



MORRISON HERSHFIELD



Arbor Terrace Community 2015/2016 Reserve Study Draft



Presented to:

Arbor Terrace Homeowners Association
Sherwood, Oregon

Project No. P150243.00

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1. SCOPE OF SERVICES AND BACKGROUND DOCUMENTATION

Morrison Hershfield (MH) was retained to conduct a reserve study of the shared common elements for the Arbor Terraces Homeowners Association, (ATHOA) for their 2016/2017 fiscal year. The work undertaken by MH was in general conformance to our proposal dated September 23, 2015, and authorized by Ms. Amy Boyle, Board Member on October 29, 2015. As per the direction of the signed agreement, MH did not perform a physical analysis of the shared common elements. The information and recorded data from the 2015/2016 RS completed by MH, (dated September 11, 2014) was used to update this year's reserve funding analysis. For copies of the previous year's reserve study, please contact the Association's Board of Directors.

The objective of this RS is to provide a realistic assessment of the monetary reserves required to undertake necessary repairs or replacements of the shared common element as dictated by their estimated life spans. This RS is designed to be in general conformance with "Oregon Revised Statute 100.175" and the Arbor Terrace HOA's governing documents.

The ATHOA is comprised of three separate entities. They include:

- **Tamarack Single Family Homes, (SFH)**, Total: 45 – Commonly identified by the metal railings installed at the front elevations of each home. See Subsection 1: Tamarack SFH for clarification of other known shared common elements for this specific entity.
- **Row Homes, (Townhomes)**, Total: 65 Units – RS covers only the shared common elements that belong to the owners living within the multifamily townhouse units. See Subsection 2: Row Homes for clarification of all the known shared common elements related to this specific entity.
- **All Lots**, Total: 160 – Covers shared common elements for all residential dwellings, (both SFH & Multi-Family) within the ATHOA that have not already been accounted for within the Tamarack and Row Homes section of this study. See Subsection 3: All Lots for clarification of the known shared common elements/components for this specific entity.

The following information, documentation and communication were used to assist in completing the ATHOA's 2016/2017 RS update:

- Communication with Ms. Amy Boyle – HOA Board Member
- Financial information – Provided by Mr. Dick Messenger – HOA Board Member
- Previous Years' Reserve Studies: 2015/2016 - Completed by MH

2. MH PROJECT TEAM

Morrison Hershfield has over sixty years of Architectural and Engineering experience within the Buildings and Facilities industry. Our resume' includes designs for new construction along with the rehabilitation of existing buildings. MH has sixteen offices located throughout the United States and Canada with a staff of over 800, consisting primarily of design and engineering professionals. The following personnel from our Portland Oregon office were assigned to complete your RS.

- Justin Barnhart– Project Manager / Building Science Consultant

3. COMMUNITY HISTORY

Arbor Terrace is a planned community consisting of 95 Single Family Homes, (SFH) and 17 multi-plex buildings containing 65 residential townhouse units known as Rowhomes. All buildings/homes are two-story, wood-framed structures supported on concrete foundations over crawl spaces. Each residential unit/home appears to have a patio, (rear elevation) and porch, (front elevation) composed of concrete flatwork placed on grade. In addition, each residential unit/home has an attached garage with a poured concrete driveway that leads to the garage positioned at the front elevation.

All buildings/homes are clad with fiber cement lap siding, fiber cement paneling and white wood trims. The windows and sliding glass doors consist of vinyl-framed, flange mounted units. The window types include fixed units and units with horizontal sliding and single-hung operable sashes. Wood-framed swing doors provide access to the front entries of the residential units, the sliding glass doors provide access to the patios, and overhead doors provide car access into the garages.

The roofs and canopies throughout the complex are steep pitched and are clad with composite asphalt-shingled roofing. The roofs and canopies drain into gutters and down rainwater leaders. The roof structures are constructed over pre-fabricated wood truss framing. The attics contained within the truss framing are vented under the eaves and just below the ridge through individual roof vents.

In 2010 the ATHOA acquired Morrison Hershfield's services to investigate areas of their Rowhome buildings that were experiencing water intrusion problems. A building envelope condition assessment was conducted that identified construction defects as a result of improperly constructed waterproofing and flashing assemblies that lead to water damage to the underlying wall assemblies. Upon reviewing the assessment summary completed by MH, the Association decided to pursue legal action against their developer for the identified deficiencies. In early 2011 the Association obtained a settlement from their developer for the construction defect claim.

Later that same year, the Association again retained the consulting services of MH to put together a targeted repair scope and design package to rehabilitate their exterior wall assemblies of the Rowhomes affected by the initial construction deficiencies. A summary of areas repaired during the 2012/2013 rehabilitation project was provided in the 2013/2014 fiscal year RS, completed by MH on May 29, 2013.

A reserve study update was performed in September of 2015, based on the original reserve study, and was approved by the Board of Directors.

4. FINANCIAL DATA

The financial data provided within this year's RS will enable the Association to plan long term, (30 years) as opposed to only next year when budgeting for the replacement of their shared common elements. There are several different funding methods typically used by HOA's when planning their reserves. Below is a list and description of the more commonly used strategies:

- **Full Funding** – The goal of this funding strategy is to attain and maintain the reserves at or near 100 percent. For example, if the association has a component with a ten year life and a \$5000 replacement cost, it should have \$1500 set aside for its replacement after three years, ($\$5000 \div 10 \text{ years} = \$500 \text{ per year} \times 3 \text{ years} = \1500). In this example, \$1500 equals full funding.
- **Baseline Funding** – The goal of this funding method is to keep the reserve cash balance above zero. This means that while each individual component may not be fully funded, the reserve balance does not drop below zero during the projected period. An association using this funding method should understand that any reduction in a component's remaining useful life can result in a deficit in the reserve's cash balance.
- **Threshold Funding** – This method is based on the baseline-funding concept. However, the minimum reserve cash balance in threshold funding is set at a predetermined dollar amount and is to remain at or above this amount for the entire 30 years.

We recommend a "Baseline Funding" method so that sufficient reserves are maintained to ensure a positive closing balance for the duration of this study. For this year's RS we have used the following information provided by the ATHOA:

- **Fiscal Year Duration:** July 1, 2016 to June 30, 2017.
- **Estimated Reserve's Account Balances as of June 30, 2016:**
 - Tamarack SFH: \$23,145.24
 - Row Homes: \$143,045.02
 - All Lots: \$124,608.02
- **Current Annual Contributions to the Reserve Accounts:**
 - Tamarack SFH: \$9,720.00
 - Row Homes: \$46,753.20
 - All Lots: \$25,612.80
- **Annual "Earned Interest Rate", (EIR):** Per the ATHOA, the assumed annual EIR that will be applied to the "All Lots" reserve's account balance will be set at 1.00% (percent). The interest earned on the reserves for each year is based on a Mid-Year Interest Calculation. With the Mid-Year Interest Calculation, the interest earned is calculated at the middle of the fiscal year assuming that half the expenses have been

taken out and half the annual contributions have been deposited into the reserves' account.

- **Inflation Rate, (IR):** An estimated annual increase of 2.32% (percent) will be applied to the previous year's reserve contribution, (***see each scenario in the sections that follow for further clarification***). The increase will cover the assumed "Inflation Rate" of 2.32% (percent) used for the 30-year period of this study. The inflation rate in the United States during over a ten year period of 2004-2014 was 2.32%.

Funding Scenario One – HOA’s Current Path

This scenario is based on the ATHOA’s current funding path for their reserves, and is based on the beginning account balances and current contributions previously mentioned for each of the three entities that consist within the Arbor Terrace community. As a result of the account balance deficiencies to the reserves that were discovered during the development of the 2015/2016 RS, the Association took action to increase the annual contributions for each of the three entities in order to overcome the financial shortfalls. In order to bridge the deficit gap created by the previous funding paths, the Board of Directors formulated a reasonable funding path that would stretch out the necessary increases to the reserves’ annual contributions over a longer period of time as opposed to burdening the current owners with a huge increase at year one. This progressive approach allowed the Association’s reserve accounts for all three entities to function as designed, keeping the balances at an amount greater than \$0, (Baseline Funding). In addition, all future expenditures were able to be fully funded at the end of each fiscal year, (2016 through 2045).

MH can recommend this funding scenario as it provides the necessary amount of available funds within the reserve’s account for all three entities, so all future anticipated renewal costs of the shared common elements included within this RS.

As previously stated, per the direction of the Association, MH has assumed a graduated annual increase to each entity’s reserve contributions for the 30 year duration of this study which is outlined in the “Cash Flow Table” in each subsection. In addition, we used an EIR of 1% to be applied annually to the “All-Lots” reserve accounts remaining balances. Annual contributions within this scenario have been aligned with the expenditures shown in each entity’s subsection under Appendix B, Table 1: “Anticipated Cost Summary”, (assuming the expenditure is scheduled to be replaced by June 30, 2046). Scenario One’s resulting cash flow analysis is depicted in the three graphics that are located within Appendix C, for each entity, and illustrates what the Association should anticipate over the next 30 years in terms of their available reserve funds.

The following shows each entity’s largest expenditures periods over the life of this study:

Entity	Estimated Fees	Renewal Period	Description of Renewal Scope
Tamarack	\$285K	2030 – 2034	Replacement of Metal Fencing @ Front Elv.
Rowhomes	\$700K	2018 – 2033	Renewal of Exterior Wall Components & Painting
All Lots	\$333K	2016-2046	Concrete Sidewalks

Please note, that the repairs and replacements we have forecasted do not represent a fixed schedule for any given element or component reviewed. Such repairs or replacements may be required sooner or later than we have anticipated. It should also be noted that these repairs and replacements may not all take place within one year’s time, and may not be required at all. However, it is prudent to budget for such repairs since failure of some components is somewhat unpredictable.

Funding Scenario Two – Board of Directors

The Board of Directors has requested alternate scenarios to illustrate the consequences of funding below the levels recommended by Morrison Hershfield. These scenarios are provided in appendix D of each section. Funding Scenario Two is not endorsed by Morrison Hershfield

5. TABLES & GRAPHICS

Table 1: Anticipated Cost Summary – Appendix B

The Anticipated Cost Summary table provides a list of the shared common elements that includes information such as each component's quantities, dates of initial installation or renewal, and estimated unit costs. In addition, this table includes a list of brief comments or recommendations for each corresponding item. MH recommends that close attention be maintained for systems that have an "elevated maintenance" requirement. These components are typically exposed to conditions where they are unlikely to fulfill their usual service life. However it should be noted that in some instances a heightened maintenance plan can maximize the component's serviceable life span. Where a specific material, component or assembly could not be verified during our review, we have assumed the components are suitable for their intended use.

Opinions of probable cost are provided only as an indication of possible cost for remedial work. The repair or replacement costs are based on published construction cost data, recent bid prices on similar work, and information provided by the owner or their representatives. The opinions of probable cost we have presented can vary due to a number of reasons including changing market conditions, availability of newer materials and systems, and increased or decreased scope of work than we had identified. More precise opinions of probable cost would require a more detailed investigation to define the scope of work.

As previously noted, the repairs and replacements we have forecasted do not represent a fixed schedule for any given element or component reviewed. Such repairs or replacements may be required sooner or later than we have anticipated. It should also be noted that these repairs and replacements may not all take place within one year's time, and may not be required at all. However, it is prudent to budget for such repairs since failure of some components is somewhat unpredictable. The estimated service life assigned to each item assumes proper maintenance is conducted. Lack of maintenance will result in a decreased service life of various components.

MH recommends that Association utilize the services of a 3rd party consultant when faced with the renewal of components that are categorized as complex or have a significant cost associated with their replacement. These design or engineering professionals will identify irregularities typically before any work begins, minimizing their client's exposure to unnecessary risks and ultimately saving them time and money. They should be actively involved in all phase of the rehabilitation process, (Design, Bidding, and Construction Administration). MH cautions the Association from taking on these responsibilities themselves.

For renewal items considered to be more intricate or carry a significantly higher replacement cost, MH has included a budgetary value for consulting services.

Table 2: Detailed Cash-Flow Plan – Appendices C & D

Scenarios One and Two's Detailed Cash-Flow Plans are generated based on Table 1: Anticipated Cost Summary, and are designed to anticipate the necessary cash flow for each year over the 30 year period of this study.

