Westlake Pointe HOA

Level 2 Reserve Study

Report Period - 1/1/2018 to 12/31/2018

Client Reference Number	**11790**
Property Type	**Townhouse**
Number of Units	**64**
Fiscal Year End	**12/31**

Type of Study	**Update with Site Visit**
Date of Site Visit	**11/1/2017**
Prepared By	**Robert Forney**
Analysis Method	**Cash Flow**
Funding Goal	**Full Funding**

Report prepared on – November 20, 2017

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Executive Summary - Westlake Pointe HOA - ID # 11790

Information to complete this Update with Site Visit Study was gathered by performing an on-site visit of the common area elements. In addition, we may also have obtained information by contacting any vendors and/or contractors that have worked on the property recently, as well as communicating with the property representative (BOD Member and/or Community Manager). To the best of our knowledge, the conclusions and recommendations of this report are considered reliable and accurate insofar as the information obtained from these sources.

Projected Starting Balance as of 1/1/2018	**$509,783**
Ideal Reserve Balance as of 1/1/2018	**$523,855**
Percent Funded as of 1/1/2018	**97%**
Recommended Reserve Contribution (per month)	**$4,540**
Minimum Reserve Contribution (per month)	**$3,800**
Recommended Special Assessment	**$0**

Property Details

Westlake Pointe is a 64-unit community consisting of Single Family Homes. The property offers vehilce gates as well as a pool area as amenities. Construction on the community was completed in approximately 1985.

Currently Programmed Projects

Projects programmed to occur this fiscal year (FY 2018) include: Gate Operators - Replace (Comp #906), Vehicle Gate Hinges - Partial Replace (Comp #505), Concrete Pavers - Sand/Seal/Repair (Comp #404), Pool - Resurface (Comp #1101), Pool Filter - Replace (Comp #1107) and Asphalt - Preventive Maintenance (Comp #402). We have programmed an estimated $134,688 in reserve expenditures toward the completion of these projects. (See Page(s) 18 - 22)

Significant Reserve Projects

The association's significant reserve projects include: Asphalt - Remove/Replace (Comp #401), (Comp #1812), Asphalt - Preventive Maintenance (Comp #402) and Gate Operators - Replace (Comp #906). The fiscal significance of these components is approximately 27%, 11%, 7% and 6% respectively. A component's significance is calculated by dividing its replacement cost by its useful life. In this way, not only is a component's replacement cost considered but also the frequency of occurrence. These components most significantly contribute to the total monthly reserve contribution. As these components have a high level of fiscal significance the association should properly maintain them to ensure they reach their full useful lives. (See Page(s) 12 - 13)

Reserve Funding

In comparing the projected starting reserve balance of $509,783 versus the ideal reserve balance of $523,855 we find the association's reserve fund to be approximately 97% funded. This indicates a strong reserve fund position. In order to continue to strengthen the account fund, we suggest adopting a monthly reserve contribution of $4,540 ($70.94/unit) per month. For comparison purposes, we have also set a minimum reserve contribution of $3,800 ($59.38/unit) per month. If the contribution falls below this rate, then the reserve fund may fall into a situation where special assessments, deferred maintenance, and lower property values are likely at some point in the future.

Starting Reserve Balance

We have estimated the starting reserve balance by taking the 8/31/17 reserve balance provided by the client and adding four months of reserve contributions of $$3,500/month. We then subtracted $$15,000 to repair/repaint the stucco retaining walls, $10,000 to upgrade the phone entry systesm, $8,000 to upgrade the camera system and $2,569 for pole light repair replacements, all projects programmed to occur before the end of the current year, to get a starting balance of $509,782.51.

General Information and Frequently Asked Questions

Is it the law to have a Reserve Study conducted?

The Government requires reserve analyses in approximately 20 States. Even if it is not currently governed by your State, the chances are very good that the documents of the association require the association to have a reserve fund established. This doesn't mean a Reserve Study is required, but how are you going to know if you have enough funds in the reserve account if you don't have the proper information? Some associations look at the Reserve fund and think that $500,000 is a lot of money and they are in good shape. What they don't know is that the roof is going to need to be replaced within 5 years, and the cost of the roof is going to exceed $750,000. So while $500,000 sounds like a lot of money, in reality it won't even cover the cost of a roof, let alone all the other amenities the association is responsible to maintain.

Why is it important to perform a Reserve Study?

As previously mentioned, the reserve allocation makes up a significant portion of the total monthly assessment. This report provides the essential information that is needed to guide the Board of Directors in establishing the reserve portion of the total monthly assesment. The reserve fund is critical to the future of the association because it helps ensure that significant reserve projects can be completed on time with quality contractors. In this way deferred maintenance can be avoided as well as the lower property values that typically accompanies it. It is suggested that a third party professionally prepare the Reserve Study since there is no vested interest in the property.

After we have a Reserve Study completed, what do we do with it?

Hopefully, you will not look at this report and think it is too cumbersome to comprehend. Our intention is to make this Reserve Study easy to read and understand. Please take the time to review it carefully and make sure the "main ingredients" (component information) are complete and accurate. If there are any components that the association feels should be added, removed, or altered as well as any other inaccuracies or changes that should be made, please inform us immediately so we may revise the report. In order to ensure the Board understands its role in the completion of this report, all reports are labeled as "DRAFT" until their input has been given and the report has been approved as finalized. **Note to user:** If this report has a "DRAFT" watermark it is not a finalized report and is not to be relied upon or used for budgeting purposes.

Once you feel the report is an accurate tool to work from, use it to help establish your budget for the upcoming fiscal year. The reserve allocation makes up a large portion of the total monthly assessment and this report should help you determine the correct amount of money to go into the reserve fund. Additionally, the Reserve Study should act as a guide to obtain proposals in advance of pending projects. This will give you an opportunity to shop around for the best price available.

How often do we update or review the Reserve Study?

Unfortunately, there is a misconception that these reports are good for an extended period of time since the report has projections for the next 30 years. Just like any major line item in the budget, the Reserve Study should be professionally reviewed (Level III "no site visit" update study) each year before the budget is established. Invariably, some assumptions have to be made during the compilation of this analysis. Anticipated events may not materialize and unpredictable circumstances could occur. Deterioration rates and repair/replacement costs will vary from causes that are unforeseen. Earned interest rates may vary from year to year. These variations could alter the results of the Reserve Study. Because of this projected future Fully Funded balances cannot be relied upon (in other words the Fully Funded balance for the current year of a report prepared 3 years earlier cannot be considered accurate or reliable). Therefore, this analysis should be professionally reviewed annually, and a "site visit" reserve study should be conducted at least once every three years

What is a "Reserve Component" versus an "Operating Component"?

A "Reserve" component is an item that is the responsibility of the association to maintain, has a limited useful life, predictable remaining useful life, typically occurs on a cyclical basis that exceeds 1 year, and costs above a minimum threshold amount. An "Operating" expense is typically a fixed expense that occurs on an annual basis. For instance, minor repairs to a roof for damage caused by high winds or other weather elements would be considered an "Operating" expense. However, if the entire roof needs to be replaced because it has reached the end of its life expectancy, then the replacement would be considered a reserve expense.

What are the GREY areas of "maintenance" items that are often seen in a Reserve Study?

One of the most popular questions revolves around major "maintenance" items, such as painting the buildings or seal coating the asphalt. You may hear from your accountant that since painting or seal coating is not replacing a "capital" item, it cannot be considered a Reserve issue. However, it is the opinion of several major Reserve Study providers, including Complex Solutions, that these items are considered to be major expenses that occur on a cyclical basis. Therefore, it makes it very difficult to ignore a major expense that meets the criteria to be considered a reserve

Disclosures:
Information provided to the preparer of a reserve study by an official representative of the association regarding financial, historical, physical, quantitative or reserve project issues will be deemed reliable by the preparer. A reserve study will be a reflection of information provided to the preparer of the reserve study. The total of actual or projected reserves required as presented in the reserve study is based upon information provided that was not audited.

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 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 any opinions of experts on certain components have been gathered through research within their industry and with client's actual vendors. There is no implied warrantee or guarantee regarding our life and cost estimates/predictions. There is no implied warrantee 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.

