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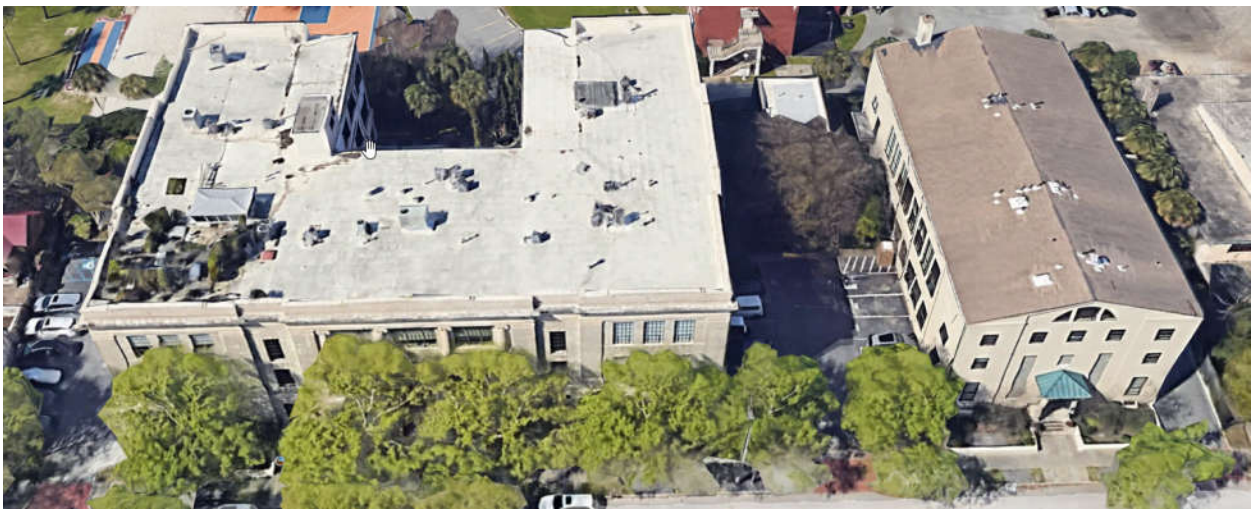

3 Chisolm Street Homeowners Association, Inc.

2024 Reserve Study, Revised

ALEXANDER LIU
CAI - RS
00276
Designation
Reserve Specialist

ASSOCIATION OF PROFESSIONAL RESERVE ANALYSTS
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August 30, 2023

Dear Mr. Zuar,

Please find attached our reserve study draft for 3 Chisolm Street Homeowners Association, Inc. We have been informed that the reserve level on 1/1/24, the beginning of the fiscal year, is anticipated to be $100,000.00, which constitutes 9.49% of full funded reserves, a weak level of reserves.

We have the following observations:

1. The reserves are low relative to upcoming expenses. We have reluctantly pushed back replacement of all items in 2024 including of critical items like repairs and painting of the exterior surfaces.
2. We advise that an engineer review the HVAC platform, the exterior stairs and landing, and the abutting cheek wall. The platform feels secure, but it is relatively old for a wood structure. The stairs are rusting and the landing has some cracks that should be evaluated. The exterior stair's abutting cheek wall has a significant crack running though both sides that should be evaluated.
3. Although homeowner's wood deck at the Annex is not the HOA's responsibility, penetration in the brick should be reviewed by an engineer.
4. The brick and stone pavers in the garden area are loose and should be relayed.
5. As requested, we have omitted the Main building's upcoming replacement of the roof membrane, which will be funded outside of the reserve funds. Instead, we have adjusted the placed in service date to 1/25, and the study includes the following replacement date of 2045.

Since you may not be familiar with a reserve study, or at least our reserve studies, we felt it important to explain some fundamental assumptions that shape, in part, our strategy in developing a plan for your community's capital reserves.

- The reserve study is funded with the goal of reaching at least 75% full funding in 30 years. This is a moderately conservative financial approach. If the board wishes, we can adjust the funding up (more conservative) or down (less conservative). Additionally, we can adjust some of the underlying assumptions to further alleviate the financial burden. We are happy to discuss in more detail how the study can be customized to your community's particular circumstances

- We assume your community will continue operating indefinitely into the future. In some areas of the country, where land prices are high, mature communities are

occasionally redeveloped. However, we don't anticipate this occurring with your community.

- Most reserve providers would likely acknowledge that accuracy in predicting replacement/repair dates 30 years into the future is low. Assigned replacement dates are rough estimates and are often influenced more by aesthetics, reserve fund levels, and board whims than necessity. Fortunately, as long as predicted replacement dates are relatively close, a reserve study will have saved most of the money required for the project. A reserve study is more a guide than a set of instructions.

- The costs that we provide are meant to be budgetary. Contractors' estimates will vary significantly. As these estimates are projected into the future they can be profoundly affected by the global commodities market, economic conditions, inflation, etc. Thus, the numbers that we assign will vary, sometimes higher, sometimes lower. While there may be discrepancies for individual components, the aggregation of all your community's assets help to balance these discrepancies. Thus, any money saved by completing a capital project performed for less than the projected estimate will most likely be needed for other reserve items and should not be spent on a lavish luau.

- A condition analysis is not an inspection. A site visit's purpose is to review the condition of the community's assets to estimate the remaining service life only. There is no forensic or destructive testing. Construction and design defects as well as unsafe conditions may be noted, but their discovery is incidental and not the purpose of the site visit.

- Since a reserve analysis includes only visual observation it is impossible to accurately identify, measure or quantify estimate useful lives or costs for any assets that are partially or fully concealed or buried. Examples include, but are not limited to water, sewer, and storm lines, manholes, and storm boxes. Although these items may be included in the reserve analysis, discrepancies may exist between the study and actual conditions. For this same reason an omission of such items may also exist.

- A reserve study is a budgeting tool for replacement of assets that have a reliable useful life. A reserve study may include funds for repairs for defective construction or other conditions that fall outside the reserve, but these are speculative in nature. We don't diagnose defects or specify repairs required, so the cost of these repairs is essentially unknown.

- If no changes are requested within 90 days of issuance of the first draft, this first draft will be considered a final draft, despite the draft watermark on the report. No final draft will be sent, unless requested.

This report represents our best attempt to accurately represent the future financial needs of the association based upon the information available to us at the time of preparation. We hope that you find our report format both informative and useful. All of us at Reserve Professional have enjoyed serving you and providing the most detailed, comprehensive and useful reserve analysis study available.

Thank you for utilizing our services and please consider referring us to your colleagues and friends. We do not advertise and rely on referrals, which helps to keep your costs down.

We rely on referrals, not advertising. We believe in solid work at fair prices.

Respectfully,

Alex Liu, PRA, RS
President
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Cary, NC 27519
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Professional Designations:

Professional Reserve Analyst (PRA): Ass. of Professional Reserve Analysts, Certificate #2333
Reserve Specialist (RS): Community Associations Institute, Certification # 276
Stormwater BMP Inspection & Maintenance Professional, NC Coop Ext, Certification # 3164
BS, Construction Management: East Carolina University

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NC Home Inspector, License # 2972 (inactive)
NC General Contractor, License # 66871
HOA Board President, 12 years (Retired)

3 Chisolm Street Homeowners Association, Inc.

Table Of Contents

3 Chisolm Street Homeowners Association, Inc.

Preface

This preface is intended to provide an introduction to the enclosed reserve analysis as well as detailed information regarding the reserve analysis report format, reserve fund goals/objectives and calculation methods. The following sections are included in this preface:

♦ ♦ ♦ ♦ INTRODUCTION TO RESERVE BUDGETING ♦ ♦ ♦ ♦

The Board of Directors of an association has a legal and fiduciary duty to maintain the community in a good state of repair. Individual unit property values are significantly impacted by the level of maintenance and upkeep provided by the association as well as the amount of the regular assessment charged to each owner.

A prudent plan must be implemented to address the issues of long-range maintenance, repair and replacement of the common areas. Additionally, the plan should recognize that the value of each unit is affected by the amount of the regular assessment charged to each unit.

There is a fine line between “not enough,” “just right” and “too much.” Each member of an association should contribute to the reserve fund for their proportionate amount of “depreciation” (or “use”) of the reserve components. Through time, if each owner contributes a “fair share” into the reserve fund for the depreciation of the reserve components, then the possibility of large increases in regular assessments or special assessments will be minimized.

An accurate reserve analysis and a “healthy” reserve fund are essential to protect and maintain association common areas and property values of individual unit owners. A comprehensive reserve analysis is one of the most significant elements of any association's long-range plan and provides the critical link between sound business judgment and good fiscal planning. The reserve analysis provides a “financial blueprint” for the future of an association.

♦ ♦ ♦ ♦ UNDERSTANDING THE RESERVE ANALYSIS ♦ ♦ ♦ ♦

In order for the reserve analysis to be useful, it must be understandable by a variety of individuals. Board members (from seasoned, experienced Board members to new Board members), property managers, accountants, attorneys and homeowners may ultimately review the reserve analysis. The reserve analysis must be detailed enough to provide a comprehensive analysis, yet simple enough to enable less experienced individuals to understand the results.

There are four key bits of information that a comprehensive reserve analysis should provide: Budget, Percent Funded, Projections and Inventory. This information is described as follows:

Budget
Amount recommended to be transferred into the reserve account for the fiscal year for which the reserve analysis is prepared. In some cases, the reserve analysis may present two or more funding plans based on different goals/objectives. The Board should have a clear understanding of the differences among these funding goals/objectives prior to implementing one of them in the annual budget.

Percent Funded
Measure of the reserve fund "health" (expressed as a percentage) as of the beginning of the fiscal year for which the reserve analysis is prepared. This figure is the ratio of the actual reserve fund on hand to the fully funded balance. A reserve fund that is "100% funded" means the association has accumulated the proportionately correct amount of money, to date, for the reserve components it maintains.

Projections
Indicate "level of service" the association will provide the membership as well as a "road map" for the fiscal future of the association. Projections define the timetables for repairs and replacements, such as when buildings will be painted or when asphalt will be seal coated. Projections also show the financial plan for the association – when an underfunded association will "catch up" or how a properly funded association will remain fiscally "healthy."

Inventory
Complete listing of reserve components. Key bits of information are available for each reserve component, including placed-in-service date, useful life, remaining life, replacement year, quantity, current cost of replacement, future cost of replacement and analyst's comments.

♦ ♦ ♦ ♦ RESERVE FUNDING GOALS / OBJECTIVES ♦ ♦ ♦ ♦

There are four reserve funding goals/objectives which may be used to develop a reserve funding plan that corresponds with the risk tolerance of the association: Full Funding, Baseline Funding, Threshold Funding and Statutory Funding. These goals/objectives are described as follows:

Full Funding
Describes goal/objective to have reserves on hand equivalent to the value of the deterioration of each reserve component. The objective of this funding goal is to achieve and/or maintain a 100% percent funded reserve fund. Component calculation method or directed cash flow calculation method is typically used to develop a full funding plan.

Baseline Funding
Describes goal/objective to have sufficient reserves on hand to never completely run out of money. The objective of this funding goal is to simply pay for all reserve expenses as they come due without regard to the association's percent funded. Minimum cash flow calculation method or directed cash flow calculation method s typically used to develop a baseline funding plan.

Threshold Funding
Describes goal/objective other than the 100% level (full funding) or just staying cash-positive (baseline funding). This threshold goal/objective may be a specific percent funded target or a cash balance target. Threshold funding is often a value chosen between full funding and baseline funding. Minimum cash flow calculation method or directed cash flow calculation method is typically used to develop a threshold funding plan.

Statutory Funding
Describes goal/objective as described or required by local laws or codes. Component calculation method, minimum cash flow calculation method or directed cash flow calculation method may be used to develop a statutory funding plan, depending on the requirements.

♦ ♦ ♦ ♦ RESERVE FUNDING CALCULATION METHODS ♦ ♦ ♦ ♦

There are three funding methods which can be used to develop a reserve funding plan based on reserve funding goals/ objectives: Component Calculation Method, Minimum Cash Flow Calculation Method and Directed Cash Flow Calculation Method.

Directed cash flow calculation method offers flexibility for developing custom funding plans. Directed cash flow calculation method funding plans can accommodate use of various contribution increases and/or special assessments (or loans) through time. As the name suggests, the user "directs" the funding plan as needed to achieve reserve funding goals or objectives. Because of this flexibility, the vast majority of reserve analyses are developed using the directed cash flow calculation method. Whereas component calculation method funding plans and minimum cash flow calculation method funding plans are typically used as reference information; usually considered the "floor" (minimum cash flow calculation method) and "ceiling" (component calculation method) of a reasonable reserve funding plan.

The three calculation methods are described as follows:

Component Calculation Method

Component calculation method develops a funding plan for each individual reserve component. The sum of the funding plan for each component equals the total funding plan for the association. This method is often referred to as the "straight line" method. This method structures a funding plan that enables the association to pay all reserve expenditures as they come due, enables the association to achieve the fully funded reserves in time, and then enables the association to maintain fully funded reserves through time. The following is a detailed description of component calculation method:

Step 1: Calculation of fully funded balance for each component

Fully funded balance is calculated for each component based on its age, useful life and current cost. The actual formula is as follows:

$$\text{Fully Funded Balance} = \frac{\text{Age}}{\text{Useful Life}} \times \text{Current Cost}$$

Step 2: Distribution of current reserve funds

Association's current reserve funds are assigned to (or distributed amongst) reserve components based on each component's remaining life and fully funded balance as follows:

Pass 1: Components are organized in remaining life order, from least to greatest, and the current reserve funds are assigned to each component up to its fully funded balance, until reserve funds are exhausted.

Pass 2: If all components are assigned their fully funded balance and additional funds exist, they are assigned in a "second pass." Again, components are organized in remaining life order, from least to greatest, and remaining current reserve funds are assigned to each component up to its current cost, until reserve funds are exhausted.

Pass 3: If all components are assigned their current cost and additional funds exist, they are assigned in a "third pass." Components with a remaining life of zero years are assigned double their current cost, until reserve funds are exhausted. After pass 3, if additional reserve funds remain, there are excess reserves.

Distributing, or assigning, reserve funds in this manner is the most efficient use of the funds on hand – it defers the make-up period of any underfunded reserves over the lives of the components with the largest remaining lives.

Step 3: Developing a funding plan

After step 2, all components have a "starting" balance. A calculation is made to determine what funding would be required to get from the starting balance to the future cost over the number of years remaining until replacement. The funding plan incorporates the contribution increase parameter to develop a "stair stepped" contribution.

For example, if an association needs to accumulate $100,000 in ten years, $10,000 could be contributed each year. Alternatively, the association could contribute $8,723 in the first year and increase the contribution by 3% each year thereafter until the tenth year.

In most cases, the contribution increase parameter should match the inflation parameter. Matching the contribution increase parameter to the inflation parameter indicates, in theory, that member contributions should increase at the same rate as the cost of living (inflation parameter). Due to the "time value of money," this creates the most equitable distribution of member contributions through time.

Using a contribution increase parameter that is greater than the inflation parameter will reduce the burden to current members at the expense of future members. Using a contribution increase parameter that is less than the inflation parameter will increase the burden to the current members to the benefit of future members. The following chart shows a comparison:

	0% Increase	3% Increase	10% Increase
Year 1	$10,000.00	$8,723.05	$6,274.54
Year 2	$10,000.00	$8,984.74	$6,901.99
Year 3	$10,000.00	$9,254.28	$7,592.19
Year 4	$10,000.00	$9,531.91	$8,351.41
Year 5	$10,000.00	$9,817.87	$9,186.55
Year 6	$10,000.00	$10,112.41	$10,105.21
Year 7	$10,000.00	$10,415.78	$11,115.73
Year 8	$10,000.00	$10,728.25	$12,227.30
Year 9	$10,000.00	$11,050.10	$13,450.03
Year 10	$10,000.00	$11,381.60	$14,795.04
TOTAL	$100,000.00	$100,000.00	$100,000.00

One major benefit of using component calculation method is that for any single component (or group of components), reserve funding can be precisely calculated. For example, using this calculation method, the reserve analysis can indicate the exact amount of current reserve funds "in the bank" for the roofs and the amount of money being funded towards the roofs each month. This information is displayed on the Management Summary and Charts as well as elsewhere within the report.

Minimum Cash Flow Calculation Method

Minimum cash flow calculation method develops a funding plan based on current reserve funds and projected expenditures during a specific timeframe (typically 30 years). This funding method structures a funding plan that enables the association to pay for all reserve expenditures as they come due, but is not concerned with the ideal level of reserves or percent funded through time.

This calculation method tests reserve contributions against reserve expenditures through time to determine the minimum contribution necessary (baseline funding). This calculation method will determine the minimum reserve contribution to ensure that the beginning reserve balance is sufficient to pay for the scheduled expenditures in each year. By definition, this calculation method will create a funding plan where, at some point over the projection period, the beginning reserve fund balance will equal the expenditures for that year. Under some conditions, based on reserve expenditure profile, this calculation method produces a funding plan that will take the association into an overfunded status through time; in these cases, directed cash flow calculation method can be used to optimize results.

Minimum cash flow calculation method is not without downsides… Unlike component calculation method, the minimum cash flow calculation method cannot precisely calculate reserve funding for any single component (or group of components). In order to work-around this issue to provide this bookkeeping information, a formula has been applied to component calculation method results to calculate a reasonable breakdown. This information is displayed on the Management Summary and Charts as well as elsewhere within the report. Using minimum cash flow calculation method typical-

ly requires an annual reallocation of reserve funds (amongst reserve components) to ensure each component remains properly funded through time. Associations in states that require segregated reserve funds for certain components (i.e. roofs, painting, etc.), should pay special attention to this issue; it may be desirable to complete separate reserve analyses for segregated reserve components.

Directed Cash Flow Calculation Method

Directed cash flow calculation method develops a funding plan based on current reserve funds and projected expenditures during a specific timeframe (typically 30 years). This funding method structures a funding plan that enables the association to pay for all reserve expenditures as they come due and, if possible, determine the optimal funding plan to achieve 100% funding over the projection period.

Directed cash flow calculation method offers flexibility for developing custom funding plans. Directed cash flow funding plans can accommodate use of various contribution increases and/or special assessments (or loans) through time. As the name suggests, the user "directs" the funding plan as needed to achieve any reserve funding goals or objectives. Because of this flexibility, the vast majority of reserve analyses are developed using this calculation method.

Directed cash flow calculation method is not without downsides… Unlike component calculation method, the directed cash flow calculation method cannot precisely calculate reserve funding for any single component (or group of components). In order to work-around this issue to provide this bookkeeping information, a formula has been applied to component calculation method results to calculate a reasonable breakdown. This information is displayed on the Management Summary and Charts as well as elsewhere within the report. Using directed cash flow calculation method typically requires an annual reallocation of reserve funds (amongst reserve components) to ensure each component remains properly funded through time. Associations in states that require segregated reserve funds for certain components (i.e. roofs, painting, etc.), should pay special attention to this issue; it may be desirable to complete separate reserve analyses for segregated reserve components.

♦ ♦ ♦ ♦ READING THE RESERVE ANALYSIS ♦ ♦ ♦ ♦

In some cases, the reserve analysis may be a lengthy document of one hundred pages or more. A complete and thorough review of the reserve analysis is always a good idea. However, if time is limited, it is suggested that a thorough review of the summary pages be made. If a "red flag" is raised in this review, the reader should then check the detail information ("Component Detail"), of the component in question, for all relevant information. In this section, a description of most of the summary or report sections is provided along with comments regarding what to look for and how to use each section.

Executive Summary
Provides general information about project, global parameters used in the calculation of the reserve analysis as well as the core results of the reserve analysis.

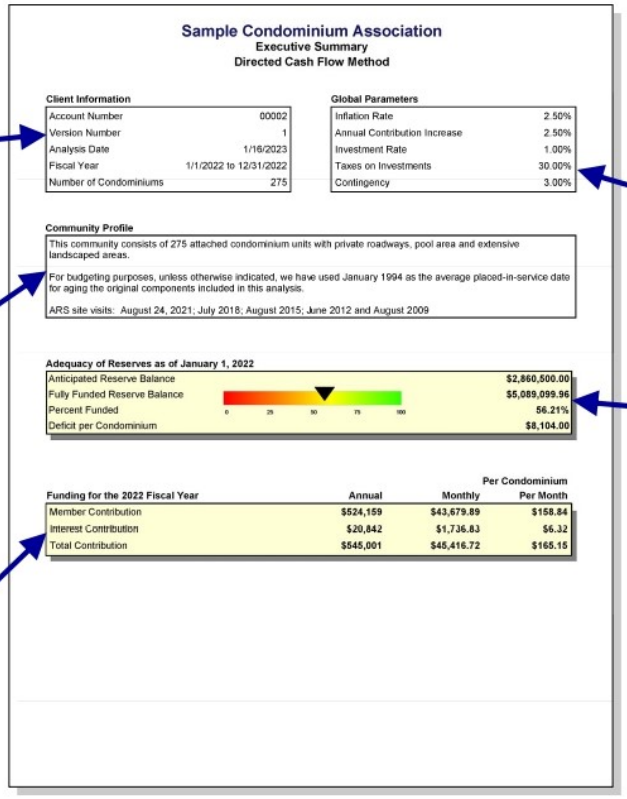
Client Information
Provides information including fiscal year for which reserve analysis is prepared, number of units, etc.

Global Parameters
Displays calculation parameters that were used to calculate reserve analysis including inflation, contribution increase, investment rate, tax rate and contingency.

Community Profile
Provides brief description of community as well as other "global" comments.

Budget
Provides recommended funding for fiscal year for which reserve analysis is prepared. Indicates reserve funding from membership, anticipated interest contribution and total contribution requirement.

Adequacy of Reserves
Displays results of calculations with regard to "health" of reserve fund as of beginning of fiscal year for which the reserve analysis is prepared. Provides anticipated reserve balance, fully funded reserve balance and percent funded.



Sample Condominium Association
Executive Summary
Directed Cash Flow Method

Client Information

Account Number	00002
Version Number	1
Analysis Date	1/16/2023
Fiscal Year	1/1/2022 to 12/31/2022
Number of Condominiums	275

Global Parameters

Inflation Rate	2.50%
Annual Contribution Increase	2.50%
Investment Rate	1.00%
Taxes on Investments	30.00%
Contingency	3.00%

Community Profile

This community consists of 275 attached condominium units with private roadways, pool area and extensive landscaped areas.

For budgeting purposes, unless otherwise indicated, we have used January 1994 as the average placed-in-service date for aging the original components included in this analysis.