Table 3: Cash Flow Tables – Appendices C & D

Information found here provides a snapshot of the key financial data for each year. Yearly information includes, total contributions and expenditures, annual rate increases, as well as the beginning and closing balances within the reserve account. In short Table 3 is a simple, easy to use tool that summarizes how much money is estimated to be within the reserves during the 30-year scope of this study.

Table 4 “Cash Flow Chart” – Appendices C & D

Table Four provides a visual representation of the annual reserve balance, expenses and contributions for each scenario throughout the 30-year life of this study.

6. SUMMARY

Morrison Hershfield has reviewed and assessed the reserve requirements for the ATHOA in accordance with the scope of services indicated within our proposal and the “Limitations” outlined in Appendix D of this report.

The following table summarizes the results of the study:

Entity	Total Anticipated Expenses	Scheduled Annual Contribution*	Avg. Monthly Contributions*
Tamarack	\$429K	\$10,100	\$841.66
Row Homes	\$2.5M	\$55,420	\$4618.33
All Lots	\$1.6M	\$24,125	\$2010.42

* Financial figures represent year one of this study, July 1, 2016

Provided the anticipated future expenditures used within this study come to fruition, the current funding path outlined in Scenario One will allow the Association’s reserve account to stay above \$0 through 2045, (30 Years). Our calculations of the accumulated funds within the reserve’s account include the interest earned per the estimated rates established by the Association.

The RS is a dynamic document that will change over time as repairs and/or replacements are carried out for each of the shared common elements included within this RS, as well as the ever-changing interest and inflation rates that affect our economy. As such, regular updates to the available reserve funds, including visual reviews of the shared common elements are necessary to re-assess the financial planning needs of the Association. MH also recommends that the Board of Directors review local and state laws, the Association’s governing documents, as well as their community’s goals and objectives in relationship to their investment decisions. We also recommend that the Association utilize the services of a financial planner who can implement an investment strategy to maximize the rate of return on the accumulated reserve funds. This will put the Association in a proactive position to plan for future replacement work prior to the common elements reaching a fully deteriorated condition, which may result in less expensive repair costs.

The annual contributions to the reserve account have been established by the Board of Directors.

Sincerely,
Morrison Hershfield Corporation

Justin Barnhart
Building Science Consultant/Project Manager

7. SUBSECTION 1: TAMARACK SFH FINANCIAL TABLES & GRAPHICS

APPENDIX A

SUMMARY OF DATA AND RESULTS



Summary of Data & Results - Final

Class of Reserve Fund Study	Baseline Funding
Property Name	Arbor Terrace Community - Tamarack SFH
Entity Name	Arbor Terrace HOA
Current Date	October 14, 2015
Year Building Constructed	2007
Starting Year (Current Fiscal Year)	2017
Dollar Year	2016
Fiscal Year Start	July 1, 2016
Fiscal Year End	June 30, 2017
Inflation Rate	2.32%
Interest Rate	0.00%
Estimated Starting Balance	\$23,145
Number of Units	45

Scenario 1 (Based on Current Contributions)

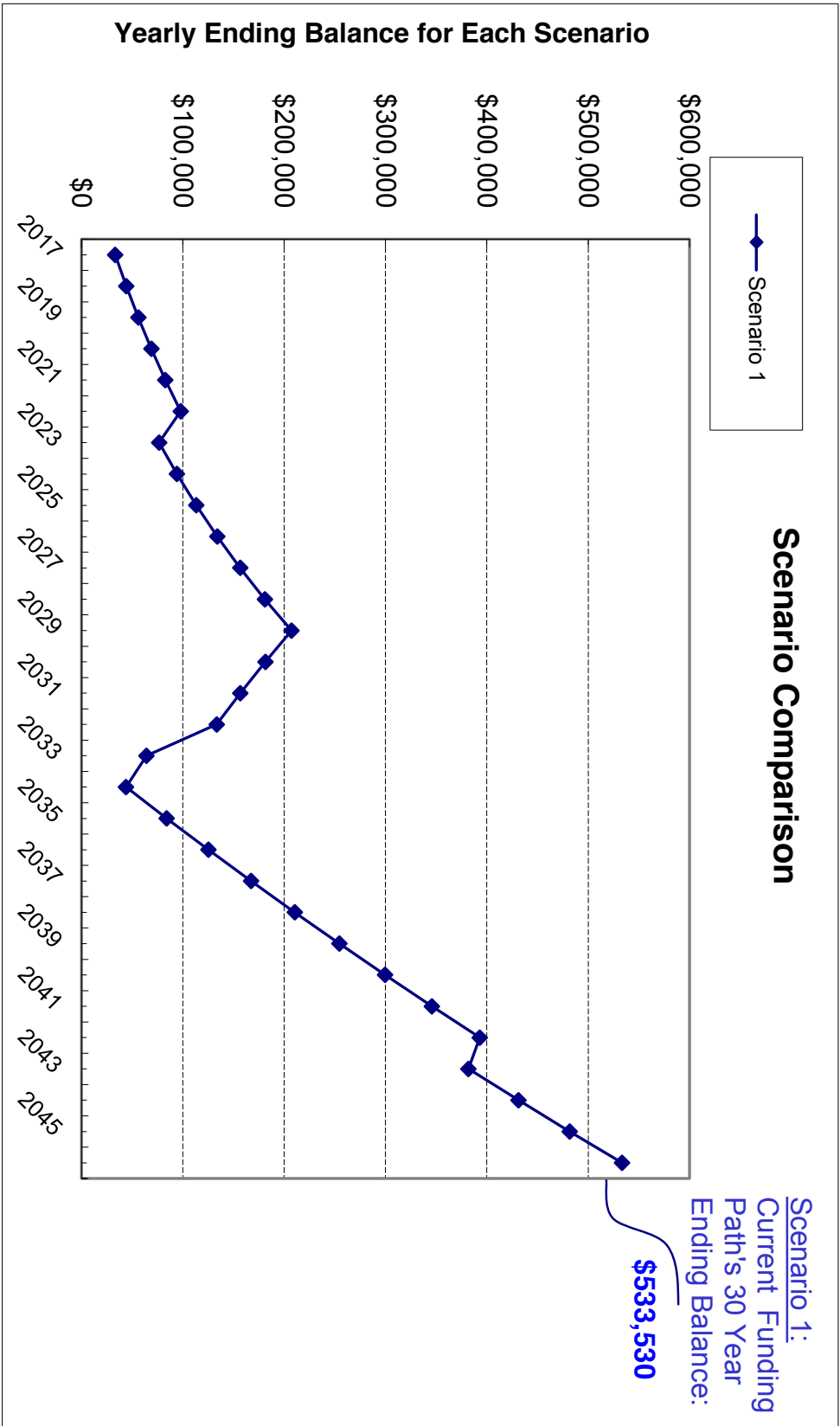
Yearly Contribution -	\$	10,100
Monthly Contribution Per Unit -	\$	19
Minimum Balance	\$	33,245
Maximum Balance	\$	533,530
30-year study closing balance	\$	533,530

Scenario 2 (Based on MH's Suggested Funding Path)

Yearly Contribution, (Year One)	N/A
Monthly Contribution Per Unit, (Year One)	N/A
Minimum Balance	N/A
Maximum Balance	N/A
30-year study closing balance	N/A

Arbor Terrace Community - Tamarack SFH

Scenario Comparison



APPENDIX B

TABLE 1: ANTICIPATED COST SUMMARY

Arbor Terrace Community - Tamarack SFH
Table 4: Cash Flow Chart
Scenario 1 - Current Funding Path - Final

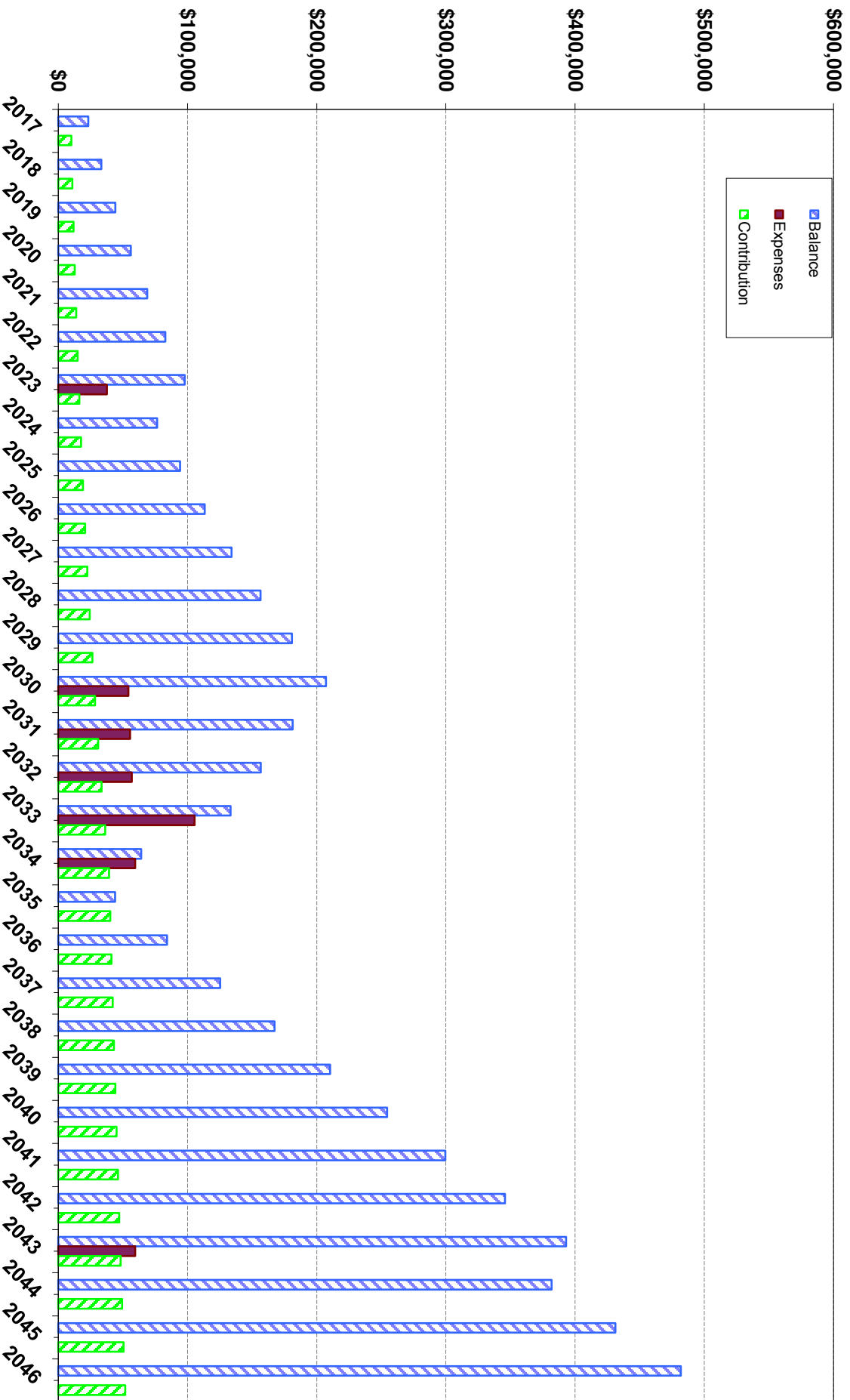


Table 1 : Anticipated Cost Summary - Final

Item #	Item Description	Eventual Maintenance Item (Y/N)	Normal Life Expectancy	Assumed Year of Acquisition	Present Age	Adjustment To Life Expectancy	Years Over Which Work is Planned	Quantity	Units of Measure	Unit Cost	Add Consultant Fee (Y/N)	Allowance for Relocation Costs	Current	MH Comments/Recommendations
SHARED COMMON ELEMENTS #3: FENCING														
Metallic Fencing System														
32	42' Tall Metallic Fence @ Front, Back, CV SFH	Y	30	2007	10	-7	5	3,277	Ln. Ft.	\$60.00	Y	\$5,000	\$201,650	This component is shared by the whole community. Renewal costs include replacement of concrete footings if necessary.
33	Retaining (Product Pricing)	Y	30	2019	4	0	1	3,277	Ln. Ft.	\$30.00	N	\$0	\$32,770	This component is shared by the whole community. Check manufacturer's recommendation for retaining fence

