

RDA REPORT

Hillside Terrace Condominiums
Phoenix, Arizona
Account 2291 - Version 002
November 14, 2011

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RDA Reserve Management Software
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This reserve analysis study and the parameters under which it has been completed are based upon information provided to us in part by representatives of the association, its contractors, assorted vendors, specialist and independent contractors, the Community Associations Institute, various construction pricing and scheduling manuals including, but not limited to: Marshall & Swift Valuation Service, RS Means Facilities Maintenance & Repair Cost Data, RS Means Repair & Remodeling Cost Data, National Construction Estimator, National Repair & Remodel Estimator, Dodge Cost Manual and the McGraw Hill Book Company. Additionally, costs are obtained from numerous vendor catalogues, actual quotations or historical costs, and our own experience in the field of property management and preparation of reserve analysis studies.

It has been assumed, unless otherwise noted in this report, that all assets have been designed and constructed properly and each estimated useful life will approximate that of the norm per industry standards and/or manufacture specifications used. In some cases, estimates may have been used on assets which have an indeterminable but potential liability to the association. The decision for the inclusion of these as well as all assets considered is left to the client.

We recommend that your reserve analysis study be updated every two to three years due to fluctuating interest rates, inflationary changes and the unpredictable nature of the lives of many of the assets under consideration. All of the information collected during our inspection of the association and subsequent computations made in preparing this reserve analysis study are retained in our computer files. Therefore, updates can typically be completed in a more timely manner than the original study.

Reserve Data Analysis, Inc. would like to thank you for using our services, and we invite you to call us at any time should you have any questions or comments or need assistance. In addition, any of the parameters and estimates used in this study may be changed at your request, after which we will provide you with a revised study.

RESERVE DATA ANALYSIS, INC.

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PART I - INTRODUCTION

Preparing the annual budget and overseeing the association's finances are perhaps the most important responsibilities of board members. The annual operating and reserve budgets reflect the planning and goals of the association and set the level and quality of service for all of the association's activities.

■ 1. Funding Options

When a major repair or replacement is required in a community, an association has essentially four options available to address the expenditure:

The first option is to pass a "special assessment" to the membership in an amount required to cover the expenditure. Although not commonplace, there have been special assessments in the amount of \$10,000 per member assessed in associations in Virginia and southern California. When a special assessment is passed, the association has the authority and responsibility to collect the assessments, even by means of foreclosure if necessary. However, an association operating on a special assessment basis cannot guarantee that an assessment, when needed, will be passed. Consequently, it cannot guarantee its ability to perform the required repairs or replacements to those major components for which the association is obligated to maintain when the need arises. Additionally, while relatively new communities require very little in the way of major "reserve" expenditures, associations reaching 12 to 15 years of age and older find many components reaching the end of their effective useful lives. These required expenditures, all accruing at the same time, can be devastating to an association's overall budget.

The second option is for the association to acquire a loan from a lending institution in order to effect the required repairs. In many cases, banks will lend money to an association using "future homeowner assessments" as collateral for the loan. With this method, not only is the current board of directors pledging the future assets of an association, they are also required to pay interest fees on the loan payback in addition to the original principal. In the case of a \$150,000 roofing replacement, the association may be required to pay back the loan over a three to five year period, with interest; whereas, if the association was setting aside reserves for this purpose, using the

vehicle of the regularly assessed membership dues, it would have had the full term of the life of the roof in order to accumulate the necessary moneys. Additionally, those contributions would have been evenly distributed over the entire membership and would have earned interest as part of that contribution.

The third option, too often used, is simply to defer the required repair or replacement. This option can create an environment of declining property values due to the increasing deferred maintenance and the association's financial inability to keep pace with the normal aging process of the common area components. This, in turn, can have a seriously negative impact on sellers in the Association by making it difficult or even impossible for potential buyers to obtain financing from lenders. Increasingly, many lending institutions are requesting copies of the association's most recent reserve study before granting loans, either for the association, a prospective purchaser, or for an individual within such association.

The fourth, and only logical means that the board of directors has to ensure its ability to maintain the assets for which it is obligated, uniformly distributing the costs of the replacements over the entire membership, is by assessing an adequate level of reserves as part of the regular membership assessment. The community is not only comprised of present members, but also future members. Any decision by the board of directors to adopt a calculation method or funding plan which would disproportionately burden future members in order to make up for past reserve deficits would be a breach of its fiduciary responsibility to those future members. Unlike individuals determining their own course of action, the board is responsible to the "community" as a whole.

■ 2. The Reserve Study

There are two components of a reserve study – a physical analysis and a financial analysis. During the physical analysis, a reserve provider evaluates information regarding the physical status and repair/replacement cost of the association's major common area components. To do so, the provider conducts a component inventory, a condition assessment, and life and valuation estimates. A financial analysis assesses the association's reserve balance or "fund status" (measured in cash or as percent funded) to determine a recommendation for an appropriate reserve contribution rate in the future known as the "funding plan."

Reserve studies fit into one of three categories: 1) Full Study; 2) Update - with site inspection; and 3) Update - without site inspection.

- In a Full reserve study, the reserve provider conducts a component inventory, a condition assessment (based upon on-site visual observations), and life and valuation estimates to determine both a "fund status" and "funding plan."

- In an Update – with site inspection, the reserve provider conducts a component inventory (verification only, not quantification), a condition assessment (based on on-site visual observations), and life and valuation estimates to determine both the “fund status” and “funding plan.”
- In an Update – without site inspection, the reserve provider conducts life and valuation estimates to determine the “fund status” and “funding plan.”

■ 3. Developing a Component List

The budget process begins with an accurate inventory of all the major components for which the association is responsible. The determination of whether an expense should be labeled as operational, reserve, or excluded altogether is sometimes subjective. Since this labeling may have a major impact on the financial plans of the association, subjective determinations should be minimized. We suggest the following considerations when labeling an expense:

OPERATIONAL EXPENSES occur at least annually, no matter how large the expense, and can be effectively budgeted for each year. They are characterized as being reasonably predictable both in terms of frequency and cost. Operational expenses include all minor expenses which would not otherwise adversely affect an operational budget from one year to the next. Examples of Operational Expenses include:

Utilities:

- Electricity
- Gas
- Water
- Telephone
- Cable TV

Services:

- Landscaping
- Pool Maintenance
- Street Sweeping
- Accounting
- Reserve Study

Administrative:

- Supplies
- Bank Service Charges
- Dues & Publications
- Licenses, Permits & Fees

Repair Expenses:

- Tile Roof Repairs
- Equipment Repairs
- Minor Concrete Repairs
- Operating Contingency

RESERVE EXPENSES are major expenses that occur other than annually and which must be budgeted for in advance in order to provide the necessary funds in time

for their occurrence. Reserve expenses are reasonably predictable both in terms of frequency and cost. However, they may include significant assets which have an indeterminable but potential liability which may be demonstrated as a likely occurrence. They are expenses that when incurred would have a significant affect on the smooth operation of the budgetary process from one year to the next if they were not reserved for in advance. Examples of Reserve Expenses include:

- Roof Replacements
- Painting
- Deck Resurfacing
- Fencing Replacement
- Street Seal/Slurry Coatings
- Asphalt Overlays
- Pool Re-plastering
- Pool Equipment Replacement
- Pool Furniture Replacement
- Tennis Court Resurfacing
- Park & Play Equipment
- Equipment Replacement
- Interior Furnishings
- Lighting Replacement

BUDGETING IS NORMALLY EXCLUDED FOR repairs or replacements of assets which are deemed to have an estimated useful life equal to or exceeding the estimated useful life of the facility or community itself, or exceeding the legal life of the community as defined in an association's governing documents. Examples include the complete replacement of elevators, tile roofs, wiring and plumbing. Also excluded are insignificant expenses which may be covered either by an operating or reserve contingency, or otherwise in a general maintenance fund. Costs which are caused by acts of God, accidents or other occurrences which are more properly insured for, rather than reserved for, are also excluded.

■ 4. Preparing the Reserve Study

Once the reserve assets have been identified and quantified, their respective replacement costs, useful lives and remaining lives must be assigned so that a funding schedule can be constructed. Replacement costs and useful lives can be found in published manuals such as construction estimators, appraisal handbooks, and valuation guides. Remaining lives are calculated from the useful lives and ages of assets and adjusted according to conditions such as design, manufacture quality, usage, exposure to the elements and maintenance history.

