Prepared at the request of:

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1.0 EXECUTIVE SUMMARY

A Reserve Study was conducted for the **Chestnut Creek Homeowners Association** to determine a reasonable level of annual reserve fund contributions required to meet the future expenditures for the elements on the property that will likely require major repairs or replacements over the next 30-year period. The elements that have been included in the Reserve Study are considered common to the property as defined by the Association's declarations and bylaws, unless otherwise noted.

Part 1 - Field Assessment

Part 1 of the Reserve Study involved a visual inspection of the property to assess the general condition and obtain the necessary quantities and specifications of the major elements that will likely require repair or replacement over the next 30 years. A summary of the property data is as follows:

Property Data			
Association Name	Chestnut Creek Homeowners Association.		
Address	3233 Davis Road, Marietta, Georgia 30062		
Building Style	# of Units	# of Buildings	Year(s) Constructed
HOA amenity center	~170	2	1980

Overall, the property appears to be in satisfactory condition. However, during the course of the field inspection, some specific deficiencies were observed such as:

- Sidewalk cracks and shifting creating trip hazards to and near tennis courts
- Pool parking lot cracking
- Small cracking of tennis courts
- Pool deck is ageing with cracks and spalding
- Bathroom Door is not exterior rated
- Shingles damaged on pavilion
- Siding damaged on poolhouse
- Trim damaged on poolhouse
- Tennis court fencing corroding
- Tire swing on playset is damaged
- Roof on Gazebo by the pool is damaged
- Pool bathrooms are outdated

See the relevant section of this report for photos of these and other observed deficiencies. The deficiencies identified in the report were based on a representative sampling of the property only, and it is recommended that a comprehensive inspection of the property be performed to identify other locations where these conditions may exist.

Part 2 - Reserve Analysis

Part 2 of the Reserve Study involved an analysis based on a 30-year period. Construction cost data is derived from a variety of sources, e.g., recent contractor bids received by subject property HOA or consultant's prior clients, construction product vendor catalogs, internet, or national construction cost estimating publishers. These sources were used to determine the present-day repair or replacement expenses for each of the elements as illustrated in **Exhibit 1**.

To determine the future repair or replacement expenses over the next 30-year period, the present-day values of elements were inflated at an annual rate of 5%. The present-day values are inflated to account for historical increases in construction costs. The inflation rate is a projection based on the current rate of inflation of about 7.8 and a calculation based on the Consumer Price Index (CPI) average for the Atlanta area (Series ID CUURA319SA0) over the last 10 years, published by the U.S. Bureau of Labor Statistics. Given the present-day expense, the future expense is calculated using the "future value of a single amount formula" as follows:

$F = P (1 + IR)^n$ where

F = future expense
P = present day expense
IR = inflation rate expressed as a decimal
n = number of years until future expense occurs

The future repair or replacement expenses that are anticipated over the next 30 years are illustrated in **Exhibit 2**. The future expenses are aggregated on an annual basis to determine the recommended reserve funding plan as illustrated in tabular form in **Exhibit 3** and in graphical form in **Exhibit 4**.

The recommended reserve funding plan has been compiled using financial information provided by a representative of the property. The information has been deemed reliable and has not been verified. The following table summarizes this information.

Summary of Financial Information	
Projected Year End Reserve Fund Balance (4/1/2023)	$50,000.00
Current Annual Reserve Fund Contribution	$17,000.00
Reserve Fund Interest Rate (from national average 1-year CD rates)	0.8 %

Based on the projected year-end reserve fund balance, the current reserve fund interest rate, and the estimated inflation rate, an iterative procedure was used to determine a recommended reserve funding plan. The intent of the plan is to have adequate funds available for future expenditures required for major repairs or replacements so that the potential need of a loan or special assessment can be avoided, which ultimately preserves the market value of the property. **Based on the reserve analysis, we conclude that the potential need for a loan or special assessment is not anticipated at this time. However, an increase in the annual reserve fund contribution is recommended from the amount currently being contributed to the amounts shown in Exhibit 3 in order to avoid the potential of a future loan or special assessment.**

The status of the current funding plan as it relates to the recommended funding plan is illustrated in **Exhibit 5**, assuming that the current budgeted amount continues to be contributed to the reserve study.

The annual contributions made to the reserve fund are a means to compensate for the difference between the ongoing deterioration of a property and its finances. Since elements deteriorate at varying rates and the finances of the property are typically changing on an annual basis, the need to maintain balance between the two is an ongoing process. Therefore, to maintain this balance, periodic updates to the Reserve Study are recommended approximately every three years. Annual updates may be warranted depending on the age of the property and the amount of repair or replacement activity.

2.0 INTRODUCTION

A Reserve Study was conducted for **Chestnut Creek Homeowners Association** to determine a reasonable level of annual reserve fund contributions required to meet the future expenditures for the elements on the property that will likely require major repairs or replacements over the next 30-year period. The elements that have been included in the Reserve Study are considered common to the property as defined by the Association's declarations and bylaws, unless otherwise noted.

3.0 GOALS

The goals of the Reserve Study are as follows:

1. Visually assess the general current condition and obtain the necessary quantities and specifications of the major elements that will likely require major repair or replacement over the next 30 years.
2. Estimate the remaining useful life until major repair or replacement of the elements is considered necessary.
3. Estimate the future expense schedule for repair or replacement of the elements.
4. Analyze the annual reserve fund contributions needed to ensure that funds are available for the ongoing repair or replacement of the elements.
5. Provide a status of the current fund as it relates to the recommended funding plan, if the current budgeted amount continues to be contributed to the reserve fund.

4.0 SCOPE OF WORK

To accomplish the Reserve Study goals, BPG Inc. performed a Level I, Full Reserve Study with site visit in the following two parts.

Field Assessment (Part 1)

Part 1 of the Reserve Study involved a visual inspection of the property to assess the general condition and obtain the necessary quantities and specifications of the major elements that will likely require repair or replacement over the next 30 years.

Reserve Analysis (Part 2)

Part 2 involved an analysis of the future repair or replacement expenses anticipated for each of the elements. Based on the general condition, age, and average life expectancy of each element, a long-term repair and replacement schedule was established. BPG Inc. has selected a 30-year period for the repair and replacement schedule to capture the long-term cyclic expenses associated with elements that exhibit longer lifetimes.

Included in the report are the following exhibits that illustrate the results of the reserve analysis:

- **Exhibit 1:** A summary of the element quantities and total present day and inflated expenses incurred over the 30-year period of the study.
- **Exhibit 2:** The future repair or replacement expenses as shown in inflated dollars that are anticipated over the next 30 years, presented on a year-by-year basis.
- **Exhibit 3:** The recommended reserve funding plan as illustrated in tabular form.
- **Exhibit 4:** The recommended reserve funding plan as illustrated in graphical form.
- **Exhibit 5:** The status of the current funding plan as it relates to the recommended funding plan if the current budgeted amount continues to be contributed to the reserve study.

5.0 ASSUMPTIONS

Several general assumptions have been made for the completion of this study, which are as follows:

1. The elements will be replaced with like kind materials unless otherwise noted or directed by a representative of the property to use alternate materials.
2. All new installations will comply with current city, state and local building code requirements.
3. The building structures have a remaining useful life greater than 30 years.
4. A maintenance program will be implemented to ensure that all building components, systems, and equipment are maintained and operated at or near optimum capacities.
5. Since cash flow takes place at frequent and varying time intervals within an interest period, a simplified method of assuming that all cash flow occurs at the midpoint of the interest period is used in the reserve analysis.
6. The reserve analysis was performed using the baseline funding method. By definition, the baseline funding method maintains a reserve fund balance above zero for each year of the study.
7. The study is limited to the elements of the property that likely require major repair or replacement during the study period and that have a significant impact on the reserve contributions. Elements that require minor repairs or replacements and are relatively insignificant in cost when compared to the property in its totality are assumed to be funded from the operating and maintenance budget.
8. The following recurring expenses are considered to be maintenance items. Therefore, adequate funding for such expenses should be allocated in the operating and maintenance budget, but not limited to the following:
    - Painting of interior walls
    - Routine replacement of sealants around doors, and between dissimilar materials
    - Minor localized masonry repair
    - Minor wood trim repairs
9. Elements such as electrical, water supply, and wastewater systems for the building have an extensive lifetime that make it very difficult to predict or establish major repair or replacement expenses. These elements can function indefinitely with ongoing maintenance and repairs which are considered minor when compared to wholesale replacement expenses. Therefore, we assume that future minor ongoing maintenance and repair expenses incurred will be funded from the operating and maintenance budget. This assumption is based on the premise that a reserve study is to include elements that have a definable remaining useful life. That is, incorporating replacement expenses for elements that do not have a predictable useful life into the study can significantly impact the accuracy and validity of the results.

6.0 DISCLOSURES

This study and report is based on observations of the visible and apparent conditions of a reasonable representative sampling of the property's elements at the time of inspection. Due to the wide variations in the several elevation styles of the buildings, quantity estimates are based on front to back, left to right and height dimensions of the buildings, adjusted for a reasonable estimated apportionment of the different cladding materials, window and door openings, etc. Although due diligence was performed during the field observation phase, BPG Inc. makes no representations regarding latent or concealed defects that may exist. The field work did not include any invasive investigations and was not intended to determine whether applicable building components, systems, or equipment are adequate or in compliance with any specific or commonly accepted design requirement, building code, or specification. Such tasks as material testing, engineering analysis, destructive testing, or performance testing of building systems, components, or equipment are not considered as part of the scope of work, nor are they considered by the reserve study industry standard.

Judgments in this study are based on estimates of the age and typical useful life of the various elements included in this study. The predictions of useful life and remaining useful life are based on industry and/or statistical comparisons, along with experienced judgment. It is necessary to recognize that the actual conditions can alter the useful life of any element. The methods of installation, deferral of maintenance, or other unforeseen conditions make it virtually impossible to predict precisely when each element will require major repair or replacement. The tabulated values for expected useful life and remaining useful life are estimates as noted and should not be construed as a guarantee or warranty, either expressed or implied, as to the performance of products, materials, or workmanship.

If the property representative has not disclosed any known issues or problems with materials, components, or systems, it is noted that the validity of this study may be impacted. Where applicable, comments regarding the general condition of the property and any significant deficiencies observed at the time of the field work have been documented. A qualified contractor or building engineer should be retained to repair, replace, or adjust defective components to ensure optimum performance or efficiency.