APPENDIX C

FUNDING SCENARIO ONE

**Arbor Terrace Community - Tamarack SFH
Table 3 Cash Flow Table
Scenario 1 - Current Funding Path - Final**

Yearly Contribution -	\$10,100
Monthly Contribution Per Unit -	\$19
Assumed Interest Rate	0.0%
Assumed Inflation Rate	2.3%
Reserve's Starting Balance as of 2017	\$23,145
Reserve's Minimum Annual Ending Balance Within 30 Year Scope	\$33,245

Year	Opening Balance	Annual Contribution*	Percent Increase over Previous Year	Other Contributions	Estimated Future Inflated Expenditures	Projected Interest Earned	Closing Balance
2017	\$23,145	\$10,100		\$0	\$0	\$0	\$33,245
2018	\$33,245	\$10,940	8.3%	\$0	\$0	\$0	\$44,185
2019	\$44,185	\$11,851	8.3%	\$0	\$0	\$0	\$56,036
2020	\$56,036	\$12,837	8.3%	\$0	\$0	\$0	\$68,872
2021	\$68,872	\$13,905	8.3%	\$0	\$0	\$0	\$82,777
2022	\$82,777	\$15,061	8.3%	\$0	\$0	\$0	\$97,838
2023	\$97,838	\$16,314	8.3%	\$0	\$37,604	\$0	\$76,548
2024	\$76,548	\$17,672	8.3%	\$0	\$0	\$0	\$94,220
2025	\$94,220	\$19,142	8.3%	\$0	\$0	\$0	\$113,362
2026	\$113,362	\$20,735	8.3%	\$0	\$0	\$0	\$134,097
2027	\$134,097	\$22,460	8.3%	\$0	\$0	\$0	\$156,557
2028	\$156,557	\$24,329	8.3%	\$0	\$0	\$0	\$180,886
2029	\$180,886	\$26,353	8.3%	\$0	\$0	\$0	\$207,238
2030	\$207,238	\$28,545	8.3%	\$0	\$54,331	\$0	\$181,452
2031	\$181,452	\$30,920	8.3%	\$0	\$55,592	\$0	\$156,780
2032	\$156,780	\$33,493	8.3%	\$0	\$56,882	\$0	\$133,392
2033	\$133,392	\$36,279	8.3%	\$0	\$105,499	\$0	\$64,172
2034	\$64,172	\$39,298	8.3%	\$0	\$59,551	\$0	\$43,918
2035	\$43,918	\$40,210	2.3%	\$0	\$0	\$0	\$84,127
2036	\$84,127	\$41,142	2.3%	\$0	\$0	\$0	\$125,270
2037	\$125,270	\$42,097	2.3%	\$0	\$0	\$0	\$167,367
2038	\$167,367	\$43,074	2.3%	\$0	\$0	\$0	\$210,440
2039	\$210,440	\$44,073	2.3%	\$0	\$0	\$0	\$254,513
2040	\$254,513	\$45,095	2.3%	\$0	\$0	\$0	\$299,608
2041	\$299,608	\$46,142	2.3%	\$0	\$0	\$0	\$345,750
2042	\$345,750	\$47,212	2.3%	\$0	\$0	\$0	\$392,962
2043	\$392,962	\$48,307	2.3%	\$0	\$59,491	\$0	\$381,779
2044	\$381,779	\$49,428	2.3%	\$0	\$0	\$0	\$431,207
2045	\$431,207	\$50,575	2.3%	\$0	\$0	\$0	\$481,781
2046	\$481,781	\$51,748	2.3%	\$0	\$0	\$0	\$533,530

* The term "annual contribution" refers to the amount contributed each year to the reserve fund from the monthly expenses.

APPENDIX D

FUNDING SCENARIO TWO



Summary of Data & Results - Board Of Directors Scenario

Class of Reserve Fund Study	Baseline Funding
Property Name	Arbor Terrace Community - Tamarack SFH
Entity Name	Arbor Terrace HOA
Current Date	October 14, 2015
Year Building Constructed	2007
Starting Year (Current Fiscal Year)	2017
Dollar Year	2016
Fiscal Year Start	July 1, 2016
Fiscal Year End	June 30, 2017
Inflation Rate	2.32%
Interest Rate	0.00%
Estimated Starting Balance	\$23,145
Number of Units	45

Scenario 1 (Based on Current Contributions)

Yearly Contribution -	\$	8,963
Monthly Contribution Per Unit -	\$	17
Minimum Balance	\$	0
Maximum Balance	\$	427,814
30-year study closing balance	\$	427,814

Scenario 2 (Based on MH's Suggested Funding Path)

Yearly Contribution, (Year One)	N/A
Monthly Contribution Per Unit, (Year One)	N/A
Minimum Balance	N/A
Maximum Balance	N/A
30-year study closing balance	N/A

Arbor Terrace Community - Tamarack SFH
Table 3 Cash Flow Table
Scenario 1 - Current Funding Path - Board Of Directors Scenario

Yearly Contribution -	\$8,963
Monthly Contribution Per Unit -	\$17
Assumed Interest Rate	0.0%
Assumed Inflation Rate	2.3%
Reserve's Starting Balance as of 2017	\$23,145
Reserve's Minimum Annual Ending Balance Within 30 Year Scope	\$0

Year	Opening Balance	Annual Contribution*	Percent Increase over Previous Year	Other Contributions	Estimated Future Inflated Expenditures	Projected Interest Earned	Closing Balance
2017	\$23,145	\$8,963		\$0	\$0	\$0	\$32,108
2018	\$32,108	\$9,709	8.3%	\$0	\$0	\$0	\$41,817
2019	\$41,817	\$10,517	8.3%	\$0	\$0	\$0	\$52,334
2020	\$52,334	\$11,392	8.3%	\$0	\$0	\$0	\$63,726
2021	\$63,726	\$12,340	8.3%	\$0	\$0	\$0	\$76,066
2022	\$76,066	\$13,366	8.3%	\$0	\$0	\$0	\$89,432
2023	\$89,432	\$14,478	8.3%	\$0	\$37,604	\$0	\$66,306
2024	\$66,306	\$15,683	8.3%	\$0	\$0	\$0	\$81,989
2025	\$81,989	\$16,988	8.3%	\$0	\$0	\$0	\$98,977
2026	\$98,977	\$18,401	8.3%	\$0	\$0	\$0	\$117,378
2027	\$117,378	\$19,932	8.3%	\$0	\$0	\$0	\$137,310
2028	\$137,310	\$21,591	8.3%	\$0	\$0	\$0	\$158,901
2029	\$158,901	\$23,387	8.3%	\$0	\$0	\$0	\$182,288
2030	\$182,288	\$25,333	8.3%	\$0	\$54,331	\$0	\$153,289
2031	\$153,289	\$27,440	8.3%	\$0	\$55,592	\$0	\$125,138
2032	\$125,138	\$29,723	8.3%	\$0	\$56,882	\$0	\$97,979
2033	\$97,979	\$32,196	8.3%	\$0	\$105,499	\$0	\$24,676
2034	\$24,676	\$34,875	8.3%	\$0	\$59,551	\$0	\$0
2035	\$0	\$35,684	2.3%	\$0	\$0	\$0	\$35,684
2036	\$35,684	\$36,512	2.3%	\$0	\$0	\$0	\$72,196
2037	\$72,196	\$37,359	2.3%	\$0	\$0	\$0	\$109,556
2038	\$109,556	\$38,226	2.3%	\$0	\$0	\$0	\$147,781
2039	\$147,781	\$39,113	2.3%	\$0	\$0	\$0	\$186,894
2040	\$186,894	\$40,020	2.3%	\$0	\$0	\$0	\$226,914
2041	\$226,914	\$40,949	2.3%	\$0	\$0	\$0	\$267,863
2042	\$267,863	\$41,899	2.3%	\$0	\$0	\$0	\$309,762
2043	\$309,762	\$42,871	2.3%	\$0	\$59,491	\$0	\$293,142
2044	\$293,142	\$43,865	2.3%	\$0	\$0	\$0	\$337,007
2045	\$337,007	\$44,883	2.3%	\$0	\$0	\$0	\$381,890
2046	\$381,890	\$45,924	2.3%	\$0	\$0	\$0	\$427,814

* The term "annual contribution" refers to the amount contributed each year to the reserve fund from the monthly expenses.

8. SUBSECTION 2: ROW HOMES

FINANCIAL TABLES & GRAPHICS

APPENDIX A

SUMMARY OF DATA AND RESULTS



Summary of Data & Results - Final

Class of Reserve Fund Study	Baseline Funding
Property Name	Arbor Terrace Community - Rowhomes
Entity Name	Arbor Terrace HOA
Current Date	December 2, 2015
Year Building Constructed	2007
Starting Year (Current Fiscal Year)	2017
Dollar Year	2016
Fiscal Year Start	July 1, 2016
Fiscal Year End	June 30, 2017
Inflation Rate	2.32%
Interest Rate	0.00%
Estimated Starting Balance	\$143,045
Number of Units	65

Scenario 1 (Based on Current Contribution For 2015/2016 Fiscal Year)

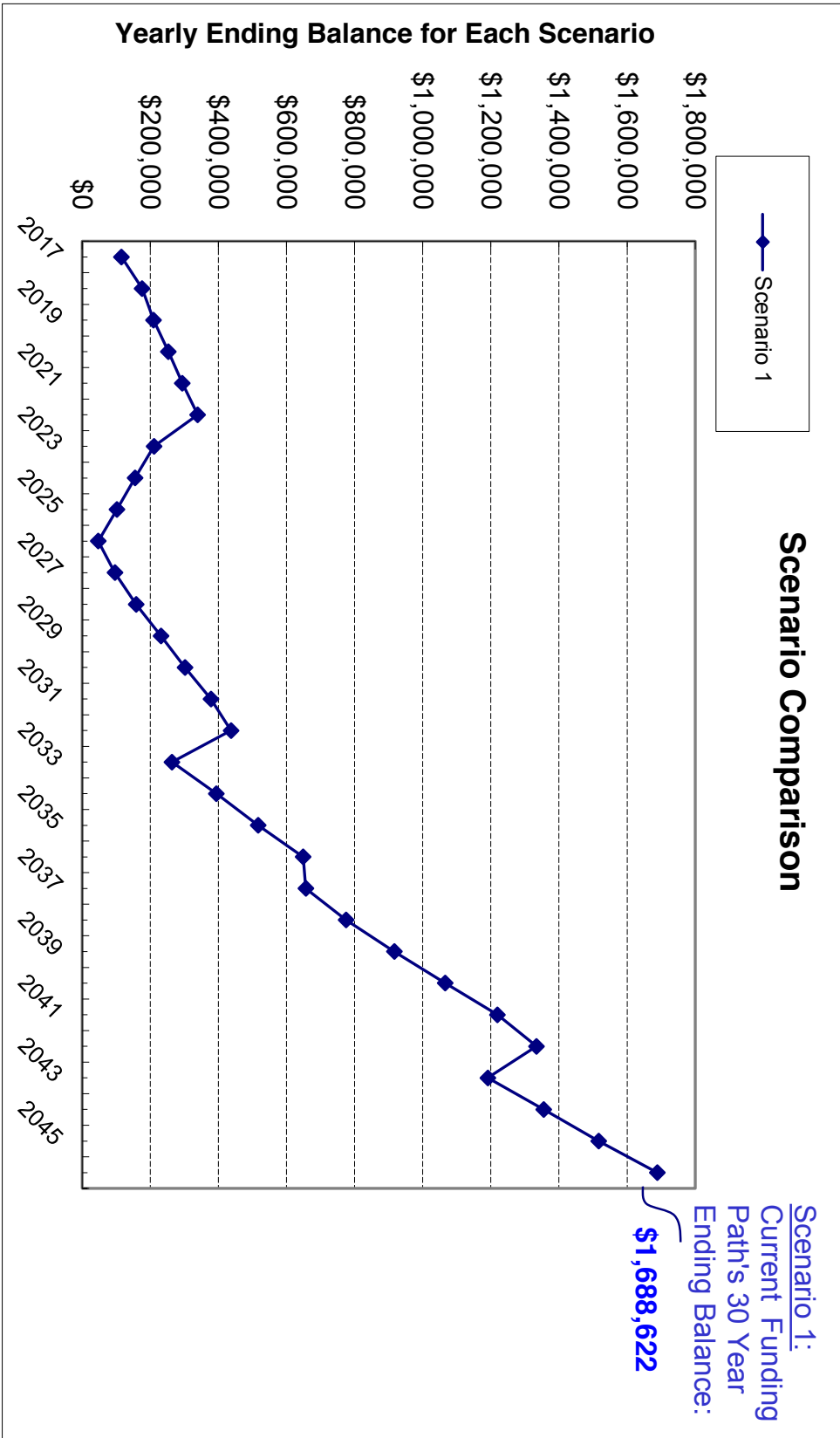
Yearly Contribution -	\$	55,420
Monthly Contribution Per Unit -	\$	71
Minimum Balance	\$	47,208
Maximum Balance	\$	1,688,622
30-year study closing balance	\$	1,688,622

