



T R O W E R



RESERVE STUDY BY TROWER

Pomeroy Green Co-Op

Report Completed: October 3, 2013

**Summary
Financial Analysis
Reserve Summary
Evaluation of Components
General Information and Limitations
Definitions**

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SUMMARY

This study generates reserve funding recommendations to the Board of Directors based on the actual balance, projected expenditures and income.

Data gathered through conversations with Mr. Anthony R. Schrock, vendors and a site inspection on March 5, 2013.

The Pomeroy Green Co-Op, located in Santa Clara, CA, has 78 units and was completed in 1962. This development is 51 years old. The association is responsible for sustaining all common areas as described within.

FINANCIAL ANALYSIS:

| (Recommended Allocation in Dashed Box) | <u>Per Year</u> | <u>Per Month</u> | <u>Per Unit Per Month</u> |
|---|-----------------|------------------|-------------------------------|
| ALLOCATION BUDGETED IN 2013 | 139,200 | 11,600.00 | 148.72 |
| RECOMMENDED ALLOCATION IN 2014 (WITHOUT DEFICIT REDUCTION) | 70,370 | 5,864.17 | 75.18 |
| RECOMMENDED ALLOCATION IN 2014 (WITH DEFICIT REDUCTION) <small>Recommended Annual Allocation plus any underfunded balance divided by the years remaining until replacement of each component.</small> | 84,915 | 7,076.25 | 90.72 |
| MINIMUM CASH BALANCE IN 2014 | 68,636 | 5,719.67 | 73.33 |

**PERCENTAGE OF ACTUAL CASH AT FISCAL YEAR END VERSUS
RECOMMENDED CASH AT FISCAL YEAR END IS: 68%**

INFLATION RATE 3%; INTEREST ON SAVINGS 1%.

Civil Code 1365.2.5. Assessment and Reserve Funding Disclosure Summary

California Civil Code section 1365.2.5 requires that this Assessment and Reserve Funding Disclosure Summary be distributed to all owners not less than thirty (30) days nor more than forty-five (45) days prior to the beginning of the Association's fiscal year. The summary is to be provided with, and accompany, the Association's pro forma Operating Budget or Summary thereof that is delivered to all owners pursuant to California Civil Code section 1365.

(1) The current regular assessment per ownership interest is \$148.72 per unit, per month, into reserves in fiscal year ending 12/31/13

Note: Fractional responsibility is not calculated in this study. If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest will need to be determined.

Pomeroy Green Co-Op

(2) Additional regular or special assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the Board and/or members: N/A

(3) Based upon the most recent reserve study and other information available to the Board of Directors, will currently projected reserve allocations and account balances be sufficient at the end of each year to meet the Association's obligation for repair and/or replacement of major components during the next 30 years:

Yes X No

This question cannot at this time be answered as a definitive "yes" or "no". Reserve Studies prepared by TROWER utilize estimates of replacement value and life expectancy of the components which the Association is obligated to maintain. However, some items may last a longer or shorter time than estimated, or unanticipated events or disasters may occur which affect the reserve funds. Thus, the replacement costs and life expectancy will vary from the reserve study being performed, by inflation, weather, earthquakes, building code changes and other factors beyond the control of the Association or TROWER projected over the thirty (30) year time period referred to above. Currently, please note that California law currently does not require reserve funds to be funded 100% to cover a period of thirty (30) years and studies must be reviewed and updated annually.

(4) If the answer to (3) is no, what additional assessments or other contributions to reserves would be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years that have not yet been approved by the Board or the members.

This question cannot at this time be answered with a definitive contribution for the next 30 years. Reserve Studies prepared by TROWER utilize estimates of replacement value and life expectancy of the components which the Association is obligated to maintain. However, some items may last a longer or shorter time than estimated, or unanticipated events or disasters may occur which affect the reserve funds. Thus, the replacement costs and life expectancy will vary from the reserve study being performed, by inflation, weather, earthquakes, building code changes and other factors beyond the control of the Association or TROWER projected over the thirty (30) year time period referred to above.

(5) All major components are included in the reserve study and are included in its calculations except items with a remaining life in excess of 30 years or those that have been removed from the study by the Board of Directors..

(6) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 1365.2.5, the estimated amount required in the reserve fund at the end of the current fiscal year is \$646,854.42, based in whole or in part on the last reserve study or update prepared by TROWER as of 12/31/13. The projected reserve fund cash balance at the end of the current fiscal year is \$442,123.00, resulting in reserves being 68.35 percent funded at this date.

(7) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 1365.2.5 of the Civil Code, the estimated amount required in the reserve fund at the end of each of the next five budget years is:

2014: 707,317

2015: 694,039

2016: 772,878

2017: 869,357

2018: 873,981

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The projected reserve fund cash balance in each of the years, taking into account only assessments already approved and other known revenues, is:

2014: 556,363 (78.7% funding)
2015: 601,545 (86.7% funding)
2016: 737,908 (95.5% funding)
2017: 892,500 (102.7% funding)
2018: 960,260 (109.9% funding)

If the recommended plan by TROWER is implemented, the projected reserve fund cash balance in each of those years will be:

2014: 556,363 (78.7% funding)
2015: 601,545 (86.7% funding)
2016: 737,908 (95.5% funding)
2017: 892,500 (102.7% funding)
2018: 960,260 (109.9% funding)

Note: The financial representations set forth in this summary are based on the best estimates of the preparer at that time. The estimates are subject to change.

For the purposes of preparing a summary pursuant to this section:

- (1) "Estimated remaining useful life" means the time reasonably calculated to remain before a major component will require replacement.
- (2) "Major component" has the meaning used in Section 1365.5. Components with an estimated remaining useful life of more than 30 years may be included in a study as a capital asset or disregarded from the reserve calculation, as long as the decision is revealed in the reserve study report and reported in the Assessment and Reserve Funding Disclosure Summary.
- (3) The form set out in subdivision (a) shall accompany each pro forma operating budget or summary thereof that is delivered pursuant to this article. The form may be supplemented or modified to clarify the information delivered, so long as the minimum information set out in subdivision (a) is provided.
- (4) For the purpose of the report and summary, the amount of reserves needed to be accumulated for a component at a given time shall be computed as the current cost of replacement or repair multiplied by the number of years the component has been in service divided by the useful life of the component. This shall not be construed to require the Board to fund reserves in accordance with this calculation.

TROWER has made a reasonable effort to ensure this disclosure summary is accurate. The information is deemed reliable as of the date of this disclosure summary, but is not guaranteed. TROWER has obtained certain information, documentation and materials from the Association agent and this disclosure summary is based upon the accuracy of such information. Material inaccuracies could adversely affect this disclosure summary and TROWER is not responsible for such inaccuracies. The Association, by accepting this disclosure summary, agrees to release TROWER from any claims, demands or damages and further agrees to indemnify, defend and hold harmless TROWER from and against any and all liability, damages, losses, claims, demands, or lawsuits arising out of or relating to this disclosure summary.