Estimated life expectancies and life cycles are based upon conditions that were readily accessible and visible at the time of the site visit. We did not destroy any landscape work, building walls, or perform any methods of intrusive investigation during the site visit. In these cases, information may have been obtained by contacting the contractor or vendor that has worked on the property. The physical analysis performed during this site visit is not intended to be exhaustive in nature and may include representative sampling.

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.

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.

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. We did not and will not look for or identify construction defects during our site visit.

Site Visits: Should a site visit have 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.

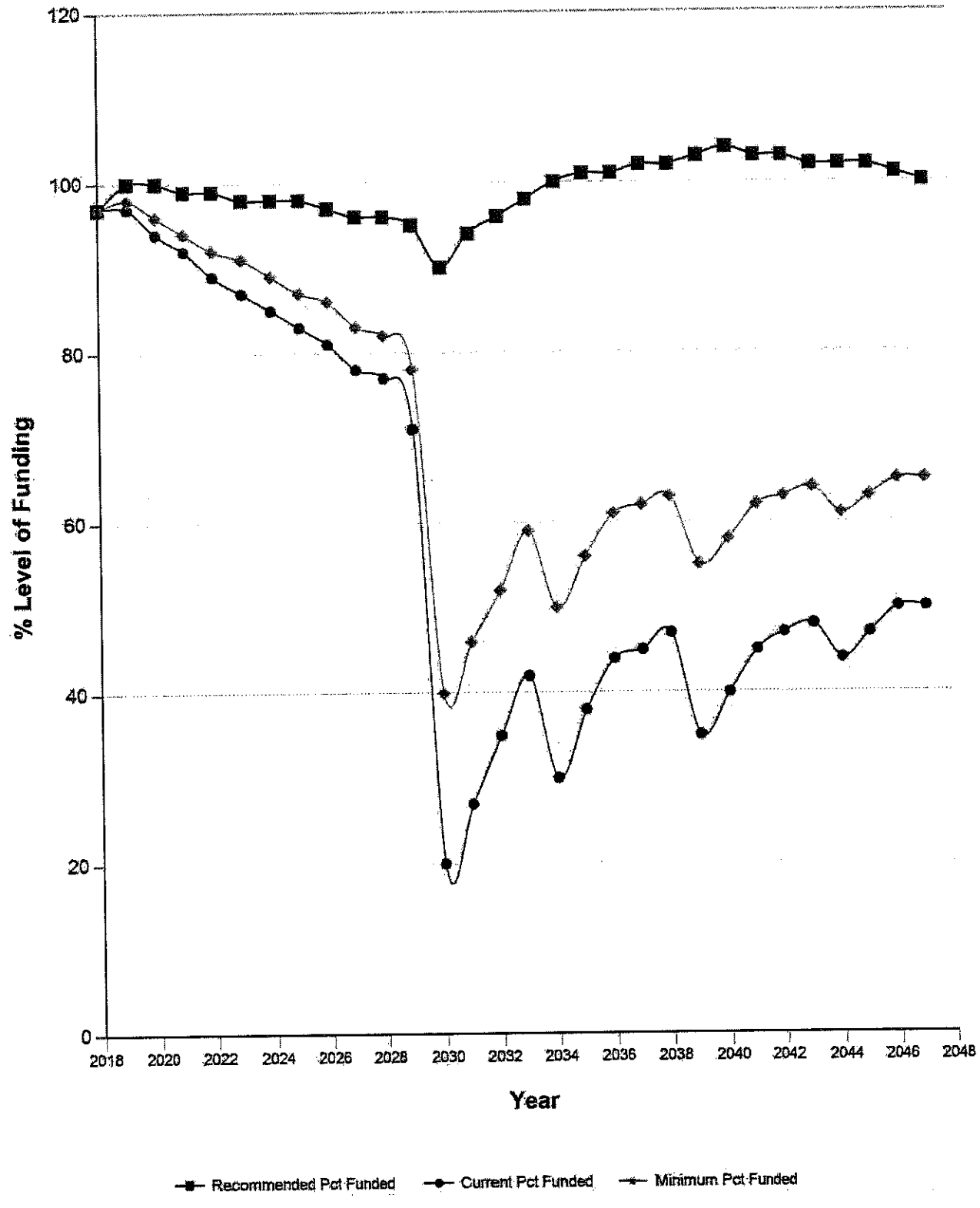
Update Reserve Studies: Level II Studies: Quantities of major components as reported in previous reserve studies are deemed to be accurate and reliable. The reserve study relies upon the validity of previous reserve studies. **Level III Studies:** In addition to the above we have not visited the property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

Insurance: We carry general and professional liability insurance as well as workers' compensation insurance.

Actual or Perceived Conflicts of Interest: Unless otherwise stated there are no potential actual or perceived conflicts of interest that we are aware of.

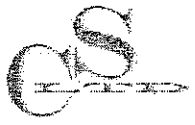
Inflation and Interest Rates: The after tax interest rate used in the financial analysis may or may not be based on the clients reported after tax interest rate. If it is we have not verified or audited the reported rate. The interest rate may also be based on an amount we believe appropriate given the 30-year horizon of this study and may or may not reflect current or historical inflation rates.

