

LEVEL 2 REPLACEMENT RESERVE REPORT FY 2023 CRESTWOOD VILLAGE



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CRESTWOOD VILLAGE

Community Management by:

CLAGETT MANAGEMENT - CORPORATE

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REPLACEMENT RESERVE REPORT

CRESTWOOD VILLAGE

FREDERICK, MARYLAND
June 22, 2022
Revised September 20, 2022



Description. Crestwood Village is a Homeowner's Association located in Frederick, Maryland. Constructed in 1978, the community consists of Single-family Homes, Townhomes, and Garden-style Buildings containing 523 units, Pool House, and Clubhouse. The survey examined the common elements of the property, including:

- Entry Monument, Signage, and All Roadway.
- Sidewalks and Paths.
- Site Lighting, Retaining Walls, Trash Corrals, and Mailboxes.
- Waterlines and Sanitary Lines.
- Stormwater Management.
- Exterior Main Pool.
- Tennis Court and Multi-Purpose Court.
- Picnic Areas.
- Building Exteriors, Interiors, and Systems.

EXECUTIVE SUMMARY

This Reserve Study includes three separate Analyses; one for the Crestwood Village HOA, the second is for the Crestwood Condo I, and the third for Crestwood Condo II. The Executive Summary for each Analyses is included on Page A.1 of each Analyses.

At the request of the board president, the study period has been reduced to 20 years and the individual item threshold was increased to \$6000.

It should also be noted that while comments such as below may be valid, the purpose is to reserve funds so that when the time comes to replacing the item funds are available.

"B.13: Exercise equipment is repaired/replaced as necessary. We see no need to replace mirrors unless they break.

B.17: Service trucks will be replaced when required but they are currently running okay."

MillerDodson welcomes the opportunity to answer questions or to discuss this Reserve Study in more detail should the Board so desire.

Analyst Overview

Section 1

Crestwood Village HOA

Replacement Reserve Analysis – A.1
Replacement Reserve Inventory – B.1
Projected Annual Replacements – C.1
Condition Assessment – D.1

Section 2

Crestwood Condo 1

Replacement Reserve Analysis – A1.1
Replacement Reserve Inventory – B1.1
Projected Annual Replacements – C1.1
Condition Assessment – D1.1

Section 3

Crestwood Condo 2

Replacement Reserve Analysis – A2.1
Replacement Reserve Inventory – B2.1
Projected Annual Replacements – C2.1
Condition Assessment – D2.1

Appendix

Overview, Standard Terms, and Definitions
Video Answers to Frequently Asked Questions

Current Funding. The Starting Balance and Current Annual Reserve Funding figures have been supplied by the managing agent and/or Board of Directors. Confirmation or audit of these figures is beyond the scope of the study. For the purposes of this study, it is assumed that the annual contribution will be deposited at the end of each month.

Level of Service. This study has been performed as a Level 2 Update with Site Visit/On-Site Review as defined by the Community Associations Institute's, National Reserve Study Standards. As such, the component inventory is based on the study that was performed by MillerDodson 2015. This inventory was adjusted to reflect changes provided by the Community Manager and/or the Board of Directors, or adjustments made based on the site visit and visual assessment performed by the Analyst. The analysis, including fund status and funding plan, is developed from the adjusted inventory.

To aid in the understanding of this report and its concepts and practices, on our web site, we have developed [videos](#) addressing frequently asked topics. In addition, there are posted [links](#) covering a variety of subjects under the resources page of our web site at mdareserves.com.

Purpose. The purpose of this Replacement Reserve Study is to provide Crestwood Village (hereinafter called the Association) with an inventory of the common community facilities and infrastructure components that require periodic replacement. The Study includes a general view of the condition of these items and an effective financial plan to fund projected periodic replacements.

- **Inventory of Items Owned by the Association.** Section B lists the Projected Replacements of the commonly owned items that require periodic replacement using funding from Replacement Reserves. The Replacement Reserve Inventory also provides information about excluded items, which are items whose replacements are not scheduled for funding from Replacement Reserves.
- **Condition of Items Owned by the Association.** Section B includes our estimates of the normal economic life and the remaining economic life for the projected replacements. Section C provides a year-by-year listing of the projected replacements. Section D provides additional detail for items that are unique or deserving of attention because of their condition or the manner in which they have been treated in this study.
- **Financial Plan.** The Association has a fiduciary responsibility to protect the appearance, value, and safety of the property and it is therefore essential the Association have a financial plan that provides funding for the projected replacements. In conformance with American Institute of Certified Public Accountant guidelines, Section A, Replacement Reserve Analysis evaluates the current funding of Replacement Reserves as reported by the Association and recommends annual funding of Replacement Reserves by the Cash Flow Method. Section A, Replacement Reserve Analysis includes graphic and tabular presentations of the reported current funding and the recommended funding based on the Cash Flow Method. An Executive Summary of these calculations is provided on Page A1.

Basis. The data contained in this Replacement Reserve Study is based upon the following:

- The Request for Proposal submitted and executed by the Association.
- Miller+Dodson performed a visual evaluation on June 22, 2022 to determine a remaining useful life and replacement cost for the commonly owned elements of this facility.
- This study contains additional recommendations to address inflation for the Cash Flow Method only. For this recommendation, Miller+Dodson uses the Producers Price Index (PPI), which gauges inflation in manufacturing and construction. Please see page A5 for further details.

To-Scale Drawings. Site and building plans were not used in the development of this study. We recommend the Association assemble and maintain a library of site and building plans of the entire facility. Record drawings should be scanned into an electronic format for safe storage and ease of distribution. Upon request for a nominal fee, Miller+Dodson can provide scanning services.

Acknowledgment. Miller+Dodson Associates would like to acknowledge the assistance and input of Julie Lancaster of Clagett Management who provided very helpful insight into the current operations of the property.

Analyst's Credentials. Mr. Ronald M. Shapiro holds both a Bachelor of Engineering (BE) Degree and a Masters of Engineering (ME) Degree in Civil Engineering from Stevens Institute of Technology. He has attended many continuing education courses in a variety of specialties within the construction field. Mr. Shapiro is a Registered Professional Engineer in the States of Maryland and Florida. He's managed both large and small construction projects for a variety of private sector, institutional, and government concerns during his 45+ years in the industry. Mr. Shapiro has performed property condition surveys throughout the MD-DC-VA area as well in FL, MS, LA, NC, NY, & OH. He's been an Arbitrator for several construction cases for the American Arbitration Association and an Expert subject matter (construction) witness in Maryland and Florida. Ron is currently a Reserve Analyst for Miller+Dodson.

Respectfully Submitted,

millerdodson
CAPITAL RESERVE CONSULTANTS

Ron Shapiro, PE

Ron Shapiro
Reserve Analyst

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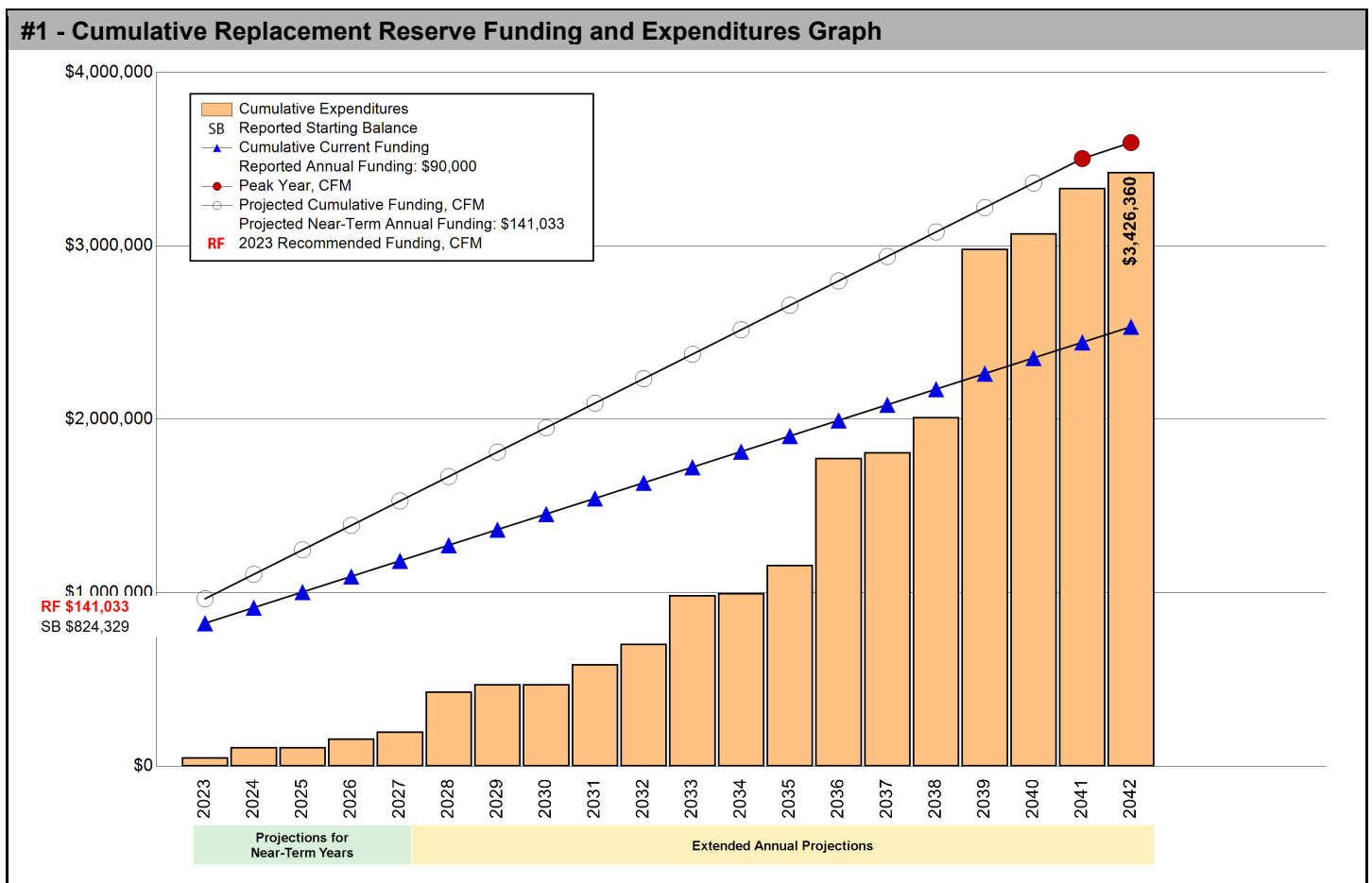
SECTION A - FINANCIAL ANALYSIS

The Crestwood Village HOA Replacement Reserve Analysis uses the Cash Flow Method (CFM) to calculate Replacement Reserve funding for the periodic replacement of the 91 Projected Replacements identified in the Replacement Reserve Inventory.

\$141,033 RECOMMENDED REPLACEMENT RESERVE FUNDING FOR THE STUDY YEAR, 2023
\$22.47 Per unit (average), minimum monthly funding of Replacement Reserves

We recommend the Association adopt a Replacement Reserve Funding Plan based on the annual funding recommendation above. Inflation adjusted funding for subsequent years is shown on Page A.5.