ARS site visits: August 24, 2021; July 2018; August 2015; June 2012 and August 2009

Adequacy of Reserves as of January 1, 2022

Anticipated Reserve Balance	$2,860,500.00
Fully Funded Reserve Balance	$5,089,099.96
Percent Funded	56.21%
Deficit per Condominium	$8,104.00

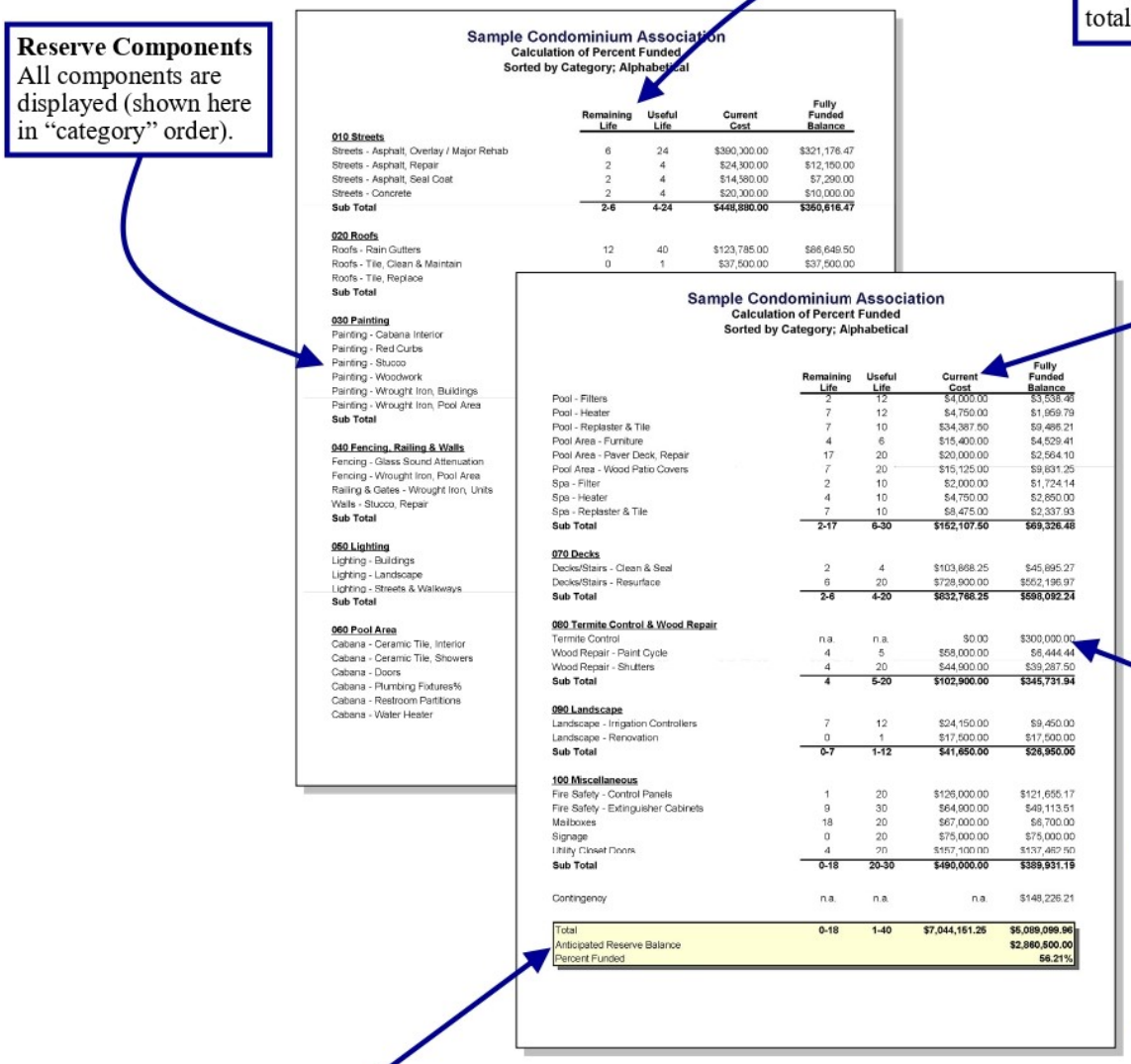
Funding for the 2022 Fiscal Year	Annual	Monthly	Per Condominium Per Month
Member Contribution	$524,159	$43,679.89	$158.84
Interest Contribution	$20,842	$1,736.83	$6.32
Total Contribution	$545,001	$45,416.72	$165.15

Calculation of Percent Funded

Summary displays all reserve components, shown here in "category" order. Provides remaining life, useful life, current cost and fully funded balance at beginning of fiscal year for which the reserve analysis is prepared.

Lifespans
Remaining life and useful life are displayed. And, these columns are conveniently sub totaled to show range.

Reserve Components
All components are displayed (shown here in "category" order).



Sample Condominium Association
Calculation of Percent Funded
Sorted by Category; Alphabetical

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
010 Streets				
Streets - Asphalt, Overlay / Major Rehab	6	24	$390,000.00	$321,176.47
Streets - Asphalt, Repair	2	4	$24,300.00	$12,150.00
Streets - Asphalt, Seal Coat	2	4	$14,580.00	$7,290.00
Streets - Concrete	2	4	$20,000.00	$10,000.00
Sub Total	**2-6**	**4-24**	**$448,880.00**	**$350,616.47**
020 Roofs				
Roofs - Rain Gutters	12	40	$123,785.00	$86,649.50
Roofs - Tile, Clean & Maintain	0	1	$37,500.00	$37,500.00
Roofs - Tile, Replace				
Sub Total				
030 Painting				
Painting - Cabana Interior				
Painting - Red Curbs				
Painting - Stucco				
Painting - Woodwork				
Painting - Wrought Iron, Buildings				
Painting - Wrought Iron, Pool Area				
Sub Total				
040 Fencing, Railing & Walls				
Fencing - Glass Sound Attenuation				
Fencing - Wrought Iron, Pool Area				
Railing & Gates - Wrought Iron, Units				
Walls - Stucco, Repair				
Sub Total				
050 Lighting				
Lighting - Buildings				
Lighting - Landscape				
Lighting - Streets & Walkways				
Sub Total				
060 Pool Area				
Cabana - Ceramic Tile, Interior				
Cabana - Ceramic Tile, Showers				
Cabana - Doors				
Cabana - Plumbing Fixtures%				
Cabana - Restroom Partitions				
Cabana - Water Heater				

Sample Condominium Association
Calculation of Percent Funded
Sorted by Category; Alphabetical

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
Pool - Filters	2	12	$4,000.00	$3,538.46
Pool - Heater	7	12	$4,750.00	$1,959.79
Pool - Replaster & Tile	7	10	$34,387.50	$9,486.21
Pool Area - Furniture	4	6	$15,400.00	$4,529.41
Pool Area - Paver Deck, Repair	17	20	$20,000.00	$2,564.10
Pool Area - Wood Patio Covers	7	20	$15,125.00	$9,631.25
Spa - Filter	2	10	$2,000.00	$1,724.14
Spa - Heater	4	10	$4,750.00	$2,850.00
Spa - Replaster & Tile	7	10	$8,475.00	$2,337.93
Sub Total	**2-17**	**6-30**	**$152,107.50**	**$69,326.48**
070 Decks				
Decks/Stairs - Clean & Seal	2	4	$103,868.25	$45,895.27
Decks/Stairs - Resurface	6	20	$728,900.00	$552,196.97
Sub Total	**2-6**	**4-20**	**$832,768.25**	**$598,092.24**
080 Termite Control & Wood Repair				
Termite Control	n.a.	n.a.	$0.00	$300,000.00
Wood Repair - Paint Cycle	4	5	$58,000.00	$8,444.44
Wood Repair - Shutters	4	20	$44,900.00	$39,287.50
Sub Total	**4**	**5-20**	**$102,900.00**	**$345,731.94**
090 Landscape				
Landscape - Irrigation Controllers	7	12	$24,150.00	$9,450.00
Landscape - Renovation	0	1	$17,500.00	$17,500.00
Sub Total	**0-7**	**1-12**	**$41,650.00**	**$26,950.00**
100 Miscellaneous				
Fire Safety - Control Panels	1	20	$126,000.00	$121,655.17
Fire Safety - Extinguisher Cabinets	9	30	$64,900.00	$49,113.51
Mailboxes	18	20	$67,000.00	$8,700.00
Signage	0	20	$75,000.00	$75,000.00
Utility Closet Doors	4	20	$157,100.00	$137,462.50
Sub Total	**0-18**	**20-30**	**$490,000.00**	**$389,931.19**
Contingency	n.a.	n.a.	n.a.	$148,226.21
Total	0-18	1-40	$7,044,151.25	$5,089,099.96
Anticipated Reserve Balance				$2,860,500.00
Percent Funded				56.21%

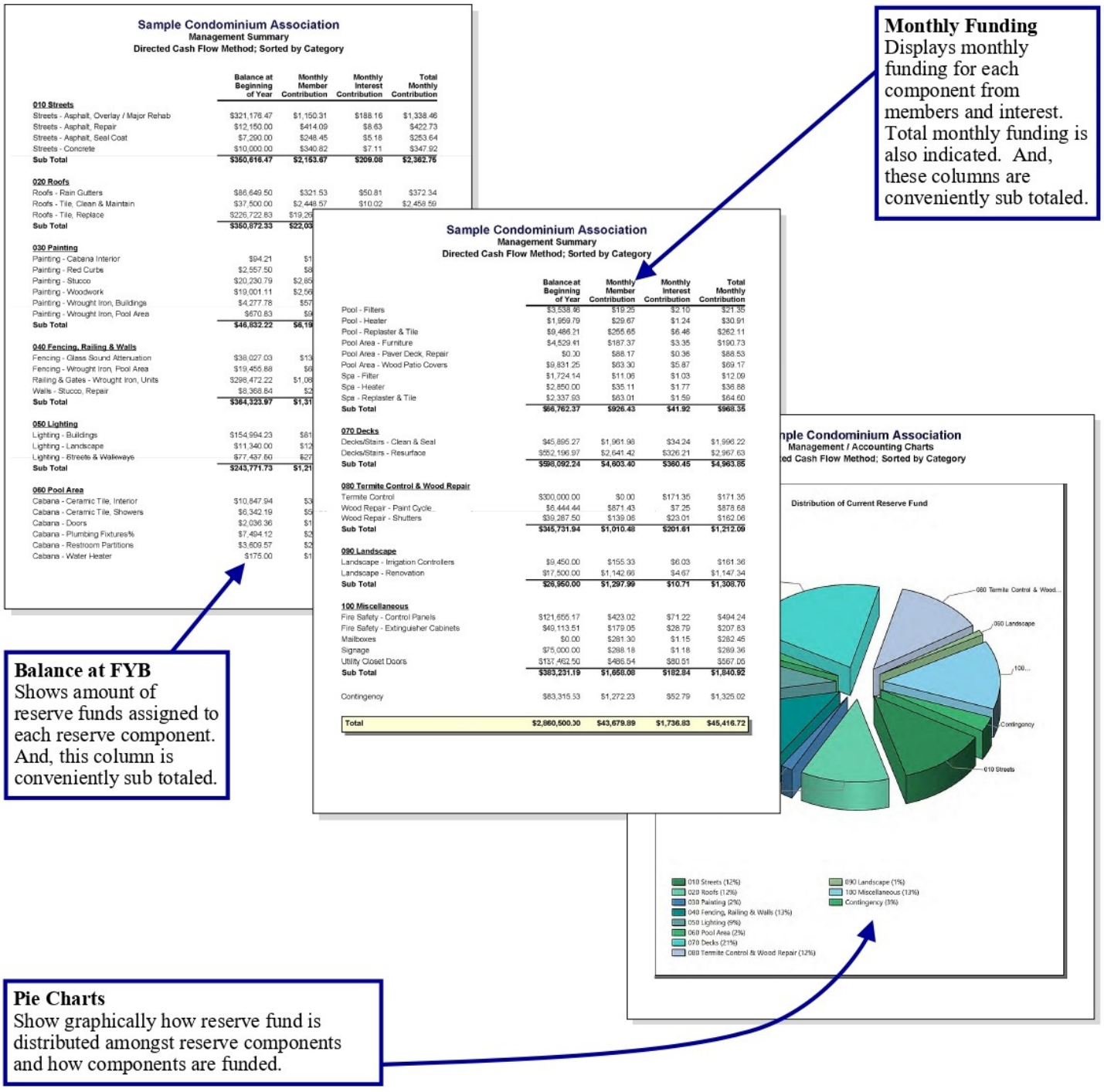
Current Cost
Displays current cost to replace or otherwise maintain each component. This column is conveniently sub totaled.

Fully Funded Balance
Displays fully funded balance for each component. This column is conveniently sub totaled.

Total current cost to replace or otherwise maintain all components, total fully funded balance, anticipated reserve balance and percent funded are provided at bottom of this summary. Also shown is range of reserve component remaining lives and useful lives.

Management Summary and Charts

Summary displays all reserve components, shown here in "category" order. Provides assigned reserve funds at beginning of fiscal year for which reserve analysis is prepared along with monthly member contribution, interest contribution and total contribution for each component and category. Pie charts show graphically how reserve fund is distributed amongst reserve component categories and how each category is funded on a monthly basis.



Sample Condominium Association
Management Summary
Directed Cash Flow Method; Sorted by Category

	Balance at Beginning of Year	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
010 Streets				
Streets - Asphalt, Overlay / Major Rehab	$321,176.47	$1,150.31	$188.16	$1,338.46
Streets - Asphalt, Repair	$12,150.00	$414.09	$8.63	$422.73
Streets - Asphalt, Seal Coat	$7,290.00	$248.45	$5.18	$253.64
Streets - Concrete	$10,000.00	$340.82	$7.11	$347.92
Sub Total	**$350,616.47**	**$2,153.67**	**$209.08**	**$2,362.75**
020 Roofs				
Roofs - Rain Gutters	$86,649.50	$321.53	$50.81	$372.34
Roofs - Tile, Clean & Maintain	$37,500.00	$2,448.57	$10.02	$2,458.59
Roofs - Tile, Replace	$226,722.83	$19,26		
Sub Total	**$350,872.33**	**$22,03**		
030 Painting				
Painting - Cabana Interior	$94.21	$1		
Painting - Red Curbs	$2,557.50	$8		
Painting - Stucco	$20,230.79	$2,85		
Painting - Woodwork	$19,001.11	$2,56		
Painting - Wrought Iron, Buildings	$4,277.78	$57		
Painting - Wrought Iron, Pool Area	$670.83	$9		
Sub Total	**$46,832.22**	**$6,19**		
040 Fencing, Railing & Walls				
Fencing - Glass Sound Attenuation	$38,027.03	$13		
Fencing - Wrought Iron, Pool Area	$19,455.88	$6		
Railing & Gates - Wrought Iron, Units	$298,472.22	$1,08		
Walls - Stucco, Repair	$8,368.84	$2		
Sub Total	**$364,323.97**	**$1,31**		
050 Lighting				
Lighting - Buildings	$154,994.23	$81		
Lighting - Landscape	$11,340.00	$12		
Lighting - Streets & Walkways	$77,437.50	$27		
Sub Total	**$243,771.73**	**$1,21**		
060 Pool Area				
Cabana - Ceramic Tile, Interior	$10,847.94	$3		
Cabana - Ceramic Tile, Showers	$6,342.19	$5		
Cabana - Doors	$2,036.36	$1		
Cabana - Plumbing Fixtures%	$7,494.12	$2		
Cabana - Restroom Partitions	$3,609.57	$2		
Cabana - Water Heater	$175.00	$1		

Sample Condominium Association
Management Summary
Directed Cash Flow Method; Sorted by Category

	Balance at Beginning of Year	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
Pool - Filters	$3,538.96	$19.25	$2.10	$21.35
Pool - Heater	$1,869.79	$29.67	$1.24	$30.91
Pool - Replaster & Tile	$9,486.21	$255.65	$6.46	$262.11
Pool Area - Furniture	$4,529.41	$187.37	$3.35	$190.73
Pool Area - Paver Deck, Repair	$0.00	$88.17	$0.36	$88.53
Pool Area - Wood Patio Covers	$9,831.25	$63.30	$5.87	$69.17
Spa - Filter	$1,724.14	$11.06	$1.03	$12.09
Spa - Heater	$2,850.00	$35.11	$1.77	$36.88
Spa - Replaster & Tile	$2,337.93	$63.01	$1.59	$64.60
Sub Total	**$56,762.37**	**$926.43**	**$41.92**	**$968.35**
070 Decks				
Decks/Stairs - Clean & Seal	$45,895.27	$1,961.98	$34.24	$1,996.22
Decks/Stairs - Resurface	$552,196.97	$2,641.42	$326.21	$2,967.63
Sub Total	**$598,092.24**	**$4,603.40**	**$360.45**	**$4,963.85**
080 Termite Control & Wood Repair				
Termite Control	$300,000.00	$0.00	$171.35	$171.35
Wood Repair - Paint Cycle	$6,444.44	$871.43	$7.25	$878.68
Wood Repair - Shutters	$39,287.50	$139.06	$23.01	$162.06
Sub Total	**$345,731.94**	**$1,010.48**	**$201.61**	**$1,212.09**
090 Landscape				
Landscape - Irrigation Controllers	$9,450.00	$155.33	$6.03	$161.36
Landscape - Renovation	$17,500.00	$1,142.66	$4.67	$1,147.34
Sub Total	**$26,950.00**	**$1,297.99**	**$10.71**	**$1,308.70**
100 Miscellaneous				
Fire Safety - Control Panels	$121,656.17	$423.02	$71.22	$494.24
Fire Safety - Extinguisher Cabinets	$49,113.51	$179.05	$28.79	$207.83
Mailboxes	$0.00	$281.30	$1.15	$282.45
Signage	$75,000.00	$288.18	$1.18	$289.36
Utility Closet Doors	$137,462.50	$486.54	$80.51	$567.05
Sub Total	**$383,231.19**	**$1,658.08**	**$182.84**	**$1,840.92**
Contingency	$83,315.53	$1,272.23	$52.79	$1,325.02
Total	**$2,860,500.30**	**$43,679.89**	**$1,736.83**	**$45,416.72**

nple Condominium Association
Management / Accounting Charts
ed Cash Flow Method; Sorted by Category

Distribution of Current Reserve Fund

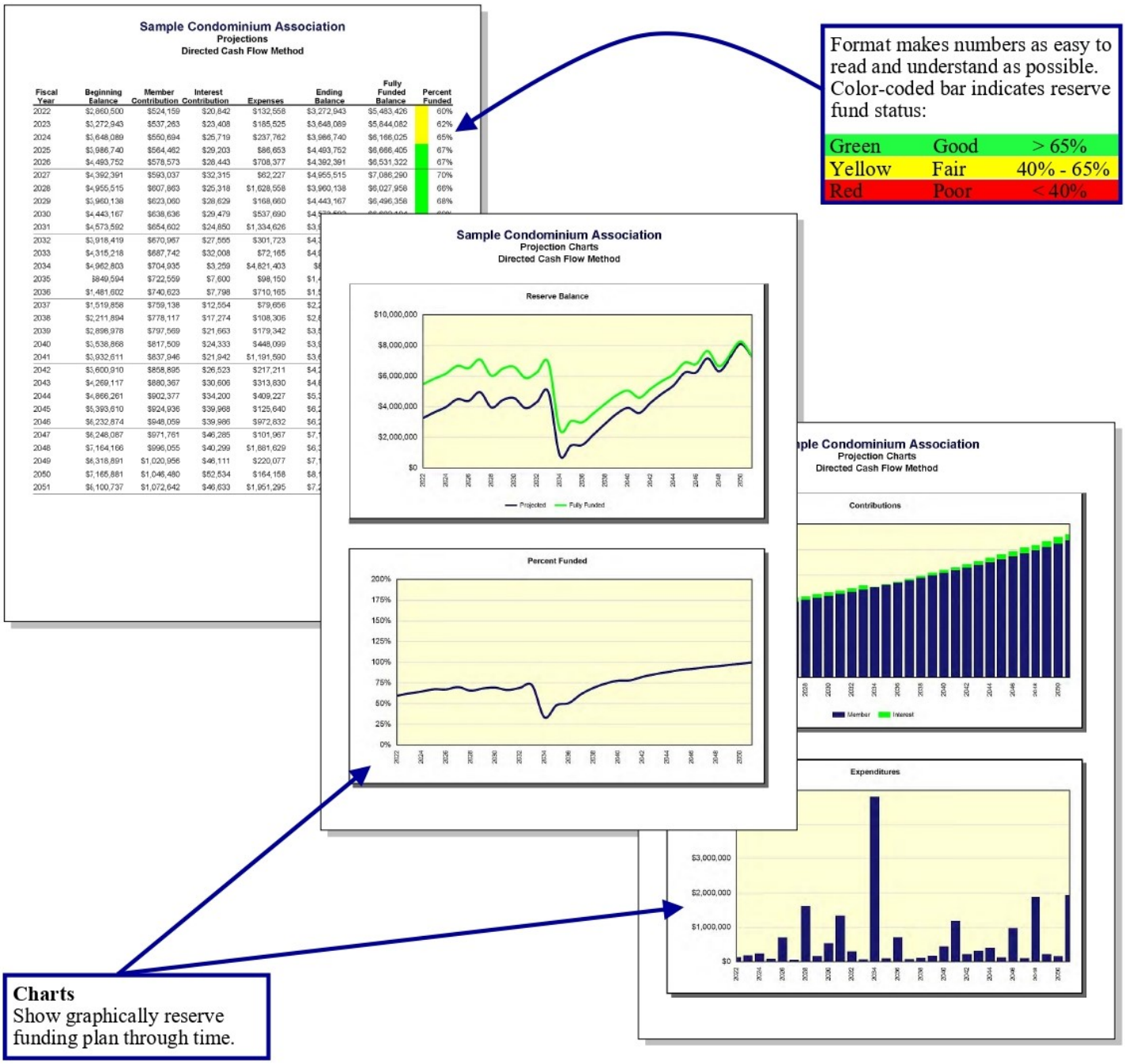
Monthly Funding
Displays monthly funding for each component from members and interest. Total monthly funding is also indicated. And, these columns are conveniently sub totaled.

Balance at FYB
Shows amount of reserve funds assigned to each reserve component. And, this column is conveniently sub totaled.

Pie Charts
Show graphically how reserve fund is distributed amongst reserve components and how components are funded.

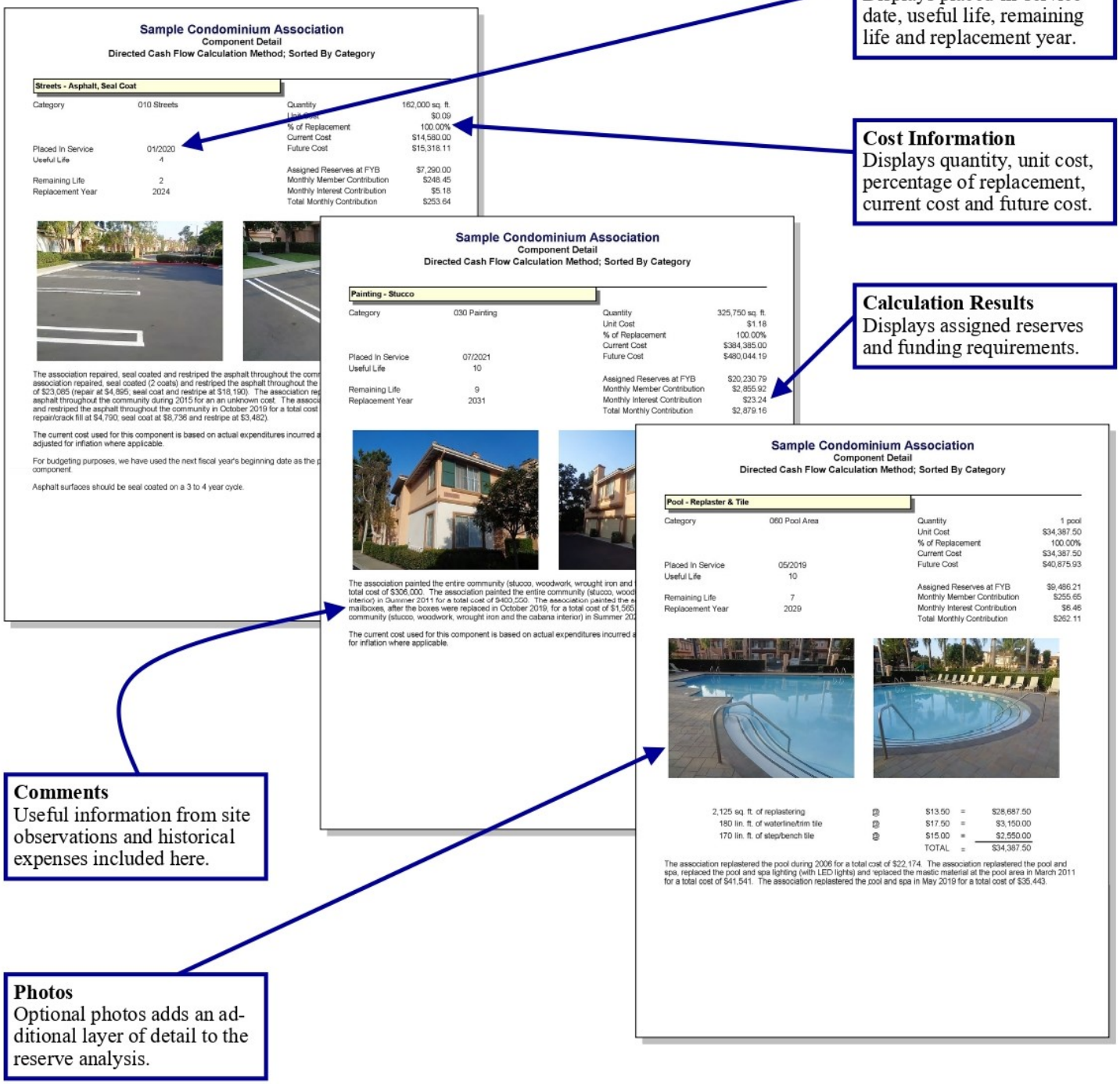
Projections and Charts

Summary displays projections of beginning reserve balance, member contribution, interest contribution, expenditures and ending reserve balance for each year of projection period (shown here for 30 years). Two columns on the right-hand side provide fully funded ending balance and percent funded for each year. Charts show the same information in an easy-to-understand graphic format.