Scenario 2 (Based on MH's Suggested Funding Path)

Yearly Contribution, (Year One)	N/A
Monthly Contribution Per Unit, (Year One)	N/A
Minimum Balance	N/A
Maximum Balance	N/A
30-year study closing balance	N/A

Arbor Terrace Community - Rowhomes

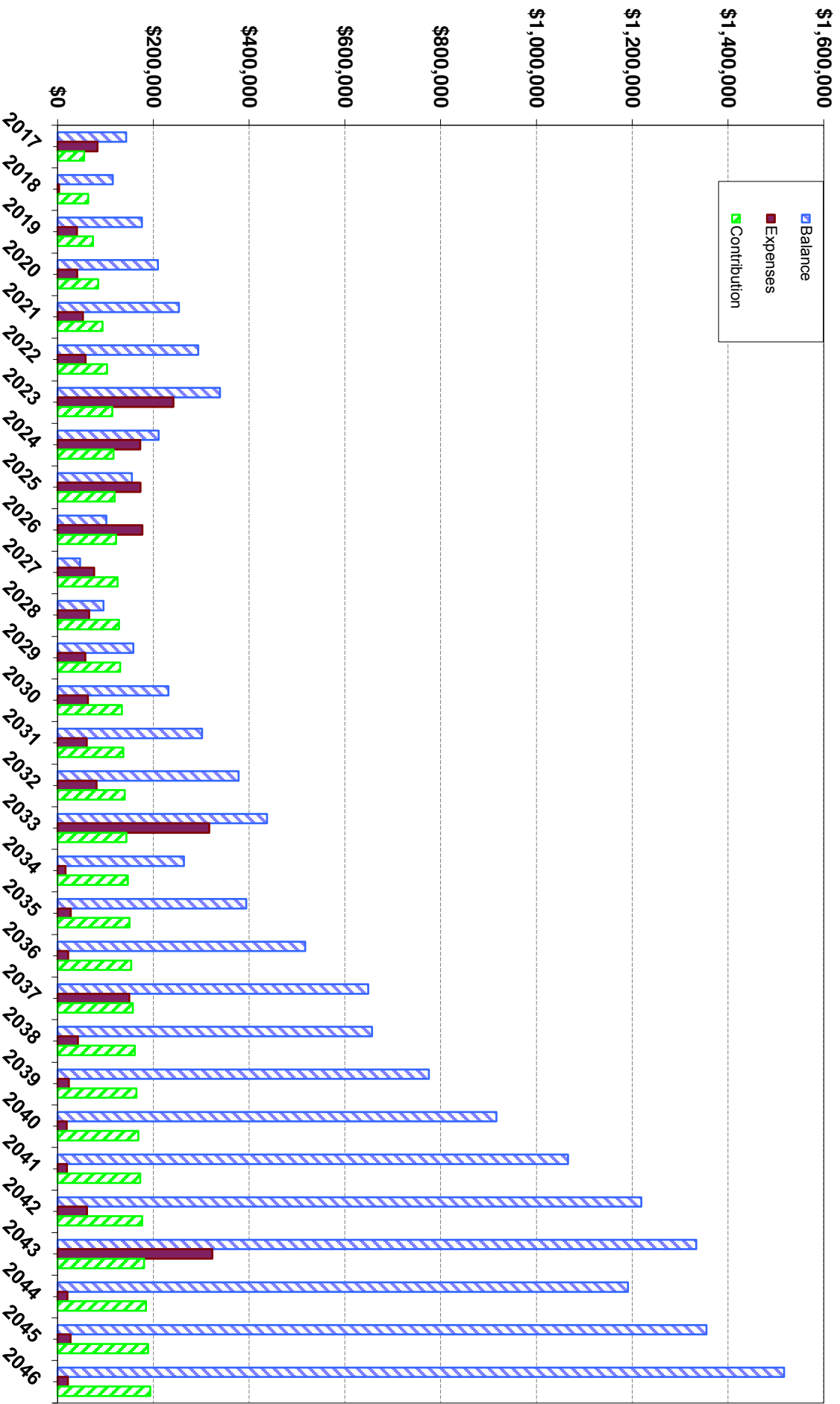
Scenario Comparison



APPENDIX B

TABLE 1: ANTICIPATED COST SUMMARY

Arbor Terrace Community - Rowhomes
Table 4: Cash Flow Chart
Scenario 1 - Current Funding Path - Final



Arbor Terrace HOA
Arbor Terrace Community - Rowhomes



Table 1: Anticipated Cost Summary - Final

Item #	Item Description	Expected Maintenance Item (Y/N)	Normal Life Expectancy	Assumed Year of Acquisition	Present Age	Adjustment to Expected	Time to First Replacement	Time to Subsequent Reprovements	Years Over Useful Life	Quantity	Units of Measure	Unit Cost	Add'l Cost (Y/N)	Allowance for Contingency Fee	Current Replacement Costs	HM Comments/Recommendations
SHARED COMMON ELEMENTS #1-BUILDING ENVELOPE - TH ONLY																
Townhomes Only- Components Replaced During the 2013 Rehabilitation Project																
1	Exterior Wall Assemblies - String 3 Trim Details	Y	50	2013	4	0	46	50	1	52,000	Sq. Ft.	\$18.00	Y	\$91,820	\$1,001,520	See "Exterior Envelope Component" page for definition of component covered within this renewal task
2	Galvanneal Downspouts	Y	25	2013	4	0	21	25	1	3,000	Ln. Ft.	\$5.00	N	\$15,000	\$0	Typically replaced with a major siding or roofing project
3	Exterior Finishes & Staircases	Y	10	2013	4	0	6	10	1	80,000	Sq. Ft.	\$1.95	Y	\$156,820	\$169,820	Renewal costs covers the replacement of both stucco and dynamic sealant joints
Townhomes Only- Components NOT Replaced During the 2013 Rehabilitation Project																
4	Exterior Wall Assemblies - String 3 Trim Details	Y	30	2007	10	-18	2	30	15	28,000	Sq. Ft.	\$19.25	Y	\$537,720	\$576,720	See Item #4 - for definition of components covered within the renewal task
4A- Dark Vinyl Replaced Items:																
- Repair of Vinyl Components																
- Front Entrance Trim Work																
4B- Light Vinyl Replaced Items:																
- Downspouts																
- Front Corner Trim Detail																
- Front Corner Trim Detail																
- Corner Replacement Work																
- Replace Exposed Gypsum @ Drives																
4C- 10/10/20 Year Replaced Items:																
- Exterior Wall Assemblies - Rear Elevations																
- Exterior Wall Assemblies - Side Elevations																
- Exterior Wall Assemblies - Side Elevations																
- Exterior Wall Assemblies - Siding Cladding & Trim Details																
- Windows & Doors																
4D- 20 Year Replaced Items:																
- Siding & Cement Siding																
- Galvanneal Downspouts																
Other Building Envelope Elements																
6	Asst. Insulation	N	30	2007	10	-14	6	30	10	72,500	Sq. Ft.	\$0.00	Y	\$0	\$0	Peeling additional information to be provided by the HOA
7	Roofing System (Asph/Flt Roof Shingles)	Y	25	2007	10	-8	7	25	3	72,500	Sq. Ft.	\$3.75	Y	\$191,011	\$269,010	Estimated Maintenance Item
SHARED COMMON ELEMENTS #3-FENCING																
Wood Fences @ Townhomes Only, 6' Tall Rail																
20	6' Tall Wood Fence (Vertical Boards, Alternating Pattern)	Y	20	2007	10	-9	1	20	1	2714	Ln. Ft.	\$24.00	Y	\$4,860	\$69,720	This component is shared by the whole community. Renewal costs include replacement of concrete footings if necessary.
20	Retaining (Sheet Pile Wall)	Y	7	2007	10	0	0	5	1	2714	Ln. Ft.	\$5.00	N	\$13,570	\$0	This component is shared by the whole community.
SHARED COMMON ELEMENTS #5- CONCRETE FLAT WORK & RETAINING WALLS																
Concrete Flat Work @ Townhomes Only																
69	Driveways - Paved Finish	Y	50	2007	10	-34	6	50	25	10,520	Sq. Ft.	\$10.00	Y	\$7,271	\$112,670	Assumed an average of 165 sq. ft. per unit. Actual size of each unit's shared common component was not done for the RS
70	Front Entry Porches - Paved Finish	Y	50	2007	10	-34	6	50	25	2,800	Sq. Ft.	\$10.00	Y	\$1,820	\$27,280	Assumed an average of 40 sq. ft. per unit. Actual size of each unit's shared common component was not done for the RS
71	Rear Entrance Porches - Smooth Finish	Y	50	2007	10	-34	6	50	25	13,000	Sq. Ft.	\$10.00	Y	\$8,100	\$134,100	Assumed an average of 260 sq. ft. per unit. Actual size of each unit's shared common component was not done for the RS
SHARED COMMON ELEMENTS #6- PROFESSIONAL SERVICES																
Building Science Consulting Services - Townhomes Only																
102	Building Envelope Condition Assessment - One Year Warranty Review	Y	1	2013	4	0	0	1	1	1	Each	\$0.00	N	\$0	\$0	HM recommended the "Yearly" assessment to be done every 3 years to observe the existing conditions of the exterior wall assemblies that were not replaced in 2013. Scope should include exterior envelope openings as well as the condition of the underlying wall assemblies.
103	Building Envelope Condition Assessment - Seven Year Performance Review	Y	7	2013	4	0	3	7	1	1	Each	\$7,000.00	N	\$0	\$7,000	HM recommended the "Seven Year" assessment to be done every 7 years to observe the existing conditions of the exterior wall assemblies that were not replaced in 2013. Scope should include exterior envelope openings as well as the condition of the underlying wall assemblies.
104	Building Envelope Condition Assessment - Three Year Review	Y	3	2013	0	-1	2	3	1	1	Each	\$3,000.00	N	\$0	\$3,000	HM recommended the "Three Year" assessment to be done every 3 years to observe the existing conditions of the exterior wall assemblies that were not replaced in 2013. Scope should include exterior envelope openings as well as the condition of the underlying wall assemblies.