Crestwood Village HOA reports a Starting Balance of \$824,328 and Annual Funding totaling \$90,000, which is inadequate to fund projected replacements starting in 2039. See Page A.3 for a more detailed evaluation.



At the request of the board president, the study period has been reduced to 20 years and the individual item threshold was increased to \$6000.

It should also be noted that while comments such as below may be valid, the purpose is to reserve funds so that when the time comes to replacing the item funds are available.

- "B.13: Exercise equipment is repaired/replaced as necessary. We see no need to replace mirrors unless they break.
- B.17: Service trucks will be replaced when required but they are currently running okay."

REPLACEMENT RESERVE ANALYSIS - GENERAL INFORMATION

The Crestwood Village HOA Replacement Reserve Analysis calculations of recommended funding of Replacement Reserves by the Cash Flow Method (CFM) and the evaluation of the Current Funding are based upon the same Study Year, Study Period, Beginning Balance, Replacement Reserve Inventory and Level of Service.

2023 | STUDY YEAR

The Association reports that their accounting year begins on July 1, and the Study Year, the first year evaluated by the Replacement Reserve Analysis, begins on July 1, 2023.

20 Years | STUDY PERIOD

The Replacement Reserve Analysis evaluates the funding of Replacement Reserves over a 20-year Study Period

\$824,328 | STARTING BALANCE

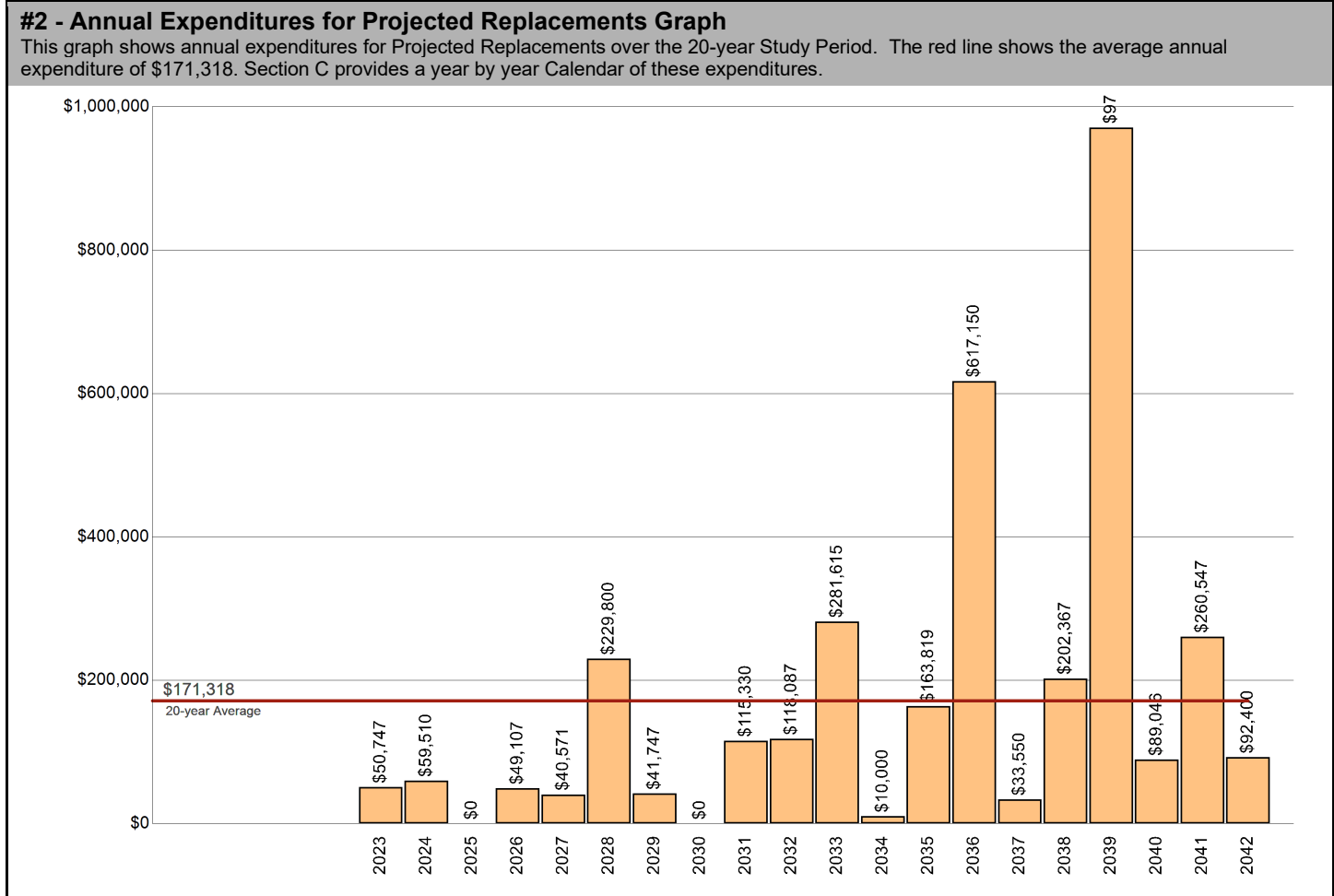
The Association reports Replacement Reserves on Deposit totaling \$824,328 at the start of the Study Year.

Level Two | LEVEL OF SERVICE

The Replacement Reserve Inventory has been developed in compliance with the National Reserve Study Standards for a Level Two Study, as defined by the Community Associations Institute (CAI).

\$3,426,360 | REPLACEMENT RESERVE INVENTORY - PROJECTED REPLACEMENTS

The Crestwood Village HOA Replacement Reserve Inventory identifies 91 items that will require periodic replacement, that are to be funded from Replacement Reserves. We estimate the cost of these replacements will be \$3,426,360 over the 20-year Study Period. The Projected Replacements are divided into 6 major categories starting on Page B.3. Pages B.1-B.2 provide detailed information on the Replacement Reserve Inventory.



UPDATING OF THE FUNDING PLAN

The Association has a responsibility to review the Funding Plan annually. The review should include a comparison and evaluation of actual reserve funding with recommended levels shown on Page A.4 and A.5. The Projected Replacements listed on Page C.2 should be compared with any replacements accomplished and funded from Replacement Reserves. Discrepancies should be evaluated and if necessary, the Reserve Study should be updated or a new study commissioned. We recommend annual increases in replacement reserve funding to account for the impact of inflation. Inflation Adjusted Funding is discussed on Page A.5.

UPDATING OF THE REPLACEMENT RESERVE STUDY

At a minimum, the Replacement Reserve Study should be professionally updated every three to five years or after completion of a major replacement project. Updating should also be considered if during the annual review of the Funding Plan, discrepancies are noted between projected and actual reserve funding or replacement costs. Updating may also be necessary if there is a meaningful discrepancy between the actual inflation rate and the inflation rate used for the Inflation Adjusted Funding of Replacement Reserves on Page A.5.

ANNUAL EXPENDITURES AND CURRENT FUNDING

The annual expenditures that comprise the \$3,426,360 of Projected Expenditures over the 20-year Study Period and the impact of the Association continuing to fund Replacement Reserves at the current level are detailed in Table 3.

#3 - Table of Annual Expenditures and Current Funding Data - Years 1 through 20										
Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Starting Balance	\$824,329									
Projected Replacements	(\$50,747)	(\$59,510)		(\$49,107)	(\$40,571)	(\$229,800)	(\$41,747)		(\$115,330)	(\$118,087)
Annual Deposit	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000
End of Year Balance	\$863,582	\$894,072	\$984,072	\$1,024,966	\$1,074,395	\$934,595	\$982,849	\$1,072,849	\$1,047,519	\$1,019,432
Cumulative Expenditures	(\$50,747)	(\$110,257)	(\$110,257)	(\$159,363)	(\$199,934)	(\$429,734)	(\$471,480)	(\$471,480)	(\$586,810)	(\$704,897)
Cumulative Receipts	\$914,329	\$1,004,329	\$1,094,329	\$1,184,329	\$1,274,329	\$1,364,329	\$1,454,329	\$1,544,329	\$1,634,329	\$1,724,329
Year	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Projected Replacements	(\$281,615)	(\$10,000)	(\$163,819)	(\$617,150)	(\$33,550)	(\$202,367)	(\$970,971)	(\$89,046)	(\$260,547)	(\$92,400)
Annual Deposit	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000
End of Year Balance	\$827,818	\$907,818	\$833,999	\$306,849	\$363,299	\$250,932	(\$630,039)	(\$629,085)	(\$799,631)	(\$802,031)
Cumulative Expenditures	(\$986,511)	(\$996,511)	(\$1,160,330)	(\$1,777,480)	(\$1,811,030)	(\$2,013,397)	(\$2,984,368)	(\$3,073,414)	(\$3,333,960)	(\$3,426,360)
Cumulative Receipts	\$1,814,329	\$1,904,329	\$1,994,329	\$2,084,329	\$2,174,329	\$2,264,329	\$2,354,329	\$2,444,329	\$2,534,329	\$2,624,329

EVALUATION OF CURRENT FUNDING

The evaluation of Current Funding (Starting Balance of \$824,328 & annual funding of \$90,000), is done in today's dollars with no adjustments for inflation or interest earned on Replacement Reserves. The evaluation assumes Replacement Reserves will only be used for the 91 Projected Replacements identified in the Replacement Reserve Inventory and that the Association will continue Annual Funding of \$90,000 throughout the 20-year Study Period.

Annual Funding of \$90,000 is approximately 64 percent of the \$141,033 recommended Annual Funding calculated by the Cash Flow Method for 2023, the Study Year.

See the Executive Summary for the Current Funding Statement.