Percent Funded - Graph

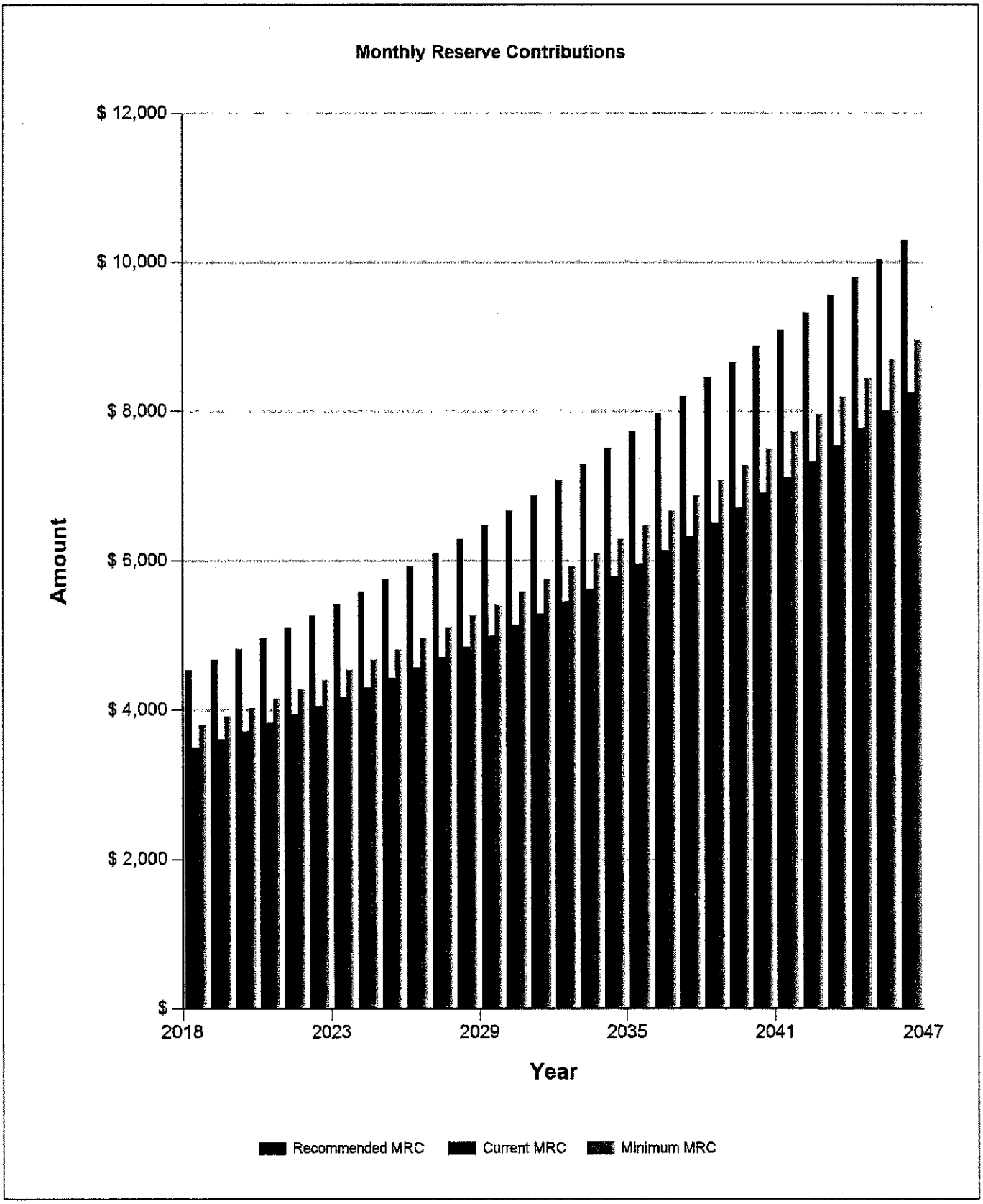


ID	Component Name	UL	RUL	Quantity	Average Current Cost	Ideal Balance	Current Fund Balance	Monthly
Pool Area								
1102	Spa - Resurface	6	-1	(1) Spa	$3,500	$4,083	$4,083	$59.80
1104	Pool Heater - Replace	10	8	(1) 400,000 BTU heater	$3,250	$650	$650	$33.32
1105	Spa Heater - Replace	8	6	(1) 250,000 BTU	$2,750	$688	$688	$35.24
1107	Pool Filter - Replace	12	0	(1) Filter	$1,200	$1,200	$1,200	$10.25
1108	Spa Filter - Replace	12	-2	(1) Filter	$900	$1,050	$1,050	$7.69
1110	Pool/Spa Pumps - Partial Replace	3	-3	(4) Pumps	$1,000	$2,000	$2,000	$34.17
1120	Pool Furniture - Replace	12	1	(45) Pieces	$9,000	$8,250	$8,250	$76.89
1121	Pool Furniture - Re-Strap	2	1	(45) Pieces	$1,300	$650	$650	$66.64
1413	Restrooms - Remodel	18	8	(2) Restrooms	$10,000	$5,556	$5,556	$56.96
1605	Bollard Lights - Replace	18	7	(5) Bollard lights	$3,750	$2,292	$2,292	$21.36
				Subtotals:	**$87,775**	**$75,166**	**$75,166**	**$709**
					$763,900	**$523,855**	**$509,783**	**$4,540**

Current Fund Balance as a percentage of Ideal Balance: 97%



Reserve Contributions - Graph



ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Average Current	Significance: (Curr Cost/UL) As $	As %
Pool Area						
1107	Pool Filter - Replace	12	0	$1,200	$100	0.2300%
1108	Spa Filter - Replace	12	-2	$900	$75	0.1700%
1110	Pool/Spa Pumps - Partial Replace	3	-3	$1,000	$333	0.7500%
1120	Pool Furniture - Replace	12	1	$9,000	$750	1.6900%
1121	Pool Furniture - Re-Strap	2	1	$1,300	$650	1.4700%
1413	Restrooms - Remodel	18	8	$10,000	$556	1.2500%
1605	Bollard Lights - Replace	18	7	$3,750	$208	0.4700%

Yearly Cash Flow

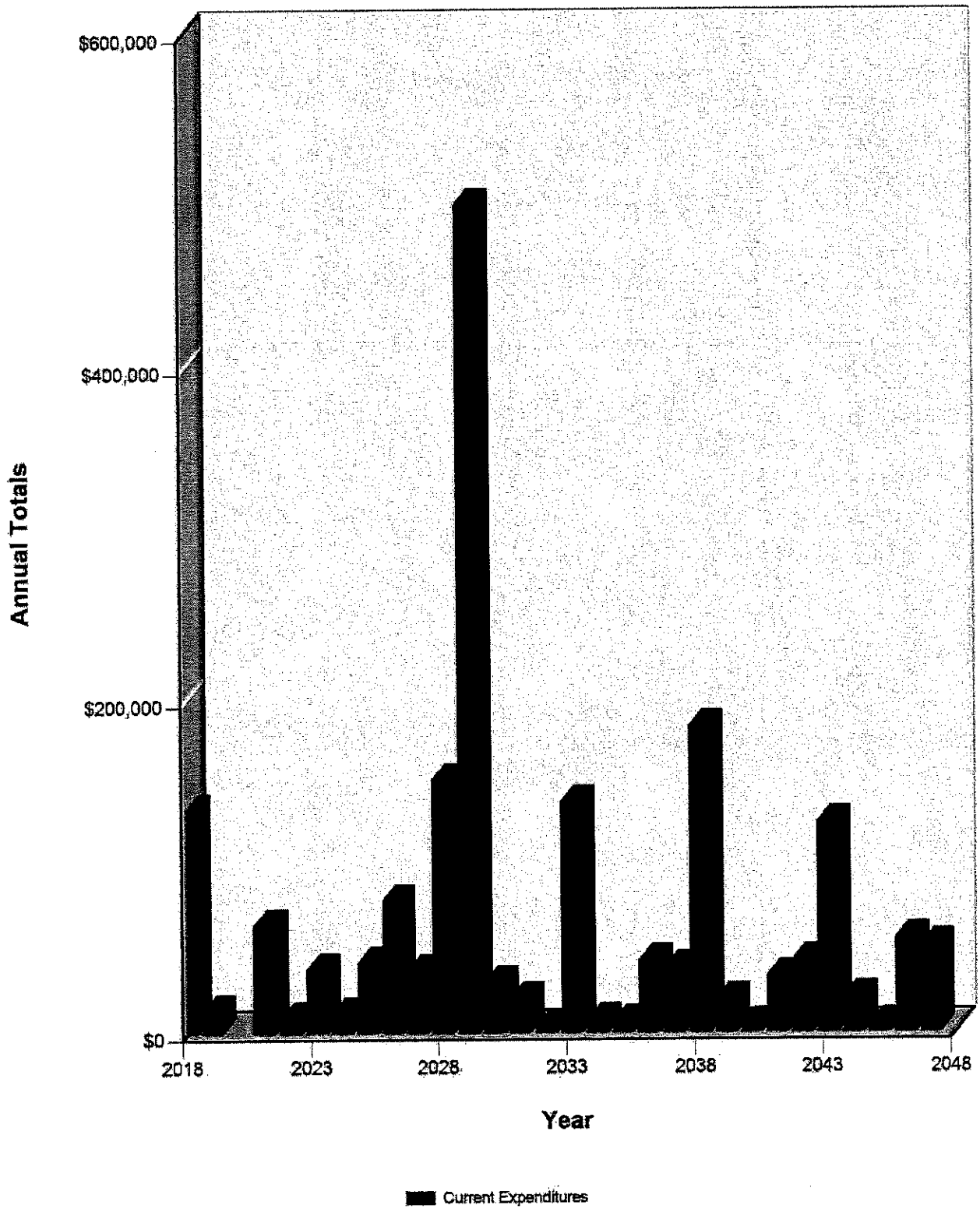
Year	2018	2019	2020	2021	2022
Starting Balance	$509,783	$431,929	$476,615	$536,946	$534,083
Reserve Income	$54,480	$56,114	$57,798	$59,532	$61,318
Interest Earnings	$2,354	$2,271	$2,533	$2,677	$2,807
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$566,616	$490,314	$536,946	$599,155	$598,208
Reserve Expenditures	$134,688	$13,699	$0	$65,072	$9,229
Ending Balance	$431,929	$476,615	$536,946	$534,083	$588,979

Year	2023	2024	2025	2026	2027
Starting Balance	$588,979	$616,618	$672,953	$701,114	$693,744
Reserve Income	$63,157	$65,052	$67,004	$69,014	$71,084
Interest Earnings	$3,013	$3,223	$3,434	$3,486	$3,561
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$655,149	$684,893	$743,391	$773,614	$768,389
Reserve Expenditures	$38,531	$11,941	$42,277	$79,870	$37,577
Ending Balance	$616,618	$672,953	$701,114	$693,744	$730,811