By following the recommendations of an effective reserve study the association should avoid any major shortfalls. However, to remain accurate, the report should be updated every two to three years to reflect such changes as shifts in economic parameters, additions of phases or assets, or expenditures of reserve funds. The association can assist in simplifying the reserve analysis update process by keeping accurate records of these changes throughout the year.

■ 5. Funding Methods

From the simplest to most complex, reserve analysis providers use many different computational processes to calculate reserve requirements. However, there are two basic processes identified as industry standards: the cash-flow method and the component method.

The cash flow method develops a reserve-funding plan 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 actual anticipated schedule of reserve expenses until the desired funding goal is achieved. This method sets up a "window" in which all future anticipated replacement costs are computed, based on the individual lives of the components under consideration.

The component method develops a reserve-funding plan where the total contribution is based on the sum of contributions for individual components. The component method is the more conservative of the two funding options, and assures that the association will achieve and maintain an ideal level of reserves over time. This method also allows for computations on individual components in the analysis. The RDA Summary and RDA Projection Reports are based upon the component methodology.

■ 6. Funding Strategies

Once an association has established its funding goals, the association can select an appropriate funding plan. There are two basic strategies widely used by associations. It is recommended that associations consult professionals to determine the best strategy or combination of plans that best suit the association's need. Additionally, associations should consult with their financial advisor to determine the tax implications of selecting a particular plan. Further, consultation with the American Institute of Certified Public Accountants (AICPA) for their reporting requirements is advisable. The two funding plans and descriptions of both are detailed below.

- Full Funding — Given that the basis of funding for reserves is to distribute the costs of the replacements over the lives of the components in question, it follows that the ideal level of reserves would be proportionately related to those lives and costs. If an association has a component with an expected estimated useful life of ten years, it would set aside approximately one-tenth of the replacement cost each year. At the end of three years, one would expect that three-tenths of the replacement cost to have accumulated, and if so, that component would be "fully-funded." This model is

important in that it is a measure of the adequacy of an association's reserves at any one point of time, and is independent of any particular method which may have been used for past funding or may be under consideration for future funding. The formula is based on current replacement cost, and is a measure in time, independent of future inflationary or investment factors:

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

When an association's total accumulated reserves for all components meet this criteria, its reserves are "fully-funded."

- **Threshold Funding (RDA Modified Cash Flow Reports)** — There are two goals of this funding method. The first goal is to make sure that all scheduled reserve expenditures are covered by keeping the reserve cash balance above zero during the projected period. The second goal is to reach and maintain a 100% fully funded reserve balance during the projected period. Depending on the association's current percent funded, it may take the entire projected period (typically 30 years) before the 100% fully funded level is achieved.

Reaching and maintaining a 100% fully funded reserve balance by uniformly distributing the costs of the replacements over time benefits both current and future members of an association, and is the best approach the board of directors can take to fulfill its fiduciary responsibility. The modified cash flow method creates a funding strategy that gives the membership the lowest reserve funding recommendation as possible over time, while approaching the 100% fully funded level.

Another advantage of the modified cash flow method is that in most cases several strategies can be manually tested by Reserve Data Analysis, Inc. (the strategy is not based strictly on each components current funding status) until the best funding strategy is created – one that has consistent, incremental contribution increases from year to year. This very important aspect of the reserve study will aid the board of directors during the annual budgeting process.

■ 7. Distribution of Accumulated Reserves

The first step is to identify the ideal level of reserves for each asset. As indicated in the prior section, this is accomplished by evaluating the component's age proportionate to its estimated useful life and current replacement cost. Again, the equation used is as follows:

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

The RDA RESERVE MANAGEMENT SOFTWARE™ program performs the above calculations to the very month the component was placed-in-service. It also allows for the accumulation of the necessary reserves for the replacement to be available on the first day of the fiscal year it is scheduled to be replaced.

After identifying the ideal level of reserves for each asset, the beginning reserve balance must be allocated to each of the individual components identified in the analysis.

The next step the program performs is to arrange all of the assets used in the study in ascending order by remaining life, and alphabetically within each grouping of remaining life items. These assets are then assigned their respective ideal level of reserves until the amount of funds available are depleted, or until all assets are appropriately funded. If any assets are assigned a zero remaining life (schedule for replacement this fiscal year), then the amount assigned equals the current replacement cost and funding begins for the next cycle of replacement. If there are insufficient funds available to accomplish this, then the software automatically adjusts the zero remaining life item to 1 year and that asset assumes its new grouping position alphabetically in the final printed report.

If at the completion of this task there are additional moneys which have not been distributed, the remaining reserves are then assigned, in ascending order, to a level equal to, but not exceeding, the current replacement cost for each component. If there are sufficient moneys available to fund all assets at their current replacement cost levels, then any excess funds are designated as such initially, but are then considered to be available reserves in the report funding computations.

Assigning the reserves in this manner defers the make-up period for any underfunding over the longest remaining life of all the assets under consideration, thereby minimizing the impact of deficiency. For example, if the report indicates an underfunding of \$50,000, this underfunding will be assigned to components with the longest remaining life possible in order to give more time to "replenish" the account. If the \$50,000 underfunding were to be assigned to short remaining life items, the impact would be immediately felt.

If the reserves are underfunded, the monthly contribution requirements as outlined in this report may be higher than normal depending on the calculation method that is used. In future years, as individual assets are replaced, the funding requirements will return to their normal levels. In the case of a large deficiency, a special assessment may be considered. The program can easily generate revised reports outlining how the monthly contributions would be affected by such an adjustment, or by any other changes which may be under consideration.

■ 8. Funding Reserves

Two contribution numbers are provided in the report, the “Monthly Membership Contribution” and the “Net Monthly Allocation.” The association should contribute to reserves each month the “Monthly Membership Contribution” figure, when the interest earned on the reserves is left in the reserve accounts as part of the contribution. When interest is earned on the reserves, that interest must be left in reserves and only amounts set aside for taxes should be removed.

The second alternative is to allocate the “Net Monthly Allocation” to reserves (this is the member contribution plus the anticipated interest earned for the fiscal year). This method assumes that all interest earned will be assigned directly as operating income. This allocation takes into consideration the anticipated interest earned on accumulated reserves regardless of whether or not it is actually earned. When taxes are paid the amount due will be taken directly from the association’s operating accounts as the reserve accounts are allocated only those moneys net of taxes.

■ 9. Users' Guide to Your Reserve Analysis Study

Part II of your RDA REPORT contains the reserve analysis study for your association. There are seven types of pages in the study as described below.

REPORT SUMMARY

The **Report Summary** lists all of the parameters which were used in calculating the report as well as the summary of your reserve analysis study.

INDEX REPORTS

The **Distribution of Accumulated Reserves** report lists all assets in remaining life order. It also identifies the ideal level of reserves which should have accumulated for the association as well as the actual reserves available.

DETAIL REPORTS

The **Detail Report** itemizes each asset and lists all measurements, current and future costs and calculations for that asset. Provisions for percentage replacements, salvage values and one-time replacements can also be utilized.

The numerical listings for each asset are enhanced by extensive narrative detailing factors such as design, manufacture quality, usage, exposure to elements and maintenance history.

The **Detail Report Index** is an alphabetical listing of all assets together with the page number of the asset's detail report and asset number.

PROJECTIONS AND CHARTS

Thirty-year Projections of projected data add to the usefulness of your reserve analysis study.

■ 10. Definitions

REPORT I.D. - Includes the REPORT DATE (ex. November 15, 1992), VERSION (ex. 001), and ACCOUNT NUMBER (ex. 9773). Please use this information when referencing your report. (Displayed on the summary page.)

BUDGET YEAR BEGINNING/ENDING - The budgetary year for which the report is prepared. For associations with fiscal years ending December 31, the monthly contribution figures indicated are for the 12 month period beginning 1/1/2X and ending 12/31/2X.

NUMBER OF UNITS/PHASES - If applicable, the number of units and/or phases included in this version of the report.