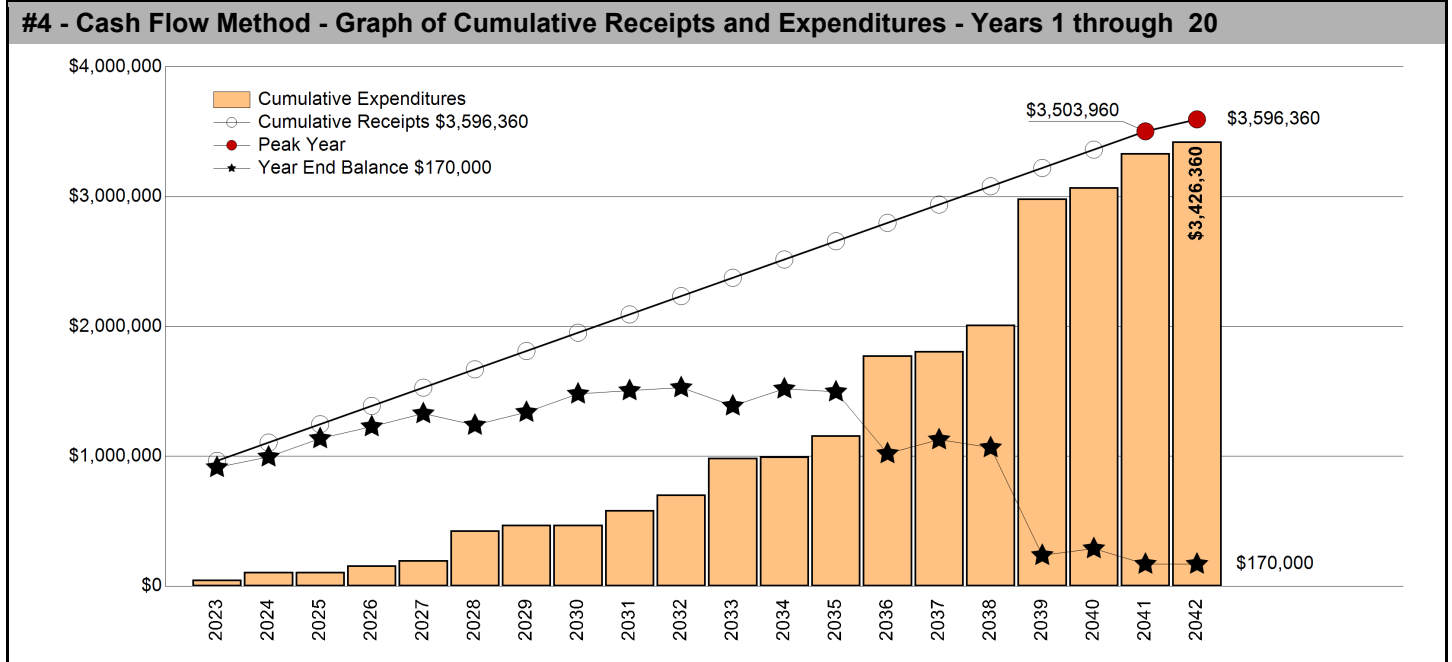
CASH FLOW METHOD FUNDING

\$141,033 RECOMMENDED REPLACEMENT RESERVE FUNDING FOR 2023

\$22.47 Per unit (average), minimum monthly funding of Replacement Reserves

Recommended Replacement Reserve Funding has been calculated using the Cash Flow Method (also called the Straight Line or Threshold Method). This method calculates a constant annual funding between peaks in cumulative expenditures, while maintaining a Minimum Balance (threshold) in the Peak Years.

- Peak Years.** The First Peak Year occurs in 2041 with Replacement Reserves on Deposit dropping to the Minimum Balance after the completion of \$3,333,960 of replacements from 2023 to 2041. Recommended funding is projected to decline from \$141,033 in 2041 to \$92,400 in 2042. Peak Years are identified in Chart 4 and Table 5.
- Threshold (Minimum Balance).** The calculations assume a Minimum Balance of \$170,000 will always be held in reserve, which is calculated by rounding the 12-month 20-year average annual expenditure of \$171,318 as shown on Graph #2.
- Cash Flow Method Study Period.** Cash Flow Method calculates funding for \$3,426,360 of expenditures over the 20-year Study Period. It does not include funding for any projects beyond 2042 and in 2042, the end of year balance will always be the Minimum Balance.



Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Starting Balance	\$824,329									
Projected Replacements	(\$50,747)	(\$59,510)		(\$49,107)	(\$40,571)	(\$229,800)	(\$41,747)		(\$115,330)	(\$118,087)
Annual Deposit	\$141,033	\$141,033	\$141,033	\$141,033	\$141,033	\$141,033	\$141,033	\$141,033	\$141,033	\$141,033
End of Year Balance	\$914,616	\$996,139	\$1,137,172	\$1,229,099	\$1,329,562	\$1,240,795	\$1,340,082	\$1,481,115	\$1,506,818	\$1,529,765
Cumulative Expenditures	(\$50,747)	(\$110,257)	(\$110,257)	(\$159,363)	(\$199,934)	(\$429,734)	(\$471,480)	(\$471,480)	(\$586,810)	(\$704,897)
Cumulative Receipts	\$965,362	\$1,106,395	\$1,247,429	\$1,388,462	\$1,529,495	\$1,670,528	\$1,811,562	\$1,952,595	\$2,093,628	\$2,234,661

Year	2033	2034	2035	2036	2037	2038	2039	2040	1st Peak - 2041	2nd Peak - 2042
Projected Replacements	(\$281,615)	(\$10,000)	(\$163,819)	(\$617,150)	(\$33,550)	(\$202,367)	(\$970,971)	(\$89,046)	(\$260,547)	(\$92,400)
Annual Deposit	\$141,033	\$141,033	\$141,033	\$141,033	\$141,033	\$141,033	\$141,033	\$141,033	\$141,033	\$92,400
End of Year Balance	\$1,389,183	\$1,520,216	\$1,497,431	\$1,021,314	\$1,128,797	\$1,067,464	\$237,526	\$289,513	\$170,000	\$170,000
Cumulative Expenditures	(\$986,511)	(\$996,511)	(\$1,160,330)	(\$1,777,480)	(\$1,811,030)	(\$2,013,397)	(\$2,984,368)	(\$3,073,414)	(\$3,333,960)	(\$3,426,360)
Cumulative Receipts	\$2,375,694	\$2,516,728	\$2,657,761	\$2,798,794	\$2,939,827	\$3,080,861	\$3,221,894	\$3,362,927	\$3,503,960	\$3,596,360

INFLATION ADJUSTED FUNDING

The Cash Flow Method calculations on Page A4 have been done in today's dollars with no adjustment for inflation. At Miller+Dodson, we believe that long-term inflation forecasting is effective at demonstrating the power of compounding, not at calculating appropriate funding levels for Replacement Reserves. We have developed this proprietary model to estimate the short-term impact of inflation on Replacement Reserve funding.

\$141,033 2023 - CASH FLOW METHOD RECOMMENDED FUNDING

The 2023 Study Year calculations have been made using current replacement costs (see Page B.2), modified by the Analyst for any project specific conditions.

\$150,906 2024 - INFLATION ADJUSTED FUNDING

A new analysis calculates the 2024 funding based on three assumptions:

- Replacement Reserves on Deposit totaling \$914,616 on July 1, 2024.
- All 2023 Projected Replacements listed on Page C.2 accomplished at a cost to Replacement Reserves less than \$50,747.
- Construction Cost Inflation of 7.00 percent in 2023.

The \$150,906 inflation adjusted funding in 2024 is a 6.99 percent increase over the non-inflation adjusted funding of \$141,033.

\$161,469 2025 - INFLATION ADJUSTED FUNDING

A new analysis calculates the 2025 funding based on three assumptions:

- Replacement Reserves on Deposit totaling \$939,067 on July 1, 2025.
- All 2024 Projected Replacements listed on Page C.2 accomplished at a cost to Replacement Reserves less than \$60,297.
- Construction Cost Inflation of 7.00 percent in 2024.

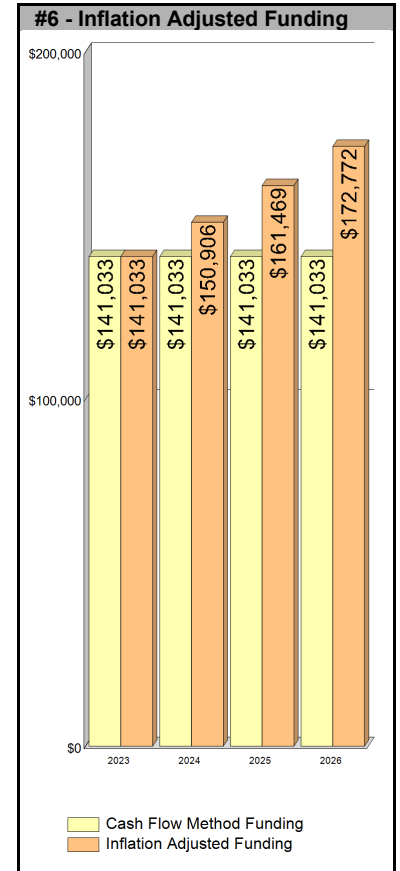
The \$161,469 inflation adjusted funding in 2025 is a 14.48 percent increase over the non-inflation adjusted funding of \$141,033.

\$172,772 2026 - INFLATION ADJUSTED FUNDING

A new analysis calculates the 2026 funding based on three assumptions:

- Replacement Reserves on Deposit totaling \$1,020,488 on July 1, 2026.
- No Expenditures from Replacement Reserves in 2025.
- Construction Cost Inflation of 7.00 percent in 2025.

The \$172,772 inflation adjusted funding in 2026 is a 22.50 percent increase over the non-inflation adjusted funding of \$141,033.



Year Four and Beyond

The inflation-adjusted funding calculations outlined above are not intended to be a substitute for periodic evaluation of common elements by an experienced Reserve Analyst. Industry Standards, lender requirements, and many state and local statutes require a Replacement Reserve Study to be professionally updated every 3 to 5 years.

Inflation Adjustment

Prior to approving a budget based upon the 2024, 2025 and 2026 inflation-adjusted funding calculations above, the 7.00 percent base rate of inflation used in our calculations should be compared to rates published by the Bureau of Labor Statistics. If there is a significant discrepancy (over 1 percentage point), contact Miller+Dodson Associates prior to using the Inflation Adjusted Funding.

Interest on Reserves

The recommended funding calculations do not account for interest earned on Replacement Reserves. In 2023, based on a 1.00 percent interest rate, we estimate the Association may earn \$8,695 on an average balance of \$869,472, \$9,268 on an average balance of \$926,841 in 2024, and \$9,798 on \$979,777 in 2025. The Association may elect to attribute 100 percent of the earned interest to Reserves, resulting in a reduction in the 2023 funding from \$141,033 to \$132,338 (a 6.16 percent reduction), \$150,906 to \$141,637 in 2024 (a 6.14 percent reduction), and \$161,469 to \$151,671 in 2025 (a 6.06 percent reduction).

