



SPECIALIZING IN RESERVE STUDIES SINCE 1990
A PROFESSIONAL CORPORATION

October 18, 2011

Landmark Mews Community Association
c/o Mr. Martin J. McDonald
Treasurer, Board of Directors
P.O. Box 11153
Alexandria, VA 22312

Dear Mr. McDonald:

At a recent meeting of the Board of Directors the draft reserve study submitted on 5/6/2011 was approved subject to the following change:

- Revise Pavements entry to show that a complete overlay of all roads and repairs to curbs, gutters and sidewalks is scheduled to be done in FY11.

The change has been made. Accordingly, please consider this to be the "Final Report" of the FY11 Reserve Study. I again thank the Board of Directors for selecting **PM+** to do this study and hope you will continue to call upon us for your reserve study needs.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Mario B. Ginnetti', is written over a light blue horizontal line.

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

Enclosure:
Study - PDF File



SPECIALIZING IN RESERVE STUDIES SINCE 1990
A PROFESSIONAL CORPORATION

RESERVE STUDY FINAL REPORT

LANDMARK MEWS COMMUNITY ASSOCIATION

Alexandria, Virginia

Prepared for:

Board of Directors

Date:

October 18, 2011



Engineer

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

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Executive Summary

- This study was prepared by comparing “Your Funding” plan to the two Community Association Institute (CAI) recommended methods for preparing reserve studies; “Cash Flow Method” and “Component Method.” The Cash Flow Method is also known as the Pooling Method.
- The following relevant data was used in preparing this study:

1st Study Year FY11	\$158,230 AOH at Start of Fiscal Year ♦
FY Begins 01-Jan-11	\$44,400 Your Contribution in FY11 ♦
Inspection Date 4/27&5/3/2011	2.42% Inflation ♦♦
# Units 148	4.18% Interest ♦♦

- ♦ AOH (cash amount on hand at start of fiscal year) and current year contribution were supplied by management and are considered best information available as of the proposal acceptance date. They are not audited amounts.
- ♦♦ Interest and inflation factors¹ 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 10-Year U.S. Treasury Note Constant Maturity Yield.
- The following table summarizes our findings of the funding needed to meet the property's reserve requirement and compares your current funding to the two recognized methods for funding the reserves (see "Funding Plans - 30 Year Projection" chart):

FY11			
Contribution Summary			
	Yours²	Cash Flow	Component
		Method	Method
Contribution	\$44,400	\$48,770	\$113,950
Avg/Owner	\$300	\$330	\$770
30-Yr Average			
Contribution	\$64,130	\$70,480	\$76,050
Avg/Owner	\$433	\$476	\$514
30-Yr Minimum/Maximum Balance			
\$	(\$73,610)	\$44,760	\$109,140
\$	\$248,710	\$534,400	\$913,850

- Analysis:
 - Your FY11 contribution will need to be increased to meet the reserve needs of the property.
 - The cash flow method requires the least contribution in FY11 and throughout the life of the study than the component method plan and is the preferred method for funding the reserves. It provides the most consistency in the annual contribution, from one year to the next year. Future contribution increases can be mostly attributable to inflation.

1. Although the 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.
 2. If the study is being done for other than the current fiscal year, inflation is applied to your current contribution.

- The component method requires the greatest contribution and yearly contributions can be expected to fluctuate considerably from year to year, making it less practical as a funding plan. If this method is chosen, the reserve tables should be updated more frequently, preferably annually.
- The funding plan we recommend, shown in Column (16) of the "Funding Plans - 30 Year Projection" chart, portrays the year end balances, both minimum and maximum, we expect will be available, based on the assumptions in this study. These amounts are calculated to assure: 1) funds are available for needed work, 2) there is always a minimum amount of savings 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 prevent against 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 our recommended contribution is based on a sound analysis of the reserve needs of the property.
- Recommendation:
 - Because the cash flow method requires the least contribution and yearly contribution increases are mostly inflation adjustments, we recommend the association fund their reserves using this method.

Study Information

Introduction

The purpose of this study is to design a **Table of Repair/Replacement Reserves** for the common and limited common elements of the property based on the current condition of the components. If the property is to preserve the owner's investment and its quality of life features, a reserve of funds is necessary to do future work.

In addition to the above, Properties located in the state of Virginia are required by Virginia Statutes, 2003 Condominium and Property Owner's Association Act, to conduct reserve studies at least every five years, review the results of the study at least annually and make adjustments as necessary unless the condominium instruments/declaration imposes more stringent requirements. Your attention is called to Sections 55-79.83:1 or 55-514.1 of the Statutes for the complete text.

This study is the initial engagement for the property by **PM+**. **PM+** has neither collaborated with nor provided consulting advice to others on issues pertaining to the property.

In developing the table we consider items that have a predictable life cycle as well as those that will most likely need annual maintenance and repairs to keep them in serviceable condition. They are as follows:

Predictable life cycle (Non # sign items).