APPENDIX C

FUNDING SCENARIO ONE

Arbor Terrace Community - Rowhomes
Table 3 Cash Flow Table
Scenario 1 - Current Funding Path - Final

Yearly Contribution -	\$55,420
Monthly Contribution Per Unit -	\$71
Assumed Interest Rate	0.0%
Assumed Inflation Rate	2.3%
Reserve's Starting Balance as of 2017	\$143,045
Reserve's Minimum Annual Ending Balance Within 30 Year Scope	\$47,208

Year	Opening Balance	Annual Contribution*	Percent Increase over Previous Year	Other Contributions	Estimated Future Inflated Expenditures	Projected Interest Earned	Closing Balance
2017	\$143,045	\$55,420		\$0	\$83,270	\$0	\$115,195
2018	\$115,195	\$63,910	15.3%	\$0	\$3,070	\$0	\$176,036
2019	\$176,036	\$73,701	15.3%	\$0	\$40,253	\$0	\$209,484
2020	\$209,484	\$84,992	15.3%	\$0	\$41,187	\$0	\$253,289
2021	\$253,289	\$93,764	10.3%	\$0	\$53,104	\$0	\$293,949
2022	\$293,949	\$103,440	10.3%	\$0	\$58,339	\$0	\$339,050
2023	\$339,050	\$114,115	10.3%	\$0	\$242,115	\$0	\$211,050
2024	\$211,050	\$116,763	2.3%	\$0	\$172,504	\$0	\$155,308
2025	\$155,308	\$119,471	2.3%	\$0	\$172,902	\$0	\$101,878
2026	\$101,878	\$122,243	2.3%	\$0	\$176,913	\$0	\$47,208
2027	\$47,208	\$125,079	2.3%	\$0	\$76,270	\$0	\$96,017
2028	\$96,017	\$127,981	2.3%	\$0	\$65,723	\$0	\$158,275
2029	\$158,275	\$130,950	2.3%	\$0	\$58,030	\$0	\$231,196
2030	\$231,196	\$133,988	2.3%	\$0	\$63,418	\$0	\$301,766
2031	\$301,766	\$137,097	2.3%	\$0	\$60,754	\$0	\$378,109
2032	\$378,109	\$140,277	2.3%	\$0	\$81,305	\$0	\$437,081
2033	\$437,081	\$143,532	2.3%	\$0	\$316,888	\$0	\$263,724
2034	\$263,724	\$146,862	2.3%	\$0	\$16,516	\$0	\$394,070
2035	\$394,070	\$150,269	2.3%	\$0	\$27,477	\$0	\$516,862
2036	\$516,862	\$153,755	2.3%	\$0	\$21,930	\$0	\$648,687
2037	\$648,687	\$157,322	2.3%	\$0	\$149,427	\$0	\$656,583
2038	\$656,583	\$160,972	2.3%	\$0	\$42,384	\$0	\$775,171
2039	\$775,171	\$164,707	2.3%	\$0	\$23,492	\$0	\$916,386
2040	\$916,386	\$168,528	2.3%	\$0	\$18,953	\$0	\$1,065,961
2041	\$1,065,961	\$172,438	2.3%	\$0	\$19,393	\$0	\$1,219,007
2042	\$1,219,007	\$176,438	2.3%	\$0	\$61,661	\$0	\$1,333,784
2043	\$1,333,784	\$180,532	2.3%	\$0	\$323,330	\$0	\$1,190,985
2044	\$1,190,985	\$184,720	2.3%	\$0	\$20,774	\$0	\$1,354,932
2045	\$1,354,932	\$189,006	2.3%	\$0	\$26,958	\$0	\$1,516,980
2046	\$1,516,980	\$193,391	2.3%	\$0	\$21,749	\$0	\$1,688,622

* The term "annual contribution" refers to the amount contributed each year to the reserve fund from the monthly expenses.

APPENDIX D

FUNDING SCENARIO TWO



Summary of Data & Results - Board Of Directors Scenario

Class of Reserve Fund Study	Baseline Funding
Property Name	Arbor Terrace Community - Rowhomes
Entity Name	Arbor Terrace HOA
Current Date	December 2, 2015
Year Building Constructed	2007
Starting Year (Current Fiscal Year)	2017
Dollar Year	2016
Fiscal Year Start	July 1, 2016
Fiscal Year End	June 30, 2017
Inflation Rate	2.32%
Interest Rate	0.00%
Estimated Starting Balance	\$143,045
Number of Units	65

Scenario 1 (Based on Current Contribution For 2015/2016 Fiscal Year)

Yearly Contribution -	\$	48,140
Monthly Contribution Per Unit -	\$	62
Minimum Balance	\$	0
Maximum Balance	\$	2,311,351
30-year study closing balance	\$	2,311,351

Scenario 2 (Based on MH's Suggested Funding Path)

Yearly Contribution, (Year One)	N/A
Monthly Contribution Per Unit, (Year One)	N/A
Minimum Balance	N/A
Maximum Balance	N/A
30-year study closing balance	N/A

Arbor Terrace Community - Rowhomes
Table 3 Cash Flow Table
Scenario 1 - Current Funding Path - Board Of Directors Scenario

Yearly Contribution -	\$48,140
Monthly Contribution Per Unit -	\$62
Assumed Interest Rate	0.0%
Assumed Inflation Rate	2.3%
Reserve's Starting Balance as of 2017	\$143,045
Reserve's Minimum Annual Ending Balance Within 30 Year Scope	\$0

Year	Opening Balance	Annual Contribution*	Percent Increase over Previous Year	Other Contributions	Estimated Future Inflated Expenditures	Projected Interest Earned	Closing Balance
2017	\$143,045	\$48,140		\$0	\$83,270	\$0	\$107,915
2018	\$107,915	\$54,552	13.3%	\$0	\$3,070	\$0	\$159,398
2019	\$159,398	\$61,819	13.3%	\$0	\$40,253	\$0	\$180,963
2020	\$180,963	\$70,053	13.3%	\$0	\$41,187	\$0	\$209,829
2021	\$209,829	\$79,384	13.3%	\$0	\$53,104	\$0	\$236,109
2022	\$236,109	\$89,958	13.3%	\$0	\$58,339	\$0	\$267,727
2023	\$267,727	\$101,940	13.3%	\$0	\$242,115	\$0	\$127,553
2024	\$127,553	\$115,519	13.3%	\$0	\$172,504	\$0	\$70,567
2025	\$70,567	\$130,906	13.3%	\$0	\$172,902	\$0	\$28,571
2026	\$28,571	\$148,342	13.3%	\$0	\$176,913	\$0	\$0
2027	\$0	\$151,784	2.3%	\$0	\$76,270	\$0	\$75,514
2028	\$75,514	\$155,305	2.3%	\$0	\$65,723	\$0	\$165,097
2029	\$165,097	\$158,908	2.3%	\$0	\$58,030	\$0	\$265,975
2030	\$265,975	\$162,595	2.3%	\$0	\$63,418	\$0	\$365,152
2031	\$365,152	\$166,367	2.3%	\$0	\$60,754	\$0	\$470,765
2032	\$470,765	\$170,227	2.3%	\$0	\$81,305	\$0	\$559,687
2033	\$559,687	\$174,176	2.3%	\$0	\$316,888	\$0	\$416,975
2034	\$416,975	\$178,217	2.3%	\$0	\$16,516	\$0	\$578,676
2035	\$578,676	\$182,352	2.3%	\$0	\$27,477	\$0	\$733,551
2036	\$733,551	\$186,582	2.3%	\$0	\$21,930	\$0	\$898,203
2037	\$898,203	\$190,911	2.3%	\$0	\$149,427	\$0	\$939,687
2038	\$939,687	\$195,340	2.3%	\$0	\$42,384	\$0	\$1,092,644
2039	\$1,092,644	\$199,872	2.3%	\$0	\$23,492	\$0	\$1,269,024
2040	\$1,269,024	\$204,509	2.3%	\$0	\$18,953	\$0	\$1,454,580
2041	\$1,454,580	\$209,254	2.3%	\$0	\$19,393	\$0	\$1,644,442
2042	\$1,644,442	\$214,108	2.3%	\$0	\$61,661	\$0	\$1,796,889
2043	\$1,796,889	\$219,076	2.3%	\$0	\$323,330	\$0	\$1,692,634
2044	\$1,692,634	\$224,158	2.3%	\$0	\$20,774	\$0	\$1,896,019
2045	\$1,896,019	\$229,359	2.3%	\$0	\$26,958	\$0	\$2,098,420
2046	\$2,098,420	\$234,680	2.3%	\$0	\$21,749	\$0	\$2,311,351

* The term "annual contribution" refers to the amount contributed each year to the reserve fund from the monthly expenses.

9. SUBSECTION 3: ALL LOTS FINANCIAL TABLES & GRAPHICS

APPENDIX A

SUMMARY OF DATA AND RESULTS



Summary of Data & Results - Final

Class of Reserve Fund Study	Baseline Funding
Property Name	Arbor Terrace Community - All Lots
Entity Name	Arbor Terrace HOA
Current Date	December 2, 2015
Year Building Constructed	2007
Starting Year (Current Fiscal Year)	2017
Dollar Year	2016
Fiscal Year Start	July 1, 2016
Fiscal Year End	June 30, 2017
Inflation Rate	2.32%
Interest Rate	1.00%
Estimated Starting Balance	\$124,608
Number of Units	160

Scenario 1 (Based on Current Contributions)

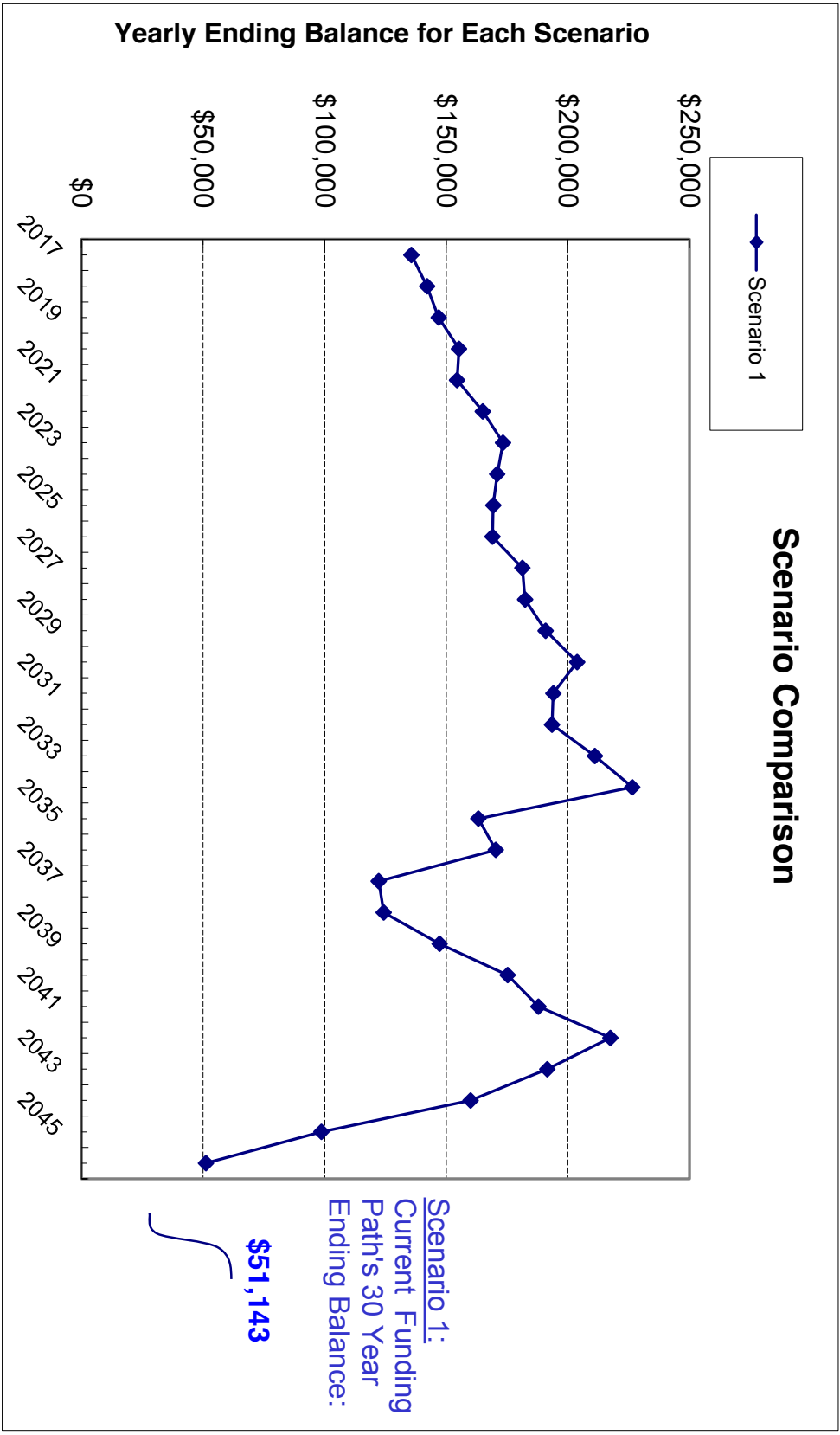
Yearly Contribution -	\$	24,125
Monthly Contribution Per Unit -	\$	13
Minimum Balance	\$	51,143
Maximum Balance	\$	226,513
30-year study closing balance	\$	51,143

Scenario 2 (Based on MH's Suggested Funding Path)

Yearly Contribution, (Year One)	N/A
Monthly Contribution Per Unit, (Year One)	N/A
Minimum Balance	N/A
Maximum Balance	N/A
30-year study closing balance	N/A