REPLACEMENT RESERVE STUDY - SUPPLEMENTAL COMMENTS

The below listed items have been removed from the report as being below the new \$6000 threshold and/or specifically requested to be removed by the board. Additionally, NELs and RELs have been modified to comport with the board's request. (line #s are from previous report)

23	Crabapple Drive - seal coat	56	Pedestal mount mail boxes (10%/year)	130	(CH) Exit Lights
24	Buttonwood Court - seal coat	61	Trash corral surrounds -wood	131	(CH) Folding tables
25	Buckthorn Court/Myrtle Pl - seal coat	62	Trash corral surrounds - composite	137	(CH) Pool Tables wall racks & table lights
26	Barberry Court - seal coat	71	Swimming pool, waterline tile	138	Flooring, wood refinish
27	Honeysuckle Court - seal coat	72	Swimming pool coping	142	(ER) Mirrors
28	Sandy Court - seal coat	75	Pool pump	143	(ER) Rubberized flooring
29	Snowberry Court - seal coat	76	Pool filter	144	(ER) Television sets
30	Yew Court - seal coat	79	Fence, chain link	147	(P/M) Light Fixtures
31	Chokeberry Court - seal coat	81	Patio fence, vinyl	148	(P/M) Resilient Tile
32	Arbor Court - seal coat	82	Pool fence, coated vinyl	149	(CH) Terminal box and meter
33	Balsam Court - seal coat	83	Patio step and ramp railing	151	10 T Heat Pump air handler
34	Crabapple - seal coat	84	Pool furniture (10%/year)	152	5 Ton Heat Pump (Auditorium)
35	Hackberry Ct - seal coat	87	Tennis court, post and footings	153	5 Ton Heat Pump air handler
36	Arbor Drive (50%) - seal coat	91	Mini golf - benches	154	4.5 Ton Heat Pump (Pool room)
37	Arbor Drive (50%) - seal coat	96	(CH) Gutter & Downspout	155	4.5 Ton Heat Pump air handler
38	Basswood Rd/Cottonwood Ct - seal coat	98	(CH) Stone repointing allowance (10%)	156	4 Ton Heat Pump (Hall baths)
39	Catalpha Road/Teakwood Ct - seal coat	99	(CH) Soffit	157	4 Ton Heat Pump air handler
40	Tamarack Ave and Box Elder Ct.-seal coat	100	(CH) Wood Gable Vents	158	2 Ton Heat Pump (Office area)
41	Shadbush Court - seal coat	101	(CH) Portico Ceiling	159	2 Ton Heat Pump air handler
42	Olive Court/Oleander Pl - seal coat	106	(CH) Basement Metal Door Hatch	160	3 Ton Heat Pump (Lobby area)
43	Clubhouse Park/Service Rd - seal coat	107	(CH) Drinking Fountain (50%)	161	3 Ton Heat Pump air handler
44	Asphalt path - seal coat	108	(CH) Emergency Lights	162	5 Ton Heat Pump (Meeting Rooms)
47	Concrete common steps (allowance)	109	(CH) Exterior Light fixtures	163	5 Ton Heat Pump air handler
48	Concrete drainage swales (20%)	111	(P/M) Gutters & Downspouts	165	Gym split system
49	Entrance monument, repoint masonry	114	(P/M) Exterior doors	168	Oil Tanks
50	Entrance monument, wood sign	123	(CH) Kitchen Appliances	171	(CH) Kitchen water heater
52	Benches - composite	124	(CH) Kitchen counters	172	(CH) Phone System
53	Benches - composite	126	(CH) Accordion Partition	174	(P/M) Electric Panel
54	Benches - composite	128	(CH) Audio equipment (33%)	175	(P/M) Heat Pump 2 ton exterior unit
		129	(CH) Fireplace hearth and glass front	176	(P/M) Heat Pump air handler
				177	(P/M) Water Heater

SECTION B - REPLACEMENT RESERVE INVENTORY

- **PROJECTED REPLACEMENTS.** Crestwood Village HOA - Replacement Reserve Inventory identifies 91 items which are Projected Replacements and the periodic replacements of these items are scheduled for funding from Replacement Reserves. The Projected Replacements have an estimated one-time replacement cost of \$3,941,360. Cumulative Replacements totaling \$3,426,360 are scheduled in the Replacement Reserve Inventory over the 20-year Study Period. Cumulative Replacements include those components that are replaced more than once during the period of the study.

Projected Replacements are the replacement of commonly-owned physical assets that require periodic replacement and whose replacement is to be funded from Replacement Reserves.

- **EXCLUDED ITEMS.** Some of the items contained in the Replacement Reserve Inventory are 'Excluded Items'. Multiple categories of items are typically excluded from funding by Replacement Reserves, including but not limited to:

Tax Code. The United States Tax Code grants very favorable tax status to Replacement Reserves, conditioned on expenditures being made within certain guidelines. These guidelines typically exclude maintenance activities, minor repairs, and capital improvements.

Value. Items with a replacement cost of less than \$6000 and/or a normal economic life of less than 3 years are typically excluded from funding from Replacement Reserves. This exclusion should reflect the Association policy on the administration of Replacement Reserves. If the Association has selected an alternative level, it will be noted in the Replacement Reserve Inventory - General Comments on Page B.2.

Long-lived Items. Items are excluded from the Replacement Reserve Inventory when items are properly maintained and are assumed to have a life equal to the property.

Unit improvements. Items owned by a single unit and where the items serve a single unit are generally assumed to be the responsibility of that unit, not the Association.

Other non-common improvements. Items owned by the local government, public and private utility companies, the United States Postal Service, Master Associations, state and local highway authorities, etc., may be installed on property that is owned by the Association. These types of items are generally not the responsibility of the Association and are excluded from the Replacement Reserve Inventory.

- **CATEGORIES.** The 91 items included in the Crestwood Village HOA Replacement Reserve Inventory are divided into 6 major categories. Each category is printed on a separate page, beginning on page B.3.
- **LEVEL OF SERVICE.** This Replacement Reserve Inventory has been developed in compliance with the standards established for a Level 2 Update, as defined by the National Reserve Study Standards, established in 1998 by Community Associations Institute, which states:

This study has been performed as a Level 2 Update with Site Visit/On-Site Review as defined by the Community Associations Institute's, National Reserve Study Standards. As such, the component inventory is based on the study that was performed by MillerDodson 2015. This inventory was adjusted to reflect changes provided by the Community Manager and/or the Board of Directors, or adjustments made based on the site visit and visual assessment performed by the Analyst. The analysis, including fund status and funding plan, is developed from the adjusted inventory.

REPLACEMENT RESERVE INVENTORY - GENERAL INFORMATION (CONT'D)

- **INVENTORY DATA.** Each of the 91 Projected Replacements listed in the Replacement Reserve Inventory includes the following data:
 - Item Number.** The Item Number is assigned sequentially and is intended for identification purposes only.
 - Item Description.** We have identified each item included in the Inventory. Additional information may be included in the Comments section at the bottom of each page of the Inventory.
 - Units.** We have used standard abbreviations to identify the number of units including SF-square feet, LF-lineal feet, SY-square yard, LS-lump sum, EA-each, and PR-pair. Non-standard abbreviations are noted in the Comments section at the bottom of the page.
 - Number of Units.** The methods used to develop the quantities are discussed in "Level of Service" above.
 - Unit Replacement Cost.** We use four sources to develop the unit cost data shown in the Inventory; actual replacement cost data provided by the client, information provided by local contractors and suppliers, industry standard estimating manuals, and a cost database we have developed based upon our detailed interviews with contractors and service providers who are specialists in their respective lines of work.
 - Normal Economic Life (Years).** The number of years that a new and properly installed item should be expected to remain in service.
 - Remaining Economic Life (Years).** The estimated number of years before an item will need to be replaced. In "normal" conditions, this could be calculated by subtracting the age of the item from the Normal Economic Life of the item, but only rarely do physical assets age "normally". Some items may have longer or shorter lives depending on many factors such as environment, initial quality of the item, maintenance, etc.
 - Total Replacement Cost.** This is calculated by multiplying the Unit Replacement Cost by the Number of Units.
- **PARTIAL FUNDING.** Items may have been included in the Replacement Reserve Inventory at less than 100 percent of their full quantity and/or replacement cost. This is done on items that will never be replaced in their entirety, but which may require periodic replacements over an extended period of time. The assumptions that provide the basis for any partial funding are noted in the Comments section.
- **REMAINING ECONOMIC LIFE GREATER THAN 20 YEARS.** The calculations do not include funding for initial replacements beyond 20 years. These replacements are included in this Study for tracking and evaluation. They should be included for funding in future Studies, when they enter the 20-year window.
- **ACCURACY OF THE ANALYSIS.** The accuracy of the Replacement Reserve Analysis is dependent upon expenditures from Replacement Reserves being made ONLY for the 91 Projected Replacements specifically listed in the Replacement Reserve Inventory. The inclusion/exclusion of items from the Replacement Reserve Inventory is discussed on Page B.1.

SITE ITEMS - MILL AND OVERLAY ASPHALT PROJECTED REPLACEMENTS					NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
1	Crabapple Drive - asphalt	sy	12,800	\$25.00	25	16	\$320,000
2	Buttonwood Court - asphalt	sy	1,600	\$25.00	25	16	\$40,000
3	Buckthorn Court/Myrtle Place - asphalt	sy	2,200	\$25.00	25	16	\$55,000
4	Barberry Court - asphalt	sy	1,900	\$25.00	25	22	\$47,500
5	Honeysuckle Court - asphalt	sy	1,700	\$25.00	25	22	\$42,500
6	Sandy Court - asphalt	sy	800	\$25.00	25	16	\$20,000
7	Snowberry Court - asphalt	sy	1,500	\$25.00	25	22	\$37,500
8	Yew Court - asphalt	sy	700	\$25.00	25	16	\$17,500
9	Chokeberry Court - asphalt	sy	900	\$25.00	25	22	\$22,500
10	Arbor Court - asphalt	sy	1,200	\$25.00	25	13	\$30,000
11	Balsam Court - asphalt	sy	700	\$25.00	25	16	\$17,500
12	Crabapple - asphalt	sy	2,000	\$25.00	25	13	\$50,000
13	Hackberry Ct - asphalt	sy	900	\$25.00	25	16	\$22,500
14	Arbor Drive (50%) - asphalt	sy	3,400	\$25.00	25	13	\$85,000
15	Arbor Drive (50%) - asphalt	sy	3,400	\$25.00	25	13	\$85,000
16	Basswood Rd/Cottonwood Ct - asphalt	sy	4,500	\$25.00	25	20	\$112,500
17	Catalpha Road/Teakwood Ct - asphalt	sy	5,800	\$25.00	25	16	\$145,000
18	Tamarack Ave and Box Elder Ct. - asphalt	sy	6,600	\$25.00	25	20	\$165,000
19	Shadbush Court - asphalt	sy	2,200	\$25.00	25	16	\$55,000
20	Olive Court / Oleander PI - asphalt	sy	2,600	\$25.00	25	16	\$65,000
21	Clubhouse Park/Service Rd - asphalt	sy	7,100	\$25.00	25	18	\$177,500
22	Asphalt path	sy	400	\$25.00	25	10	\$10,000
Replacement Costs - Page Subtotal							\$1,622,500

COMMENTS

- We have assumed that the Association will replace the asphalt pavement by the installation of a 2-inch-thick overlay. The pavement will need to be milled prior to the installation of the overlay. Milling and the cost of minor repairs (5 to 10 percent of the total area) to the base materials and bearing soils beneath the pavement are included in the cost shown above.

SITE ITEMS - CONCRETE WORKS					NEL- Normal Economic Life (yrs)			REPLACEMENT COST (\$)
PROJECTED REPLACEMENTS					REL- Remaining Economic Life (yrs)			
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)	
23	Concrete curb and gutter (5%)	ft	907	\$35.50	3	none	\$32,199	
24	Concrete flatwork (5%)	sf	880	\$10.85	3	none	\$9,548	
Replacement Costs - Page Subtotal							\$41,747	

COMMENTS

- Concrete has a normal economic life expectancy of 60 years. We are modeling 5% of the total requiring replacement each three years, which is 5% of 60 years. Items showing zero remaining life expectancy is to take care of immediate needs due to tripping hazards.