Pricing used for the repair or replacement costs indicated in this report are derived from a variety of sources, e.g., national construction cost estimating publishers, recent contractor bids received by subject property HOA or consultant's prior clients, construction product vendor catalogs, and internet sources. The material and labor pricing provided are **estimates** and have been augmented, as necessary, to account for specific site conditions (i.e., material handling, scaffolding, etc.). The total expenses represent a useful guideline whereby reserve funds can be accumulated for future repairs and replacements. The estimated repair and replacement expenses, unless otherwise noted, do not include allowances for architectural, engineering, or permitting fees.

The information provided by a property representative regarding the financial, physical, or historical data is deemed reliable. This reserve study is intended to reflect the information provided and is not for the purpose of performing an audit, quality analysis, forensic analysis, or background check of historical records. By review of the property representative, the elements listed in the Exhibits of this report have been identified as the elements for which the property has long-term responsibility for repair and replacement. The property representative assumes full responsibility for determining that the list of elements is complete. BPG Inc. has not reviewed any documents or declarations as part of this Reserve Study and assumes no responsibility for the completeness of the inventory. This report is intended solely for the use of the **Chestnut Creek Homeowners Association** in connection with funding for major repairs and replacements and may not be used by any other party for any purpose.

7.0 FIELD ASSESSMENT (PART 1)

The contract to perform a Reserve Study for the **Chestnut Creek Homeowners Association** required an on-site, visual observation of the property and a report on the general condition of the elements. The following sections discuss observations noted during this assessment.

7.01 – 7.02 CONCRETE: PARKING, SIDEWALK

General Description

A major portion of the common area travelled surfaces consist of concrete flatwork. Concrete flatwork consisting of the driveway and parking lot at the pool, sidewalks, and steps to, in, and around the amenity areas (pool and tennis court) as well as the pool decking. Deterioration of concrete can occur depending on the concrete mix, finishing techniques, weather, local conditions, and use. Often, tree roots will displace concrete. The most common repair is to cut out a damaged section and replace it. Large, settled areas can sometimes be lifted by power grouting, a process of injecting concrete under the slab and lifting it, although this process may not be less expensive than removal and replacement. Displaced sidewalk sections can often be ground down to eliminate trip hazards.

The pool decking will be addressed along with the pool in a separate section.

Funding Strategy:

It is not expected that a wholesale replacement of the concrete flatwork will be required within this study period. However, partial replacements are anticipated periodically because of accelerated deterioration. Based on the observed conditions and the estimated age of the parking entrance, parking area and some sections of sidewalk, we provided a repair allowance over the 30-year period of this study as illustrated in Exhibit 2.

Observed Condition:

The concrete drive into the parking lot is damaged. Several sections of the sidewalk are raised or settled. Some sections of the sidewalk are cracked. A section of the sidewalk to the tennis court is missing. The following photos illustrate examples of the elements in this category and any observed deficiencies:

Damaged driveway to parking lot

Cracks visible in the parking lot

	
Example of shifted/settled sidewalk (trip hazard)	Section of sidewalk missing
	
Cracked sidewalk example	Pavers as sidewalk

7.03 FENCING: WOOD GUARD & METAL

General Description

Wood picket fencing serving as a guard, is located along the crest of the creekbank near the pool pavilion. Individual pickets and bracing can be repaired to prolong the life of the fence. However, replacement of wood fencing is eventually necessary due to significant lateral displacement of the vertical support posts, wood rot, termite damage, and physical damage to the pickets or rails, etc. The recurring expense of applying a paint or stain to fencing is considered to be a maintenance item and therefore, adequate funding should be allocated to the operating and maintenance budget for such an expense.

Metal fencing is located around the perimeter of the poolhouse, pool, and playground areas. It is unlikely the entire fence will have to be replaced at one time. Rather, it is common to replace sections as needed. Replacement of metal fencing is eventually necessary due to deterioration and damage such as settling, tree damage, rust (on steel components), and vandalism that will occur over time. For the purpose of this study, it is assumed that painting, minor repairs, and replacements to the fencing will be funded from the operating and maintenance budget.

Funding Strategy:

Based on the observed conditions, funding has been allocated for wholesale replacement of the wood and playground area fencing as illustrated in Exhibit 2.

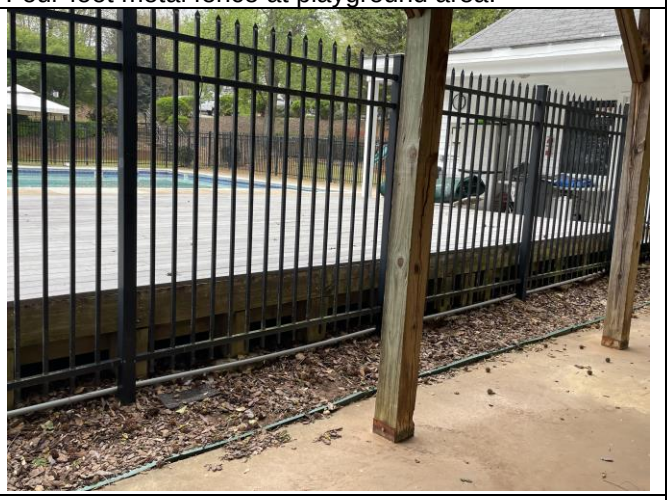
Observed Condition:

The picket fence is damaged. The following photos illustrate examples of the elements in this category and any observed deficiencies:

Picket fence on ridge

Four-foot metal fence at playground area.

Six-foot metal fence around the pool



Another section of pool fence

7.04 – 7.05 ENTRANCE MONUMENT & SIGNAGE

General Description

Located at the entrances to different sections of the community are wood picket fence type monuments with wood posts, vertical pickets, and cross bracing. Single sided monuments with a sign are located at Running Cedar Dr. and Moss Creek Drive. A similar monument with signage on both sides is located at Chestnut Creek Drive. Bulletin boards mounted at each of these entrances are considered as part of this element. Individual pickets and braces can be repaired to prolong the life of the monument. However, replacement of wood features is eventually necessary due to significant lateral displacement of the vertical support posts, wood rot, termite damage, and physical damage to the pickets or rails, etc.

Located at the entry monuments and mounted on post at the parking lot, are wood and/or urethane signs that are in satisfactory condition. Over time, signage of this type can become warped, damaged, or experience deterioration that necessitates replacement. Based on the observed conditions, funding has been allocated for wholesale replacement of the signage to maintain the aesthetics of the property as illustrated Exhibit 2.

Funding Strategy:

Based on the observed conditions, funding has been allocated for significant repair/replacement of the wood monuments replacement of the signs as illustrated in Exhibit 2.

Observed Condition:

The following photos illustrate examples of the elements in this category and any observed deficiencies:

<table>
<tr><td> 
</td><td> 
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<tr><td>Monument and sign at Running Cedar Drive</td><td>Monument and sign at Moss Creek Drive</td></tr>
<tr><td> 
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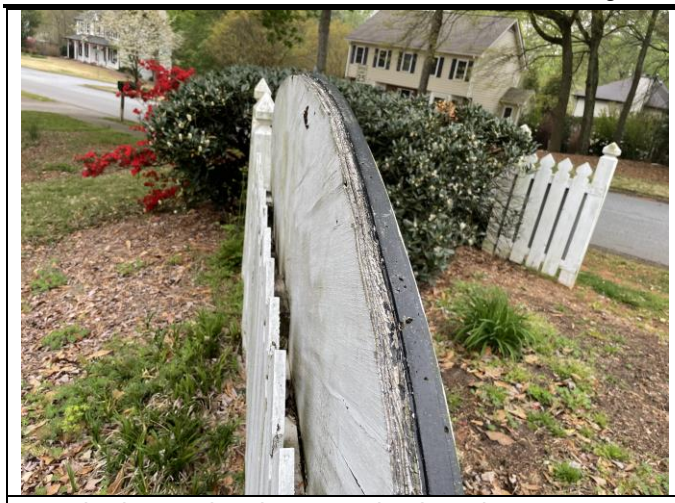
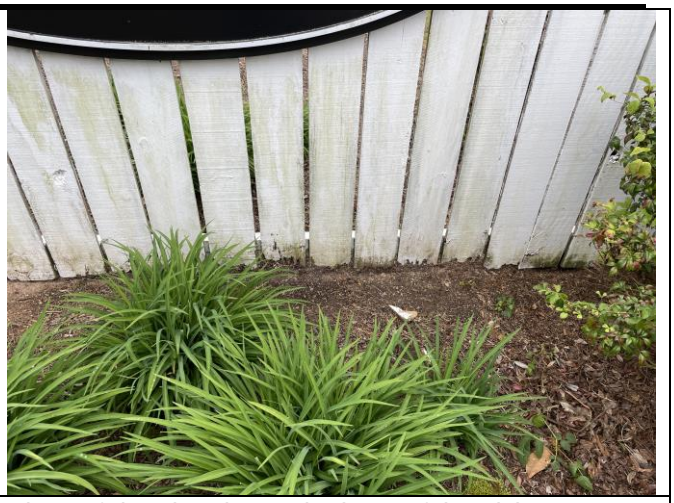
<tr><td>Monument and sign at Chestnut Creek Drive</td><td>Back side of monument with sign at Chestnut Creek</td></tr>
<tr><td>  </td><td> 
</td></tr>
<tr><td>One of Three bulletin boards</td><td>Sign mounted at parking lot</td></tr>
</table>



Weathering on the sign mounting board



Signs of deterioration at the base of the pickets

7.06 GATE: POOL PARKING

General Description

Located at the vehicle entry to the amenity parking is a single arm manual operated vehicle barrier gate 16 feet in length. The gates themselves should last indefinitely if properly maintained. However, repairs may be necessary due to damage or lack of maintenance.

Funding Strategy:

Based on the observed conditions, funding has been allocated for the eventual replacement of the gate as illustrated in Exhibit 2.

Observed Condition:

The gate appears to be in good condition. The following photos illustrate examples of the elements in this category and any observed deficiencies:

Manual vehicle restriction gate

7.07 LANDSCAPING, IRRIGATION, LIGHTING

General Description

Landscaping for which the HOA is responsible is located at the main entries and frontage road, common areas, tennis court and at the amenity center. It is very difficult to predict the expenses associated with the replacement of plant material. The day-to-day care of the plants will have a significant impact on how they will endure throughout this study period. Life-limiting factors include cultivation problems, drought, insects, disease, storm damage, and physical damage.

The property also has irrigation piping and features that have an indeterminate life cycle. The irrigation system is reported as connected to public water rather than private wells, thus pumps are not present, but the system does include piping, controllers, zone valves and spray heads of various designs. The piping itself is likely to outlast the period of time in this study, but piping can be damaged by shifting soils, excavation damage, freeze damage, etc. Therefore, it is prudent to allow a reasonable cost factor for partial replacements over the study period.