INFLATION - This figure is used to approximate the future cost to repair or replace each component in the report. The current cost for each component is compounded on an annual basis by the number of remaining years to replacement and the total is used in calculating the monthly reserve contribution which will be necessary in order to accumulate the required funds in time for replacement.

ANNUAL CONTRIBUTION INCREASE - The percentage rate at which the association will increase its contribution to reserves at the end of each year until the year in which the asset is replaced. For example, in order to accumulate \$10,000 in 10 years, you could set aside \$1,000 per year. As an alternative, you could set aside \$795 the first year and increase that amount by 5% each year until the year of replacement. In either case you arrive at the same amount. The idea is that you start setting aside a lower amount and increase that number each year in accordance with the planned percentage. Ideally this figure should be equal to the rate of inflation. It can, however, be used to aid those associations that have not set aside appropriate reserves in the past by making the initial year's allocation less formidable.

INVESTMENT YIELD - The average interest rate anticipated by the association based upon its current investment practices.

TAXES ON YIELD - The estimated percentage of interest income which will be set aside for taxes.

ACCUMULATED RESERVE BALANCE - The anticipated reserve balance on the first day of the fiscal year for which this report has been prepared. Based upon information provided and not audited.

PERCENT FULLY FUNDED - The ratio, at the beginning of the fiscal year, of the actual (or projected) reserve balance to the calculated fully funded balance, expressed as a percentage.

PHASE INCREMENT DETAIL/AGE - Comments regarding aging of the components on the basis of construction date or date of acceptance by the association.

MONTHLY CONTRIBUTION - The contribution to reserves required by the association each month.

INTEREST CONTRIBUTION - The interest that should be earned on the reserves, net of taxes, based upon their beginning reserve balance and monthly contributions for one year. This figure is averaged for budgeting purposes.

NET MONTHLY ALLOCATION - The sum of the monthly contribution and interest contribution figures.

GROUP OR FACILITY NUMBER/CATEGORY NUMBER - The report may be prepared and sorted either by group or facility (location, building, phase, etc.) or by category (roofing, painting, etc.). Standard report printing format is by category.

PERCENTAGE OF REPLACEMENT - In some cases, an asset may not be replaced in its entirety or the cost may be shared with a second party. Examples are budgeting for a percentage of replacement of streets over a period of time, or sharing the expense to replace a common wall with a neighboring party.

PLACED-IN-SERVICE - The month and year that the asset was placed-in-service. - This may be the construction date, the first escrow closure date in a given phase, or the date of the last servicing or replacement.

ESTIMATED USEFUL LIFE - The estimated useful life of an asset based upon industry standards, manufacturer specifications, visual inspection, location, usage, association standards and prior history. All of these factors are taken into consideration when tailoring the estimated useful life to the particular asset. For example, the carpeting in a hallway or elevator (a heavy traffic area) will not have the same life as the identical carpeting in a seldom-used meeting room or office.

ADJUSTMENT TO USEFUL LIFE - Once the useful life is determined it may be adjusted +/- by this separate figure for the current cycle of replacement. This will allow for a current period adjustment without affecting the estimated replacement cycles for future replacements.

ESTIMATED REMAINING LIFE - This calculation is completed internally based upon the report's fiscal year date and the date the asset was placed-in-service.

REPLACEMENT YEAR - The year that the asset is scheduled to be replaced. The appropriate funds will be available by the first day of the fiscal year for which replacement is anticipated.

FIXED ACCUMULATED RESERVES - An optional figure which, if used, will override the normal process of allocating reserves to each asset.

FIXED MONTHLY CONTRIBUTION - An optional figure which, if used, will override all calculations and set the contribution at this amount.

SALVAGE VALUE - The salvage value of the asset at the time of replacement, if applicable.

ONE-TIME REPLACEMENT - Notation if the asset is to be replaced on a one-time basis.

CURRENT REPLACEMENT COST - The estimated replacement cost effective as of the beginning of the fiscal year for which the report is being prepared.

FUTURE REPLACEMENT COST - The estimated cost to repair or replace the asset at the end of its estimated useful life based upon the current replacement cost and inflation.

COMPONENT INVENTORY - The task of selecting and quantifying reserve components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents and discussion with appropriate association representative(s).

■ 11. A Multi-Purpose Tool

Your RDA REPORT is an important part of your association's budgetary process. Following its recommendations should ensure the association's smooth budgetary transitions from one fiscal year to the next, and either decrease or eliminate the need for "special assessments".

In addition, your RDA reserve study serves a variety of useful purposes:

- Following the recommendations of a reserve study performed by a professional consultant can protect the Board of Directors in a community from personal liability concerning reserve components and reserve funding.
- A reserve analysis study is required by your accountant during the preparation of the association's annual audit.
- A reserve study is often requested by lending institutions during the process of loan applications, both for the community and, in many cases, the individual owners.
- Your RDA REPORT is also a detailed inventory of the association's major assets and serves as a management tool for scheduling, coordinating and planning future repairs and replacements.
- Your RDA REPORT is a tool which can assist the Board in fulfilling its legal and fiduciary obligations for maintaining the community in a state of good repair. If a community is operating on a special assessment basis, it cannot guarantee that an assessment, when needed, will be passed. Therefore, it cannot guarantee its ability to perform the required repairs or replacements to those major components which the association is obligated to maintain.
- Since the RDA reserve analysis study includes precise measurements and cost estimates of the client's assets, the detail reports may be used to evaluate the accuracy and price of contractor bids when assets are due to be repaired or replaced.
- The reserve study is an annual disclosure to the membership concerning the financial condition of the association, and may be used as a "consumers' guide" by prospective purchasers.

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Hillside Terrace Condominiums
 Phoenix, Arizona
CFS Reserve Analysis Report Summary

Report Date	November 14, 2011	Parameters:	
Version	002	Inflation	3.00%
Account Number	2291	Annual Contribution Increase	0.25%
Budget Year Beginning	1/ 1/12	Investment Yield	0.04%
Ending	12/31/12	Taxes on Yield	0.00%
Total Units Included	36	Contingency	3.00%
Phase Development	1 of 1	Reserve Fund Balance as of	
		1/ 1/12:	\$11,456.00

Project Profile & Introduction

Please refer to the Detail Report by Category section of this report for the dates used to age the components in this analysis.

Refer to Asset ID #1000 (** Reserve Balance Calculation) for an explanation of how the projected 1/1/2012 reserve balance was determined.

Calculation Method: Modified Cash Flow
 Funding Strategy: Threshold
 RDA Reports: February 2005. Updated w/inspection November 2011.

Cash Flow Specific Summary of Calculations

Monthly Contribution to Reserves Required:	\$2,510.00
(\$69.72 per unit per month)	
Average Net Monthly Interest Contribution This Year:	0.84
Net Monthly Allocation to Reserves 1/ 1/12 to 12/31/12:	\$2,510.84
(\$69.75 per unit per month)	

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Hillside Terrace Condominiums
Distribution of Accumulated Reserves