SITE ITEMS - OTHER SITE ITEMS PROJECTED REPLACEMENTS						NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)	
25	Clubhouse parking lot lights	ea	12	\$1,950.00	30	20	\$23,400	
26	Timber roadway guardrail	ft	218	\$48.65	25	20	\$10,606	
27	Gazebo - wood	ls	1	\$9,000.00	20	none	\$9,000	
28	Gazebo - vinyl	ls	1	\$10,000.00	30	20	\$10,000	
29	Gazebo at Box Elder Court	ls	1	\$11,000.00	30	20	\$11,000	
Retaining walls								
30	Concrete block retaining walls at tennis - replace	sf	2,430	\$48.50	45	35	\$117,855	
31	Concrete block retaining walls - stucco finish	sf	2,430	\$15.00	15	1	\$36,450	
32	Concrete block retaining walls - refurbish 40%	sf	972	\$35.00	45	10	\$34,020	
33	Concrete block retaining walls at pool - replace	sf	2,430	\$48.50	45	35	\$117,855	
34	Concrete block retaining walls at pool - stucco finish	sf	2,430	\$15.00	15	9	\$36,450	
35	Stormwater drainage (allowance)	ls	1	\$15,000.00	5	5	\$15,000	
Replacement Costs - Page Subtotal							\$421,636	

COMMENTS

- Comprehensive drawings detailing the components of the systems listed above were not available for our review. We have included the estimated cost of the systems based upon our experience with other similar communities. We have assumed that 10 percent of the system(s) will require replacement. In the future, this assumption and the estimated costs should be adjusted based upon the community's actual experience as is feasible.

RECREATION ITEMS - POOL AND PATIO					NEL- Normal Economic Life (yrs)		REPLACEMENT COST (\$)
PROJECTED REPLACEMENTS					REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
36	Swimming pool, structure	sf	2,500	\$90.00	60	20	\$225,000
37	Swimming pool, whitecoat	sf	2,500	\$6.10	15	8	\$15,250
38	Pool deck, concrete	sf	24,000	\$11.50	30	13	\$276,000
39	Pool cover	sf	2,500	\$25.00	12	5	\$62,500
40	Pool pump	ea	1	\$4,150.00	15	13	\$4,150
41	Pool heater	ea	1	\$9,350.00	20	15	\$9,350
42	Pool lights - 8' with wood pole	ea	13	\$1,150.00	30	14	\$14,950
43	Fence, decorative steel or iron	ft	142	\$43.90	50	45	\$6,234
Replacement Costs - Page Subtotal							\$613,434

COMMENTS

RECREATION ITEMS - TENNIS, MINI GOLF, AND SHUFFLE BOARD						NEL- Normal Economic Life (yrs)		REPLACEMENT COST (\$)
PROJECTED REPLACEMENTS						REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)	
44	Tennis court, asphalt overlay	sf	13,200	\$5.80	20	19	\$76,560	
45	Tennis court, color coat	sf	13,200	\$1.20	10	9	\$15,840	
46	Tennis court, fence	ft	450	\$30.00	20	5	\$13,500	
47	Mini golf - concrete	sf	15,000	\$5.80	20	13	\$87,000	
48	Mini golf - fence	ft	500	\$30.00	20	5	\$15,000	
49	Shuffle Court Lights - metal	ea	4	\$3,450.00	30	16	\$13,800	
50	Shuffle Board Courts	sf	2,280	\$11.70	25	16	\$26,676	
51	Shuffle Board Shelters	ea	2	\$5,000.00	20	16	\$10,000	
Replacement Costs - Page Subtotal								\$258,376

COMMENTS

EXTERIOR ITEMS - CLUBHOUSE					NEL- Normal Economic Life (yrs)			REPLACEMENT COST (\$)
PROJECTED REPLACEMENTS					REL- Remaining Economic Life (yrs)			
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)	
52	(CH) Roof	sf	22,153	\$5.00	30	16	\$110,765	
53	(CH) Siding, Vertical Aluminum & Trim	sf	7,774	\$7.80	35	10	\$60,637	
54	(CH) Main Entry Doors	pr	4	\$5,000.00	25	24	\$20,000	
55	(CH) Door, auto operator	pr	4	\$11,000.00	25	24	\$44,000	
56	(CH) Windows	ls	1	\$30,000.00	30	29	\$30,000	
57	(CH) Exterior Doors and hardware	ea	11	\$925.00	25	24	\$10,175	
Replacement Costs - Page Subtotal							\$275,577	

COMMENTS

EXTERIOR ITEMS - POOL MAINTENANCE BUILDING					NEL- Normal Economic Life (yrs)		REPLACEMENT COST (\$)
PROJECTED REPLACEMENTS					REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
58	(P/M) Roof	sf	2,175	\$5.00	25	20	\$10,875
59	(P/M) Siding and trim	sf	2,200	\$7.80	35	10	\$17,160
60	(P/M) Windows	ls	1	\$9,000.00	30	23	\$9,000
Replacement Costs - Page Subtotal							\$37,035

COMMENTS

INTERIOR ITEMS - CLUBHOUSE						NEL- Normal Economic Life (yrs)		REPLACEMENT COST (\$)
PROJECTED REPLACEMENTS						REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)	
61	(CH) Carpet	sf	4,530	\$4.85	8	4	\$21,971	
62	(CH) Ceramic Floor Tile (50%)	sf	985	\$37.50	10	10	\$36,938	
63	(CH) Ceramic Wall Tile	sf	832	\$37.50	20	5	\$31,200	
64	(CH) Resilient Tile	sf	8,320	\$4.50	25	15	\$37,440	
65	(CH) Suspended Ceiling	sf	3,000	\$4.85	25	15	\$14,550	
66	(CH) Shower / Bathroom Renovation - Men	ea	1	\$20,000.00	25	10	\$20,000	
67	(CH) Shower / Bathroom Renovation - Women	ea	1	\$20,000.00	25	18	\$20,000	
68	(CH) Sauna - Refurbish	ea	2	\$5,000.00	25	10	\$10,000	
69	(CH) Kitchen cabinets	ls	1	\$25,000.00	21	20	\$25,000	
70	(CH) Big Screen TV	ea	2	\$3,680.00	7	3	\$7,360	
71	(CH) Office Furniture/Furnishings (50%)	ls	1	\$18,600.00	10	4	\$18,600	
72	(CH) Furniture / Furnishings (50%)	ls	1	\$21,300.00	10	8	\$21,300	
73	(CH) Interior Light Fix & fans @ 50%	ls	1	\$7,600.00	15	12	\$7,600	
74	(CH) Office Equipment (50%)	ls	1	\$7,280.00	7	1	\$7,280	
75	(CH) Millwork - Library	ls	1	\$12,000.00	25	10	\$12,000	
76	(CH) Pool Tables wall racks & table lights	ea	4	\$3,945.00	15	1	\$15,780	
77	Flooring, T&G wood, replace	sf	1,000	\$19.70	30	20	\$19,700	
78	Lift, wheelchair	ea	1	\$15,600.00	15	5	\$15,600	
Replacement Costs - Page Subtotal							\$342,318	

COMMENTS

INTERIOR ITEMS - EXERCISE ROOM					NEL- Normal Economic Life (yrs)		REPLACEMENT COST (\$)
PROJECTED REPLACEMENTS					REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
79	(ER) Exercise equipment (25% every five years)	ls	1	\$10,000.00	5	5	\$10,000
Replacement Costs - Page Subtotal							\$10,000

COMMENTS

INTERIOR ITEMS - POOL MAINTENANCE BUILDING					NEL- Normal Economic Life (yrs)		
PROJECTED REPLACEMENTS					REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
80	(P/M) Bathroom renovation	ea	2	\$3,150.00	30	10	\$6,300
81	(P/M) Ceramic Tile	sf	752	\$37.50	25	10	\$28,200
Replacement Costs - Page Subtotal							\$34,500

COMMENTS

BUILDING SYSTEMS - CLUBHOUSE						NEL- Normal Economic Life (yrs)		REPLACEMENT COST (\$)
PROJECTED REPLACEMENTS						REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)	
82	10 T Heat Pump (Auditorium)	ea	1	\$8,650.00	15	9	\$8,650	
83	Kitchen split system	ea	1	\$10,000.00	15	11	\$10,000	
84	Water Boiler	ea	1	\$8,986.00	25	17	\$8,986	
85	Water heater	ea	2	\$5,100.00	25	17	\$10,200	
86	(CH) Distribution Panels	ea	4	\$3,850.00	50	9	\$15,400	
87	(CH) Interior Plumbing (30%)	ls	1	\$14,000.00	5	5	\$14,000	
88	(CH) Security / Fire Alarm System	ls	1	\$92,502.00	15	12	\$92,502	
Replacement Costs - Page Subtotal								\$159,738

COMMENTS

VEHICLES						NEL- Normal Economic Life (yrs)		
PROJECTED REPLACEMENTS						REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)	
89	Passenger Bus (2010)	ea	1	\$71,500.00	20	8	\$71,500	
90	Utility / Service Truck (2007 GMC)	ea	1	\$24,600.00	10	5	\$24,600	
91	Utility / Service Truck (1995 F150)	ea	1	\$28,400.00	10	5	\$28,400	
Replacement Costs - Page Subtotal								\$124,500

COMMENTS

VALUATION EXCLUSIONS							
Excluded Items							
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	REPLACEMENT COST (\$)	UNIT REL	REL	REPLACEMENT COST (\$)
	Site lighting fixtures						EXCLUDED
	Property identification signage						EXCLUDED
	Miscellaneous signage						EXCLUDED
	Mailboxes						EXCLUDED
	Handrail						EXCLUDED
	Fire extinguisher cabinet						EXCLUDED
	Sprinkler head						EXCLUDED
	Emergency lighting, exit light, etc.						EXCLUDED
	Signage						EXCLUDED
	Interior doors						EXCLUDED

VALUATION EXCLUSIONS
 Comments

- Valuation Exclusions. For ease of administration of the Replacement Reserves and to reflect accurately how Replacement Reserves are administered, items with a dollar value less than \$6000 have not been scheduled for funding from Replacement Reserve. Examples of items excluded by Replacement Reserves by this standard are listed above.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

LONG-LIFE EXCLUSIONS							
Excluded Items							
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
	Masonry features						EXCLUDED
	Concrete retaining walls						EXCLUDED
	Exterior brick veneer						EXCLUDED
	Exterior stone veneer						EXCLUDED
	Building foundation(s)						EXCLUDED
	Concrete floor slabs (interior)						EXCLUDED
	Wall, floor, and roof structure						EXCLUDED
	Fire protection/security systems						EXCLUDED
	Common element electrical services						EXCLUDED
	Electrical wiring						EXCLUDED
	Water piping at common facilities						EXCLUDED
	Waste piping at common facilities						EXCLUDED
	Gas services at common facilities						EXCLUDED
	Stainless steel pool fixtures						EXCLUDED

LONG-LIFE EXCLUSIONS
 Comments

- Long Life Exclusions. Components that when properly maintained, can be assumed to have a life equal to the property as a whole, are normally excluded from the Replacement Reserve Inventory. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- Exterior masonry is generally assumed to have an unlimited economic life, but periodic repointing is required, and we have included this for funding in the Replacement Reserve Inventory.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

UNIT IMPROVEMENTS EXCLUSIONS								
Excluded Items								
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	REPLACEMENT COST (\$)	UNIT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
	Any feature serving one unit							EXCLUDED

UNIT IMPROVEMENTS EXCLUSIONS
 Comments

- Unit improvement Exclusions. We understand that the elements of the project that relate to a single unit are the responsibility of that unit owner. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