Year	2028	2029	2030	2031	2032
Starting Balance	$730,811	$655,176	$234,766	$283,225	$344,019
Reserve Income	$73,217	$75,413	$77,675	$80,006	$82,406
Interest Earnings	$3,464	$2,224	$1,295	$1,568	$1,920
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$807,492	$732,813	$313,736	$364,798	$428,345
Reserve Expenditures	$152,316	$498,047	$30,511	$20,780	$4,160
Ending Balance	$655,176	$234,766	$283,225	$344,019	$424,185

Year	2033	2034	2035	2036	2037
Starting Balance	$424,185	$372,200	$453,584	$539,005	$591,167
Reserve Income	$84,878	$87,424	$90,047	$92,749	$95,531
Interest Earnings	$1,991	$2,064	$2,481	$2,825	$3,103
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$511,054	$461,688	$546,112	$634,579	$689,801
Reserve Expenditures	$138,854	$8,104	$7,107	$43,412	$39,366
Ending Balance	$372,200	$453,584	$539,005	$591,167	$650,435

Yearly Reserve Expenditures - Graph



Year	Subgroup	Comp. Id	Component Name	Projected Cost	Total Per Annum
2025	Common Area	803	Mailboxes - Replace	$7,133	
	Pool Area	1121	Pool Furniture - Re-Strap	$1,599	
	Pool Area	1605	Bollard Lights - Replace	$4,612	
	Common Area	1605	Exterior Light Fixtures - Replace	$10,485	$42,277
2026	Pool Area	207	Pool Fence - Repaint	$2,850	
	Common Area	505	Vehicle Gate Hinges - Partial Replace	$3,547	
	Pool Area	1002	Pool Fence - Replace	$15,676	
	Pool Area	1104	Pool Heater - Replace	$4,117	
	Pool Area	1413	Restrooms - Remodel	$12,668	
	Common Area	1604	Pole Light Fixtures - Replace	$41,012	$79,870
2027	Common Area	206	Vehicle Gates - Repaint	$3,914	
	Common Area	903	Security Camera System - Replace	$10,438	
	Common Area	905	Phone Entry System - Replace	$13,048	
	Pool Area	1110	Pool/Spa Pumps - Partial Replace	$1,305	
	Pool Area	1121	Pool Furniture - Re-Strap	$1,696	
	Common Area	1703	Irrigation Time Clocks - Replace	$7,176	$37,577
2028	Common Area	402	Asphalt - Preventive Maintenance	$20,075	
	Common Area	404	Concrete Pavers - Sand/Seal/Repair	$5,376	
	Common Area	504	Vehicle Gates - Replace (Main Gate)	$22,040	
	Common Area	906	Gate Operators - Replace	$37,630	
	Common Area	1812	Landscaping - Renovate	$67,196	$152,316
2029	Common Area	401	Asphalt - Remove/Replace	$496,248	
	Pool Area	1121	Pool Furniture - Re-Strap	$1,800	$498,047
2030	Pool Area	201	Pool Building - Repaint	$3,921	
	Pool Area	207	Pool Fence - Repaint	$3,208	
	Common Area	505	Vehicle Gate Hinges - Partial Replace	$3,992	
	Pool Area	1101	Pool - Resurface	$9,980	
	Pool Area	1102	Spa - Resurface	$4,990	
	Pool Area	1107	Pool Filter - Replace	$1,711	
	Pool Area	1108	Spa Filter - Replace	$1,283	
	Pool Area	1110	Pool/Spa Pumps - Partial Replace	$1,426	$30,511
2031	Common Area	206	Vehicle Gates - Repaint	$4,406	
	Pool Area	1120	Pool Furniture - Replace	$13,217	
	Pool Area	1121	Pool Furniture - Re-Strap	$1,909	
	Common Area	1304	Drinking Fountain - Replace	$1,248	$20,780

Year	Subgroup	Comp. Id	Component Name	Projected Cost	Total Per Annum
2040	Pool Area	1105	Spa Heater - Replace	$5,269	$5,269
2041	Common Area	208	Retaining Walls - Repaint	$29,604	
	Pool Area	1121	Pool Furniture - Re-Strap	$2,566	
	Common Area	1304	Drinking Fountain - Replace	$1,678	$33,847
2042	Pool Area	201	Pool Building - Repaint	$5,590	
	Pool Area	207	Pool Fence - Repaint	$4,574	
	Common Area	505	Vehicle Gate Hinges - Partial Replace	$5,692	
	Pool Area	1101	Pool - Resurface	$14,230	
	Pool Area	1102	Spa - Resurface	$7,115	
	Pool Area	1107	Pool Filter - Replace	$2,439	
	Pool Area	1108	Spa Filter - Replace	$1,830	
	Pool Area	1110	Pool/Spa Pumps - Partial Replace	$2,033	$43,502
2043	Common Area	206	Vehicle Gates - Repaint	$6,281	
	Common Area	402	Asphalt - Preventive Maintenance	$31,276	
	Common Area	403	Concrete - Repair/Replace	$20,938	
	Common Area	404	Concrete Pavers - Sand/Seal/Repair	$8,375	
	Common Area	803	Mailboxes - Replace	$12,144	
	Pool Area	1120	Pool Furniture - Replace	$18,844	
	Pool Area	1121	Pool Furniture - Re-Strap	$2,722	
	Pool Area	1605	Bollard Lights - Replace	$7,852	
	Common Area	1605	Exterior Light Fixtures - Replace	$17,849	$126,281
2044	Pool Area	1413	Restrooms - Remodel	$21,566	$21,566
2045	Pool Area	1110	Pool/Spa Pumps - Partial Replace	$2,221	
	Pool Area	1121	Pool Furniture - Re-Strap	$2,888	$5,109
2046	Pool Area	207	Pool Fence - Repaint	$5,148	
	Common Area	504	Vehicle Gates - Replace (Rear Gate)	$37,522	
	Common Area	505	Vehicle Gate Hinges - Partial Replace	$6,406	
	Pool Area	1104	Pool Heater - Replace	$7,436	$56,512
2047	Common Area	206	Vehicle Gates - Repaint	$7,070	
	Common Area	903	Security Camera System - Replace	$18,853	
	Common Area	905	Phone Entry System - Replace	$23,566	
	Pool Area	1121	Pool Furniture - Re-Strap	$3,064	$52,551
2048	Pool Area	201	Pool Building - Repaint	$6,675	

Component Evaluation

Comp # 201 Pool Building - Repaint

Subgroup: Pool Area

Location: Pool Building

Quantity: (1) Building

Life Expectancy: 6 ***Remaining Life:*** -1

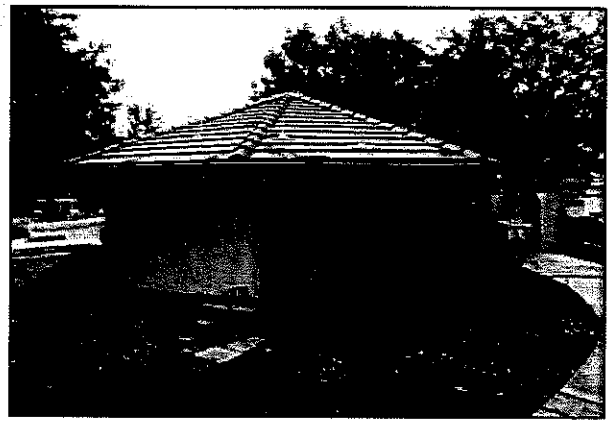
Best Cost: $2,500.00
Estimate to repaint

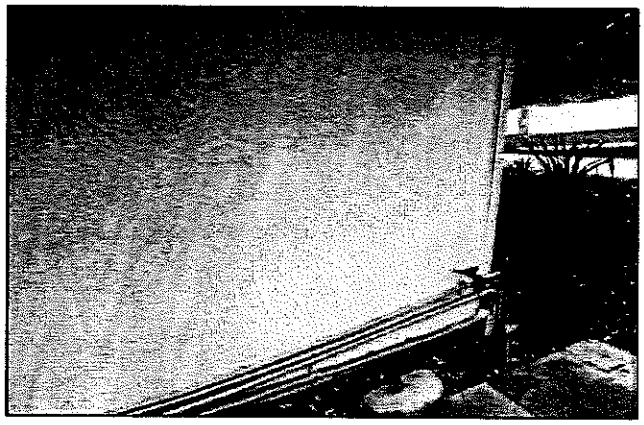
Worst Cost: $3,000.00
Higher estimate

Source of Information: CSL Cost Database

Observations:

Noted local staining and discoloration at the time of the site visit. These surfaces should typically be repainted approximately every 6 to 8 years to maintain appearance and protect the wood and stucco material. Expect to repaint these surfaces in the near future based on current age and condition.