REPORT DATE: November 14, 2011
 VERSION: 002
 ACCOUNT NUMBER: 2291

DESCRIPTION	REM LIFE	FULLY FUNDED RESERVES	ASSIGNED RESERVES
** Reserve Balance Calculation	0	0.00	0.00
Concrete Components - Unfunded	0	0.00	0.00
Granite Replenishment - Unfunded	0	0.00	0.00
Irrigation System - Unfunded	0	0.00	0.00
Laundry Room - Equipment, Unfunded	0	0.00	0.00
Pool - Pump & Motor, Unfunded	0	0.00	0.00
Roofs - Metal, Carports, Unfunded	0	0.00	0.00
Irrigation Controllers (1998)	1	326.67	0.00
Paint - Community Exteriors	1	26,250.00	0.00
Pool - Deck Resurface	1	7,671.25	0.00
Pool - Replaster & Retile	1	7,223.80	0.00
Roofs - Foam, Replace (Bldg A)	1	12,980.00	11,122.33
Roofs - Foam, Recoat (Bldg C/D)	1	6,750.00	0.00
Roofs - Foam, Recoat (Bldg E)	1	2,250.00	0.00
Roofs - Foam, Recoat (Clubhouse)	1	810.00	0.00
Laundry Room - Water Heater	2	666.67	0.00
Pool - Furniture	2	2,857.14	0.00
Streets - Repair/Slurry Seal (2014)	2	5,775.00	0.00
Clubhouse & Laundry - Floor Cover	3	4,224.00	0.00
Clubhouse - HVAC (Package Unit)	3	3,333.33	0.00
Clubhouse - Interior Improvements	3	2,000.00	0.00
Clubhouse - Sliding Glass Doors	3	2,325.58	0.00
Roofs - Foam, Recoat (Bldg D)	3	792.00	0.00
Roofs - Foam, Recoat (Bldg B)	4	258.30	0.00
Pool - BBQ Grills	5	408.33	0.00
Roofs - Foam, Recoat (Bldg A)	5	0.00	0.00
Laundry Room - Evaporative Cooler	8	700.00	0.00
Mailboxes (Wall Mounted)	8	1,581.00	0.00
Pool - Deck Recoat	8	0.00	0.00
Fencing & Gates - Wrought Iron	9	750.00	0.00
Irrigation Controllers (2006)	9	70.00	0.00
Pool - Filter	9	600.00	0.00
Streets - Asphalt Rehabilitation	9	31,442.00	0.00
Streets - Seal Coat (Ongoing)	11	0.00	0.00

Hillside Terrace Condominiums
Distribution of Accumulated Reserves

DESCRIPTION	REM LIFE	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Roofs - Asphalt Shingle (Mansards)	13	7,704.00	0.00
Total Asset Summary:		129,749.07	11,122.33
Contingency @ 3.00%:		3,892.47	333.67
Grand Total:		133,641.54	11,456.00
Excess Reserves Not Used:			0.00
Percent Fully Funded:	9%		

Hillside Terrace Condominiums
Cash Flow Specific Projections

REPORT DATE: November 14, 2011
 VERSION: 002
 ACCOUNT NUMBER: 2291

Beginning Accumulated Reserves: \$11,456

YEAR	CURRENT REPLACEMENT COST	ANNUAL CONTRBTN	ANNUAL INTEREST CONTRBTN	ANNUAL EXPENDTRS	PROJECTED ENDING RESERVES	FULLY FUNDED RESERVES	PERCENT FULLY FUNDED
'12	186,960	30,120	10	0	41,586	151,466	27%
'13	192,569	30,195	6	70,884	903	97,649	1%
'14	184,575	30,271	6	13,670	17,510	102,121	17%
'15	181,278	30,346	6	17,243	30,619	103,409	30%
'16	186,716	30,422	16	3,779	57,278	119,392	48%
'17	192,318	30,498	26	5,402	82,401	134,640	61%
'18	198,087	30,575	34	11,714	101,296	144,171	70%
'19	204,030	30,651	46	0	131,993	166,953	79%
'20	210,151	30,728	54	10,964	151,811	179,135	85%
'21	216,455	30,805	18	121,860	60,772	74,596	81%
'22	222,949	30,882	28	5,322	86,360	91,138	95%
'23	229,637	30,959	33	17,310	100,042	96,687	103%
'24	236,526	31,036	46	0	131,124	121,401	108%
'25	243,622	31,114	43	37,644	124,636	107,574	116%
'26	250,931	31,192	53	6,289	149,592	127,272	118%
'27	258,459	31,269	56	22,949	157,969	130,580	121%
'28	266,213	31,348	60	22,723	166,653	134,942	123%
'29	274,199	31,426	52	50,742	147,389	110,446	133%
'30	282,425	31,505	62	7,627	171,329	131,715	130%
'31	290,898	31,583	65	23,765	179,212	137,282	131%
'32	299,625	31,662	75	7,152	203,796	161,446	126%
'33	308,613	31,741	77	25,691	209,924	167,496	125%
'34	317,872	31,821	88	5,461	236,372	196,043	121%
'35	327,408	31,900	92	20,081	248,283	210,815	118%
'36	337,230	31,980	102	7,182	273,184	240,622	114%
'37	347,347	32,060	80	87,026	218,299	187,549	116%
'38	357,767	32,140	84	22,881	227,642	201,896	113%
'39	368,501	32,221	94	8,652	251,304	232,759	108%
'40	379,556	32,301	105	4,530	279,180	269,941	103%
'41	390,942	32,382	99	46,266	265,394	265,010	100%

Hillside Terrace Condominiums
Annual Expenditure Detail

REPORT DATE: November 14, 2011
 VERSION: 002
 ACCOUNT NUMBER: 2291

DESCRIPTION	EXPENDITURES
REPLACEMENT YEAR 2012	
*** ANNUAL TOTAL:	0.00
REPLACEMENT YEAR 2013	
Irrigation Controllers (1998)	360.50
Paint - Community Exteriors	30,900.00
Pool - Deck Resurface	8,317.25
Pool - Replaster & Retile	7,832.12
Roofs - Foam, Replace (Bldg A)	13,369.40
Roofs - Foam, Recoat (Bldg C/D)	6,952.50
Roofs - Foam, Recoat (Bldg E)	2,317.50
Roofs - Foam, Recoat (Clubhouse)	834.30
*** ANNUAL TOTAL:	70,883.57
REPLACEMENT YEAR 2014	
Laundry Room - Water Heater	848.72
Pool - Furniture	4,243.60
Streets - Repair/Slurry Seal (2014)	8,577.38
*** ANNUAL TOTAL:	13,669.70
REPLACEMENT YEAR 2015	
Clubhouse & Laundry - Floor Cover	5,245.09
Clubhouse - HVAC (Package Unit)	4,370.91
Clubhouse - Interior Improvements	2,731.82
Clubhouse - Sliding Glass Doors	2,731.82
Roofs - Foam, Recoat (Bldg D)	2,163.60
*** ANNUAL TOTAL:	17,243.24
REPLACEMENT YEAR 2016	
Roofs - Foam, Recoat (Bldg B)	3,779.35
*** ANNUAL TOTAL:	3,779.35
REPLACEMENT YEAR 2017	
Pool - BBQ Grills	811.50
Roofs - Foam, Recoat (Bldg A)	4,590.72

Hillside Terrace Condominiums
Annual Expenditure Detail

DESCRIPTION	EXPENDITURES
*** ANNUAL TOTAL:	5,402.22
REPLACEMENT YEAR 2018	
Roofs - Foam, Recoat (Bldg C/D)	8,059.86
Roofs - Foam, Recoat (Bldg E)	2,686.62
Roofs - Foam, Recoat (Clubhouse)	967.18
*** ANNUAL TOTAL:	11,713.66
REPLACEMENT YEAR 2019	
*** ANNUAL TOTAL:	0.00
REPLACEMENT YEAR 2020	
Laundry Room - Evaporative Cooler	1,900.15
Mailboxes (Wall Mounted)	2,945.24
Pool - Deck Recoat	3,610.30
Roofs - Foam, Recoat (Bldg D)	2,508.21
*** ANNUAL TOTAL:	10,963.90
REPLACEMENT YEAR 2021	
Fencing & Gates - Wrought Iron	9,785.79
Irrigation Controllers (2006)	228.35
Paint - Community Exteriors	39,143.20
Pool - Filter	1,565.73
Pool - Furniture	5,219.10
Roofs - Foam, Recoat (Bldg B)	4,381.30
Streets - Asphalt Rehabilitation	61,537.03
*** ANNUAL TOTAL:	121,860.50
REPLACEMENT YEAR 2022	
Roofs - Foam, Recoat (Bldg A)	5,321.90
*** ANNUAL TOTAL:	5,321.90
REPLACEMENT YEAR 2023	
Roofs - Foam, Recoat (Bldg C/D)	9,343.59
Roofs - Foam, Recoat (Bldg E)	3,114.53
Roofs - Foam, Recoat (Clubhouse)	1,121.24
Streets - Seal Coat (Ongoing)	3,730.53