UTILITY EXCLUSIONS							
Excluded Items							
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	REPLACEMENT COST (\$)	UNIT REL	REL	REPLACEMENT COST (\$)
	Primary electric feeds						EXCLUDED
	Electric transformers						EXCLUDED
	Cable TV systems and structures						EXCLUDED
	Telephone cables and structures						EXCLUDED
	Gas mains and meters						EXCLUDED
	Water mains and meters						EXCLUDED
	Sanitary sewers						EXCLUDED
	Stormwater management system						EXCLUDED

UTILITY EXCLUSIONS
 Comments

- Utility Exclusions. Many improvements owned by utility companies are on property owned by the Association. We have assumed that repair, maintenance, and replacements of these components will be done at the expense of the appropriate utility company. Examples of items excluded from funding Replacement Reserves by this standard are listed above.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

MAINTENANCE AND REPAIR EXCLUSIONS							
Excluded Items							
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
	Cleaning of asphalt pavement						EXCLUDED
	Crack sealing of asphalt pavement						EXCLUDED
	Painting of curbs						EXCLUDED
	Striping of parking spaces						EXCLUDED
	Numbering of parking spaces						EXCLUDED
	Landscaping and site grading						EXCLUDED
	Exterior painting						EXCLUDED
	Interior painting						EXCLUDED
	Janitorial service						EXCLUDED
	Repair services						EXCLUDED
	Partial replacements						EXCLUDED
	Capital improvements						EXCLUDED

MAINTENANCE AND REPAIR EXCLUSIONS
 Comments

- Maintenance activities, one-time-only repairs, and capital improvements. These activities are NOT appropriately funded from Replacement Reserves. The inclusion of such component in the Replacement Reserve Inventory could jeopardize the special tax status of ALL Replacement Reserves, exposing the Association to significant tax liabilities. We recommend that the Board of Directors discuss these exclusions and Revenue Ruling 75-370 with a Certified Public Accountant.
- Examples of items excluded from funding by Replacement Reserves are listed above. The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

GOVERNMENT EXCLUSIONS							
Excluded Items							
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
	Government, roadways and parking						EXCLUDED
	Government, sidewalks and curbs						EXCLUDED
	Government, lighting						EXCLUDED
	Government, stormwater mgmt.						EXCLUDED
	Government, ponds						EXCLUDED
	Government, mailboxes						EXCLUDED

GOVERNMENT EXCLUSIONS
 Comments

- Government Exclusions. We have assumed that some of the improvements installed on property owned by the Association will be maintained by the state, county, or local government, or other association or other responsible entity. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- Excluded rights-of-way, including adjacent properties and adjacent roadways.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

IRRIGATION SYSTEM EXCLUSIONS							
Excluded Items							
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	REPLACEMENT COST (\$)	UNIT REL	REL	REPLACEMENT COST (\$)
	Irrigation system						EXCLUDED

IRRIGATION SYSTEM EXCLUSIONS
 Comments

- Irrigation System Exclusions. We have assumed that the maintenance, repair, and periodic replacement of the components of the extensive irrigation systems at the property will not be funded from Replacement Reserves. These systems should be inspected each spring when the systems are brought online and again each fall when they are winterized. Repair(s) and or replacement(s) should be made in conjunction with these semiannual inspections.

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SECTION C - CALENDAR OF PROJECTED ANNUAL REPLACEMENTS

GENERAL STATEMENT. The 91 Projected Replacements in the Crestwood Village HOA Replacement Reserve Inventory whose replacement is scheduled to be funded from Replacement Reserves are broken down on a year-by-year basis, beginning on Page C.2.

REPLACEMENT RESERVE ANALYSIS AND INVENTORY POLICIES, PROCEDURES, AND ADMINISTRATION

- **REVIEW OF THE REPLACEMENT RESERVE STUDY.** For this study to be effective, it should be reviewed by the Board of Directors, those responsible for the management of the items included in the Replacement Reserve Inventory, and the accounting professionals employed by the Association.
- **REVISIONS.** Revisions will be made to the Replacement Reserve Analysis and Replacement Reserve Inventory in accordance with the written instructions of the Board of Directors. No additional charge is incurred for the first revision if requested in writing within three months of the date of the Replacement Reserve Study. It is our policy to provide revisions in electronic (Adobe PDF) format only. We acknowledge that there are instances in which multiple revisions are necessary. However, unnecessary multiple revisions drain on our time and manpower resources. Therefore, Miller Dodson will exercise its sole discretion as to whether additional charges are incurred.
- **TAX CODE.** The United States Tax Code grants favorable tax status to a common interest development (CID) meeting certain guidelines for their Replacement Reserve. If a CID files their taxes as a 'Corporation' on Form 1120 (IRC Section 277), these guidelines typically require maintenance activities, partial replacements, minor replacements, capital improvements, and one-time only replacements to be excluded from Reserves. A CID cannot co-mingle planning for maintenance activities with capital replacement activities in the Reserves (Revenue Ruling 75-370). Funds for maintenance activities and capital replacements activities must be held in separate accounts. If a CID files taxes as an "Exempt Homeowners Association" using Form 1120H (IRC Section 528), the CID does not have to segregate these activities. However, because the CID may elect to change their method of filing from year to year within the Study Period, we advise using the more restrictive approach. We further recommend that the CID consult with their Accountant and consider creating separate and independent accounts and reserves for large maintenance items, such as painting.
- **CONFLICT OF INTEREST.** Neither Miller - Dodson Associates nor the Reserve Analyst has any prior or existing relationship with this Association which would represent a real or perceived conflict of interest.
- **RELIANCE ON DATA PROVIDED BY THE CLIENT.** Information provided by an official representative of the Association regarding financial, physical conditions, quality, or historical issues is deemed reliable.
- **INTENT.** This Replacement Reserve Study is a reflection of the information provided by the Association and the visual evaluations of the Analyst. It has been prepared for the sole use of the Association and is not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records.
- **PREVIOUS REPLACEMENTS.** Information provided to Miller - Dodson Associates regarding prior replacements is considered to be accurate and reliable. Our visual evaluation is not a project audit or quality inspection.
- **EXPERIENCE WITH FUTURE REPLACEMENTS.** The Calendar of Annual Projected Replacements, lists replacements we have projected to occur over the Study Period, begins on Page C2. Actual experience in replacing the items may differ significantly from the cost estimates and time frames shown because of conditions beyond our control. These differences may be caused by maintenance practices, inflation, variations in pricing and market conditions, future technological developments, regulatory actions, acts of God, and luck. Some items may function normally during our visual evaluation and then fail without notice.

PROJECTED REPLACEMENTS

Item	2023 - Study Year	\$	Item	2024 - YEAR 1	\$
23	Concrete curb and gutter (5%)	\$32,199	31	Concrete block retaining walls - stucco finish	\$36,450
24	Concrete flatwork (5%)	\$9,548	74	(CH) Office Equipment (50%)	\$7,280
27	Gazebo - wood	\$9,000	76	(CH) Pool Tables wall racks & table lights	\$15,780
Total Scheduled Replacements		\$50,747	Total Scheduled Replacements		\$59,510

Item	2025 - YEAR 2	\$	Item	2026 - YEAR 3	\$
No Scheduled Replacements			23	Concrete curb and gutter (5%)	\$32,199
			24	Concrete flatwork (5%)	\$9,548
			70	(CH) Big Screen TV	\$7,360
Total Scheduled Replacements			Total Scheduled Replacements		\$49,107

Item	2027 - YEAR 4	\$	Item	2028 - YEAR 5	\$
61	(CH) Carpet	\$21,971	35	Stormwater drainage (allowance)	\$15,000
71	(CH) Office Furniture/Furnishings (50%)	\$18,600	39	Pool cover	\$62,500
			46	Tennis court, fence	\$13,500
			48	Mini golf - fence	\$15,000
			63	(CH) Ceramic Wall Tile	\$31,200
			78	Lift, wheelchair	\$15,600
			79	(ER) Exercise equipment (25% every five years)	\$10,000
			87	(CH) Interior Plumbing (30%)	\$14,000
			90	Utility / Service Truck (2007 GMC)	\$24,600
			91	Utility / Service Truck (1995 F150)	\$28,400
Total Scheduled Replacements		\$40,571	Total Scheduled Replacements		\$229,800

PROJECTED REPLACEMENTS

Item	2029 - YEAR 6	\$	Item	2030 - YEAR 7	\$
23	Concrete curb and gutter (5%)	\$32,199			
24	Concrete flatwork (5%)	\$9,548			
Total Scheduled Replacements		\$41,747	No Scheduled Replacements		

Item	2031 - YEAR 8	\$	Item	2032 - YEAR 9	\$	
37	Swimming pool, whitecoat	\$15,250	23	Concrete curb and gutter (5%)	\$32,199	
72	(CH) Furniture / Furnishings (50%)	\$21,300	24	Concrete flatwork (5%)	\$9,548	
74	(CH) Office Equipment (50%)	\$7,280	34	Concrete block retaining walls at pool - stucco finish	\$36,450	
89	Passenger Bus (2010)	\$71,500	45	Tennis court, color coat	\$15,840	
Total Scheduled Replacements		\$115,330	82	10 T Heat Pump (Auditorium)	\$8,650	
			86	(CH) Distribution Panels	\$15,400	
Total Scheduled Replacements		\$115,330	Total Scheduled Replacements			\$118,087

Item	2033 - YEAR 10	\$	Item	2034 - YEAR 11	\$	
22	Asphalt path	\$10,000	83	Kitchen split system	\$10,000	
32	Concrete block retaining walls - refurbish 40%	\$34,020				
35	Stormwater drainage (allowance)	\$15,000				
53	(CH) Siding, Vertical Aluminum & Trim	\$60,637				
59	(P/M) Siding and trim	\$17,160				
62	(CH) Ceramic Floor Tile (50%)	\$36,938				
66	(CH) Shower / Bathroom Renovation - Men	\$20,000				
68	(CH) Sauna - Refurbish	\$10,000				
70	(CH) Big Screen TV	\$7,360				
75	(CH) Millwork - Library	\$12,000				
79	(ER) Exercise equipment (25% every five years)	\$10,000				
80	(P/M) Bathroom renovation	\$6,300				
81	(P/M) Ceramic Tile	\$28,200				
87	(CH) Interior Plumbing (30%)	\$14,000				
Total Scheduled Replacements		\$281,615	Total Scheduled Replacements			\$10,000

PROJECTED REPLACEMENTS

2035 - YEAR 12			2036 - YEAR 13		
Item		\$	Item		\$
23	Concrete curb and gutter (5%)	\$32,199	10	Arbor Court - asphalt	\$30,000
24	Concrete flatwork (5%)	\$9,548	12	Crabapple - asphalt	\$50,000
61	(CH) Carpet	\$21,971	14	Arbor Drive (50%) - asphalt	\$85,000
73	(CH) Interior Light Fix & fans @ 50%	\$7,600	15	Arbor Drive (50%) - asphalt	\$85,000
88	(CH) Security / Fire Alarm System	\$92,502	38	Pool deck, concrete	\$276,000
			40	Pool pump	\$4,150
			47	Mini golf - concrete	\$87,000
Total Scheduled Replacements		\$163,819	Total Scheduled Replacements		\$617,150