Component Detail

Summary provides detailed information about each reserve component. These pages display all information about each reserve component as well as comments from site observations and historical information regarding replacement or other maintenance.



♦ ♦ ♦ ♦ GLOSSARY OF KEY TERMS ♦ ♦ ♦ ♦

Anticipated Reserve Balance (or Reserve Funds)
Amount of money, as of a certain point in time, held by association to be used for the repair or replacement of reserve components. This figure is "anticipated" because it is calculated based on the most current financial information available as of the analysis date, which is almost always prior to the fiscal year beginning date for which the reserve analysis is prepared.

Assigned Funds (and "Fixed" Assigned Funds)
Amount of money, as of fiscal year beginning date for which reserve analysis is prepared, that a reserve component has been assigned.

Assigned funds are considered "fixed" when the normal calculation process is bypassed and a specific amount of money is assigned to a reserve component. For example, if the normal calculation process assigns $10,000 to the roofs, but the association would like to show $20,000 assigned to roofs, "fixed" funds of $20,000 can be assigned.

Component Calculation Method
Reserve funding calculation method developed based on each individual reserve component. A more detailed description of the actual calculation process is included in the "reserve funding calculation methods" section of the preface.

Contingency Parameter
Rate used as a built-in buffer in the calculation of a reserve funding plan. This rate will assign a percentage of reserve funds, as of the fiscal year beginning, as contingency funds and will also determine the level of funding toward contingency each month.

Contribution Increase Parameter
Rate used in calculation of funding plan. This rate is used on an annual compounding basis. This rate represents, in theory, the rate the association expects to increase contributions each year.

In most cases, this rate should match the inflation parameter. Matching the contribution increase parameter to the inflation parameter indicates, in theory, that member contributions should increase at the same rate as the cost of living (inflation parameter). Due to the "time value of money," this creates the most equitable distribution of member contributions through time.

Current Replacement Cost
Amount of money, as of fiscal year beginning date for which reserve analysis is prepared, that a reserve component is expected to cost to replace.

Directed Cash Flow Calculation Method
Reserve funding calculation method developed based on total annual expenditures. A more detailed description of the actual calculation process is included in the "reserve funding calculation methods" section of the preface.

Fiscal Year
Budget year for association for which reserve analysis is prepared. Fiscal year beginning (FYB) is first day of budget year; fiscal year end (FYE) is last day of budget year.

Fully Funded Reserve Balance
Amount of money that should theoretically have accumulated in the reserve fund as of a certain point in time. Fully funded reserves are calculated for each reserve component based on the current replacement cost, age and useful life:

$$\text{Fully Funded Reserves} = \frac{\text{Age}}{\text{Useful Life}} \times \text{Current Replacement Cost}$$

Fully funded reserve balance is the sum of the fully funded reserves for each reserve component.
An association that has accumulated the fully funded reserve balance does not have all of the funds necessary to replace all of its reserve components immediately; it has the proportionately appropriate reserve funds for the reserve com-

ponents it maintains, based on each component's current replacement cost, age and useful life.

Future Replacement Cost
Amount of money, as of fiscal year during which replacement of a reserve component is scheduled, that a reserve component is expected to cost to replace. This cost is calculated using the current replacement cost compounded annually by the inflation parameter.

Global Parameters
Financial parameters used to calculate reserve analysis. See also "inflation parameter," "contribution increase parameter," "investment rate parameter" and "taxes on investments parameter."

Inflation Parameter
Rate used in calculation of future costs for reserve components. This rate is used on an annual compounding basis. This rate represents rate the association expects the cost of goods and services relating to their reserve components to increase each year.

Interest Contribution
Amount of money contributed to reserve fund by interest earned on reserve fund and member contributions.

Investment Rate Parameter
Gross rate used in calculation of interest contribution (interest earned) from reserve balance and member contributions. This rate (net of taxes on investments parameter) is used on a monthly compounding basis. This parameter represents the weighted average interest rate association expects to earn on their reserve fund investments.

Membership Contribution
Amount of money contributed to reserve fund by association's membership.

Minimum Cash Flow Calculation Method
Reserve funding calculation method developed based on total annual expenditures. A more detailed description of the actual calculation process is included in the "reserve funding calculation methods" section of the preface.

Monthly Contribution (and "Fixed" Monthly Contribution)
Amount of money, for fiscal year which reserve analysis is prepared, that a reserve component will be funded.

Monthly contribution is considered "fixed" when the normal calculation process is bypassed and a specific amount of money is funded to a reserve component. For example, if the normal calculation process funds $1,000 to the roofs each month, but the association would like to show $500 funded to roofs each month, a "fixed" contribution of $500 can be assigned.

Number of Units (or other assessment basis)
Number of units for which reserve analysis is prepared. In "phased" developments, this number represents the number of units, and corresponding common area components, that exist as of a certain point in time.

For some associations, assessments and reserve contributions are based on a unit of measure other than number of units. Examples include time-interval weeks for timeshare resorts or lot acreage (or square feet) for commercial/ industrial developments.

One-Time Replacement
Used for components that will be budgeted for only once.

Percent Funded
Measure of association's reserve fund "health," expressed as a percentage, as of a certain point in time. This number is the ratio of anticipated reserve fund balance to fully funded reserve balance:

$$\text{Percent Funded} = \frac{\text{Anticipated Reserve Fund Balance}}{\text{Fully Funded Reserve Balance}}$$

Preface

Reserve fund health:

Green	Good	> 65%
Yellow	Fair	40% to 65%
Red	Poor	< 40%

An association that is 100% funded does not have all reserve funds necessary to replace all of its reserve components immediately; it has the proportionately appropriate reserve funds for reserve components it maintains, based on each component's current replacement cost, age and useful life.

Percentage of Replacement
Percentage of reserve component that is expected to be replaced.

For most reserve components, this percentage is 100%. In some cases, this percentage may be more or less than 100%. For example, fencing which is shared with a neighboring community may be set at 50%. Another example would be a component where partial replacement is expected, such as interior doors.

Placed-In-Service Date
Date (month and year) that a reserve component was originally put into service or last replaced.

Remaining Life
Length of time, in years, until a reserve component is scheduled to be replaced.

Remaining Life Adjustment
Length of time, in years, that a reserve component is expected to last in excess (or deficiency) of its useful life for current cycle of replacement (only).

If current cycle of replacement for a reserve component is expected to be greater than or less than the "normal" life expectancy, the reserve component's life should be adjusted using a remaining life adjustment.

For example, if wood trim is painted normally on a 4 year cycle, useful life should be 4 years. However, when it comes time to paint the wood trim and it is determined that it can be deferred for an additional year, useful life should remain at 4 years and a remaining life adjustment of +1 year should be used.

Replacement Year
Fiscal year that a reserve component is scheduled to be replaced.

Reserve Components
Line items included in the reserve analysis.

Taxes on Investments Parameter
Rate used to offset investment rate parameter in the calculation of interest contribution. This parameter represents the marginal tax rate association expects to pay on interest earned by reserve funds and member contributions.

Total Contribution
Sum of membership contribution and interest contribution.

Useful Life
Length of time, in years, that a reserve component is expected to last each time it is replaced. See also "remaining life adjustment."

♦ ♦ ♦ ♦ LIMITATIONS OF RESERVE ANALYSIS ♦ ♦ ♦ ♦

This reserve analysis is intended as a tool for the association's Board of Directors to be used in evaluating the association's current physical and financial condition with regard to reserve components. The results of this reserve analysis represent the independent opinion of the preparer. There is no implied warranty or guarantee of this work product.

For the purposes of this reserve analysis, it has been assumed that all components have been installed properly, no construction defects exist and all components are operational. Additionally, it has been assumed that all components will be maintained properly in the future.

Representations set forth in this reserve analysis are based on the best information and estimates of the preparer as of the date of this analysis. These estimates are subject to change. This reserve analysis includes estimates of replacement costs and life expectancies as well as assumptions regarding future events. Some estimates are projections of future events based on information currently available and are not necessarily indicative of the actual future outcome. The longer the time period between the estimate and the estimated event, the more likely the possibility or error and/or discrepancy. For example, some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the preparation of this reserve analysis. Therefore, the actual replacement costs and remaining lives may vary from this reserve analysis and the variation may be significant. Additionally, inflation and other economic events may impact this reserve analysis, particularly over an extended period of time and those events could have a significant and negative impact on the accuracy of this reserve analysis and, further, the funds available to meet the association's obligation for repair, replacement or other maintenance of major components during their estimated useful life. Furthermore, the occurrence of vandalism, severe weather conditions, climate change, earthquakes, floods, acts of nature or other unforeseen events cannot be predicted and/or accounted for and are excluded when assessing life expectancy, repair and/or replacement costs of the reserve components.

3 Chisolm Street Homeowners Association, Inc.

Executive Summary

Directed Cash Flow Method

Client Information

Account Number	1345
Version Number	1 Revised
Analysis Date	8/22/2023
Fiscal Year	1/1/2024 to 12/31/2024
Number of Units	27

Global Parameters

Inflation Rate	3.25%
Annual Contribution Increase	3.25%
Investment Rate	1.01%
Taxes on Investments	18.00%
Contingency	3.00%

Community Profile

The community consists of 27 units within 3 renovated historic buildings.

Unless otherwise indicated, we have used the date 1/2002, as the basis for aging of all original components.
Level of Study: Full with Site Inspection
Calculation Method Used: Cash Flow
Funding Strategy: Funding Strategy can be found on in the Annual Projections page.
Site Inspection Date: 5/13/22

Adequacy of Reserves as of January 1, 2024

Anticipated Reserve Balance	**$100,000.00**
Fully Funded Reserve Balance	**$1,054,229.64**
Percent Funded	**9.49%**

Funding for the 2024 Fiscal Year	Annual	Monthly	Per Unit Per Month
Member Contribution	**$132,500**	**$11,041.67**	**$408.95**
Interest Contribution	**$1,335**	**$111.29**	**$4.12**
Total Contribution	**$133,835**	**$11,152.96**	**$413.07**

3 Chisolm Street Homeowners Association, Inc.
Preparer's Disclosure Statement

Alexander Liu was awarded the Reserve Specialist (RS) designation from Community Associations Institute (CAI). The RS designation was developed by CAI for professional reserve analysts who wish to confirm to their peers and/or clients that they have demonstrated a basic level of competency within the industry. The RS designation is awarded to reserve analysts who are dedicated to the highest standards of professionalism and reserve analysis preparation. Additionally, he has been awarded the Professional Reserve Analyst (PRA) designation from the Association of Professional Reserve Analysts (APRA).

Consultant certifies that:

1) Consultant has no other involvement with association which could result in actual or perceived conflicts of interest.

2) Component inventories were developed by actual field inventory, representative sampling, take-offs of scaled plans, provided by the association's previous reserve analysis prepared by another firm or provided by the association.

3) Financial assumptions used in this analysis are listed on the Executive Summary and further explained in the Preface of this report.

4) Consultant is a Reserve Specialist (RS) designee with CAI and Professional Reserve Analyst (PRA) with APRA.

5) There are no material issues known to consultant at this time which would cause a distortion of the association's situation.

6) The scope of Reserve Professionals' service does not include forensic, invasive or destructive testing or analysis of an engineering or architectural nature. Reserve Component condition assessments are based on visual observation. The Reserve Professionals reserve study specifically is neither a Building Inspection nor an engineering or architectural evaluation of the suitability, quality or integrity of the design, construction or manufacture quality of the facilities, infrastructure and other components comprising Client’s project. A reserve study is not intended to be used to perform an audit, an analysis of quality, a forensic study or a background check of historical records. A site visit conducted in conjunction with a reserve study should not be deemed to be a project audit or quality inspection. The physical analysis performed during this site visit is not intended to be exhaustive in nature and may include representative sampling.

7) Since a reserve analysis is limited to a visual observation it is impossible to accurately identify, measure or quantify, estimate useful life or cost for any assets that are partially or fully concealed or buried. Although such items may be included in the reserve analysis, Reserve Professionals is not responsible for any discrepancies in material quantities, unit costs, or total costs that may exist between the study and actual conditions or responsible for an omission of such item. Additionally, the extent of the future repairs can’t be ascertained by a visual observation. Additionally predicting when the repairs will be needed is not possible by visual observation. A more detailed inspection maybe possible, but is not within the scope of this study. Therefore, it is important for the client to understand that the cost and timing of repairs or replacement is in fact, speculation. Assets include, but are not limited to irrigation, sprinkler, water, sewer, and storm piping, electrical wiring and equipment, building water damage, bodies of water, site and building drainage, tree removal, landscaping projects.

8) In many instances actual costs and timing for repairs may vary significantly. This reserve study may not fund for the worst case scenario. We believe this is to the benefit of the client by not tying up funds for repair/replacement events that may not happen for 20, 30 or more years than the worst case scenario.

9) We make every attempt to notify the Client when we notice a potential safety issue, however a reserve study is not intended to identify safety issues. We take no responsibility for identifying or communicating any safety issues including, but not limited to fall hazards of people or structures, structural concerns, electrical shock.

10) It is important to be aware that the useful life of an asset may not indicate that the repair/replacement date will occur at that date, but rather that a certain amount of fund might be expended by this date. In other words, an asset with a 20 year useful life may have had repairs performed 4 or 5 times in that 20 year period. A reserve study, which looks out 30 years is not flexible enough to take into account all the smaller activities that would fall outside of maintenance, but still would occur outside a regular predictable schedule. Additionally, some assets fail unexpectedly without providing any sign of distress in advance. In these instances, a useful life would indicate not that a component should be replaced at the end of this period, but rather that funds should be accumulated by the end of this period for when the item will need

to be replaced.

11) Often, similar components have differing ages or costs. In an effort to alleviate unnecessary complexity, the study may use an average or median useful life, age, or cost for all of similarly grouped components.

12) The projected life expectancy of the major components and the funding needs of the reserves of the association are based upon the association performing appropriate routine and preventative maintenance for each major component. Failure to perform such maintenance can negatively impact the remaining useful life of the major components and dramatically increase the funding needs of the reserves of the association.

13) The results of this study are based on the independent opinion of the preparer and his experience and research during the course of his career in preparing Reserve Studies. In addition the opinions of experts on certain components have been gathered through research within their industry and with client's actual vendors. There is no implied warranty or guarantee regarding our life and cost estimates/predictions. There is no implied warranty or guarantee in any of our work product. Our results and findings will vary from another preparer's results and findings. A Reserve Study is necessarily a work in progress and subsequent Reserve Studies will vary from prior studies.

14) This Reserve Study assumes that all construction assemblies and components identified herein are built properly and are free from defects in materials and/or workmanship. Defects can lead to reduced useful life and premature failure. It was not the intent of this Reserve Study to inspect for or to identify defects. If defects exist, repairs should be made so that the construction components and assemblies at the community reach their full and expected useful lives.

15) We have assumed any and all components have been properly built and will reach normal, typical life expectancies. In general, a reserve study is not intended to identify or fund for construction defects. A reserve study is a budgeting tool for replacement of assets that have a reliable useful life. A reserve study may include funds for repairs for defective construction or other conditions that fall outside the reserve, but these are speculative in nature. We don't diagnose defects or specify repairs required, so the cost of these repairs is essentially unknown.

16) The costs and timing associated with any repairs listed in the study are speculative. The extent of the repairs is unknown. How a repair will be performed can vary significantly, which will affect the cost. Additionally, costs have not taken into account upgrades required to bring the current construction up to current code.

17) A reserve study is based on the aggregate cost and replacement schedule of the client's assets. It would be inappropriate to consider any asset's funding in isolation. Aggregating costs creates a safety net for any cost discrepancies. It is highly likely that some assets will cost more than predicted, and others less. The differences between predicted and actual costs are meant to offset each other. Thus, any cost savings reaped when an asset is repaired or replaced should remain in reserves and not distributed for other purposes.

18) Maintenance responsibility of water, sewer, storm systems, or other appurtenances in the right of way varies by municipality. Even within individual municipalities this responsibility can vary significantly due to negotiations between a developer and planning developments. We have not contacted any government agency to confirm maintenance responsibility, nor have pertinent public records been reviewed. As a result, quantities of water, sewer, and storm lines and boxes may be inaccurate. Generally speaking, we include water and sewer mains when streets are private and simply measure the linear feet of the road as a basis for this quantity since actual location is unknown in most instances. If a community has public streets, we have excluded all items within the right of way.

19) Storm water systems are difficult to locate. Area drains located in the turfed or landscaped areas have been excluded, unless specifically noted. Unless noted, storm line quantities include only inflow and outflow pipe to retention ponds where roads are public, and also pipe in roads where roads are private. Any storm pipe located in other areas has not been accounted for. If such pipe does exist in your community the quantities may not be accurate. Culverts under public roads are assumed to be publicly maintained.

20) There maybe community assets listed in the study, like painting, that the IRS considers a non-capital expense. It is important to consult with an accountant since this will have tax implications. If the board wishes, these items can be removed from the reserve study. It is important to recognize that the reserve study simply is a budgeting tool for large future expenses, and doesn't differentiate between capital and non-capital expenses or account for IRS tax rules.

21) This reserve study follows the guidelines established by APRA Standards of Practice and CAI's National Reserve

Study Standards. A copy of either is available upon request.

22) Substances such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, environmental mold, or other potentially hazardous materials could, if present, adversely affect the validity of this study. Unless otherwise noted in this report, the existence of hazardous substances, that may or may not be present on or in the property, was not considered. Our opinions are predicated on the assumption that there are no hazardous materials on or in the property. We assume no responsibility for any such conditions. We are not qualified to detect such substances, quantify the impact, or develop the remedial cost.

23) We did not make any soil analysis or geological study with this report; nor were any water, oil, gas, coal, or other subsurface mineral and use rights or conditions investigated.

24) Since no invasive testing was performed, we do not opine on, nor are we responsible for, the structural integrity of the property including its conformity to specific governmental code requirements, such as fire, building and safety, earthquake, and occupancy, or any physical defects that were not readily apparent during the inspection.

25) To the best of our knowledge, all data set forth in this report are true and accurate. Although gathered from reliable sources, we make no guarantee nor assume liability for the accuracy of any data, opinions, or estimates identified as furnished by others that we used in formulating this analysis.

26) Our inspection and analysis of the subject property is limited to visual observations and is noninvasive. We will inspect sloped roofs from the ground. We will inspect flat roofs where safe access (stairs or ladder permanently attached to the structure) is available. The report is based upon a “snapshot in time” at the moment of our observation. Conditions can change between the time of inspection and the issuance of the report. Reserve Professionals does not investigate, nor assume any responsibility for any existence or impact of any hazardous materials, structural, latent or hidden defects which may or may not be present on or within the property. Our opinions of estimated costs and remaining useful lives are not a guarantee of the actual costs of replacement, a warranty of the common elements or other property elements, or a guarantee of remaining useful lives.

27) We assume, without independent verification, the accuracy of all data provided to us. You agree to indemnify and hold us harmless against and from any and all losses, claims, actions, damages, expenses or liabilities, including reasonable attorneys’ fees, to which we may become subject in connection with this engagement, because of any false, misleading or incomplete information which we have relied upon as supplied by you or others under your direction, or which may result from any improper use or reliance on the report by you or third parties under your control or direction. Your obligation for indemnification and reimbursement shall extend to any controlling person of Reserve Professionals, including any director, owners, officer, employee, affiliate, or agent. Liability of Reserve Professionals and its owners, employees, affiliates, and agents for errors and omissions, if any, in this work is limited to the amount of it compensation for the work performed in this engagement.

Site Visits: If a site visit has been performed during the preparation of this reserve study, no invasive testing was performed. The physical analysis performed during the site visit was not intended to be exhaustive in nature and may have included representative sampling.

Update Reserve Studies: Level II Studies: Quantities of major components as reported in previous reserve studies are deemed to be accurate and reliable. The reserve study relies upon the validity of previous reserve studies. Level III Studies: In addition to the above we have not visited the property when completing a Level III, No Site Visit, study. Therefore we have not verified the current condition of the common area components.

3 Chisolm Street Homeowners Association, Inc.

Calculation of Percent Funded

Sorted by Category; Alphabetical

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
000 Excluded				
EXCLUDED	n.a.	n.a.	$0.00	$0.00
Sub Total	**n.a.**	**n.a.**	**$0.00**	**$0.00**
010 Paving				
Asphalt - Pavement Conditioner	10	8	$4,822.01	$0.00
Asphalt Paving - Overlay	2	25	$24,156.41	$22,223.90
Site Concrete - Repairs	2	12	$12,631.94	$11,621.38
Sub Total	**2-10**	**8-25**	**$41,610.36**	**$33,845.28**
020 Utilities & Drainage				
Site Water and Sewer - Repairs	7	10	$15,000.00	$11,500.00
Storm System - Curb Inlet Repairs	12	35	$10,400.00	$6,834.29
Sub Total	**7-12**	**10-35**	**$25,400.00**	**$18,334.29**
030 Site				
Retaining Wall - Repairs	24	10	$8,952.00	$1,790.40
Site Railings & Aluminum Fencing	7	30	$50,748.90	$38,907.49
Site Walls - Stucco	9	15	$6,469.78	$2,587.91
Stone and Brick Pavers - Replace	22	45	$113,685.40	$58,105.87
Stone and Brick Pavers - Reset	1	10	$26,403.82	$25,303.66
Sub Total	**1-24**	**10-45**	**$206,259.90**	**$126,695.33**
050 Miscellaneous Structures				
Decks - Concrete, Annex	37	60	$34,531.85	$13,237.21
Decks - Metal, Main	22	45	$11,790.00	$6,026.00
Decks - Wood HVAC	3	20	$13,408.29	$11,861.18
Exterior Stairs - Annex	17	40	$24,000.00	$13,800.00
Painting - Wood Fencing & Pergola	3	8	$7,135.40	$4,459.63
Wood Fencing & Pergola	7	25	$23,749.65	$18,208.07
Sub Total	**3-37**	**8-60**	**$114,615.19**	**$67,592.08**
060 Roofs				
Roofs - Awnings	7	25	$2,625.00	$2,012.50
Roofs - Gutters, Annex & Cottage	7	30	$5,703.00	$4,372.30
Roofs - Gutters, Main	7	30	$10,346.31	$7,932.17
Roofs - Metal	12	35	$6,960.00	$4,573.71
Roofs - Shingles, Annex	1	24	$27,532.96	$26,385.75
Roofs - Single Ply, Cottage	13	20	$9,266.40	$3,243.24
Roofs - Single Ply, Main	21	20	$215,557.80	$0.00
Sub Total	**1-21**	**20-35**	**$277,991.47**	**$48,519.68**