Uplighting is present at the monuments, The need for replacement of lighting and timers is determined by the extent of damage to the lighting such as physical damage, corrosion or wiring damage, the increasing frequency, and costs of repairs due to the age of the lighting, or merely the desire to change the aesthetic appearance of the lighting to maintain the market value of the property. Depending on HOA preference, lighting is often upgraded to newer technology such as LED fixtures to reduce power usage.

Funding Strategy:

Due to the amount of landscaping, irrigation system components, and lighting components, a periodic allowance be included in this study to ensure that funding is set aside for needed major replacements as illustrated in Exhibit 2.

Observed Condition:

The landscape lighting has multiple lights damaged or displaced. The following photos and elsewhere in this report illustrate examples of the elements in this category and any observed deficiencies:

Example of landscaping at entry.

Another example of landscaping at entry.

	
Landscaping lighting damaged	Example of landscaping

7.08 RETAINING WALLS

General Description

Pressure-treated, wood timber retaining walls consisting of multiple heights are located at multiple locations around the amenity areas: parking lot, pool, playground, and at the tennis court. Typically, wood timber retaining walls have a useful life of 15 to 20 years. Depending on the soil conditions, wall design, quality of construction, and compliance with design specifications, the walls may experience lateral movement that may necessitate replacement or repairs. Pressure treated wood is eventually damaged by wood decay and termites.

Funding Strategy:

Based on the observed conditions, funding has been allocated for some repairs and partial replacement of the wood timber retaining walls as illustrated in Exhibit 2. Some minor repairs or replacements may be required, which are assumed to be funded from the operating and maintenance budget.

Observed Condition:

Wall at tennis court pathway is bowing. The following photos illustrate examples of the elements in this category and any observed deficiencies:

	
Wall bowing and leaning	Wall around play area and outside fence

	
Between pool and street	Wall at parking area

7.09 PAVILION, GAZEBO, CANOPY REPAIRS

General Description

Located near the pool are several structures used for covering or protection from the rain or sun. A 20' by 24' Pavilion is located outside the pool fenced area. It is a free-standing structure with a concrete slab. It is constructed of treated wood post with and has a truss roof structure with plywood decking and shingle roof. The pavilion serves as an entertainment area with a swing, picnic tables and an area for grilling. This structure will last a long time with proper maintenance.

On the large deck at the northeast corner of the pool area is a Gazebo type structure with wood framing and translucent fiberglass roofing. It appears this structure is used for swimming competition Judge seating area. This structure is not as stable as the pavilion and will require more frequent repairs.

Portable metal frame Canopy style structures with removable fabric roofs are stationed along the south pool deck. A few of the fabric roofs were removed and stored along with other pool winterized equipment.

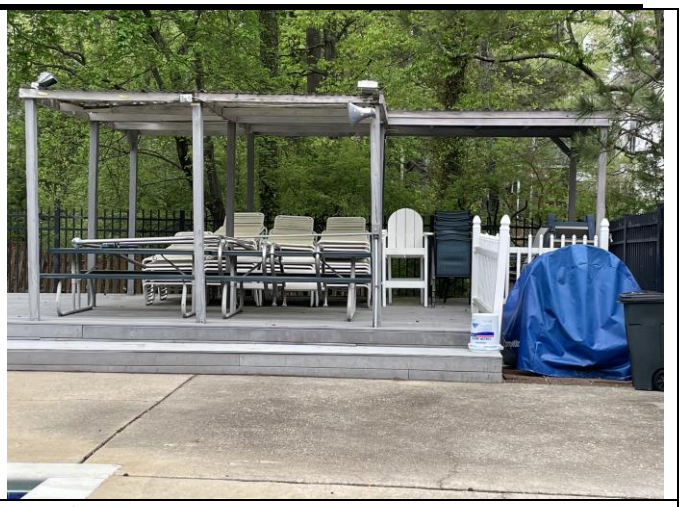
Funding Strategy:

Funding has been allocated for periodic major repairs or replacement to these structures as illustrated in Exhibit 2. Routine repairs to the structures should be performed on an as needed basis and are considered to be maintenance expenses; therefore, adequate funding should be allocated to the operating and maintenance budget for such expenses. The roof covering for the Pavilion is included in the roofing cost of the poolhouse.

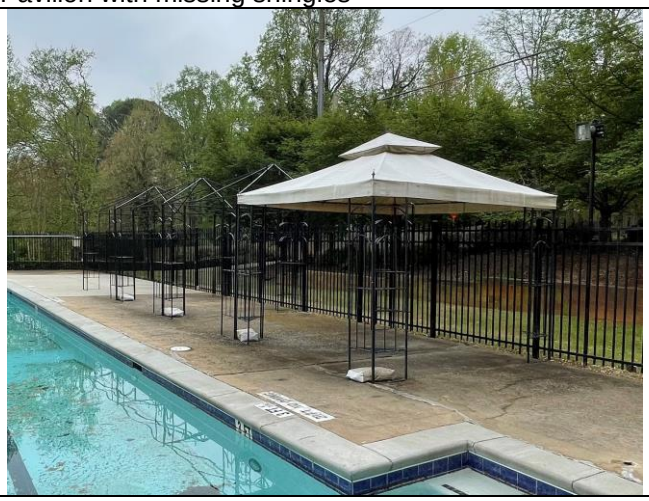
Observed Condition:

Several sheets of asphalt roofing are damaged or missing on the pavilion. The Gazebo with the translucent roof has some structural damage to the roof framing and has some damaged roof sheets. The following photos illustrate examples of the elements in this category and any observed deficiencies:

Pavilion with missing shingles



Gazebo structure



Four Canopy structures

Damage to the Gazebo roof

7.10 – 7.11 ROOFING, GUTTERS, DOWNSPOUTS

General Description

The poolhouse and the pavilion roofs are covered with a layer of laminated asphalt shingle with apparent differing age. Replacement of the roofing is eventually necessary due to chronic problems with moisture penetration and the degradation of shingles as evident by curling, torn shingle tabs, excessive granule loss, etc. Adequate attic ventilation is imperative to prolong the useful life of the roofs. Without proper ventilation, warm air trapped in the attic space can heat the roof decking causing premature shingle failure. For the purpose of this analysis, we assume that the roof covering will be torn off and replaced with a similar shingle style, rather than recovered. Recovering a roof is not the preferred method due to the reduced useful life of the new roof that is caused by the underlying shingle layers absorbing additional heat causing accelerated degradation. A re-cover also prevents the repair of delaminated or decayed wood roof sheathing and flashing deficiencies. The flashing, felt paper, and vents are integral with the entire roof system; therefore, they are considered as part of the overall roof replacement.

There are no gutters and downspouts on the poolhouse. Missing gutters and downspouts can lead to erosion around the structure, water damage to lower elements of the structure and possible water intrusion into the structure. The gutters and downspouts on the pavilion are generally in functioning condition. Replacement of this component is eventually necessary due to damage and fading of the finish as a result of continued exposure to ultraviolet light. Typical damage includes deterioration of joint seals at gutters which may result in leaking, denting, missing or loose fasteners, and deformation. Even though the performance life of these

elements will generally exceed the aesthetic life, appearance is critical in maintaining the value of the property. Therefore, the limiting factor concerning the useful life of these elements is generally the aesthetic appearance of the finish.

Funding Strategy:

Based on the observed conditions, funding has been allocated for the addition of gutters on the poolhouse and wholesale replacement of the existing roofing, gutters, and downspouts on the poolhouse and pavilion as illustrated in Exhibit 2.

Observed Condition:

The shingles on the poolhouse are showing loss of granules. The shingles on the pavilion are damaged or missing in multiple locations. The following photos illustrate examples of the elements in this category and any observed deficiencies:

Poolhouse roofing. Note: no gutters

Pavilion roof with mission shingles

Another view of poolhouse roof

Pavilion roof with several damaged shingles

	
Wavy gutter on pavilion	Downspout leaking, possible clogged subsurface drain

7.12 SIDING, SOFFITS, FASCIA, TRIM

General Description

The Poolhouse is clad with a hardboard lap siding. Hardboard siding is a synthetically constructed siding product made from a mixture of wood fibers, glue, and resins. In general, this type will last a long time if properly maintained. Because the product is porous, it can absorb water which can contribute to formation of cracks or splits, warping, swelling, and separating. Any cracking will be avenues for water to absorb into the pressed fibers accelerating damage to the siding. Damaged siding can allow water to enter the structure and that will accelerate the deterioration process of components such as the sheathing and structure underneath and can promote mold growth. Expansion and contraction cycles can cause nails to pop out or pull inward. Along with degradation of the materials, what often necessitates the replacement of the cladding is the desire to change the aesthetic appearance of the buildings as they become outdated with time. Routine maintenance consisting of caulking any openings, and regular painting of the surfaces ensures maximum protection and will extend the life.

The poolhouse building soffits and fascia are constructed of wood and hardboard. Over time, water damage, degradation from ultraviolet exposure, temperature extremes and physical damage will occur. Regular painting of the surfaces insures maximum life. Along with degradation of the materials, what often necessitates replacement is the desire to change the aesthetic appearance of the buildings as they become outdated with time.

Funding Strategy:

Based on the observed conditions, funding has been allocated for replacement of major repair of these features as illustrated in Exhibit 2.

Observed Condition:

Swelling of siding at nail holes and along some edges of the siding exist. Wood trim damage exists at the door thresholds, soffits, and facias. The following photos illustrate examples of the elements in this category and any observed deficiencies:

	
Example of the siding	Siding swelling at edge and nail holes
	
Example of damage at door trim	Example of siding and trim damage

7.13 PAINTING

General Description

The painted siding, trim, soffit, and fascia are located at all elevations of the poolhouse. Each of the entry monuments have painted wood components that need routine painting as well. Paint is a protective coating for fiber and wood products as well as an aesthetic element. Periodic painting is necessary to prevent deterioration of the materials and to maintain the aesthetic appearance of the property. When properly maintained, siding, wood trim, soffit, and fascia can last indefinitely; however, periodic minor replacements may become necessary. Sealants must also be maintained, checked, and periodically replaced to ensure a watertight system and maintain the life expectancy of the cladding. Minor replacement of sealants is considered a maintenance item and therefore, adequate funding should be allocated to the operating and maintenance budget for their replacement. Overall sealant replacement is typically done at the time of re-painting.

Funding Strategy:

For the purpose of this study, funding has been allocated for wholesale repainting over the duration of the study period as illustrated in Exhibit 2.