2037 - YEAR 14			2038 - YEAR 15		
Item		\$	Item		\$
42	Pool lights - 8' with wood pole	\$14,950	23	Concrete curb and gutter (5%)	\$32,199
71	(CH) Office Furniture/Furnishings (50%)	\$18,600	24	Concrete flatwork (5%)	\$9,548
			35	Stormwater drainage (allowance)	\$15,000
			41	Pool heater	\$9,350
			64	(CH) Resilient Tile	\$37,440
			65	(CH) Suspended Ceiling	\$14,550
			74	(CH) Office Equipment (50%)	\$7,280
			79	(ER) Exercise equipment (25% every five years)	\$10,000
			87	(CH) Interior Plumbing (30%)	\$14,000
			90	Utility / Service Truck (2007 GMC)	\$24,600
			91	Utility / Service Truck (1995 F150)	\$28,400
Total Scheduled Replacements		\$33,550	Total Scheduled Replacements		\$202,367

2039 - YEAR 16			2040 - YEAR 17		
Item		\$	Item		\$
1	Crabapple Drive - asphalt	\$320,000	39	Pool cover	\$62,500
2	Buttonwood Court - asphalt	\$40,000	70	(CH) Big Screen TV	\$7,360
3	Buckthorn Court/Myrtle Place - asphalt	\$55,000	84	Water Boiler	\$8,986
6	Sandy Court - asphalt	\$20,000	85	Water heater	\$10,200
8	Yew Court - asphalt	\$17,500			
11	Balsam Court - asphalt	\$17,500			
13	Hackberry Ct - asphalt	\$22,500			
17	Catalpha Road/Teakwood Ct - asphalt	\$145,000			
19	Shadbush Court - asphalt	\$55,000			
20	Olive Court / Oleander Pl - asphalt	\$65,000			
31	Concrete block retaining walls - stucco finish	\$36,450			
49	Shuffle Court Lights - metal	\$13,800			
50	Shuffle Board Courts	\$26,676			
51	Shuffle Board Shelters	\$10,000			
52	(CH) Roof	\$110,765			
76	(CH) Pool Tables wall racks & table lights	\$15,780			
Total Scheduled Replacements		\$970,971	Total Scheduled Replacements		\$89,046

PROJECTED REPLACEMENTS

2041 - YEAR 18			2042 - YEAR 19		
Item		\$	Item		\$
21	Clubhouse Park/Service Rd - asphalt	\$177,500	44	Tennis court, asphalt overlay	\$76,560
23	Concrete curb and gutter (5%)	\$32,199	45	Tennis court, color coat	\$15,840
24	Concrete flatwork (5%)	\$9,548			
67	(CH) Shower / Bathroom Renovation - Women	\$20,000			
72	(CH) Furniture / Furnishings (50%)	\$21,300			
Total Scheduled Replacements		\$260,547	Total Scheduled Replacements		\$92,400

2043 (beyond study period)			2044 (beyond study period)		
Item		\$	Item		\$
16	Basswood Rd/Cottonwood Ct - asphalt	\$112,500	23	Concrete curb and gutter (5%)	\$32,199
18	Tamarack Ave and Box Elder Ct. - asphalt	\$165,000	24	Concrete flatwork (5%)	\$9,548
25	Clubhouse parking lot lights	\$23,400			
26	Timber roadway guardrail	\$10,606			
27	Gazebo - wood	\$9,000			
28	Gazebo - vinyl	\$10,000			
29	Gazebo at Box Elder Court	\$11,000			
35	Stormwater drainage (allowance)	\$15,000			
36	Swimming pool, structure	\$225,000			
58	(P/M) Roof	\$10,875			
61	(CH) Carpet	\$21,971			
62	(CH) Ceramic Floor Tile (50%)	\$36,938			
69	(CH) Kitchen cabinets	\$25,000			
77	Flooring, T&G wood, replace	\$19,700			
78	Lift, wheelchair	\$15,600			
79	(ER) Exercise equipment (25% every five years)	\$10,000			
87	(CH) Interior Plumbing (30%)	\$14,000			
Total Scheduled Replacements		\$735,589	Total Scheduled Replacements		\$41,747

2045 (beyond study period)			2046 (beyond study period)		
Item		\$	Item		\$
4	Barberry Court - asphalt	\$47,500	37	Swimming pool, whitecoat	\$15,250
5	Honeysuckle Court - asphalt	\$42,500	60	(P/M) Windows	\$9,000
7	Snowberry Court - asphalt	\$37,500			
9	Chokeberry Court - asphalt	\$22,500			
74	(CH) Office Equipment (50%)	\$7,280			
Total Scheduled Replacements		\$157,280	Total Scheduled Replacements		\$24,250

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SECTION D - CONDITION ASSESSMENT

General Comments. MillerDodson Associates conducted a Reserve Study at Crestwood Village in June 2022. Crestwood Village is in generally fair to good condition for a homeowner's association constructed in 1978. A review of the Replacement Reserve Inventory will show that we are anticipating most of the components achieving their normal economic lives.

The following comments pertain to the larger, more significant components in the Replacement Reserve Inventory and to those items that are unique or deserving of attention because of their condition or the manner in which they have been treated in the Replacement Reserve Analysis or Inventory.

IMPORTANT NOTE: This Condition Assessment is based upon visual and apparent conditions of the common elements of the community which were observed by the Reserve Analyst at the time of the site visit. This Condition Assessment does not constitute, nor is it a substitute for, a professional Structural Evaluation of the buildings, amenities, or systems. Miller Dodson strongly recommends that the Association retain the services of a Structural Engineer to conduct thorough and periodic evaluations of the buildings, balconies, and any other structural components of the buildings and amenities of the Association.

General Condition Statements.

Excellent. 100% to 90% of Normal Economic Life expected, with no appreciable wear or defects.

Good. 90% to 60% of Normal Economic Life expected, minor wear or cosmetic defects found. Normal maintenance should be expected. If performed properly, normal maintenance may increase the useful life of a component. Otherwise, the component is wearing normally.

Fair. 60% to 30% of Normal Economic Life expected, moderate wear with defects found. Repair actions should be taken to extend the life of the component or to correct repairable defects and distress. Otherwise, the component is wearing normally.

Marginal. 30% to 10% of Normal Economic Life expected, with moderate to significant wear or distress found. Repair actions are expected to be cost-effective for localized issues, but normal wear and use are evident. The component is reaching the end of the Normal Economic Life.

Poor. 10% to 0% of Normal Economic Life expected, with significant distress and wear. Left unattended, additional damage to underlying structures is likely to occur. Further maintenance is unlikely to be cost-effective.

SITE ITEMS

Asphalt Pavement. The Association is responsible for the roadways and parking areas within the community. In general, the Association's asphalt pavements are fair to good condition.



The Association maintains the asphalt pavement as indicated in the inventory. The RELs are based on the latest mill and overlay dates as provided by management.

Only minor defects were observed.

A detailed summary of pavement distress can be found at <http://www.asphaltinstitute.org/engineering/maintenance-and-rehabilitation/pavement-distress-summary/>.

As a rule of thumb, asphalt should be overlaid when approximately 5% of the surface area is cracked or otherwise deteriorated. The normal service life of asphalt pavement is typically 18 to 20 years, whereas the community's "experience shows a life of approximately 30 to 35 years".

In an effort to maintain the condition of the pavement throughout the community and ensure the longest life of the asphalt, we recommend the Association adopt a systematic and comprehensive maintenance program that includes:

- **Cleaning.** Long-term exposure to oil or gas breaks down asphalt. Because this asphalt pavement is generally not used for long-term parking, it is unlikely that frequent cleaning will be necessary. When necessary, spill areas should be cleaned or patched if deterioration has penetrated the asphalt. This is a maintenance activity, and we have assumed that it will not be funded from Reserves.
- **Crack Repair.** All cracks should be repaired with an appropriate compound to prevent water infiltration through the asphalt into the base. This repair should be done annually. Crack repair is normally considered a maintenance activity and is not funded from Reserves. Areas of extensive cracking or deterioration that cannot be made watertight should be cut out and patched.
- **Seal Coating.** The asphalt should be seal coated every five to seven years. For this maintenance, activity to be effective in extending the life of the asphalt, cleaning, and crack repair should be performed first.

The pricing used is based on recent contracts for a two-inch overlay, which reflects the current local market for this work.

For seal coating, several different products are available. The older, more traditional seal coating product is paint. They coat the surface of the asphalt and they are minimally effective. However, the newer coating materials, such as those from Total Asphalt Management, Asphalt Restoration Technologies, Inc., and others, are penetrating. They are engineered, so to speak, to 're-moisturize' the pavement. Asphalt pavement is intended to be flexible. Over time, the volatile chemicals in the pavement dry, the pavement becomes brittle, and degradation follows in the forms of cracking and potholes. Re-moisturizing the pavement can return its flexibility and extend the life of the pavement.

Concrete Work. The concrete work includes the community sidewalks, leadwalks, stairs, curbs, and gutter as well as other flatwork. The overall condition of the concrete work is fair, with continuing repairs yielding few observed noted tripping hazards.

The standards we use for recommending replacement are as follows:

- Trip hazard, ½ inch height difference.
- Severe cracking.
- Severe spalling and scale.
- Uneven riser heights on steps.
- Steps with risers in excess of 8¼ inches.

Because it is highly unlikely that all of the concrete components will fail and require replacement in the period of the study, we have programmed funds for the replacement of these inventories and spread the funds over an extended timeframe to reflect the incremental nature of this work.



Gazebos. The Association has three gazebos of wood construction. The gazebos are made of wood with asphalt shingle roofs. Their condition is consistent with their age, with the newest gazebo being at Box Elder Court.



The rate of deterioration of the wood components of the gazebos will vary with the level of maintenance performed on those components as well as the exposure of the gazebos to the elements. Gazebos of this type can be expected to have a service life of 40 years.

Retaining Walls. The Association maintains several masonry retaining walls. The retaining walls are generally good condition.



Retaining walls, in general, are designed to provide slope stabilization and soil retention by means of a structural system. Typically, walls that are three feet high or more require some level of design.

The movement and displacement of any retaining wall is a sign of general settlement or failure. This typically is in the form of leaning and bowing and can involve the entire wall or localized sections of the wall. Typically, these types of movements are gradual and may require the replacement of the wall. The movement of retaining walls located near other buildings or structures may negatively affect the stability of the adjacent structure. These conditions can become extremely costly if not properly identified, monitored, and addressed.

Concrete Block. Concrete block masonry walls can have an extended useful life of 40 years or more, and if stable, may only require periodic re-pointing and localized repair. Repoint is the process of raking out defective masonry joints and tooling new mortar into the joints. Properly mortared and tooled joints will repel the weather and keep water from penetrating the wall. Siloxane or other breathable sealants should be considered to provide additional protection to the wall from water penetration. This study assumes that re-pointing will be performed incrementally as needed to maintain the life of the wall.

Segmental Block. Segmental block retaining walls can have an extended useful life, and if stable, are likely to only require localized resetting of displaced blocks, typically near the top of the wall. This study assumes that resetting will be performed incrementally as needed.

