RESERVE STUDY

Baywood Estates Condominium Association

Beachwood, Ohio

Study Completed By:
Superior Engineering - Ohio

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Confidential

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EXECUTIVE SUMMARY

At the request of the Baywood Estates Condominium Association Board, Superior Engineering has conducted a Reserve Study for the Baywood Estates Condominium Association located in Beachwood, Ohio. The results of our study are identified in this report. We conducted our visual, noninvasive inspection for this study on May 22, 2023. This Reserve study is meant to be used as a tool to assist with the planning of future capital expenditures.

The Baywood Estates Condominiums consist of 23 units in 4 buildings. The building exteriors are made up of wood siding and asphalt shingle roofs. The buildings were built between 1984 and 1989. There are eighteen Reserve Components that will possibly need to be repaired or replaced over the next 30 years. According to the Association's Management the Reserve Fund Balance, as of December 2023 is projected to be $96,063. If the Association were to continue to fund Reserves at its 2023 budgeted amount of $41,000, the Reserve Fund would potentially incur a shortage by 2038. However, the Association has increased their annual contribution to $78,738. This Reserve Study's funding goal is to keep the Reserve Fund Balance above an adequate threshold.

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

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

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

The Baywood Estates Condominium Association has increased their annual contribution to $78,738 for Reserve Contributions in 2024. We recommend that the Baywood Estates Condominium Association contribute a minimum of $55,397 in 2024. We also recommend an annual Reserve Contribution increase of 5% in order to stay ahead of inflation. The recommended year 2024 Reserve Contribution of $55,397 is a $14,397 increase from the previously budgeted amount. By adopting this increase contributions should grow to create an adequate Reserve Fund to cover future major Reserve Expenditures as shown in Exhibit B *"Tables."* Exhibit B *"Tables"* Funding Balance Sheet shows the recommended annual Reserve Contributions and projected year-end balances.

We have also included financial tables for the painting/staining, landscaping and future reserve studies. These tables show what the association is budgeting for those items. These items are not part of the reserve study and are being paid for out of the operating budget.

EXECUTIVE SUMMARY (CON'T)

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

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

MEANS AND METHODS

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

- In order to compute the 30-year Reserve Funding Plan the Cash Flow Method was used.
- The identification of each Reserve Component along with the anticipated year of replacement as shown in Exhibit B: *"Tables".*
- Local equipment, material and labor costs.
- Both current and future Reserve Component replacement costs.
- Reserve Component removal costs as part of the cost of replacement.
- Historical data and local economic conditions are considered in estimating future inflation rates for construction costs in Beachwood, Ohio at an annual inflation rate of 4.56%.
- How the current and past maintenance practices of the Baywood Estates Condominium Association effects the remaining useful life of the major common area expenditures.
- Necessary operating budget expenses have not been included in the Funding Plan. It is our understanding that unless specifically noted, the costs for ongoing normal maintenance of Reserve Components or property elements are included in the future operating budgets. The Baywood Estates Condominium Association should continue to include these costs of maintenance in the operating budget.
- Since this study does not include providing financial or investment advice we assumed that the Association should be able to achieve on average a 0.80% return on their investment of the yearly reserve balance based on a 10 year historical average.

CLASSIFICATION OF RESERVE COMPONENTS

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

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

Baywood Estates

- Concrete Access Roadway
- Catch Basins
- Concrete Driveways
- Concrete Sidewalks
- Concrete Patios
- Wood Retaining Walls
- Wood Fences Enclosing Courtyards
- Wood Fences Inside Courtyards
- Wood Screen Walls
- Wood Siding
- Asphalt Shingle Roofing
- Gutters/Downspouts
- Drain Lines
- Chimney Siding
- Streetlights
- Condo Entrance Sign and Light
- Mailboxes
- Trench Drains

The Board is budgeting for the cost of the Painting/Staining of the wood siding as well as the landscaping out of a separate budget and they have not been included in this reserve study.

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

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

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

CLASSIFICATION OF RESERVE COMPONENTS (CON'T)

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

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

COMPONENT ASSESSMENT

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

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

Concrete Access Roadway - The existing Concrete Access Roadway appears to be in average condition, as shown in Exhibit A: "*Photographs"*. There are some areas that have some cracking and will require repair. Concrete has a useful life of up to 30 years. However, these components are not typically completely replaced at one time, but rather on an as needed basis. Therefore, we have projected these components to be replaced on a cyclical basis of 12% every five years or 72% over 30 years. The replacements are projected to begin in 2025. This will allow for partial replacement of the components on an as needed basis to repair damage caused by snow removal, freeze thaw cycles, etc.

Catch Basins - The existing Catch Basins appear to be in average overall condition, as shown in Exhibit A: "*Photographs*". Catch Basins have a useful life of approximately 25-30 years. These components are not typically completely repaired/replaced at one time, but rather on an as needed basis. Therefore, based on their current age and condition, we have projected the repair or replacement of two Catch Basins in conjunction with the concrete repairs starting in 2028.

Concrete Driveways - The existing Concrete Driveways appear to be in average condition, as shown in Exhibit A: "*Photographs"*. Concrete has a useful life of up to 30 years. However, these components are not typically completely replaced at one time, but rather on an as needed basis. Therefore, we have projected these components to be replaced on a cyclical basis of 12% every five years or 72% over 30 years. The replacements are projected to begin in 2028. This will allow for partial replacement of the components on an as needed basis to repair damage caused by snow removal, freeze thaw cycles, etc.

COMPONENT ASSESSMENT (CON'T)

Concrete Sidewalks - The existing Concrete Sidewalks appear to be in average condition, as shown in Exhibit A: "*Photographs"*. Concrete has a useful life of up to 30 years. However, these components are not typically completely replaced at one time, but rather on an as needed basis. Therefore, we have projected these components to be replaced on a cyclical basis of 7% every five years or 42% over 30 years. The replacements are projected to begin in 2028. This will allow for partial replacement of the components on an as needed basis to repair damage caused by snow removal, freeze thaw cycles, etc.

Concrete Patios - The existing Concrete Patios appear to be in average condition, as shown in Exhibit A: "*Photographs"*. Concrete has a useful life of up to 30 years. However, these components are not typically completely replaced at one time, but rather on an as needed basis. Therefore, we have projected these components to be replaced on a cyclical basis of 12% every five years or 72% over 30 years. The replacements are projected to begin in 2028. This will allow for partial replacement of the components on an as needed basis to repair damage caused by snow removal, freeze thaw cycles, etc.

Wood Retaining Walls - The existing Wood Retaining Walls appear to be in varying condition from fair to average based on their age, as shown in Exhibit A: "*Photographs*". Wood Retaining Walls have a useful life of 25 to 30 years. Therefore, based on their current age and condition we have projected the replacement of half of the Wood Retaining Walls in 2026 and the other half in 2029.

Wood Fences Enclosing the Courtyards - The existing Wood Fences Enclosing the Courtyards were replaced between 2014 and 2016 and appear to be in average condition based on their age, as shown in Exhibit A: "*Photographs*". There is one section on the South end of the association that is leaning and will require repairs. Wood Fences have a useful life of 20 to 25 years. Therefore, based on their current age and condition we have projected the replacement of the Wood Fences Enclosing the Courtyards in 2034.