Observed Condition:

See photos in preceding section for examples of the elements in this category and any observed deficiencies:

	
Poolhouse siding require routine painting	Entry monuments require routine painting

7.14 COMMON AREA DOORS

General Description

The poolhouse features varying types of doors (solid wood, metal clad, and hollow core) for entry to equipment rooms and bathrooms. Due to the exposed exterior location, over time the doors can be expected to deteriorate with weather exposure and usage. For the pool house restroom doors, the effect of being wetted by the sanitizing agents for the pool water is particularly damaging. Heavy use of the restroom doors often results in accelerated wear and tear.

Funding Strategy:

For replacement of the doors, a funding allowance has been included for regular replacement schedule over the duration of the study period as illustrated in Exhibit 2.

Observed Condition:

The ladies' bathroom door is damaged and is inappropriate for an exterior door. The following photos illustrate examples of the elements in this category and any observed deficiencies:

	
Ladies bathroom door is interior rated hollow core	Outside panel coming off at ladies' bathroom door

	
Men's bathroom door	Mechanical room

7.15 DECK & GRANDSTAND

General Description

There are two types of decks in this category. There is a treated wood frame deck with synthetic deck boards located at the pool. It is approximately 1300 sq. ft. and is raised about one step up from the ground. There is no ramp to the deck. Although the composite deck boards should last a long time, some of the earlier composite boards tend to deteriorate due to ultraviolet light and constant exposure to the weather.

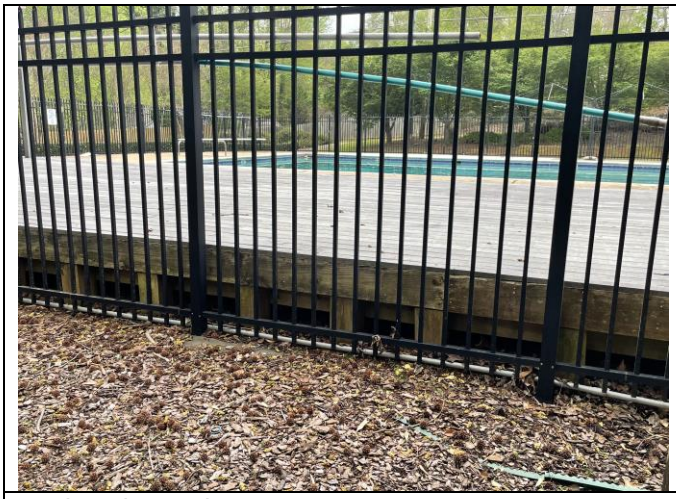
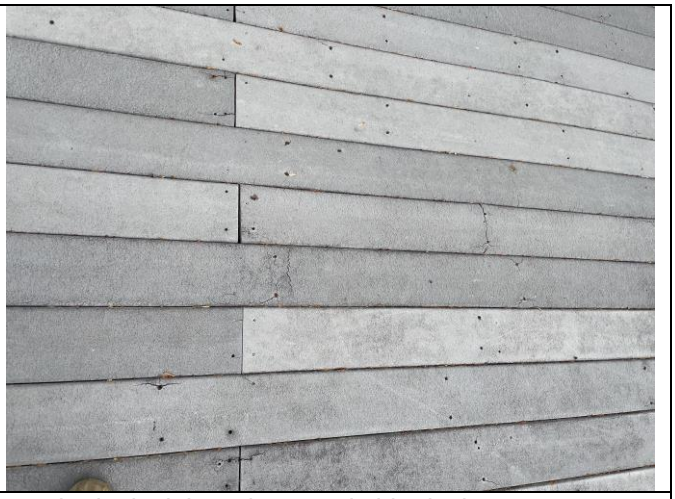
There is a multilevel reviewing stand constructed near the tennis court. The decking and rails have recently been replaced. Replacement of the wood features becomes necessary as a result of deterioration (wood rot, splitting, etc.) and to maintain the aesthetic appearance of the property. However, periodic minor replacements may become necessary.

Funding Strategy:

For the purpose of this study, funding has been allocated for a regular replacement schedule for these decks over the duration of the study period as illustrated in Exhibit 2.

Observed Condition:

Some of the synthetic board decking at the pool deck is showing signs of ageing. The following photos illustrate examples of the elements in this category and any observed deficiencies:

	
Deck at the pool	Synthetic deck boards at pool side deck

	
Observation deck at the tennis court	View of tennis observation deck structure

7.16 RESTROOM REFURBISHING

General Description

Men's and women's restrooms are the only interior finished areas of the poolhouse. Due to heavy physical use, periodic refurbishing is needed to maintain aesthetics. Expenses related to refurbishing and redecorating are subjective and thus difficult to quantify. Even though the performance life may generally exceed the aesthetic life for many of the elements, appearance is critical in maintaining the value of the property.

Funding Strategy:

We have provided funding for significant remodeling costs of the restrooms as illustrated in Exhibit 2.

Costs of painting, routine maintenance and minor replacements are commonly expensed to operating funds. However, an overall allowance has been provided in this study for more significant renovations or upgrades as deemed necessary or desired for aesthetic changes. Included in this category are:

- Toilet, urinal, privacy partitions, ADA grab bars
- Sinks, vanity,
- Lighting, wall heater, vent fans, washroom accessories

Observed Condition:

The bathrooms are functional but are aged and in poor condition. Walls are stained, pieced together like patchwork, and not consistent in décor. The following photos illustrate examples of the elements in this category and any observed deficiencies:

Men’s Sink area

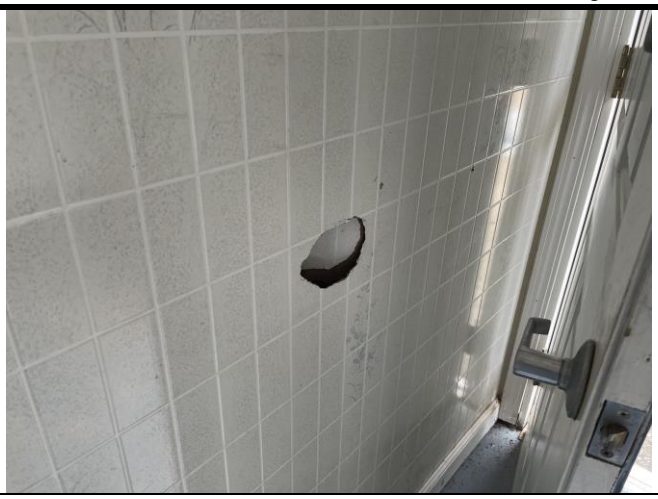
Ladies’ Sink area

Men’s bathroom urinal stall

Ladies’ toilet 1 of 2

Men’s toilet

Ladies’ toilet 2 of 2

	
Example of wall covering in men's bathroom	Example of wall covering in ladies' bathroom

7.17 – 7.19 TENNIS COURTS: ASPHALT, SEALANT, FENCE

General Description

Located behind some homes on Saddleback Mountain Road, the community has a set of double tennis courts constructed on an asphalt base. The single most significant cause of asphalt pavement failure is poor drainage or soil settling. Water that ponds on the surface accelerates the deterioration process by causing the breakdown of the asphalt, sub-base and oils, thus contributing to a reduction in the flexibility of the pavement and causing the development of cracks. In addition, subsurface water that is not adequately drained will cause the substrate to lose strength and will no longer be capable of supporting the loads imparted on the pavement. Moreover, cracking is also caused by asphalt's natural tendency to shrink as it weathers and ages. Asphalt loses its flexibility and becomes more brittle over time. Winter moisture also enters cracks and freezes, and the expanded ice pushes the asphalt aside, widening the crack. Since outdoor tennis courts are also exposed to temperature extremes that cause expansion and contraction, cracking is inevitable. Periodic sealing of the surface (approximately every 6 years) is the most important preventative maintenance that can be done to extend the life of the pavement.

The tennis courts are surrounded by a 10' high un-coated chain link fence with access gates. Replacement of chain link fencing eventually becomes necessary due to deterioration and damage that will occur over time.

Funding Strategy:

For the purpose of this study, it is assumed that minor repairs to these elements will be funded from the operating and maintenance budget. Based on the observed conditions, funding has been allocated for major repair and resurfacing of the tennis courts, and fence as illustrated in Exhibit 2.

Observed Condition:

The courts are in good condition with a few small cracks and a small amount of standing water. The fence is not vinyl-coated. It appears to be original to the courts but is functioning as intended. The fence is beginning to corrode in several areas. The following photos illustrate examples of the elements in this category and any observed deficiencies:

One of the two courts. Note standing water.

Small crack in the court area

Small crack at a perimeter

Example of the corroding fence

A section of the fence has been replaced

Corroding of galvanized post and fence evident

7.20 – 7.25 POOL: PLASTER, PUMPS & FILTERS, DECK, FURNISHINGS, FENCE, COVER

General Description

The pool is constructed of concrete with a plaster finish. The pool plaster was replaced in recent years along with waterline and lane tiles. The pool features tile at the waterline and entry steps, and multiple underwater lights. It is imperative that the plaster finish be regularly maintained in order to prolong the life of the concrete liner, such as repairing cracks that may form. Tile and lights are typically repaired or replaced at the time of re-plastering the pool.

The pool features a diving board. Swim lane ropes with floats and swimmer starting platforms were stored at the time of the site review. The wool was winterized with the pool cover recently removed. Pumps were not in operation at the time of the site review.

The mechanical systems for the pool consist of 2 each 3 HP pumps, 2 sand filters, and a chlorinator pump. Due to heavy seasonal operation, pumps have a limited life due to wear and tear on components and bearings and corrosion. Filters eventually fail due to accumulated debris that cannot be removed with the normal backflush cleaning process. Replacement of sand in sand filters is considered a routine maintenance expense and should be funded from operating funds. The pumps and filters appear to have been replaced in 2022 per label on pumps.

The pools are surrounded by a concrete deck. The joint between the pool liner and the concrete deck sections should be regularly maintained in order to prevent water penetration, which can promote deterioration of the concrete pool structure. Cracking and settlement of the concrete decking is common and should be repaired or replaced to prevent water penetration and also to provide a safe environment for the residents.

Aluminum fencing of 6’ height featuring a steel gate with a key card lock is located around the pool deck perimeter. The fencing should last indefinitely if properly maintained. However, section replacements will be necessary due to damage or lack of maintenance. Therefore, it is prudent to allow a reasonable cost factor for partial replacements over the study period. For the purpose of this study, it is assumed that minor repairs and painting of the fencing will be funded from the operating and maintenance budget.

The pool furnishings consist of approximately 8 armchairs, 40 chaise lounge chairs, 1 each 4’ fiberglass tables with umbrellas, two picnic tables, and 2 each trash containers. Also included in this category are the dive board, lifeguard chair and lane ropes and starter blocks. Pool furniture has a relatively short life expectancy due to the deleterious effects of sunlight, chlorine exposure and use.