3 Chisolm Street Homeowners Association, Inc.

Calculation of Percent Funded

Sorted by Category; Alphabetical

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
070 Exterior				
Brick - Painting, Annex	22	12	$35,932.40	$928.14
Brick & Terra Cotta - Cleaning & Repairs	4	12	$224,843.22	$191,533.11
Stucco - Painting and Repairs, Main	3	14	$164,185.18	$145,240.74
Terra Cotta - Painting	4	12	$31,018.96	$26,423.56
Windows & Doors - Replacement	17	20	$39,787.36	$22,877.73
Sub Total	**3-22**	**12-20**	**$495,767.12**	**$387,003.28**
080 Interior				
Flooring - Ceramic Tile, Annex	16	40	$5,035.72	$3,424.29
Flooring - Hardwood, Refinish	7	15	$4,253.25	$3,260.83
Flooring - Terrazzo, Repairs	6	15	$17,641.80	$13,991.77
Painting - Clean & Seal, Garage Floor	7	15	$10,350.00	$7,935.00
Painting - Garage, Walls & Ceiling	4	10	$34,620.00	$20,772.00
Painting - Interior, Hallway Walls	7	12	$22,635.00	$9,431.25
Painting - Interior, Hallway Ceiling	7	24	$6,068.75	$4,652.71
Painting - Interior, Stairwells	7	30	$14,045.00	$10,767.83
Sub Total	**4-16**	**10-40**	**$114,649.52**	**$74,235.68**
090 Equipment				
Access - Entry System	14	18	$9,000.00	$2,000.00
Access - Surveillance System	3	16	$5,500.00	$4,865.38
Access Control - Rolling Gate	7	30	$8,900.00	$6,823.33
Elevator - Modernization	7	30	$85,000.00	$65,166.67
Elevators - Cab Refurbishing	7	30	$15,000.00	$11,500.00
Elevators - Major Repairs	2	30	$15,000.00	$13,800.00
Fire Protection - Alarm Panels	3	20	$24,000.00	$21,230.77
Fire Protection - Controller	2	25	$20,000.00	$18,400.00
Fire Protection - Jockey Pump	23	25	$7,500.00	$600.00
Fire Protection - Jockey Pump Controller	23	25	$4,500.00	$360.00
Fire Protection - Pressure Tank	14	20	$8,200.00	$2,460.00
Fire Protection - Pump Rebuild	2	25	$35,000.00	$32,200.00
Fire Protection - Variable Frequency Drive	1	10	$7,500.00	$7,187.50
HVAC - Split System, Roof Top	13	14	$20,000.00	$1,090.91
HVAC - Split System, Split Unit	1	14	$8,913.00	$8,467.35
Water Pumps - Booster	3	7	$5,000.00	$2,857.14
Water Pumps - Skid	24	25	$35,000.00	$1,400.00
Sub Total	**1-24**	**7-30**	**$314,013.00**	**$200,409.06**
100 Miscellaneous				
Building Water and Sewer - Pipe Repairs	2	3	$6,000.00	$1,354.84
Cabinets - Mail Area	17	40	$4,712.00	$2,709.40

3 Chisolm Street Homeowners Association, Inc.

Calculation of Percent Funded

Sorted by Category; Alphabetical

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
Lighting - Exterior	6	24	$11,350.00	$9,001.72
Lighting - Interior	12	30	$45,050.00	$29,604.29
Mailboxes - Wall Clusters	17	40	$5,400.00	$3,105.00
Trash Chute - Reline	17	40	$30,000.00	$17,250.00
Waterproofing - Fountains	2	25	$4,200.00	$3,864.00
Sub Total	**2-17**	**3-40**	**$106,712.00**	**$66,889.25**
Contingency	n.a.	n.a.	n.a.	$30,705.72
Total	**1-37**	**3-60**	**$1,697,018.56**	**$1,054,229.64**
Anticipated Reserve Balance				**$100,000.00**
Percent Funded				**9.49%**

3 Chisolm Street Homeowners Association, Inc.

Management Summary

Directed Cash Flow Method; Sorted by Category

	Balance at Beginning of Year	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
000 Excluded				
EXCLUDED	$0.00	$0.00	$0.00	$0.00
Sub Total	**$0.00**	**$0.00**	**$0.00**	**$0.00**
010 Paving				
Asphalt - Pavement Conditioner	$0.00	$19.64	$0.12	$19.75
Asphalt Paving - Overlay	$0.00	$448.39	$2.65	$451.04
Site Concrete - Repairs	$11,621.38	$28.75	$5.52	$34.27
Sub Total	**$11,621.38**	**$496.77**	**$8.29**	**$505.06**
020 Utilities & Drainage				
Site Water and Sewer - Repairs	$0.00	$84.32	$0.50	$84.82
Storm System - Curb Inlet Repairs	$0.00	$36.10	$0.21	$36.32
Sub Total	**$0.00**	**$120.42**	**$0.71**	**$121.13**
030 Site				
Retaining Wall - Repairs	$0.00	$17.73	$0.10	$17.84
Site Railings & Aluminum Fencing	$0.00	$285.27	$1.69	$286.96
Site Walls - Stucco	$0.00	$28.94	$0.17	$29.11
Stone and Brick Pavers - Replace	$0.00	$240.44	$1.42	$241.86
Stone and Brick Pavers - Reset	$25,303.66	$62.11	$12.02	$74.13
Sub Total	**$25,303.66**	**$634.50**	**$15.40**	**$649.90**
050 Miscellaneous Structures				
Decks - Concrete, Annex	$0.00	$50.82	$0.30	$51.12
Decks - Metal, Main	$0.00	$24.94	$0.15	$25.08
Decks - Wood HVAC	$0.00	$167.88	$0.99	$168.87
Exterior Stairs - Annex	$0.00	$62.19	$0.37	$62.56
Painting - Wood Fencing & Pergola	$0.00	$89.34	$0.53	$89.87
Wood Fencing & Pergola	$0.00	$133.50	$0.79	$134.29
Sub Total	**$0.00**	**$528.67**	**$3.12**	**$531.79**
060 Roofs				
Roofs - Awnings	$0.00	$14.76	$0.09	$14.84
Roofs - Gutters, Annex & Cottage	$0.00	$32.06	$0.19	$32.25
Roofs - Gutters, Main	$0.00	$58.16	$0.34	$58.50
Roofs - Metal	$0.00	$24.16	$0.14	$24.30
Roofs - Shingles, Annex	$26,385.75	$64.77	$12.53	$77.30
Roofs - Single Ply, Cottage	$0.00	$30.03	$0.18	$30.21
Roofs - Single Ply, Main	$0.00	$472.45	$2.79	$475.25
Sub Total	**$26,385.75**	**$696.39**	**$16.27**	**$712.65**

3 Chisolm Street Homeowners Association, Inc.

Management Summary

Directed Cash Flow Method; Sorted by Category

	Balance at Beginning of Year	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
070 Exterior				
Brick - Painting, Annex	$0.00	$76.00	$0.45	$76.45
Brick & Terra Cotta - Cleaning & Repairs	$0.00	$2,136.21	$12.62	$2,148.83
Stucco - Painting and Repairs, Main	$0.00	$2,055.71	$12.15	$2,067.85
Terra Cotta - Painting	$0.00	$294.71	$1.74	$296.45
Windows & Doors - Replacement	$0.00	$103.10	$0.61	$103.71
Sub Total	**$0.00**	**$4,665.72**	**$27.57**	**$4,693.29**
080 Interior				
Flooring - Ceramic Tile, Annex	$0.00	$13.71	$0.08	$13.79
Flooring - Hardwood, Refinish	$0.00	$23.91	$0.14	$24.05
Flooring - Terrazzo, Repairs	$0.00	$114.37	$0.68	$115.04
Painting - Clean & Seal, Garage Floor	$0.00	$58.18	$0.34	$58.52
Painting - Garage, Walls & Ceiling	$0.00	$328.92	$1.94	$330.86
Painting - Interior, Hallway Walls	$0.00	$127.24	$0.75	$127.99
Painting - Interior, Hallway Ceiling	$0.00	$34.11	$0.20	$34.32
Painting - Interior, Stairwells	$0.00	$78.95	$0.47	$79.42
Sub Total	**$0.00**	**$779.39**	**$4.60**	**$784.00**
090 Equipment				
Access - Entry System	$0.00	$27.39	$0.16	$27.55
Access - Surveillance System	$0.00	$68.86	$0.41	$69.27
Access Control - Rolling Gate	$0.00	$50.03	$0.30	$50.32
Elevator - Modernization	$0.00	$477.81	$2.82	$480.63
Elevators - Cab Refurbishing	$0.00	$84.32	$0.50	$84.82
Elevators - Major Repairs	$12,902.89	$50.02	$6.24	$56.25
Fire Protection - Alarm Panels	$0.00	$300.50	$1.78	$302.27
Fire Protection - Controller	$0.00	$371.24	$2.19	$373.43
Fire Protection - Jockey Pump	$0.00	$15.34	$0.09	$15.43
Fire Protection - Jockey Pump Controller	$0.00	$9.20	$0.05	$9.26
Fire Protection - Pressure Tank	$0.00	$24.95	$0.15	$25.10
Fire Protection - Pump Rebuild	$0.00	$649.67	$3.84	$653.50
Fire Protection - Variable Frequency Drive	$7,187.50	$17.64	$3.41	$21.06
HVAC - Split System, Roof Top	$0.00	$64.82	$0.38	$65.20
HVAC - Split System, Split Unit	$8,467.35	$23.63	$4.04	$27.67
Water Pumps - Booster	$0.00	$62.60	$0.37	$62.97
Water Pumps - Skid	$0.00	$69.33	$0.41	$69.74
Sub Total	**$28,557.74**	**$2,367.34**	**$27.14**	**$2,394.48**
100 Miscellaneous				
Building Water and Sewer - Pipe Repairs	$1,354.84	$87.39	$1.14	$88.53
Cabinets - Mail Area	$0.00	$12.21	$0.07	$12.28

3 Chisolm Street Homeowners Association, Inc.

Management Summary

Directed Cash Flow Method; Sorted by Category

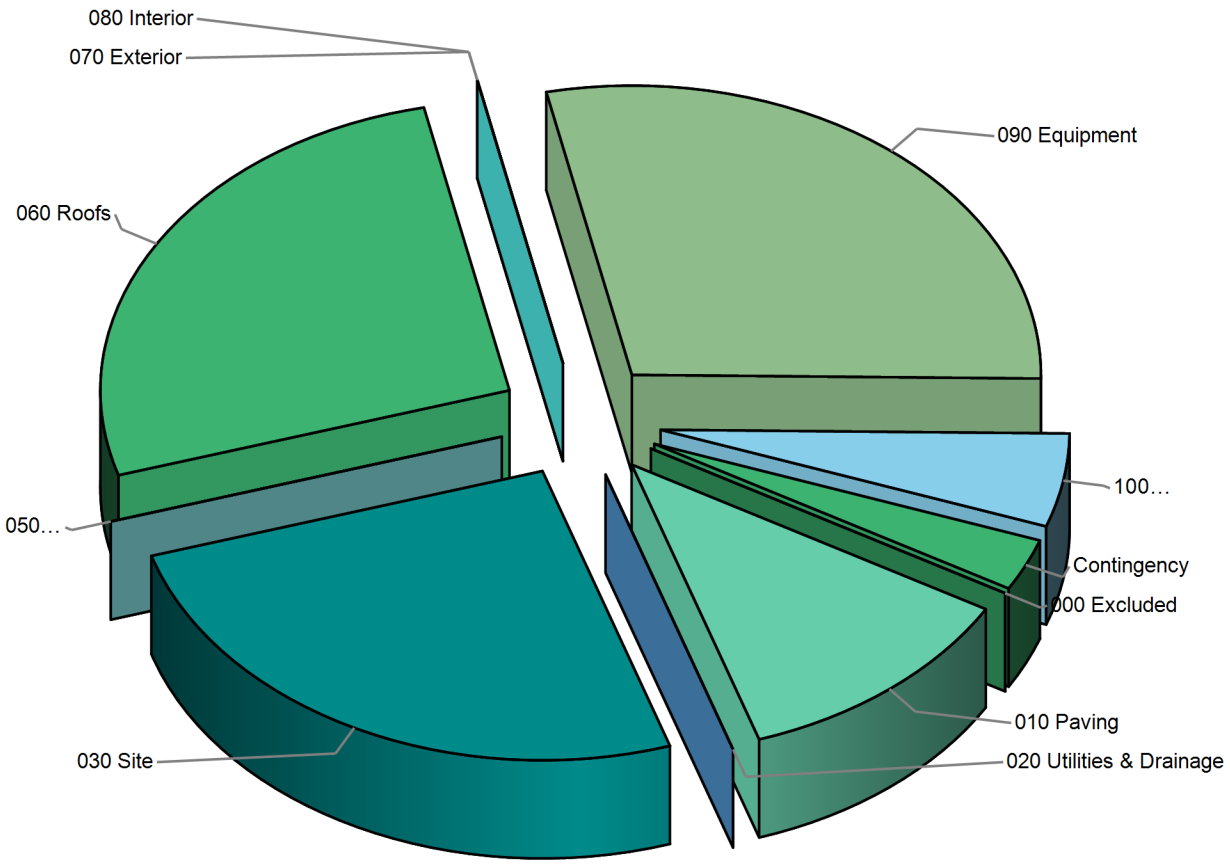
	Balance at Beginning of Year	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
Lighting - Exterior	$0.00	$73.58	$0.43	$74.01
Lighting - Interior	$0.00	$156.39	$0.92	$157.32
Mailboxes - Wall Clusters	$0.00	$13.99	$0.08	$14.08
Trash Chute - Reline	$0.00	$77.74	$0.46	$78.20
Waterproofing - Fountains	$3,864.00	$9.56	$1.84	$11.39
Sub Total	**$5,218.84**	**$430.86**	**$4.95**	**$435.81**
Contingency	$2,912.62	$321.60	$3.24	$324.84
Total	**$100,000.00**	**$11,041.67**	**$111.29**	**$11,152.96**

3 Chisolm Street Homeowners Association, Inc.

Management / Accounting Charts

Directed Cash Flow Method; Sorted by Category

Distribution of Current Reserve Fund

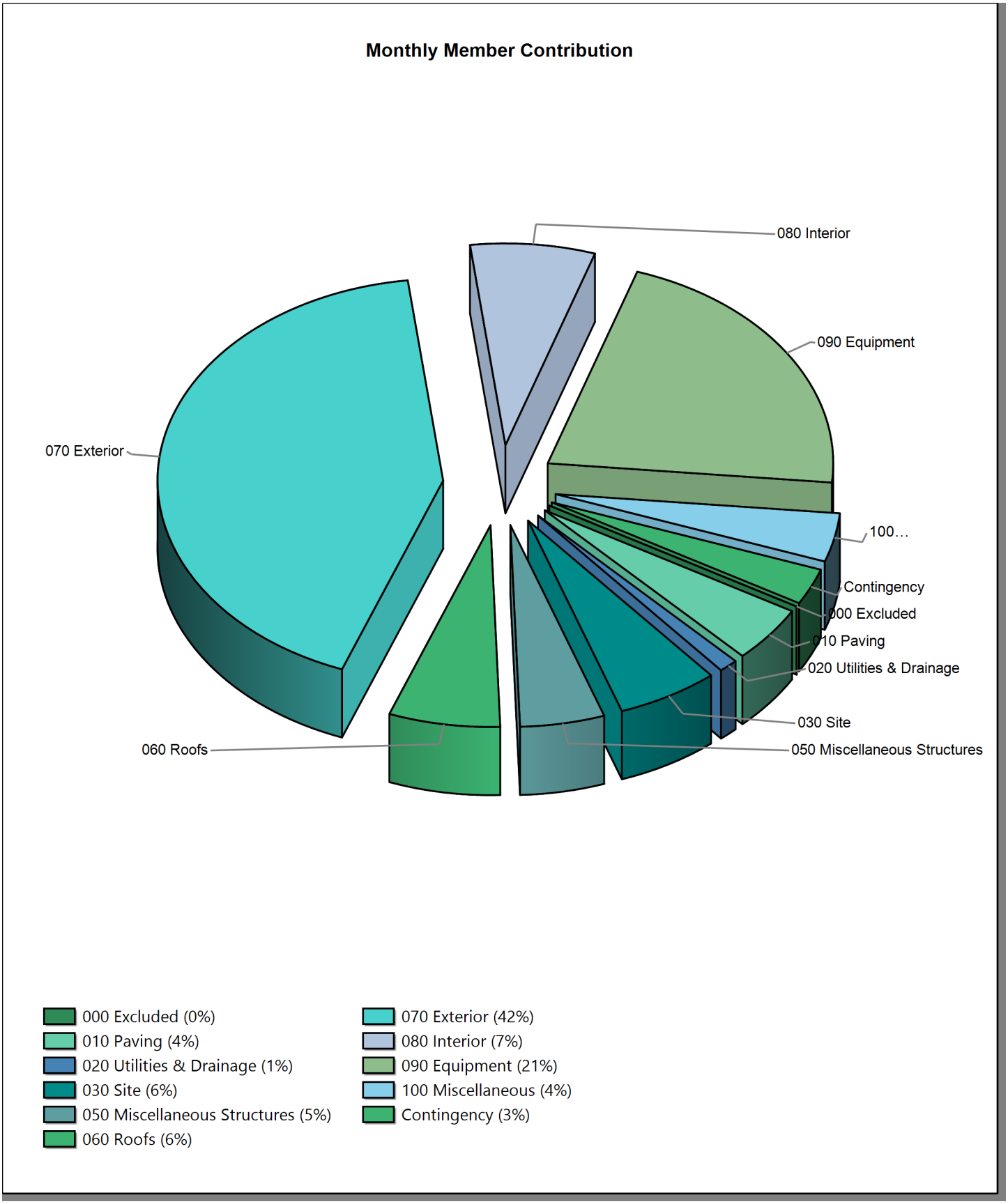


000 Excluded (0%)
010 Paving (12%)
020 Utilities & Drainage (0%)
030 Site (25%)
050 Miscellaneous Structures (0%)
060 Roofs (26%)
070 Exterior (0%)
080 Interior (0%)
090 Equipment (29%)
100 Miscellaneous (5%)
Contingency (3%)

3 Chisolm Street Homeowners Association, Inc.

Management / Accounting Charts

Directed Cash Flow Method; Sorted by Category



3 Chisolm Street Homeowners Association, Inc.

Annual Expenditures

Sorted by Alphabetical

2025 Fiscal Year	
Fire Protection - Variable Frequency Drive	$7,743.75
HVAC - Split System, Split Unit	$9,202.67
Roofs - Shingles, Annex	$28,427.78
Stone and Brick Pavers - Reset	$27,261.94
Sub Total	**$72,636.15**
2026 Fiscal Year	
Asphalt Paving - Overlay	$25,752.09
Building Water and Sewer - Pipe Repairs	$6,396.34
Elevators - Major Repairs	$15,990.84
Fire Protection - Controller	$21,321.13
Fire Protection - Pump Rebuild	$37,311.97
Site Concrete - Repairs	$13,466.36
Waterproofing - Fountains	$4,477.44
Sub Total	**$124,716.16**
2027 Fiscal Year	
Access - Surveillance System	$6,053.87
Decks - Wood HVAC	$14,758.55
Fire Protection - Alarm Panels	$26,416.87
Painting - Wood Fencing & Pergola	$7,853.96
Stucco - Painting and Repairs, Main	$180,719.13
Water Pumps - Booster	$5,503.52
Sub Total	**$241,305.89**
2028 Fiscal Year	
Brick & Terra Cotta - Cleaning & Repairs	$255,528.91
Painting - Garage, Walls & Ceiling	$39,344.80
Terra Cotta - Painting	$35,252.30
Sub Total	**$330,126.01**
2029 Fiscal Year	
Building Water and Sewer - Pipe Repairs	$7,040.47
Sub Total	**$7,040.47**
2030 Fiscal Year	
Flooring - Terrazzo, Repairs	$21,373.87
Lighting - Exterior	$13,751.06
Sub Total	**$35,124.94**
2031 Fiscal Year	
Access Control - Rolling Gate	$11,133.21

3 Chisolm Street Homeowners Association, Inc.

Annual Expenditures
Sorted by Alphabetical

Elevator - Modernization	$106,328.42
Elevators - Cab Refurbishing	$18,763.84
Flooring - Hardwood, Refinish	$5,320.49
Painting - Clean & Seal, Garage Floor	$12,947.05
Painting - Interior, Hallway Walls	$28,314.63
Painting - Interior, Hallway Ceiling	$7,591.54
Painting - Interior, Stairwells	$17,569.21
Roofs - Awnings	$3,283.67
Roofs - Gutters, Annex & Cottage	$7,134.01
Roofs - Gutters, Main	$12,942.43
Site Railings & Aluminum Fencing	$63,482.94
Site Water and Sewer - Repairs	$18,763.84
Wood Fencing & Pergola	$29,708.97
Sub Total	**$343,284.25**

2032 Fiscal Year

Building Water and Sewer - Pipe Repairs	$7,749.47
Sub Total	**$7,749.47**

2033 Fiscal Year

Site Walls - Stucco	$8,627.80
Sub Total	**$8,627.80**

2034 Fiscal Year

Asphalt - Pavement Conditioner	$6,639.40
Water Pumps - Booster	$6,884.47
Sub Total	**$13,523.87**

2035 Fiscal Year

Building Water and Sewer - Pipe Repairs	$8,529.86
Fire Protection - Variable Frequency Drive	$10,662.33
Painting - Wood Fencing & Pergola	$10,143.99
Stone and Brick Pavers - Reset	$37,536.82
Sub Total	**$66,873.00**

2036 Fiscal Year

Lighting - Interior	$66,126.50
Roofs - Metal	$10,216.21
Storm System - Curb Inlet Repairs	$15,265.61
Sub Total	**$91,608.32**

2037 Fiscal Year

HVAC - Split System, Roof Top	$30,311.04

Roofs - Single Ply, Cottage	$14,043.71
Sub Total	**$44,354.75**

2038 Fiscal Year

Access - Entry System	$14,083.27
Building Water and Sewer - Pipe Repairs	$9,388.84
Fire Protection - Pressure Tank	$12,831.42
Painting - Garage, Walls & Ceiling	$54,173.63
Site Concrete - Repairs	$19,766.55
Sub Total	**$110,243.70**

2039 Fiscal Year

HVAC - Split System, Split Unit	$14,400.41
Sub Total	**$14,400.41**

2040 Fiscal Year

Brick & Terra Cotta - Cleaning & Repairs	$375,077.28
Flooring - Ceramic Tile, Annex	$8,400.45
Terra Cotta - Painting	$51,744.98
Sub Total	**$435,222.71**

2041 Fiscal Year

Building Water and Sewer - Pipe Repairs	$10,334.33
Cabinets - Mail Area	$8,115.89
Exterior Stairs - Annex	$41,337.32
Mailboxes - Wall Clusters	$9,300.90
Site Water and Sewer - Repairs	$25,835.82
Stucco - Painting and Repairs, Main	$282,790.61
Trash Chute - Reline	$51,671.64
Water Pumps - Booster	$8,611.94
Windows & Doors - Replacement	$68,529.28
Sub Total	**$506,527.72**

2042 Fiscal Year

Asphalt - Pavement Conditioner	$8,575.30
Sub Total	**$8,575.30**

2043 Fiscal Year

Access - Surveillance System	$10,098.89
Painting - Interior, Hallway Walls	$41,561.54
Painting - Wood Fencing & Pergola	$13,101.75

Sub Total	**$64,762.19**
2044 Fiscal Year	
Building Water and Sewer - Pipe Repairs	$11,375.03
Sub Total	**$11,375.03**
2045 Fiscal Year	
Fire Protection - Variable Frequency Drive	$14,680.89
Flooring - Terrazzo, Repairs	$34,532.99
Roofs - Single Ply, Main	$421,944.19
Stone and Brick Pavers - Reset	$51,684.23
Sub Total	**$522,842.30**
2046 Fiscal Year	
Brick - Painting, Annex	$72,621.89
Decks - Metal, Main	$23,828.41
Flooring - Hardwood, Refinish	$8,596.12
Painting - Clean & Seal, Garage Floor	$20,918.07
Stone and Brick Pavers - Replace	$229,766.14
Sub Total	**$355,730.63**
2047 Fiscal Year	
Building Water and Sewer - Pipe Repairs	$12,520.53
Decks - Wood HVAC	$27,979.81
Fire Protection - Alarm Panels	$50,082.11
Fire Protection - Jockey Pump	$15,650.66
Fire Protection - Jockey Pump Controller	$9,390.40
Sub Total	**$115,623.51**
2048 Fiscal Year	
Painting - Garage, Walls & Ceiling	$74,591.36
Retaining Wall - Repairs	$19,287.75
Site Walls - Stucco	$13,939.62
Water Pumps - Booster	$10,772.87
Water Pumps - Skid	$75,410.10
Sub Total	**$194,001.69**
2049 Fiscal Year	
Roofs - Shingles, Annex	$61,249.76
Sub Total	**$61,249.76**
2050 Fiscal Year	

3 Chisolm Street Homeowners Association, Inc.

Annual Expenditures

Sorted by Alphabetical

Asphalt - Pavement Conditioner	$11,075.66
Building Water and Sewer - Pipe Repairs	$13,781.38
Site Concrete - Repairs	$29,014.26
Sub Total	**$53,871.31**