Wood Fences Inside the Courtyards - The existing Wood Fences Inside the Courtyards were replaced between 2014 and 2016 and appear to be in average condition, as shown in Exhibit A: "*Photographs*". Wood Fences have a useful life of 20 to 25 years. Therefore, based on their current age and condition we have projected the replacement of the Wood Fences Inside the Courtyards in 2036.

Wood Screen Walls - The existing Wood Screen Walls appear to be in fair to average condition based on their age, as shown in Exhibit A: "*Photographs*". According to management the Wood Screen Walls were replaced in 2013. There are several areas that are in need of repair due to wood rot and one of the walls is leaning. These components are not typically completely replaced at one time, but rather on an as needed basis. Therefore, we have projected these components to be replaced on a cyclical basis of 10% every five years or 60% over 30 years. The replacements are projected to begin in 2024.

COMPONENT ASSESSMENT (CON'T)

Wood Siding - The existing Wood Siding appears to be in fair to average condition, based on its age, as shown in Exhibit A: "*Photographs*". There are some areas near the roof lines that are showing signs or rot. Wood Siding is not typically completely replaced at one time, but rather on an as needed basis. Therefore, we have projected the Wood Siding to be replaced on a cyclical basis of 10% every five years or 60% over 30 years. The replacements are projected to begin in 2024. This will allow for partial replacement of the components on an as needed basis.

Asphalt Shingle Roofing - The Association has 4 buildings with Shingle Roofs. The Roofs were replaced in 2017 and 2018. They appear to be in good condition based on our visual inspection from the ground, as shown in Exhibit A: "*Photographs"*. Shingles have a useful life of 20 - 25 years in Beachwood, Ohio. Based on the age and condition of the Roofs, we have projected the replacement of the roofs over a two year period starting in 2040. The Association should fund any repairs prior to the complete replacement of the Roofs through the operating budget.

Gutters and Downspouts - The Gutters and Downspouts were replaced in 2017 and 2018 and appear to be in good condition as shown in Exhibit A: "*Photographs*". Gutters and Downspouts have the same useful life as roofs, which is typically 20 - 25 years. Therefore, we have projected the replacement of the Gutters and Downspouts in conjunction with the Shingle Roofs over a two year period starting in 2040.

Chimney Siding - The existing Chimney Siding appears to be in average condition, as shown in Exhibit A: "*Photographs*". Chimney Siding has a useful life of approximately 20 years. Therefore, based on its current condition, we have projected the replacement of the Chimney Siding in 2036.

Streetlights - The existing Streetlights appear to be in average condition based on their age, as shown in Exhibit A: "*Photographs*". Streetlights have a useful life of approximately 25 to 30 years. Therefore, based on their age and condition, we have projected the replacement of the Streetlights in 2041.

Condo Entrance Sign and Light - The Condo Entrance Sign and Light appears to be in average condition, as shown in Exhibit A: *Photographs".* Condo Entrance Signs and Lights have a useful life of approximately 20 years. Therefore, based on its condition we have projected the replacement of the Condo Entrance Sign and Light in 2034.

Mailboxes - The existing Mailboxes appear to be in average condition, as shown in Exhibit A: "*Photographs*". Mailboxes have a useful life of approximately 20 years. Therefore, based on their age and condition, we have projected the replacement of the Mailboxes in 2039.

COMPONENT ASSESSMENT (CON'T)

Trench Drains - The existing Trench Drains appear to be in varying condition based on their age, and one of them is in need of repair/replacement, as shown in Exhibit A: "*Photographs*". Trench Drains have a useful life of approximately 20 years. Therefore, based on their condition, we have projected the replacement of one of the Trench Drains in 2025 and the other in 2041.

Exterior Electrical Panels - The existing Exterior Electrical Panels appear to be in fair to average condition based on their age, as shown in Exhibit A: "*Photographs*". Exterior Electrical Panels have a useful life of approximately 40 to 50 years. Therefore, based on their age and condition, we have projected the replacement of 25% of the Exterior Electrical Panels every other year starting in 2026.

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

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

EXHIBIT DESCRIPTIONS

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

Exhibit A: *"Photographs"* documents the conditions of various property components as of the date of our visual inspection, May 22, 2023. References to these photographs are made throughout the Reserve Study.

Exhibit B: *"Tables"* contains two tables. The first table The *"Component Replacement Table"*, includes an inventory of the Reserve Components, Reserve Expenditures, estimates of

future costs and anticipated replacement times during the next 30 years. It includes a 4.56% annual percentage rate of inflation. The table arranges the following information in columns:

- For reference purposes item numbers have been provided.

EXHIBIT DESCRIPTIONS (CON'T)

- Reserve Component describes each component.
- Useful Life shows each component's typical useful life.
- Remaining Useful Life shows the remaining useful life of each component.
- Current Cost Per Replacement displays the cost of each replacement or partial replacement in "today's" dollars.
- Quantity Per Replacement displays the quantity of each replacement or partial replacement.
- Columns 2024-2054 show the years of replacement and estimated cost of replacement adjusted for inflation.

The second table of data in Exhibit B: "*Tables"* is the Reserve Funding Plan. This table includes the Association's current funding plan, and the proposed Cashflow model. Each of which assumes a 0.80% return on reserve investments, 4.56% inflation and a 5% yearly increase in Reserve Contributions. The table arranges the following list in rows for both the current funding plan and the proposed funding plan (Cash Flow Method).

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

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

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

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

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

DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

DEFINITIONS (CON'T)