October 3, 2013

Reserve Summary By TROWER

Fiscal Year End: December 31, 2013
Site Inspection On: March 5, 2013
Number of Units: 78

Pomeroy Green Co-Op

Completion Date of Report: **October 3, 2013**

| CATEGORY Component | Est. | Est. | Unit Type | Estimated | Life | | Source & Condition See Legend | Recommended | | Projected Balance @ FYE | Allocation Under Funded | Allocation w\Deficit Reduction |
|---|--------|--------------|--------------|--------------------|------------|------|-------------------------------------|-----------------------|----------------------|-------------------------------|-------------------------------|--------------------------------------|
| | Comp. | Unit Cost | | Cost to Replace | Expectancy | Rmng | | Allocation in 2014 | Balance @ FYE2013 | | | |
| ROOFING | | | | | | | | | | | | |
| Built Up | 82,326 | 7.12 | SqFt | 586,161 | 30 | 17 | 3,5 G | 19,539 | 254,003 | 141,380 | (112,624) | 26,164 |
| Carport Built Up | 13,572 | 4.98 | SqFt | 67,589 | 30 | 17 | 3,5 G | 2,253 | 29,288 | 16,302 | (12,986) | 3,017 |
| Skylights 4'x4' | 390 | 450 | LnFt | 175,500 | 30 | 17 | 3,5 G | 5,850 | 76,050 | 42,330 | (33,720) | 7,834 |
| Subtotal | | | | <u>829,250</u> | | | | <u>27,642</u> | <u>359,342</u> | <u>200,011</u> | <u>(159,330)</u> | <u>37,014</u> |
| RECOMMEND ANNUAL ROOF INSPECTION, CLEANING & REPAIRS (1) | | | | | | | | | | | | |
| PAINTING | | | | | | | | | | | | |
| Stucco & Block | 55,908 | 1.04 | SqFt | 58,144 | 14 | 9 | 3 G-F | 4,153 | 20,766 | 20,766 | 0 | 4,153 |
| Wood Trim & Siding | 51,608 | 1.39 | SqFt | 71,735 | 7 | 2 | 3 F | 10,248 | 51,239 | 51,239 | 0 | 10,248 |
| Subtotal | | | | <u>129,879</u> | | | | <u>14,401</u> | <u>72,005</u> | <u>72,005</u> | <u>0</u> | <u>14,401</u> |
| RECOMMEND ANNUAL PAINT TOUCH-UP (1) | | | | | | | | | | | | |
| ASPHALT PAVING | | | | | | | | | | | | |
| Slurry & Repair | 88,933 | 0.19 | SqFt | 16,453 | 5 | 3 | 3 G-F | 3,291 | 6,581 | 6,581 | 0 | 3,291 |
| Overlay/Replace 25% | 88,933 | 1.75 | SqFt | 38,908 | 20 | 17 | 1,3,5 G | 1,945 | 5,836 | 3,248 | (2,588) | 2,098 |
| Subtotal | | | | <u>55,361</u> | | | | <u>5,236</u> | <u>12,417</u> | <u>9,830</u> | <u>(2,588)</u> | <u>5,388</u> |
| CONCRETE | | | | | | | | | | | | |
| Walks & Parking | 1 | 5000 | Estimate | 5,000 | 5 | 4 | 1,5 G-P | 1,000 | 1,000 | 1,000 | 0 | 1,000 |
| Drive Swales 25% | 1,472 | 12.50 | SqFt | 4,600 | 20 | 17 | 1,5 G | 230 | 690 | 384 | (306) | 248 |
| Subtotal | | | | <u>9,600</u> | | | | <u>1,230</u> | <u>1,690</u> | <u>1,384</u> | <u>(306)</u> | <u>1,248</u> |
| FENCES | | | | | | | | | | | | |
| Unit Front Wood | 1,030 | 30.85 | LnFt | 31,776 | 25 | 18 | 3,5 G | 1,271 | 8,897 | 0 | (8,897) | 1,765 |
| Unit Rear Wood | 2,643 | 28.50 | LnFt | 75,326 | 20 | 14 | 3,5 G | 3,766 | 22,598 | 22,598 | 0 | 3,766 |
| Property Line Fence | 768 | 28.50 | LnFt | 21,888 | 20 | 15 | 3,5 G | 1,094 | 5,472 | 5,472 | 0 | 1,094 |
| Subtotal | | | | <u>128,989</u> | | | | <u>6,132</u> | <u>36,967</u> | <u>28,070</u> | <u>(8,897)</u> | <u>6,626</u> |
| CLUBHOUSE | | | | | | | | | | | | |
| HVAC Unit | 1 | 5400 | System | 5,400 | 25 | 20 | 3,5 G | 216 | 1,080 | 0 | (1,080) | 270 |
| Replace Windows/Doors | 1 | 25000 | Estimate | 25,000 | 52 | 1 | 1,5 F-P | 481 | 24,519 | 24,519 | 0 | 481 |
| Trex Deck & Benches | 1 | 15,000 | Estimate | 15,000 | 25 | 25 | 5 G | 600 | 0 | 0 | 0 | 600 |
| Flooring | 735 | 6.50 | SqFt | 4,778 | 25 | 17 | 3 G | 191 | 1,529 | 851 | (678) | 231 |
| Restroom Fixtures | 1 | 4500 | Estimate | 4,500 | 30 | 23 | 1,3,6 G | 150 | 1,050 | 0 | (1,050) | 196 |

October 3, 2013

Reserve Summary By TROWER

Fiscal Year End: December 31, 2013
Site Inspection On: March 5, 2013
Number of Units: 78

Pomeroy Green Co-Op

Completion Date of Report: October 3, 2013

| CATEGORY Component | Est. Comp. | Est. Unit Cost | Unit Type | Estimated Cost to Replace | Life Expectancy | Source & Condition | Recommended | | Projected | Allocation | | |
|--|------------|----------------|-----------|---------------------------|-----------------|--------------------|--------------------|-------------------|---------------|--------------|---------------------|-------|
| | Qty | | | | Normal Rmng | See Legend | Allocation in 2014 | Balance @ FYE2013 | Balance @ FYE | Under Funded | w/Deficit Reduction | |
| Interior Painting | 1 | 1890 | Estimate | 1,890 | 12 | 12 | 1,5 G | 158 | 0 | 0 | 0 | 158 |
| Subtotal | | | | 56,568 | | | | 1,795 | 28,178 | 25,370 | (2,808) | 1,935 |
| POOL AREA | | | | | | | | | | | | |
| Filter & Pump | 1 | 2225 | Estimate | 2,225 | 10 | 8 | 1,5 G | 223 | 445 | 445 | 0 | 223 |
| Replaster | 1,008 | 9.50 | SqFt | 9,576 | 12 | 10 | 3 G | 798 | 1,596 | 1,596 | 0 | 798 |
| Furniture | 26 | 75.00 | Unit | 1,950 | 8 | 8 | 5 G | 244 | 0 | 0 | 0 | 244 |
| Concrete Deck | 3,696 | 14 | SqFt | 49,896 | 52 | 5 | 4,5 F-P | 960 | 45,098 | 45,098 | 0 | 960 |
| Subtotal | | | | 63,647 | | | | 2,224 | 47,139 | 47,139 | 0 | 2,224 |
| LIGHTING | | | | | | | | | | | | |
| Globe Pole Fixtures | 17 | 225 | Unit | 3,825 | 25 | 15 | 3 G-F | 153 | 1,530 | 1,530 | 0 | 153 |
| Lights On Fences | 57 | 50 | Unit | 2,850 | 20 | 10 | 3 G-F | 143 | 1,425 | 1,425 | 0 | 143 |
| Subtotal | | | | 6,675 | | | | 296 | 2,955 | 2,955 | 0 | 296 |
| IRRIGATION | | | | | | | | | | | | |
| System Upgrades | 1 | 15000 | Estimate | 15,000 | 25 | 13 | 1,5,6 G-F | 600 | 7,200 | 7,200 | 0 | 600 |
| Subtotal | | | | 15,000 | | | | 600 | 7,200 | 7,200 | 0 | 600 |
| TREE TRIMMING & LANDSCAPE REPLACEMENT Maintenance Expense (5) | | | | | | | | | | | | |
| MISCELLANEOUS | | | | | | | | | | | | |
| Water Heaters 8% | 78 | 650 | Unit | 4,056 | 10 | 1 | 1,3,5 G-P | 406 | 3,650 | 3,650 | 0 | 406 |
| Radiant Heating 8% | 78 | 2500 | Unit | 15,600 | 20 | 2 | 1,3,5 G-P | 780 | 14,040 | 14,040 | 0 | 780 |
| Dishwashers 8% | 78 | 500 | Unit | 3,120 | 5 | 2 | 1,3,5 G-F | 624 | 1,872 | 1,872 | 0 | 624 |
| Oven/Cooktops 8% | 78 | 875 | Unit | 5,460 | 5 | 2 | 1,3,5 G-F | 1,092 | 3,276 | 3,276 | 0 | 1,092 |
| Shower Enclosures 5% | 156 | 1250 | Unit | 9,750 | 20 | 5 | 1,3,5 G-F | 488 | 7,313 | 7,313 | 0 | 488 |
| Electrical Boxes | 14 | 1850 | Unit | 2,072 | 20 | 2 | 1,3,5 G-F | 104 | 1,865 | 1,865 | 0 | 104 |
| Playground Equipment | 1 | 12690 | Estimate | 12,690 | 15 | 7 | 1,6 G-F | 846 | 6,768 | 6,768 | 0 | 846 |
| Plumbing Repairs | 1 | 25000 | Estimate | 25,000 | 8 | 5 | 1,5 G-P | 3,125 | 9,375 | 9,375 | 0 | 3,125 |
| Subtotal | | | | 77,748 | | | | 7,464 | 48,159 | 48,159 | 0 | 7,464 |
| COMPONENTS NOT LISTED ABOVE Maintenance, Contingency or Homeowner Expense (5) | | | | | | | | | | | | |
| CONTINGENCY 5% | | | | | | | | 3,351 | 30,803 | 0 | (30,803) | 7,720 |