Arbor Terrace Community - All Lots

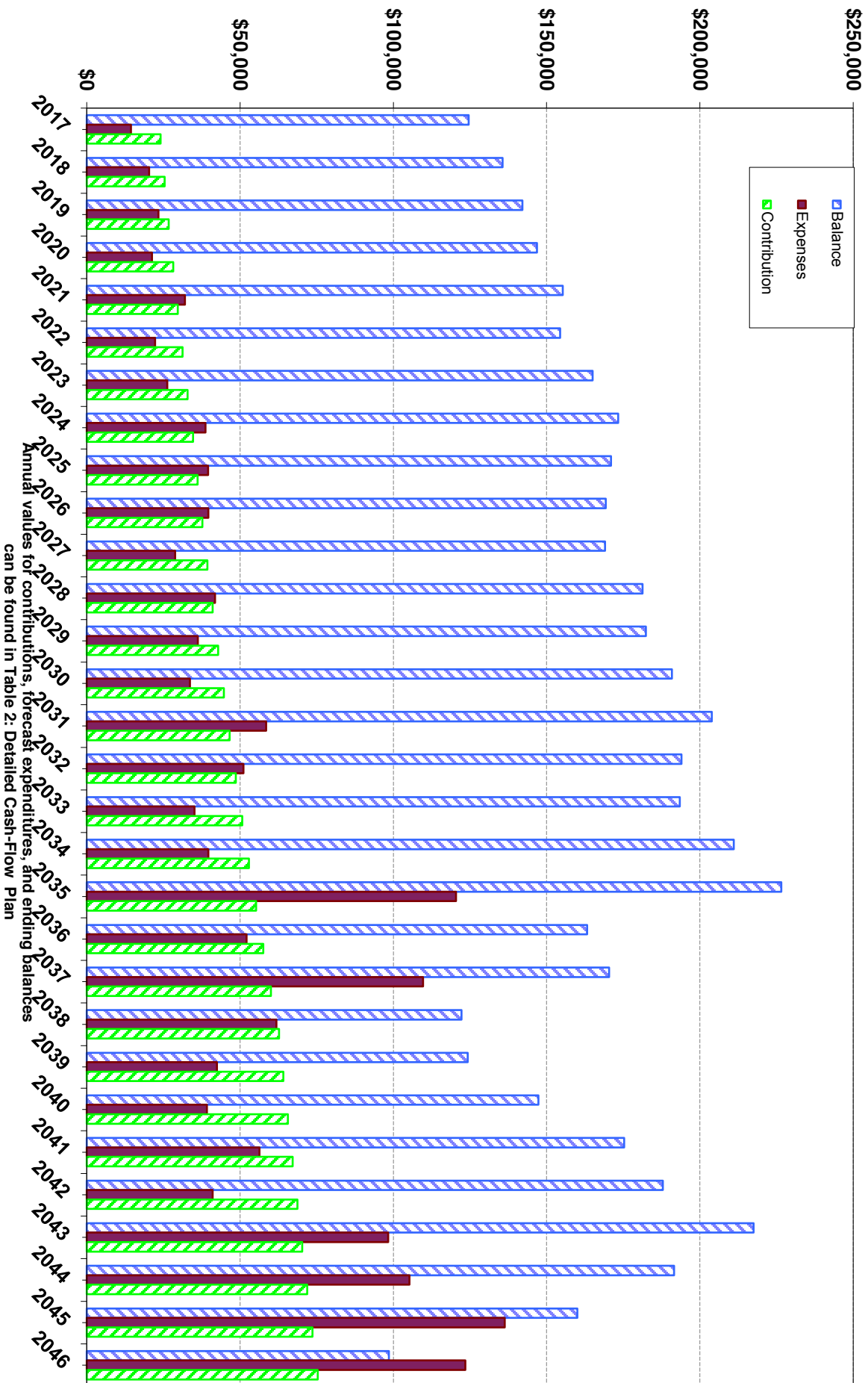
Scenario Comparison



APPENDIX B

TABLE 1: ANTICIPATED COST SUMMARY

Arbor Terrace Community - All Lots
Table 4: Cash Flow Chart
Scenario 1 - Current Funding Path - Final



Annual values for contributions, forecast expenditures, and ending balances can be found in Table 2: Detailed Cash-Flow Plan

Arbor Terrace HOA
Arbor Terrace Community - All Lots
Table 1: Anticipated Cost Summary - Final

Item #	Item Description	Expected Maintenance Item (Y/N)	Normal Life Expectancy	Assumed Year of Acquisition	Present Age	Adjustment to Expectancy	Time to First Replacement	Time to Subsequent Replacements	Years Over Which Paid	Quantity	Units of Measure	Unit Cost	Add'l Fees/Consulting Fee (Y/N)	Allowance for Reserve Costs	Current Reserve Costs	M/R Comments/Recommendations
SHARED COMMON ELEMENTS #2: PARK AREA																
Included																
9	Perimeter Fence (Metallic)	N	30	2007	10	0	20	30	1	280	Ln Ft.	\$60.00	N	\$0	\$16,800	Repeating costs covered under item #7?
10	Concrete Pathways	N	50	2007	10	-19	21	50	10	1,480	Sq Ft.	\$10.00	N	\$0	\$14,800	Assumed replacement of this component would be addressed as the need arises and over an extended period of time.
11	Park Benches	N	40	2007	10	0	30	40	1	4	Each	\$1,000.00	N	\$0	\$4,000	Maintenance and upkeep fall under the "Operation Budget"
12	Park Equipment	N	30	2007	10	0	20	30	1	1	Each	\$30,000.00	N	\$0	\$30,000	Maintenance and upkeep fall under the "Operation Budget"
13	Bark Chips	N	5	2007	10	2	2	5	1	32	Cu. Yd.	\$0.00	N	\$0	\$0	Per the Association's request, annual/regular costs will be addressed under the "Operation Budget"
Garage																
14	Concrete Pathways	N	50	2007	10	0	40	50	5	100	Sq Ft.	\$10.00	N	\$0	\$1,000	Assumed replacement of this component would be addressed as the need arises and over an extended period of time.
15	Concrete Subfoundation	N	50	2007	10	0	40	50	1	624	Sq Ft.	\$15.00	N	\$0	\$9,360	Maintenance and upkeep fall under the "Operation Budget"
16	Stone Column Bases	Y	25	2007	10	0	15	25	1	8	Each	\$750.00	N	\$0	\$6,000	Maintenance and upkeep fall under the "Operation Budget"
17	Structure	N	50	2007	10	0	40	50	1	1	Each	\$50,000.00	Y	\$2,500	\$52,500	M/R recommends the Association consider hiring a Structural Engineer during the renewal period for this component
18	Shelved Tiled Seals (Ventilator)	Y	10	2015	2	0	8	10	1	1,000	Sq Ft.	\$10.00	N	\$0	\$10,000	Maintenance and upkeep fall under the "Operation Budget"
19	Park Benches (Peterson)	N	40	2007	10	0	30	40	1	2	Each	\$1,000.00	N	\$0	\$2,000	Maintenance and upkeep fall under the "Operation Budget"
20	HOA Balcon Board (Pine Standing)	N	20	2011	0	0	14	20	1	1	Each	\$500.00	N	\$0	\$500	Maintenance and upkeep fall under the "Operation Budget"
21	Roofing System (Synthetic Roof Shingles)	N	25	2007	10	0	15	25	1	1,000	Sq Ft.	\$3.75	N	\$0	\$3,750	Maintenance and upkeep fall under the "Operation Budget"
22	Mech. Trim Details	N	25	2007	10	0	15	25	1	1	Each	\$1,500.00	N	\$0	\$1,500	Maintenance and upkeep fall under the "Operation Budget"
23	Retaining (Painting & Sealing)	Y	10	2015	2	3	11	10	1	1	Each	\$7,500.00	N	\$0	\$7,500	Costs include the retaining of the wall material
Other Shared Common Elements at the Park Area																
24	View Fence (42" Tall)	Y	50	2007	10	0	40	50	1	465	Ln Ft.	\$30.00	N	\$0	\$13,950	Maintenance and upkeep fall under the "Operation Budget"
25	Concrete Pathways	N	50	2007	10	-19	21	50	10	1,800	Sq Ft.	\$10.00	N	\$0	\$18,000	Assumed replacement of this component would be addressed as the need arises and over an extended period of time.
26	Landscaping	N	1	2007	10	0	0	1	1	0		\$0.00	N	\$0	\$0	Per the Association's request, annual/regular costs will be addressed under the "Operation Budget"
SHARED COMMON ELEMENTS #3: FENCING																
Wood/Fencing @ Single Family Homes Only (42" Tall Wood)																
27	6" x 1 1/2" Wood Fence (Decorative Detail @ Top of Fence Line)	Y	30	2007	10	-14	8	30	10	1,514	Ln Ft.	\$25.00	Y	\$2,500	\$40,500	This component is shared by the whole community. Renewal costs include replacement of concrete footings if necessary.
28	Retaining (Synthetic Clay Coat)	Y	7	2007	10	0	0	7	1	1,514	Ln Ft.	\$5.00	N	\$0	\$7,570	This component is shared by the whole community.
Vinyl Fence																
31	View Fence (42" Tall)	Y	50	2007	10	0	40	50	1	1,487	Ln Ft.	\$30.00	Y	\$3,123	\$47,750	This component is shared by the whole community. Renewal costs include replacement of concrete footings if necessary.

Arbor Terrace HOA
Arbor Terrace Community - All Lots
Table 1: Anticipated Cost Summary - Final