These components have a predictable life cycle (an average useful life). At the end of its useful life total replacement will be needed.

Annual Allowances (Items preceded by the # sign).

We reserve an average annual amount for these items. These items 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.

If major work to these items is needed it usually requires the services of an architect, engineer, or specialty contractors to determine scope and cost. We do not reserve for major work in this category unless we are informed the community has a project pending and an estimated cost is known. If future major work is needed it should be reserved for in an updated study or funded from other sources if the contingency built into this study is insufficient to fund the work.

There are three major considerations to be taken into account when establishing the **Reserves**: 1) properly funded reserves avoids "special assessments", 2) each owner should pay their fair share for the time they use the component, and 3) when reserve funds are available the Association is more inclined not to defer work. Work deferral results in additional deterioration and "catch-up" costs to restore the item to a good condition. 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 or not 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 the best information available, it is possible actual costs and useful life can vary 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 need for a special assessment to do reserve work.

This study only considers items already in place. It does not take into consideration any major work the association is contemplating to alter present conditions, unless noted otherwise. Nor does it consider correcting hazardous or defective conditions associated with asbestos, radon, lead, mold, FRT, utility, plumbing, mechanical, electrical systems, complete re-siding of the buildings, etc. Work of this nature requires a special study to determine scope and costs.

This purpose of this study is to determine the funding needed to support the property's reserve requirement and a recommended funding plan to meet the requirement. No other use is intended.

For any reserve projects in progress on the date(s) of our inspection our observation of the work should not be considered a project audit or quality control inspection. We leave that to others to determine.

In order for the Table 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.

Maintenance/Repair/Replacement “Tips” and Reserve Considerations

There are three levels of care needed to maximize the useful life of equipment and property components: 1) Maintenance, 2) Repair and 3) Replacement.

Maintenance is taking care of an item by doing such tasks as sealing pavement cracks to prevent water from undermining the base, painting to prevent metal corrosion or wood rot, lubricating moving parts on mechanical equipment, fan belt adjustments, etc. It involves the least expenditure of funds and is the best way to maximize useful life. Repair is replacing a portion of an item, such as, a section of pavement, a part of a roof, an air conditioning compressor, etc. It's usually more expensive than maintenance. The most costly is replacement. It involves the entire replacement of the item.

The application of good maintenance and repair techniques can be explained by the following example: An asphalt parking lot of 1000 square yards develops a 10 foot long crack in the surface. The crack can be sealed for about a dollar a linear foot. By doing so, water will not seep through the asphalt causing damage to the base course. That simple maintenance action extended the useful life of the pavement at minimum cost. Assume the crack was not sealed and it grew to a 12' by 12' base damaged area. Cost of repairs would be approximately 60 times as much as fixing the crack. If the damaged area was not repaired and eventually the entire lot had to be replaced it would cost considerably more. Therefore, the prudent thing to do is good maintenance. It's the least costly of the three levels of work.

Prior to totally replacing an item, e.g., a roof, a fence, an air conditioner, etc., all measures should be taken to extend the useful life of the item with repairs. If the roof is leaking don't automatically think the entire roof needs to be replaced. Most leaks occur around penetrations and flashed areas and they can be repaired for less than replacing the entire roof. Fence posts almost always rot out at ground level before the rest of the fence. Posts can be replaced without purchasing a complete new fence. The same applies to most mechanical/electrical equipment. Tube leaks frequently occur in boilers; compressor failures occur in air conditioners and circuit breakers wear out in electric panels. These kinds of failures are repairable without replacing the entire item. The reserve table should be used as an aid in establishing budgets - not as a work plan. When used as a budget management tool its effectiveness will be recognized when funds are readily available to do work - when it must be done. Do not use the remaining useful life data as a work plan. It should be treated as a “window of probable expectancy”, based on statistical information, historical trends, conditions at time of survey and experience of when repair or replacement is most likely to be needed. Actual work should not be done until needed. For example, if paving is estimated to need replacement in five years but it's not a problem at that time, put it off until it is a problem. Conversely, if repairs are necessary sooner, do them sooner.

When contracting for services, seek competitive bids and purchase only what's necessary to restore the item to its “like original” condition. Include state-of-the-art improvements but avoid over buying or substantially enhancing an item beyond its original condition. Such improvements are not included in the cost estimates.

Catastrophic failures to such items as footers, foundations, floors, exterior walls and total replacement of utility systems, etc., are not included in the table. They are not included because they are not predictable

and it is rare that these items have to be replaced in total. We do recommend a reasonable annual amount be set aside for some repairs and reflect that in the reserve table.

Funding for reserves should be fair to all owners; past, present and future. The worst case scenario for a property is to have no money set aside to pay for repairs/replacements forcing the current owners to pay the total cost. Additionally, having insufficient reserves also presents some injustices as illustrated by the following example:

Mr. and Mrs. "X" owned a unit at the property for the first ten years of its existence when reserve funding was suppressed and insufficient to take care of future problems. Mr. and Mrs. "X" sell their unit and leave. Five years after they leave the pavement and sidewalks need to be repaired. Mr. & Mrs. "Y" now own the unit and receive notice they are to be "specially assessed" to pay for the repair costs.