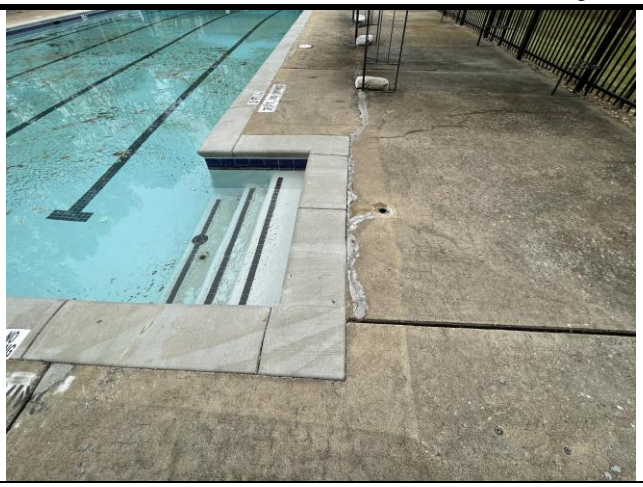
A pool cover has recently been removed and ready for storage. Pool covers are typically fabricated of nylon or other synthetic materials which over time deteriorate from the effects of sunlight and pool chemicals. Fabric fastening devices often fail due to stresses imposed on them.

Funding Strategy:

Based on the observed conditions, funding has been allocated for periodic re-plastering of the pool, replacement of a major portion of the concrete deck, and wholesale replacement of the pool furnishings, fencing, and cover as illustrated in Exhibit 2. The recurring expenses of repairing cracks in the pool liners and making minor repairs to the concrete deck are considered to be maintenance expenses; therefore, adequate funding should be allocated in the operating and maintenance budget for such expenses.

Observed Condition:

The pool decking is discolored, cracking and chipping in multiple areas. The pool mechanicals are all fairly new and in good condition. The pool furniture is aged, but still functional. The following photos illustrate examples of the elements in this category and any observed deficiencies:



View of the pool with new edge and pool surface

Another pool shot with replaced decking at left

Pool decking with recent pool edge repairs

Cracks in the pool side decking

Two filters with two pumps

One of two 3 HP pumps

	
Chlorinator pump	Pool furniture
	
More pool furniture	Pool cover

7.26 PLAYGROUND EQUIPMENT

General Description

Multiple pieces of playground equipment is located adjacent to the poolhouse. The equipment consists of one modular wood structure with several features, a large double size swing set, and a metal slide. The modular wood structure consists of “treehouses,” a plastic slide, tire swing, ladders, and other interactive components. Over time, the effect of weathering, ultraviolet degradation, corrosion and use eventually necessitates replacement of the equipment. Included in this category is the wood curbing surrounding the mulched play area.

Funding Strategy:

Because these playsets have a relatively long-life expectancy, it is unlikely identical features will be available at the time of replacement. Therefore, values have been assigned for like-kind equipment.

Based on the observed conditions, funding has been allocated for wholesale replacement of the playground equipment as illustrated in Exhibit 2.

Observed Condition:

Areas of the wood modular set are showing some decay. The tire swing on the wood modular set is damaged. The following photos illustrate examples of the elements in this category and any observed deficiencies:

	
Wood modular set	Stand alone metal slide
	
Damaged tire swing on modular set	Double swing set

7.27 SITE FURNISHINGS

General Description

Clustered around the amenity areas and tennis court is a variety of furnishings, such as porch swing, benches, metal picnic table with benches, and trash receptacles. Replacement of such furnishings is eventually necessary as a result of physical damage, loss of finish, the fixtures becoming worn or outdated, and to maintain the aesthetics of the property.

Funding Strategy:

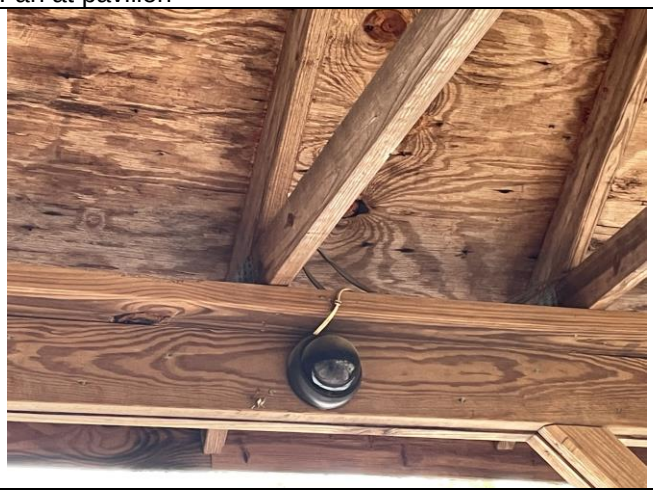
Based on the observed conditions, funding has been allocated for an allowance for periodic replacement as illustrated in Exhibit 2.

Observed Condition:

The following photos illustrate examples of the elements in this category and any observed deficiencies:

Fan at pavilion

Picnic tables and porch swing at pavilion



Security system

Bar-B-Que grills

Bridge

Various benches at the tennis court

8.0 RESERVE ANALYSIS (Part 2)

Repair and Replacement Expenses

At the time of inspection, the necessary quantities of the major elements that will likely require repair or replacement over the next 30 years were determined. The repair or replacement quantities for each element are compiled and presented in **Exhibit 1**.

Also, information was gathered regarding the material, component, or system specifications of each of the elements. These specifications were matched with the specifications in the national cost data source and a present-day expense for materials, labor, overhead and profit for each element was established. The sources used provide costs based on the unit price for each element.

The total present-day expenses are the product of multiplying the total units by the unit expenses as indicated in **Exhibit 1**. Having determined the present-day expenses for repairing or replacing each of the elements, the future costs were evaluated. The future costs are based on the fact that commercial and residential construction costs have historically increased with time and can be expected to increase in the future. To determine the future repair or replacement expenses over the next 30-year period, the present-day expenses have been inflated at an annual rate **of 5.0%.** The inflation rate is calculated based on the Consumer Price Index (CPI) average for the Atlanta area over the last 10 years, published by the U.S. Bureau of Labor Statistics. Construction cost data is derived from a variety of sources, e.g., recent contractor bids received by subject property HOA or consultant's prior clients, construction product vendor catalogs, internet, or national construction cost estimating publishers. The interest rate of **.8%** applied herein on funds held in reserve is derived from the current national average 1-year CD rate as published daily by the Atlanta Journal Constitution. Given the present-day expense, the future expense is calculated using the "future value of a single amount formula" as follows:

$F = P (1 + IR)^n$, where F = future expense, P = present day expense**,** IR = inflation rate expressed as a decimal, and n = number of years until future expense occurs

The future repair or replacement expenses for each of the elements were calculated from the present-day expenses accounting for the year in which the element is to be repaired or replaced. This information is provided in **Exhibit 2** and is listed by each element and each year of the analysis.

The sum of the expenditures for all of the elements in any given year equals the total expenditures for that year. This value is the basis for determining the future reserve requirements for each year of the analysis. In other words, the reserve funds that must be on hand in any given year are equal to the total expenses projected for that year.

Recommended Reserve Funding Plan

For each year that future expenses are incurred, there is an annual levelized series of contributions that can be placed in an interest-bearing account that will ensure that the future reserves are available when needed. These annual contributions represent the recommended contribution to the reserve fund to meet the future reserve needs. The suggested contributions are also set at a level designed to produce a contingency fund of approximately 10% of the anticipated future value expenditures on the HOA elements at the end of the study period. During the course of our inspection, several general observations were made regarding the construction and maintenance of the property. In general, a diligent effort was made to distribute the repair and replacement expenses over a number of years to create a more uniform expense report. The following discussions relate to the general features of the elements.

Exhibit 3 presents a compilation of the reserve fund balance, contributions, and expenses for each year of the analysis that satisfies the future reserve funding plan based on the current reserve fund interest rate and inflation rate.

It is emphasized that the recommended reserve funding plan presented in **Exhibit 3** is only one of many possible schedules that can be employed to meet the future reserve requirements. **Exhibit 4** is a graphical representation of the information in **Exhibit 3**. This illustrates how the leveled reserve fund contributions are utilized to meet the annual expenses, and how the reserves build over time.

The status of the current funding plan as it relates to the recommended funding plan is illustrated in **Exhibit 5**, if the current budgeted amount continues to be contributed to the reserve study.

9.0 HOW TO USE THIS REPORT TO PLAN A BUDGET

Think of this report and its tables as an inventory of things owned by your homeowner association, the condition of those things at the time of the field work, and a year-to-year plan of what capital projects to do for any given year. When reading this report, it is important to keep in mind the distinction between operating funds and reserve funds. Operating funds are for your day-to-day HOA expenses such as landscaping, pine straw, club/poolhouse utility bills, pool maintenance, insurance, neighborhood parties, etc. Reserve funds are monies set aside to pay for things owned by the HOA that wear out and need to be replaced. Those things that are owned by the HOA and have a known life expectancy are listed in **Exhibit 1** of your report.

The sections in this report are quite self-explanatory, but a brief discussion about some of the sections is appropriate.

Section 1.0 is a quick summary of the steps your consultant took in his fieldwork while on your property and while performing the financial analysis. This section has a bullet list of deficiencies he observed while on site. Some of those deficiencies may be significant as to cost; some may be safety issues requiring small or big repair expense, while some are minor and are mentioned simply as a courtesy.

You will find in bold print in this section your consultant's opinion as to the status of your current reserve funding level, based on financial information provided by an HOA representative. The conclusion directs you to **Exhibit 3** for a year-to-year funding plan that is required to maintain the HOA property in good condition.

Section 7.1 through 7.27 is a discussion with photo examples of those things owned by your HOA. This section parallels the list in **Exhibit 1**. By reading these narratives you can gain an understanding of how and why these things eventually wear out, and therefore understand why funds have to be set aside to replace them. The photos are included to help the residents understand those things for which they share a common responsibility. Some of the photos illustrate the condition of or damage to those elements present when the consultant performed his field work.

Exhibit 1 is a listing of all those capital items for which the HOA is responsible. This exhibit provides you a quantity of each element and its present-day value. It's important to note that the "present day unit value" is not necessarily the exact value of everything owned by the HOA. For one thing, it does not include the actual value of structures on the property, like a clubhouse structure. But where actual quantities are listed, it does provide the value of those parts, like roofing, siding, fences, etc. Further, this column includes line items with only "lump sum" values attached. Lump sums are used for categories of elements where it is unlikely the entire element will have to be replaced within the 30 years covered by the study, but it is known that significant expense will be incurred by partial replacements of the element over the study period.