Hillside Terrace Condominiums
Annual Expenditure Detail

DESCRIPTION	EXPENDITURES
*** ANNUAL TOTAL:	17,309.89
REPLACEMENT YEAR 2024	
*** ANNUAL TOTAL:	0.00
REPLACEMENT YEAR 2025	
Pool - Replaster & Retile	11,166.71
Roofs - Asphalt Shingle (Mansards)	23,569.97
Roofs - Foam, Recoat (Bldg D)	2,907.70
*** ANNUAL TOTAL:	37,644.38
REPLACEMENT YEAR 2026	
Laundry Room - Water Heater	1,210.06
Roofs - Foam, Recoat (Bldg B)	5,079.13
*** ANNUAL TOTAL:	6,289.19
REPLACEMENT YEAR 2027	
Pool - Deck Resurface	12,580.56
Roofs - Foam, Recoat (Bldg A)	6,169.55
Streets - Seal Coat (Ongoing)	4,198.74
*** ANNUAL TOTAL:	22,948.85
REPLACEMENT YEAR 2028	
Irrigation Controllers (1998)	561.64
Pool - Furniture	6,418.83
Roofs - Foam, Recoat (Bldg C/D)	10,831.79
Roofs - Foam, Recoat (Bldg E)	3,610.60
Roofs - Foam, Recoat (Clubhouse)	1,299.84
*** ANNUAL TOTAL:	22,722.70
REPLACEMENT YEAR 2029	
Paint - Community Exteriors	49,585.45
Pool - BBQ Grills	1,157.01
*** ANNUAL TOTAL:	50,742.46

Hillside Terrace Condominiums
Annual Expenditure Detail

DESCRIPTION	EXPENDITURES
REPLACEMENT YEAR 2030	
Clubhouse - Interior Improvements	4,256.07
Roofs - Foam, Recoat (Bldg D)	3,370.82
*** ANNUAL TOTAL:	7,626.89
REPLACEMENT YEAR 2031	
Fencing & Gates - Wrought Iron	13,151.28
Roofs - Foam, Recoat (Bldg B)	5,888.10
Streets - Seal Coat (Ongoing)	4,725.71
*** ANNUAL TOTAL:	23,765.09
REPLACEMENT YEAR 2032	
Roofs - Foam, Recoat (Bldg A)	7,152.21
*** ANNUAL TOTAL:	7,152.21
REPLACEMENT YEAR 2033	
Clubhouse - HVAC (Package Unit)	7,441.17
Roofs - Foam, Recoat (Bldg C/D)	12,557.01
Roofs - Foam, Recoat (Bldg E)	4,185.67
Roofs - Foam, Recoat (Clubhouse)	1,506.88
*** ANNUAL TOTAL:	25,690.73
REPLACEMENT YEAR 2034	
Pool - Deck Recoat	5,460.92
*** ANNUAL TOTAL:	5,460.92
REPLACEMENT YEAR 2035	
Laundry Room - Evaporative Cooler	2,960.36
Pool - Furniture	7,894.34
Roofs - Foam, Recoat (Bldg D)	3,907.70
Streets - Seal Coat (Ongoing)	5,318.83
*** ANNUAL TOTAL:	20,081.23
REPLACEMENT YEAR 2036	
Irrigation Controllers (2006)	355.78
Roofs - Foam, Recoat (Bldg B)	6,825.91

Hillside Terrace Condominiums
Annual Expenditure Detail

DESCRIPTION	EXPENDITURES
*** ANNUAL TOTAL:	7,181.69
REPLACEMENT YEAR 2037	
Paint - Community Exteriors	62,813.37
Pool - Replaster & Retile	15,921.05
Roofs - Foam, Recoat (Bldg A)	8,291.37
*** ANNUAL TOTAL:	87,025.79
REPLACEMENT YEAR 2038	
Laundry Room - Water Heater	1,725.27
Roofs - Foam, Recoat (Bldg C/D)	14,557.01
Roofs - Foam, Recoat (Bldg E)	4,852.34
Roofs - Foam, Recoat (Clubhouse)	1,746.89
*** ANNUAL TOTAL:	22,881.51
REPLACEMENT YEAR 2039	
Pool - Filter	2,665.56
Streets - Seal Coat (Ongoing)	5,986.38
*** ANNUAL TOTAL:	8,651.94
REPLACEMENT YEAR 2040	
Roofs - Foam, Recoat (Bldg D)	4,530.09
*** ANNUAL TOTAL:	4,530.09
REPLACEMENT YEAR 2041	
Fencing & Gates - Wrought Iron	17,674.22
Pool - BBQ Grills	1,649.63
Pool - Deck Resurface	19,029.24
Roofs - Foam, Recoat (Bldg B)	7,913.11
*** ANNUAL TOTAL:	46,266.20

Hillside Terrace Condominiums
Cash Flow Detail Report by Category

REPORT DATE: November 14, 2011
 VERSION: 002
 ACCOUNT NUMBER: 2291

**** Reserve Balance Calculation**

	QUANTITY	1 comment
ASSET ID 1000	UNIT COST	0.000
GROUP/FACILITY 0	PERCENT REPL	0.00%
CATEGORY 5	CURRENT COST	0.00
	FUTURE COST	0.00
	SALVAGE VALUE	0.00
PLACED IN SERVICE 0/ 0		
0 YEAR USEFUL LIFE		
+0 YEAR ADJUSTMENT		
REPLACEMENT YEAR 2012		
0 YEAR REM LIFE		

REMARKS:

Current Reserve Balance Per Client (8/31/11):	\$	12,203
Remaining 2011 Reserve Contributions:		
\$1,563/month x 4 months	+	6,252
Remaining 2011 Interest to be Earned (0.04%)	+	1
Remaining 2011 Reserve Expenditures:		
Bldg B Roof Replacement (Outstanding Balance)	-	7,000

Projected January 1, 2012 Reserve Balance:	\$	11,456

Hillside Terrace Condominiums
Cash Flow Detail Report by Category

Concrete Components - Unfunded

ASSET ID 1002
 GROUP/FACILITY 0
 CATEGORY 10

 PLACED IN SERVICE 0/ 0
 0 YEAR USEFUL LIFE
 +0 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2012
 0 YEAR REM LIFE

QUANTITY	1 comment
UNIT COST	0.000
PERCENT REPL	0.00%
CURRENT COST	0.00
FUTURE COST	0.00
SALVAGE VALUE	0.00

REMARKS:

We are not budgeting for repair or replacement of concrete decks, pads, sidewalks, or driveways as a reserve component. It is anticipated that any repairs required will be addressed immediately due to safety concerns. Good maintenance practice won't allow the need for repairs to accumulate to a point of major expense. We recommend that the client includes a line item in the annual operating budget for repairs and/or replacements on an "as needed" basis. However, should the client wish to include budgeting for concrete components, we will do so at their request (cost and useful life to be provided by client).

Streets - Asphalt Rehabilitation

ASSET ID 1012
 GROUP/FACILITY 0
 CATEGORY 10

 PLACED IN SERVICE 1/94
 27 YEAR USEFUL LIFE
 +0 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2021
 9 YEAR REM LIFE

QUANTITY	1 total
UNIT COST	47,163.000
PERCENT REPL	100.00%
CURRENT COST	47,163.00
FUTURE COST	61,537.02
SALVAGE VALUE	0.00

REMARKS:

26,950 - sq. ft. of rehabilitation @ \$ 1.75	=	\$ 47,163.00

TOTAL	=	\$ 47,163.00

This component is an estimate for the resurfacing/rehabilitation of the community asphalt. Future pavement conditions will dictate the specific scope of work required (overlay and/or removal and replacement).

Hillside Terrace Condominiums
Cash Flow Detail Report by Category

Streets - Repair/Slurry Seal (2014)		QUANTITY	26,950 sq. ft.
		UNIT COST	0.300
ASSET ID	1011	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	8,085.00
CATEGORY	10	FUTURE COST	8,577.38
		SALVAGE VALUE	0.00
PLACED IN SERVICE	1/07		
7 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR 2014			
2 YEAR REM LIFE (One Time Repl)			

REMARKS:

The asphalt maintenance history is unknown to RDA. The last maintenance appears to have been a slurry seal a number of years ago. This component is a one time expense to repair and slurry seal the asphalt in 2014. This is the last scheduled maintenance of the asphalt prior to the rehabilitation project scheduled for 2021 (see Asset ID #1012).

