead of inflation. The recommended year 2013 Reserve Contribution of \$19,963 is a \$12,430 increase from the previously budgeted amount. The proposed increase of \$12,430 equals an average monthly increase of 1.78 per unit owner. By adopting this increase contributions will grow to create an adequate Reserve Fund to cover future major Reserve Expenditures as shown in Exhibit B "Tables." Exhibit B "Tables" Funding Balance Sheet shows the recommended annual Reserve Contributions and projected year-end balances.

EXECUTIVE SUMMARY (CON'T)

Reserve Studies should be updated every two to three years in order to account for the numerous variables that can affect Reserve Contributions. In addition, construction costs and technology as well as inflation and interest rates can change affecting Reserve Contributions either positively or negatively. Therefore, in order to ensure adequate Reserve Funds and avoid Excessive Reserve Funds this Reserve Study should be updated every two to three years.

The following is the Reserve Funding Plan that we are recommending based on our site visit and analysis. Keep in mind that we did not investigate any liabilities against the existing property.

MEANS AND METHODS

In this report, the following factors were used for our analysis:

- In order to compute the 30-year Reserve Funding Plan the Cash Flow Method was used.
- The identification of each Reserve Component along with the anticipated year of replacement as shown in Exhibit B: *"Tables"*.
- Local equipment, material and labor costs.
- Both current and future Reserve Component replacement costs.
- Reserve Component removal costs as part of the cost of replacement.
- Historical data and local economic conditions are considered in estimating future inflation rates for construction costs in Olmsted Township, Ohio at an annual inflation rate of 1.71%.
- How the current and past maintenance practices of the Woodgate Farms Homeowners Association effects the remaining useful life of the major common area expenditures.
- Necessary operating budget expenses have not been included in the Funding Plan. It is our understanding that unless specifically noted, the costs for ongoing normal maintenance of Reserve Components or property elements are included in the future operating budgets. The Woodgate Farms Homeowners Association should continue to include these costs of maintenance in the operating budget.
- Since this study does not include providing financial or investment advice we assumed that the Association should be able to achieve on average a 2.17% return on their investment of the yearly reserve balance. We recommend that the Association seek the advice of a financial and investment advisor.

CLASSIFICATION OF RESERVE COMPONENTS

Our investigation included Reserve Components as described in the Associations Declaration. We segregated the property elements based on the responsibility for repair and replacement.

There are forty nine Reserve Components that have been determined to require Reserve Expenditures over the next 30 years. In Exhibit B: "*Tables*", the "Component Replacement Table" identifies the components as follows:

Woodgate Farms

- Asphalt Pavement
- Concrete Curbs
- Driveway Apron
- Catch Basins
- Concrete Sidewalks
- Concrete at Pool Area
- Clubhouse Vinyl Siding
- Clubhouse Stone Veneer
- Clubhouse Metal Roof
- Clubhouse Shingle Roofs
- Gutters and Downspouts
- Vinyl Three Rail Fence
- Vinyl Pool Fence
- Vinyl Hand Rail at Clubhouse
- Wood Fence at Dumpster
- Exterior Sconce Lights
- Exterior Ground Lights
- Light Posts
- Bike Racks
- Benches
- Picnic Tables
- Trash Cans
- Playground Edging
- Playground Mulch
- Play Structure
- Pools
- Lounge Chairs
- Pool Chairs Tables and Umbrellas
- Grille
- Pool Pumps and Filters
- Pool Heater
- Pool Room Unit Heater
- Clubhouse Interior Painting
- Carpet Tile
- VCT Flooring
- Clubhouse Light Fixtures
- Security Camera System
- Key FOB System

CLASSIFICATION OF RESERVE COMPONENTS (CON'T)

- Hot Water Tank
- Furnace and Air Conditioner
- Kitchen Cabinets and Counters
- Refrigerator
- Microwave
- Drinking Fountains
- Interior Furniture
- Exterior Doors
- Windows
- Toilet Partitions
- Entrance Signs

In addition, to the above listed Reserve Components, we have identified the following Long-Lived Property Elements, which do not have "Predictable Remaining Useful Life" expectancies:

- Electrical Systems
- Storm Sewers
- Sanitary Sewers
- Water Pipes

Long-Lived Property Elements (with unpredictable remaining useful lives) occasionally need to be repaired due to unforeseen circumstances, defective construction or deterioration from normal use. These typically infrequent repairs should be funded through the Association's Operating Budget in order to avoid constantly adjusting Reserve Contributions.

Certain Reserve Components require money from the Operating Budget for ongoing maintenance. Reserve Components requiring Operating Budget money for ongoing maintenance are listed below. The following items should be included in the Woodgate Farms Operating Budget and have not been included in the Reserve Study Update.

- General Maintenance to Reserve Components
- Landscaping Maintenance, Mowing and Mulching
- Minor Paving Repairs
- Miscellaneous repairs that are typically funded through the operating budget.

COMPONENT ASSESSMENT

We recommend that the Board review the Reserve Components on an annual basis in order to confirm whether the Components should be funded through the Reserve Fund or through the Operating and Maintenance Budget.

The Component Assessment portion of this Reserve Study describes each Reserve Component. These explanations provide descriptions of the Reserve Component, highlight certain conditions and problems, and cite the expected year or years of replacement.

COMPONENT ASSESSMENT (CON'T)

Asphalt Pavement - The existing Asphalt Pavement appears to be in good overall condition with some minor cracking and a few areas that have been patched, as shown in Exhibit A: "*Photographs*". Asphalt Pavement has a useful life of approximately 20 years. Therefore based on its current age and condition, we recommend that Woodgate Farms Homeowners Association plan to resurface the Asphalt Pavement in 2022.