The numbers in the "Typical Useful Life" column are based on national averages used by your consultant. But averages are just that; sometimes things last longer than expected, and some times they must be replaced sooner than expected. Related to that, the "Remaining Useful Life" column is your consultant's estimate of how many years of life the element has before it will need to be replaced, tempered by his observation of the element's condition when he performed the field work. It is not necessarily related to its chronological age. But experience tells us the entirety of some things do not wear out all at once. Rather, a durable item will experience wear in sections, requiring major repair of those sections, but not the total. Thus, you will see in the remaining useful life column the word "Ongoing" to indicate an exact date cannot be predicted, but that some level of expense can be anticipated over the 30 years of the study.

The several pages of **Exhibit 2** are your year-by-year plan of what projects you should consider doing in a given year and the expected cost of the project. The column on the left repeats the elements listed in Exhibit 1. Simply look at the year-by-year column header, scan down the column, and you will see dollar amounts for one or more projects that are expected to come due that year. You will note that costs for replacements repeated throughout the 30 years of the study go up, due to the effect of inflation applied to the original cost.

It is important to understand that just because a cost item appears in a given year it does not mean you "must" do that project that year. Your consultant has included the cost within a given year simply because it is the year in which the element should need replacement or major repair, based on known life expectancies. The fact is, some elements don't last as long as the average for a variety of reasons, while in some cases, that same element may last longer than expected. The variable effect of weather, usage and maintenance quality also has a significant impact on how long some items last, and no one can know those effects over the long term. Representatives of the HOA should physically examine each of the elements listed in a given year in Exhibit 2 and decide as to whether it should be replaced or deferred to a subsequent year. If it needs to be replaced, and

the HOA has followed the funding plan, you will have the funds to have the work done. If an item's replacement can be deferred, by continuing to follow the funding plan, the funds will still be there when the element is finally replaced. Similarly, if a determination is made to replace an item, at least in part, in a year before it is listed in Exhibit 2, you will have some, but not all, of the funds available for the early work as long as you are following the funding plan. That is, by following the funding plan you are setting aside a portion of the future expense each year, so you always will have some funds in the account for premature work on any element.

A word of caution is in order regarding deferral of projects. By deferring projects into future years, you run the risk of having too many projects "come due" in a given year when required funds may not be available. That is, projects are listed throughout the 30 years of the study, and if deferred projects are deemed now essential and lumped together with several other projects listed in that year are also necessary, the reserve balance may not be sufficient to do all of them. The reserve balances in Exhibit 2 assume that the HOA will steadily contribute the recommended funds, and simultaneously spend the funds on the listed projects. Too many deferrals or accelerated projects can skew your reserve balance.

Exhibit 3 is essential to planning your budget. The critical column is highlighted in yellow, headed as "Required Annual Reserve Fund Contribution." This is the amount the HOA should set aside each year for reserve projects. Add this amount to your expected Operating Fund budget and it will give you total expected expenditures for the year. That total, Reserve Contribution + Operating Funds, divided by the number of homes in your neighborhood will give you the needed dues for the year.

The "Annual Expenses" column in Exhibit 3 is the same number found for those years in Exhibit 2. Note that the ending balances in the column headed "Ending Balance of Reserve Fund" varies from year to year. That is because reserve expenses can vary from nothing in one year, to very significant in some years. It all depends on when those things the HOA owns wear out and have to be replaced. Sometimes many projects come due in one year and the annual contribution must be kept high enough to cover that contingency.

Exhibits 4 and 5 are graphic representations of the HOA contribution to reserves and its expenditures. Your financial projections have been set at levels designed to assure that your reserve funds never fall below zero, and indeed to reach the 30th year of the projections with a positive balance of about 10% of all expenditures over the 30-year period. That 10% balance is intended to be a buffer for unexpected expenses such as early replacements or items deferred and lumped into future years with other significant expenses.

10.0 WHEN SHOULD YOU UPDATE THIS REPORT?

The annual contributions made to the reserve fund are a means to compensate for the difference between the ongoing deterioration of a property and its finances. Since elements deteriorate at varying rates and the finances are typically changing on an annual basis, the need to maintain balance between the two is an ongoing process. In order to maintain this balance, it is appropriate to have the reserve study updated periodically.

When considering an update to a study, the following questions should be considered:

- Has there been a significant departure (i.e., 2% to 3%) from the assumed rates for interest, inflation, and construction costs used in your current study?
- In your existing study, has the HOA deleted, added, or replaced any major elements that are not included in your study?
  - ✓ If you have deleted a feature, for example, an old never-used basketball court, your annual contribution to reserves can be reduced by the amounts attributable to it.
  - ✓ If the HOA membership has agreed to add a new feature, for example, extra tennis courts, a children's modular playset, or new pickleball courts, etc., and wishes to fund the cost through reserve contributions, the future cost of the element can be added to the reserve schedule. This will allow the HOA to accrue the funds for the feature to be built in a future year. Such funds must be segregated in a designated account to prevent it from being used for other purposes.
- Have any elements sustained premature deterioration or damage due to unseasonable weather, lack of maintenance or a catastrophic event since the previous study?
- Have any repairs or replacements been accelerated or deferred from the estimated schedule previously generated?

If the answer is "yes" to one or more of the above questions, then an update to the reserve study should be strongly considered.

Generally, a property that is relatively new in age and is not undergoing any major repairs or replacements should have the reserve study updated approximately every 4-5 years to maintain the validity of the estimates. However, if the property is older and is experiencing major repairs or replacements, then the study should be updated on an annual basis.

An update to this reserve study can typically be performed for a percentage of the original cost of the study. The re-evaluation can include a new field observation walk of the property, or simply an update to the tables.

EXHIBIT 1

Element Value Summary

Chestnut Creek HOA

Version 1.0

Report Section#	Element	Quantities: Total	Quantities: Units	Values: Present Day Unit Value	Values: Total Present Day Value	Values: Inflated Expenses for 30 Year Period	Values: % of Total Inflated Expenses for 30 Year Period	Life Analysis (years): Typical Useful Life	Life Analysis (years): Remaining Useful Life	General Current Condition
7.01	Concrete: Parking	7,300	SF	$ 25.05	$ 182,865	$ 82,222	5.71%	40+	Ongoing	POOR
7.02	Concrete: Sidewalks	5,000	SF	$ 26.80	$ 134,000	$ 8,035	0.56%	25	Ongoing	SATSFCTRY
7.03	Fencing: Amenity Area	230	LF	$ 31.00	$ 7,130	$ 41,604	2.89%	20	1, 10	SATSFCTRY
7.04	Entrance Monument(s)	4	LS	$ 1,500.00	$ 6,000	$ 9,631	0.67%	20	Ongoing	SATSFCTRY
7.05	Signage	100	SF	$ 109.00	$ 10,900	$ 81,015	5.62%	10	7	SATSFCTRY
7.06	Gate: Pool Parking	1	LS	$ 2,200.00	$ 2,200	$ 3,951	0.27%	22	12	GOOD
7.07	Landscaping, Irrigation, Lighting	1	LS	$ 6,000.00	$ 6,000	$ 52,162	3.62%	8	2	SATSFCTRY
7.08	Retaining Walls	1	LS	$ 4,000.00	$ 4,000	$ 24,459	1.70%	20	Ongoing	SATSFCTRY
7.09	Pavilion, Gazebo, Canopy Repair	1	LS	$ 3,000.00	$ 3,000	$ 16,639	1.16%	20	Ongoing	MARGINAL
7.10	Roofing: shingles	1,800	SF	$ 2.80	$ 5,040	$ 19,333	1.34%	20	1	POOR
7.11	Gutters & Downspouts	125	LF	$ 6.50	$ 813	$ 853	0.06%	30	1	SATSFCTRY
7.12	Siding, Soffit, Fascia, Trim	3,000	SF	$ 3.50	$ 10,500	$ 12,155	0.84%	40	3	MARGINAL
7.13	Painting	4,500	SF	$ 2.90	$ 13,050	$ 154,938	10.76%	6	4	SATSFCTRY
7.14	Common Area Doors	3	EA	$ 525.00	$ 1,575	$ 4,588	0.32%	25	1, 15	MARGINAL
7.15	Decks & Grandstand	2,800	SF	$ 25.00	$ 70,000	$ 378,865	26.30%	15	5,15	SATSFCTRY
7.16	Restroom Refurbishing	1	LS	$ 6,000.00	$ 6,000	$ 33,278	2.31%	10	1	POOR
7.17	Tennis Courts, Asphalt	14,000	SF	$ 3.70	$ 51,800	$ 159,105	11.05%	25	23	GOOD
7.18	Tennis Courts, Resurface	14,000	SF	$ 0.55	$ 7,700	$ 70,404	4.89%	6	4	GOOD
7.19	Tennis Fence	460	LF	$ 32.50	$ 14,950	$ 17,306	1.20%	25	3	SATSFCTRY
7.20	Pool(s) & Spa, plaster	3,400	SF	$ 2.05	$ 6,970	$ 45,706	3.17%	8	7	GOOD
7.21	Pool Pumps & Filters	2	SET	$ 2,100.00	$ 4,200	$ 27,542	1.91%	8	7	GOOD
7.22	Pool, Deck	5,000	SF	$ 2.05	$ 10,250	$ 11,301	0.78%	30+	Ongoing	SATSFCTRY
7.23	Pool Furnishings	53	EA	$ 150.00	$ 7,950	$ 85,612	5.94%	6	2	SATSFCTRY
7.24	Pool Fence	350	LF	$ 64.00	$ 22,400	$ 48,896	3.39%	20	16	GOOD
7.25	Pool Cover	340	SF	$ 7.00	$ 2,380	$ 9,706	0.67%	12	8	?
7.26	Playground Equipment	1	LS	$ 3,800.00	$ 3,800	$ 14,452	1.00%	14	5	SATSFCTRY
7.27	Site Furnishings	10	EA	$ 610.00	$ 6,100	$ 26,745	1.86%	15	Ongoing	SATSFCTRY
	EA=Each; SF=Sq.Ft.; LS=Lump Sum			**Totals**	**$601,573**	**$1,440,504**	**100.00%**			

Exhibit 2

Inflated Annual Expense Summary (years 1-5)