2051 Fiscal Year

Asphalt Paving - Overlay	$57,288.05
Fire Protection - Controller	$47,430.93
Fire Protection - Pump Rebuild	$83,004.12
HVAC - Split System, Roof Top	$47,430.93
Painting - Wood Fencing & Pergola	$16,921.93
Site Water and Sewer - Repairs	$35,573.20
Waterproofing - Fountains	$9,960.49
Sub Total	**$297,609.65**

2052 Fiscal Year

Brick & Terra Cotta - Cleaning & Repairs	$550,555.98
Terra Cotta - Painting	$75,953.70
Sub Total	**$626,509.68**

2053 Fiscal Year

Building Water and Sewer - Pipe Repairs	$15,169.21
HVAC - Split System, Split Unit	$22,533.86
Sub Total	**$37,703.07**

3 Chisolm Street Homeowners Association, Inc.

Projections

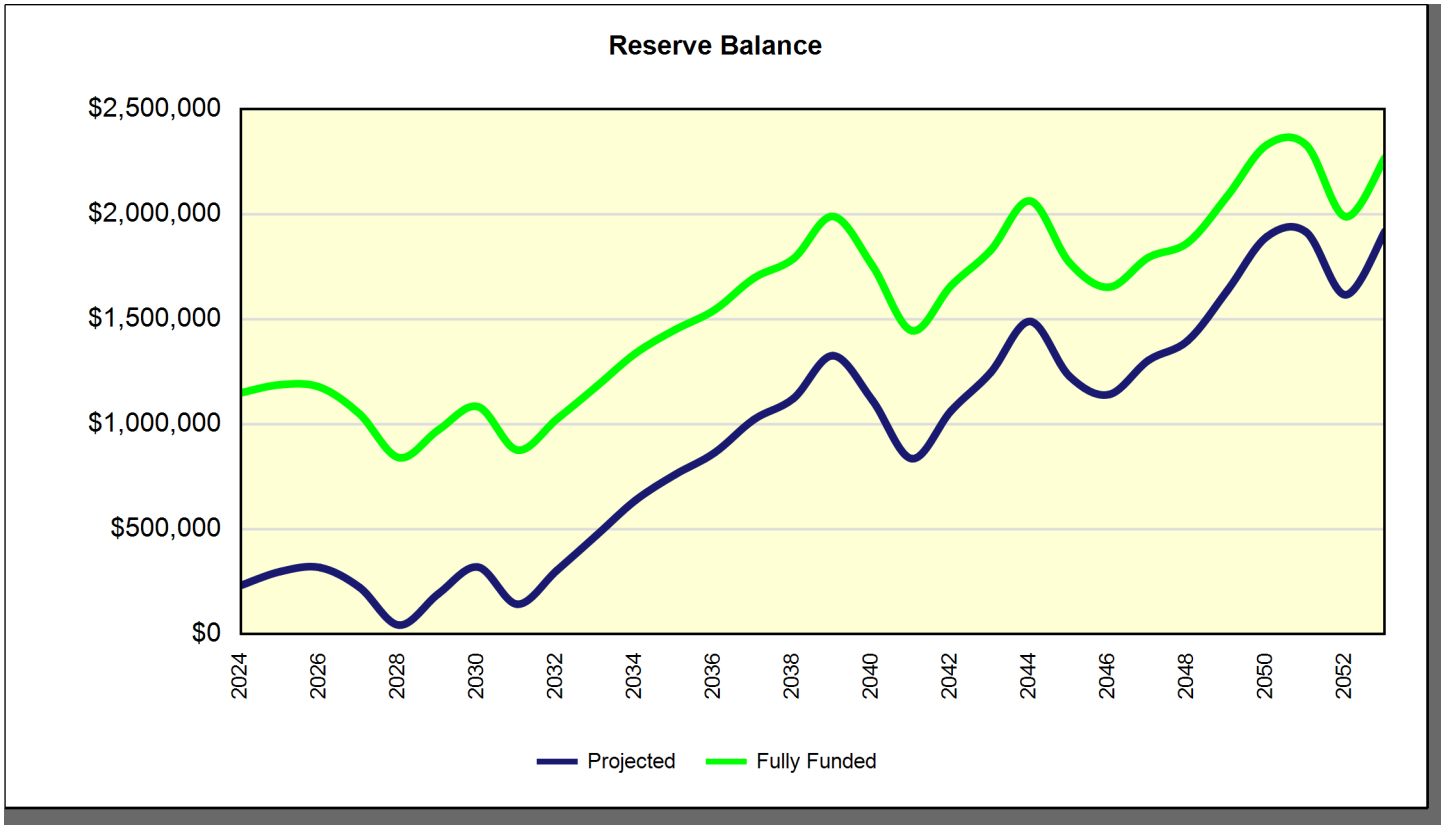
Directed Cash Flow Method

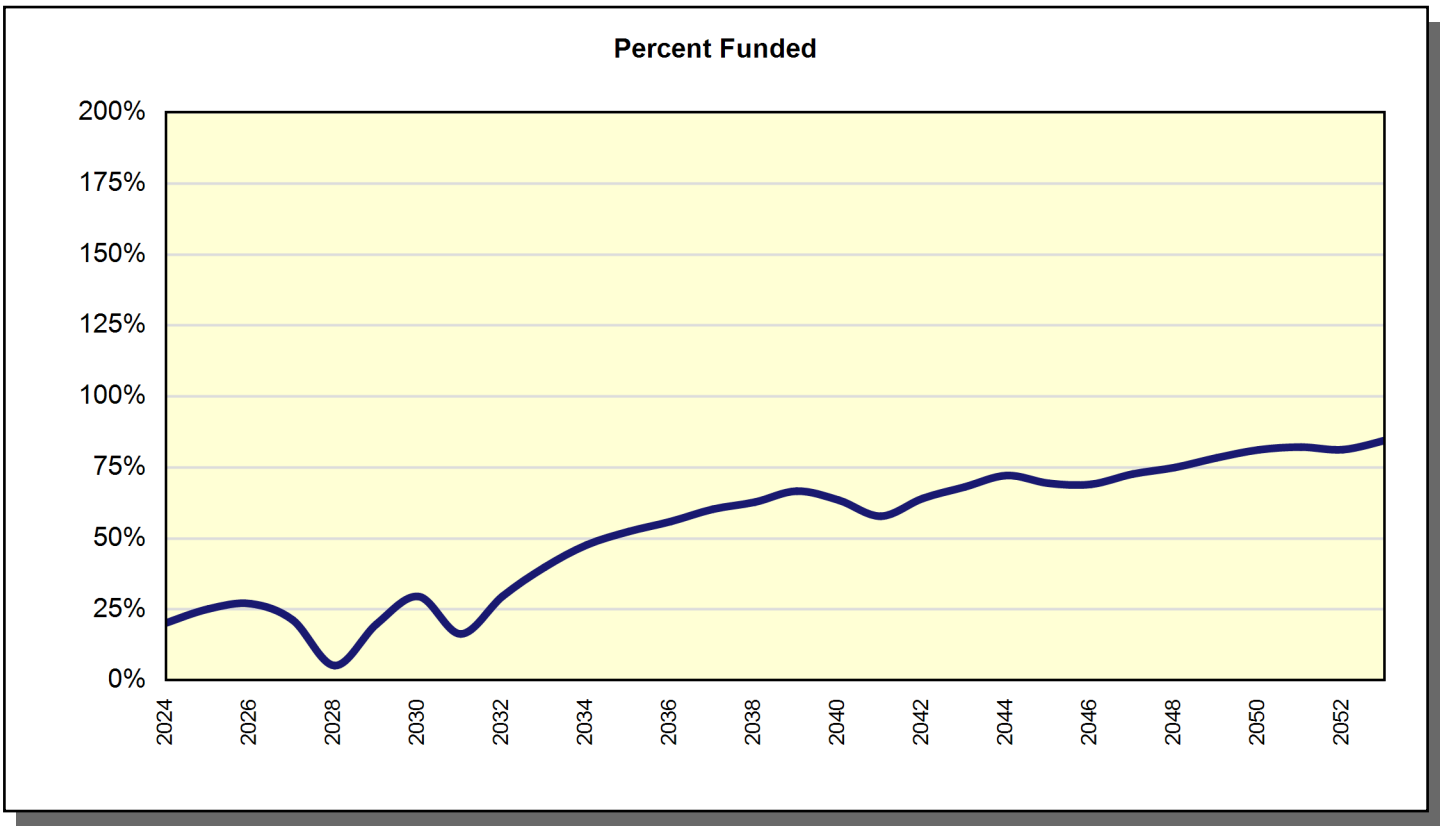
Fiscal Year	Beginning Balance	Member Contribution	Interest Contribution	Expenses	Ending Balance	Fully Funded Balance	Percent Funded
2024	$100,000	$132,500	$1,335	$0	$233,835	$1,150,631	20%
2025	$233,835	$136,806	$1,861	$72,636	$299,866	$1,189,154	25%
2026	$299,866	$141,252	$1,994	$124,716	$318,396	$1,176,916	27%
2027	$318,396	$145,843	$1,196	$241,306	$224,129	$1,049,942	21%
2028	$224,129	$150,583	$0	$330,126	$44,278	$841,671	5%
2029	$44,278	$155,477	$901	$7,040	$193,615	$973,756	20%
2030	$193,615	$160,530	$1,928	$35,125	$320,949	$1,084,751	30%
2031	$320,949	$165,747	$445	$343,284	$143,857	$877,706	16%
2032	$143,857	$166,500	$1,765	$7,749	$304,372	$1,024,754	30%
2033	$304,372	$171,911	$3,113	$8,628	$470,769	$1,179,767	40%
2034	$470,769	$177,498	$4,477	$13,524	$639,220	$1,338,865	48%
2035	$639,220	$183,267	$5,455	$66,873	$761,069	$1,450,791	52%
2036	$761,069	$189,223	$6,286	$91,608	$864,970	$1,544,918	56%
2037	$864,970	$195,373	$7,566	$44,355	$1,023,553	$1,697,008	60%
2038	$1,023,553	$201,723	$8,360	$110,244	$1,123,393	$1,788,814	63%
2039	$1,123,393	$208,279	$10,012	$14,400	$1,327,283	$1,990,532	67%
2040	$1,327,283	$215,048	$8,234	$435,223	$1,115,342	$1,756,481	63%
2041	$1,115,342	$222,037	$5,906	$506,528	$836,757	$1,446,148	58%
2042	$836,757	$229,253	$7,757	$8,575	$1,065,192	$1,660,855	64%
2043	$1,065,192	$236,704	$9,218	$64,762	$1,246,351	$1,828,533	68%
2044	$1,246,351	$244,396	$11,197	$11,375	$1,490,570	$2,064,370	72%
2045	$1,490,570	$252,339	$9,005	$522,842	$1,229,072	$1,770,066	69%
2046	$1,229,072	$260,540	$8,252	$355,731	$1,142,134	$1,653,258	69%
2047	$1,142,134	$269,008	$9,557	$115,624	$1,305,075	$1,794,630	73%
2048	$1,305,075	$277,751	$10,294	$194,002	$1,399,118	$1,865,457	75%
2049	$1,399,118	$286,778	$12,213	$61,250	$1,636,859	$2,086,874	78%
2050	$1,636,859	$296,098	$14,287	$53,871	$1,893,373	$2,330,678	81%
2051	$1,893,373	$305,721	$14,430	$297,610	$1,915,914	$2,330,776	82%
2052	$1,915,914	$315,657	$11,920	$626,510	$1,616,982	$1,988,929	81%
2053	$1,616,982	$325,916	$14,369	$37,703	$1,919,564	$2,270,235	85%

3 Chisolm Street Homeowners Association, Inc.

Projection Charts

Directed Cash Flow Method

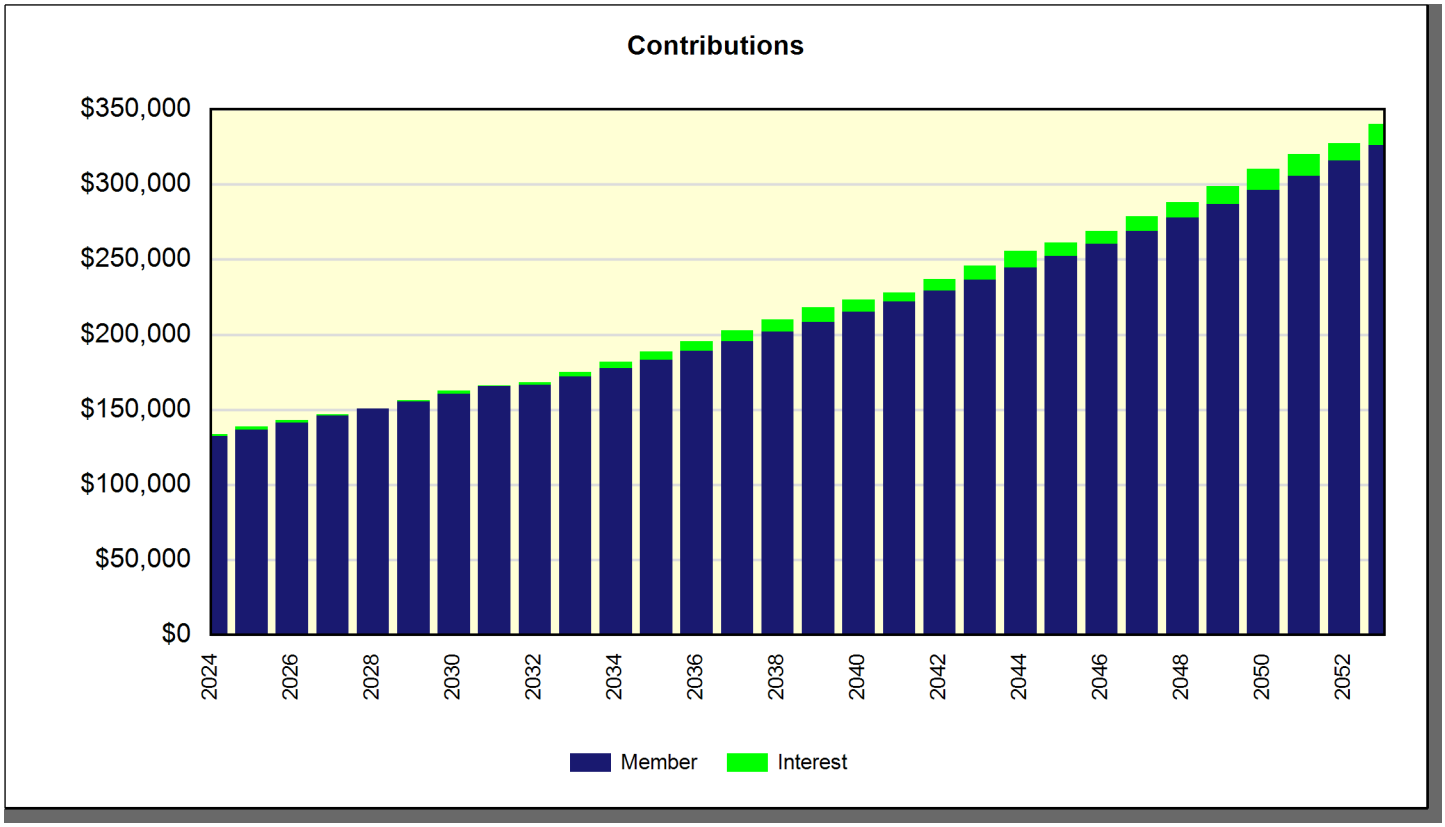


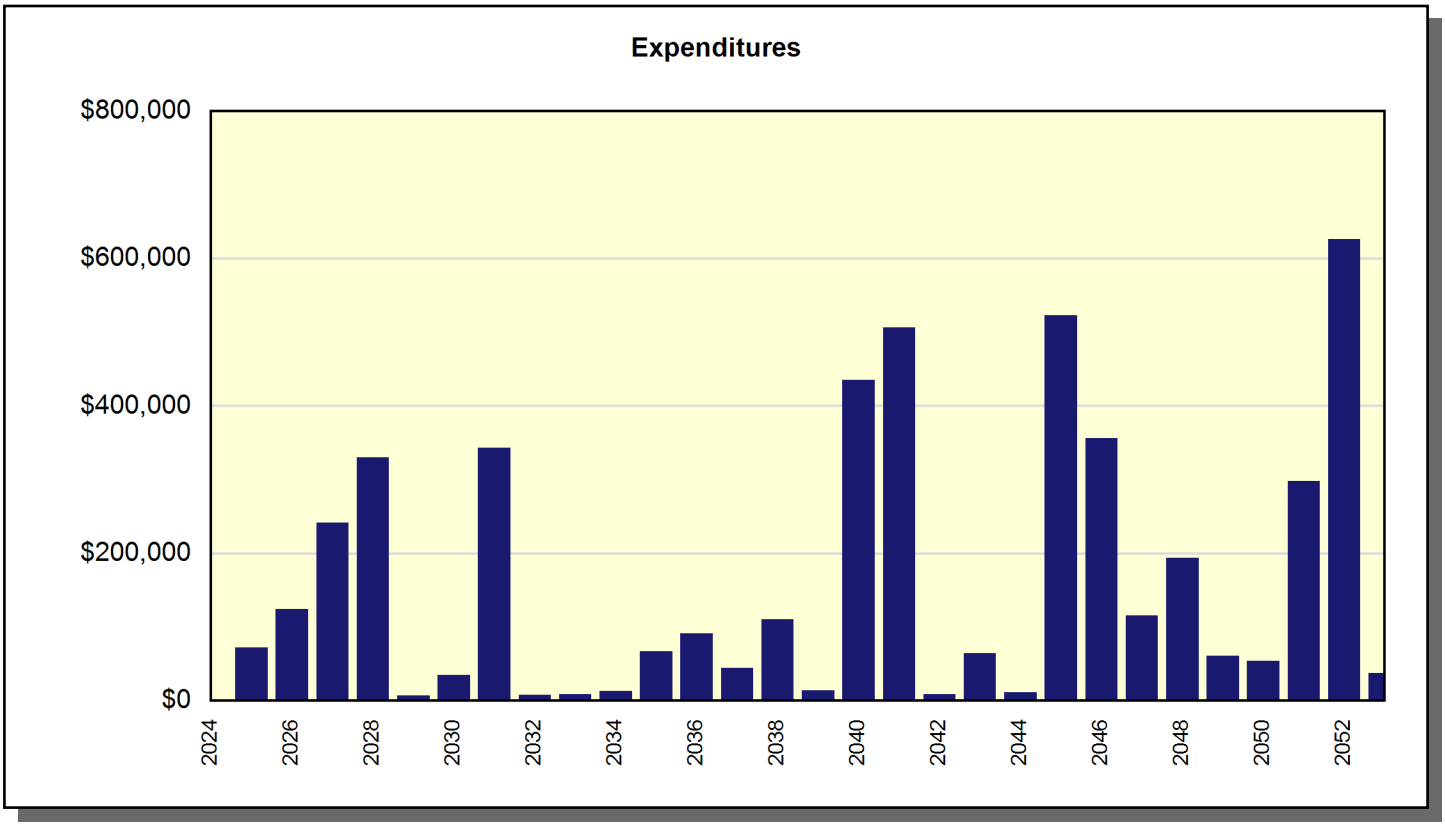


3 Chisolm Street Homeowners Association, Inc.

Projection Charts

Directed Cash Flow Method





EXCLUDED

Category	000 Excluded	Quantity	0 comment
		Unit Cost	$0.00
		% of Replacement	100.00%
		Current Cost	$0.00
Placed In Service	01/2023	Future Cost	$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	$0.00
Remaining Life	n.a.	Monthly Member Contribution	$0.00
Replacement Year	n.a.	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$0.00

The following items have been excluded. Please let us know if the board would like any of these items incorporated into the study.

Verandahs including railings, windows, exterior homeowner doors, homeowner roof top deck and homeowner patio of main building, stone sidewalks along street frontage, stone walkways from street to buildings' steps - Per direction of client representative.

Crawl space ventilation system - We have no information about this system. Replace grates as needed.

Landscape refurbishment projects, site drainage, tree removal, irrigation, chain link fence, wood cantilevered deck at Annex, rug, furniture and artwork on Main bldg's 3rd floor - Per client direction

Roof top terrace, including homeowner roof hatch walls, roof, windows associated with terrace.
Electrical Panels - Long life.

Steps into building - It is not possible to predict when a step would need to be replaced. Fund through the annual budget's maintenance fund.

Sealing, repairs or replacement of terrazzo floors - Client is currently stripping and waxing.

Water penetration damage or building defects - Outside the scope of reserve study.

Building code or zoning violations or upgrades - Outside scope of reserve study.

Structural stability or engineering analysis - Outside scope of reserve study.

Environmental conditions, including asbestos, radon, formaldehyde, lead, water or air quality, electromagnetic radiation or other environmental hazards - Outside scope of reserve study.

Geological stability or soil conditions - Outside scope of reserve study.

Soil contamination - Outside scope of reserve study.

Hydrological conditions - Outside scope of reserve study.

Mold or fungus - Outside scope of reserve study.

Termites or other pest control - Outside scope of reserve study.

Risk of wildfire, flood, or seismic activity - Outside scope of reserve study.

Water quality or testing - Outside scope of reserve study.

Illegal or controlled substances - Outside scope of reserve study.

Building values or appraisals - Outside scope of reserve study.

Adequacy of efficiency of any system or component - Outside scope of reserve study.

Information not provided by the client necessary to identify all components - Outside scope of reserve study.

Unless included in study, any component concealed or hidden from view - Inability to accurately quantify item. If component has been included, quantities and unit costs are speculative.

Replacement of entire irrigation system - Please advise if funding should be included for full or partial replacement of irrigation system.

Repairs to earthen dam walls - A qualified engineer should regularly monitor any earthen dams. If repairs are required they can be incorporated into the study.

Asphalt - Pavement Conditioner

Category	010 Paving	Quantity	1 total
		Unit Cost	$4,822.01
		% of Replacement	100.00%
		Current Cost	$4,822.01
Placed In Service	01/2026	Future Cost	$6,639.40
Useful Life	8		
		Assigned Reserves at FYB	$0.00
Remaining Life	10	Monthly Member Contribution	$19.64
Replacement Year	2034	Monthly Interest Contribution	$0.12
		Total Monthly Contribution	$19.75

Assumes parking lot will be overlaid in 2026. If the parking lot's asphalt is rejuvenated regularly, the overlay lifespan can be extended.

23	sq. yds. of repair (2%)	@	$59.47	=	$1,367.81
1,140	sq. yds. of pavement dressing conditioner	@	$3.03	=	$3,454.20
			TOTAL	=	$4,822.01

Asphalt Paving - Overlay

Category	010 Paving	Quantity	1 total
		Unit Cost	$24,156.41
		% of Replacement	100.00%
		Current Cost	$24,156.41
Placed In Service	01/2001	Future Cost	$25,752.09
Useful Life	25		
		Assigned Reserves at FYB	$0.00
Remaining Life	2	Monthly Member Contribution	$448.39
Replacement Year	2026	Monthly Interest Contribution	$2.65
		Total Monthly Contribution	$451.04

23 sq. yds. of repair (2%)	@	$59.47	=	$1,367.81
1,140 sq. yds. of 1.5" overlay	@	$19.99	=	$22,788.60
		TOTAL	=	$24,156.41

Most asphalt surfaces can be expected to last approximately 20 to 25 years before it will become necessary for an overlay to be applied.

Deflection testing should be conducted by an independent consultant near the end of the estimated useful life to determine the condition of the asphalt and to determine if major rehabilitation is required. In addition to deflection testing, a consultant should be able to provide specifications, and testing to confirm actual installation meets the specifications. As costs vary, a provision for this consulting has not been included in this cost estimate. Should the client request, this cost can be incorporated into this analysis.

If properly built, the road or parking lot deteriorates from the top down, which only requires the replacement of a thin layer of asphalt, or preferably the application of a thin wearing layer on top of the existing asphalt. The asphalt overlay not only provides a new paving surface for a fraction of the cost of rebuilding the entire roadway, but it is the only preventive maintenance technique that adds structural value while extending a pavement's service life. According to a 2008 study by the National Asphalt Pavement Association (NAPA), thin overlays were more cost-effective options over a roadway's expected service life than chip seal, slurry seal and micro-surfacing.