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

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

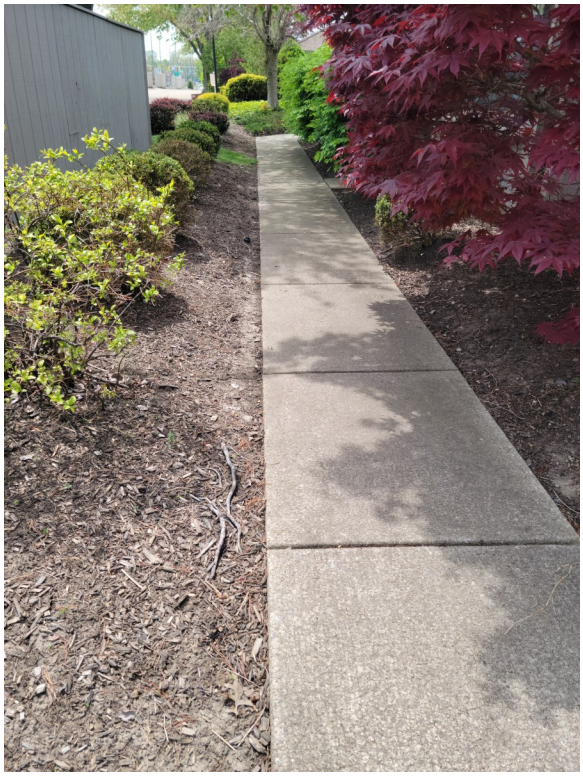

EXHIBIT B: TABLES
COMPONENT REPLACEMENT TABLE

	RESERVE COMPONENT	Useful Life	Remaining Useful Life	Current Cost Per Replacement	QTY. Per Replacement		2024	2025	2026	2027	2028	2029
1	CONCRETE ACCESS ROADWAY	25-30	2	$28,363	2,218	SF		$29,656				
2	CATCH BASINS	25-30	5	$2,730	2	EA					$3,263	
3	CONCRETE DRIVEWAYS	25-30	5	$37,686	3,603	SF					$45,045	
4	CONCRETE SIDEWALKS	25-30	5	$7,685	912	SF					$9,186	
5	CONCRETE PATIOS	25-30	5	$6,485	769	SF					$7,752	
6	WOOD RETAINING WALLS	25-30	3	$7,405	215	SF			$8,095			$9,254
7	WOOD FENCES ENCLOSING THE COURTYARD	20-25	11	$15,609	215	LF						
8	WOOD FENCES INSIDE COURTYARDS	20-25	13	$37,462	516	LF						
9	WOOD SCREEN WALLS	20-25	1	$3,737	651	SF	$3,737					$4,670
10	WOOD SIDING	40	1	$21,745	3,788	SF	$21,745					$27,176
11	ASPHALT SHINGLE ROOFING	20-25	17	$189,008	413	SQ						
12	GUTTERS/DOWNSPOUTS	20-25	17	$20,890	1,882	LF						
13	CHIMNEY SIDING	20	13	$11,953	1,295	SF						
14	STREETLIGHTS	25-30	18	$20,000	8	EA						
15	CONDO ENTRANCE SIGN AND LIGHT	20	11	$1,400	1	LOT						
16	MAILBOXES	20	16	$10,400	4	EA						
17	TRENCH DRAIN	25	2	$1,600	20	LF		$1,673				
18	EXTERIOR ELECTRICAL PANELS	40-50	3	$8,596	1	EA			$9,398		$10,274	
	Totals						$25,482	$31,329	$17,493	$0	$75,520	$41,100

EXHIBIT B: TABLES
COMPONENT REPLACEMENT TABLE

	RESERVE COMPONENT	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
1	CONCRETE ACCESS ROADWAY	$37,064					$46,321					$57,890	
2	CATCH BASINS				$4,078					$5,097			
3	CONCRETE DRIVEWAYS				$56,295					$70,356			
4	CONCRETE SIDEWALKS				$11,480					$14,348			
5	CONCRETE PATIOS				$9,688					$12,107			
6	WOOD RETAINING WALLS												
7	WOOD FENCES ENCLOSING THE COURTYARD					$24,380							
8	WOOD FENCES INSIDE COURTYARDS							$63,970					
9	WOOD SCREEN WALLS					$5,836					$7,294		
10	WOOD SIDING					$33,963					$42,446		
11	ASPHALT SHINGLE ROOFING											$385,770	$403,361
12	GUTTERS/DOWNSPOUTS											$42,638	$44,582
13	CHIMNEY SIDING							$20,411					
14	STREETLIGHTS												$42,682
15	CONDO ENTRANCE SIGN AND LIGHT					$2,187							
16	MAILBOXES										$20,301		
17	TRENCH DRAIN												$3,415
18	EXTERIOR ELECTRICAL PANELS	$11,233		$12,281									
	Totals	$48,296	$0	$12,281	$81,542	$66,366	$46,321	$84,380	$0	$101,908	$70,041	$486,297	$494,039

EXHIBIT B: TABLES
COMPONENT REPLACEMENT TABLE

	RESERVE COMPONENT	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
1	CONCRETE ACCESS ROADWAY				$72,349					$90,419				
2	CATCH BASINS		$6,370					$7,960					$9,949	
3	CONCRETE DRIVEWAYS		$87,928					$109,889					$137,336	
4	CONCRETE SIDEWALKS		$17,931					$22,410						
5	CONCRETE PATIOS		$15,131					$18,911						
6	WOOD RETAINING WALLS										$24,681			$28,214
7	WOOD FENCES ENCLOSING THE COURTYARD													
8	WOOD FENCES INSIDE COURTYARDS													
9	WOOD SCREEN WALLS			$9,116					$11,393					$14,238
10	WOOD SIDING			$53,048					$66,297					$82,856
11	ASPHALT SHINGLE ROOFING													
12	GUTTERS/DOWNSPOUTS													
13	CHIMNEY SIDING													
14	STREETLIGHTS													
15	CONDO ENTRANCE SIGN AND LIGHT													$5,335
16	MAILBOXES													
17	TRENCH DRAIN													
18	EXTERIOR ELECTRICAL PANELS													
	Totals	$0	$127,361	$62,164	$72,349	$0	$0	$159,171	$77,690	$90,419	$24,681	$0	$147,284	$130,643

EXHIBIT B: TABLES
FUNDING BALANCE SHEET

Inflation	**4.56%**
Proposed Interest	**0.80%**
Minimum Threshold Percentage	**1.50%**
Proposed Yearly Contribution Increase	**5.00%**
Current Interest	**0.80%**
Current Yearly Contribution Increase	**5.00%**

		Yearly Balance											
	Yearly Percentage Increase	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**
Historical Funding													
Starting Balance		$96,063											
Annual Deposit	**5.00%**	$78,738	$82,675	$86,809	$91,149	$95,707	$100,492	$105,516	$110,792	$116,332	$122,148	$128,256	$134,669
Interest on Reserves	**0.80%**	$769	$1,201	$1,621	$2,189	$2,935	$3,120	$3,620	$4,107	$5,026	$5,899	$6,271	$6,816
Expenditures		$25,482	$31,329	$17,493	$0	$75,520	$41,100	$48,296	$0	$12,281	$81,542	$66,366	$46,321
Year End Balance		$150,088	$202,634	$273,570	$366,908	$390,030	$452,542	$513,382	$628,282	$737,359	$783,865	$852,025	$947,190
Cumulative Expenditures		$25,482	$56,811	$74,304	$74,304	$149,824	$190,924	$239,220	$239,220	$251,501	$333,043	$399,409	$445,730
Cumulative Receipts		$175,569	$259,445	$347,874	$441,212	$539,854	$643,466	$752,603	$867,502	$988,860	$1,116,908	$1,251,434	$1,392,919
Cash Flow Method (Recommended)													
Starting Balance		$96,063											
Annual Deposit	**5.00%**	$55,397	$58,167	$61,075	$64,129	$67,335	$70,702	$74,237	$77,949	$81,846	$85,939	$90,235	$94,747
Interest on Reserves	**0.80%**	$769	$1,014	$1,237	$1,595	$2,121	$2,073	$2,326	$2,552	$3,196	$3,778	$3,844	$4,065
Expenditures		$25,482	$31,329	$17,493	$0	$75,520	$41,100	$48,296	$0	$12,281	$81,542	$66,366	$46,321
Year End Balance		$126,746	$154,597	$199,416	$265,140	$259,076	$290,751	$319,017	$399,518	$472,280	$480,455	$508,168	$560,660
Minimum Funding Level	**1.50%**	$23,386	$23,737	$24,093	$24,454	$24,821	$25,193	$25,571	$25,955	$26,344	$26,739	$27,141	$27,548
Cumulative Expenditures		$25,482	$56,811	$74,304	$74,304	$149,824	$190,924	$239,220	$239,220	$251,501	$333,043	$399,409	$445,730
Cumulative Receipts		$152,228	$211,408	$273,720	$339,444	$408,900	$481,675	$558,238	$638,739	$723,781	$813,498	$907,577	$1,006,389
Inflation	**4.56%**												
Average Yearly Expenditure	**$83,037**												