For demonstration purposes let's say the pavement and sidewalk repairs costs \$150,000 and the association has \$50,000 in the reserve account. Let's also assume there are 100 units at this property.

Over the last fifteen years, past and present owners set aside \$50,000 to take care of the \$150,000 expenditure. Expressed in \$/year that equates to \$3,333/yr or \$33.33 per owner per year.

Mr. & Mrs. "X" had the benefit of good paving and sidewalks for 10 years at a total cost to them of \$333.30. Unfortunately for Mr. & Mrs. "Y", they only used the items for five years, but it will cost them \$1166.50 for their share of the repairs.

Calculations for the above are as follows:

$$5 \text{ years they lived there} \times \$33.33/\text{yr} = \$166.50$$

The difference between amount in reserves and repair costs divided by number of unit owners:

$$\begin{aligned} (\$150,000 - \$50,000) / 100 &= \underline{\$1000.00} \\ \text{Total cost to Mr. \& Mrs. "Y"} &= \$1166.50 \end{aligned}$$

Or, said another way:

Mr. and Mrs. "X" used the items for 66% of their useful life but only paid 22% of the repair cost.

Mr. and Mrs. "Y" used the items for 34% of their useful life but had to pay 78% of the cost.

For funding to be fair all owners should contribute their share of the costs for the period of time they use the item.

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

Level of Service and Engineer's Qualification

This is a Level I, Full Study (with on-site visit) as defined by CAI's National Reserve Study Standards.

This study was compiled in accordance with generally accepted standards and represents our professional opinion on the items, timing and dollar amounts that should be budgeted for repair and replacement. The contents of this study comply with the proposal acceptance. In compiling this study we used information obtained from field measurements, observations and management (information provided by management is considered to be reliable). We also took into consideration 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 inspection and the information gained during the inspection 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.

This reserve study was done in its entirety by Mario B. "Ben" Ginnetti, a registered professional engineer (P.E.) licensed to practice engineering in the states of Virginia, Maryland and the District of Columbia. He is also a CAI Certified Reserve Specialist (RS) and a Professional Reserve Analyst (PRA).

Age, Units and Style

Constructed between 1982 and 1988.
148 Townhome units.

"Cash flow" and "Component" Method Studies

This study was calculated using both the Cash flow and Component methods. A synopsis of each method is as follows:

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.

Component method - This method develops the funding plan by dividing the remaining useful life into the balance needed to fund the item for only the next cycle of work. The individual item contributions are then added to calculate the total annual contribution needed to support the reserve requirement for that year.

Because of averaging the cash flow method provides a more consistent annual contribution from one update to another and the annual contribution can be calculated so that a special assessment is not anticipated over the life of the study. With the component method, annual contributions can vary significantly from year to year depending on where the components are in their life cycle. If the component method is chosen the reserve tables should be updated more frequently, preferably annually.

Funding Goals

The following represent the basic categories of Funding Plan goals as defined by the Community Association Institute (CAI) for reserve studies:

- Baseline Funding - Establishing a Reserve funding goal of keeping the Reserve cash balance above zero.
- Component Full Funding - Setting a Reserve funding goal of attaining and maintaining cumulative Reserves at or near 100% funded.
- Statutory Funding - Establishing a Reserve funding goal of setting aside the specific minimum amount of reserves required by local statutes or financing agencies.
- Threshold Funding - Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount. Depending on the threshold, this may be more or less conservative than "Fully Funding." This study complies with this goal.
-

Common and Limited Common Elements (Major Components)

Pavements/Sidewalks

Asphalt Pavements
Concrete Curbs & Gutters
Concrete/Asphalt/Brick Paver Sidewalks

Retaining Walls/Fencing

Brick Perimeter Wall
Wood & Concrete Retaining Walls
Wood Fencing

Other Property Features

Pole Mounted Site Lights
Metal Gates
Wood Gate
Mail Boxes (Post Office Responsibility)
Entrance Features
Brick Columns
Signs
Storm Drainage
Metal Railing
Wood Benches
Mature Trees/ Shrubbery
Irrigation System
Rip Rap

Reading and Understanding the Tables and Charts

Table of Repair & Replacement Reserves

Column

- (1) The various property components and major items of equipment we believe the community should include in the reserves. Where a 15%, 30%, etc., is shown means that total replacement of that item is not anticipated. These items generally have an indefinite life span and only need partial repairs. Items preceded by the pound (#) sign are budgeted for a year at a time. Typically, these items need annual repairs. These items should be adjusted at each update based on historical trends and the amount of work anticipated the following year. If we have omitted or added any items 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.
- (2) Approximate quantity and unit of measure. The following abbreviations are used; however, they may not all appear in this study:

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

- (3) The components average useful life (Avg). Leading publications on useful life data, our own experiences and historical trends are used to determine the average useful life.
- (4) Our best estimate of the remaining useful life (RUL). Some items 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.
- (5) Current cost estimates are in current dollars. 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.
- (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 item.
- (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. This value is the product of the reserve components and the Funding Plans - 30 Year Projection chart. The annual contribution is calculated so that the reserve balance never falls below the "X" axis and there is always a minimum balance for unforeseen contingencies.
- (9) The contribution needed to fund the 1st year applying the component method.