Concrete Curbs - The existing Concrete Curbs appear to be in fair overall condition, as shown in Exhibit A: "*Photographs*". Concrete Curbs have a useful life of approximately 25-30 years. These components are not typically completely replaced at one time, but rather on an as needed basis. Therefore based on their current age and condition, we recommend that Woodgate Farms Homeowners Association plan to replace the 20 percent of the Concrete Curbs in conjunction with the asphalt resurfacing in 2022.

Driveway Apron - The Driveway Apron appears to be in good condition, as shown in Exhibit A: "*Photographs*". Driveway Aprons have a useful life of 25-30 years. Therefore based on its current age and condition we recommend that the Woodgate Farms Homeowners Association plan to replace the Driveway Apron in 2029.

Catch Basins - The existing Catch Basins appear to be in good overall condition, as shown in Exhibit A: "*Photographs*". Catch Basins have a useful life of approximately 25-30 years. These components are not typically completely replaced at one time, but rather on an as needed basis. Therefore based on their current age and condition, we recommend that Woodgate Farms Homeowners Association plan to repair or replace one Catch Basin every five years starting in 2029.

Concrete Sidewalks - The existing Concrete Sidewalks appear to be in good overall condition as shown in Exhibit A: "*Photographs*". These components are not typically completely replaced at one time, but rather on an as needed basis. Therefore, we have projected these components to be replaced on a cyclical basis of 12% every five years or 72% over 30 years. The replacements are projected to begin in 2029. This will allow for partial replacement of the components on an as needed basis to repair damage caused by snow removal, freeze thaw cycles, etc.

Concrete at Pool Area - The existing Concrete at the Pool Area appears to be in good condition as shown in Exhibit A: "*Photographs*". These components are not typically completely replaced at one time, but rather on an as needed basis. Therefore, we have projected these components to be replaced on a cyclical basis of 12% every five years or 72% over 30 years. The replacements are projected to begin in 2029. This will allow for partial replacement of the components on an as needed basis to repair damage caused by snow removal, freeze thaw cycles, etc.

Clubhouse Vinyl Siding - The Clubhouse Vinyl Siding appears to be in good condition, as shown in Exhibit A: "*Photographs*". Vinyl Siding has a useful life of up to 40 years. Therefore based on its current age and condition we recommend that the Woodgate Farms Homeowners Association plan to replace the Vinyl Siding in 2042.

COMPONENT ASSESSMENT (CON'T)

Clubhouse Stone Veneer - The Clubhouse Stone Veneer appears to be in good condition, as shown in Exhibit A: "*Photographs*". These components are not typically completely repointed at one time, but rather on an as needed basis. Therefore, we have projected these components to be repointed/repared on a cyclical basis of 12% every five years or 72% over 30 years. The repointing is projected to begin in 2029.

Clubhouse Metal Roof - The existing Clubhouse Metal Roof appears to be in very good condition as shown in Exhibit A: "*Photographs*". Metal Roofs have a useful life of approximately 25 years in Olmsted Township, Ohio. Therefore, based on its current age and condition, we recommend that the Woodgate Farms Homeowners Association plan to replace the Metal Roof in 2027.

Clubhouse Shingle Roofs - The existing Clubhouse Shingle Roofs appear to be in average condition based on their age as shown in Exhibit A: "*Photographs*". Shingle Roofs have a useful life of approximately 20-25 years in Olmsted Township, Ohio. Therefore, based on its current age and condition, we recommend that the Woodgate Farms Homeowners Association plan to replace the Shingle Roofs in 2025.

Gutters and Downspouts - The existing Gutters and Downspouts appear to be in good condition, as shown in Exhibit A: "*Photographs*". Gutters and Downspouts have a useful life of approximately 20-25 years. We recommend that the Woodgate Farms Homeowners Association plan to replace the Gutters and Downspouts in conjunction with the roof in 2025.

Vinyl Three Rail Fence - The Vinyl Three Rail Fence appears to be in very good condition, as shown in Exhibit A: "*Photographs*". Vinyl Fence has a useful life of approximately 40 years. Therefore based on its current condition we recommend that the Woodgate Farms Homeowners Association plan to replace the Vinyl Three Rail Fence in 2042.

Vinyl Pool Fence - The Vinyl Pool Fence appears to be in good condition, as shown in Exhibit A: "*Photographs*". Vinyl Fence has a useful life of approximately 40 years. Therefore based on its current condition we recommend that the Woodgate Farms Homeowners Association plan to replace the Vinyl Pool Fence in 2042.

Vinyl Hand Rail at Clubhouse - The Vinyl Hand Rail at the Clubhouse appears to be in very good condition, as shown in Exhibit A: "*Photographs*". Vinyl Hand Rail has a useful life of approximately 40 years. Therefore based on its current condition we recommend that the Woodgate Farms Homeowners Association plan to replace the Vinyl Hand Rail at the Clubhouse in 2042.

Wood Fence at Dumpster - The Wood Fence at the Dumpster appears to be in average condition for its age, as shown in Exhibit A: "*Photographs*". Wood Fences have a useful life of approximately 20-25 years. Therefore based on its current condition we recommend that the Woodgate Farms Homeowners Association plan to replace the Wood Fence at the Dumpster in 2025.