EXHIBIT B: TABLES
FUNDING BALANCE SHEET

Inflation	**4.56%**
Proposed Interest	**0.80%**
Minimum Threshold Percentage	**1.50%**
Proposed Yearly Contribution Increase	**5.00%**
Current Interest	**0.80%**
Current Yearly Contribution Increase	**5.00%**

	Yearly Percentage Increase	**2036**	**2037**	**2038**	**2039**	**2040**	**2041**	**2042**	**2043**	**2044**	**2045**	**2046**
Historical Funding												
Starting Balance												
Annual Deposit	**5.00%**	$141,402	$148,472	$155,896	$163,691	$171,875	$180,469	$189,492	$198,967	$208,915	$219,361	$230,329
Interest on Reserves	**0.80%**	$7,578	$8,094	$9,347	$9,854	$10,682	$8,252	$5,809	$7,371	$8,003	$9,241	$10,491
Expenditures		$84,380	$0	$101,908	$70,041	$486,297	$494,039	$0	$127,361	$62,164	$72,349	$0
Year End Balance		$1,011,789	$1,168,356	$1,231,691	$1,335,193	$1,031,453	$726,134	$921,436	$1,000,414	$1,155,168	$1,311,422	$1,552,243
Cumulative Expenditures		$530,110	$530,110	$632,018	$702,059	$1,188,356	$1,682,396	$1,682,396	$1,809,756	$1,871,920	$1,944,269	$1,944,269
Cumulative Receipts		$1,541,899	$1,698,466	$1,863,708	$2,037,252	$2,219,809	$2,408,530	$2,603,831	$2,810,170	$3,027,088	$3,255,691	$3,496,511
Cash Flow Method (Recommended)												
Starting Balance												
Annual Deposit	**5.00%**	$99,485	$104,459	$109,682	$115,166	$120,924	$126,970	$133,319	$139,985	$146,984	$154,333	$162,050
Interest on Reserves	**0.80%**	$4,485	$4,642	$5,515	$5,621	$6,027	$3,152	$241	$1,309	$1,421	$2,111	$2,784
Expenditures		$84,380	$0	$101,908	$70,041	$486,297	$494,039	$0	$127,361	$62,164	$72,349	$0
Year End Balance		$580,249	$689,350	$702,639	$753,384	$394,038	$30,122	$163,682	$177,615	$263,856	$347,952	$512,785
Minimum Funding Level	**1.50%**	$27,961	$28,380	$28,806	$29,238	$29,677	$30,122	$30,574	$31,032	$31,498	$31,970	$32,450
Cumulative Expenditures		$530,110	$530,110	$632,018	$702,059	$1,188,356	$1,682,396	$1,682,396	$1,809,756	$1,871,920	$1,944,269	$1,944,269
Cumulative Receipts		$1,110,359	$1,219,460	$1,334,657	$1,455,444	$1,582,395	$1,712,517	$1,846,077	$1,987,371	$2,135,776	$2,292,221	$2,457,054
Inflation	**4.56%**											
Average Yearly Expenditure	**$83,037**											

EXHIBIT B: TABLES
FUNDING BALANCE SHEET

Inflation	**4.56%**
Proposed Interest	**0.80%**
Minimum Threshold Percentage	**1.50%**
Proposed Yearly Contribution Increase	**5.00%**
Current Interest	**0.80%**
Current Yearly Contribution Increase	**5.00%**

	Yearly Percentage Increase	2047	2048	2049	2050	2051	2052	2053	2054
Historical Funding									
Starting Balance									
Annual Deposit	**5.00%**	$241,846	$253,938	$266,635	$279,967	$293,965	$308,663	$324,096	$340,301
Interest on Reserves	**0.80%**	$12,418	$14,452	$15,326	$16,960	$18,612	$20,915	$23,552	$25,155
Expenditures		$0	$159,171	$77,690	$90,419	$24,681	$0	$147,284	$130,643
Year End Balance		$1,806,506	$1,915,726	$2,119,996	$2,326,504	$2,614,400	$2,943,978	$3,144,342	$3,379,155
Cumulative Expenditures		$1,944,269	$2,103,439	$2,181,129	$2,271,548	$2,296,229	$2,296,229	$2,443,514	$2,574,157
Cumulative Receipts		$3,750,775	$4,019,165	$4,301,126	$4,598,052	$4,910,629	$5,240,207	$5,587,855	$5,953,311
Cash Flow Method (Recommended)									
Starting Balance									
Annual Deposit	**5.00%**	$170,152	$178,660	$187,593	$196,973	$206,821	$217,162	$228,020	$239,422
Interest on Reserves	**0.80%**	$4,102	$5,496	$5,696	$6,621	$7,526	$9,044	$10,853	$11,586
Expenditures		$0	$159,171	$77,690	$90,419	$24,681	$0	$147,284	$130,643
Year End Balance		$687,040	$712,026	$827,625	$940,800	$1,130,466	$1,356,672	$1,448,262	$1,568,627
Minimum Funding Level	**1.50%**	$32,936	$33,431	$33,932	$34,441	$34,958	$35,482	$36,014	$36,554
Cumulative Expenditures		$1,944,269	$2,103,439	$2,181,129	$2,271,548	$2,296,229	$2,296,229	$2,443,514	$2,574,157
Cumulative Receipts		$2,631,309	$2,815,465	$3,008,754	$3,212,348	$3,426,696	$3,652,902	$3,891,776	$4,142,783
Inflation	**4.56%**								
Average Yearly Expenditure	**$83,037**								