Repairs and milling should be performed first. Adjusting manhole and valve covers should be performed at the same time. After the road or parking lot has been swept mechanically, a tack coat will be applied. If not properly maintained, the nozzles that spray the tack coat can become clogged, resulting in a poor application. Loose asphalt will be trucked in. Trucks leaving the area will create asphalt tracks outside the work area. This can’t be helped and will soon fade. The asphalt temperature should be between 270 and 325 degrees Fahrenheit and should be tested at the site. The distance from the plant and weather, including wind, humidity and temperature can significantly affect this temperature, and if the driver stops to pick up some food the asphalt may need to be rejected. The proper temperature ensures enough time for the loose asphalt to be compacted sufficiently. Insufficient compaction will cause the newly placed wearing layer to quickly fail. The ground and existing asphalt temperature can also cool the asphalt

It is important to remember that over the last few years, the petroleum market has become much more volatile and price for liquid asphalt have seen exceptional jumps in very short periods of time. A reserve study can account for historical inflation, but can’t predict future oil prices.

3 Chisolm Street Homeowners Association, Inc.

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Site Concrete - Repairs

Category	010 Paving	Quantity	1 total
		Unit Cost	$50,527.75
		% of Replacement	25.00%
		Current Cost	$12,631.94
Placed In Service	01/2001	Future Cost	$13,466.36
Useful Life	12		
Adjustment	+13	Assigned Reserves at FYB	$11,621.38
Remaining Life	2	Monthly Member Contribution	$28.75
Replacement Year	2026	Monthly Interest Contribution	$5.52
		Total Monthly Contribution	$34.27

A number of concrete repairs are needed. Several of the steps, stoops, and flatwork are damaged.

315 lin. ft. of curb	@	$68.85	=	$21,687.75
824 sq. ft. of entrances	@	$35.00	=	$28,840.00
		TOTAL	=	$50,527.75

The cost of this allowance is based on the replacement value of a percentage of the total site concrete; however, the actual means of remedying any deficiencies is not limited to simply replacing concrete. Although excluded, the community maybe financially responsible for repairs of sidewalk located along a publicly maintained road,

Concrete repairs are rarely urgent, and many communities can wait extended period of time without having to address concrete issues. One aspect that should be addressed are tripping hazards. Most municipalities allow a maximum of a 1" difference in elevation from the edge of one sidewalk panel to the next. Anything greater constitutes a tripping hazard and should be corrected.

Sidewalk or curb that have shifted more than 1” relative to another section, can be ground down, although the result is not visually appealing. Another option in correcting elevation issues involves pumping either urethane foam or a concrete slurry below the lower panel, forcing it to rise. More expensive is the demolition and replacement of sidewalk or curb, but the new concrete will not match existing concrete.

Spalling occurs when moisture gets into the concrete and the ice expands busting through to the surface. It is common to see the entire surface of a sidewalk panel disintegrate. Pitting is similar to spalling, but looks like you would imagine. Both are common in sidewalk that was over finished, but there can be multiple culprits. Air entrained concrete meant to prevent spalling, may not have been used by the original contractor. There are a number of products designed to patch spalled concrete including polymer-modified cement and epoxy. Surface preparation is critical for overlaying the damaged sidewalk, and if moisture is still present the overlay will fail.

Many minor cracks should simply be left alone or caulked if wide enough.

Site Water and Sewer - Repairs

Category	020 Utilities & Drainage	Quantity	1 total
		Unit Cost	$15,000.00
		% of Replacement	100.00%
		Current Cost	$15,000.00
Placed In Service	01/2001	Future Cost	$18,763.84
Useful Life	10		
Adjustment	+20	Assigned Reserves at FYB	$0.00
Remaining Life	7	Monthly Member Contribution	$84.32
Replacement Year	2031	Monthly Interest Contribution	$0.50
		Total Monthly Contribution	$84.82

Useful life assumes that the site lines are older. We have not reviewed government utility maps. Unless we have received utility plans, our quantities are based on where we would expect water, sewer, and storm lines to be located.

We advise the client to employ a competent engineer to periodically investigate the condition of the water and sewer system so that a better understanding of future expenses related to the system can be estimated.

This asset is partially or fully, buried or concealed. Since a reserve analysis includes a visual observation only it is impossible to accurately identify, measure or quantify, estimated useful life or cost for any assets that are partially or fully concealed or buried. Although these items may be included in the reserve analysis, Reserve Professionals is not responsible for any discrepancies that may exist between the study and actual conditions or responsible for an omission of such item.

3 Chisolm Street Homeowners Association, Inc.

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Storm System - Curb Inlet Repairs

Category	020 Utilities & Drainage	Quantity	4 total
		Unit Cost	$2,600.00
		% of Replacement	100.00%
		Current Cost	$10,400.00
Placed In Service	01/2001	Future Cost	$15,265.61
Useful Life	35		
		Assigned Reserves at FYB	$0.00
Remaining Life	12	Monthly Member Contribution	$36.10
Replacement Year	2036	Monthly Interest Contribution	$0.21
		Total Monthly Contribution	$36.32

The cost associated with this component is an allowance and is speculative in nature. The actual cost could be significantly higher.

Retaining Wall - Repairs

Category	030 Site	Quantity	1,119 sq. ft.
		Unit Cost	$80.00
		% of Replacement	10.00%
		Current Cost	$8,952.00
Placed In Service	01/2018	Future Cost	$19,287.75
Useful Life	10		
Adjustment	+20	Assigned Reserves at FYB	$0.00
Remaining Life	24	Monthly Member Contribution	$17.73
Replacement Year	2048	Monthly Interest Contribution	$0.10
		Total Monthly Contribution	$17.84

This asset is partially or fully, buried or concealed. Since a reserve analysis includes a visual observation only it is impossible to accurately identify, measure or quantify, estimated useful life or cost for any assets that are partially or fully concealed or buried. Although these items may be included in the reserve analysis, Reserve Professionals is not responsible for any discrepancies that may exist between the study and actual conditions or responsible for an omission of such item.

3 Chisolm Street Homeowners Association, Inc.

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Site Railings & Aluminum Fencing

Category	030 Site	Quantity	1 total
		Unit Cost	$50,748.90
		% of Replacement	100.00%
		Current Cost	$50,748.90
Placed In Service	01/2001	Future Cost	$63,482.94
Useful Life	30		
		Assigned Reserves at FYB	$0.00
Remaining Life	7	Monthly Member Contribution	$285.27
Replacement Year	2031	Monthly Interest Contribution	$1.69
		Total Monthly Contribution	$286.96

Railings may need to be painted if cast iron.

365	lin. ft. metal fencing	@	$91.86	=	$33,528.90
138	lin. ft. of metal railing	@	$100.00	=	$13,800.00
76	lin. ft. of handrail	@	$45.00	=	$3,420.00
			TOTAL	=	$50,748.90

3 Chisolm Street Homeowners Association, Inc.

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Site Walls - Stucco

Category	030 Site	Quantity	1 total
		Unit Cost	$6,469.78
		% of Replacement	100.00%
		Current Cost	$6,469.78
Placed In Service	01/2018	Future Cost	$8,627.80
Useful Life	15		
		Assigned Reserves at FYB	$0.00
Remaining Life	9	Monthly Member Contribution	$28.94
Replacement Year	2033	Monthly Interest Contribution	$0.17
		Total Monthly Contribution	$29.11

1,119	sq. ft. of painting stucco	@	$3.82	=	$4,274.58
112	sq. ft. of stucco repairs (10%)	@	$19.60	=	$2,195.20
			TOTAL	=	$6,469.78

Stone and Brick Pavers - Replace

Category	030 Site	Quantity	1 total
		Unit Cost	$113,685.40
		% of Replacement	100.00%
		Current Cost	$113,685.40
Placed In Service	01/2001	Future Cost	$229,766.14
Useful Life	45		
		Assigned Reserves at FYB	$0.00
Remaining Life	22	Monthly Member Contribution	$240.44
Replacement Year	2046	Monthly Interest Contribution	$1.42
		Total Monthly Contribution	$241.86

	Garden area				
2,216	sq. ft. of replacement, brick and flagstone	@	$27.48	=	$60,895.68
715	lin. ft. garden edging brick	@	$15.00	=	$10,725.00
	Parking entrances				
808	sq. ft. of replacement	@	$39.00	=	$31,512.00
	Building entrances				
384	sq. ft. of replacement	@	$27.48	=	$10,552.32
			TOTAL	=	$113,685.00

Stone and Brick Pavers - Reset

Category	030 Site	Quantity	1 total
		Unit Cost	$26,403.82
		% of Replacement	100.00%
		Current Cost	$26,403.82
Placed In Service	01/2001	Future Cost	$27,261.94
Useful Life	10		
Adjustment	+14	Assigned Reserves at FYB	$25,303.66
Remaining Life	1	Monthly Member Contribution	$62.11
Replacement Year	2025	Monthly Interest Contribution	$12.02
		Total Monthly Contribution	$74.13

Both the bricks and stone in the garden area should be relaid. The useful life cycle and/or remaining life has been extended due to financial condition of the client.

garden area

2,216	sq. ft. of resetting	@	$8.50	=	$18,836.00
222	sq. ft. of repairs (10%)	@	$34.09	=	$7,567.98
			TOTAL	=	$26,403.98

3 Chisolm Street Homeowners Association, Inc.

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Decks - Concrete, Annex

Category	050 Miscellaneous Structures	Quantity	1 total
		Unit Cost	$34,531.85
		% of Replacement	100.00%
		Current Cost	$34,531.85
Placed In Service	01/2001	Future Cost	$112,759.22
Useful Life	60		
		Assigned Reserves at FYB	$0.00
Remaining Life	37	Monthly Member Contribution	$50.82
Replacement Year	2061	Monthly Interest Contribution	$0.30
		Total Monthly Contribution	$51.12

There is some cracking forming along the landing at the top of the exterior stairs, and rust is forming on the exterior stairs. Additionally, the one of the cheek walls abutting the stairs feature a very large crack on both sides of the wall. An engineer should review these conditions.

299	sq. ft. of concrete balconies, homeowner	@	$77.95	=	$23,307.05
144	sq. ft. of concrete balconies, fire escape	@	$77.95	=	$11,224.80
			TOTAL	=	$34,531.85

3 Chisolm Street Homeowners Association, Inc.

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Decks - Metal, Main

Category	050 Miscellaneous Structures	Quantity	90 sq. ft.
		Unit Cost	$131.00
		% of Replacement	100.00%
		Current Cost	$11,790.00
Placed In Service	01/2001	Future Cost	$23,828.41
Useful Life	45		
		Assigned Reserves at FYB	$0.00
Remaining Life	22	Monthly Member Contribution	$24.94
Replacement Year	2046	Monthly Interest Contribution	$0.15
		Total Monthly Contribution	$25.08

Decks - Wood HVAC

Category	050 Miscellaneous Structures	Quantity	1 total
		Unit Cost	$13,408.29
		% of Replacement	100.00%
		Current Cost	$13,408.29
Placed In Service	01/2001	Future Cost	$14,758.55
Useful Life	20		
Adjustment	+6	Assigned Reserves at FYB	$0.00
Remaining Life	3	Monthly Member Contribution	$167.88
Replacement Year	2027	Monthly Interest Contribution	$0.99
		Total Monthly Contribution	$168.87

Deck supports feel strong, but we would advise that an engineer review the stability or otherwise replace this item due to its age. The useful life cycle and/or remaining life has been extended due to financial condition of the client.

Includes cost to move hvac system and reinstall.

160	sq. ft. of platform	@	$40.05	=	$6,408.00
1	provision disconnect, move, and reinstall condenser units	@	$7,000.00	=	$7,000.00
			TOTAL	=	$13,408.00

Exterior Stairs - Annex

Category	050 Miscellaneous Structures	Quantity	1 total
		Unit Cost	$24,000.00
		% of Replacement	100.00%
		Current Cost	$24,000.00
Placed In Service	01/2001	Future Cost	$41,337.32
Useful Life	40		
		Assigned Reserves at FYB	$0.00
Remaining Life	17	Monthly Member Contribution	$62.19
Replacement Year	2041	Monthly Interest Contribution	$0.37
		Total Monthly Contribution	$62.56

There is some cracking forming along the landing at the top of the exterior stairs, and rust is forming on the exterior stairs. Additionally, the one of the cheek walls abutting the stairs feature a very large crack on both sides of the wall. An engineer should review these conditions.

1 stair system	@	$24,000.00	=	$24,000.00
		TOTAL	=	$24,000.00

The decks and railings throughout this community have been visually inspected for condition assessment purposes only. No attempt has been made to determine the structural integrity of the decks, railings, or fencing. Should this be a concern of the association, the board may wish to obtain the services of an outside, independent, structural engineering firm for this sole purpose. Any opinions or recommendations obtained can be incorporated into a future revision to this report.

3 Chisolm Street Homeowners Association, Inc.

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Painting - Wood Fencing & Pergola

Category	050 Miscellaneous Structures	Quantity	1 total
		Unit Cost	$7,135.40
		% of Replacement	100.00%
		Current Cost	$7,135.40
Placed In Service	01/2019	Future Cost	$7,853.96
Useful Life	8		
		Assigned Reserves at FYB	$0.00
Remaining Life	3	Monthly Member Contribution	$89.34
Replacement Year	2027	Monthly Interest Contribution	$0.53
		Total Monthly Contribution	$89.87

25	sq. ft. of pergola	@	$2.60	=	$65.00
208	lin. ft. of 8' solid board fence	@	$20.80	=	$4,326.40
4	solid board gate(s), 6' high	@	$160.00	=	$640.00
63	lin. ft. of 3' picket fence, cottage	@	$8.00	=	$504.00
2	gate(s), 3' high	@	$160.00	=	$320.00
4	trash gates	@	$320.00	=	$1,280.00
			TOTAL	=	$7,135.40

3 Chisolm Street Homeowners Association, Inc.

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Wood Fencing & Pergola

Category	050 Miscellaneous Structures	Quantity	1 total
		Unit Cost	$23,749.65
		% of Replacement	100.00%
		Current Cost	$23,749.65
Placed In Service	01/2001	Future Cost	$29,708.97
Useful Life	25		
Adjustment	+5	Assigned Reserves at FYB	$0.00
Remaining Life	7	Monthly Member Contribution	$133.50
Replacement Year	2031	Monthly Interest Contribution	$0.79
		Total Monthly Contribution	$134.29

25	sq. ft. of pergola	@	$26.36	=	$659.00
208	lin. ft. of 8' solid board fence	@	$67.50	=	$14,040.00
4	solid board gate(s), 6' high	@	$534.00	=	$2,136.00
63	lin. ft. of 3' picket fence, cottage	@	$36.45	=	$2,296.35
2	gate(s), 3' high	@	$309.15	=	$618.30
4	trash gates	@	$1,000.00	=	$4,000.00
			TOTAL	=	$23,749.65

3 Chisolm Street Homeowners Association, Inc.

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Roofs - Awnings

Category	060 Roofs	Quantity	35 sq. ft.
		Unit Cost	$75.00
		% of Replacement	100.00%
		Current Cost	$2,625.00
Placed In Service	01/2001	Future Cost	$3,283.67
Useful Life	25		
Adjustment	+5	Assigned Reserves at FYB	$0.00
Remaining Life	7	Monthly Member Contribution	$14.76
Replacement Year	2031	Monthly Interest Contribution	$0.09
		Total Monthly Contribution	$14.84

The useful life cycle and/or remaining life has been extended due to financial condition of the client.

3 Chisolm Street Homeowners Association, Inc.

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Roofs - Gutters, Annex & Cottage

Category	060 Roofs	Quantity	1 total
		Unit Cost	$5,703.00
		% of Replacement	100.00%
		Current Cost	$5,703.00
Placed In Service	01/2001	Future Cost	$7,134.01
Useful Life	30		
		Assigned Reserves at FYB	$0.00
Remaining Life	7	Monthly Member Contribution	$32.06
Replacement Year	2031	Monthly Interest Contribution	$0.19
		Total Monthly Contribution	$32.25

It is our understanding that the gutter system will be replaced in addition to the replacement of the flat roof of the main building.

	Annex				
280	lin. ft. aluminum "Box" gutters	@	$18.00	=	$5,040.00
	Cottage				
51	lin. ft. aluminum "K" gutters	@	$13.00	=	$663.00
			TOTAL	=	$5,703.00

3 Chisolm Street Homeowners Association, Inc.

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Roofs - Gutters, Main

Category	060 Roofs	Quantity	1 total
		Unit Cost	$10,346.31
		% of Replacement	100.00%
		Current Cost	$10,346.31
Placed In Service	01/2001	Future Cost	$12,942.43
Useful Life	30		
		Assigned Reserves at FYB	$0.00
Remaining Life	7	Monthly Member Contribution	$58.16
Replacement Year	2031	Monthly Interest Contribution	$0.34
		Total Monthly Contribution	$58.50

It is our understanding that the gutter system will be replaced in addition to the replacement of the flat roof of the main building.

Main

717	lin. ft. metal gutters	@	$14.43	=	$10,346.31
			TOTAL	=	$10,346.31

Roofs - Metal

Category	060 Roofs	Quantity	290 sq. ft.
		Unit Cost	$24.00
		% of Replacement	100.00%
		Current Cost	$6,960.00
Placed In Service	01/2001	Future Cost	$10,216.21
Useful Life	35		
		Assigned Reserves at FYB	$0.00
Remaining Life	12	Monthly Member Contribution	$24.16
Replacement Year	2036	Monthly Interest Contribution	$0.14
		Total Monthly Contribution	$24.30

In order to ensure a high quality installation, the client may wish to obtain the services of an independent roofing consultant to work with the client and the roofing contractor providing installation. Consultants are available for the preparation of installation specifications and, if desired, to work with the contractor during the installation process. Fees for these services vary based on the size of the project and detail required by the client, and have not been included in the cost used for this component. Should the client desire, a provision for a consultant can be incorporated into this analysis.

Annex	114	sq. ft.
cottage	176	sq. ft.
	290	sq. ft.

Roofs - Shingles, Annex

Category	060 Roofs	Quantity	7,564 sq. ft.
		Unit Cost	$3.64
		% of Replacement	100.00%
		Current Cost	$27,532.96
Placed In Service	01/2001	Future Cost	$28,427.78
Useful Life	24		
		Assigned Reserves at FYB	$26,385.75
Remaining Life	1	Monthly Member Contribution	$64.77
Replacement Year	2025	Monthly Interest Contribution	$12.53
		Total Monthly Contribution	$77.30

We were unable to review the shingles. We don't know the type of shingle on the roof, but have assumed a more conservative useful life.

In order to ensure a high quality installation, the client may wish to obtain the services of an independent roofing consultant to work with the client and the roofing contractor providing installation. Consultants are available for the preparation of installation specifications and, if desired, to work with the contractor during the installation process. Fees for these services vary based on the size of the project and detail required by the client, and have not been included in the cost used for this component. Should the client desire, a provision for a consultant can be incorporated into this analysis.

3 Chisolm Street Homeowners Association, Inc.

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Roofs - Single Ply, Cottage

Category	060 Roofs	Quantity	1 total
		Unit Cost	$9,266.40
		% of Replacement	100.00%
		Current Cost	$9,266.40
Placed In Service	01/2017	Future Cost	$14,043.71
Useful Life	20		
		Assigned Reserves at FYB	$0.00
Remaining Life	13	Monthly Member Contribution	$30.03
Replacement Year	2037	Monthly Interest Contribution	$0.18
		Total Monthly Contribution	$30.21

In order to ensure a high quality installation, the client may wish to obtain the services of an independent roofing consultant to work with the client and the roofing contractor providing installation. Consultants are available for the preparation of installation specifications and, if desired, to work with the contractor during the installation process. Fees for these services vary based on the size of the project and detail required by the client, and have not been included in the cost used for this component. Should the client desire, a provision for a consultant can be incorporated into this analysis.

792 sq. ft. of TPO, roofing, Cottage	@	$11.70	=	$9,266.40
		TOTAL	=	$9,266.40

3 Chisolm Street Homeowners Association, Inc.

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Roofs - Single Ply, Main

Category	060 Roofs	Quantity	1 total
		Unit Cost	$215,557.80
		% of Replacement	100.00%
		Current Cost	$215,557.80
Placed In Service	01/2025	Future Cost	$421,944.19
Useful Life	20		
		Assigned Reserves at FYB	$0.00
Remaining Life	21	Monthly Member Contribution	$472.45
Replacement Year	2045	Monthly Interest Contribution	$2.79
		Total Monthly Contribution	$475.25

As discussed, we have removed the cost of the roofing membrane and remediation that will need to be replaced in the very near future. We have changed the placed in service date to 1/2025, assuming that the roof will be replaced at some point in 2024, which will be funded through an assessment outside of the reserve study.

The building is experiencing water penetration. The cost of this asset includes only replacement of the roof membrane. The replacement of the insulation, substrate, and remediation of the water is included separately as a 1 time expense.

In order to ensure a high quality installation, the client may wish to obtain the services of an independent roofing consultant to work with the client and the roofing contractor providing installation. Consultants are available for the preparation of installation specifications and, if desired, to work with the contractor during the installation process. Fees for these services vary based on the size of the project and detail required by the client, and have not been included in the cost used for this component. Should the client desire, a provision for a consultant can be incorporated into this analysis.

16,030	sq. ft. of TPO roofing, Main	@	$13.26	=	$212,557.80
1	roof hatch	@	$3,000.00	=	$3,000.00
			TOTAL	=	$215,557.80

Brick - Painting, Annex

Category	070 Exterior	Quantity	1 total
		Unit Cost	$35,932.40
		% of Replacement	100.00%
		Current Cost	$35,932.40
Placed In Service	06/2023	Future Cost	$72,621.89
Useful Life	12		
Adjustment	+11	Assigned Reserves at FYB	$0.00
Remaining Life	22	Monthly Member Contribution	$76.00
Replacement Year	2046	Monthly Interest Contribution	$0.45
		Total Monthly Contribution	$76.45

The terra cotta paint has peeled significantly from numerous areas. Cost of painting can vary dramatically, depending on the amount of the preparation work.

Walls should be periodically power washed on a low setting by an experienced professional to remove dirt and debris buildup. Clean and touch up spots and stains as needed.

Bids for paint may vary considerably since labor costs predominate, and a contractor without work may bid low just to keep crews busy, although the best contractors always seem to be busy. Since the material cost of paint is relatively small, the association should select the highest quality paint it can afford. Higher quality paint looks better and lasts longer. Quality caulk, dry weather, and properly prepped surfaces are all required for a quality job.

It is important for the Association to be aware that the IRS has specific rules in determining whether or not paint is considered a capital expense or is in fact part of maintenance. This is in part or wholly determined by how the association files its taxes; whether the association files an 1120 or 1120 H. Please discuss further with the association's CPA and/or attorney to ensure proper tax compliance.

Annex

12,520	sq. ft. 2 coat, brick painting	@	$2.87	=	$35,932.40
			TOTAL	=	$35,932.40

Brick & Terra Cotta - Cleaning & Repairs

Category	070 Exterior	Quantity	1 total
		Unit Cost	$224,843.22
		% of Replacement	100.00%
		Current Cost	$224,843.22
Placed In Service	01/2001	Future Cost	$255,528.91
Useful Life	12		
Adjustment	+15	Assigned Reserves at FYB	$0.00
Remaining Life	4	Monthly Member Contribution	$2,136.21
Replacement Year	2028	Monthly Interest Contribution	$12.62
		Total Monthly Contribution	$2,148.83

The useful life cycle and/or remaining life has been extended due to financial condition of the client.