Exterior Sconce Lights - The Exterior Sconce Lights appear to be in good condition, as shown in Exhibit A: "*Photographs*". Exterior Lights have a useful life of approximately 20 years. Therefore based on their current age and condition we recommend that the Woodgate Farms Homeowners Association plan to replace the Exterior Sconce Lights in 2022.

COMPONENT ASSESSMENT (CON'T)

Exterior Ground Lights - The Exterior Ground Lights appear to be in good condition, as shown in Exhibit A: "*Photographs*". Exterior Lights have a useful life of approximately 20 years. Therefore based on their current age and condition we recommend that the Woodgate Farms Homeowners Association plan to replace the Exterior Ground Lights in 2022.

Light Posts - The Light Posts appear to be in good condition, as shown in Exhibit A: "*Photographs*". Light Posts have a useful life of approximately 20 years. Therefore based on their current age and condition we recommend that the Woodgate Farms Homeowners Association plan to replace the Light Posts in 2022.

Bike Racks - The Bike Racks appear to be in good condition, as shown in Exhibit A: "*Photographs*". Bike Racks have a useful life of approximately 20 years. Therefore based on their current age and condition we recommend that the Woodgate Farms Homeowners Association plan to replace the Bike Racks in 2022.

Benches - The Benches appear to be in excellent condition, as shown in Exhibit A: "*Photographs*". Benches have a useful life of approximately 20 years. Therefore based on their current age and condition we recommend that the Woodgate Farms Homeowners Association plan to replace the Benches in 2022.

Picnic Tables - The Picnic Tables appear to be in very good condition, as shown in Exhibit A: "*Photographs*". Picnic Tables have a useful life of approximately 20 years. Therefore based on their current age and condition we recommend that the Woodgate Farms Homeowners Association plan to replace the Picnic Tables in 2022.

Trash Cans - The Trash Cans appear to be in fair condition, as shown in Exhibit A: "*Photographs*". Trash Cans have a useful life of approximately 20 years. Therefore based on their current age and condition we recommend that the Woodgate Farms Homeowners Association plan to replace the Trash Cans in 2022.

Playground Edging - The Playground Edging appears to be in good condition, as shown in Exhibit A: "*Photographs*". Playground Edging has a useful life of approximately 25-30 years. Therefore based on its current age and condition we recommend that the Woodgate Farms Homeowners Association plan to replace the Playground Edging in 2029.

Playground Mulch - The Playground Mulch appears to be in average condition, as shown in Exhibit A: "*Photographs*". Playground Mulch has a useful life of approximately 3 years before additional Mulch needs added. Therefore based on its current condition we recommend that the Woodgate Farms Homeowners Association plan to add Mulch in 2015.

Play Structure - The Play Structure appears to be in average condition for its age, as shown in Exhibit A: "*Photographs*". Play Structures have a useful life of approximately 20-25 years. Therefore based on its current condition we recommend that the Woodgate Farms Homeowners Association plan to replace the Play Structure in 2025.

COMPONENT ASSESSMENT (CON'T)

Pools - The Pools appear to be in average condition for their age, as shown in Exhibit A: "*Photographs*". Pools require periodic maintenance over time. Pool Shells have a useful life of approximately 10 years. We recommend the Woodgate Farms Homeowners Association anticipate repairing the Swimming Pool Shell every ten years to maintain the integrity of the pool structure starting in 2020.

Lounge Chairs - The Lounge Chairs appear to be in fair condition, as shown in Exhibit A: "*Photographs*". Lounge Chairs have a useful life of approximately 10 years. Therefore based on their current condition we recommend that the Woodgate Farms Homeowners Association plan to replace the Lounge Chairs in 2015.

Pool Chairs Tables and Umbrellas - The Pool Chairs Tables and Umbrellas appear to be in fair condition, as shown in Exhibit A: "*Photographs*". Pool Chairs Tables and Umbrellas have a useful life of approximately 10 years. Therefore based on their current condition we recommend that the Woodgate Farms Homeowners Association plan to replace the Pool Chairs Tables and Umbrellas in 2015.

Grille - The Grille appears to be relatively old, as shown in Exhibit A: "*Photographs*". Grilles have a useful life of approximately 8 years. Therefore based on its current age and condition we recommend that the Woodgate Farms Homeowners Association plan to replace the Grille in 2014.

Pool Pumps and Filters - The Pool Pumps and Filters appear to be in average condition based on their age, as shown in Exhibit A: "*Photographs*". Pool Pumps and Filters have a useful life of approximately 8 years. Therefore based on their current condition, we recommend that the Woodgate Farms Homeowners Association plan to replace the Pool Pumps and Filters in 2016.

Pool Heater - The Pool Heater appears to be in fair condition, as shown in Exhibit A: "*Photographs*". Pool Heaters have a useful life of approximately 8 years. Therefore based on its current condition, we recommend that the Woodgate Farms Homeowners Association plan to replace the Pool Heater in 2014.

Pool Room Unit Heater - The Pool Room Unit Heater appears to be in good condition, as shown in Exhibit A: "*Photographs*". Pool Room Unit Heaters have a useful life of approximately 15-20 years. Therefore based on its current condition, we recommend that the Woodgate Farms Homeowners Association plan to replace the Pool Room Unit Heater in 2019.

Clubhouse Interior Painting - The Clubhouse Interior Painting appears to be in fair condition with some chips and scuffs, as shown in Exhibit A: "*Photographs*". Interior Painting has a useful life of approximately 8-10 years. Therefore based on its current age and condition, we recommend that the Woodgate Farms Homeowners Association plan to repaint in 2014.