Chestnut Creek HOA

Version 1.0

Section	Element	1	2	3	4	5	Years 1 thru 5	
		2023	2024	2025	2026	2027	Totals	% of Totals
7.01	Concrete: Parking						$0	0.00%
7.02	Concrete: Sidewalks	$1,407					$1,407	0.94%
7.03	Fencing: Amenity Area	$1,497					$1,497	1.00%
7.04	Entrance Monument(s)				$1,823		$1,823	1.22%
7.05	Signage						$0	0.00%
7.06	Gate: Pool Parking						$0	0.00%
7.07	Landscaping, Irrigation, Lighting		$6,615				$6,615	4.42%
7.08	Retaining Walls			$4,631			$4,631	3.09%
7.09	Pavilion, Gazebo, Canopy Repair	$3,150					$3,150	2.10%
7.10	Roofing: shingles	$5,292					$5,292	3.54%
7.11	Gutters & Downspouts	$853					$853	0.57%
7.12	Siding, Soffit, Fascia, Trim			$12,155			$12,155	8.12%
7.13	Painting				$15,862		$15,862	10.60%
7.14	Common Area Doors	$546					$546	0.36%
7.15	Decks & Grandstand					$35,736	$35,736	23.88%
7.16	Restroom Refurbishing	$6,300					$6,300	4.21%
7.17	Tennis Courts, Asphalt						$0	0.00%
7.18	Tennis Courts, Resurface				$9,359		$9,359	6.25%
7.19	Tennis Fence			$17,306			$17,306	11.56%
7.20	Pool(s) & Spa, plaster						$0	0.00%
7.21	Pool Pumps & Filters						$0	0.00%
7.22	Pool, Deck		$11,301				$11,301	7.55%
7.23	Pool Furnishings		$8,765				$8,765	5.86%
7.24	Pool Fence						$0	0.00%
7.25	Pool Cover						$0	0.00%
7.26	Playground Equipment					$4,850	$4,850	3.24%
7.27	Site Furnishings				$2,224		$2,224	1.49%
	Inflated Expense Totals	$19,045	$26,681	$34,092	$29,269	$40,586	$149,673	100.00%

Exhibit 2

Inflated Annual Expense Summary (years 6-10)

Chestnut Creek HOA

Version 1.0

Section	Element	6	7	8	9	10	Years 6 thru 10	
		2028	2029	2030	2031	2032	Totals	% of Totals
7.0	Concrete: Parking						$0	0.00%
7.0	Concrete: Sidewalks						$0	0.00%
7.0	Fencing: Amenity Area					$9,291	$9,291	9.09%
7.0	Entrance Monument(s)						$0	0.00%
7.1	Signage		$15,337				$15,337	15.01%
7.1	Gate: Pool Parking						$0	0.00%
7.1	Landscaping, Irrigation, Lighting					$9,773	$9,773	9.56%
7.1	Retaining Walls						$0	0.00%
7.1	Pavilion, Gazebo, Canopy Repair						$0	0.00%
7.10	Roofing: shingles						$0	0.00%
7.11	Gutters & Downspouts						$0	0.00%
7.12	Siding, Soffit, Fascia, Trim						$0	0.00%
7.13	Painting					$21,257	$21,257	20.80%
7.14	Common Area Doors						$0	0.00%
7.15	Decks & Grandstand						$0	0.00%
7.16	Restroom Refurbishing						$0	0.00%
7.17	Tennis Courts, Asphalt						$0	0.00%
7.18	Tennis Courts, Resurface					$12,542	$12,542	12.27%
7.19	Tennis Fence						$0	0.00%
7.20	Pool(s) & Spa, plaster		$9,807				$9,807	9.60%
7.21	Pool Pumps & Filters		$5,910				$5,910	5.78%
7.22	Pool, Deck						$0	0.00%
7.23	Pool Furnishings			$11,746			$11,746	11.49%
7.24	Pool Fence						$0	0.00%
7.25	Pool Cover				$3,692		$3,692	3.61%
7.26	Playground Equipment						$0	0.00%
7.27	Site Furnishings				$2,839		$2,839	2.78%
	Inflated Expense Totals	$0	$31,055	$11,746	$6,531	$52,864	$102,196	100.00%

Exhibit 2

Inflated Annual Expense Summary (years 11-15)

Chestnut Creek HOA

Version 1.0

Section	Element	11	12	13	14	15	Years 11 thru 15	
		2033	2034	2035	2036	2037	Totals	% of Totals
7.0	Concrete: Parking	$31,276					$31,276	15.98%
7.0	Concrete: Sidewalks	$2,521					$2,521	1.29%
7.0	Fencing: Amenity Area						$0	0.00%
7.0	Entrance Monument(s)				$2,970		$2,970	1.52%
7.1	Signage						$0	0.00%
7.1	Gate: Pool Parking		$3,951				$3,951	2.02%
7.1	Landscaping, Irrigation, Lighting						$0	0.00%
7.1	Retaining Walls			$7,543			$7,543	3.85%
7.1	Pavilion, Gazebo, Canopy Repair	$5,131					$5,131	2.62%
7.10	Roofing: shingles						$0	0.00%
7.11	Gutters & Downspouts						$0	0.00%
7.12	Siding, Soffit, Fascia, Trim						$0	0.00%
7.13	Painting						$0	0.00%
7.14	Common Area Doors					$2,194	$2,194	1.12%
7.15	Decks & Grandstand					$87,315	$87,315	44.61%
7.16	Restroom Refurbishing	$10,262					$10,262	5.24%
7.17	Tennis Courts, Asphalt						$0	0.00%
7.18	Tennis Courts, Resurface						$0	0.00%
7.19	Tennis Fence						$0	0.00%
7.20	Pool(s) & Spa, plaster					$14,490	$14,490	7.40%
7.21	Pool Pumps & Filters					$8,731	$8,731	4.46%
7.22	Pool, Deck						$0	0.00%
7.23	Pool Furnishings				$15,740		$15,740	8.04%
7.24	Pool Fence						$0	0.00%
7.25	Pool Cover						$0	0.00%
7.26	Playground Equipment						$0	0.00%
7.27	Site Furnishings				$3,623		$3,623	1.85%
	Inflated Expense Totals	$49,190	$3,951	$7,543	$22,334	$112,730	$195,748	100.00%

Exhibit 2

Inflated Annual Expense Summary (years 16-20)

Chestnut Creek HOA

Version 1.0

Section	Element	16	17	18	19	20	Years 16 thru 20	
		2038	2039	2040	2041	2042	Totals	% of Totals
7.0	Concrete: Parking						$0	0.00%
7.0	Concrete: Sidewalks						$0	0.00%
7.0	Fencing: Amenity Area						$0	0.00%
7.0	Entrance Monument(s)						$0	0.00%
7.1	Signage		$24,983				$24,983	10.02%
7.1	Gate: Pool Parking						$0	0.00%
7.1	Landscaping, Irrigation, Lighting			$14,440			$14,440	5.79%
7.1	Retaining Walls						$0	0.00%
7.1	Pavilion, Gazebo, Canopy Repair						$0	0.00%
7.10	Roofing: shingles						$0	0.00%
7.11	Gutters & Downspouts						$0	0.00%
7.12	Siding, Soffit, Fascia, Trim						$0	0.00%
7.13	Painting	$28,487					$28,487	11.43%
7.14	Common Area Doors						$0	0.00%
7.15	Decks & Grandstand					$74,292	$74,292	29.81%
7.16	Restroom Refurbishing						$0	0.00%
7.17	Tennis Courts, Asphalt						$0	0.00%
7.18	Tennis Courts, Resurface	$16,808					$16,808	6.74%
7.19	Tennis Fence						$0	0.00%
7.20	Pool(s) & Spa, plaster						$0	0.00%
7.21	Pool Pumps & Filters						$0	0.00%
7.22	Pool, Deck						$0	0.00%
7.23	Pool Furnishings					$21,094	$21,094	8.46%
7.24	Pool Fence	$48,896					$48,896	19.62%
7.25	Pool Cover				$6,014		$6,014	2.41%
7.26	Playground Equipment				$9,602		$9,602	3.85%
7.27	Site Furnishings				$4,624		$4,624	1.86%
	Inflated Expense Totals	$94,191	$24,983	$14,440	$20,241	$95,386	$249,241	100.00%

Exhibit 2

Inflated Annual Expense Summary (years 21-25)

Chestnut Creek HOA

Version 1.0

Section	Element	21	22	23	24	25	Years 21 thru 25	
		2043	2044	2045	2046	2047	Totals	% of Totals
7.01	Concrete: Parking	$50,946					$50,946	14.61%
7.02	Concrete: Sidewalks	$4,107					$4,107	1.18%
7.03	Fencing: Amenity Area						$0	0.00%
7.04	Entrance Monument(s)				$4,838		$4,838	1.39%
7.05	Signage						$0	0.00%
7.06	Gate: Pool Parking						$0	0.00%
7.07	Landscaping, Irrigation, Lighting						$0	0.00%
7.08	Retaining Walls			$12,286			$12,286	3.52%
7.09	Pavilion, Gazebo, Canopy Repair	$8,358					$8,358	2.40%
7.10	Roofing: shingles	$14,041					$14,041	4.03%
7.11	Gutters & Downspouts						$0	0.00%
7.12	Siding, Soffit, Fascia, Trim						$0	0.00%
7.13	Painting		$38,175				$38,175	10.95%
7.14	Common Area Doors						$0	0.00%
7.15	Decks & Grandstand						$0	0.00%
7.16	Restroom Refurbishing	$16,716					$16,716	4.79%
7.17	Tennis Courts, Asphalt			$159,105			$159,105	45.62%
7.18	Tennis Courts, Resurface						$0	0.00%
7.19	Tennis Fence						$0	0.00%
7.20	Pool(s) & Spa, plaster			$21,409			$21,409	6.14%
7.21	Pool Pumps & Filters			$12,900			$12,900	3.70%
7.22	Pool, Deck						$0	0.00%
7.23	Pool Furnishings						$0	0.00%
7.24	Pool Fence						$0	0.00%
7.25	Pool Cover						$0	0.00%
7.26	Playground Equipment						$0	0.00%
7.27	Site Furnishings				$5,902		$5,902	1.69%
	Inflated Expense Totals	$94,167	$38,175	$205,700	$10,740	$0	$348,781	100.00%

Exhibit 2

Inflated Annual Expense Summary (years 26-30)