Fiscal Years 1 - 10 Expense Projection - The actual cash out-lays the association should be prepared to fund in the first ten years of the study.

Fiscal Years 11 - 30 Expense Projection - The actual cash out-lays the association should be prepared to fund in the next twenty years of the study. Note - these projections are needed to verify the association is funding the reserves to avoid a "Special Assessment" over the life of the study.

Average Contribution Per Owner - The average contribution needed per owner to fund the 1st year reserve contribution. This amount is not indicative of each owner's individual contribution.

Funding Plans - 30 Year Projection

Column

- (10) Fiscal Year.
- (11) Projected annual expenses.
- (12) Cumulative expenses over 30-years.
- (13) 30-year projected contribution if your current funding plan continues, inflation applied.
- (14) Projected year-end balances based on your current contributions, interest applied.
- (15) 30-year projected contribution if the cash flow method is implemented to fund the reserves, inflation applied.
- (16) Projected year-end balances based on the cash flow method, interest applied.
- (17) 30-year projected contribution if the component method is implemented to fund the reserves, inflation applied.
- (18) Projected year-end balances based on the component method, interest applied.

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 Annual Average - Average contribution needed to fund each funding plan.
- 30-Year Average/Owner - Average contribution per owner for each funding plan.
- 30-Year Minimum Balance - Projected minimum balance for each funding plan. An amount to be held in reserve to fund unforeseen contingencies. Expressed as a percentage.

Property Comparison (Will not appear if the client does not want the comparison)

The "Property Comparison" chart compares the property's current funding to the last 100 properties we have studied. The comparison shows the maximums, minimums and property averages compared to your 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).
- Cost Per Owner - Average contribution per owner needed to meet the reserve requirement. The dollar amount will vary from property to property based on construction features, common and limited common elements, past contributions to the reserves and other factors that may not result in a true comparison.

Comments - To clarify assumptions, call to attention items that need explanation or tips for extending component useful life.