October 3, 2013

Reserve Summary By TROWER

Fiscal Year End: December 31, 2013
Site Inspection On: March 5, 2013
Number of Units: 78

Pomeroy Green Co-Op

Completion Date of Report: October 3, 2013

| CATEGORY Component | Est. | Est. | Estimated | Life | Source & | Recommended | | Projected | Allocation | | |
|-------------------------|-------|------|-----------|------------------|-------------|-------------|---------------|----------------|----------------|------------------|---------------|
| | Comp. | Unit | Unit | Cost to | Expectancy | Condition | Allocation | Balance | Balance | Under | w\Deficit |
| | Qty | Cost | Type | Replace | Normal Rmng | See Legend | in 2014 | @ FYE2013 | @ FYE | Funded | Reduction |
| REPLACEMENT COST | | | | <u>1,372,716</u> | | | <u>70,370</u> | <u>646,854</u> | <u>442,123</u> | <u>(204,731)</u> | <u>84,915</u> |

1) Trower Estimate 2) Estimation Manual 3) Local Historical Cost 4) Bid on File with HOA
 5) Manager and Board Direction 6) Previous Study Info Condition: G-good, F-fair, P-poor
 Report Based on Inflation Rate of: 3.0% Report Based on Interest Rate on Reserve Savings of: 1.0%

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THIRTY YEAR PROJECTED RESERVE EXPENSES STRAIGHT LINE METHOD *

| CATEGORY | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|-----------------------|------|--------|--------|--------|-------|--------|------|------|--------|--------|--------|-------|-------|--------|---------|--------|
| Component | Yr 0 | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 | Yr 6 | Yr 7 | Yr 8 | Yr 9 | Yr 10 | Yr 11 | Yr 12 | Yr 13 | Yr 14 | Yr 15 |
| ROOFING | | | | | | | | | | | | | | | | |
| Built Up | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Carport Built Up | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Skylights 4'x4' | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Subtotal | | | | | | | | | | | | | | | | |
| PAINTING | | | | | | | | | | | | | | | | |
| Stucco & Block | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 75,865 | 0 | 0 | 0 | 0 | 0 | 0 |
| Wood Trim & Siding | 0 | 0 | 76,104 | 0 | 0 | 0 | 0 | 0 | 0 | 93,598 | 0 | 0 | 0 | 0 | 0 | 0 |
| Subtotal | | | | | | | | | | | | | | | | |
| ASPHALT PAVING | | | | | | | | | | | | | | | | |
| Slurry & Repair | 0 | 0 | 0 | 17,978 | 0 | 0 | 0 | 0 | 20,842 | 0 | 0 | 0 | 0 | 24,161 | 0 | 0 |
| Overlay/Replace 25% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Subtotal | | | | | | | | | | | | | | | | |
| CONCRETE | | | | | | | | | | | | | | | | |
| Walks & Parking | 0 | 0 | 0 | 0 | 5,628 | 0 | 0 | 0 | 0 | 6,524 | 0 | 0 | 0 | 0 | 7,563 | 0 |
| Drive Swales 25% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Subtotal | | | | | | | | | | | | | | | | |
| FENCES | | | | | | | | | | | | | | | | |
| Unit Front Wood | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unit Rear Wood | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 113,937 | 0 |
| Property Line Fence | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 34,101 |
| Subtotal | | | | | | | | | | | | | | | | |
| CLUBHOUSE | | | | | | | | | | | | | | | | |
| HVAC Unit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Replace Windows/Doors | 0 | 25,750 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Trex Deck & Benches | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Flooring | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Restroom Fixtures | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interior Painting | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,695 | 0 | 0 | 0 |
| Subtotal | | | | | | | | | | | | | | | | |
| POOL AREA | | | | | | | | | | | | | | | | |
| Filter & Pump | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,819 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Replaster | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 12,869 | 0 | 0 | 0 | 0 | 0 |
| Furniture | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,470 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Concrete Deck | 0 | 0 | 0 | 0 | 0 | 57,843 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Subtotal | | | | | | | | | | | | | | | | |
| LIGHTING | | | | | | | | | | | | | | | | |

THIRTY YEAR PROJECTED RESERVE EXPENSES STRAIGHT LINE METHOD *

| CATEGORY | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|--|--------|--------|--------|--------|--------|--------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Component | Yr 0 | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 | Yr 6 | Yr 7 | Yr 8 | Yr 9 | Yr 10 | Yr 11 | Yr 12 | Yr 13 | Yr 14 | Yr 15 |
| Globe Pole Fixtures | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,959 |
| Lights On Fences | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,830 | 0 | 0 | 0 | 0 | 0 |
| Subtotal | | | | | | | | | | | | | | | | |
| IRRIGATION | | | | | | | | | | | | | | | | |
| System Upgrades | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 22,028 | 0 | 0 |
| Subtotal | | | | | | | | | | | | | | | | |
| MISCELLANEOUS | | | | | | | | | | | | | | | | |
| Water Heaters 8% | 0 | 4,178 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,614 | 0 | 0 | 0 | 0 |
| Radiant Heating 8% | 0 | 0 | 16,550 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Dishwashers 8% | 0 | 0 | 3,310 | 0 | 0 | 0 | 0 | 3,837 | 0 | 0 | 0 | 0 | 4,448 | 0 | 0 | 0 |
| Oven/Cooktops 8% | 0 | 0 | 5,793 | 0 | 0 | 0 | 0 | 6,715 | 0 | 0 | 0 | 0 | 7,785 | 0 | 0 | 0 |
| Shower Enclosures 5% | 0 | 0 | 0 | 0 | 0 | 11,303 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Electrical Boxes | 0 | 0 | 2,198 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Playground Equipment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 15,607 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Plumbing Repairs | 0 | 0 | 0 | 0 | 0 | 28,982 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 36,713 | 0 | 0 |
| Subtotal | | | | | | | | | | | | | | | | |
| CONTINGENCY 5% | | | | | | | | | | | | | | | | |
| REPLACEMENT COST | 0 | 29928 | 103955 | 17978 | 5628 | 98128 | 0 | 26159 | 26130 | 175987 | 16700 | 5614 | 14928 | 82903 | 121500 | 40060 |
| RECOMMENDED BALANCE | 442123 | 556363 | 601545 | 737908 | 892500 | 960260 | 1132041 | 1284114 | 1442749 | 1457525 | 1637850 | 1836594 | 2033607 | 2170084 | 2275120 | 2469216 |
| Report Based on Inflation Rate of 3.0% and Interest Rate on Reserve Savings of 1.0% | | | | | | | | | | | | | | | | |