EXHIBIT C: GRAPHS
CURRENT ASSOCIATION FUNDING

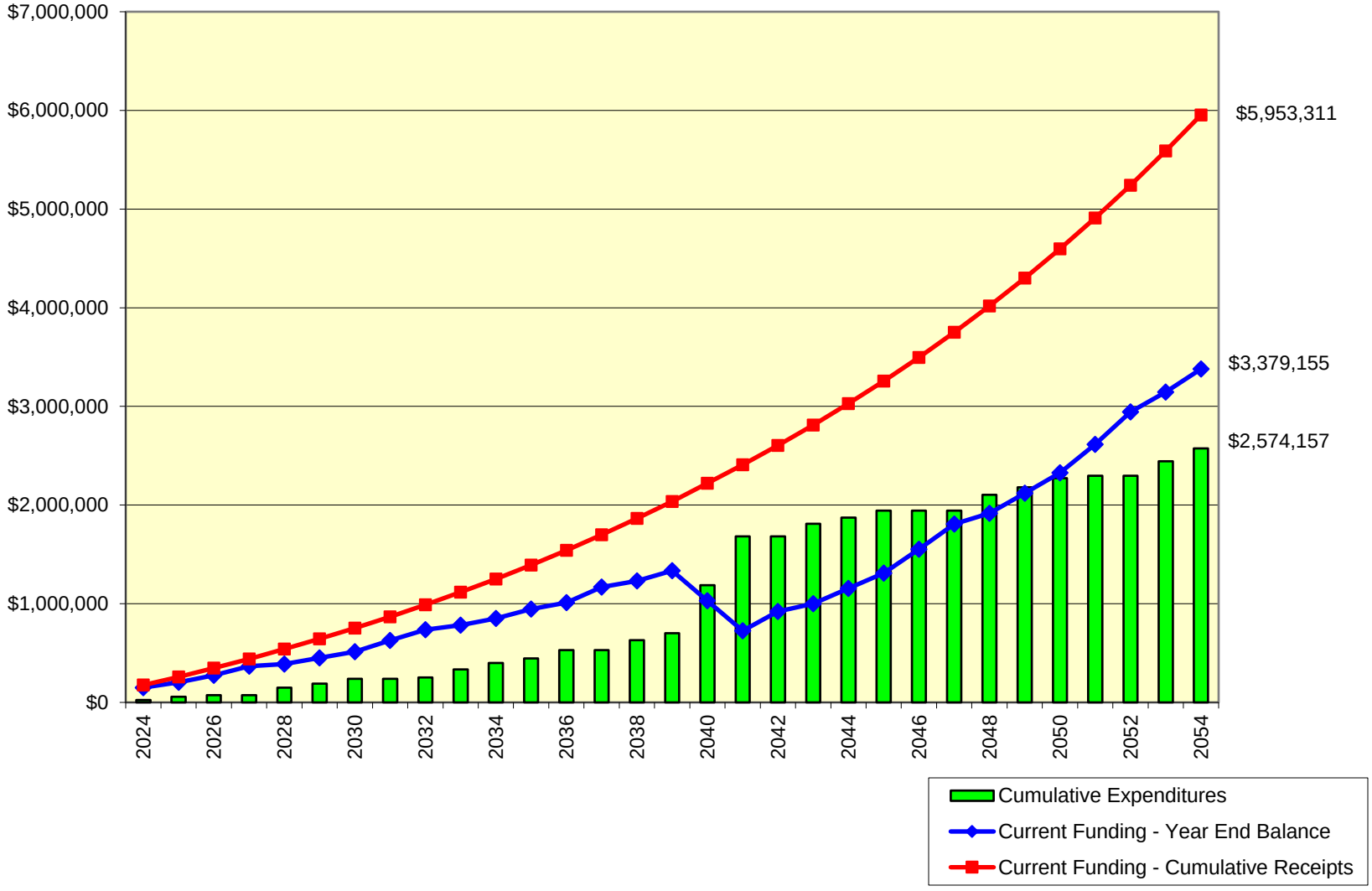

EXHIBIT C: GRAPHS
PROPOSED FUNDING METHOD

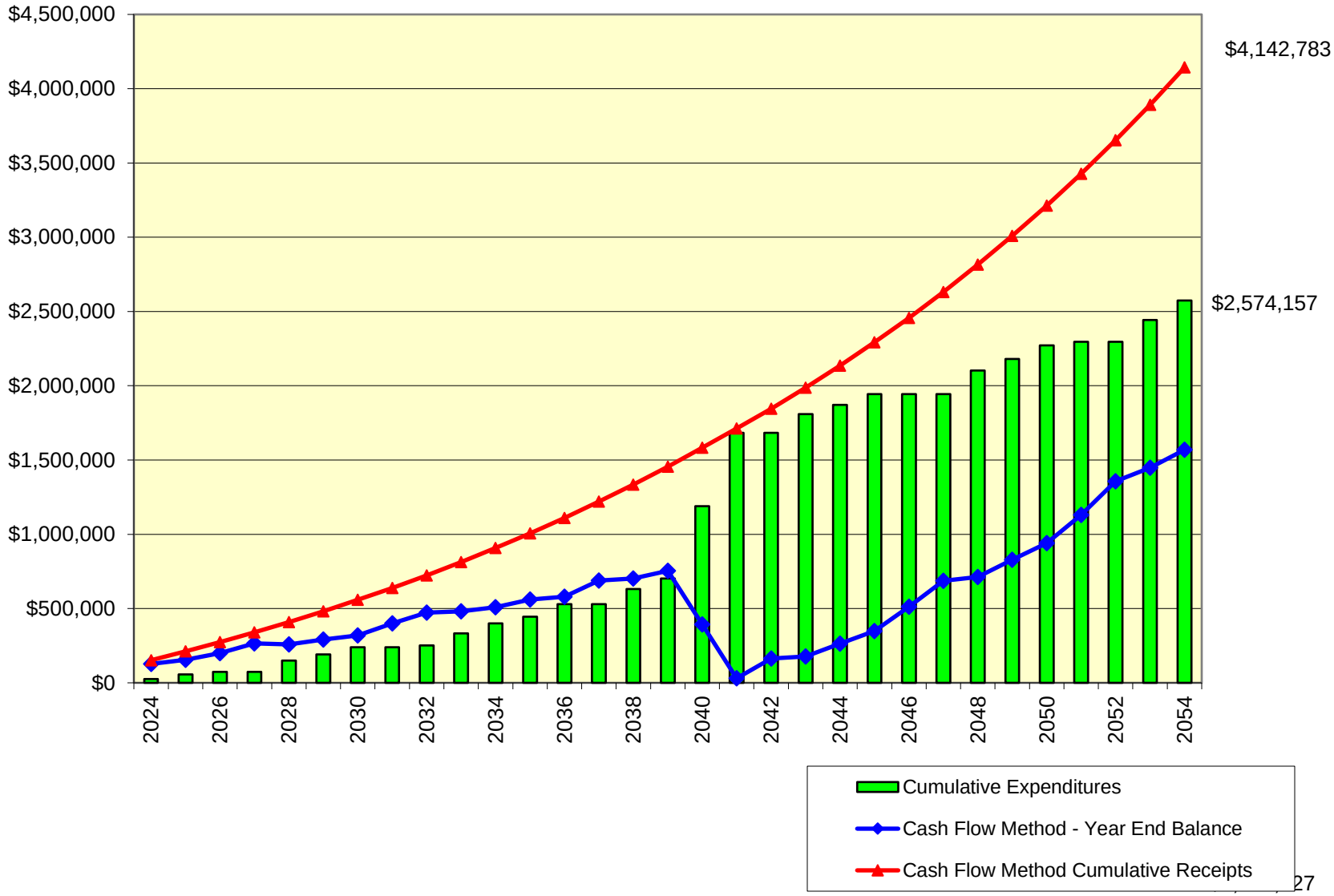

EXHIBIT C: GRAPHS
FUNDING METHOD COMPARISON

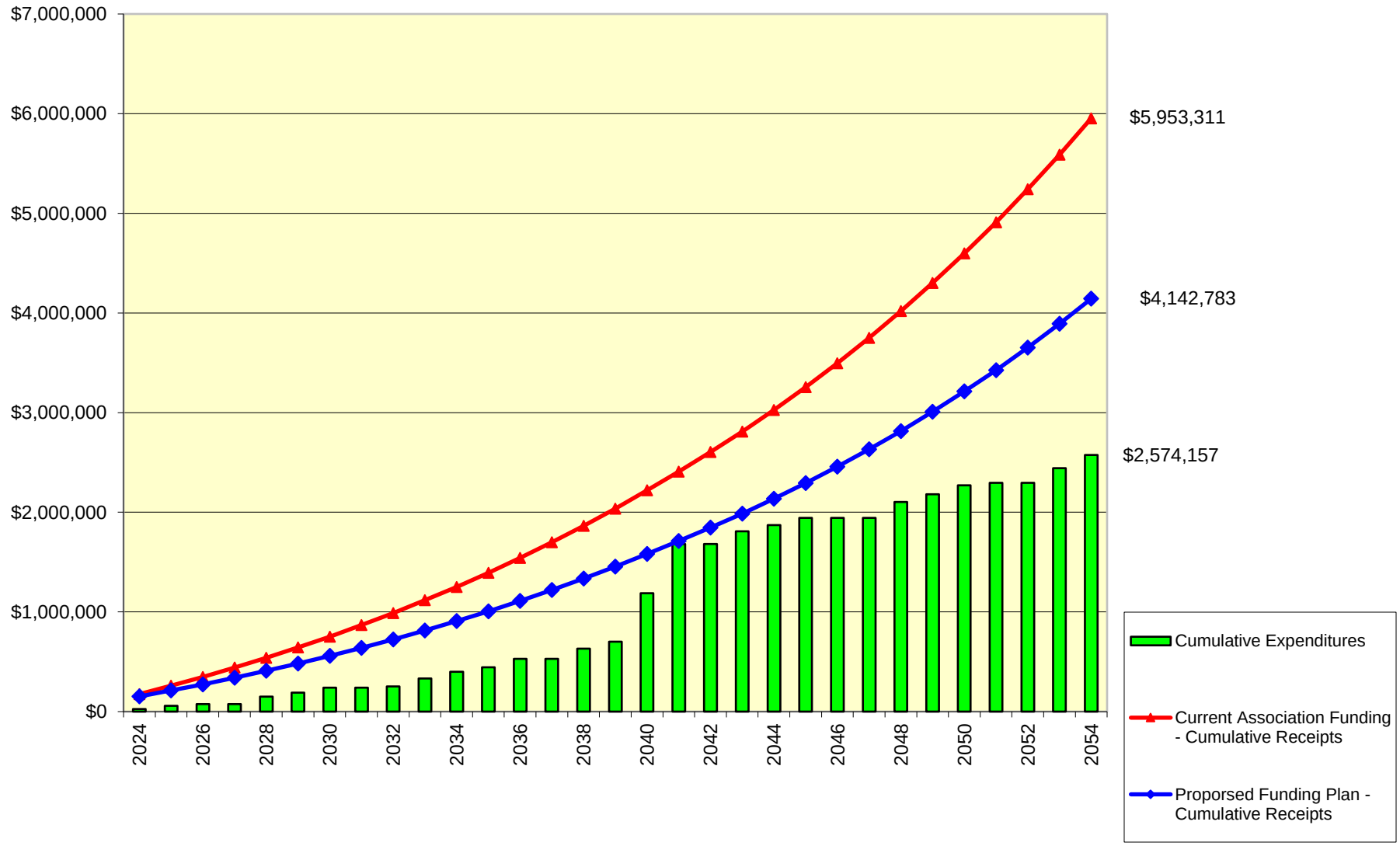

EXHIBIT B: TABLES
COMPONENT REPLACEMENT TABLE

	RESERVE COMPONENT	Useful Life	Remaining Useful Life	Current Cost Per Replacement	QTY. Per Replacement		2024	2025	2026	2027	2028	2029
1	PAINT/STAIN WOOD SCREEN WALLS	8-10	6	$16,731	6,510	SF						$20,909
2	PAINT/STAIN WOOD SIDING	8-10	6	$97,359	37,883	SF						$121,676
3	LANDSCAPING	3	3	$3,000	1	LOT			$3,280			$3,749
4	RESERVE STUDY	5	5	$2,500	1	EA					$2,988	
	Totals						$0	$0	$3,280	$0	$2,988	$146,335

EXHIBIT B: TABLES
COMPONENT REPLACEMENT TABLE

	RESERVE COMPONENT		2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
1	PAINT/STAIN WOOD SCREEN WALLS										$31,234			
2	PAINT/STAIN WOOD SIDING										$181,759			
3	LANDSCAPING				$4,286			$4,899			$5,601			$6,402
4	RESERVE STUDY					$3,734					$4,667			
		Totals	$0	$0	$4,286	$3,734	$0	$4,899	$0	$0	$223,261	$0	$0	$6,402

EXHIBIT B: TABLES
COMPONENT REPLACEMENT TABLE

	RESERVE COMPONENT		2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
1	PAINT/STAIN WOOD SCREEN WALLS							$46,658							
2	PAINT/STAIN WOOD SIDING							$271,510							
3	LANDSCAPING				$7,319			$8,366			$9,564			$10,933	
4	RESERVE STUDY			$5,833					$7,290					$9,110	
		Totals	$0	$5,833	$7,319	$0	$0	$326,534	$7,290	$0	$9,564	$0	$0	$20,043	$0

EXHIBIT B: TABLES
FUNDING BALANCE SHEET

Inflation	**4.56%**
Proposed Interest	**0.80%**
Minimum Threshold Percentage	**1.50%**
Proposed Yearly Contribution Increase	**5.00%**
Current Interest	**0.80%**
Current Yearly Contribution Increase	**5.00%**