Item #	Item Description	Estimated Maintenance Item (Y/N)	Normal Life Expectancy	Assumed Year of Acquisition	Present Age	Adjustment to Life Expectancy	Time to First Replacement	Time to Second Replacement	Years Over Which Work is Performed	Quantity	Units of Measure	Unit Cost	Add Consultant Fee (Y/N)	Allowance for Contingency Fee	Current Replacement Costs	Mfr Comments/Recommendations
ASPHALT ROADWAYS - SURF SEAL, MAINTENANCE, PATCH																
34	SV Heiland Lane	Y	5	2007	10	0	0	5	1	28,560	Sq Ft	\$0.00	Y	\$0	\$0	Per the HOA's limitations. Renewal Costs for this component are covered by others
35	SV Windfall Lane	Y	5	2007	10	0	0	5	1	9,295	Sq Ft	\$0.00	Y	\$0	\$0	Per the HOA's limitations. Renewal Costs for this component are covered by others
36	SV Silt Terrace	Y	5	2007	10	0	0	5	1	8,295	Sq Ft	\$0.00	Y	\$0	\$0	Per the HOA's limitations. Renewal Costs for this component are covered by others
37	SV Banner Lane	Y	5	2007	10	0	0	5	1	10,560	Sq Ft	\$0.00	Y	\$0	\$0	Per the HOA's limitations. Renewal Costs for this component are covered by others
38	SV Heavens Lane	Y	5	2007	10	0	0	5	1	22,770	Sq Ft	\$0.00	Y	\$0	\$0	Per the HOA's limitations. Renewal Costs for this component are covered by others
39	SV Masonry Terrace	Y	5	2007	10	0	0	5	1	3,930	Sq Ft	\$0.00	Y	\$0	\$0	Per the HOA's limitations. Renewal Costs for this component are covered by others
40	SV Fragment Terrace	Y	5	2007	10	0	0	5	1	5,940	Sq Ft	\$0.00	Y	\$0	\$0	Per the HOA's limitations. Renewal Costs for this component are covered by others
41	SV Fallow Terrace	Y	5	2015	10	0	0	5	1	3,990	Sq Ft	\$0.00	Y	\$0	\$0	Per the HOA's limitations. Renewal Costs for this component are covered by others
42	Alley-Way @ SV Window Lane	Y	5	2015	2	0	3	5	1	7,230	Sq Ft	\$0.35	Y	\$144	\$2,820	Mfr recommends the Association consider hiring a Consultant/Engineer during the renewal period for this component
43	Alley-Way @ SV Banner Lane	Y	5	2015	2	0	3	5	1	9,480	Sq Ft	\$0.35	Y	\$201	\$3,540	Mfr recommends the Association consider hiring a Consultant/Engineer during the renewal period for this component
ASPHALT ROADWAYS - REPAIR AND RECONSTRUCTION, MAINTENANCE, PATCH																
44	SV Heiland Lane	Y	25	2007	10	0	15	25	1	28,560	Sq Ft	\$0.00	Y	\$0	\$0	Per the HOA's limitations. Renewal Costs for this component are covered by others
45	SV Windfall Lane	Y	25	2007	10	0	15	25	1	9,295	Sq Ft	\$0.00	Y	\$0	\$0	Per the HOA's limitations. Renewal Costs for this component are covered by others
46	SV Silt Terrace	Y	25	2007	10	0	15	25	1	8,295	Sq Ft	\$0.00	Y	\$0	\$0	Per the HOA's limitations. Renewal Costs for this component are covered by others
47	SV Banner Lane	Y	25	2007	10	0	15	25	1	10,560	Sq Ft	\$0.00	Y	\$0	\$0	Per the HOA's limitations. Renewal Costs for this component are covered by others
48	SV Heavens Lane	Y	25	2007	10	0	15	25	1	22,770	Sq Ft	\$0.00	Y	\$0	\$0	Per the HOA's limitations. Renewal Costs for this component are covered by others
49	SV Masonry Terrace	Y	25	2007	10	0	15	25	1	3,930	Sq Ft	\$0.00	Y	\$0	\$0	Per the HOA's limitations. Renewal Costs for this component are covered by others
50	SV Fragment Terrace	Y	25	2007	10	0	15	25	1	5,940	Sq Ft	\$0.00	Y	\$0	\$0	Per the HOA's limitations. Renewal Costs for this component are covered by others
51	SV Fallow Terrace	Y	25	2007	10	0	15	25	1	3,990	Sq Ft	\$0.00	Y	\$0	\$0	Per the HOA's limitations. Renewal Costs for this component are covered by others
52	Alley-Way @ SV Window Lane	Y	25	2007	10	1	16	25	1	7,230	Sq Ft	\$2.40	Y	\$131.6	\$20,120	Mfr recommends the Association consider hiring a Consultant/Engineer during the renewal period for this component
53	Alley-Way @ SV Banner Lane	Y	25	2007	10	1	16	25	1	9,480	Sq Ft	\$2.40	Y	\$182	\$23,250	Mfr recommends the Association consider hiring a Consultant/Engineer during the renewal period for this component
CONCRETE SIDEWALKS (2" WIDE PATHWAY, WITH DETACHED CURB & GUTTER)																
54	SV Heiland Lane	Y	50	2007	10	-39	1	50	50	8,840	Sq Ft	\$10.00	Y	\$8,040	\$92,450	Assumed replacement of this component would be addressed as the need arises and over an extended period of time
55	SV Windfall Lane	Y	50	2007	10	-39	1	50	50	3,420	Sq Ft	\$10.00	Y	\$2,944	\$34,590	Assumed replacement of this component would be addressed as the need arises and over an extended period of time
56	SV Silt Terrace	Y	50	2007	10	-39	1	50	50	3,090	Sq Ft	\$10.00	Y	\$2,742	\$32,740	Assumed replacement of this component would be addressed as the need arises and over an extended period of time
57	SV Banner Lane	Y	50	2007	10	-39	1	50	50	3,720	Sq Ft	\$10.00	Y	\$2,604	\$39,800	Assumed replacement of this component would be addressed as the need arises and over an extended period of time
CONCRETE SIDEWALKS (2" WIDE PATHWAY, WITH DETACHED CURB & GUTTER)																
58	SV Heavens Lane	Y	50	2007	10	-39	1	50	50	7,980	Sq Ft	\$10.00	Y	\$5,390	\$62,240	Assumed replacement of this component would be addressed as the need arises and over an extended period of time
59	SV Masonry Terrace	Y	50	2007	10	-39	1	50	50	1,919	Sq Ft	\$10.00	Y	\$1,003	\$14,240	Assumed replacement of this component would be addressed as the need arises and over an extended period of time
60	SV Fragment Terrace	Y	50	2007	10	-39	1	50	50	2,160	Sq Ft	\$10.00	Y	\$1,912	\$23,110	Assumed replacement of this component would be addressed as the need arises and over an extended period of time
61	SV Fallow Terrace	Y	50	2007	10	-39	1	50	50	1,838	Sq Ft	\$10.00	Y	\$1,147	\$17,530	Assumed replacement of this component would be addressed as the need arises and over an extended period of time
62	SV Banner Lane	Y	50	2007	10	-39	1	50	50	5,430	Sq Ft	\$10.00	Y	\$3,981	\$55,100	Local measurement does not include depths, reflect to striping center
CONCRETE SIDEWALKS (2" WIDE PATHWAY, WITH DETACHED CURB & GUTTER)																
63	SV Adams Avenue	Y	50	2007	10	-39	1	50	50	2,004	Sq Ft	\$10.00	Y	\$1,823	\$27,860	Assumed replacement of this component would be addressed as the need arises and over an extended period of time
64	SV Langer Drive	Y	50	2007	10	-39	1	50	50	7,665	Sq Ft	\$10.00	Y	\$5,919	\$71,770	Assumed replacement of this component would be addressed as the need arises and over an extended period of time
65	SV Corbin Drive	Y	50	2007	10	-39	1	50	50	6,200	Sq Ft	\$10.00	Y	\$4,410	\$67,410	Assumed replacement of this component would be addressed as the need arises and over an extended period of time
MISC. CONCRETE & ASPHALT COMPONENTS																
66	Concrete Pathways (4" Wide, No Curb or Gutter)	Y	50	2007	10	-39	1	50	50	800	Sq Ft	\$10.00	Y	\$800	\$8,500	Replaces concrete over existing asphalt/sidewalk that are not subject to change
67	Asphalt Pathways (4" Wide)	N	50	2007	10	0	40	50	1	500	Sq Ft	\$3.00	N	\$0	\$1,690	Pathways located on west end of the community, leading from adjacent apartment complex
68	Concrete Curb & Gutter (No Shoulder/Shoulder Asphalt)	Y	50	2007	10	-39	1	50	50	1,821	Ln Ft	\$10.00	Y	\$1,275	\$19,480	Located @ Alley-Way Roadways

Table 1: Anticipated Cost Summary - Final

Item #	Item Description	Estimated Maintenance Expenditure (Y/N)	Normal Life Expectancy	Assumed Year of Acquisition	Present Age	Adjustment to Life Expectancy	Time to First Replacement	Time to Subsequent Replacements	Years Over Period	Quantity	Units of Measure	Unit Cost	Add Consultant Fee (Y/N)	Allowance for Contingency Fee	Current Costs	HOA Comments/Recommendations
SHARED COMMON ELEMENTS #5: CONCRETE FLAT WORK & RETAINING WALLS																
Retaining Walls																
75	Rock Retaining Wall @ SW Langer Dr. & SW Hobart Lane	Y	50	2007	10	-9	31	50	1	425	Sq. Ft.	\$60.00	Y	\$1,489	\$27,240	M41 recommends the Association consider hiring a Consultant/Engineer during the renewal period for this component
76	CMU Retaining Walls (1' x 7' Tall)	Y	50	2007	10	29	11	50	10	500	Sq. Ft.	\$10.00	Y	\$500	\$4,500	M41 recommends the Association consider hiring a Consultant/Engineer during the renewal period for this component
77	CMU Retaining Walls (1' x 7' Tall)	Y	50	2007	10	29	11	50	10	500	Sq. Ft.	\$10.00	Y	\$500	\$4,500	M41 recommends the Association consider hiring a Consultant/Engineer during the renewal period for this component
SHARED COMMON ELEMENTS #6: ELECTRICAL, PLUMBING & COMMUNICATION																
Electrical Components - Standalone Homes Only																
78	Electrical Unit #1 Above Garage Component without Triped Doors	N	1	2007	10	0	0	1	1	1	Each	\$0.00	N	\$0	\$0	Per the HOA's Insulation the Component's Renewal Costs are Addressed by City of Steward & POE
79	Electrical Unit #2 Above & Below Garage Component (2' Tall x 1' Sq. Footage Box)	N	1	2007	10	0	0	1	1	16	Each	\$0.00	N	\$0	\$0	Per the HOA's Insulation the Component's Renewal Costs are Addressed by City of Steward & POE
80	Electrical Unit #3 Above & Below Garage Component (1' 6" Tall x 1' Sq. Metal Box)	N	1	2007	10	0	0	1	1	16	Each	\$0.00	N	\$0	\$0	Per the HOA's Insulation the Component's Renewal Costs are Addressed by City of Steward & POE
81	Electrical Unit #4 Above & Below Garage Component (2' 6" Tall x 3' Sq. Metal Box)	N	1	2007	10	0	0	1	1	15	Each	\$0.00	N	\$0	\$0	Per the HOA's Insulation the Component's Renewal Costs are Addressed by City of Steward & POE
82	Electrical Unit #5 Above Garage Component (1' 5" x 2' Concrete Housing)	N	1	2007	10	0	0	1	1	8	Each	\$0.00	N	\$0	\$0	Per the HOA's Insulation the Component's Renewal Costs are Addressed by City of Steward & POE
Electrical Components - Standalone Family Homes Only																
83	Electrical Unit #6 Above Garage Component without Triped Doors	N	1	2007	10	0	0	1	1	0	Each	\$0.00	N	\$0	\$0	Per the HOA's Insulation the Component's Renewal Costs are Addressed by City of Steward & POE
84	Electrical Unit #7 Above & Below Garage Component (2' Tall x 1' Sq. Footage Box)	N	1	2007	10	0	0	1	1	0	Each	\$0.00	N	\$0	\$0	Per the HOA's Insulation the Component's Renewal Costs are Addressed by City of Steward & POE
85	Electrical Unit #8 Above & Below Garage Component (1' 6" Tall x 1' Sq. Metal Box)	N	1	2007	10	0	0	1	1	0	Each	\$0.00	N	\$0	\$0	Per the HOA's Insulation the Component's Renewal Costs are Addressed by City of Steward & POE
86	Electrical Unit #9 Above & Below Garage Component (2' 6" Tall x 3' Sq. Metal Box)	N	1	2007	10	0	0	1	1	0	Each	\$0.00	N	\$0	\$0	Per the HOA's Insulation the Component's Renewal Costs are Addressed by City of Steward & POE
87	Electrical Unit #10 Above Garage Component (1' 5" x 2' Concrete Housing)	N	1	2007	10	0	0	1	1	0	Each	\$0.00	N	\$0	\$0	Per the HOA's Insulation the Component's Renewal Costs are Addressed by City of Steward & POE
Misc. Electrical & Communication Components																
88	Backhaul Unit #1: Above Gate Component (Overhead Only)	N	1	2007	10	0	0	1	1	16	Each	\$0.00	N	\$0	\$0	Per the HOA's Insulation the Component's Renewal Costs are Addressed by City of Steward & POE
89	16" Vertical Overhead Street Lamps	N	1	2007	10	0	0	1	1	24	Each	\$0.00	N	\$0	\$0	Per the HOA's Insulation the Component's Renewal Costs are Addressed by City of Steward & POE
90	Large Vertical Street Lamps	N	1	2007	10	0	0	1	1	0	Each	\$0.00	N	\$0	\$0	Per the HOA's Insulation the Component's Renewal Costs are Addressed by City of Steward & POE
Plumbing & Storm Drainage Systems																
91	Water Meter & Shut-Off Valve	N	50	2007	10	-14	26	50	15	100	Each	\$1,000.00	N	\$0	\$48,000	Includes both SH and TH components
92	Common Storm Drainage System	N	500	2007	10	0	90	100	25	1	Each	\$250,000.00	Y	\$17,500	\$267,500	Renewal cost and unit for replacing portions only. Actual cost to replace these components will require further information as to where and how many of these components are to be covered by the HOA, and/or the City of Steward
93	Fan Hydrants	N	50	2007	10	-4	36	50	10	12	Each	\$0.00	Y	\$1,000	\$12,000	Addressed by City of Steward & POE
94	Drainage Swales	N	40	2007	10	0	30	40	1	400	Ln Ft.	\$17.00	N	\$0	\$6,800	
95	- Concrete Fence (6" Tall Approx)	N	50	2007	10	0	40	50	1	750	Sq. Ft.	\$7.00	Y	\$3,000	\$6,000	M41 recommends the Association consider hiring a Consultant/Engineer during the renewal period for this component
97	- CMU Retaining Wall (2' x 3 Blocks, Standard Approx 8' Tall)	N	50	2007	10	0	40	50	1	240	Sq. Ft.	\$8.00	Y	\$400	\$8,400	M41 recommends the Association consider hiring a Consultant/Engineer during the renewal period for this component
98	- Handrails (Metal)	N	50	2007	10	0	40	50	1	18	Ln Ft.	\$50.00	N	\$0	\$900	Replacement schedule will more than likely coincide with the concrete slabs of renewal schedule
SHARED COMMON ELEMENTS #7: MISC COMPONENTS																
Misc. Components																
99	Masonry Kiosks	N	25	2007	10	0	15	25	5	14	Each	\$1,500.00	N	\$0	\$21,000	Based on information provided by the local Fire Dept. The renewal cost for these components are the responsibility of the HOA
100	Signage (Stop Sign, Yield Sign, Street Name Sign, Etc.)	Y	10	2007	10	0	0	10	5	1	Each	\$5,000.00	N	\$0	\$5,000	Discretionary item - City of Steward Unknown, M41 recommends the Association discuss \$1,000 per unit for the 30 year duration of the sign
101	Emergency Renewal Fund	Y	30	2014	3	-29	0	30	30	100	Each	\$1,000.00	N	\$0	\$100,000	
SHARED COMMON ELEMENTS #8: PROFESSIONAL SERVICES																
HOA Budgetary Planning Tools Related to Their Shared Common Components																
105	Reserve Study - Full Review Update	Y	5	2013	4	0	1	5	1	1	Each	\$4,000.00	N	\$0	\$4,000	M41 recommends the Association update their FIS with a full analysis of all the shared common elements once every five years, minimum
106	Reserve Study - Annual Update	Y	1	2016	1	0	0	1	1	1	Each	\$1,500.00	N	\$0	\$1,500	Required as per Oregon State Law
107	Maintenance Plan Update/Review	Y	5	2015	2	0	3	5	1	1	Each	\$3,000.00	N	\$0	\$3,000	M41 recommends the Association have the MPR reviewed in conjunction with the 5 year FIS Review. RS Update