Pomeroy Green Co-Op

October 3, 2013

THIRTY YEAR PROJECTED RESERVE EXPENSES STRAIGHT LINE METHOD *

| CATEGORY | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 | 2043 |
|-----------------------|---------|---------|--------|-------|-------|-------|--------|---------|--------|--------|-------|-------|--------|--------|---------|
| Component | Yr 16 | Yr 17 | Yr 18 | Yr 19 | Yr 20 | Yr 21 | Yr 22 | Yr 23 | Yr 24 | Yr 25 | Yr 26 | Yr 27 | Yr 28 | Yr 29 | Yr 30 |
| ROOFING | | | | | | | | | | | | | | | |
| Built Up | 0 | 968,835 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Carport Built Up | 0 | 111,714 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Skylights 4'x4' | 0 | 290,075 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Subtotal | | | | | | | | | | | | | | | |
| PAINTING | | | | | | | | | | | | | | | |
| Stucco & Block | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 114,753 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Wood Trim & Siding | 115,114 | 0 | 0 | 0 | 0 | 0 | 0 | 141,575 | 0 | 0 | 0 | 0 | 0 | 0 | 174,120 |
| Subtotal | | | | | | | | | | | | | | | |
| ASPHALT PAVING | | | | | | | | | | | | | | | |
| Slurry & Repair | 0 | 0 | 28,009 | 0 | 0 | 0 | 0 | 32,471 | 0 | 0 | 0 | 0 | 37,642 | 0 | 0 |
| Overlay/Replace 25% | 0 | 64,309 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Subtotal | | | | | | | | | | | | | | | |
| CONCRETE | | | | | | | | | | | | | | | |
| Walks & Parking | 0 | 0 | 0 | 8,768 | 0 | 0 | 0 | 0 | 10,164 | 0 | 0 | 0 | 0 | 11,783 | 0 |
| Drive Swales 25% | 0 | 7,603 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Subtotal | | | | | | | | | | | | | | | |
| FENCES | | | | | | | | | | | | | | | |
| Unit Front Wood | 0 | 0 | 54,096 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unit Rear Wood | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Property Line Fence | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Subtotal | | | | | | | | | | | | | | | |
| CLUBHOUSE | | | | | | | | | | | | | | | |
| HVAC Unit | 0 | 0 | 0 | 0 | 9,753 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Replace Windows/Doors | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Trex Deck & Benches | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 31,407 | 0 | 0 | 0 | 0 | 0 |
| Flooring | 0 | 7,896 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Restroom Fixtures | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8,881 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interior Painting | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,842 | 0 | 0 | 0 | 0 | 0 | 0 |
| Subtotal | | | | | | | | | | | | | | | |
| POOL AREA | | | | | | | | | | | | | | | |
| Filter & Pump | 0 | 0 | 3,788 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,091 | 0 | 0 |
| Replaster | 0 | 0 | 0 | 0 | 0 | 0 | 18,349 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Furniture | 3,129 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,964 | 0 | 0 | 0 | 0 | 0 | 0 |
| Concrete Deck | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Subtotal | | | | | | | | | | | | | | | |
| LIGHTING | | | | | | | | | | | | | | | |