Carpet Tile - The Carpet Tile appears to be in fair condition with some staining, as shown in Exhibit A: "*Photographs*". Carpet Tile has a useful life of approximately 8-10 years. Therefore based on its current age, we recommend that the Woodgate Farms Homeowners Association plan to replace the Carpet Tile in 2014.

COMPONENT ASSESSMENT (CON'T)

VCT Flooring - The VCT Flooring appears to be in good condition, as shown in Exhibit A: "*Photographs*". VCT has a useful life of approximately 25 years. Therefore based on its current age, we recommend that the Woodgate Farms Homeowners Association plan to replace the VCT in 2027.

Clubhouse Light Fixtures - The Clubhouse Light Fixtures appear to be in good condition, as shown in Exhibit A: "*Photographs*". Light Fixtures have a useful life of approximately 20-25 years. Therefore based on their current age and condition we recommend that the Woodgate Farms Homeowners Association plan to replace the Clubhouse Light Fixtures in 2025.

Security Camera System - The Security Camera System appears to be in good condition. Security Camera Systems have a useful life of approximately 20 years. Therefore based on its current age and condition, we recommend that the Woodgate Farms Homeowners Association plan to replace the Security Camera System in 2022.

Key FOB System - The Key FOB System appears to be in good condition. Key FOB Systems have a useful life of approximately 20 years. Therefore based on its current age and condition, we recommend that the Woodgate Farms Homeowners Association plan to replace the Key FOB System in 2022.

Hot Water Tank - The Hot Water Tank appears to be in average condition base on its age, as shown in Exhibit A: "*Photographs*". Hot Water Tanks have a useful life of approximately 10-12 years. Therefore based on its current age and condition, we recommend that the Woodgate Farms Homeowners Association plan to replace the Hot Water Tank in 2014.

Furnace and Air Conditioner - The Clubhouse Furnace and Air Conditioner appears to be in good condition, as shown in Exhibit A: "*Photographs*". Furnace and Air Conditioners have a useful life of approximately 25 years. Therefore based on its current condition, we recommend that the Woodgate Farms Homeowners Association plan to replace the Furnace and Air Conditioner in 2027.

Kitchen Cabinets and Counters - The Kitchen Cabinets and Counters appear to be in good condition, as shown in Exhibit A: "*Photographs*". Kitchen Cabinets and Counters have a useful life of approximately 18-25 years. Therefore based on their current age and condition we recommend that the Woodgate Farms Homeowners Association plan to replace the Kitchen Cabinets and Counters in 2024.

Refrigerator - The Refrigerator appears to be in good condition, as shown in Exhibit A: "*Photographs*". Refrigerators have a useful life of approximately 20 years. Therefore based on its current condition, we recommend that the Woodgate Farms Homeowners Association plan to replace the Refrigerator in 2022.

Microwave - The Microwave appears to be in good condition, as shown in Exhibit A: "*Photographs*". Microwaves have a useful life of approximately 10 years. Therefore based on its current condition, we recommend that the Woodgate Farms Homeowners Association plan to replace the Microwave in 2017.

COMPONENT ASSESSMENT (CON'T)

Drinking Fountains - The Drinking Fountains appear to be in good condition, as shown in Exhibit A: "*Photographs*". Drinking Fountains have a useful life of up to 20 years. Therefore based on their current condition we recommend that the Woodgate Farms Homeowners Association plan to replace the Drinking Fountains in 2022.

Interior Furniture - The Interior Furniture appears to be in fair condition, as shown in Exhibit A: "*Photographs*". Furniture has a useful life of approximately 10 -15 years. Therefore based on its current condition, we recommend that the Woodgate Farms Homeowners Association plan to replace the Interior Furniture in 2015.

Exterior Doors - The Exterior Doors appear to be in good condition, as shown in Exhibit A: "*Photographs*". Exterior Doors have a useful life of up to 30 years. Therefore based on their current age and condition we recommend that the Woodgate Farms Homeowners Association plan to replace the Exterior Doors in 2032.

Windows - The Windows appear to be in fair condition with some condensation in two of the windows, as shown in Exhibit A: "*Photographs*". Windows have a useful life of up to 30 years. Therefore based on their current age and condition we recommend that the Woodgate Farms Homeowners Association plan to replace the Windows in 2032.

Toilet Partitions - The Toilet Partitions appear to be in good condition, as shown in Exhibit A: "*Photographs*". Toilet Partitions have a useful life of approximately 20 years. Therefore based on their current age and condition we recommend that the Woodgate Farms Homeowners Association plan to replace the Toilet partitions in 2022.

Entrance Signs - The Entrance Signs appear to be in good overall condition, as shown in Exhibit A: "*Photographs*". Entrance Signs have a useful life of approximately 20 years. Therefore based on their current condition we recommend that the Woodgate Farms Homeowners Association plan to replace/repair the Entrance Signs in 2022.

A Reserve Study Update should be performed every two to three years. A Reserve Study only captures a snapshot in time and can not take all of the constantly changing variables into account, which is why periodic updates are necessary. The following is a list of variables that can affect the accuracy of a Reserve Study.

- Replacements or repairs that are performed prior to or after there projected time frame.
- Changes in construction inflation rates.
- Advancement in construction technology.
- Changes in the Associations return on investment of Reserves.
- Adding or deleting components that are funded through Reserves.
- Changes in routine maintenance procedures.

EXHIBIT DESCRIPTIONS

By performing periodic updates changes in these variables are taken into account, and adjustments are made in the updated Reserve Study. By budgeting for future Reserve Studies the Board shows that it is planning on continuing to fulfill its financial responsibility to maintain commonly owned property and to appropriately fund reserves.