There is a significant amount of repairs required along the brick and terra cotta surface. We have excluded brick cleaning from Annex since it is painted. Quantities of for repair and point up are estimated. Work should be performed with painting/coating of the brick and terra cotta.

	fountain				
210	sq. ft. of cleaning	@	$0.81	=	$170.10
21	sq. ft. mortar point up (10%)	@	$8.78	=	$184.38
	Annex				
2,504	sq. ft. mortar point up (20%)	@	$12.71	=	$31,825.84
	Cottage				
2,810	sq. ft. of cleaning	@	$0.81	=	$2,276.10
562	sq. ft. mortar point up (20%)	@	$8.78	=	$4,934.36
	Main				
1,468	sq. ft. mortar point up (20%)	@	$26.33	=	$38,652.44
734	terra cotta repairs (10%)	@	$200.00	=	$146,800.00
			TOTAL	=	$224,843.22

Stucco - Painting and Repairs, Main

Category	070 Exterior	Quantity	1 total
		Unit Cost	$164,185.18
		% of Replacement	100.00%
		Current Cost	$164,185.18
Placed In Service	01/2001	Future Cost	$180,719.13
Useful Life	14		
Adjustment	+12	Assigned Reserves at FYB	$0.00
Remaining Life	3	Monthly Member Contribution	$2,055.71
Replacement Year	2027	Monthly Interest Contribution	$12.15
		Total Monthly Contribution	$2,067.85

The useful life cycle and/or remaining life has been extended due to financial condition of the client.

26,291	sq. ft. prime and finish coat	@	$4.13	=	$108,581.83
2,629	sq. ft. repair stucco walls (10%)	@	$21.15	=	$55,603.35
			TOTAL	=	$164,185.18

Terra Cotta - Painting

Category	070 Exterior	Quantity	1 total
		Unit Cost	$31,018.96
		% of Replacement	100.00%
		Current Cost	$31,018.96
Placed In Service	01/2001	Future Cost	$35,252.30
Useful Life	12		
Adjustment	+15	Assigned Reserves at FYB	$0.00
Remaining Life	4	Monthly Member Contribution	$294.71
Replacement Year	2028	Monthly Interest Contribution	$1.74
		Total Monthly Contribution	$296.45

The useful life cycle and/or remaining life has been extended due to financial condition of the client.

The terra cotta paint has peeled significantly from numerous areas. Cost of painting can vary dramatically, depending on the amount of the preparation work.

Walls should be periodically power washed on a low setting by an experienced professional to remove dirt and debris buildup. Clean and touch up spots and stains as needed.

Bids for paint may vary considerably since labor costs predominate, and a contractor without work may bid low just to keep crews busy, although the best contractors always seem to be busy. Since the material cost of paint is relatively small, the association should select the highest quality paint it can afford. Higher quality paint looks better and lasts longer. Quality caulk, dry weather, and properly prepped surfaces are all required for a quality job.

It is important for the Association to be aware that the IRS has specific rules in determining whether or not paint is considered a capital expense or is in fact part of maintenance. This is in part or wholly determined by how the association files its taxes; whether the association files an 1120 or 1120 H. Please discuss further with the association's CPA and/or attorney to ensure proper tax compliance.

Main

8,324	sq. ft. 2 coat, stone painting	@	$2.87	=	$23,889.88
2,484	sq. ft. parapet	@	$2.87	=	$7,129.08
			TOTAL	=	$31,018.96

3 Chisolm Street Homeowners Association, Inc.

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Windows & Doors - Replacement

Category	070 Exterior	Quantity	1 total
		Unit Cost	$79,574.72
		% of Replacement	50.00%
		Current Cost	$39,787.36
Placed In Service	01/2001	Future Cost	$68,529.28
Useful Life	20		
Adjustment	+20	Assigned Reserves at FYB	$0.00
Remaining Life	17	Monthly Member Contribution	$103.10
Replacement Year	2041	Monthly Interest Contribution	$0.61
		Total Monthly Contribution	$103.71

	Annex				
2	entry door(s) w/ transom	@	$2,372.18	=	$4,744.36
3	hollow metal door(s)	@	$888.00	=	$2,664.00
4	solid core wood door(s)	@	$954.59	=	$3,818.36
172	sq. ft. of glass block	@	$100.00	=	$17,200.00
	Main				
128	sq. ft. Steel fixed windows	@	$120.00	=	$15,360.00
2	entry door(s), center w/ fanlites	@	$2,355.00	=	$4,710.00
4	entry door(s), secondary	@	$1,837.00	=	$7,348.00
174	sq. ft. aluminum storefront	@	$95.00	=	$16,530.00
4	aluminum doors	@	$1,800.00	=	$7,200.00
			TOTAL	=	$79,574.72

Flooring - Ceramic Tile, Annex

Category	080 Interior	Quantity	268 sq. ft.
		Unit Cost	$18.79
		% of Replacement	100.00%
		Current Cost	$5,035.72
Placed In Service	01/1990	Future Cost	$8,400.45
Useful Life	40		
Adjustment	+10	Assigned Reserves at FYB	$0.00
Remaining Life	16	Monthly Member Contribution	$13.71
Replacement Year	2040	Monthly Interest Contribution	$0.08
		Total Monthly Contribution	$13.79

This item may be significantly older than the date listed. With proper maintenance ceramic tile can last an extremely long time.

Clean and seal grout annually. Although tile is far less porous it also should also be periodically sealed. Clean grout with an alkaline cleaner and not an acid based, wax based, or oil based cleaner. Additionally avoid using abrasives, scouring powders, bleach, or ammonia based cleaners. Sweep and damp mop tile regularly to remove dirt that can adhere to surface. Steam cleaning may remove stubborn stains or regrout if all other methods have failed. While we do not recommend waxing tile floors due to ongoing maintenance of rewaxing, wax does create a shiny appearance.

Flooring - Hardwood, Refinish

Category	080 Interior	Quantity	795 sq. ft.
		Unit Cost	$5.00
		% of Replacement	107.00%
		Current Cost	$4,253.25
Placed In Service	01/2001	Future Cost	$5,320.49
Useful Life	15		
Adjustment	+15	Assigned Reserves at FYB	$0.00
Remaining Life	7	Monthly Member Contribution	$23.91
Replacement Year	2031	Monthly Interest Contribution	$0.14
		Total Monthly Contribution	$24.05

Includes trash rooms and Annex's hallway. The useful life cycle and/or remaining life has been extended due to financial condition of the client.

The measurement indicated represents the actual area to be replaced. The percentage of replacement has been increased above 100% to allow for a waste factor which should be considered when replacing this component.

Flooring - Terrazzo, Repairs

Category	080 Interior	Quantity	6,534 sq. ft.
		Unit Cost	$27.00
		% of Replacement	10.00%
		Current Cost	$17,641.80
Placed In Service	01/2001	Future Cost	$21,373.87
Useful Life	15		
Adjustment	+14	Assigned Reserves at FYB	$0.00
Remaining Life	6	Monthly Member Contribution	$114.37
Replacement Year	2030	Monthly Interest Contribution	$0.68
		Total Monthly Contribution	$115.04

Terrazzo flooring has an exceptionally long life and is typically cited as lasting for the life of the building, however the buildings are renovated historic buildings. We have included an allowance. Actual cost and timing may fluctuate significantly. Some cracking found near one of the entrances.

3 Chisolm Street Homeowners Association, Inc.

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Painting - Clean & Seal, Garage Floor

Category	080 Interior	Quantity	1 total
		Unit Cost	$10,350.00
		% of Replacement	100.00%
		Current Cost	$10,350.00
Placed In Service	01/2001	Future Cost	$12,947.05
Useful Life	15		
Adjustment	+15	Assigned Reserves at FYB	$0.00
Remaining Life	7	Monthly Member Contribution	$58.18
Replacement Year	2031	Monthly Interest Contribution	$0.34
		Total Monthly Contribution	$58.52

The useful life cycle and/or remaining life has been extended due to financial condition of the client.

Annex

6,900	sq. ft. of concrete clean & seal	@	$1.50	=	$10,350.00
			TOTAL	=	$10,350.00

3 Chisolm Street Homeowners Association, Inc.

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Painting - Garage, Walls & Ceiling

Category	080 Interior	Quantity	1 total
		Unit Cost	$34,620.00
		% of Replacement	100.00%
		Current Cost	$34,620.00
Placed In Service	01/2018	Future Cost	$39,344.80
Useful Life	10		
		Assigned Reserves at FYB	$0.00
Remaining Life	4	Monthly Member Contribution	$328.92
Replacement Year	2028	Monthly Interest Contribution	$1.94
		Total Monthly Contribution	$330.86

Annex

5,070	sq. ft. of wall paint, 1 coat	@	$1.25	=	$6,337.50
10,626	sq. ft. of ceiling paint, 1 coat	@	$1.25	=	$13,282.50
1	allowance, pipes	@	$10,000.00	=	$10,000.00
1	allowance, window frames	@	$5,000.00	=	$5,000.00
			TOTAL	=	$34,620.00

3 Chisolm Street Homeowners Association, Inc.

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Painting - Interior, Hallway Walls

Category	080 Interior	Quantity	1 total
		Unit Cost	$22,635.00
		% of Replacement	100.00%
		Current Cost	$22,635.00
Placed In Service	01/2019	Future Cost	$28,314.63
Useful Life	12		
		Assigned Reserves at FYB	$0.00
Remaining Life	7	Monthly Member Contribution	$127.24
Replacement Year	2031	Monthly Interest Contribution	$0.75
		Total Monthly Contribution	$127.99

	Annex				
4,710	sq. ft. of wall paint, 1 coat	@	$1.25	=	$5,887.50
	Main				
13,398	sq. ft. of wall paint, 1 coat	@	$1.25	=	$16,747.50
			TOTAL	=	$22,635.00

3 Chisolm Street Homeowners Association, Inc.

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Painting - Interior, Hallway Ceiling

Category	080 Interior	Quantity	1 total
		Unit Cost	$6,068.75
		% of Replacement	100.00%
		Current Cost	$6,068.75
Placed In Service	01/2001	Future Cost	$7,591.54
Useful Life	24		
Adjustment	+6	Assigned Reserves at FYB	$0.00
Remaining Life	7	Monthly Member Contribution	$34.11
Replacement Year	2031	Monthly Interest Contribution	$0.20
		Total Monthly Contribution	$34.32

	Annex				
403	sq. ft. of ceiling paint, 1 coat	@	$1.25	=	$503.75
	Main				
4,452	sq. ft. of ceiling paint, 1 coat	@	$1.25	=	$5,565.00
			TOTAL	=	$6,068.75

3 Chisolm Street Homeowners Association, Inc.

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Painting - Interior, Stairwells

Category	080 Interior	Quantity	1 total
		Unit Cost	$14,045.00
		% of Replacement	100.00%
		Current Cost	$14,045.00
Placed In Service	01/2001	Future Cost	$17,569.21
Useful Life	30		
		Assigned Reserves at FYB	$0.00
Remaining Life	7	Monthly Member Contribution	$78.95
Replacement Year	2031	Monthly Interest Contribution	$0.47
		Total Monthly Contribution	$79.42

Main

756	sq. ft. of ceiling paint, 1 coat	@	$1.25	=	$945.00
6,880	sq. ft. of wall paint, 1 coat	@	$1.25	=	$8,600.00
6	stairways	@	$750.00	=	$4,500.00
			TOTAL	=	$14,045.00

3 Chisolm Street Homeowners Association, Inc.

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Access - Entry System

Category	090 Equipment	Quantity	2 total
		Unit Cost	$4,500.00
		% of Replacement	100.00%
		Current Cost	$9,000.00
Placed In Service	01/2020	Future Cost	$14,083.27
Useful Life	18		
		Assigned Reserves at FYB	$0.00
Remaining Life	14	Monthly Member Contribution	$27.39
Replacement Year	2038	Monthly Interest Contribution	$0.16
		Total Monthly Contribution	$27.55

Access - Surveillance System

Category	090 Equipment	Quantity	1 system
		Unit Cost	$5,500.00
		% of Replacement	100.00%
		Current Cost	$5,500.00
Placed In Service	01/2001	Future Cost	$6,053.87
Useful Life	16		
Adjustment	+10	Assigned Reserves at FYB	$0.00
Remaining Life	3	Monthly Member Contribution	$68.86
Replacement Year	2027	Monthly Interest Contribution	$0.41
		Total Monthly Contribution	$69.27

The useful life cycle and/or remaining life has been extended due to financial condition of the client.

This item may be currently performing adequately, but may fail suddenly. The replacement date does not indicate that this item must be replaced, but rather that funds should be set aside available for when this item does fail.

Access Control - Rolling Gate

Category	090 Equipment	Quantity	1 provision
		Unit Cost	$8,900.00
		% of Replacement	100.00%
		Current Cost	$8,900.00
Placed In Service	01/2001	Future Cost	$11,133.21
Useful Life	30		
		Assigned Reserves at FYB	$0.00
Remaining Life	7	Monthly Member Contribution	$50.03
Replacement Year	2031	Monthly Interest Contribution	$0.30
		Total Monthly Contribution	$50.32

Typically, rolling garage gate systems come with a number of accessories, however we didn't notice any with this gate.

3 Chisolm Street Homeowners Association, Inc.

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Elevator - Modernization

Category	090 Equipment	Quantity	1 total
		Unit Cost	$85,000.00
		% of Replacement	100.00%
		Current Cost	$85,000.00
Placed In Service	01/2001	Future Cost	$106,328.42
Useful Life	30		
		Assigned Reserves at FYB	$0.00
Remaining Life	7	Monthly Member Contribution	$477.81
Replacement Year	2031	Monthly Interest Contribution	$2.82
		Total Monthly Contribution	$480.63

Modernization typically includes new controls, new hoistway wires, new fixtures, controller, and door operators.

Elevators - Cab Refurbishing

Category	090 Equipment	Quantity	1 total
		Unit Cost	$15,000.00
		% of Replacement	100.00%
		Current Cost	$15,000.00
Placed In Service	01/2001	Future Cost	$18,763.84
Useful Life	30		
		Assigned Reserves at FYB	$0.00
Remaining Life	7	Monthly Member Contribution	$84.32
Replacement Year	2031	Monthly Interest Contribution	$0.50
		Total Monthly Contribution	$84.82

Elevators - Major Repairs

Category	090 Equipment	Quantity	1 total
		Unit Cost	$15,000.00
		% of Replacement	100.00%
		Current Cost	$15,000.00
Placed In Service	01/2001	Future Cost	$15,990.84
Useful Life	30		
Adjustment	-5	Assigned Reserves at FYB	$12,902.89
Remaining Life	2	Monthly Member Contribution	$50.02
Replacement Year	2026	Monthly Interest Contribution	$6.24
		Total Monthly Contribution	$56.25

Note: this component is for the additional major repair costs associated with hydraulic style elevators such as valve and cylinder replacements.

Cab refurbishing alone is generally sufficient for traction style evevators as all additional maintenance is usually covered within the elevator service agreements.

Some signs that the elevator is ready for modernization include abrupt or halting movements, longer travel times, extended time between stopping and doors opening, and increased service calls. If the cab floor is not level with lobby or hall floor when doors open, an elevator contractor should be contacted immediately.

Modernization includes replacement of controller equipment, sensors, electrical wiring and buttons, position indicators and direction arrows, hoist machine, and motor as well as door hardware, including operator (the motor that slides the door open and shut), levers, tracks and hangers. Modernization should also include replacement of cab finishes, upgrades to current building code, pit ladders, sump pumps, drains, lighting and electrical code upgrades. Cost generally excludes replacement or refurbishment of car slings, rails, or other heavy structures.

Modernization will require integration with fire and smoke alarm systems. Increased cooling requirement may require upgrades to the HVAC in the equipment room. If there is emergency power, confirm that the generator is rated for the new system.

An elevator maintenance contract is recommended to limit downtime and service calls and extend the life of the elevator. Maintenance typically includes routine examinations, lubrication, cleaning, and adjustment of parts or components, but actual scope of responsibilities varies considerably.

Fire Protection - Alarm Panels

Category	090 Equipment	Quantity	2 system
		Unit Cost	$12,000.00
		% of Replacement	100.00%
		Current Cost	$24,000.00
Placed In Service	01/2001	Future Cost	$26,416.87
Useful Life	20		
Adjustment	+6	Assigned Reserves at FYB	$0.00
Remaining Life	3	Monthly Member Contribution	$300.50
Replacement Year	2027	Monthly Interest Contribution	$1.78
		Total Monthly Contribution	$302.27

The useful life cycle and/or remaining life has been extended due to financial condition of the client.

This item may be currently performing adequately, but may fail suddenly. The replacement date does not indicate that this item must be replaced, but rather that funds should be set aside available for when this item does fail.

Fire Protection - Controller

Category	090 Equipment	Quantity	1 total
		Unit Cost	$20,000.00
		% of Replacement	100.00%
		Current Cost	$20,000.00
Placed In Service	01/2001	Future Cost	$21,321.13
Useful Life	25		
		Assigned Reserves at FYB	$0.00
Remaining Life	2	Monthly Member Contribution	$371.24
Replacement Year	2026	Monthly Interest Contribution	$2.19
		Total Monthly Contribution	$373.43

This item may be currently performing adequately, but may fail suddenly. The replacement date does not indicate that this item must be replaced, but rather that funds should be set aside available for when this item does fail.

3 Chisolm Street Homeowners Association, Inc.

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Fire Protection - Jockey Pump

Category	090 Equipment	Quantity	1 total
		Unit Cost	$7,500.00
		% of Replacement	100.00%
		Current Cost	$7,500.00
Placed In Service	01/2022	Future Cost	$15,650.66
Useful Life	25		
		Assigned Reserves at FYB	$0.00
Remaining Life	23	Monthly Member Contribution	$15.34
Replacement Year	2047	Monthly Interest Contribution	$0.09
		Total Monthly Contribution	$15.43

Fire Protection - Jockey Pump Controller

Category	090 Equipment	Quantity	1 total
		Unit Cost	$4,500.00
		% of Replacement	100.00%
		Current Cost	$4,500.00
Placed In Service	01/2022	Future Cost	$9,390.40
Useful Life	25		
		Assigned Reserves at FYB	$0.00
Remaining Life	23	Monthly Member Contribution	$9.20
Replacement Year	2047	Monthly Interest Contribution	$0.05
		Total Monthly Contribution	$9.26

Fire Protection - Pressure Tank

Category	090 Equipment	Quantity	1 system
		Unit Cost	$8,200.00
		% of Replacement	100.00%
		Current Cost	$8,200.00
Placed In Service	01/2018	Future Cost	$12,831.42
Useful Life	20		
		Assigned Reserves at FYB	$0.00
Remaining Life	14	Monthly Member Contribution	$24.95
Replacement Year	2038	Monthly Interest Contribution	$0.15
		Total Monthly Contribution	$25.10

Fire Protection - Pump Rebuild

Category	090 Equipment	Quantity	1 total
		Unit Cost	$35,000.00
		% of Replacement	100.00%
		Current Cost	$35,000.00
Placed In Service	01/2001	Future Cost	$37,311.97
Useful Life	25		
		Assigned Reserves at FYB	$0.00
Remaining Life	2	Monthly Member Contribution	$649.67
Replacement Year	2026	Monthly Interest Contribution	$3.84
		Total Monthly Contribution	$653.50

This item may be currently performing adequately, but may fail suddenly. The replacement date does not indicate that this item must be replaced, but rather that funds should be set aside available for when this item does fail.

Fire Protection - Variable Frequency Drive

Category	090 Equipment	Quantity	1 total
		Unit Cost	$7,500.00
		% of Replacement	100.00%
		Current Cost	$7,500.00
Placed In Service	01/2001	Future Cost	$7,743.75
Useful Life	10		
Adjustment	+14	Assigned Reserves at FYB	$7,187.50
Remaining Life	1	Monthly Member Contribution	$17.64
Replacement Year	2025	Monthly Interest Contribution	$3.41
		Total Monthly Contribution	$21.06

The useful life cycle and/or remaining life has been extended due to financial condition of the client.

This item may be currently performing adequately, but may fail suddenly. The replacement date does not indicate that this item must be replaced, but rather that funds should be set aside available for when this item does fail.

HVAC - Split System, Roof Top

Category	090 Equipment	Quantity	1 total
		Unit Cost	$20,000.00
		% of Replacement	100.00%
		Current Cost	$20,000.00
Placed In Service	04/2023	Future Cost	$30,311.04
Useful Life	14		
		Assigned Reserves at FYB	$0.00
Remaining Life	13	Monthly Member Contribution	$64.82
Replacement Year	2037	Monthly Interest Contribution	$0.38
		Total Monthly Contribution	$65.20

Cost is for full replacement of the outdoor condenser unit and indoor air handler. The indoor air handler was not inspected. HVAC contractors frequently remark that newer systems are more efficient, but do not seem to last as long as older units do. Control wire for thermostats fail at some point, but there is spare wire in the wirestrand, so it usually unnecessary to pull new wire, which would involve cutting holes in walls.

Older compressors (the condenser's main component) suffer from loss of compression as valves wear, resulting in excessive electrical use and loss of comfort in interior spaces. Systems may be replaced prior to complete failure. Replacement of the indoor evaporator coils may make economic sense in a newer system that has somehow failed, but rarely in older systems.

Keep vegetation, debris and mulch away from the outside (condenser) unit. The insulation on the suction line, which runs between the building and the condenser breaks down over time and should be replaced. The condensate line may simply terminate outside, where it is often clogged from mulch and other landscaping operations; it should be clearly marked and monitored to prevent being buried or damaged by lawn equipment.

Condenser unit should be level to maintain proper oil levels and to prevent liquid from entering the compressor. Unusual noise or vibrations may indicate imminent failure of the compressor, but may also be worn bearings, deteriorated vibration separators or pads. Continuous running on mild days or systems that start and stop frequently are reasons to call a professional. Short cycling or continuous running will shorten the life expectancy of the compressor. Any evidence of stains or leaks requires further investigation.

Filters should be replaced every 3 months or cleaned in the case of semi-permanent plastic filters. Filters are commonly located on the return grilles, but may also be located on the air handler. Once a year, the condenser and evaporator coils should be cleaned, and the condensate line should be blown or flushed to remove any particles that could be blocking the line. Keep the condensate tray, drip pan, and condensate pump (if one exists) free of debris. Minor repairs or maintenance include adjusting or replacing belts and/or pulleys that power the blower. Some motors may need to be lubricated.

The gas manifold should be clean, rust free, and the flame should only be blue with orange tip. Yellow flame or blue flame with yellow tips is a warning sign that carbon monoxide is present; a professional should be called immediately. Gas flame should be uniform, not erratic.

1 - 7.5 ton rooftop unit	@	$20,000.00	=	$20,000.00
		TOTAL	=	$20,000.00

HVAC - Split System, Split Unit

Category	090 Equipment	Quantity	1 total
		Unit Cost	$8,913.00
		% of Replacement	100.00%
		Current Cost	$8,913.00
Placed In Service	01/2005	Future Cost	$9,202.67
Useful Life	14		
Adjustment	+6	Assigned Reserves at FYB	$8,467.35
Remaining Life	1	Monthly Member Contribution	$23.63
Replacement Year	2025	Monthly Interest Contribution	$4.04
		Total Monthly Contribution	$27.67

The useful life cycle and/or remaining life has been extended due to financial condition of the client.

This item may be currently performing adequately, but may fail suddenly. The replacement date does not indicate that this item must be replaced, but rather that funds should be set aside available for when this item does fail.

Cost is for full replacement of the outdoor condenser unit and indoor air handler. The indoor air handler was not inspected. HVAC contractors frequently remark that newer systems are more efficient, but do not seem to last as long as older units do. Control wire for thermostats fail at some point, but there is spare wire in the wirestrand, so it usually unnecessary to pull new wire, which would involve cutting holes in walls.

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The gas manifold should be clean, rust free, and the flame should only be blue with orange tip. Yellow flame or blue flame with yellow tips is a warning sign that carbon monoxide is present; a professional should be called immediately. Gas flame should be uniform, not erratic.

Water Pumps - Booster

Category	090 Equipment	Quantity	1 each
		Unit Cost	$5,000.00
		% of Replacement	100.00%
		Current Cost	$5,000.00
Placed In Service	01/2020	Future Cost	$5,503.52
Useful Life	7		
		Assigned Reserves at FYB	$0.00
Remaining Life	3	Monthly Member Contribution	$62.60
Replacement Year	2027	Monthly Interest Contribution	$0.37
		Total Monthly Contribution	$62.97

Water Pumps - Skid

Category	090 Equipment	Quantity	1 system
		Unit Cost	$35,000.00
		% of Replacement	100.00%
		Current Cost	$35,000.00
Placed In Service	01/2023	Future Cost	$75,410.10
Useful Life	25		
		Assigned Reserves at FYB	$0.00
Remaining Life	24	Monthly Member Contribution	$69.33
Replacement Year	2048	Monthly Interest Contribution	$0.41
		Total Monthly Contribution	$69.74

The entire skid system was recently replaced.