Pomeroy Green Co-Op

October 3, 2013

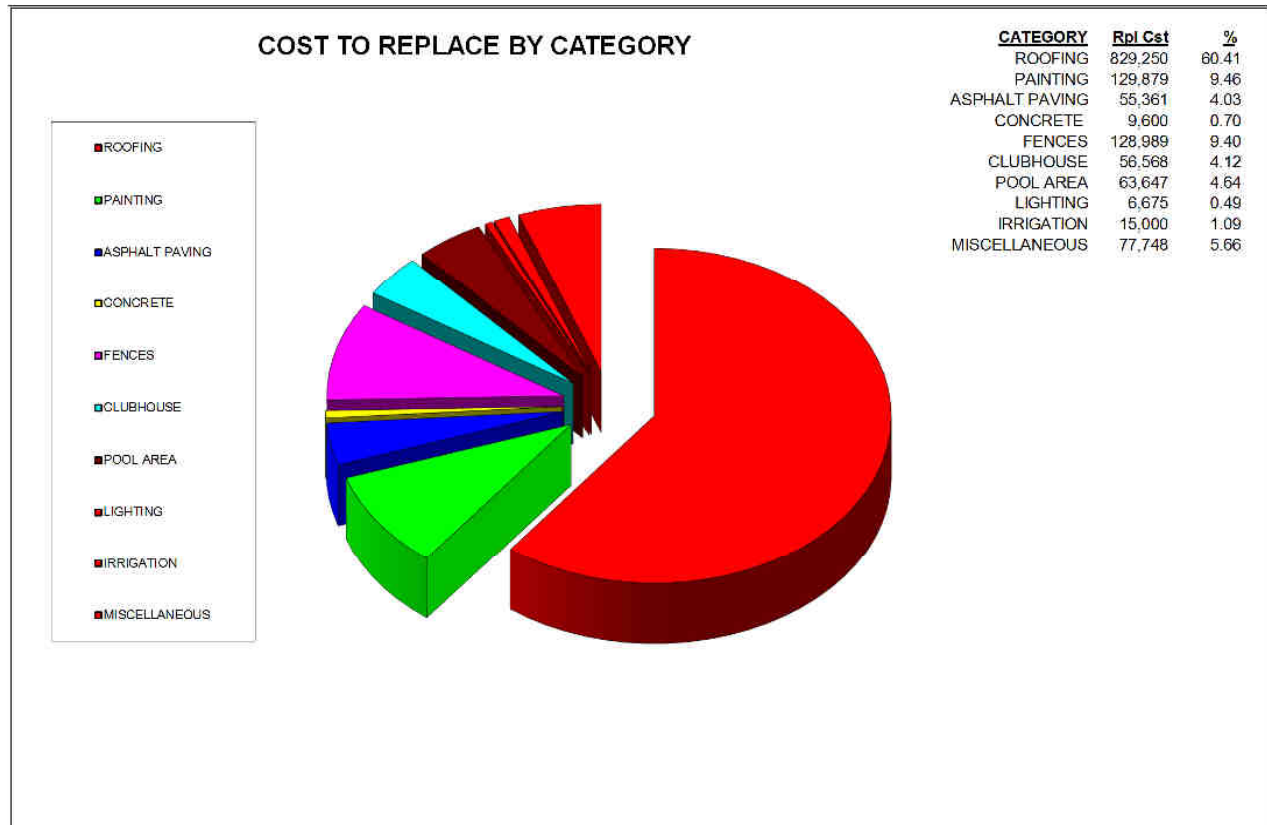
THIRTY YEAR PROJECTED RESERVE EXPENSES STRAIGHT LINE METHOD *

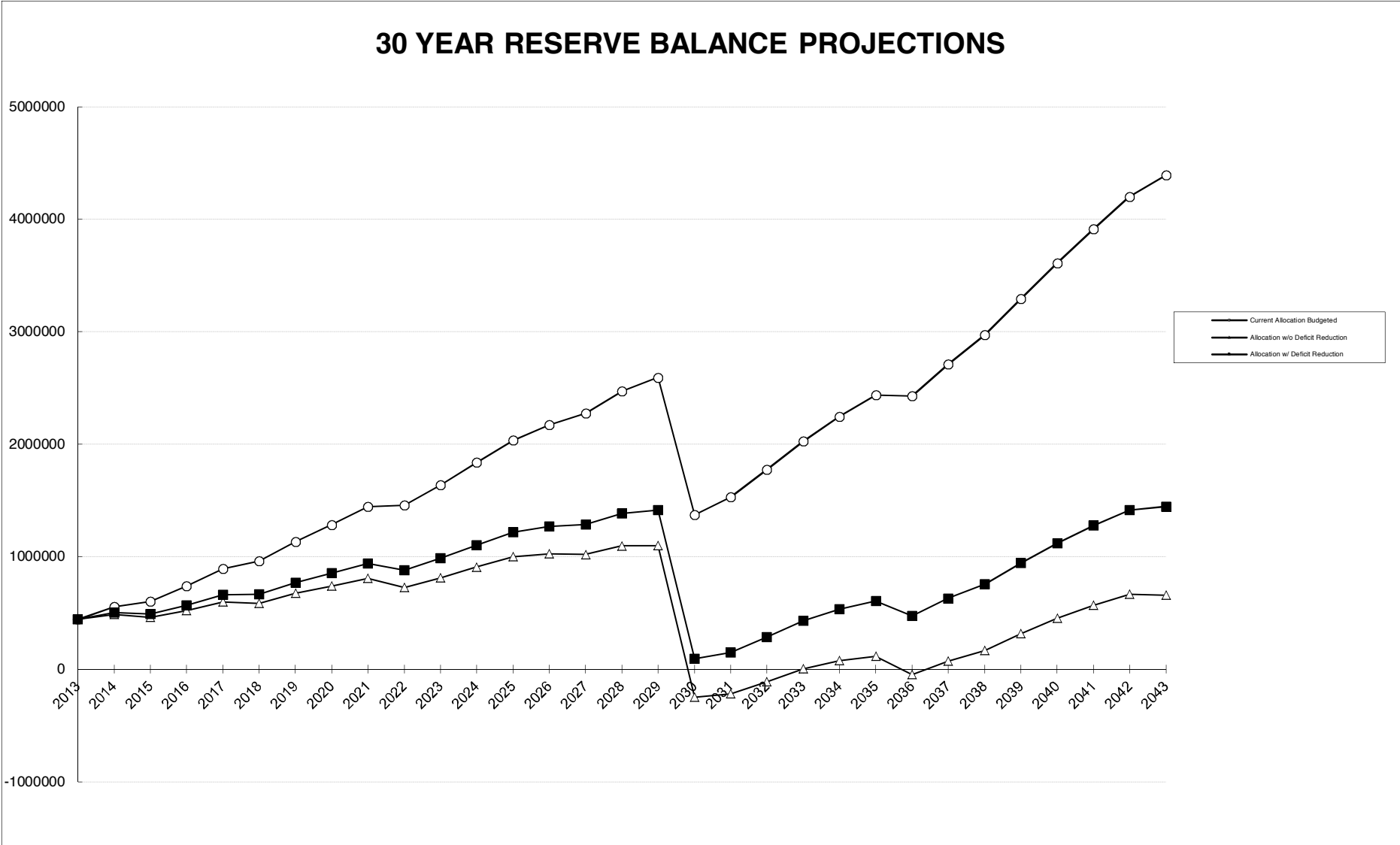
| CATEGORY | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 | 2043 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Component | Yr 16 | Yr 17 | Yr 18 | Yr 19 | Yr 20 | Yr 21 | Yr 22 | Yr 23 | Yr 24 | Yr 25 | Yr 26 | Yr 27 | Yr 28 | Yr 29 | Yr 30 |
| Globe Pole Fixtures | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Lights On Fences | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,918 |
| Subtotal | | | | | | | | | | | | | | | |
| IRRIGATION | | | | | | | | | | | | | | | |
| System Upgrades | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Subtotal | | | | | | | | | | | | | | | |
| MISCELLANEOUS | | | | | | | | | | | | | | | |
| Water Heaters 8% | 0 | 0 | 0 | 0 | 0 | 7,545 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Radiant Heating 8% | 0 | 0 | 0 | 0 | 0 | 0 | 29,891 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Dishwashers 8% | 0 | 5,157 | 0 | 0 | 0 | 0 | 5,978 | 0 | 0 | 0 | 0 | 6,930 | 0 | 0 | 0 |
| Oven/Cooktops 8% | 0 | 9,025 | 0 | 0 | 0 | 0 | 10,462 | 0 | 0 | 0 | 0 | 12,128 | 0 | 0 | 0 |
| Shower Enclosures 5% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 20,414 | 0 | 0 | 0 | 0 | 0 |
| Electrical Boxes | 0 | 0 | 0 | 0 | 0 | 0 | 3,970 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Playground Equipment | 0 | 0 | 0 | 0 | 0 | 0 | 24,315 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Plumbing Repairs | 0 | 0 | 0 | 0 | 0 | 46,507 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 58,914 | 0 |
| Subtotal | | | | | | | | | | | | | | | |
| CONTINGENCY 5% | | | | | | | | | | | | | | | |
| REPLACEMENT COST | 118243 | 1464614 | 85893 | 8768 | 9753 | 54053 | 92966 | 297680 | 17970 | 51821 | 0 | 19059 | 42733 | 70697 | 181038 |
| RECOMMENDED BALANCE | 2593027 | 1371513 | 1530132 | 1774786 | 2028040 | 2246665 | 2435950 | 2429196 | 2711525 | 2970940 | 3293560 | 3609040 | 3912934 | 4201084 | 4390827 |
| Report Based on Inflation Rate of 3.0% and Interest Rate on Reserve Savings of 1.0% | | | | | | | | | | | | | | | |

RESERVE FUNDING SUMMARY (Recommend Allocation Model in Dashed Box)

| | <u>Per Year</u> | <u>Per Month</u> | <u>Per Unit Per Month</u> |
|--|-----------------|------------------|---------------------------|
| ALLOCATION BUDGETED IN 2013 | 139,200 | 11,600.00 | 148.72 |
| RECOMMENDED ALLOCATION IN 2014 (WITHOUT DEFICIT REDUCTION) | 70,370 | 5,864.17 | 75.18 |
| RECOMMENDED ALLOCATION IN 2014 (WITH DEFICIT REDUCTION) | 84,915 | 7,076.25 | 90.72 |
| <small>Recommended Annual Allocation plus any underfunded balance divided by the years remaining until replacement of each component (also shown on graph)</small> | | | |
| MINIMUM CASH BALANCE IN 2014 | 68,636 | 5,719.67 | 73.33 |

**PERCENTAGE OF ACTUAL CASH AT FISCAL YEAR END VERSUS
RECOMMENDED CASH AT FISCAL YEAR END IS: 68%**







ROOFING: Built Up

- 82,326 SqFt with a replacement cost of \$7.12 per SqFt.
- Normal life of 30 years with 17 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2013 is \$586,161.
- **Estimated cost to replace at FYE 2030 is \$968,835.**
- Recommended annual allocation in 2014 is \$19,539.
- **Recommended annual allocation with deficit reduction in 2014 is \$26,164.**
- Recommended balance at fiscal year end is \$254,003.
- We allocated \$141,380, leaving this component underfunded by \$112,624.

ROOFING: Carport Built Up

- 13,572 SqFt with a replacement cost of \$4.98 per SqFt.
- Normal life of 30 years with 17 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2013 is \$67,589.
- **Estimated cost to replace at FYE 2030 is \$111,714.**
- Recommended annual allocation in 2014 is \$2,253.
- **Recommended annual allocation with deficit reduction in 2014 is \$3,017.**
- Recommended balance at fiscal year end is \$29,288.
- We allocated \$16,302, leaving this component underfunded by \$12,986.

ROOFING: Skylights 4'x4'

- 390 LnFt with a replacement cost of \$450 per LnFt.
- Normal life of 30 years with 17 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2013 is \$175,500.
- **Estimated cost to replace at FYE 2030 is \$290,075.**
- Recommended annual allocation in 2014 is \$5,850.
- **Recommended annual allocation with deficit reduction in 2014 is \$7,834.**
- Recommended balance at fiscal year end is \$76,050.
- We allocated \$42,330, leaving this component underfunded by \$33,720.