Exhibit A: *"Photographs"* documents the conditions of various property components as of the date of our visual inspection, June 4, 2012. References to these photographs are made throughout the Reserve Study.

Exhibit B: *"Tables"* contains two tables. The first table The *"Component Replacement Table"*, includes an inventory of the Reserve Components, Reserve Expenditures, estimates of future costs and anticipated replacement times during the next 30 years. It includes a 1.71% annual percentage rate of inflation. The table arranges the following information in columns:

- For reference purposes item numbers have been provided.
- Reserve Component describes each component.
- Useful Life shows each component's typical useful life.
- Remaining Useful Life shows the remaining useful life of each component.
- Columns 2013-2043 show the years of replacement and estimated cost of replacement adjusted for inflation.

The second table of data in Exhibit B: *"Tables"* is the Reserve Funding Plan. This table includes the Association's current funding plan, and the proposed Cashflow model. Each of which assumes a 2.17% return on reserve investments, 1.71% inflation and a 2.25% yearly increase in Reserve Contributions. The table arranges the following list in rows for both the current funding plan and the proposed funding plan (Cash Flow Method).

- Starting Balance of Reserves.
- Annual Deposit into the Reserve Fund.
- Projected Interest earned on Reserves.
- Expenditures which are planned.
- Planned Year-end balance of the Reserve Fund.
- Cumulative Expenditures
- Cumulative Receipts

EXHIBIT DESCRIPTIONS (CON'T)

Exhibit C: "*Graphs*" contains three graphs based on the numerical data found in the Reserve Funding Plan. The graphs illustrate our recommendations and observations pertaining to reserve balances, recommended annual Reserve Contributions and Reserve Expenditures during the next 30 years.

The graph titled "Current Association Funding" compares the Associations current funding methods, cumulative receipts and year-end balances against cumulative expenditures.

The second graph titled "Proposed Funding Method" compares the proposed funding method cumulative receipts and year-end balances against cumulative expenditures.

The third graph titled "Funding Method Comparison" compares the cumulative receipts of the current and proposed funding methods against the projected cumulative expenditures.

DEFINITIONS

Cash Flow Method - A method of calculating Reserve Contributions where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

Current Cost of Replacement - That amount required today derived from the quantity of a *Reserve Component* and its unit cost to replace or repair a Reserve Component using the most current technology and construction materials, duplicating the productive utility of the existing property at current local market prices for materials, labor and manufactured equipment, contractors' overhead, profit and fees, but without provisions for building permits, over time, bonuses for labor or premiums for material and equipment. We include removal and disposal costs in the cost of replacement where applicable.

Funding Goal - The stated purpose of this Reserve Study to determine the adequate, not excessive, future annual, reasonable *Reserve Contributions* to fund future *Reserve Expenditures*.

Future Cost of Replacement - *Reserve Expenditure* derived from the inflated current cost of replacement or current cost of replacement as defined above, with consideration given to the effects of inflation on local market rates for materials, labor and equipment.

Long-Lived Property Component - Property component of Association responsibility not likely to require capital repair or replacement during the next 30 years with an unpredictable remaining Useful Life beyond the next 30 years.

Remaining Useful Life - The estimated remaining functional or useful time in years of a *Reserve Component* based on its age, condition and maintenance.

Reserve Component - Property elements with: 1) Association responsibility; 2) limited Useful Life expectancies; 3) predictable Remaining Useful Life expectancies; and 4) a replacement cost above a minimum threshold.

Reserve Component Inventory - Line Items in Exhibit B *Reserve Expenditures* that identify a *Reserve Component*.

Reserve Contribution - An amount of money set aside or *Reserve Assessment* contributed to a *Reserve Fund* for future *Reserve Expenditures* to repair or replace *Reserve Components*.

Reserve Expenditure - *Future Cost of Replacement of & Reserve Component*

Reserve Fund Status - The accumulated amount of reserves in dollars at a given point in time, i.e., at year-end.

Reserve Funding Plan - The portion of the Reserve Study identifying the *Cash Flow Analysis* and containing the recommended *Reserve Contributions* and projected annual expenditures, interest earned and reserve balances.

DEFINITIONS (CON'T)

Reserve Study - A budget planning tool that identifies the current status of the *Reserve Fund* and a stable and equitable *Funding Plan* to offset the anticipated future major common area expenditures.

Useful Life - The anticipated total time in years that a *Reserve Component* is expected to serve its intended function in its present application or installation.

Definitions are derived from the standards set forth by the Community Associations Institute (CAI) representing America's 250,000 condominium, homeowners associations and cooperatives, and the Association of Professional Reserve Analysts, setting the standards of care for reserve study practitioners.