		Yearly Balance											
	Yearly Percentage Increase	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**
Historical Funding													
Starting Balance		$0											
Annual Deposit	**5.00%**	$26,500	$27,825	$29,216	$30,677	$32,211	$33,821	$35,513	$37,288	$39,153	$41,110	$43,166	$45,324
Interest on Reserves	**0.80%**	$0	$212	$436	$647	$898	$1,139	$248	$534	$837	$1,122	$1,430	$1,787
Expenditures		$0	$0	$3,280	$0	$2,988	$146,335	$0	$0	$4,286	$3,734	$0	$4,899
Year End Balance		$26,500	$54,537	$80,910	$112,234	$142,355	$30,980	$66,741	$104,563	$140,266	$178,764	$223,359	$265,571
Cumulative Expenditures		$0	$0	$3,280	$3,280	$6,268	$152,603	$152,603	$152,603	$156,889	$160,623	$160,623	$165,523
Cumulative Receipts		$26,500	$54,537	$84,190	$115,514	$148,623	$183,583	$219,343	$257,165	$297,155	$339,387	$383,983	$431,094
Cash Flow Method (Recommended)													
Starting Balance		$0											
Annual Deposit	**5.00%**	$22,309	$23,425	$24,596	$25,826	$27,117	$28,473	$29,897	$31,392	$32,961	$34,609	$36,340	$38,157
Interest on Reserves	**0.80%**	$0	$178	$367	$541	$752	$951	$15	$255	$508	$741	$994	$1,293
Expenditures		$0	$0	$3,280	$0	$2,988	$146,335	$0	$0	$4,286	$3,734	$0	$4,899
Year End Balance		$22,309	$45,913	$67,596	$93,963	$118,844	$1,932	$31,845	$63,491	$92,674	$124,290	$161,624	$196,174
Minimum Funding Level	**1.50%**	$1,794	$1,821	$1,848	$1,876	$1,904	$1,932	$1,961	$1,991	$2,021	$2,051	$2,082	$2,113
Cumulative Expenditures		$0	$0	$3,280	$3,280	$6,268	$152,603	$152,603	$152,603	$156,889	$160,623	$160,623	$165,523
Cumulative Receipts		$22,309	$45,913	$70,876	$97,243	$125,112	$154,535	$184,447	$216,094	$249,563	$284,913	$322,247	$361,697
Inflation	**4.56%**												
Average Yearly Expenditure	**$24,896**												