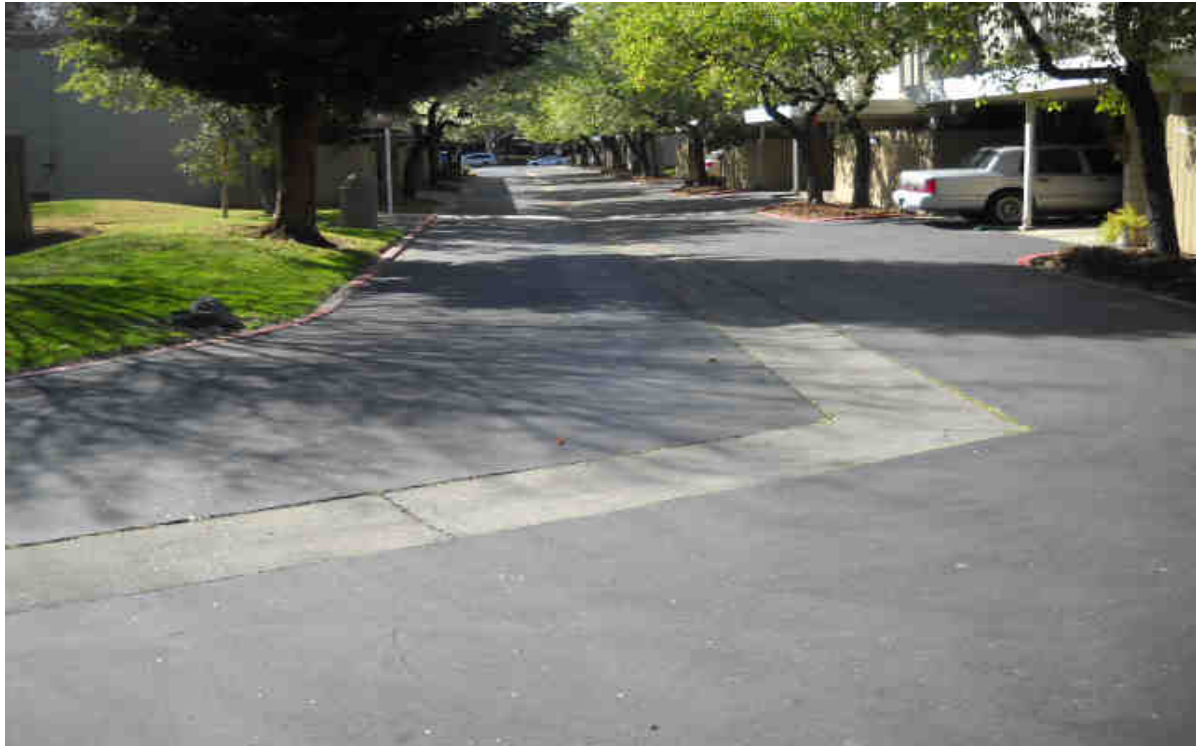
PAINTING: Stucco & Block

- 55,908 SqFt with a replacement cost of \$1.04 per SqFt.
- Normal life of 14 years with 9 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2013 is \$58,144.
- **Estimated cost to replace at FYE 2022 is \$75,865.**
- Recommended annual allocation in 2014 is \$4,153.
- **Recommended annual allocation with deficit reduction in 2014 is \$4,153.**
- Recommended balance at fiscal year end is \$20,766.
- We allocated \$20,766, leaving this component underfunded by \$0.

PAINTING: Wood Trim & Siding

- 51,608 SqFt with a replacement cost of \$1.39 per SqFt.
- Normal life of 7 years with 2 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2013 is \$71,735.
- **Estimated cost to replace at FYE 2015 is \$76,104.**
- Recommended annual allocation in 2014 is \$10,248.
- **Recommended annual allocation with deficit reduction in 2014 is \$10,248.**
- Recommended balance at fiscal year end is \$51,239.
- We allocated \$51,239, leaving this component underfunded by \$0.





ASPHALT PAVING: Slurry & Repair

- 88,933 SqFt with a replacement cost of \$0.19 per SqFt.
- Normal life of 5 years with 3 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2013 is \$16,453.
- **Estimated cost to replace at FYE 2016 is \$17,979.**
- Recommended annual allocation in 2014 is \$3,291.
- **Recommended annual allocation with deficit reduction in 2014 is \$3,291.**
- Recommended balance at fiscal year end is \$6,581.
- We allocated \$6,581, leaving this component underfunded by \$0.

ASPHALT PAVING: Overlay/Replace 25%

- 88,933 SqFt with a replacement cost of \$1.75 per SqFt.
- Normal life of 20 years with 17 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2013 is \$38,908.
- **Estimated cost to replace at FYE 2030 is \$64,309.**
- Recommended annual allocation in 2014 is \$1,945.
- **Recommended annual allocation with deficit reduction in 2014 is \$2,098.**
- Recommended balance at fiscal year end is \$5,836.
- We allocated \$3,248, leaving this component underfunded by \$2,588.

Pomeroy Green Co-Op

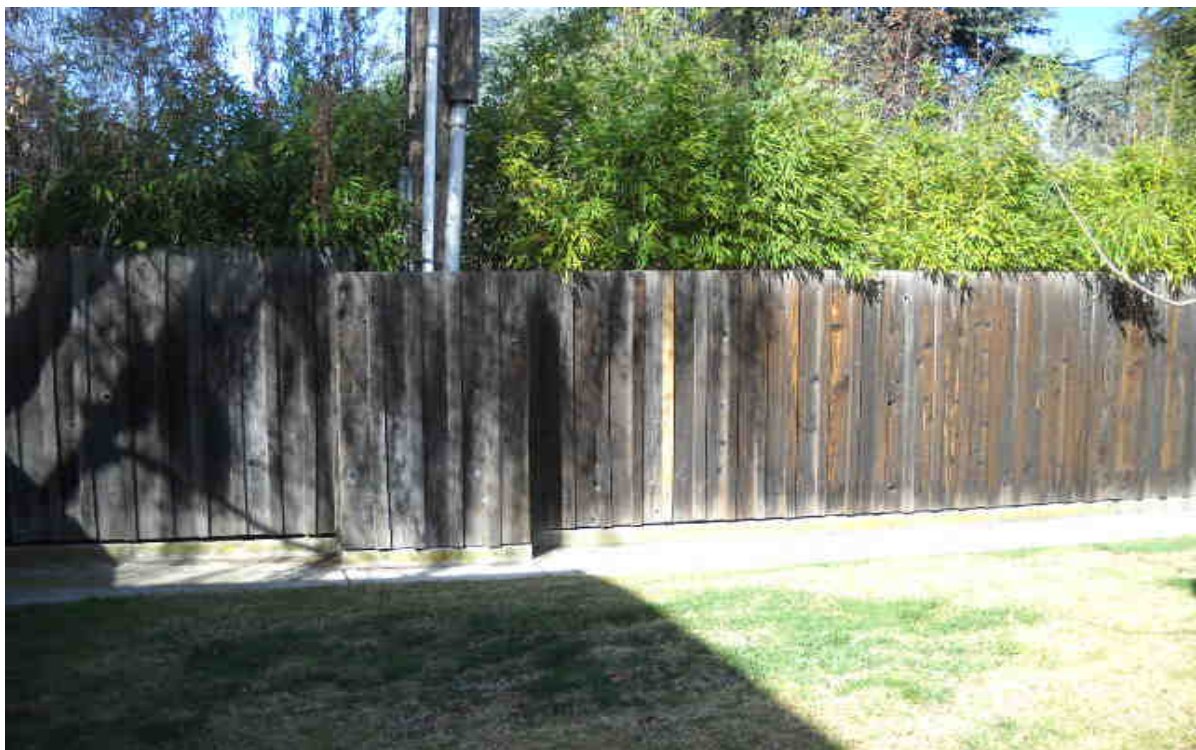


CONCRETE : Walks & Parking

- 1 Estimate with a replacement cost of \$5,000 per Estimate.
- Normal life of 5 years with 4 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2013 is \$5,000.
- **Estimated cost to replace at FYE 2017 is \$5,628.**
- Recommended annual allocation in 2014 is \$1,000.
- **Recommended annual allocation with deficit reduction in 2014 is \$1,000.**
- Recommended balance at fiscal year end is \$1,000.
- We allocated \$1,000, leaving this component underfunded by \$0.

CONCRETE : Drive Swales 25%

- 1,472 SqFt with a replacement cost of \$12.50 per SqFt.
- Normal life of 20 years with 17 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2013 is \$4,600.
- **Estimated cost to replace at FYE 2030 is \$7,603.**
- Recommended annual allocation in 2014 is \$230.
- **Recommended annual allocation with deficit reduction in 2014 is \$248.**
- Recommended balance at fiscal year end is \$690.
- We allocated \$384, leaving this component underfunded by \$306.





FENCES: Unit Front Wood

- 1,030 LnFt with a replacement cost of \$30.85 per LnFt.
- Normal life of 25 years with 18 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2013 is \$31,776.
- **Estimated cost to replace at FYE 2031 is \$54,097.**
- Recommended annual allocation in 2014 is \$1,271.
- **Recommended annual allocation with deficit reduction in 2014 is \$1,765.**
- Recommended balance at fiscal year end is \$8,897.
- We allocated \$0, leaving this component underfunded by \$8,897.