**EXHIBIT B: TABLES
COMPONENT REPLACEMENT TABLE**

RESERVE COMPONENT	Useful Remaining		2013	2014	2015	2016	2017	2018	2019	2020	2021
	Life	Useful Life									
1 ASPHALT PAVEMENT	20	10									
2 CONCRETE CURBS	25-30	10									
3 DRIVEWAY APRON	25-30	17									
4 CATCH BASINS	25-30	17									
5 CONCRETE SIDEWALKS	25-30	17									
6 CONCRETE AT POOL AREA	25-30	17									
7 CLUBHOUSE VINYL SIDING	40	30									
8 CLUBHOUSE STONE VENEER	25-30	17									
9 CLUBHOUSE METAL ROOF	25	15									
10 CLUBHOUSE SHINGLE ROOFS	20-25	13									
11 GUTTERS AND DOWNSPOUTS	20-25	13									
12 VINYL THREE RAIL FENCE	40	30									
13 VINYL POOL FENCE	40	30									
14 VINYL HAND RAIL AT CLUBHOUSE	40	30									
15 WOOD FENCE AT DUMPSTER	20-25	13									
16 EXTERIOR SCONCE LIGHTS	20	10									
17 EXTERIOR GROUND LIGHTS	20	10									
18 LIGHT POSTS	20	10									
19 BIKE RACKS	20	10									
20 BENCHES	20	10									
21 PICNIC TABLES	20	10									
22 TRASH CANS	20	10									
23 PLAYGROUND EDGING	25-30	17									
24 PLAYGROUND MULCH	3	3			\$1,061			\$1,117			\$1,175
25 PLAY STRUCTURE	20-25	13									
26 POOLS	10	8								\$47,671	
27 LOUNGE CHAIRS	10	3			\$4,761						
28 POOL CHAIRS TABLES AND UMBRELLAS	10	3			\$7,159						
29 GRILLE	8	2		\$763							
30 POOL PUMPS AND FILTERS	8	4				\$6,135					
31 POOL HEATER	8	2		\$3,045							
32 POOL ROOM UNIT HEATER	15-20	7						\$1,550			
33 CLUBHOUSE INTERIOR PAINTING	8-10	2		\$3,043							
34 CARPET TILE	8-10	2		\$3,877							
35 VCT FLOORING	25	15									

EXHIBIT B: TABLES
COMPONENT REPLACEMENT TABLE

RESERVE COMPONENT	Useful Remaining		2013	2014	2015	2016	2017	2018	2019	2020	2021
	Life	Useful Life									
36 CLUBHOUSE LIGHT FIXTURES	20-25	13									
37 SECURITY CAMERA SYSTEM	20	10									
38 KEY FOB SYSTEM	20	10									
39 HOT WATER TANK	10-12	2		\$1,475							
40 FURNACE AND AIR CONDITIONER	25	15									
41 KITCHEN CABINETS AND COUNTERS	18-25	12									
42 REFRIGERATOR	20	10									
43 MICROWAVE	10	5					\$449				
44 DRINKING FOUNTAINS	20	10									
45 INTERIOR FURNITURE	10-15	3			\$5,069						
46 EXTERIOR DOORS	30	20									
47 WINDOWS	30	20									
48 TOILET PARTITIONS	20	10									
49 ENTRANCE SIGNS	20	10									

EXHIBIT B: TABLES
COMPONENT REPLACEMENT TABLE

RESERVE COMPONENT	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
1 ASPHALT PAVEMENT	\$53,480											
2 CONCRETE CURBS	\$19,988											
3 DRIVEWAY APRON								\$15,982				
4 CATCH BASINS								\$1,104				
5 CONCRETE SIDEWALKS								\$4,475				
6 CONCRETE AT POOL AREA								\$5,479				
7 CLUBHOUSE VINYL SIDING												
8 CLUBHOUSE STONE VENEER								\$2,144				
9 CLUBHOUSE METAL ROOF						\$11,183						
10 CLUBHOUSE SHINGLE ROOFS				\$10,295								
11 GUTTERS AND DOWNSPOUTS				\$2,217								
12 VINYL THREE RAIL FENCE												
13 VINYL POOL FENCE												
14 VINYL HAND RAIL AT CLUBHOUSE												
15 WOOD FENCE AT DUMPSTER				\$2,225								
16 EXTERIOR SCONCE LIGHTS	\$755											
17 EXTERIOR GROUND LIGHTS	\$1,321											
18 LIGHT POSTS	\$603											
19 BIKE RACKS	\$2,097											
20 BENCHES	\$6,290											
21 PICNIC TABLES	\$6,989											
22 TRASH CANS	\$2,563											
23 PLAYGROUND EDGING								\$2,297				
24 PLAYGROUND MULCH			\$1,236			\$1,301			\$1,369			\$1,440
25 PLAY STRUCTURE				\$39,221								
26 POOLS								\$56,480				
27 LOUNGE CHAIRS				\$5,640								
28 POOL CHAIRS TABLES AND UMBRELLAS				\$8,481								
29 GRILLE	\$874								\$1,001			
30 POOL PUMPS AND FILTERS			\$7,027								\$8,047	
31 POOL HEATER	\$3,488							\$3,994				
32 POOL ROOM UNIT HEATER												
33 CLUBHOUSE INTERIOR PAINTING		\$3,545									\$4,129	
34 CARPET TILE		\$4,516									\$5,261	
35 VCT FLOORING						\$2,940						

EXHIBIT B: TABLES
COMPONENT REPLACEMENT TABLE

RESERVE COMPONENT	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
36 CLUBHOUSE LIGHT FIXTURES				\$4,437								
37 SECURITY CAMERA SYSTEM	\$2,097											
38 KEY FOB SYSTEM	\$5,591											
39 HOT WATER TANK					\$1,808							
40 FURNACE AND AIR CONDITIONER						\$4,890						
41 KITCHEN CABINETS AND COUNTERS			\$6,234									
42 REFRIGERATOR	\$1,421											
43 MICROWAVE						\$533						
44 DRINKING FOUNTAINS	\$2,397											
45 INTERIOR FURNITURE							\$6,319					
46 EXTERIOR DOORS											\$10,124	
47 WINDOWS											\$7,666	
48 TOILET PARTITIONS	\$2,768											
49 ENTRANCE SIGNS	\$10,310											