Chestnut Creek HOA

Version 1.0

Section	Element	26	27	28	29	30	Years 26 thru 30	
		2048	2049	2050	2051	2052	Totals	% of Totals
7.01	Concrete: Parking						$0	0.00%
7.02	Concrete: Sidewalks						$0	0.00%
7.03	Fencing: Amenity Area					$30,815	$30,815	7.80%
7.04	Entrance Monument(s)						$0	0.00%
7.05	Signage		$40,695				$40,695	10.31%
7.06	Gate: Pool Parking						$0	0.00%
7.07	Landscaping, Irrigation, Lighting	$21,334					$21,334	5.40%
7.08	Retaining Walls						$0	0.00%
7.09	Pavilion, Gazebo, Canopy Repair						$0	0.00%
7.10	Roofing: shingles						$0	0.00%
7.11	Gutters & Downspouts						$0	0.00%
7.12	Siding, Soffit, Fascia, Trim						$0	0.00%
7.13	Painting			$51,158			$51,158	12.96%
7.14	Common Area Doors	$1,848					$1,848	0.47%
7.15	Decks & Grandstand					$181,522	$181,522	45.97%
7.16	Restroom Refurbishing						$0	0.00%
7.17	Tennis Courts, Asphalt						$0	0.00%
7.18	Tennis Courts, Resurface				$31,694		$31,694	8.03%
7.19	Tennis Fence						$0	0.00%
7.20	Pool(s) & Spa, plaster						$0	0.00%
7.21	Pool Pumps & Filters						$0	0.00%
7.22	Pool, Deck						$0	0.00%
7.23	Pool Furnishings	$28,268					$28,268	7.16%
7.24	Pool Fence						$0	0.00%
7.25	Pool Cover						$0	0.00%
7.26	Playground Equipment						$0	0.00%
7.27	Site Furnishings				$7,533		$7,533	1.91%
	Inflated Expense Totals	$51,450	$40,695	$51,158	$39,227	$212,337	$394,866	100.00%
			GRAND TOTAL YEARS 1-30				**$1,440,504**	

Exhibit 3

Recommended Reserve Funding Plan

Current Reserve Budget: $17,000

Interest Rate Assumed: 0.0080

Inflation Rate Assumed: 0.0500

Chestnut Creek HOA

Version 1.0

Year	Calendar Year	Beginning Balance of Reserve Fund	Required Annual Reserve Fund Contribution	Annual Reserve Fund Increase	Annual Expenses	Annual Interest	Ending Balance of Reserve Fund
0	2023	**HOA-Projected Reserve fund Balance as of April 1, 2023 is about:**					$ 50,000
1	2024	$ 50,000	$17,000	0%	$ 19,045	$392	$ 48,347
2	2025	$ 48,347	$20,000	18%	$ 26,681	$360	$ 42,026
3	2026	$ 42,026	$25,000	25%	$ 34,092	$300	$ 33,234
4	2027	$ 33,234	$30,000	20%	$ 29,269	$269	$ 34,233
5	2028	$ 34,233	$35,000	17%	$ 40,586	$252	$ 28,899
6	2029	$ 28,899	$38,000	9%	$ -	$383	$ 67,282
7	2030	$ 67,282	$39,000	3%	$ 31,055	$570	$ 75,798
8	2031	$ 75,798	$40,000	3%	$ 11,746	$719	$ 104,771
9	2032	$ 104,771	$41,000	3%	$ 6,531	$976	$ 140,216
10	2033	$ 140,216	$42,000	2%	$ 52,864	$1,078	$ 130,430
11	2034	$ 130,430	$43,000	2%	$ 49,190	$1,019	$ 125,259
12	2035	$ 125,259	$44,000	2%	$ 3,951	$1,162	$ 166,470
13	2036	$ 166,470	$45,000	2%	$ 7,543	$1,482	$ 205,409
14	2037	$ 205,409	$46,000	2%	$ 22,334	$1,738	$ 230,814
15	2038	$ 230,814	$47,000	2%	$ 112,730	$1,584	$ 166,667
16	2039	$ 166,667	$48,000	2%	$ 94,191	$1,149	$ 121,624
17	2040	$ 121,624	$49,000	2%	$ 24,983	$1,069	$ 146,710
18	2041	$ 146,710	$50,000	2%	$ 14,440	$1,316	$ 183,587
19	2042	$ 183,587	$51,000	2%	$ 20,241	$1,592	$ 215,937
20	2043	$ 215,937	$52,000	2%	$ 95,386	$1,554	$ 174,105
21	2044	$ 174,105	$53,000	2%	$ 94,167	$1,228	$ 134,167
22	2045	$ 134,167	$54,000	2%	$ 38,175	$1,137	$ 151,129
23	2046	$ 151,129	$55,000	2%	$ 205,700	$606	$ 1,035
24	2047	$ 1,035	$56,000	2%	$ 10,740	$189	$ 46,485
25	2048	$ 46,485	$57,000	2%	$ -	$600	$ 104,084
26	2049	$ 104,084	$58,000	2%	$ 51,450	$859	$ 111,494
27	2050	$ 111,494	$59,000	2%	$ 40,695	$965	$ 130,764
28	2051	$ 130,764	$60,000	2%	$ 51,158	$1,081	$ 140,688
29	2052	$ 140,688	$61,000	2%	$ 39,227	$1,213	$ 163,674
30	2053	$ 163,674	$62,000	2%	$ 212,337	$708	$ 14,045
		Totals	**$1,377,000.00**		**$1,440,503.94**		

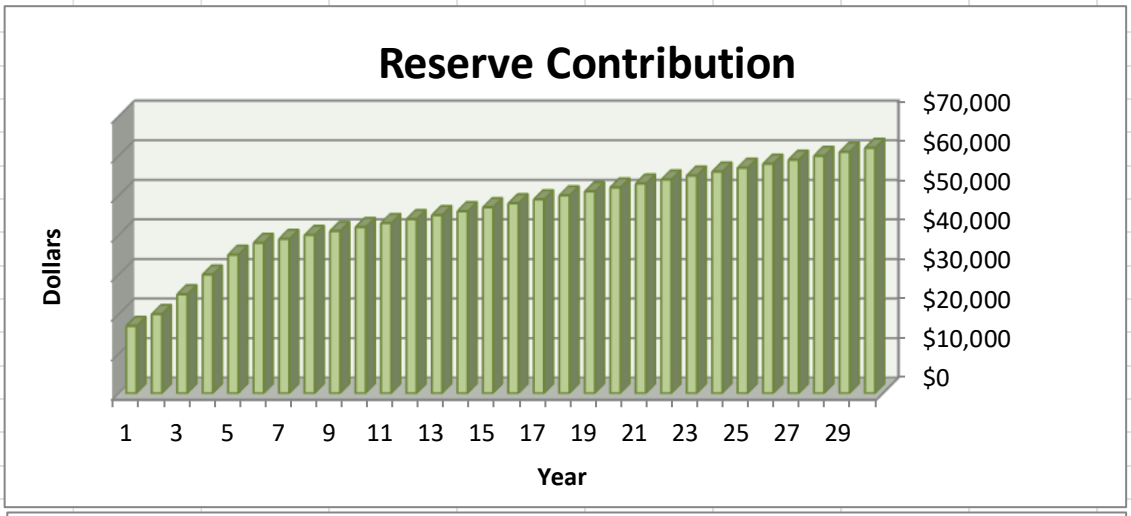
Exhibit 4

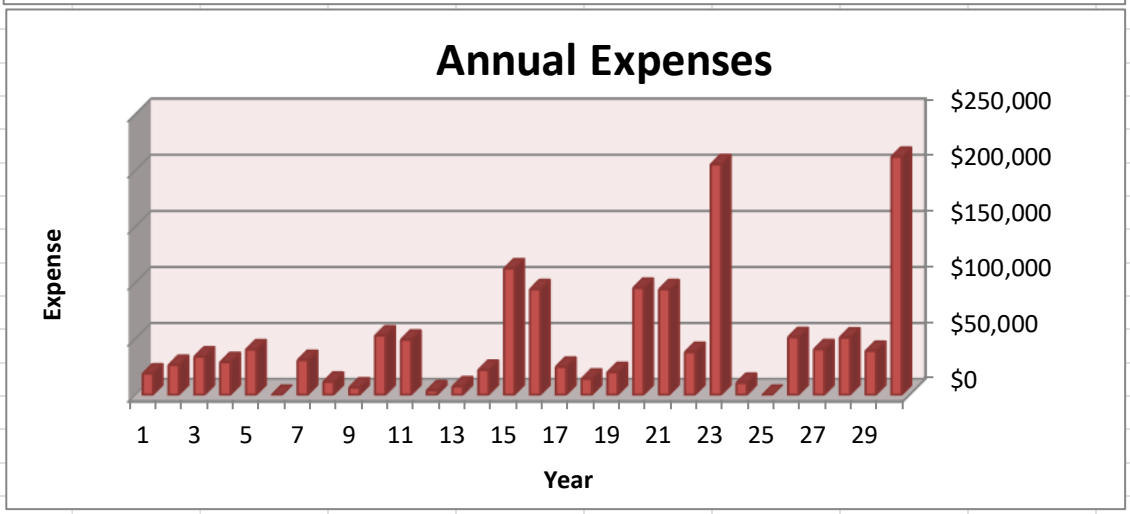
Reserve, Expenses, Balance (Graphs)

(.8% Interest and 5.0% Inflation)

(Data from Exhibit 3)

Chestnut Creek HOA





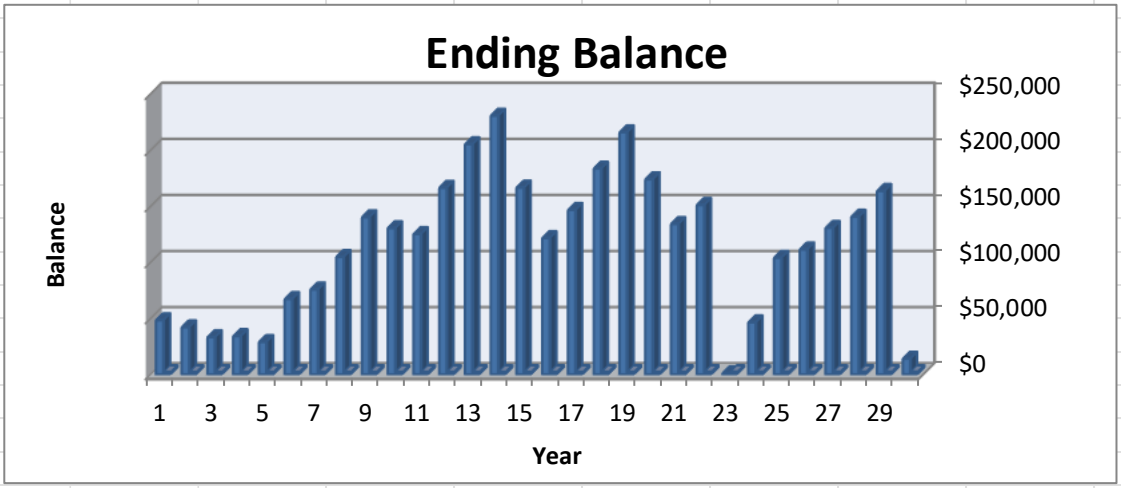


Exhibit 5
Current Fund Status
.8% Interest and 5.0% Inflation
Chestnut Creek HOA
Version 1.0