Appendix A

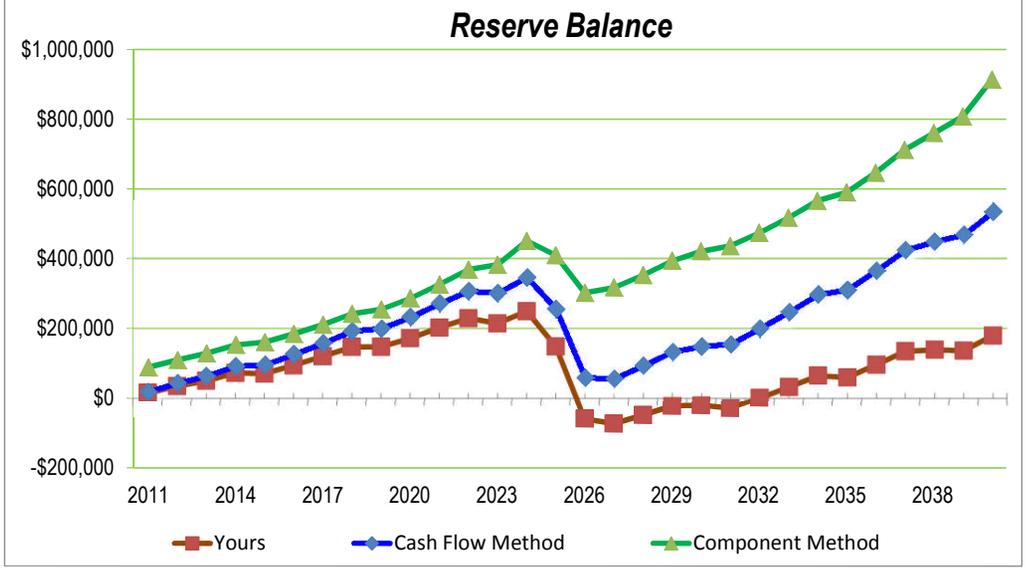
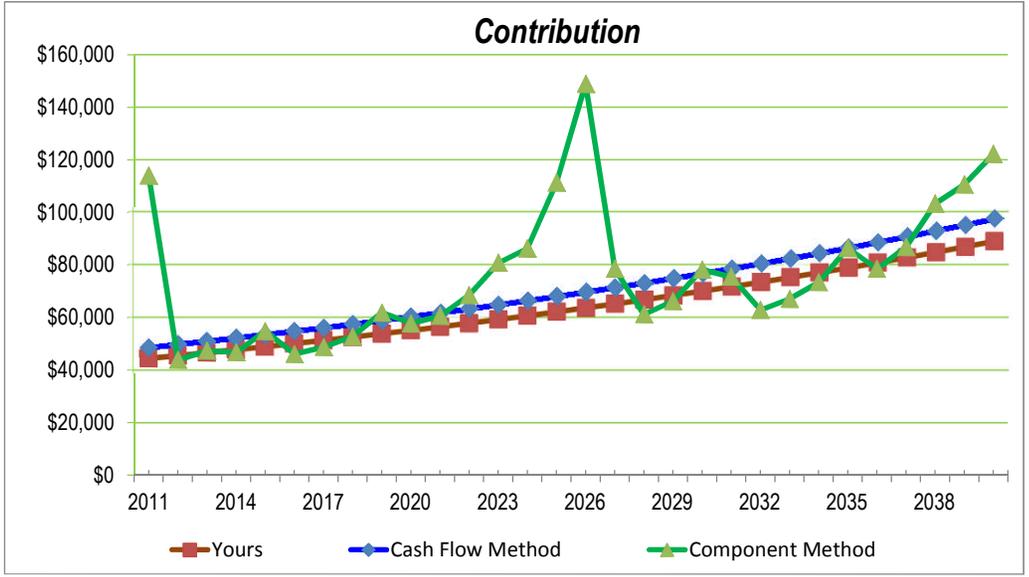
ITEM	USEFUL LIFE ESTIMATED			FISCAL YEARS 11 - 30 EXPENSE PROJECTION																			
	AVG REM (YRS)	COST IN CURRENT \$		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
(1)	(3)	(4)	(5)																				
PAVEMENTS																							
RPRS/SEAL COAT/TRAFFIC MARKINGS	4	5	\$21,960	\$0	\$0	\$29,260	\$0	\$0	\$0	\$32,200	\$0	\$0	\$0	\$35,430	\$0	\$0	\$0	\$38,980	\$0	\$0	\$0	\$42,890	\$0
PAVEMENT OVERLAY	15	1	144,120	0	0	0	0	0	206,300	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BASE/CONCRETE RPRS @ 5%	15	1	16,970	0	0	0	0	0	24,290	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL PAVEMENTS			183,050																				
OTHER PROPERTY FEATURES																							
POLE LIGHTS	30	15	65,100	0	0	0	0	90,980	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
WALL MOUNTED LIGHTS	30	15	22,000	0	0	0	0	30,750	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
METAL GATES	25	3	5,400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10,300	0	0
WOOD GATE	15	9	600	0	0	0	0	0	0	0	0	0	0	0	0	0	1,040	0	0	0	0	0	0
ASPHALT TRAIL	15	13	13,300	0	0	17,720	0	0	0	0	0	0	0	0	0	0	0	0	0	0	25,370	0	0
WOOD RETAINING WALLS																							
BETWEEN MANCHESTER WAY AND BRAMPTON COURT																							
OLDER WOOD-PARK/STAIRS/SIDEWALK	35	20	13,700	0	0	0	0	0	0	0	0	0	21,580	0	0	0	0	0	0	0	0	0	0
NEWER WOOD-ADJACENT TO SIDEWALK	35	33	3,780	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BEHIND BRAMPTON COURT	35	12	4,730	0	6,150	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MANCHESTER WAY BERM	35	20	2,660	0	0	0	0	0	0	0	0	0	4,190	0	0	0	0	0	0	0	0	0	0
STEVENSON AVE	35	33	5,040	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FENCING/RAILING																							
WOOD-ABOVE DRAINAGE DITCH	25	15	7,010	0	0	0	0	9,800	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
WOOD-BEHIND CHAUCER VIEW CIRCLE	25	10	3,700	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
METAL-RAILING-BEHIND BRAMPTONS CT	40	17	3,600	0	0	0	0	0	17	0	5,280	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER PROPERTY FEATURES			150,620																				
ANNUAL ALLOWANCES																							
# CURBS/GUTTERS/SIDEWALKS	1	1	3,000	3,810	3,900	4,000	4,090	4,190	4,290	4,400	4,500	4,610	4,730	4,840	4,960	5,080	5,200	5,330	5,450	5,590	5,720	5,860	6,000
# BRICK PAVER SIDEWALKS/WOOD BORDERS	1	1	2,000	2,540	2,600	2,660	2,730	2,800	2,860	2,930	3,000	3,080	3,150	3,230	3,300	3,380	3,470	3,550	3,640	3,720	3,810	3,910	4,000
# PERIMETER WALL REPOINTING/REPAIRS	1	1	3,440	4,370	4,470	4,580	4,690	4,810	4,920	5,040	5,170	5,290	5,420	5,550	5,680	5,820	5,960	6,110	6,250	6,410	6,560	6,720	6,880
# CONCRETE WALL/BRICK COLUMN RPRS	1	1	1,000	1,270	1,300	1,330	1,360	1,400	1,430	1,470	1,500	1,540	1,580	1,610	1,650	1,690	1,730	1,780	1,820	1,860	1,910	1,950	2,000
# TREES/LANDSCAPE IMPROVEMENTS	1	1	10,000	12,700	13,010	13,320	13,650	13,980	14,310	14,660	15,020	15,380	15,750	16,130	16,520	16,920	17,330	17,750	18,180	18,620	19,070	19,530	20,010
# IRRIGATION SYSTEM	1	1	2,800	3,560	3,640	3,730	3,820	3,910	4,010	4,110	4,200	4,310	4,410	4,520	4,630	4,740	4,850	4,970	5,090	5,210	5,340	5,470	5,600
# SITE ITEMS	1	1	4,300	5,460	5,590	5,730	5,870	6,010	6,160	6,300	6,460	6,610	6,770	6,940	7,100	7,280	7,450	7,630	7,820	8,010	8,200	8,400	8,600
TOTAL ANNUAL ALLOWANCES			26,540																				
TOTAL RESERVES			\$360,210	\$33,710	\$40,660	\$82,330	\$36,210	\$168,630	\$268,570	\$76,390	\$39,850	\$40,820	\$67,580	\$78,250	\$43,840	\$44,910	\$47,030	\$86,100	\$48,250	\$49,420	\$86,280	\$94,730	\$53,090
			=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