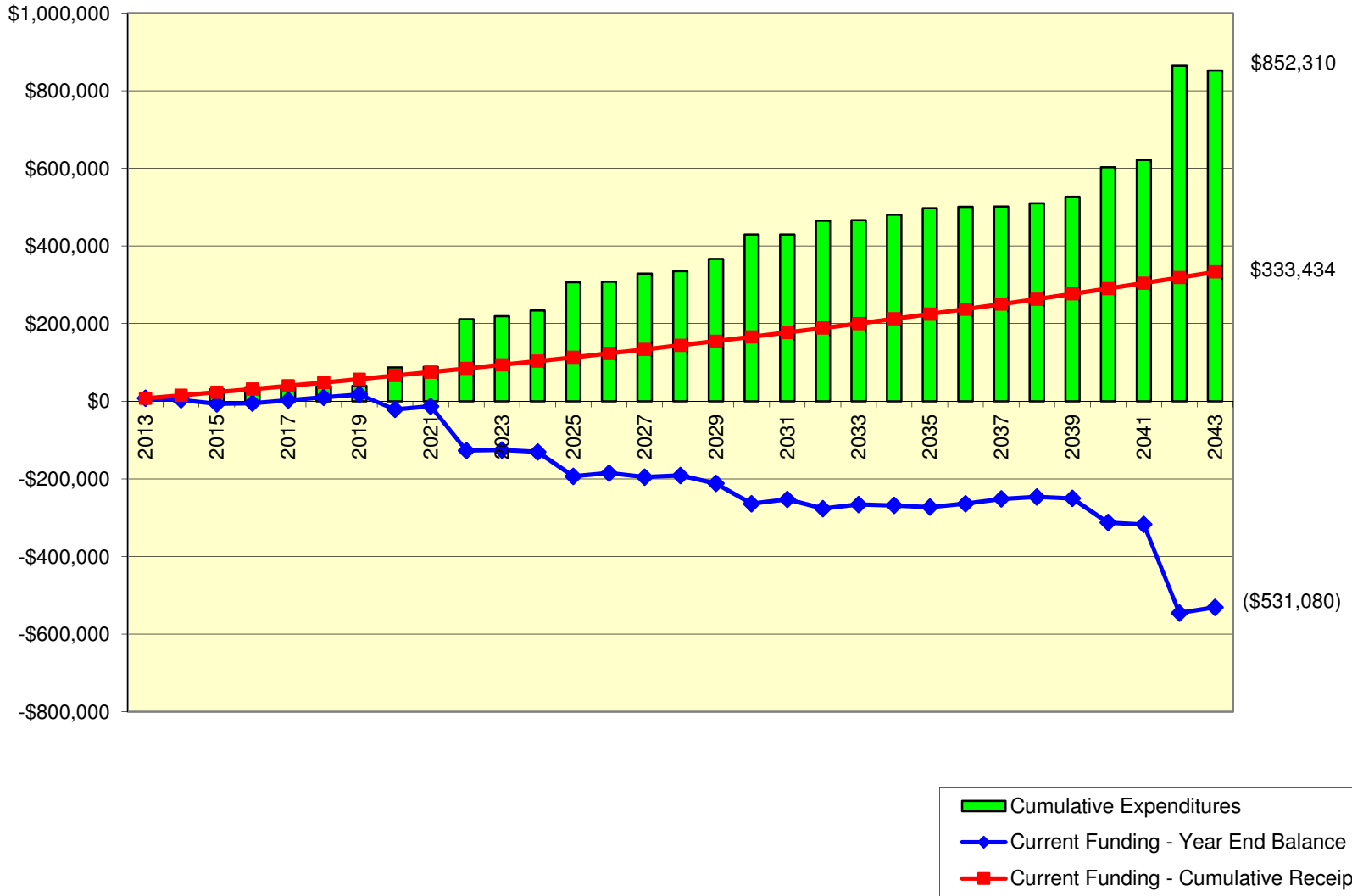
EXHIBIT B: TABLES
COMPONENT REPLACEMENT TABLE

RESERVE COMPONENT	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
1 ASPHALT PAVEMENT									\$75,070	
2 CONCRETE CURBS									\$28,058	
3 DRIVEWAY APRON										
4 CATCH BASINS	\$1,201					\$1,308				
5 CONCRETE SIDEWALKS	\$4,871					\$5,302				
6 CONCRETE AT POOL AREA	\$5,964					\$6,492				
7 CLUBHOUSE VINYL SIDING									\$19,973	
8 CLUBHOUSE STONE VENEER	\$2,334					\$2,541				
9 CLUBHOUSE METAL ROOF										
10 CLUBHOUSE SHINGLE ROOFS										
11 GUTTERS AND DOWNSPOUTS										
12 VINYL THREE RAIL FENCE									\$8,601	
13 VINYL POOL FENCE									\$44,104	
14 VINYL HAND RAIL AT CLUBHOUSE									\$1,720	
15 WOOD FENCE AT DUMPSTER										
16 EXTERIOR SCONCE LIGHTS									\$1,059	
17 EXTERIOR GROUND LIGHTS									\$1,854	
18 LIGHT POSTS									\$847	
19 BIKE RACKS									\$2,943	
20 BENCHES									\$8,830	
21 PICNIC TABLES									\$9,811	
22 TRASH CANS									\$3,597	
23 PLAYGROUND EDGING										
24 PLAYGROUND MULCH			\$1,515			\$1,594			\$1,678	
25 PLAY STRUCTURE										
26 POOLS							\$66,916			
27 LOUNGE CHAIRS		\$6,683								
28 POOL CHAIRS TABLES AND UMBRELLAS		\$10,049								
29 GRILLE					\$1,146					
30 POOL PUMPS AND FILTERS							\$9,216			
31 POOL HEATER					\$4,574					
32 POOL ROOM UNIT HEATER			\$2,068							
33 CLUBHOUSE INTERIOR PAINTING								\$4,810		
34 CARPET TILE								\$6,128		
35 VCT FLOORING										