EXHIBIT B: TABLES
FUNDING BALANCE SHEET

Inflation	**4.56%**
Proposed Interest	**0.80%**
Minimum Threshold Percentage	**1.50%**
Proposed Yearly Contribution Increase	**5.00%**
Current Interest	**0.80%**
Current Yearly Contribution Increase	**5.00%**

	Yearly Percentage Increase	**2036**	**2037**	**2038**	**2039**	**2040**	**2041**	**2042**	**2043**	**2044**	**2045**	**2046**
Historical Funding												
Starting Balance												
Annual Deposit	**5.00%**	$47,590	$49,970	$52,468	$55,092	$57,846	$60,738	$63,775	$66,964	$70,312	$73,828	$77,519
Interest on Reserves	**0.80%**	$2,125	$2,522	$2,942	$1,599	$2,053	$2,532	$2,987	$3,521	$4,038	$4,575	$5,202
Expenditures		$0	$0	$223,261	$0	$0	$6,402	$0	$5,833	$7,319	$0	$0
Year End Balance		$315,286	$367,778	$199,927	$256,618	$316,517	$373,385	$440,148	$504,800	$571,832	$650,235	$732,956
Cumulative Expenditures		$165,523	$165,523	$388,784	$388,784	$388,784	$395,186	$395,186	$401,019	$408,338	$408,338	$408,338
Cumulative Receipts		$480,808	$533,300	$588,711	$645,402	$705,301	$768,571	$835,334	$905,819	$980,170	$1,058,573	$1,141,294
Cash Flow Method (Recommended)												
Starting Balance												
Annual Deposit	**5.00%**	$40,064	$42,068	$44,171	$46,380	$48,699	$51,133	$53,690	$56,375	$59,193	$62,153	$65,261
Interest on Reserves	**0.80%**	$1,569	$1,902	$2,254	$840	$1,217	$1,617	$1,987	$2,433	$2,857	$3,294	$3,818
Expenditures		$0	$0	$223,261	$0	$0	$6,402	$0	$5,833	$7,319	$0	$0
Year End Balance		$237,808	$281,778	$104,942	$152,161	$202,077	$248,425	$304,102	$357,077	$411,808	$477,256	$546,334
Minimum Funding Level	**1.50%**	$2,145	$2,177	$2,210	$2,243	$2,276	$2,311	$2,345	$2,380	$2,416	$2,452	$2,489
Cumulative Expenditures		$165,523	$165,523	$388,784	$388,784	$388,784	$395,186	$395,186	$401,019	$408,338	$408,338	$408,338
Cumulative Receipts		$403,331	$447,301	$493,726	$540,945	$590,861	$643,611	$699,288	$758,096	$820,146	$885,593	$954,672
Inflation	**4.56%**											
Average Yearly Expenditure	**$24,896**											

EXHIBIT B: TABLES
FUNDING BALANCE SHEET

Inflation	**4.56%**
Proposed Interest	**0.80%**
Minimum Threshold Percentage	**1.50%**
Proposed Yearly Contribution Increase	**5.00%**
Current Interest	**0.80%**
Current Yearly Contribution Increase	**5.00%**

	Yearly Percentage Increase	2047	2048	2049	2050	2051	2052	2053	2054
Historical Funding									
Starting Balance									
Annual Deposit	**5.00%**	$81,395	$85,465	$89,738	$94,225	$98,937	$103,883	$109,078	$114,531
Interest on Reserves	**0.80%**	$5,864	$3,949	$4,606	$5,361	$6,081	$6,922	$7,808	$8,583
Expenditures		$326,534	$7,290	$0	$9,564	$0	$0	$20,043	$0
Year End Balance		$493,682	$575,807	$670,151	$760,174	$865,192	$975,997	$1,072,840	$1,195,954
Cumulative Expenditures		$734,871	$742,161	$742,161	$751,725	$751,725	$751,725	$771,768	$771,768
Cumulative Receipts		$1,228,553	$1,317,968	$1,412,313	$1,511,899	$1,616,917	$1,727,722	$1,844,608	$1,967,722
Cash Flow Method (Recommended)									
Starting Balance									
Annual Deposit	**5.00%**	$68,524	$71,950	$75,547	$79,325	$83,291	$87,456	$91,828	$96,420
Interest on Reserves	**0.80%**	$4,371	$2,342	$2,878	$3,505	$4,091	$4,790	$5,528	$6,147
Expenditures		$326,534	$7,290	$0	$9,564	$0	$0	$20,043	$0
Year End Balance		$292,695	$359,697	$438,122	$511,388	$598,770	$691,016	$768,329	$870,895
Minimum Funding Level	**1.50%**	$2,526	$2,564	$2,603	$2,642	$2,681	$2,722	$2,762	$2,804
Cumulative Expenditures		$734,871	$742,161	$742,161	$751,725	$751,725	$751,725	$771,768	$771,768
Cumulative Receipts		$1,027,566	$1,101,858	$1,180,283	$1,263,113	$1,350,495	$1,442,740	$1,540,097	$1,642,663
Inflation	**4.56%**								
Average Yearly Expenditure	**$24,896**								