Comp # 207 Pool Fence - Repaint

Subgroup: Pool Area

Location: Pool area

Quantity: Approx 225 Linear ft.

Life Expectancy: 4 ***Remaining Life:*** -2

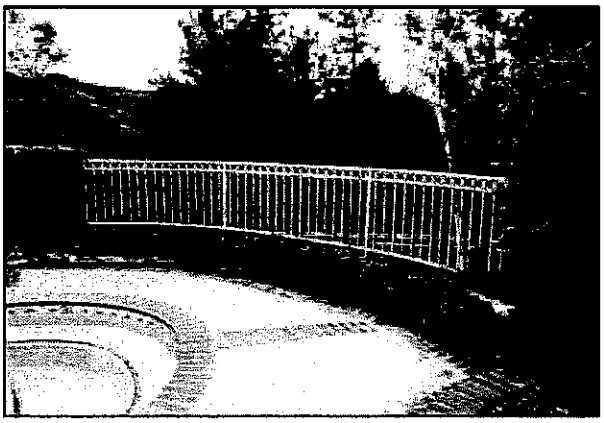
Best Cost: $2,025.00
$9.00/Linear ft.; Estimate to repaint iron fence

Worst Cost: $2,475.00
$11.00/Linear ft; Higher estimate for additional prep work

Source of Information: CSL Cost Database

Observations:

Noted local rusting at the time of the site visit. We recommend repainting these surfaces approximately every 4 years to maintain appearance and protect the metal material. Repaint these surfaces in the near future based on current condition.



Component Evaluation

Comp # 401 Asphalt - Remove/Replace

Subgroup: Common Area

Location: Community streets

Quantity: Approx 119,500 Sq.ft.

Life Expectancy: 30 ***Remaining Life:*** 11

Best Cost: $328,625.00
$2.75/Sq.ft.; Estimate for rehab

Worst Cost: $388,375.00
$3.25/Sq.ft.; Higher estimate for local repairs

Source of Information: GPM Sealrite

Observations:

It was reported that these surfaces received an overlay surface in 2003. No significant cracking or structural issues observed during the site visit. Because these streets have already been overlayed performing an additional overlay is not possible. We therefore recommend funding to completely remove and replace the asphalt material. Remaining life based on current condition.

Comp # 403 Concrete - Repair/Replace

Subgroup: Common Area

Location: Curbs, drainswales, etc.

Quantity: Extensive Sq.ft.

Life Expectancy: 10 ***Remaining Life:*** 5

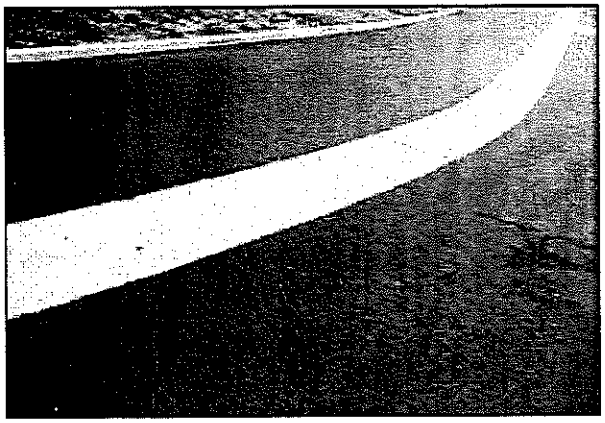
Best Cost: $8,000.00
Allowance to repair/replace

Worst Cost: $12,000.00
Higher allowance for more repairs/replacements

Source of Information: In-House Costs Database

Observations:

No significant cracking noted with the concrete surfaces. Although these surfaces may experience an extended useful life periodic repairs will need to be made to repair significantly cracked or uneven areas. We recommend funding to repair these surfaces approximately every 10 years.



Comp # 405 Concrete Pavers - Repair/Replace

Subgroup: Common Area

Location: Entry area

Quantity: Approx 4,575 Sq.ft.

Life Expectancy: 25 ***Remaining Life:*** 15

Best Cost: $40,025.00
$8.75/Sq.ft.; Estimate to repair approx.

Worst Cost: $45,750.00
$10.00/Sq.ft.; Higher estimate for more repairs

Source of Information: CSL Cost Database

Observations:

Pavers are in good condition. Although these pavers may experience an extended useful life with local repairs we recommend funding for their complete replacement approximately every 25 to 30 years

Component Evaluation

Comp # 504 Vehicle Gates - Replace (Rear Gate)

Subgroup: Common Area

Location: Rear gate

Quantity: (4) Leafs

Life Expectancy: 25 ***Remaining Life:*** 3

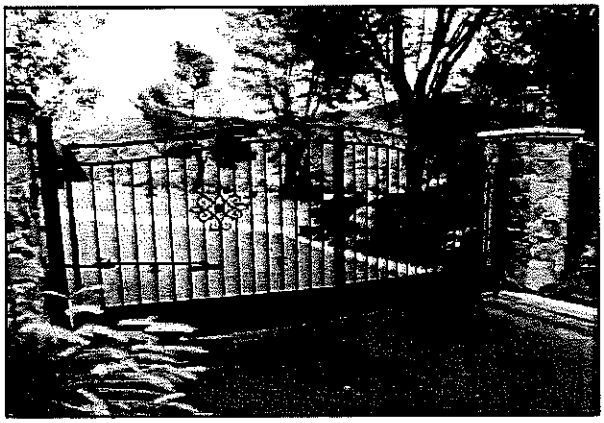
Best Cost: $15,600.00
$3,900/Leaf; Estimate to replace

Worst Cost: $17,200.00
$4,300/Leaf; Higher estimate

Source of Information: CSL Cost Database

Observations:

These vehicle gates are older although generally in fair condition. No significant rust or deterioration observed during the site visit. Although these gates may experience an extended useful life we recommend funding for the their replacement approximately every 25 years to ensure proper function and keep up with current decorative tastes.



Comp # 608 Pool Deck - Replace

Subgroup: Pool Area

Location: Pool area

Quantity: Approx 2,675 Sq.ft.

Life Expectancy: 30 ***Remaining Life:*** 0

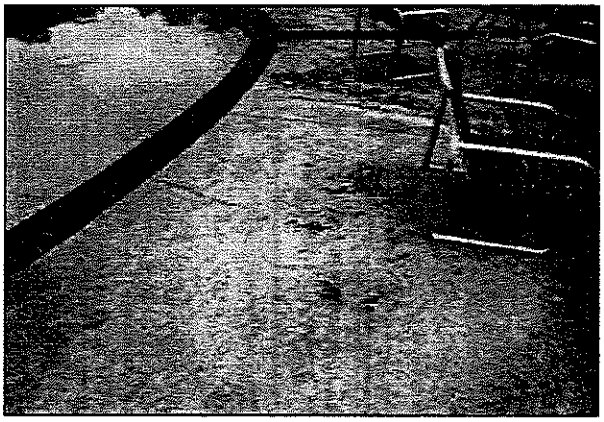
Best Cost: $24,075.00
$9/Sq.ft.; Estimate to replace

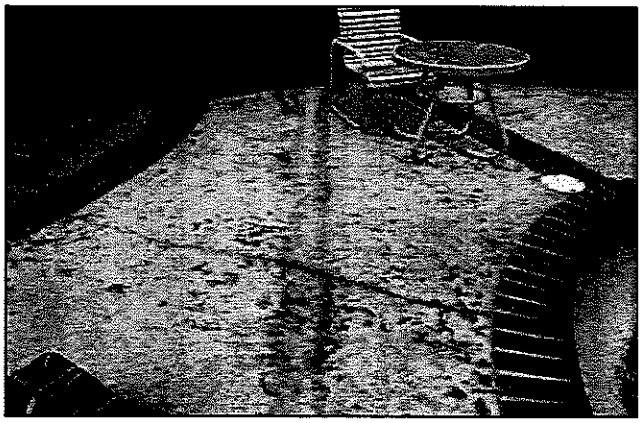
Worst Cost: $29,425.00
$11/Sq.ft.; Higher estimate

Source of Information: In-House Costs Database

Observations:

Noted local area of cracking to the pool area decking. Although this deck may experience an extended useful life we recommend funding for its replacement approximately every 30 years.