Streets - Seal Coat (Ongoing)		QUANTITY	26,950 sq. ft.
		UNIT COST	0.100
ASSET ID	1041	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	2,695.00
CATEGORY	10	FUTURE COST	3,730.51
		SALVAGE VALUE	0.00
PLACED IN SERVICE	1/12		
4 YEAR USEFUL LIFE			
+7 YEAR ADJUSTMENT			
REPLACEMENT YEAR 2023			
11 YEAR REM LIFE			

REMARKS:

The asphalt is scheduled for rehabilitation in 2021 (see Asset ID #1012). This component is for a continuous four year seal coating cycle beginning in 2023, two years after the rehabilitation scheduled for 2021. We will include a provision for future asphalt repairs at the time of a future update once the rehabilitation project has occurred.

Hillside Terrace Condominiums
Cash Flow Detail Report by Category

Roofs - Asphalt Shingle (Mansards)

	QUANTITY	5,350 sq. ft.
	UNIT COST	3.000
ASSET ID 1007	PERCENT REPL	100.00%
GROUP/FACILITY 0	CURRENT COST	16,050.00
CATEGORY 20	FUTURE COST	23,569.97
	SALVAGE VALUE	0.00
PLACED IN SERVICE 1/00		
25 YEAR USEFUL LIFE		
+0 YEAR ADJUSTMENT		
REPLACEMENT YEAR 2025		
13 YEAR REM LIFE		

REMARKS:

The asphalt shingle roof mansards atop all buildings were installed in 2000 by Collum Roofing at a cost of \$5,775.00 (25 year warranty).

Roofs - Foam, Replace (Bldg A)

	QUANTITY	4,400 sq. ft.
	UNIT COST	2.950
ASSET ID 1035	PERCENT REPL	100.00%
GROUP/FACILITY 0	CURRENT COST	12,980.00
CATEGORY 20	FUTURE COST	13,369.40
	SALVAGE VALUE	0.00
PLACED IN SERVICE 1/00		
12 YEAR USEFUL LIFE		
+0 YEAR ADJUSTMENT		
REPLACEMENT YEAR 2013		
1 YEAR REM LIFE (One Time Repl)		

REMARKS:

Mike, the maintenance guy, advised us that the foam roof atop Bldg A is in poor condition and needs to be replaced. This component is a one time expense to remove & replace the foam roof atop Bldg A. Due to a lack of available reserve funds in 2012 (the software assumes all expenses in a given year occur on the first day of the year), this expense has been pushed off 2013. However, RDA recommends replacing this roof in 2012 as soon as funds become available. See Asset ID #1036 for budgeting information on the future recoating of this roof.

Hillside Terrace Condominiums
Cash Flow Detail Report by Category

Roofs - Foam, Recoat (Bldg A)		QUANTITY	4,400 sq. ft.
		UNIT COST	0.900
ASSET ID 1036		PERCENT REPL	100.00%
GROUP/FACILITY 0		CURRENT COST	3,960.00
CATEGORY 20		FUTURE COST	4,590.73
		SALVAGE VALUE	0.00
PLACED IN SERVICE 1/12 5 YEAR USEFUL LIFE +0 YEAR ADJUSTMENT REPLACEMENT YEAR 2017 5 YEAR REM LIFE			

REMARKS:

The foam roof atop Building A is scheduled to be replaced in 2012/2013 (see Asset ID #1035). This component includes a provision to recoat this roof on a continuous five year cycle after it has been replaced. If recoated as recommended, this foam roof should last indefinitely.

Roofs - Foam, Recoat (Bldg B)		QUANTITY	3,731 sq. ft.
		UNIT COST	0.900
ASSET ID 1034		PERCENT REPL	100.00%
GROUP/FACILITY 0		CURRENT COST	3,357.90
CATEGORY 20		FUTURE COST	3,779.35
		SALVAGE VALUE	0.00
PLACED IN SERVICE 9/11 5 YEAR USEFUL LIFE +0 YEAR ADJUSTMENT REPLACEMENT YEAR 2016 4 YEAR REM LIFE			

REMARKS:

The foam roof atop Building B (3,731 sq. ft.) was removed and replaced with a new foam roof by RenCo, LLC in September 2011 at a cost of \$11,000.00. This component includes a provision to recoat the Bldg B foam roof on a continuous five year cycle. If recoated as recommended, this foam roof should last indefinitely.

Hillside Terrace Condominiums
Cash Flow Detail Report by Category

Roofs - Foam, Recoat (Bldg C/D)

ASSET ID 1038
 GROUP/FACILITY 0
 CATEGORY 20

QUANTITY	7,500 sq. ft.
UNIT COST	0.900
PERCENT REPL	100.00%
CURRENT COST	6,750.00
FUTURE COST	6,952.50
SALVAGE VALUE	0.00

PLACED IN SERVICE 1/00
 5 YEAR USEFUL LIFE
 +0 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2013
 1 YEAR REM LIFE

REMARKS:

This component includes a provision to recoat the foam roof atop Building C, and the south portion of Building D, on a continuous five year cycle. The foam roofs atop these buildings were installed in 2000 by Sprayfoam Southwest.

** NOTE: Should it be determined that the current condition of these roofs is poor, and that replacement of these roofs is required instead of recoating, we will revise the report at the client's request.

Roofs - Foam, Recoat (Bldg D)

ASSET ID 1037
 GROUP/FACILITY 0
 CATEGORY 20

QUANTITY	2,200 sq. ft.
UNIT COST	0.900
PERCENT REPL	100.00%
CURRENT COST	1,980.00
FUTURE COST	2,163.60
SALVAGE VALUE	0.00

PLACED IN SERVICE 1/10
 5 YEAR USEFUL LIFE
 +0 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2015
 3 YEAR REM LIFE

REMARKS:

Mike, the maintenance guy, advised us that the foam roof atop Building D, or at least the roof atop the north end of Building D (approximately 2,200 sq. ft.) was recoated in 2010. This component includes a provision to recoat this portion of the Building D roof every five years. If recoated as recommended, this foam roof should last indefinitely.

Hillside Terrace Condominiums
Cash Flow Detail Report by Category

Roofs - Foam, Recoat (Bldg E)		QUANTITY	2,500 sq. ft.
		UNIT COST	0.900
ASSET ID	1039	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	2,250.00
CATEGORY	20	FUTURE COST	2,317.50
		SALVAGE VALUE	0.00
PLACED IN SERVICE 1/00			
5 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR 2013			
1 YEAR REM LIFE			

REMARKS:

This component includes a provision to recoat the foam roof atop Building E on a continuous five year cycle. The foam roof atop this building was installed in 2000 by Sprayfoam Southwest.

** NOTE: Should it be determined that the current condition of this roof is poor, and that replacement is required instead of recoating, we will revise the report at the client's request.

Roofs - Foam, Recoat (Clubhouse)		QUANTITY	900 sq. ft.
		UNIT COST	0.900
ASSET ID	1040	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	810.00
CATEGORY	20	FUTURE COST	834.30
		SALVAGE VALUE	0.00
PLACED IN SERVICE 1/00			
5 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR 2013			
1 YEAR REM LIFE			

REMARKS:

This component includes a provision to recoat the foam roof atop the clubhouse on a continuous five year cycle. The foam roof atop the clubhouse was installed in 2000 by Sprayfoam Southwest.

** NOTE: Should it be determined that the current condition of this roof is poor, and that replacement is required instead of recoating, we will revise the report at the client's request.

Hillside Terrace Condominiums
Cash Flow Detail Report by Category

Roofs - Metal, Carports, Unfunded	QUANTITY	1 comment
	UNIT COST	0.000
ASSET ID 1009	PERCENT REPL	0.00%
GROUP/FACILITY 0	CURRENT COST	0.00
CATEGORY 20	FUTURE COST	0.00
	SALVAGE VALUE	0.00
PLACED IN SERVICE 0/ 0		
0 YEAR USEFUL LIFE		
+0 YEAR ADJUSTMENT		
REPLACEMENT YEAR 2012		
0 YEAR REM LIFE		

REMARKS:

We are not budgeting to replace the corrugated metal carport roofs because they have an extremely long useful life. However, the condition of these roofs should be monitored over time, and if future replacements are anticipated, we will include them in a future update to this report. Should the client want a reserve planned for this asset, we will revise the report to include these roofs. We have listed for informational purposes only.