APPENDIX C

FUNDING SCENARIO ONE

Arbor Terrace Community - All Lots
Table 3 Cash Flow Table
Scenario 1 - Current Funding Path - Final

Yearly Contribution -	\$24,125
Monthly Contribution Per Unit -	\$13
Assumed Interest Rate	1.0%
Assumed Inflation Rate	2.3%
Reserve's Starting Balance as of 2017	\$124,608
Reserve's Minimum Annual Ending Balance Within 30 Year Scope	\$51,143

Year	Opening Balance	Annual Contribution*	Percent Increase over Previous Year	Other Contributions	Estimated Future Inflated Expenditures	Projected Interest Earned	Closing Balance
2017	\$124,608	\$24,125	15.0%	\$0	\$14,403	\$1,295	\$135,624
2018	\$135,624	\$25,408	5.3%	\$0	\$20,332	\$1,382	\$142,082
2019	\$142,082	\$26,760	5.3%	\$0	\$23,421	\$1,438	\$146,859
2020	\$146,859	\$28,184	5.3%	\$0	\$21,286	\$1,503	\$155,260
2021	\$155,260	\$29,683	5.3%	\$0	\$32,039	\$1,541	\$154,444
2022	\$154,444	\$31,262	5.3%	\$0	\$22,285	\$1,589	\$165,011
2023	\$165,011	\$32,926	5.3%	\$0	\$26,302	\$1,683	\$173,317
2024	\$173,317	\$34,677	5.3%	\$0	\$38,736	\$1,713	\$170,971
2025	\$170,971	\$36,175	4.3%	\$0	\$39,551	\$1,693	\$169,288
2026	\$169,288	\$37,738	4.3%	\$0	\$39,682	\$1,683	\$169,027
2027	\$169,027	\$39,368	4.3%	\$0	\$28,830	\$1,743	\$181,309
2028	\$181,309	\$41,069	4.3%	\$0	\$41,815	\$1,809	\$182,373
2029	\$182,373	\$42,843	4.3%	\$0	\$36,201	\$1,857	\$190,872
2030	\$190,872	\$44,694	4.3%	\$0	\$33,672	\$1,964	\$203,858
2031	\$203,858	\$46,625	4.3%	\$0	\$58,483	\$1,979	\$193,979
2032	\$193,979	\$48,639	4.3%	\$0	\$51,122	\$1,927	\$193,423
2033	\$193,423	\$50,740	4.3%	\$0	\$35,132	\$2,012	\$211,044
2034	\$211,044	\$52,932	4.3%	\$0	\$39,639	\$2,177	\$226,513
2035	\$226,513	\$55,219	4.3%	\$0	\$120,450	\$1,939	\$163,221
2036	\$163,221	\$57,604	4.3%	\$0	\$52,107	\$1,660	\$170,378
2037	\$170,378	\$60,093	4.3%	\$0	\$109,698	\$1,456	\$122,228
2038	\$122,228	\$62,689	4.3%	\$0	\$61,869	\$1,226	\$124,274
2039	\$124,274	\$64,143	2.3%	\$0	\$42,485	\$1,351	\$147,284
2040	\$147,284	\$65,631	2.3%	\$0	\$39,234	\$1,605	\$175,286
2041	\$175,286	\$67,154	2.3%	\$0	\$56,374	\$1,807	\$187,872
2042	\$187,872	\$68,712	2.3%	\$0	\$41,075	\$2,017	\$217,525
2043	\$217,525	\$70,306	2.3%	\$0	\$98,306	\$2,035	\$191,561
2044	\$191,561	\$71,937	2.3%	\$0	\$105,230	\$1,749	\$160,016
2045	\$160,016	\$73,606	2.3%	\$0	\$136,314	\$1,287	\$98,595
2046	\$98,595	\$75,314	2.3%	\$0	\$123,511	\$745	\$51,143

* The term "annual contribution" refers to the amount contributed each year to the reserve fund from the monthly expenses.

APPENDIX D

FUNDING SCENARIO TWO



Summary of Data & Results - Board Of Directors Scenario

Class of Reserve Fund Study	Baseline Funding
Property Name	Arbor Terrace Community - All Lots
Entity Name	Arbor Terrace HOA
Current Date	December 2, 2015
Year Building Constructed	2007
Starting Year (Current Fiscal Year)	2017
Dollar Year	2016
Fiscal Year Start	July 1, 2016
Fiscal Year End	June 30, 2017
Inflation Rate	2.32%
Interest Rate	1.00%
Estimated Starting Balance	\$124,608
Number of Units	160

Scenario 1 (Based on Current Contributions)

Yearly Contribution -	\$	23,382
Monthly Contribution Per Unit -	\$	12
Minimum Balance	\$	0
Maximum Balance	\$	204,058
30-year study closing balance	\$	0

Scenario 2 (Based on MH's Suggested Funding Path)

Yearly Contribution, (Year One)	N/A
Monthly Contribution Per Unit, (Year One)	N/A
Minimum Balance	N/A
Maximum Balance	N/A
30-year study closing balance	N/A

Arbor Terrace Community - All Lots
Table 3 Cash Flow Table
Scenario 1 - Current Funding Path - Board Of Directors Scenario

Yearly Contribution -	\$23,382
Monthly Contribution Per Unit -	\$12
Assumed Interest Rate	1.0%
Assumed Inflation Rate	2.3%
Reserve's Starting Balance as of 2017	\$124,608
Reserve's Minimum Annual Ending Balance Within 30 Year Scope	\$0

Year	Opening Balance	Annual Contribution*	Percent Increase over Previous Year	Other Contributions	Estimated Future Inflated Expenditures	Projected Interest Earned	Closing Balance
2017	\$124,608	\$23,382	15.0%	\$0	\$14,403	\$1,291	\$134,878
2018	\$134,878	\$24,626	5.3%	\$0	\$20,332	\$1,370	\$140,542
2019	\$140,542	\$25,936	5.3%	\$0	\$23,421	\$1,418	\$144,475
2020	\$144,475	\$27,316	5.3%	\$0	\$21,286	\$1,475	\$151,979
2021	\$151,979	\$28,769	5.3%	\$0	\$32,039	\$1,503	\$150,212
2022	\$150,212	\$30,300	5.3%	\$0	\$22,285	\$1,542	\$159,769
2023	\$159,769	\$31,911	5.3%	\$0	\$26,302	\$1,626	\$167,003
2024	\$167,003	\$33,609	5.3%	\$0	\$38,736	\$1,644	\$163,521
2025	\$163,521	\$35,061	4.3%	\$0	\$39,551	\$1,613	\$160,644
2026	\$160,644	\$36,576	4.3%	\$0	\$39,682	\$1,591	\$159,128
2027	\$159,128	\$38,156	4.3%	\$0	\$28,830	\$1,638	\$170,093
2028	\$170,093	\$39,804	4.3%	\$0	\$41,815	\$1,691	\$169,773
2029	\$169,773	\$41,524	4.3%	\$0	\$36,201	\$1,724	\$176,820
2030	\$176,820	\$43,317	4.3%	\$0	\$33,672	\$1,816	\$188,282
2031	\$188,282	\$45,189	4.3%	\$0	\$58,483	\$1,816	\$176,805
2032	\$176,805	\$47,141	4.3%	\$0	\$51,122	\$1,748	\$174,572
2033	\$174,572	\$49,177	4.3%	\$0	\$35,132	\$1,816	\$190,433
2034	\$190,433	\$51,302	4.3%	\$0	\$39,639	\$1,963	\$204,058
2035	\$204,058	\$53,518	4.3%	\$0	\$120,450	\$1,706	\$138,832
2036	\$138,832	\$55,830	4.3%	\$0	\$52,107	\$1,407	\$143,962
2037	\$143,962	\$58,242	4.3%	\$0	\$109,698	\$1,182	\$93,688
2038	\$93,688	\$60,758	4.3%	\$0	\$61,869	\$931	\$93,509
2039	\$93,509	\$62,168	2.3%	\$0	\$42,485	\$1,034	\$114,225
2040	\$114,225	\$63,610	2.3%	\$0	\$39,234	\$1,264	\$139,865
2041	\$139,865	\$65,086	2.3%	\$0	\$56,374	\$1,442	\$150,019
2042	\$150,019	\$66,596	2.3%	\$0	\$41,075	\$1,628	\$177,167
2043	\$177,167	\$68,141	2.3%	\$0	\$98,306	\$1,621	\$148,622
2044	\$148,622	\$69,722	2.3%	\$0	\$105,230	\$1,309	\$114,422
2045	\$114,422	\$71,339	2.3%	\$0	\$136,314	\$819	\$50,266
2046	\$50,266	\$72,994	2.3%	\$0	\$123,511	\$250	\$0

* The term "annual contribution" refers to the amount contributed each year to the reserve fund from the monthly expenses.

APPENDIX E

LIMITATIONS

This report is intended for the sole use of the client indicated above and must not be distributed to, or used by, others without our knowledge. It is based on the documents and information provided to us and the findings at the time of our on-site review.

It is a basic assumption that any correspondence, material, data, evaluations and reports furnished by others are free of latent deficiencies or inaccuracies except for apparent variances discovered during the completion of this report.

Unless specifically noted in this report, no testing, verification of operation of systems, review of concealed elements, intrusive openings, opening of system components for internal inspection, detailed analysis or design calculations were conducted, nor were they within the scope of this review. Review of elevators and life safety systems were not included in this report, unless specifically indicated.

Some of the findings herein are based on a random sampling visual review of the surface conditions, discussions with the Board of Directors and/or their designated representatives, and review of relevant documents. Observations were made only of those areas that were readily accessible during our review. Deficiencies existing but not recorded in this report were not apparent given the level of study undertaken. Components not included have not been reviewed, and if their conditions need to be known, further study will be required. Unless otherwise indicated in this report, components are assumed to be suitable for their intended use and are being used under normal service conditions. Finally, we have not undertaken a physical review of subsurface conditions or concealed structural systems.

It is possible that unexpected conditions may be encountered at buildings/facilities that have not been explored within the scope of this report. Should such an event occur, MH should be notified in order that we may determine if modifications to our conclusions are necessary.

In issuing this report, MH does not assume any of the duties or liabilities of the designers, builders or owners of the subject property. Owners, prospective purchasers, tenants or others who use or rely on the contents of this report do so with the understanding as to the limitations of the documents reviewed and the general visual review undertaken, and understand that MH cannot be held liable for damages they may suffer in respect to the purchase, ownership, or use of the subject property.

Professional judgment was exercised in gathering and analyzing the information obtained and in the formulation of the conclusions. Like all professional persons rendering advice, we do not act as insurers of the conclusions we reach, but we commit ourselves to care and competence in reaching those conclusions. No warranties, either expressed or implied, are made.