Comp # 803 Mailboxes - Replace

Subgroup: Common Area

Location: Common area

Quantity: (4) 16-Box clusters

Life Expectancy: 18 ***Remaining Life:*** 7

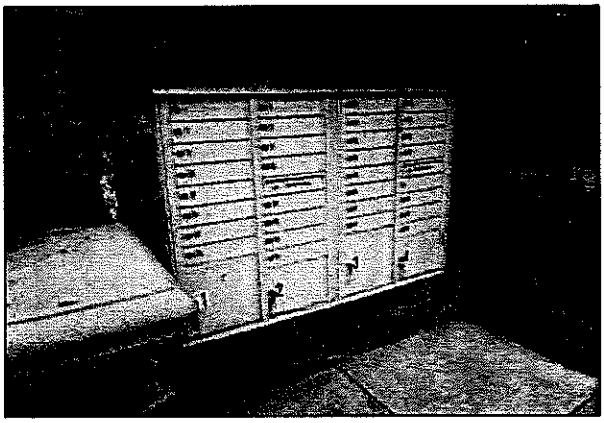
Best Cost: $5,400.00
$1,350/Cluster; Estimate to replace mailbox clusters

Worst Cost: $6,200.00
$1,550/Cluster; Higher estimate for more installation costs

Source of Information: CSL Cost Database

Observations:

Boxes are in good condition. No significant marking or discoloration noted at the time of the site visit. Expect to replace this component approximately every 15 to 20 years assuming normal use and wear. Remaining life based on current condition.



Comp # 905 Phone Entry System - Replace

Subgroup: Common Area

Location: Main gate

Quantity: (1) System

Life Expectancy: 10 ***Remaining Life:*** 9

Best Cost: $9,000.00
Estimate to replace system

Worst Cost: $11,000.00
Higher estimate for more installation costs

Source of Information: Provided by Client

Observations:

The client reported that this system will be replaced prior to this reporting period. For purposes of this report we have assumed this system was replaced and is in good condition. Expect a useful life of approximately 10 years from this component.

Comp # 1002 Pool Fence - Replace

Subgroup: Pool Area

Location: Pool area

Quantity: Approx 225 Linear ft.

Life Expectancy: 25 ***Remaining Life:*** 8

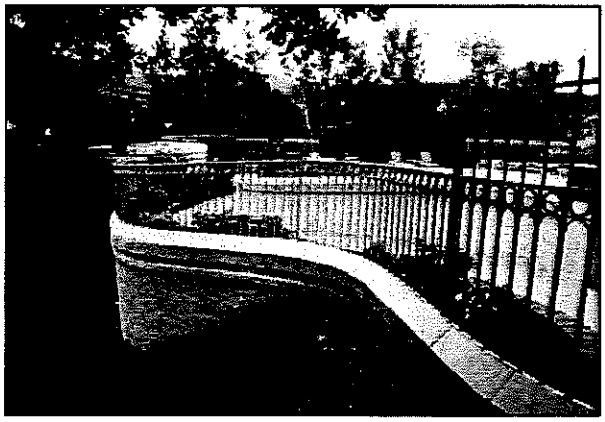
Best Cost: $11,250.00
$50/Linear ft.; Estimate to replace fence

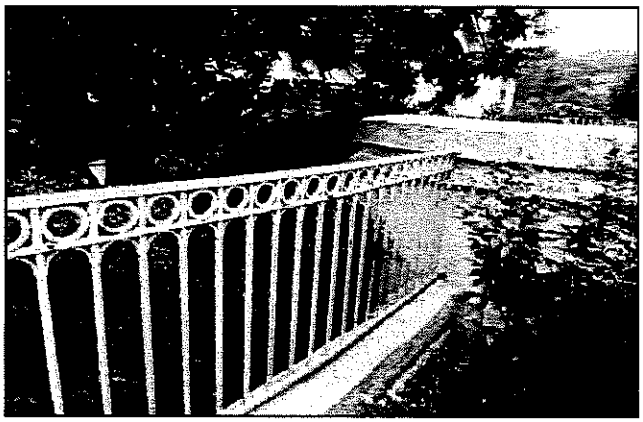
Worst Cost: $13,500.00
$60/Linear ft.; Higher estimate for more labor

Source of Information: CSL Cost Database

Observations:

Noted local rusting although no structural issues or broken welds observed during the site visit. With regular painting and periodic maintenance this fencing should experience a useful life of approximately 20 to 25 years. Remaining life based on current condition.





Comp # 1101 Pool - Resurface

Subgroup: Pool Area

Location: Pool area

Quantity: (1) Pool

Life Expectancy: 12 ***Remaining Life:*** 0

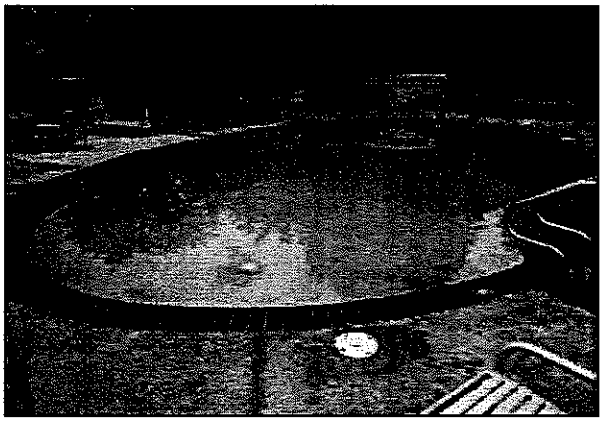
Best Cost: $6,000.00
Estimate to replaster pool

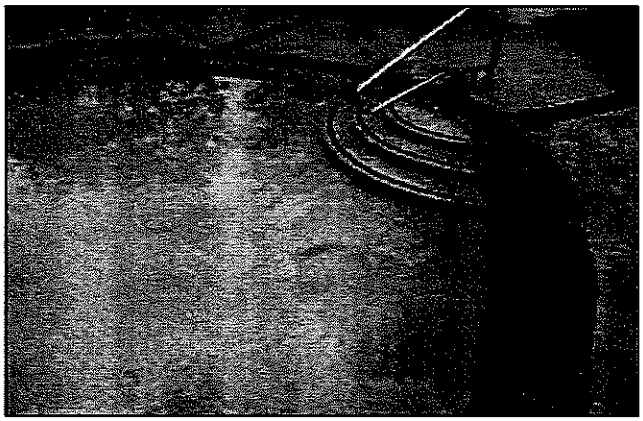
Worst Cost: $8,000.00
Higher estimate for local repairs

Source of Information: In-House Costs Database

Observations:

Noted moderate discoloration to the pool surface. This surface should typically experience a useful life of approximately 12 years. Expect to resurface this pool in the near future based on current condition.