Any minor repairs should be handled on an "as needed" basis, and the expense paid for out of the operating budget, the operating contingency, or the reserve contingency.

Hillside Terrace Condominiums
Cash Flow Detail Report by Category

Paint - Community Exteriors		QUANTITY	1 total
		UNIT COST	30,000.000
ASSET ID	1004	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	30,000.00
CATEGORY	30	FUTURE COST	30,900.00
		SALVAGE VALUE	0.00
PLACED IN SERVICE	1/05		
8 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR	2013		
1 YEAR REM LIFE			

REMARKS:

The community exteriors were last painted in late 2004 at a cost of \$22,000. We are budgeting to paint the following components every eight (8) years:

- building exteriors
- metal carport support structures
- wrought iron pool fencing & gates
- metal stairway & walkway railings
- metal balcony railings
- recoat/reseal the 2nd story landings & balconies

Hillside Terrace Condominiums
Cash Flow Detail Report by Category

Fencing & Gates - Wrought Iron		QUANTITY	1 total
		UNIT COST	7,500.000
ASSET ID	1023	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	7,500.00
CATEGORY	40	FUTURE COST	9,785.80
		SALVAGE VALUE	0.00
PLACED IN SERVICE	1/11		
10 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR	2021		
9 YEAR REM LIFE			

REMARKS:

This component will accumulate funds on a 10 year basis for the repair/replacement of wrought iron fencing, gates, and balcony/stairway railings on an "as needed" basis. The condition of these components should be monitored over time, and the useful life and cost estimates adjusted accordingly.

** NOTE: In 2011, the Association spent \$2,975 on wrought iron fence repairs/replacements at the pool area. For budgeting purposes, we have used 2011 as the basis for aging this component.

Hillside Terrace Condominiums
Cash Flow Detail Report by Category

Pool - BBQ Grills		QUANTITY	2 BBQs
		UNIT COST	350.000
ASSET ID	1021	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	700.00
CATEGORY	60	FUTURE COST	811.49
		SALVAGE VALUE	0.00
PLACED IN SERVICE	1/05		
12 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR	2017		
5 YEAR REM LIFE			

REMARKS:

These are pedestal mounted, charcoal BBQ grills.

Pool - Deck Recoat		QUANTITY	1,900 sq. ft.
		UNIT COST	1.500
ASSET ID	1026	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	2,850.00
CATEGORY	60	FUTURE COST	3,610.29
		SALVAGE VALUE	0.00
PLACED IN SERVICE	1/12		
14 YEAR USEFUL LIFE			
-6 YEAR ADJUSTMENT			
REPLACEMENT YEAR	2020		
8 YEAR REM LIFE			

REMARKS:

This component includes a provision to repair and recoat (repaint) the pool deck in between resurfacing cycles. We are budgeting to resurface the pool deck in 2012 (see Asset ID #1020).

Pool - Deck Resurface		QUANTITY	1,900 sq. ft.
		UNIT COST	4.250
ASSET ID	1020	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	8,075.00
CATEGORY	60	FUTURE COST	8,317.25
		SALVAGE VALUE	0.00
PLACED IN SERVICE	1/93		
14 YEAR USEFUL LIFE			
+6 YEAR ADJUSTMENT			
REPLACEMENT YEAR	2013		
1 YEAR REM LIFE			

Hillside Terrace Condominiums
Cash Flow Detail Report by Category

Pool - Deck Resurface, Continued ...

REMARKS:

The date of the last deck resurfacing is unknown to RDA. We are budgeting to resurface the deck by 2013.

Pool - Filter	QUANTITY	1 filter
ASSET ID 1019	UNIT COST	1,200.000
GROUP/FACILITY 0	PERCENT REPL	100.00%
CATEGORY 60	CURRENT COST	1,200.00
	FUTURE COST	1,565.73
	SALVAGE VALUE	0.00
PLACED IN SERVICE 1/03		
18 YEAR USEFUL LIFE		
+0 YEAR ADJUSTMENT		
REPLACEMENT YEAR 2021		
9 YEAR REM LIFE		

REMARKS:

This is a Triton II, 4.91 sq. ft. sand filter.

Pool - Furniture	QUANTITY	1 total
ASSET ID 1033	UNIT COST	4,000.000
GROUP/FACILITY 0	PERCENT REPL	100.00%
CATEGORY 60	CURRENT COST	4,000.00
	FUTURE COST	4,243.60
	SALVAGE VALUE	0.00
PLACED IN SERVICE 1/07		
7 YEAR USEFUL LIFE		
+0 YEAR ADJUSTMENT		
REPLACEMENT YEAR 2014		
2 YEAR REM LIFE		

Hillside Terrace Condominiums
Cash Flow Detail Report by Category

Pool - Furniture, Continued ...

REMARKS:

This component includes a provision every 7 years for the refurbishment/replacement of pool furniture. The accumulated funds should be used on an "as needed" basis. The pool furniture was purchased used from a local resort a number of years ago. We are not budgeting to refurbish/replace all of the furniture, as there is significantly more furniture than is needed. For budgeting purposes we have used 2007 as the basis for aging this component.

25 - strapped chairs	26 - strapped lounges
11 - faux top tea tables	5 - faux top tables
1 - fabric umbrella	

Pool - Pump & Motor, Unfunded	QUANTITY	1 comment
ASSET ID 1027	UNIT COST	0.000
GROUP/FACILITY 0	PERCENT REPL	0.00%
CATEGORY 60	CURRENT COST	0.00
	FUTURE COST	0.00
	SALVAGE VALUE	0.00
PLACED IN SERVICE 0/ 0		
0 YEAR USEFUL LIFE		
+0 YEAR ADJUSTMENT		
REPLACEMENT YEAR 2012		
0 YEAR REM LIFE		

REMARKS:

We are not budgeting to replace pool equipment and/or water feature pumps/motors because the cost to do so is most often considered an operating expense. It should be noted that pumps/motors, many times, can be repaired and/or rebuilt to further extend their useful life. However, they will eventually have to be replaced. Any replacements should be handled on an "as needed" basis, and the expense paid for out of the operating budget.

Hillside Terrace Condominiums
Cash Flow Detail Report by Category

Pool - Replaster & Retile	QUANTITY	1 total
	UNIT COST	7,604.000
ASSET ID 1018	PERCENT REPL	100.00%
GROUP/FACILITY 0	CURRENT COST	7,604.00
CATEGORY 60	FUTURE COST	7,832.12
	SALVAGE VALUE	0.00
PLACED IN SERVICE 1/93		
12 YEAR USEFUL LIFE		
+8 YEAR ADJUSTMENT		
REPLACEMENT YEAR 2013		
1 YEAR REM LIFE		

REMARKS:

1,340 - sq. ft. (IA) of replastering	@	\$ 4.60	=	\$ 6,164.00
120 - lin. ft. of trim tile	@	12.00	=	1,440.00

		TOTAL	=	\$ 7,604.00

The date of the last replastering is unknown to RDA. We are budgeting to resurface the pool by 2013.

Hillside Terrace Condominiums
Cash Flow Detail Report by Category

Clubhouse & Laundry - Floor Cover

ASSET ID 1013
 GROUP/FACILITY 0
 CATEGORY 70

QUANTITY	600 sq. ft.
UNIT COST	8.000
PERCENT REPL	100.00%
CURRENT COST	4,800.00
FUTURE COST	5,245.09
SALVAGE VALUE	0.00

PLACED IN SERVICE 1/90
 30 YEAR USEFUL LIFE
 -5 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2015
 3 YEAR REM LIFE

REMARKS:

This component includes a provision to replace the vinyl tile floor cover throughout the clubhouse (462 sq. ft.), including the laundry room (138 sq. ft.), with ceramic tile floor cover. Due to the current condition of the vinyl tile floor cover this project should be done at this time. However, due to a lack of current reserve funds, as well as the fact that other more important projects are needed at this time (painting, asphalt maintenance, roofing, etc.), we have scheduled this project for 2015.