EXHIBIT B: TABLES
COMPONENT REPLACEMENT TABLE

RESERVE COMPONENT	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
36 CLUBHOUSE LIGHT FIXTURES										
37 SECURITY CAMERA SYSTEM									\$2,943	
38 KEY FOB SYSTEM									\$7,849	
39 HOT WATER TANK					\$2,215					
40 FURNACE AND AIR CONDITIONER										
41 KITCHEN CABINETS AND COUNTERS										
42 REFRIGERATOR									\$1,995	
43 MICROWAVE				\$631						
44 DRINKING FOUNTAINS									\$3,365	
45 INTERIOR FURNITURE								\$7,877		
46 EXTERIOR DOORS										
47 WINDOWS										
48 TOILET PARTITIONS									\$3,885	
49 ENTRANCE SIGNS									\$14,472	

**EXHIBIT C: GRAPHS
CURRENT ASSOCIATION FUNDING**



**EXHIBIT C: GRAPHS
PROPOSED FUNDING METHOD**

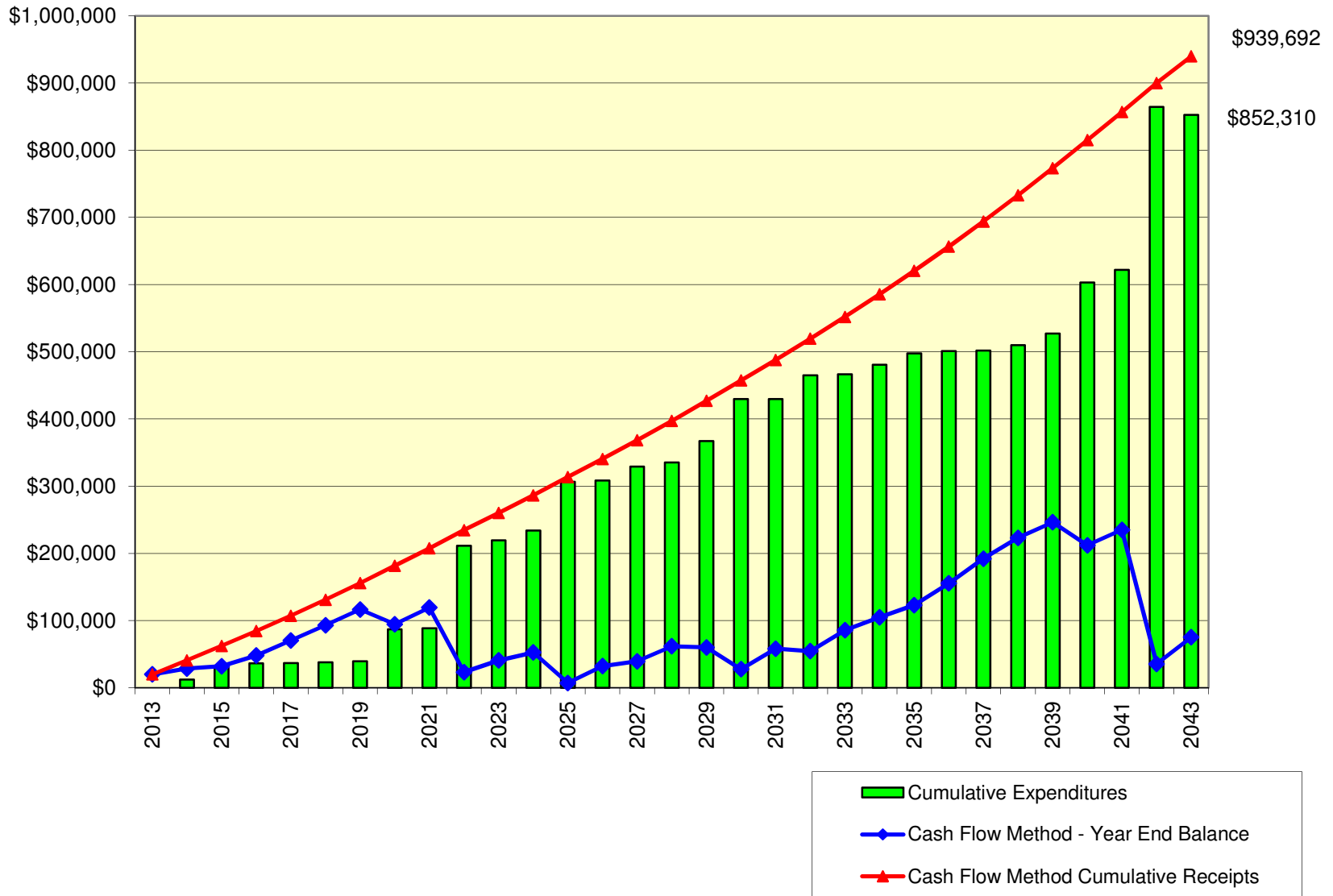


EXHIBIT C: GRAPHS FUNDING METHOD COMPARISON