EXHIBIT C: GRAPHS
CURRENT ASSOCIATION FUNDING

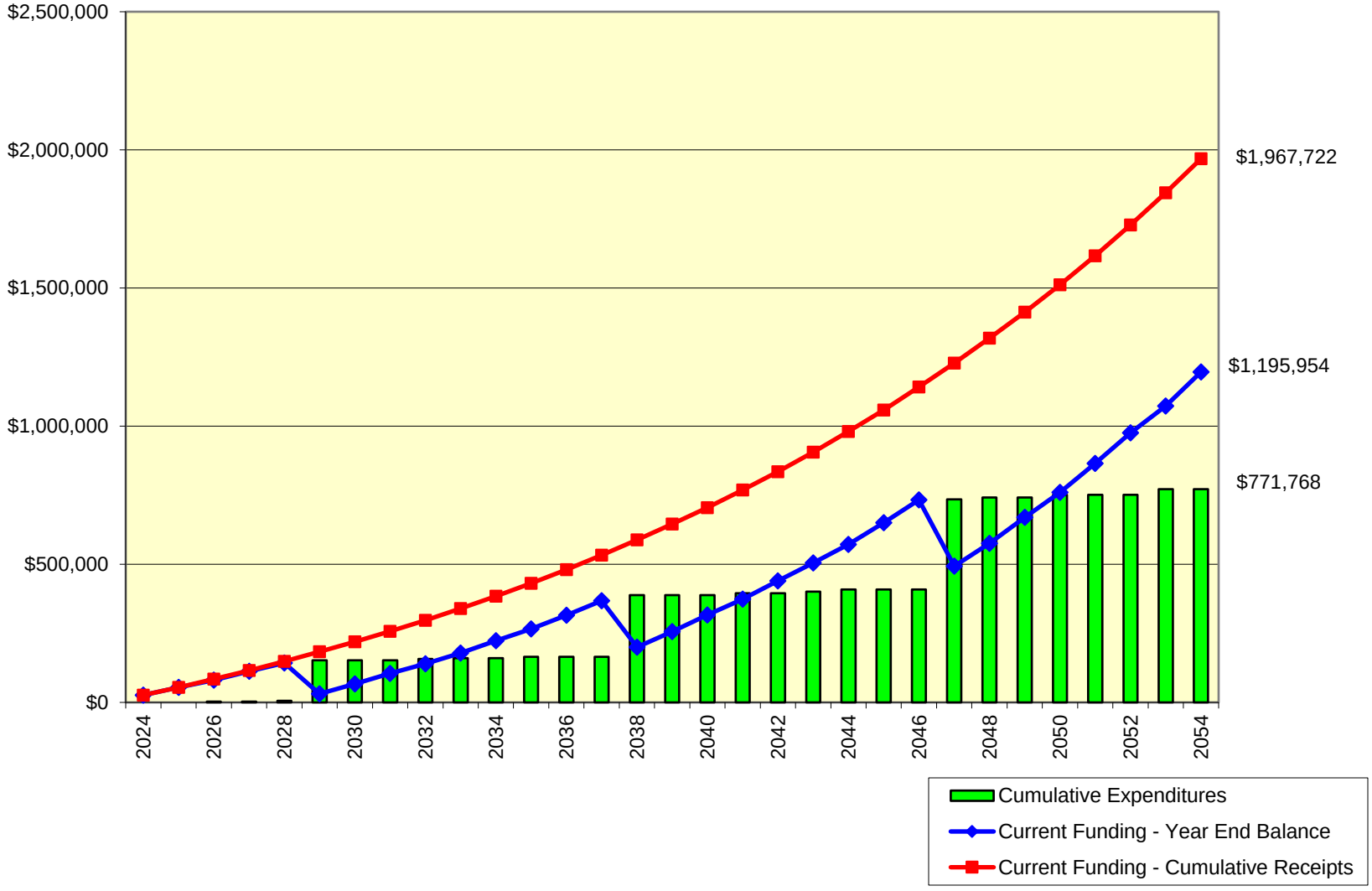

EXHIBIT C: GRAPHS
PROPOSED FUNDING METHOD

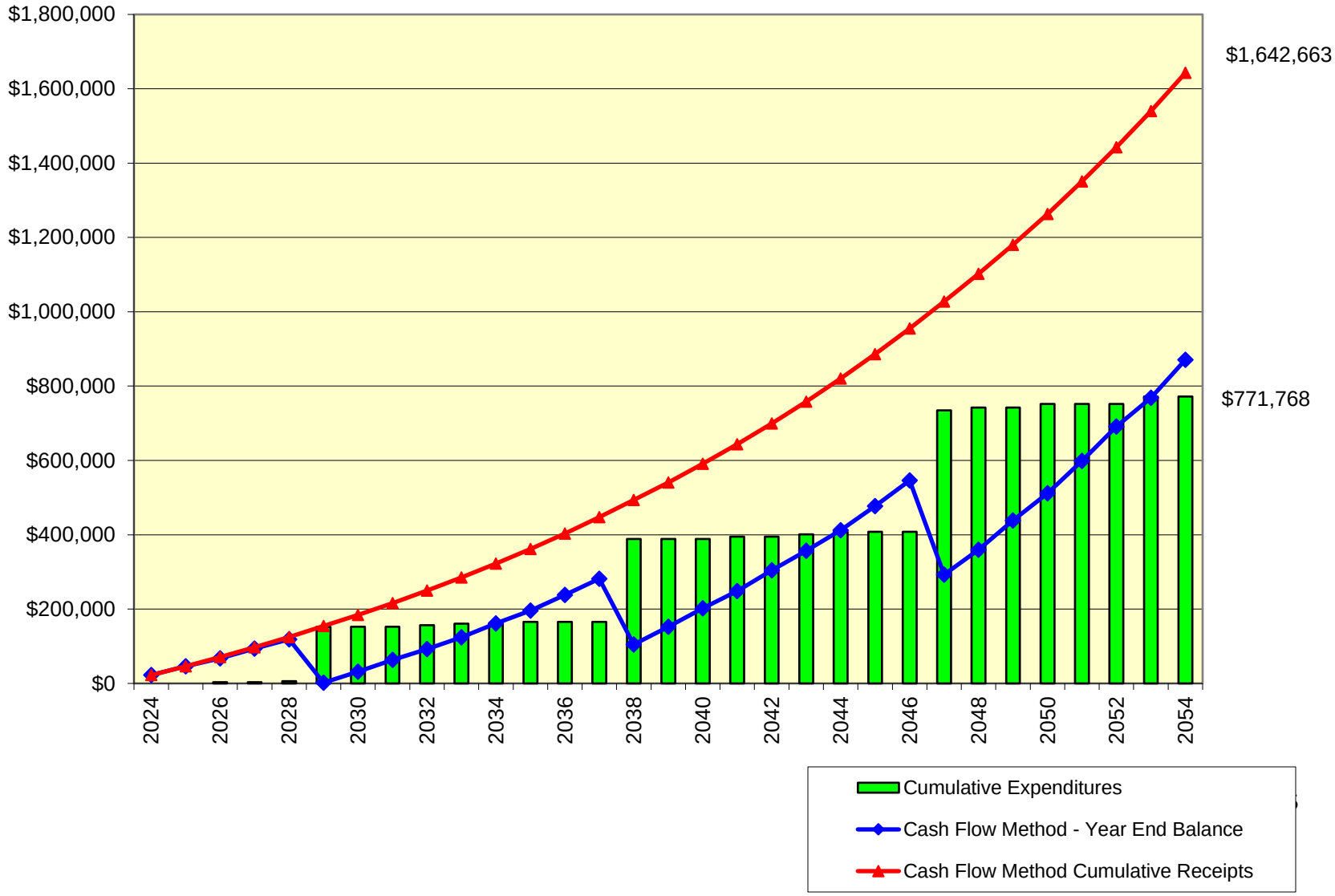

EXHIBIT C: GRAPHS
FUNDING METHOD COMPARISON