FUNDING PLANS - 30 YEAR PROJECTION

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Units = 148

FY (10)	Expenses		Yours		Cash Flow Method		Component Method	
	Annual * (11)	Cumulative (12)	Contr'btn (13)	Balance (14)	Contr'btn (15)	Balance (16)	Contr'btn (17)	Balance (18)
AOH				\$158,230		\$158,230		\$158,230
2011	187,630	187,630	44,400	15,630	48,770	20,180	113,950	88,080
2012	27,170	214,800	45,470	35,350	49,950	44,760	43,850	109,140
2013	33,510	248,310	46,570	50,430	51,160	65,020	47,350	128,120
2014	28,510	276,820	47,700	72,530	52,400	92,630	46,780	152,510
2015	53,360	330,180	48,850	70,860	53,670	96,820	54,840	160,430
2016	29,920	360,100	50,030	94,770	54,970	126,960	46,120	184,010
2017	30,620	390,720	51,240	120,210	56,300	159,020	48,740	210,580
2018	31,370	422,090	52,480	147,230	57,660	193,060	52,780	241,690
2019	59,460	481,550	53,750	147,440	59,060	200,710	61,860	254,290
2020	37,500	519,050	55,050	171,890	60,490	233,050	57,730	285,990
2021	33,710	552,760	56,380	202,690	61,950	272,210	60,590	325,950
2022	40,660	593,420	57,740	228,960	63,450	307,330	68,520	368,600
2023	82,330	675,750	59,140	214,370	64,990	302,110	80,840	382,460
2024	36,210	711,960	60,570	248,710	66,560	346,360	86,280	450,610
2025	168,630	880,590	62,040	148,060	68,170	256,180	111,380	409,800
2026	268,570	1,149,160	63,540	(59,350)	69,820	59,830	148,870	302,230
2027	76,390	1,225,550	65,080	(73,610)	71,510	57,250	78,470	317,030
2028	39,850	1,265,400	66,650	(48,770)	73,240	94,430	61,160	352,480
2029	40,820	1,306,220	68,260	(22,220)	75,010	134,000	66,230	393,690
2030	67,580	1,373,800	69,910	(20,720)	76,830	149,240	78,200	421,210
2031	78,250	1,452,050	71,600	(28,510)	78,690	155,940	75,460	435,910
2032	43,840	1,495,890	73,330	1,020	80,590	200,740	62,870	473,960
2033	44,910	1,540,800	75,100	32,510	82,540	248,330	67,050	516,840
2034	47,030	1,587,830	76,920	65,010	84,540	297,790	73,430	565,950
2035	86,100	1,673,930	78,780	60,100	86,590	310,750	86,530	590,050
2036	48,250	1,722,180	80,690	96,410	88,690	365,870	78,470	646,200
2037	49,420	1,771,600	82,640	135,050	90,840	424,310	86,870	712,230
2038	86,280	1,857,880	84,640	138,990	93,040	449,090	103,310	759,740
2039	94,730	1,952,610	86,690	136,420	95,290	468,450	110,600	808,030
2040	53,090	2,005,700	88,790	179,310	97,600	534,400	122,240	913,850