Clubhouse - HVAC (Package Unit)

ASSET ID 1015
 GROUP/FACILITY 0
 CATEGORY 70

QUANTITY	1 total
UNIT COST	4,000.000
PERCENT REPL	100.00%
CURRENT COST	4,000.00
FUTURE COST	4,370.91
SALVAGE VALUE	0.00

PLACED IN SERVICE 1/97
 18 YEAR USEFUL LIFE
 +0 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2015
 3 YEAR REM LIFE

REMARKS:

1 - Goodman, 2 ton package unit	@	\$ 4,000.00	=	\$ 4,000.00

	TOTAL		=	\$ 4,000.00

Hillside Terrace Condominiums
Cash Flow Detail Report by Category

Clubhouse - Interior Improvements		QUANTITY	1 total
		UNIT COST	2,500.000
		PERCENT REPL	100.00%
ASSET ID	1028	CURRENT COST	2,500.00
GROUP/FACILITY	0	FUTURE COST	2,731.82
CATEGORY	70	SALVAGE VALUE	0.00
PLACED IN SERVICE 1/00			
15 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR 2015			
3 YEAR REM LIFE			

REMARKS:

This component will accumulate funds on a 15 year basis for the following interior components: interior painting, doors (excluding the sliding glass doors, which is listed separately), & plumbing fixtures (sink, toilet). For budgeting purposes we have used 2000 as the basis for aging this component.

Clubhouse - Sliding Glass Doors		QUANTITY	1 total
		UNIT COST	2,500.000
		PERCENT REPL	100.00%
ASSET ID	1029	CURRENT COST	2,500.00
GROUP/FACILITY	0	FUTURE COST	2,731.82
CATEGORY	70	SALVAGE VALUE	0.00
PLACED IN SERVICE 1/72			
30 YEAR USEFUL LIFE			
+13 YEAR ADJUSTMENT			
REPLACEMENT YEAR 2015			
3 YEAR REM LIFE			

REMARKS:

This component includes a provision to replace the sliding glass doors. Due to the current condition of the sliding glass doors, they should be replaced at this time. However, due to a lack of current reserve funds, as well as the fact that other more important projects are needed at this time (painting, asphalt maintenance, roofing, etc.), we have scheduled this project for 2015.

Hillside Terrace Condominiums
Cash Flow Detail Report by Category

Laundry Room - Equipment, Unfunded		QUANTITY	1 comment
		UNIT COST	0.000
ASSET ID	1032	PERCENT REPL	0.00%
GROUP/FACILITY	0	CURRENT COST	0.00
CATEGORY	75	FUTURE COST	0.00
		SALVAGE VALUE	0.00
PLACED IN SERVICE	0/ 0		
0 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR	2012		
0 YEAR REM LIFE			

REMARKS:

Based on the sign posted in the laundry room by CPEC, we have concluded that the washers and dryers are not owned by the Association.

Laundry Room - Evaporative Cooler		QUANTITY	1 cooler
		UNIT COST	1,500.000
ASSET ID	1016	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	1,500.00
CATEGORY	75	FUTURE COST	1,900.16
		SALVAGE VALUE	0.00
PLACED IN SERVICE	1/05		
15 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR	2020		
8 YEAR REM LIFE			

REMARKS:

This is a Breezair evaporative cooler located on the roof. We were previously advised by the client that this unit was installed in 2004/2005.

Laundry Room - Water Heater		QUANTITY	1 total
		UNIT COST	800.000
ASSET ID	1031	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	800.00
CATEGORY	75	FUTURE COST	848.72
		SALVAGE VALUE	0.00
PLACED IN SERVICE	1/02		
12 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR	2014		
2 YEAR REM LIFE			

Hillside Terrace Condominiums
Cash Flow Detail Report by Category

Laundry Room - Water Heater, Continued ...

REMARKS:

1 - 50 gallon, gas water heater	@	\$ 800.00	=	\$ 800.00

		TOTAL	=	\$ 800.00

The actual date this item was placed-in-service was not available. For budgeting purposes, we have estimated this date based upon its present condition.

Hillside Terrace Condominiums
Cash Flow Detail Report by Category

Granite Replenishment - Unfunded

	QUANTITY	1 comment
ASSET ID 1003	UNIT COST	0.000
GROUP/FACILITY 0	PERCENT REPL	0.00%
CATEGORY 100	CURRENT COST	0.00
	FUTURE COST	0.00
	SALVAGE VALUE	0.00
PLACED IN SERVICE 0/ 0		
0 YEAR USEFUL LIFE		
+0 YEAR ADJUSTMENT		
REPLACEMENT YEAR 2012		
0 YEAR REM LIFE		

REMARKS:

There are substantial quantities of granite located throughout the community. We are not budgeting to replenish this granite because the cost to do so is most often considered an operating expense. We recommend that a line item be set up in the operating budget to account for this asset, that it be monitored over time, and adjusted as experience dictates.

Should the client wish to have granite replenishment included in the reserve study, we will do so at their request. However, the client will need to provide the sq. ft. of the common area granite. Otherwise, there would be an additional charge to have Reserve Data Analysis, Inc. provide the measurement.

Irrigation Controllers (1998)

	QUANTITY	1 total
ASSET ID 1014	UNIT COST	350.000
GROUP/FACILITY 0	PERCENT REPL	100.00%
CATEGORY 100	CURRENT COST	350.00
	FUTURE COST	360.50
	SALVAGE VALUE	0.00
PLACED IN SERVICE 1/98		
15 YEAR USEFUL LIFE		
+0 YEAR ADJUSTMENT		
REPLACEMENT YEAR 2013		
1 YEAR REM LIFE		

REMARKS:

2 - Hardie, RD600 controllers @ \$ 175.00	=	\$ 350.00

TOTAL	=	\$ 350.00

Locations: Bldg A & Bldg B

Hillside Terrace Condominiums
Cash Flow Detail Report by Category

Irrigation Controllers (2006)

ASSET ID 1030
 GROUP/FACILITY 0
 CATEGORY 100

QUANTITY	1 total
UNIT COST	175.000
PERCENT REPL	100.00%
CURRENT COST	175.00
FUTURE COST	228.34
SALVAGE VALUE	0.00

PLACED IN SERVICE 1/06
 15 YEAR USEFUL LIFE
 +0 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2021
 9 YEAR REM LIFE

REMARKS:

1 - Irritrol, RD600 controller @ \$ 175.00 = \$ 175.00

 TOTAL = \$ 175.00

Locations: Bldg E

Irrigation System - Unfunded

ASSET ID 1042
 GROUP/FACILITY 0
 CATEGORY 100

QUANTITY	1 comment
UNIT COST	0.000
PERCENT REPL	0.00%
CURRENT COST	0.00
FUTURE COST	0.00
SALVAGE VALUE	0.00

PLACED IN SERVICE 0/ 0
 0 YEAR USEFUL LIFE
 +0 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2012
 0 YEAR REM LIFE

REMARKS:

We have been advised that irrigation systems (pvc piping, sprinkler heads, valves, etc.) have a useful life of approximately 20 years, and should be included as a reserve component. However, budgeting for the replacement of the irrigation system requires evaluating the present condition (remaining useful life) and replacement cost - both of which call for expert evaluation, but fall outside the scope of a reserve study. Therefore, we recommend that the client have the system evaluated to determine these two factors so that budgeting can be included in a revision or future update of this report.

Hillside Terrace Condominiums
Cash Flow Detail Report by Category

Mailboxes (Wall Mounted)

ASSET ID 1017
 GROUP/FACILITY 0
 CATEGORY 100

QUANTITY	1 total
UNIT COST	2,325.000
PERCENT REPL	100.00%
CURRENT COST	2,325.00
FUTURE COST	2,945.24
SALVAGE VALUE	0.00

PLACED IN SERVICE 1/95
 25 YEAR USEFUL LIFE
 +0 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2020
 8 YEAR REM LIFE

REMARKS:

1 - 3 box	@	\$ 200.00	=	\$ 200.00
2 - 5 box units	@	300.00	=	600.00
4 - 6 box units	@	325.00	=	1,300.00
1 - letter box	@	225.00	=	225.00

		TOTAL	=	\$ 2,325.00

The actual date this item was placed-in-service was not available. For budgeting purposes, we have estimated this date based upon its present condition.

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TOTAL ASSET LINES INCLUDED: 35