Building Water and Sewer - Pipe Repairs

Category	100 Miscellaneous	Quantity	1 provision
		Unit Cost	$6,000.00
		% of Replacement	100.00%
		Current Cost	$6,000.00
Placed In Service	06/2023	Future Cost	$6,396.34
Useful Life	3		
		Assigned Reserves at FYB	$1,354.84
Remaining Life	2	Monthly Member Contribution	$87.39
Replacement Year	2026	Monthly Interest Contribution	$1.14
		Total Monthly Contribution	$88.53

It is our understanding that the buildings' HVAC and electrical systems were upgraded when it was renovated. It has not been confirmed that the water and sewer lines were upgraded as well. We have included an allowance for periodic repairs of this system.

The cost associated with this component is an allowance and is speculative in nature. The actual cost could be significantly higher.

3 Chisolm Street Homeowners Association, Inc.

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Cabinets - Mail Area

Category	100 Miscellaneous	Quantity	2 total
		Unit Cost	$2,356.00
		% of Replacement	100.00%
		Current Cost	$4,712.00
Placed In Service	01/2001	Future Cost	$8,115.89
Useful Life	40		
		Assigned Reserves at FYB	$0.00
Remaining Life	17	Monthly Member Contribution	$12.21
Replacement Year	2041	Monthly Interest Contribution	$0.07
		Total Monthly Contribution	$12.28

4	lin. ft. of wood base cabinets	@	$363.00	=	$1,452.00
4	lin. ft. cult. granite C-top	@	$226.00	=	$904.00
			TOTAL	=	$2,356.00

Lighting - Exterior

Category	100 Miscellaneous	Quantity	1 total
		Unit Cost	$11,350.00
		% of Replacement	100.00%
		Current Cost	$11,350.00
Placed In Service	01/2001	Future Cost	$13,751.06
Useful Life	24		
Adjustment	+5	Assigned Reserves at FYB	$0.00
Remaining Life	6	Monthly Member Contribution	$73.58
Replacement Year	2030	Monthly Interest Contribution	$0.43
		Total Monthly Contribution	$74.01

The useful life cycle and/or remaining life has been extended due to financial condition of the client.

2	main entrance, Main	@	$3,200.00	=	$6,400.00
8	side entrances, Main	@	$550.00	=	$4,400.00
1	main entrance, Annex	@	$550.00	=	$550.00
			TOTAL	=	$11,350.00

3 Chisolm Street Homeowners Association, Inc.

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Lighting - Interior

Category	100 Miscellaneous	Quantity	1 total
		Unit Cost	$45,050.00
		% of Replacement	100.00%
		Current Cost	$45,050.00
Placed In Service	01/2001	Future Cost	$66,126.50
Useful Life	30		
Adjustment	+5	Assigned Reserves at FYB	$0.00
Remaining Life	12	Monthly Member Contribution	$156.39
Replacement Year	2036	Monthly Interest Contribution	$0.92
		Total Monthly Contribution	$157.32

The useful life cycle and/or remaining life has been extended due to financial condition of the client.

Replace Annex garage lights as needed.

	Annex				
18	wall sconces	@	$250.00	=	$4,500.00
3	fans	@	$650.00	=	$1,950.00
2	chandeliers	@	$850.00	=	$1,700.00
	Main				
81	wall sconces	@	$250.00	=	$20,250.00
12	fans	@	$750.00	=	$9,000.00
9	chandeliers	@	$850.00	=	$7,650.00
			TOTAL	=	$45,050.00

Mailboxes - Wall Clusters

Category	100 Miscellaneous	Quantity	27 provision
		Unit Cost	$200.00
		% of Replacement	100.00%
		Current Cost	$5,400.00
Placed In Service	01/2001	Future Cost	$9,300.90
Useful Life	40		
		Assigned Reserves at FYB	$0.00
Remaining Life	17	Monthly Member Contribution	$13.99
Replacement Year	2041	Monthly Interest Contribution	$0.08
		Total Monthly Contribution	$14.08

These are metal recessed/wall mounted mailboxes:

Note: costs are for apartment style, tumbler locks, aluminum or gold finish.

Trash Chute - Reline

Category	100 Miscellaneous	Quantity	1 provision
		Unit Cost	$30,000.00
		% of Replacement	100.00%
		Current Cost	$30,000.00
Placed In Service	01/2001	Future Cost	$51,671.64
Useful Life	40		
		Assigned Reserves at FYB	$0.00
Remaining Life	17	Monthly Member Contribution	$77.74
Replacement Year	2041	Monthly Interest Contribution	$0.46
		Total Monthly Contribution	$78.20

There is little information concerning relining a trash chute. The lifespan and cost is speculative in nature. Actual cost and lifespan may vary significantly from what has been listed here. We have included relining for the main building only. The client plans to remove the Annex's trash chute. Replace trash chute doors as needed.

3 Chisolm Street Homeowners Association, Inc.

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Waterproofing - Fountains

Category	100 Miscellaneous	Quantity	420 sq. ft.
		Unit Cost	$10.00
		% of Replacement	100.00%
		Current Cost	$4,200.00
Placed In Service	01/2001	Future Cost	$4,477.44
Useful Life	25		
		Assigned Reserves at FYB	$3,864.00
Remaining Life	2	Monthly Member Contribution	$9.56
Replacement Year	2026	Monthly Interest Contribution	$1.84
		Total Monthly Contribution	$11.39

3 Chisolm Street Homeowners Association, Inc.

Component Detail Index

3 Chisolm Street Homeowners Association, Inc.

Component Detail Index

61 Components

Section of concrete at garage has sunk, causing a tripping hazard.

There appears to be void that should be filled.

Cottage front stoop is damaged.

Annex step is damaged.

Cracking found at the ADA ramp.

Standing water is a minor issue, but will like cause the surface of concrete to deteriorate faster.

Fine aggregates have eroded from the surface, accelerating the parking lot's decline.

The brick pavers need to be reset.

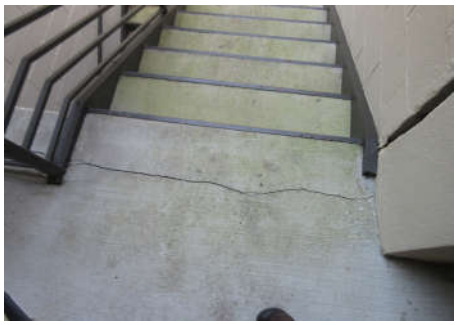
We are uncertain if these ventilation holes are intended to hold water.

Irrigation sprinkler lines probably should be buried underground.

The HVAC stand feels secure, but should be replaced or reviewed by engineer due to its age.

This railing will fail earlier than intended due to being embedded in this manner.

Rust has formed on the exterior metal stairs.



An engineer should review the exterior stairs and landing.

Engineer should review the homeowner deck attachments. This may not be properly flashed.

Mortar deterioration along the bottom of wall should be addressed intermittently.

Some damaged brick found throughout.

Some damaged brick found throughout.

Some damaged brick found throughout.

Terra cotta damage.

The terra cotta surface should be recoated.

The terra cotta surface should be recoated.

Stucco repairs and painting should be performed.

An engineer needs to review the walls abutting the exterior metal stairs at the annex.

An engineer needs to review the walls abutting the exterior metal stairs at the annex.

Terra cotta damage found throughout.

Terra cotta damage found throughout.

Terra cotta damage found throughout.

Building surface should be cleaned.

Building surface should be cleaned.

Remove debris build up to prevent organic growth.

Main gutter system appears to be leaking.

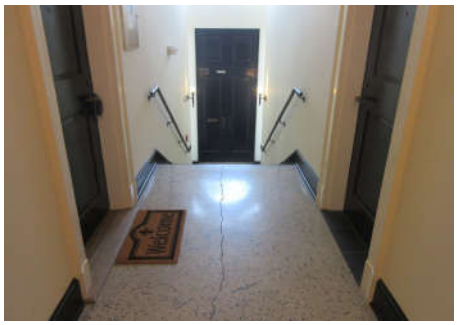
Roof is assumed to be replaced after the report is issued, but before the reserve window.

Evidence of standing water.

Evidence of standing water.

Roof surface is delaminating.

Roof surface is delaminating.



We have excluded terrazzo maintenance, but cracks should be addressed.

Exposed pipes in the garage should be repainted.

Exterior conduit needs to be replaced.

Sprinkler motor should be replaced.

The Association of Professional Reserve Analysts

STANDARDS OF PRACTICE

Table of Contents:

Introduction

These Standards of Practice provide guidelines for the Association of Professional *Reserve Analyst*s and define certain terms relating to Reserve Studies. It is the intention of these Standards to be viewed as a minimum standard and not as a limitation on the opinion, recommendations, or practice of the individual *Reserve Analyst*. Italicized words in these Standards are defined in Part V, Glossary of Terms.

Part I. Definitions and Scope

A. A *Reserve Study* is a budgeting tool intended to aid the directors of Community Associations or other entities responsible for maintaining residential property, retail property, special districts or any other physical plant/property for the future repair, replacement, and restoration of major components of the common areas during the *Economic Life* of a property.

B. A *Reserve Study* is a collaboration between the client and *Reserve Analyst* that brings together the client's unique firsthand knowledge with the Analyst's professional expertise.

C. A *Reserve Study* is comprised of two parts:

1) ***Physical Analysis***: Information about the physical condition and repair/replacement cost of the property *Component*s the client is obligated to maintain. The *Physical Analysis* comprises the *Component Inventory* and the *Component Assessment and Valuation*. The *Component Inventory* should be relatively "stable" over time while the results of the *Component Assessment and Valuation* will change over time.

2) ***Financial Analysis***: The evaluation and analysis of the client's reserve income and expenditures. The *Financial Analysis* opines on the *Funding Plan,* which recommends an appropriate reserve contribution, and the current *Reserve Fund* status measured as *Percent Funded* or cash balance.

D. A *Reserve Study Site Visit* is performed to determine the *Component Inventory* and the *Component Assessment and Valuation* subject to the limitations, exceptions, and exclusions outlined in Part III.

E. There are three standard Levels of Service

I. *Full Study*

II. *Update with Site Visit Study*

III. *Update without Site Visit Study*

Part II. Standards of Practice

SECTION 1 – *Physical Analysis*

A. Information within the *Physical Analysis* Section comes from either a *Site Visit* or a previous *Reserve Study* and from any research with the client, client's representatives, vendors, or other sources.

B. In general, construction defects, acts of God, environmental hazards, future code changes, and unpredictable events shall not be considered. The *Reserve Analyst* will assume that the *Reserve Component*s have been properly built and installed. The *Reserve Analyst* shall at minimum consider all major components that have a predictable remaining useful life of 30 years or less except when specifically contracted for or dictated otherwise by applicable statute.

C. A *Physical Analysis* is not intended to be exhaustive in nature and may include representative sampling.

D. The purpose of a *Physical Analysis* is to estimate the general condition of systems and components and their repair, replacement, or restoration needs beyond that which can be performed as an operating expense.

E. The condition assessment of like systems or components may be evaluated and funded for as a group. Individual failures within these groups need not be separately accounted for.

F. *In general a Reserve Component* is a physical asset that is:

1) *Association* responsibility

2) With limited *Useful Life* expectancy

3) Predictable *Remaining Useful Life* expectancy

4) Above a minimum threshold cost

5) Or where required by applicable statutes

SECTION 2 – *Financial Analysis*

A. The *Financial Analysis* is a function of the expenditures outlined in the *Physical Analysis* and the current financial condition of the *Association*.

B. The *Financial Analysis* portion of a *Reserve Study* shows the current status of the *Reserve Fund* measured as *Percent Funded*.

C. *Percent Funded* shall be the percentage of the actual or estimated cash balance versus the *Fully Funded Balance*.

D. The *Fully Funded Balance* (FFB) shall be calculated by either of the following two equations:

$$FFB = \left(\frac{Current\ Cost * Effective\ Age}{Useful\ Life}\right)$$

$$FFB = \left(\frac{Current\ Cost * Effective\ Age}{Useful\ Life}\right) * (1 + (1 + Interest\ Rate)^{-RUL} - (1 + Inflation\ Rate)^{-RUL})$$

E. The *Financial Analysis* portion of a *Reserve Study* recommends a *Funding Plan* based on the current fund status (measured as *Percent Funded* or cash balance) and the future financial needs of the projects within the *Component* list.

F. The *Funding Plan* shall be prepared using either the *Cash Flow Method* or *Component Method* and shall recommend a periodic Reserve Contribution.

G. The *Funding Plan* shall have one of the four following *Funding Goals*: Full Funding *(Fully Funded)*, *Threshold Funding*, *Statutory Funding*, or *Baseline Funding*.

H. In general any *Funding Plan* shall meet the following Funding Principles: Sufficient funds when required, stable contribution rate over the years, evenly distributed contributions over the years, and fiscally responsible.

I. The *Funding Plan* shall include a reasonable and fiscally responsible provision for inflation and interest. A general description of the method for which inflation and interest are calculated as well as the rates used shall be included in the report.

J. Future costs estimates are based on the current costs and the inflation provision.

K. *Financial Analysis* shall include a 30-year summary of the *Funding Plan*.

Part III. Limitations, Exceptions, and Exclusions

SECTION 1 – *Site Visit.*

The following are typically excluded from the *Site Visit*. Items excluded from the *Site Visit* are not necessarily excluded from the *Physical Analysis* or *Financial Analysis.*

A. Systems or components of a building, or portions thereof, which are not *Readily Accessible,* or are excluded due to circumstances beyond the control of the *Reserve Analyst* or which the Client has agreed or specified to be excluded.

B. Systems or components, or portions thereof, which are under ground, under water, or where the *Inspector* must come into contact with water.

C. Determining compliance with manufacturers' installation guidelines or specifications, building codes, accessibility standards, conservation or energy standards, regulations, ordinances, covenants, or other restrictions.

D. Structural, architectural, forensic, geological, environmental, hydrological, land surveying, or soils-related examinations.

E. Acoustical or other nuisance characteristics of any system or component of a building, complex, adjoining property, or neighborhood.

F. Conditions related to animals, insects, or other organisms, including fungus and mold, and any hazardous, illegal, or controlled substance, or the damage or health risks arising there from.

G. Risks associated with events or conditions of nature including, but not limited to; geological, seismic, wildfire, and flood.

H. Water testing any building, system, or component or determine leakage in shower pans, pools, spas, or any body of water.

I. Differentiating between original construction or subsequent additions or modifications.

J. Fire extinguishing and suppression systems and components or determining fire resistive qualities of materials or assemblies.

K. Elevators, lifts, and dumbwaiters.

L. Lighting pilot lights or activating or operating any system, component, or appliance that is shut down, unsafe to operate, or does not respond to normal user controls.

M. Operating shutoff valves or shutting down any system or component.

N. Dismantling any system, structure, or component or removing access panels.

Note:

The *Reserve Analysts* may, at his or her discretion:

1) Include in the *Site Visit* any building, system, component, appliance, or improvement not included or otherwise excluded by these Standards of Practice. Any such inclusion to the *Site Visit* shall comply with all other provisions of these Standards.

2) Include photographs in the written report or take photographs for *Inspector's* reference without inclusion in the written report. Photographs may not be used in lieu of written documentation.

Components excluded for the *Site Visit* may be included in the *Physical Analysis*, in part or in whole, if they meet the necessary qualifications to be a *Reserve Component* as outlined in Part II Section 1.F at the discretion of the *Reserve Analyst*.

SECTION 2 – *Physical Analysis.*

The following are typically excluded from the *Physical Analysis*:

A. Specifying repairs/replacement procedures or estimating cost to correct.

B. Systems or components that typically experience an *Extended Useful Life.*

C. Systems or components that do not have a predictable *Remaining Useful Life*.

D. Systems or components that the client has advised the *Reserve Analyst* to omit from the *Reserve Study*.

E. Systems or components provided for in whole under a maintenance contract.

F. Systems or components provided for in whole within another part of the budget.

G. Leased systems or components.

H. Services of a legal nature including legal interpretations or opinions of any documents, maps, etc.

SECTION 3 – *Financial Analysis*

The following are typically excluded from the *Financial Analysis*:

A. Expected rates of return on investments significantly beyond that of current savings rates.

B. Expected settlements or monies owed or to be transferred to reserves, before the final amount has been set and approved by the board.

C. Limitations to increases of the reserve contribution or assessments from Governing Documents.

D. Investment strategies or financial planning advice beyond that of the recommended reserve contribution.

E. Auditing or other accounting services, *Reserve Analyst* shall assume financial information provided by the client or client's representative is accurate.

IV. Reserve Study Report Contents

A *Reserve Study* shall conform to the *Reserve Study* Contents Checklist found within the APRA Application for Membership and Professional Reserve Analyst (PRA) Designation. In addition to these requirements, the *Reserve Study* shall disclose any deferral or exclusion that has a material impact to the results of the study.

V. Glossary of Terms

*Note: All definitions apply to derivatives of these terms when italicized in the text.
1. *Association:* For the purposes of this document *"Association"* shall encompass Community *Association*s, schools, commercial buildings, mutual utility properties, worship facilities, and any other entity interested in the long range planning for the maintenance and replacement of the major components.
2. *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 Plan*s are tested against the anticipated schedule of Reserve expenses until the desired Funding Goal is achieved.
3. *Component* – or *Reserve Component*. An individual line item in the *Reserve Study* developed or updated in the *Physical Analysis*. These elements form the building blocks of the *Reserve Study*. *Components* typically are: 1) *Association* responsibility, 2) with limited *Useful Life* expectancies, 3) predictable *Remaining Useful Life* expectancies, 4) above a minimum threshold cost, and 5) as required by applicable statutes.
4. *Component Assessment and Valuation* - The task of estimating *Useful Life*, *Remaining Useful Life*, and Repair or Replacement Costs for the *Reserve Component*s. This task is accomplished either with or without onsite visual observations, based on Level of Service selected by the client.
5. *Component Inventory* - The task of selecting and quantifying *Reserve Component*s. This task is accomplished through any of the following: onsite visual observations, review of *Association* design and organizational documents, review of a previous *Reserve Study*, review of established *Association* precedents.
6. *Component Method* - A method of calculating Reserve contributions where the total reserve contribution is based on the sum of contributions for individual *Components.*
7. *Current Cost* – A component's current replacement cost as of the date of the financial analysis. Current cost may be less or greater than the total replacement cost depending on the defined replacement scope.
8. *Deficit* - An actual (or projected) *Reserve Balance* less than the *Fully Funded Balance*. The opposite would be a *Surplus*.
9. *Economic Life* – the portion of the total life of a property up until the infrastructure is no longer economically viable to maintain and a significant reinvestment, rebuilding, or renovation is necessary.
10. *Effective Age* - The difference between *Useful Life* and *Remaining Useful Life*. Not always equivalent to chronological age, since some *Components* age irregularly. Used primarily in computation.
11. *Extended Useful Life* – Systems or C*omponents* generally designed to last the life of the community or

for which the replacement cost would be economically impractical. Items generally excluded in this category include utility systems, building infrastructure, permanent structures, asphalt streets, swimming pools, tennis courts, etc.
12. *Financial Analysis* - The portion of a *Reserve Study* where current status of the Reserves (measured as cash or *Percent Funded*) and a recommended Reserve contribution rate (*Reserve Funding Plan*) are derived. The *Financial Analysis* is one of the two parts of a *Reserve Study*.
13. *Full Study* – Complete qualitative and quantitative study, includes site visit.
14. *Fully Funded* - 100% Funded. When the actual (or projected) *Reserve Balance* is equal to the *Fully Funded Balance*.
15. *Fully Funded Balance* (*FFB*) - Total Accrued Depreciation. An indicator against which Actual (or projected) *Reserve Balance* can be compared. In essence, it is the *Reserve Balance* that is proportional to the current Repair/replacement cost and the fraction of life "used up". This number is calculated for each *Component*, then summed together for an *Association* total. Two formulae can be utilized, depending on the provider's sensitivity to interest and inflation effects. Note: both yield identical results when interest and inflation are equivalent.
16. *Funding Goals* - Independent of *Methodology* utilized, the following represent the basic categories of *Funding Plan* goals.
16.1. *Baseline Funding* - Establishing a *Reserve Fund*ing goal of keeping the Reserve cash balance above zero.
16.2. *Fully Funded* - Setting a *Reserve Fund*ing goal of attaining and maintaining Reserves at or near 100% funded.
16.3. *Statutory Funding* - Establishing a *Reserve Funding Goal* of setting aside the specific minimum amount of funds required by applicable statutes.
16.4. *Threshold Funding* - Establishing a *Reserve Fund*ing 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 Funded*".
17. *Funding Plan* - An *Association*'s plan to provide income to a *Reserve Fund* to offset anticipated expenditures from that fund.
18. *Inflated Expenditures* - The combined annual expenditures for a given year inflated to reflect their estimated future replacement cost.
19. *Inflationary Multiplier* - The number multiplies by the annual expenditures to estimate the future replacement cost. If inflation was currently projected at 3%, the initial year multiplier would be 1.00, Next Year 1.03, Next year 1.061, etc.
20. *Methodology* - A statement which addresses the procedures and methods used to prepare a *Reserve Study*
21. *Minimum Balance* - A minimum *Reserve Balance* established by the client or recommended within the *Financial Analysis*.
22. *Percent Funded* - The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the actual (or projected) *Reserve Balance* to the *Fully Funded Balance*, expressed as a percentage.
23. *Physical Analysis* - The portion of the *Reserve Study* where the *Component Inventory* and *Component Assessment and Valuation* adjustment tasks are performed. This represents one of the two parts of the *Reserve Study*.
24. *Quantity* - The total *Quantity* of each *Component.*
25. *Readily Accessible* - Can be reached, entered, or viewed without difficulty, moving obstructions, or requiring any action which may harm or endanger persons or property.
26. *Remaining Useful Life* (*RUL*) - Also referred to as *Remaining Life* (*RL*). The estimated time, in years, that a *Reserve Component* can be expected to continue to serve its intended function. Replacements anticipated to occur in the initial or base year have "zero" *Remaining Useful Life*.
27. *Reserve Analyst* – A person who prepares Reserve Studies.
28. *Reserve Assessment* - The portion of assessments contributed to the *Reserve Fund*.
29. *Reserve Balance* - Actual or projected funds as of a particular point in time that the *Association* has

identified for use to defray the future repair or replacement of those major *component*s which the *Association* is obligated to maintain. Also known as Reserves, Reserve Accounts, Cash Reserves.
30. *Reserve Component* – see *Component.*
31. *Reserve Fund* – Those funds set aside for the future repair, replacement, or restoration of the *Reserve Components*.
32. *Reserve Study* - A budgeting tool which identified the current status of the *Reserve Fund* and a stable and equitable *Funding Plan* to offset the anticipated future "major common area expenditures". The *Reserve Study* consists of two parts: the *Physical Analysis* and the *Financial Analysis*.
33. *Site Visit* – A visit to the common areas of the *Association* for the purposes of determining the *Component Inventory* and the *Component Assessment and Valuation.*
34. *Special Assessment* - An assessment levied on the members of an *Association* in addition to regular assessments. *Special Assessment*s are often regulated by Governing Documents or applicable statutes.
35. *Straight Line* - A formula used to calculate the annual *Reserve Fund* contribution for a specific *Component.* Projected replacement cost divided by the *Useful Life* equals the annual payment.
36. *Surplus* - An actual (or projected) *Reserve Balance* greater than the *Fully Funded Balance*. See "*Deficit*".
37. *Unit Cost* - The cost of a *Component*. The *Unit Cost* is multiplied by the *Component*'s *Quantity* to obtain the total estimated replacement cost for the *Component*.
38. *Unit of Measure* - Refers to the method of measurement applied to a particular *Component*. The following are examples:
38.1. *Square Feet*
38.2. *Lineal Feet* or *Linear Feet*
38.3. *Each*
38.4. *Square Yards*
38.5. *Lump Sum*
38.6. *Squares*
39. *Update with Site Visit* - Qualitative only update and review study, includes site visit.
40. *Update without Site Visit* – Financial only update study, does not include site visit.
41. *Useful Life* (*UL*) - *Total Useful Life* or *Depreciable Life*. The estimated time, in years, that a *Reserve Component* can be expected to serve its intended function in its present application or installation.