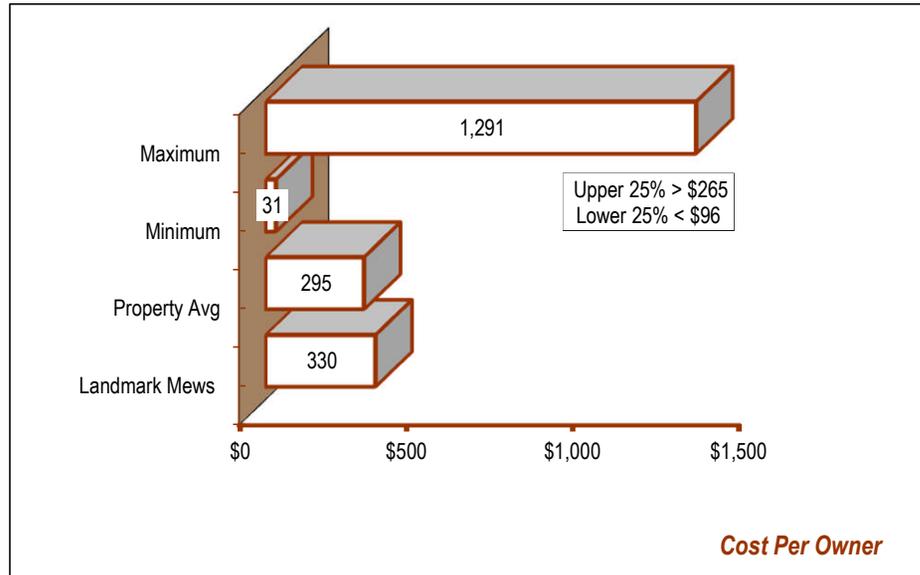
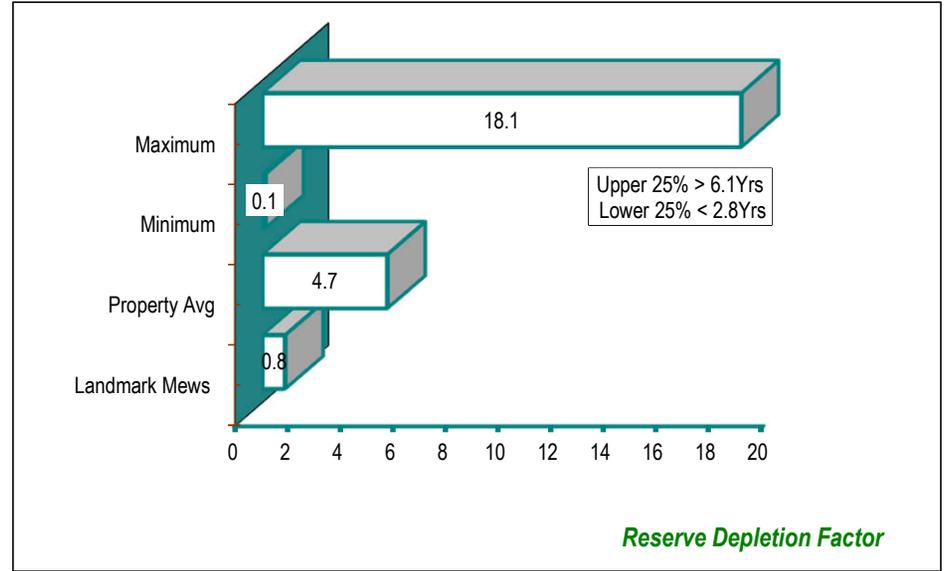
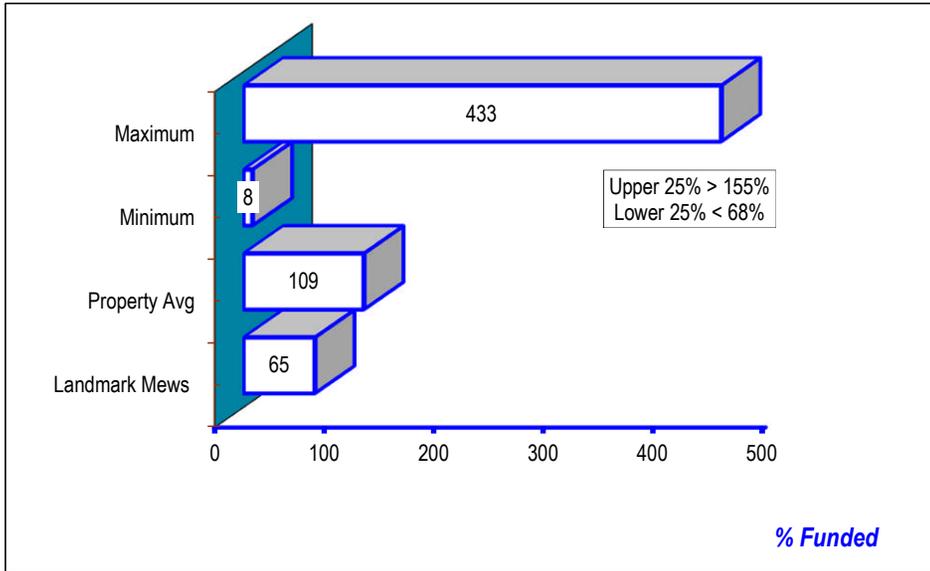
SUMMARY

30-Year Annual Average =	64,130	\$70,480	\$76,050
30-Year Average/Owner =	\$433	\$476	\$514
30-Year Minimum Balance =		(\$73,610)	\$44,760
30-Year Maximum Balance =		\$248,710	\$534,400
			\$109,140
			\$913,850

Notes:
 * An annual average cost. Some expenditures may be needed in earlier years, some in later years, depending on when the actual work is done.
 Data is a projection based on this point in time. The projection will change as useful life, current costs and amount-on-hand vary.
 Data should be considered a more accurate projection for years 1 - 5 than the out-years.
 Minimum balance does not include the first year.