Comp # 1104 Pool Heater - Replace

Subgroup: Pool Area

Location: Pool equipment area

Quantity: (1) 400,000 BTU heater

Life Expectancy: 10 ***Remaining Life:*** 8

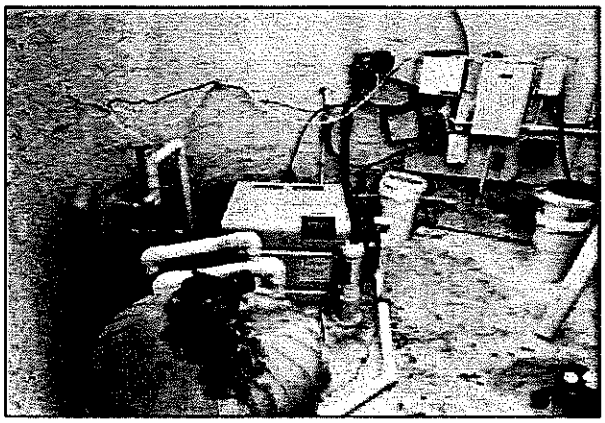
Best Cost: $3,000.00
Estimate to replace heater

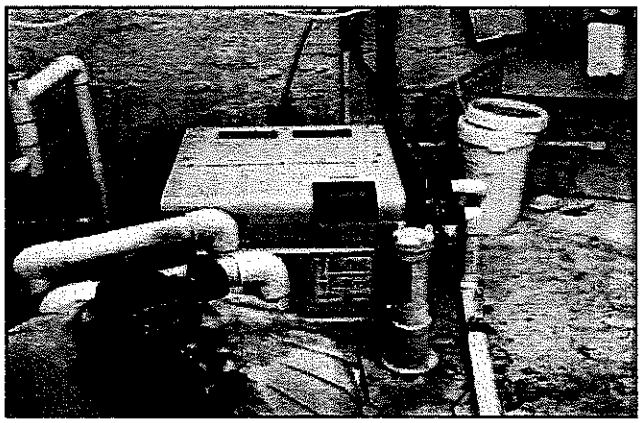
Worst Cost: $3,500.00
Higher estimate for more installation costs

Source of Information: Pure Element Pool Service

Observations:

Unable to access the pool equipment at the time of the site visit. This heater appears to be newer and in good condition. We recomend funding to replace this heater approximately every 10 to 12 years to ensure proper function.





Comp # 1107 Pool Filter - Replace

Subgroup: Pool Area

Location: Pool equipment area

Quantity: (1) Filter

Life Expectancy: 12 ***Remaining Life:*** 0

Best Cost: $1,000.00
Estimate to replace filter

Worst Cost: $1,400.00
Higher estimate for more installation costs

Source of Information: In-House Costs Database

Observations:

Unable to access the pool equipment at the time of the site visit. Noted evidence of leaks to this filter. We recommend funding to replace this filter in the near future based on current age and condition.

Comp # 1110 Pool/Spa Pumps - Partial Replace

Subgroup: Pool Area

Location: Pool equipment area

Quantity: (4) Pumps

Life Expectancy: 3 ***Remaining Life:*** -3

Best Cost: $900.00
Estimate to replace one pump every three years

Worst Cost: $1,100.00
Higher estimate for more installation costs

Source of Information: In-House Costs Database

General Notes:

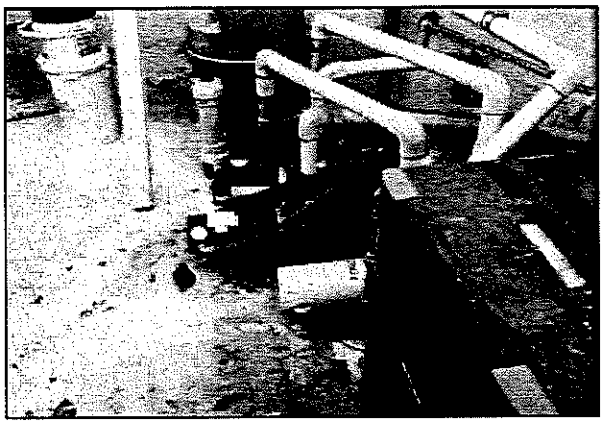
Quantity breakdown:

(1) 2 HP
(2) 1.5 HP
(1) 1 HP

(4) Pumps

Observations:

Unable to access the pool equipment at the time of the site visit. No problems reported with the pool/spa pumps. No expectation to replace all the pumps at the same time. We recommend funding to replace one pump approximately every three years. Expect to make replacements to the individual motors when necessary as an operating expense.



Component Evaluation

Comp # 1121 Pool Furniture - Re-Strap

Subgroup: Pool Area

Location: Pool area

Quantity: (45) Pieces

Life Expectancy: 2 ***Remaining Life:*** 1

Best Cost: $1,100.00
Allowance to re-strap approx 1/2

Worst Cost: $1,500.00
Higher allowance

Source of Information: Actual Cost History

General Notes:

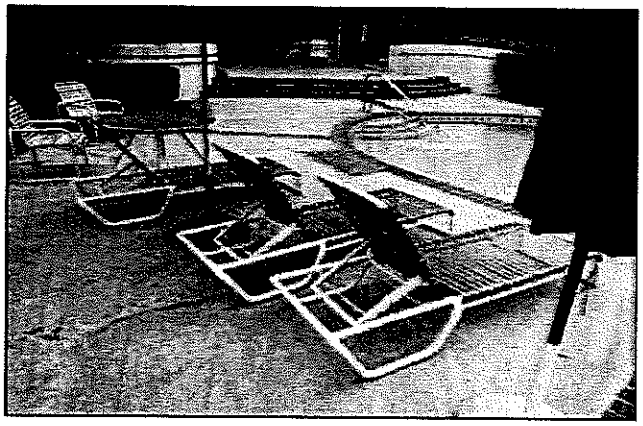
Quantity breakdown:

(10) Chaise lounges
(21) Chairs
(9) Tables
(2) Drink tables
(3) Umbrellas

(45) Pieces

Observations:

The age and condition of the pool furniture generally varies. It was reported that this furniture is periodically re-strapped. We recommend funding to re-strap this furniture approximately every 2 years and funding for complete replacement approximately every 12 years (see Comp#1120 Pool Furniture - Replace).



Component Evaluation

Comp # 1413 Restrooms - Remodel

Subgroup: Pool Area

Location: Pool area

Quantity: (2) Restrooms

Life Expectancy: 18 ***Remaining Life:*** 8

Best Cost: $8,000.00
$4,000/Restroom; Estimate to remodel restroom

Worst Cost: $12,000.00
$6,000/Restroom; Higher estimate for more extensive remodel

Source of Information: CSL Cost Database

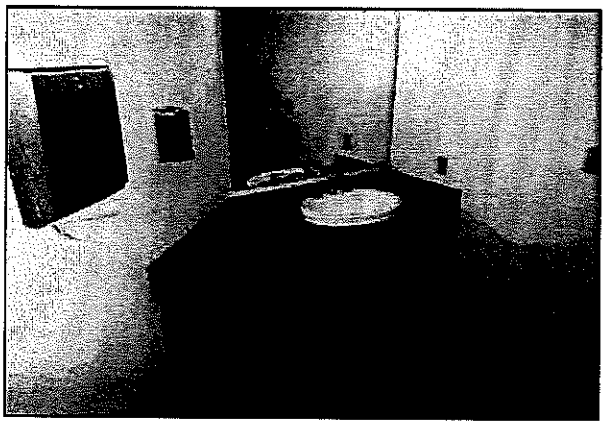
General Notes:

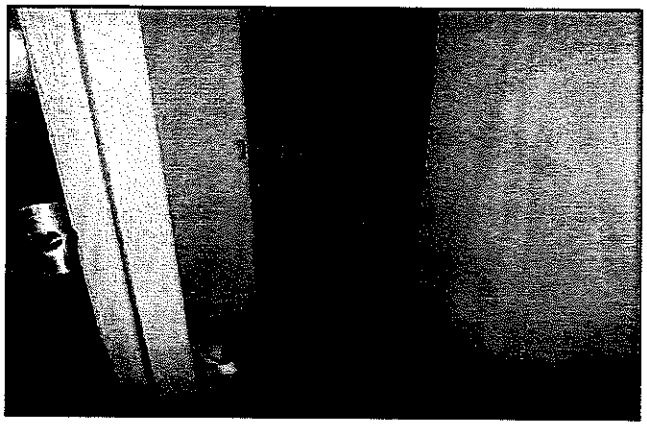
At each restroom:

440 Sq.ft. - Painted surfaces
80 Sq.ft. - Tile floor
(1) 3.5 X 3.5 Mirror
(1) Vanity light
(1) 5 X 2 ft. Counter
5 Linear ft. - Base cabinets
(1) Toilet
(1) Hand towel dispenser
(1) Hand soap dispenser
Men's Room: Add (1) Urinal

Observations:

The restroom interiors are typically in fair condition. Noted local tile damage although generally these restrooms are in fair condition. We recommend funding to refurbish these restrooms approximately every 15 to 20 years to maintain appearance and keep up with current decorative tastes.