FENCES: Unit Rear Wood

- 2,643 LnFt with a replacement cost of \$28.50 per LnFt.
- Normal life of 20 years with 14 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2013 is \$75,326.
- **Estimated cost to replace at FYE 2027 is \$113,937.**
- Recommended annual allocation in 2014 is \$3,766.
- **Recommended annual allocation with deficit reduction in 2014 is \$3,766.**
- Recommended balance at fiscal year end is \$22,598.
- We allocated \$22,598, leaving this component underfunded by \$0.

FENCES: Property Line Fence

- 768 LnFt with a replacement cost of \$28.50 per LnFt.
- Normal life of 20 years with 15 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2013 is \$21,888.
- **Estimated cost to replace at FYE 2028 is \$34,101.**
- Recommended annual allocation in 2014 is \$1,094.
- **Recommended annual allocation with deficit reduction in 2014 is \$1,094.**
- Recommended balance at fiscal year end is \$5,472.
- We allocated \$5,472, leaving this component underfunded by \$0.





CLUBHOUSE: HVAC Unit

- 1 System with a replacement cost of \$5,400 per System.
- Normal life of 25 years with 20 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2013 is \$5,400.
- **Estimated cost to replace at FYE 2033 is \$9,753.**
- Recommended annual allocation in 2014 is \$216.
- **Recommended annual allocation with deficit reduction in 2014 is \$270.**
- Recommended balance at fiscal year end is \$1,080.
- We allocated \$0, leaving this component underfunded by \$1,080.

CLUBHOUSE: Replace Windows/Doors Replace

- 1 Estimate with a replacement cost of \$25,000 per Estimate.
- Normal life of 52 years with 1 year remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2013 is \$25,000.
- **Estimated cost to replace at FYE 2014 is \$25,750.**
- Recommended annual allocation in 2014 is \$481.
- **Recommended annual allocation with deficit reduction in 2014 is \$481.**
- Recommended balance at fiscal year end is \$24,519.
- We allocated \$24,519, leaving this component underfunded by \$0.

CLUBHOUSE: Trex Deck & Benches

- 1 Estimate with a replacement cost of \$15,000 per Estimate.
- Normal life of 25 years with 25 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2013 is \$15,000.
- **Estimated cost to replace at FYE 2038 is \$31,407.**
- Recommended annual allocation in 2014 is \$600.
- **Recommended annual allocation with deficit reduction in 2014 is \$600.**
- Recommended balance at fiscal year end is \$0.
- We allocated \$0, leaving this component underfunded by \$0.

CLUBHOUSE: Flooring

- 735 SqFt with a replacement cost of \$6.50 per SqFt.
- Normal life of 25 years with 17 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2013 is \$4,778.
- **Estimated cost to replace at FYE 2030 is \$7,897.**
- Recommended annual allocation in 2014 is \$191.
- **Recommended annual allocation with deficit reduction in 2014 is \$231.**
- Recommended balance at fiscal year end is \$1,529.
- We allocated \$851, leaving this component underfunded by \$678.

CLUBHOUSE: Restroom Fixtures

- 1 Estimate with a replacement cost of \$4,500 per Estimate.
- Normal life of 30 years with 23 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2013 is \$4,500.
- **Estimated cost to replace at FYE 2036 is \$8,881.**
- Recommended annual allocation in 2014 is \$150.
- **Recommended annual allocation with deficit reduction in 2014 is \$196.**
- Recommended balance at fiscal year end is \$1,050.
- We allocated \$0, leaving this component underfunded by \$1,050.

CLUBHOUSE: Interior Painting

- 1 Estimate with a replacement cost of \$1,890 per Estimate.
- Normal life of 12 years with 12 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2013 is \$1,890.
- **Estimated cost to replace at FYE 2025 is \$2,695.**
- Recommended annual allocation in 2014 is \$158.
- **Recommended annual allocation with deficit reduction in 2014 is \$158.**
- Recommended balance at fiscal year end is \$0.
- We allocated \$0, leaving this component underfunded by \$0.

Pomeroy Green Co-Op





POOL AREA: Filter & Pump

- 1 Estimate with a replacement cost of \$2,225 per Estimate.
- Normal life of 10 years with 8 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2013 is \$2,225.
- **Estimated cost to replace at FYE 2021 is \$2,819.**
- Recommended annual allocation in 2014 is \$223.
- **Recommended annual allocation with deficit reduction in 2014 is \$223.**
- Recommended balance at fiscal year end is \$445.
- We allocated \$445, leaving this component underfunded by \$0.

POOL AREA: Replaster

- 1,008 SqFt with a replacement cost of \$9.50 per SqFt.
- Normal life of 12 years with 10 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2013 is \$9,576.
- **Estimated cost to replace at FYE 2023 is \$12,869.**
- Recommended annual allocation in 2014 is \$798.
- **Recommended annual allocation with deficit reduction in 2014 is \$798.**
- Recommended balance at fiscal year end is \$1,596.
- We allocated \$1,596, leaving this component underfunded by \$0.

POOL AREA: Furniture

- 26 Units with a replacement cost of \$75 per Unit.
- Normal life of 8 years with 8 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2013 is \$1,950.
- **Estimated cost to replace at FYE 2021 is \$2,470.**
- Recommended annual allocation in 2014 is \$244.
- **Recommended annual allocation with deficit reduction in 2014 is \$244.**
- Recommended balance at fiscal year end is \$0.
- We allocated \$0, leaving this component underfunded by \$0.

POOL AREA: Concrete Deck

- 3,696 SqFt with a replacement cost of \$13.50 per SqFt.
- Normal life of 52 years with 5 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2013 is \$49,896.
- **Estimated cost to replace at FYE 2018 is \$57,843.**
- Recommended annual allocation in 2014 is \$960.
- **Recommended annual allocation with deficit reduction in 2014 is \$960.**
- Recommended balance at fiscal year end is \$45,098.
- We allocated \$45,098, leaving this component underfunded by \$0.



LIGHTING: Globe Pole Fixtures

- 17 Units with a replacement cost of \$225 per Unit.
- Normal life of 25 years with 15 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2013 is \$3,825.
- **Estimated cost to replace at FYE 2028 is \$5,959.**
- Recommended annual allocation in 2014 is \$153.
- **Recommended annual allocation with deficit reduction in 2014 is \$153.**
- Recommended balance at fiscal year end is \$1,530.
- We allocated \$1,530, leaving this component underfunded by \$0.

LIGHTING: Lights On Fences

- 57 Units with a replacement cost of \$50 per Unit.
- Normal life of 20 years with 10 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2013 is \$2,850.
- **Estimated cost to replace at FYE 2023 is \$3,830.**
- Recommended annual allocation in 2014 is \$143.
- **Recommended annual allocation with deficit reduction in 2014 is \$143.**
- Recommended balance at fiscal year end is \$1,425.
- We allocated \$1,425, leaving this component underfunded by \$0.



IRRIGATION: System Upgrades

- 1 Estimate with a replacement cost of \$15,000 per Estimate.
- Normal life of 25 years with 13 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2013 is \$15,000.
- **Estimated cost to replace at FYE 2026 is \$22,028.**
- Recommended annual allocation in 2014 is \$600.
- **Recommended annual allocation with deficit reduction in 2014 is \$600.**
- Recommended balance at fiscal year end is \$7,200.
- We allocated \$7,200, leaving this component underfunded by \$0.



MISCELLANEOUS: Water Heaters 8%

- 78 Units with a replacement cost of \$650 per Unit.
- Normal life of 10 years with 1 year remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2013 is \$4,056.
- **Estimated cost to replace at FYE 2014 is \$4,178.**
- Recommended annual allocation in 2014 is \$406.
- **Recommended annual allocation with deficit reduction in 2014 is \$406.**
- Recommended balance at fiscal year end is \$3,650.
- We allocated \$3,650, leaving this component underfunded by \$0.

MISCELLANEOUS: Radiant Heating 8%

- 78 Units with a replacement cost of \$2,500 per Unit.
- Normal life of 20 years with 2 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2013 is \$15,600.
- **Estimated cost to replace at FYE 2015 is \$16,550.**
- Recommended annual allocation in 2014 is \$780.
- **Recommended annual allocation with deficit reduction in 2014 is \$780.**
- Recommended balance at fiscal year end is \$14,040.
- We allocated \$14,040, leaving this component underfunded by \$0.