PROPERTY COMPARISON
Sample Size = 100 HOA's/POA's

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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.

Cost Per Owner - The average cost per owner to meet the reserve requirement compared to other properties.

COMMENTS

The following comments are offered to clarify assumptions, address items that need explaining or provide recommendations for extending component useful life.

PAVEMENTS

Pavements have been well maintained as evidenced by the numerous sealed cracks and repaired areas. This preventive maintenance work has extended the useful life of the asphalt. One area on Chaucer View Circle does not drain properly because of the crown in the road. It appears there is sufficient fall between the parallel gutter pans to drain the area, if the crown was lowered. Drainage improvement could also be achieved with a concrete or asphalt swale. Cost for the work will vary with the method chosen. General guidance for asphalt pavements is as follows:

1) Preventive maintenance work is productive - preventive maintenance consist of sealing open cracks (equal to or greater than 1/8"), repair base/sub-base areas that have failed (distinguished by "alligator" or "chicken wire" cracking), applying a seal coat to the entire surface and repaint all traffic markings. An additional benefit of the seal coat and traffic markings is the pavement will look uniform and that enhances property appearance. Funding for this work is identified as "Repair/Seal Coat/Traffic Markings" in the reserve table. Although we allow for this work to be done every four years, if cracks open or asphalt failures occur sooner they should be repaired at that time. The contingency built into the funding plan should be more than adequate to fund these repairs in the off years. If additional funds are needed in the scheduled years, likewise, the contingency should be used.

2) Be prepared to repave all asphalt around the time period shown in the table. 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. We show that percentage in the "Base/Concrete Repairs" entry. When repaving, there are two possible courses of action; 1) mill only near the gutter pans to preserve proper drainage and then place a 1-1/2" of compacted asphalt throughout, and 2) total milling of all the asphalt and repave to the thickness removed. Total milling will cost the most. Also reserves for major concrete repairs to curbs, gutters and sidewalks.

Note - We use current cost for the price of asphalt pavement work. Asphalt cost is dictated by the price of oil. Actual cost could be higher or lower depending on the cost of oil at the time work is done and how many base failures need repair to support the overlay.

OTHER PROPERTY FEATURES

POLE & WALL MOUNTED LIGHTS

The property is illuminated with pole and wall mounted lights. Fixture, pole and distribution electric wiring failures should be expected.

METAL AND WOOD GATES

We reserve for metal and wood gates to be replaced at the end of their normal useful life.

ASPHALT TRAIL

Recently replaced. We reserve for the next time replacement may be needed.

WOOD RETAINING WALLS

All wooden retaining walls are in good condition at this time. Their useful lives have been extended by protectively coating the wood and performing repairs as needed. The wall on Stevenson Avenue and the one approaching the asphalt trail, as one walks to the trail from the park, were constructed in 2009. Wood retaining walls typically have accelerated deterioration in the top member of the wall. In some cases these members can be replaced without replacing the entire wall. When total replacement is needed, consider installing a modular block system. These systems have a longer useful life and require less maintenance.

FENCING/RAILING

WOOD FENCES

Continuing your practice of doing spot repairs and protectively coating the wood. These actions will keep the fences in good repair and maximize their useful life.

METAL-RAILING-BEHIND BRAMPTONS CT

Currently in good condition. Provides for the replacement of the safety railing above the concrete retaining wall behind Brampton Court.

ANNUAL ALLOWANCES

CURBS/GUTTERS/SIDEWALKS

Curbs, gutters and sidewalks will deteriorate, heave, settle, be damaged by vehicles or sustain other types of damage. Defective areas should be corrected as needed.

BRICK PAVER SIDEWALKS/WOOD BORDERS

Spot repairs should be all that's needed to keep these walkways in good condition.

PERIMETER WALL REPOINTING/REPAIRS

We consider brick walls to be "life of the property" and should never need to be completely replaced unless a catastrophic failure occurs. We allow an annual amount to keep them in good repair.

CONCRETE WALL/BRICK COLUMN RPRS

Same as above.

TREES/LANDSCAPE IMPROVEMENTS

For trees and landscape improvements. As communities mature, tree care and landscape needs can become expensive.

IRRIGATION SYSTEM

Allows an annual amount for the upkeep of the irrigation systems throughout the property. These systems can be maintained indefinitely by doing repairs as needed.

SITE ITEMS

Repairs to entrance features, signs, sign posts, flood lights, drainage systems, wood hand railing, park benches, alley upkeep, erosion control and other miscellaneous items that are not reserved for elsewhere.

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