Component Evaluation

Comp # 1605 Bollard Lights - Replace

Subgroup: Pool Area

Location: Pool area

Quantity: (5) Bollard lights

Life Expectancy: 18 ***Remaining Life:*** 7

Best Cost: $3,250.00
$650/Light; Estimate to replace lights

Worst Cost: $4,250.00
$850/Light; Higher estimate for more installation costs

Source of Information: CSL Cost Database

Observations:

The bollard lights are typically in fair condition. Noted fading although no damaged or broken fixtures observed during the site visit. We recommend funding to replace these lights approximately every 15 to 20 years. Repaint these fixtures when necessary as an operating expense.

Component Evaluation

Comp # 1703 Irrigation Time Clocks - Replace

Subgroup: Common Area

Location: Common area

Quantity: (5) Hunter ICC clocks

Life Expectancy: 12 ***Remaining Life:*** 9

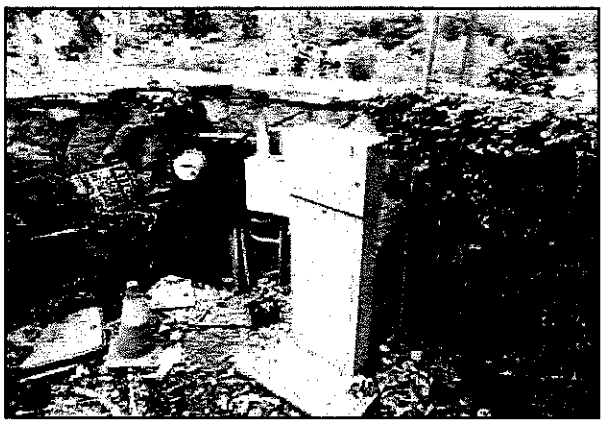
Best Cost: $5,000.00
$1,000/Clock; Estimate to replace

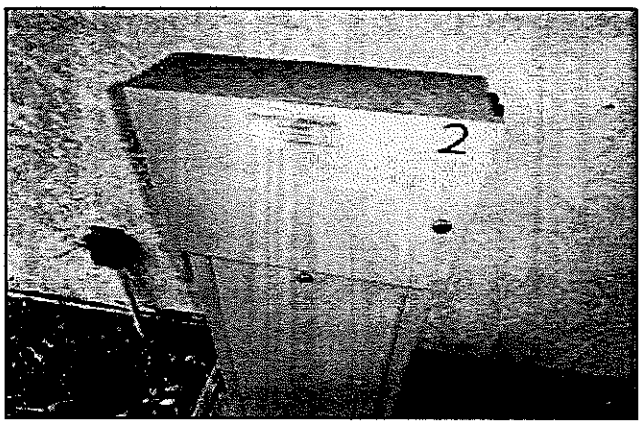
Worst Cost: $6,000.00
$1,200/Clock; Higher estimate

Source of Information: In-House Costs Database

Observations:

The time clocks are newer and generally in good condition. No problems noted during the site visit. This type of clock has a typical useful life of approximately 10 to 12 years. Remaining life based on current age and condition.





Component Evaluation

Comp # 1812 Landscaping - Renovate

Subgroup: Common Area

Location: Landscaped areas

Quantity: Extensive Sq.ft.

Life Expectancy: 10 ***Remaining Life:*** 0

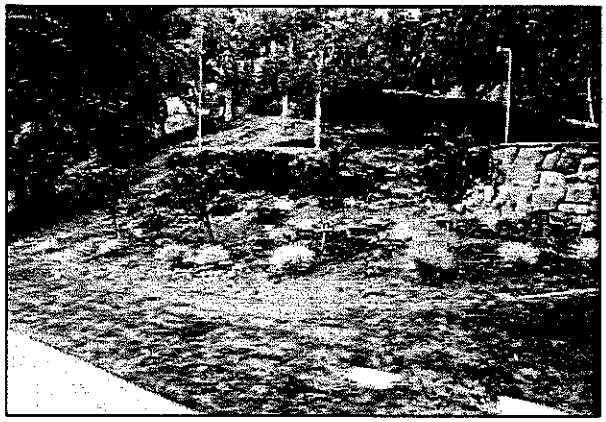
Best Cost: $45,000.00
Allowance to renovate landscaping

Worst Cost: $55,000.00
Higher estimate for more extensive renovation

Source of Information: In-House Costs Database

Observations:

The client reports the association plans on making landscaping improvements in the near future. No expectation to completely replace the landscaping. We recommend funding for an allowance to generally refurbish the landscaping, make local tree replacements, and make upgrades to the irrigation system and landscape lighting approximately every 10 years.



Component Evaluation

Comp # 2201 Fountains - Refurbish

Subgroup: Common Area

Location: Common area

Quantity: (2) Fountains

Life Expectancy: 15 ***Remaining Life:*** 3

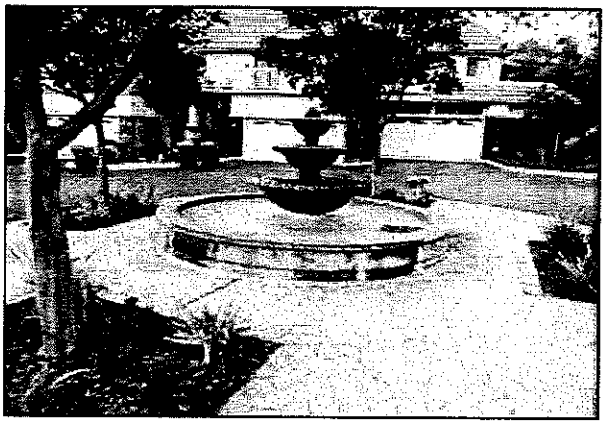
Best Cost: $6,000.00
$3,000/Fountain; Estimate to resurface

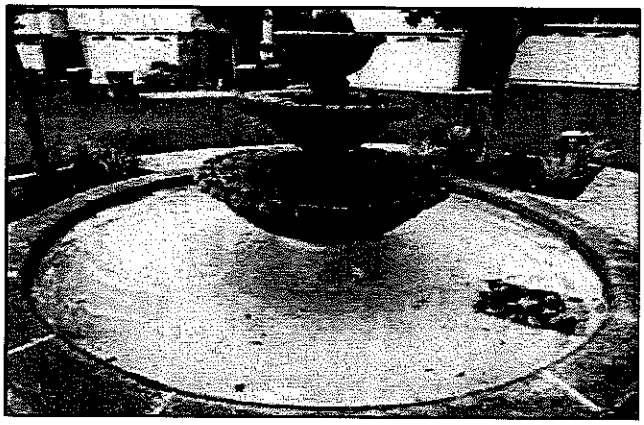
Worst Cost: $10,000.00
$5,000/Fountain; Higher estimate

Source of Information: CSL Cost Database

Observations:

Although these fountains may experience reach an extended useful life we recommend funding to refurbish the fountains and resurface the pond areas approximately every 15 years. Replace pumps components when necessary as an operating expense.





Percent Funded – The ratio, at a particular point in time (typically the beginning of the fiscal year), of the actual (or projected) reserve balance to the ideal fund balance, expressed as a percentage.

Physical Analysis – The portion of the Reserve Study where the component evaluation, condition assessment, and life and valuation estimate tasks are performed. This represents one of the two parts of the Reserve Study.

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. Projects anticipated to occur in the current fiscal year have a "0" remaining useful life.

Replacement Cost – The cost of replacing, repairing, or restoring a reserve component to its original functional condition. The current replacement cost would be the cost to replace, repair, or restore the component during that particular year.

Reserve Balance – Actual or projected funds as of a particular point in time (typically the beginning of the fiscal year) that the association has identified for use to defray the future repair or replacement of those major components that the association is obligated to maintain. Also known as "reserves," "reserve accounts," or "cash reserves." In this report the reserve balance is based upon information provided and is not audited.

Reserve Study – A budget-planning tool, which identifies 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.

Special Assessment – An assessment levied on the members of an association in addition to regular assessments. Governing documents or local statutes often regulate special assessments.

Surplus – An actual (or projected) reserve balance that is greater than the fully funded balance.

Useful Life (UL) – Also known as "life expectancy." The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed and maintained in its present application of installation.