MISCELLANEOUS: Dishwashers 8%

- 78 Units with a replacement cost of \$500 per Unit.
- Normal life of 5 years with 2 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2013 is \$3,120.
- **Estimated cost to replace at FYE 2015 is \$3,310.**
- Recommended annual allocation in 2014 is \$624.
- **Recommended annual allocation with deficit reduction in 2014 is \$624.**
- Recommended balance at fiscal year end is \$1,872.
- We allocated \$1,872, leaving this component underfunded by \$0.

MISCELLANEOUS: Oven/Cooktops 8%

- 78 Units with a replacement cost of \$875 per Unit.
- Normal life of 5 years with 2 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2013 is \$5,460.
- **Estimated cost to replace at FYE 2015 is \$5,793.**
- Recommended annual allocation in 2014 is \$1,092.
- **Recommended annual allocation with deficit reduction in 2014 is \$1,092.**
- Recommended balance at fiscal year end is \$3,276.
- We allocated \$3,276, leaving this component underfunded by \$0.

MISCELLANEOUS: Shower Enclosures 5%

- 156 Units with a replacement cost of \$1,250 per Unit.
- Normal life of 20 years with 5 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2013 is \$9,750.
- **Estimated cost to replace at FYE 2018 is \$11,303.**
- Recommended annual allocation in 2014 is \$488.
- **Recommended annual allocation with deficit reduction in 2014 is \$488.**
- Recommended balance at fiscal year end is \$7,313.
- We allocated \$7,313, leaving this component underfunded by \$0.

MISCELLANEOUS: Electrical Boxes

- 14 Units with a replacement cost of \$1,850 per Unit.
- Normal life of 20 years with 2 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2013 is \$2,072.
- **Estimated cost to replace at FYE 2015 is \$2,198.**
- Recommended annual allocation in 2014 is \$104.
- **Recommended annual allocation with deficit reduction in 2014 is \$104.**
- Recommended balance at fiscal year end is \$1,865.
- We allocated \$1,865, leaving this component underfunded by \$0.

MISCELLANEOUS: Playground Equipment

- 1 Estimate with a replacement cost of \$12,690 per Estimate.
- Normal life of 15 years with 7 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2013 is \$12,690.
- **Estimated cost to replace at FYE 2020 is \$15,607.**
- Recommended annual allocation in 2014 is \$846.
- **Recommended annual allocation with deficit reduction in 2014 is \$846.**
- Recommended balance at fiscal year end is \$6,768.
- We allocated \$6,768, leaving this component underfunded by \$0.

MISCELLANEOUS: Plumbing Repairs

- 1 Estimate with a replacement cost of \$25,000 per Estimate.
- Normal life of 8 years with 5 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2013 is \$25,000.
- **Estimated cost to replace at FYE 2018 is \$28,982.**
- Recommended annual allocation in 2014 is \$3,125.
- **Recommended annual allocation with deficit reduction in 2014 is \$3,125.**
- Recommended balance at fiscal year end is \$9,375.
- We allocated \$9,375, leaving this component underfunded by \$0.

ytThank GENERAL INFORMATION

In the production of a reserve study we utilize information from a variety of sources. The most accurate of these sources are the completed contracts or pending contracts that the Association has solicited. The second source of information we utilize is the actual costs for similar work performed for other associations in the same area. When actual or estimated costs are not available or total replacement is not applicable, we develop an allowance for component replacement. These costs are often listed as an annual allowance to be used to repair or replace the items.

Since 1986, **TROWER** has been actively engaged in architecture, general contracting, cost estimating and consulting throughout America. **Our primary objective is to provide management and associations with current and accurate construction cost data for future repair and replacement of the major common area components the association must maintain.**

Paul Trower has a professional degree in Architecture and 35 years of construction experience and is a licensed general contractor. We have completed over 10,200 studies as of April 2013. We produce a study that contains estimated quantities, estimated replacement costs, projected life expectancies and budget recommendations to assist the associations.

The construction industry and available materials are ever evolving. We make every effort to correctly represent these changes.

FACTORS AFFECTING UNIT COSTS

Project type and size will have an impact on cost. Economies of scale may reduce costs. Material and labor costs are calculated per standard construction practice based on US Government specifications. If overtime or holiday pay is anticipated costs should be adjusted. Output or productivity calculations are based upon working an eight-hour day in daylight.

Additional factors affecting costs are time of year, management fees, weather, labor and union restrictions, permits, building code requirements, utility access, skilled labor and building materials availability.

LIMITATIONS OF THE STUDY

This study attempts to determine the estimated quantity and remaining useful life of the components which are visually inspected and included in this study. This study is not a guarantee, warranty, or a recommendation to purchase. Estimated remaining useful life is calculated with reasonable consideration for weather conditions. Natural disasters, including seismic activity have not been

addressed in this study. Reserve Funding for earthquake damage and other disasters exceeds the scope of this study. We recommend the Association consider additional insurance to cover unforeseen disasters. We assume the components of the association will receive proper maintenance.

This report is expressly for the use of the client and only for the purpose of establishing reserve funding requirements.

TROWER has made a reasonable effort to ensure that quantities in this report are accurate. We do not assume any liability for damages which may result from this study. We are not responsible for conditions this report fails to disclose. The information contained in this study is deemed reliable as of the date of this study, but is not guaranteed. This study does not preclude errors resulting from unforeseen conditions or circumstances, unreliable information or unpredictable cost conditions. **The scope of this report is expressly limited to the components described herein.**

This study is limited to a visual inspection and there has been no destructive testing or inspection of the interior of private units; floors, wall or ceiling cavities; or structural elements requiring testing. It is assumed that the components have been constructed per original construction documents and comply with applicable codes.

This study is not designed to uncover latent or patent defects. Estimates represent replacement of a component with similar materials only.

Local building codes have not been researched to determine whether or not current ordinances will permit the replacement of any component with like material. The estimates do not take into account the abbreviated useful life of a component as a result of defect in its original construction, installation, or design.

TROWER is not responsible for any claims, demands, or damages arising out of the discovery of asbestos or other hazardous materials.

The Association, by accepting this study, agrees to release **TROWER** from any claims, demands or damages. The Association, in consideration of **TROWER** performing the reserve study, hereby agrees to indemnify, defend and hold harmless **TROWER** from and against any and all liability, damages, losses, claims, demands, or lawsuits arising out of or relating to this reserve study.

DEFINITIONS

COMPONENT: Major repair or replacement item

ESTIMATED COMPONENT QUANTITY: (Est. Comp. Qty.) Quantity or volume

ESTIMATED UNIT COST: Quantitative unit cost per unit of measure

ESTIMATED COST TO REPLACE: Current replacement cost of component

LIFE EXPECTANCY NORMAL: Expected Life of component

LIFE EXPECTANCY REMAINING: Normal life minus years in service

SOURCE & CONDITION: Information acquired from:

1. **TROWER** estimate or allowance for total or partial replacement or repair
2. Estimated cost derived from reference books found in our reference section
3. Contractor bid for similar work in the same cost area
4. Bid supplied by Board of Directors or Property Manager for completed or pending work
5. Information or direction per the Board of Directors or Property Manager
6. Information from a previous reserve study

Condition graded from good to poor (G, G-F, F, F-P and P)

RECOMMENDED ALLOCATION FOR CURRENT FISCAL YEAR: Cost to Replace divided by Normal Life

RECOMMENDED BALANCE @ FYE: (Fiscal Year End): Annual Allocation multiplied by age of component

PROJECTED BALANCE @ FYE: The reserve account balance at FYE calculated from most recent financials (distributed by priority of need)

UNDER FUNDED \ OVER FUNDED: Recommended Balance @ FYE minus Expected Balance @ FYE

CONTINGENCY: An allowance for miscellaneous components (**TROWER** uses five percent unless directed otherwise by Board of Directors or Property Manager)

ANNUAL ALLOCATION w/ DEFICIT REDUCTION: Recommended Annual Allocation plus any under funded balance divided by the years remaining until replacement of each component (also shown on graph)

THIRTY YEAR PROJECTED RESERVE EXPENSES: Replacement cost and year in future dollars (adjusted for annual inflation)