When and if it becomes necessary to replace these walls, we recommend the Association considers one of the segmental block retaining wall systems. These systems are very low maintenance. If over time the wall experiences movement, sections of the walls can be re-stacked at a very small portion of the cost of a new wall. Segmental block retaining walls can have a service life of 80 years or more.

Retaining wall replacement can be costly, and early planning on the part of the Association can help to reduce the impact of this work on the community's budget in the future. We, therefore, recommend having a Professional Engineer inspect the walls and develop preliminary replacement alternatives and recommendations based on the site conditions, replacement costs, and recommended replacement wall types. This information can then be incorporated into future updates to the Reserve Study.

RECREATION ITEMS

Swimming Pool. The community operates an outdoor pool of concrete construction. The pool and equipment is reported to be in good condition.



- Pool Shell. The shell for the swimming pool appears to be in good condition.
- Pool Deck. The pool has a concrete deck in fair condition with no observed tripping hazards.
- Whitecoat. The pool whitecoat is good condition. We have assumed service life of eight to ten years for the pool whitecoat.
- Waterline Tile. The waterline tile is good condition. We have assumed that the waterline tile will be replaced or restored when the pool is whitecoated.
- Coping. The pool is edged with pretest coping. The coping is in good condition.
- Pump and Filter System. The filter system is reported to be in good operating condition.
- Pool Fence. The swimming pool is enclosed by a chain-link fence that is in fair to good condition.



Tennis Courts. The community maintains the tennis courts. The overall condition of these courts in the process of being replaced.

Listed below are the major components of the tennis court facilities:

- Asphalt Pavement (base layer). We have assumed a service life of 20 to 30 years for the asphalt base layer.
- Color Coat (surface layer). Annual cleaning is recommended to maintain the surface of the court. The base of a tennis court is subject to cracking and low spots known as “birdbaths” that can occur from weather and earth movement. A program to address cracks as they appear will help to prolong the useful life of the color coat. We have assumed a service life of five to ten years for the color coat.
- Net Posts. We have assumed that the new posts will be replaced when the asphalt pavement is replaced.



Other Courts. The community maintains Play miniature golf course with a concrete deck and several shuffleboard courts. These are in generally fair condition.



Replacement of the sports equipment is considered a maintenance activity and is therefore not included in the study.

EXTERIOR ITEMS

Building Roofing. The clubhouse building and pool maintenance building have asphalt shingle roofs which are in generally fair condition and in fact was having some minor repairs done at the time.



Asphalt shingle roofs can have a useful life of 20 to 50 years depending on the weight and quality of the shingle. Weathered, curled, and missing shingles are all indications that the shingles may be nearing the end of their useful life.

Annual inspections are recommended, with cleaning, repair, and mitigation of vegetation performed as needed. Access, inspection, and repair work should be performed by contractors and personnel with the appropriate access equipment who are experienced in the types of roofing used for the facility.

Siding and Trim. The clubhouse has a vertical aluminum siding and the pool maintenance building has horizontal vinyl siding. Both are in fair condition.



Vinyl/Aluminum Siding and Trim can have an extended useful life if not damaged by impact, heat, or other physical reasons. However, the coatings and finishes typically have a useful life and over time begin to weather, chalk, and show their age. For these reasons, we have modeled for the replacement of the siding and trim every 35 years.

Windows and Doors. The Association is responsible for the windows and exterior doors of the clubhouse. The windows and doors are generally in good condition.



Window and door units play an integral part in a facility's overall comfort, efficiency, and energy use. The quality of the installed units and the care taken in their installation and maintenance are major factors in their effectiveness and useful life. These units can have a useful life of 20 to 35 years or more depending on their use and other factors mentioned above.

In general, we recommend coordinating the replacement of these units with other exterior work, such as siding and roof replacements. The weather tightness of the building envelope often requires transitional flashing and caulking that should be performed in coordination with each other. Warranties and advantages in 'economy of scale' can often result in lower overall replacement costs and results that are more reliable. Lastly, coordinated replacements offer the opportunity to correct initial construction defects and improve the effectiveness of details with improved construction techniques and materials.

INTERIOR ITEMS

Carpet. The carpet in the building's private and common areas is in fair condition. The commercial carpet of this construction in this type of application has a typical service life of 7 to 10 years.



To extend the life of the carpet, it is important that the Association continues with a comprehensive maintenance program that includes regular vacuuming, spot and spill removal, interim cleaning of high traffic areas, and regularly scheduled cleanings. It is also recommended that all entrances be fitted with walk-off mats to trap soil.

Ceramic Tile. The Association maintains ceramic tile in the restrooms. The overall condition of the ceramic tile fair to good.

To help maintain the condition of the ceramic tile, regular cleaning is recommended. The tile can further be protected by the installation of dirt catching, walk-off mats placed at all building entrances.



Vinyl Tile. The vinyl tile in the building's common areas is in fair to good condition. The commercial vinyl tile of this construction in this type of application has a typical service life of 25 years.

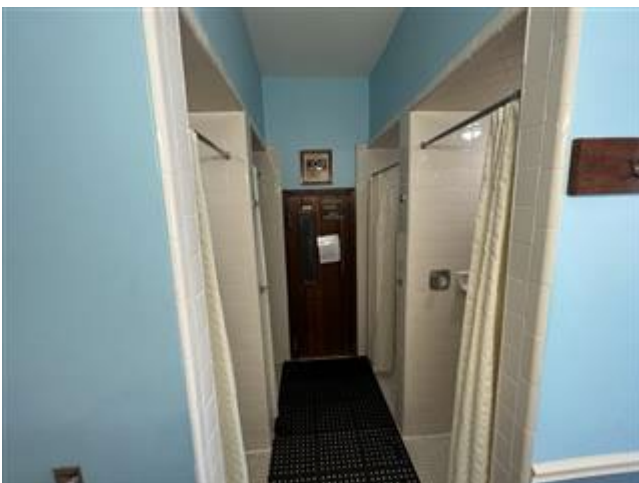
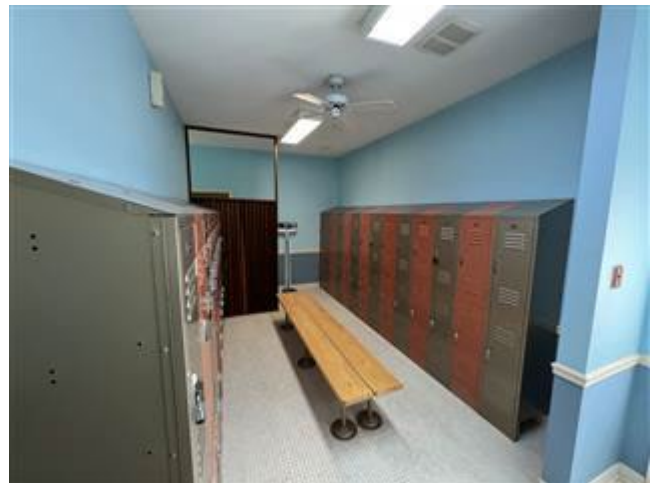


To extend the life of the vinyl tile, it is important that the Association continues with a comprehensive maintenance program that includes regular vacuuming, spot and spill removal, interim cleaning of high traffic areas, and regularly scheduled cleanings. It is also recommended that all entrances be fitted with walk-off mats to trap soil.

Ceiling Tile. The acoustical ceiling tile installed in some of the common areas is in fair to good condition. At some time, the tile will be discolored or it may be impossible to obtain matching replacement tile.



Locker and Restrooms. The locker and restrooms for the swimming pool, exercise facility, and clubhouse in general are located in the clubhouse. The overall condition of the locker and restrooms is fair.



- Ceramic Floor Tile. The ceramic tile in the locker rooms is in fair condition.
- Lockers. The locker rooms have half-height, steel lockers. All are in fair condition.
- Light Fixtures. Illumination is provided by ceiling-mounted and wall-mounted light fixtures. The fixtures are in working condition and provide adequate lighting. Fixtures of this type have a typical service life of 25 years.

- Shower and Restroom Fixtures. All shower and restroom fixtures are in fair to good condition. We have assumed service life of 20 years for the fixtures and that all fixtures will be replaced at the same time as part of a general renovation of the restroom.
- Sauna. All components in the sauna are reported to be in functional condition.

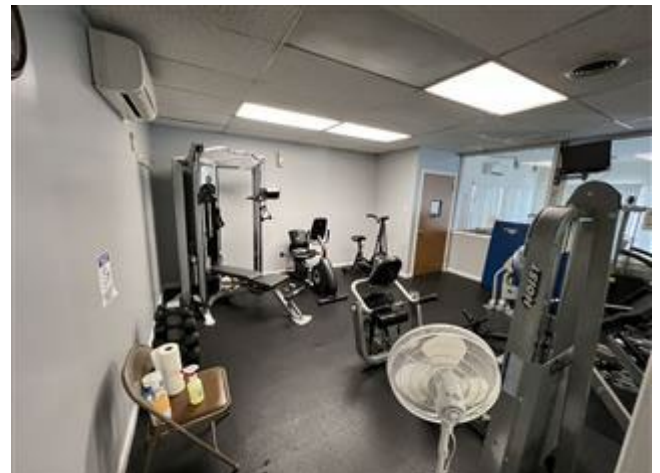
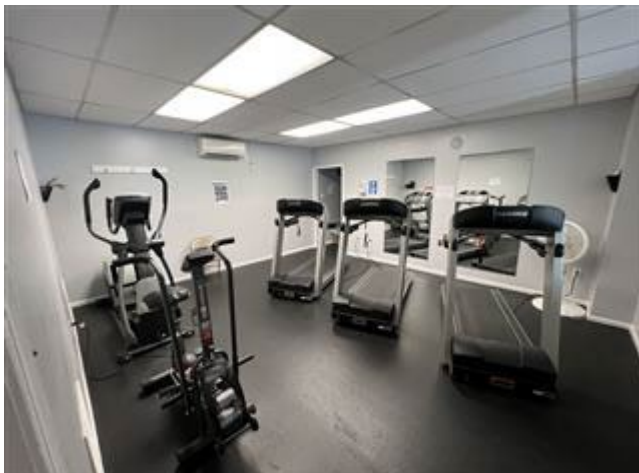
Kitchen. The kitchen is kept up-to-date with residential type appliances, cabinets, and countertop.



Wheelchair Lift. There is a wheelchair lift at one end of the stage and it is in operational condition.



Health and Fitness Center. The Health and Fitness Center includes exercise equipment, and is near the locker and restrooms.



- Flooring. The rubber flooring is in fair to good condition.
- Exercise Equipment. The equipment is generally in **good** condition. Since it is unlikely that all of the equipment will require replacement at the same time, we have provided a replacement-funding plan that assumes an incremental approach.

BUILDING SYSTEMS

Split and Package HVAC Systems. The heating ventilation and air conditioning (HVAC) of the facility are reported to be in good operating condition / operating normally / in poor condition. Detailed inspection and testing of these systems is beyond the scope of this study.

The Association maintains a number of HVAC systems that use one of the new generation refrigerants. Unlike the old R22 refrigerant, the new refrigerants are expected to be available throughout the period of this study. However, the operating pressure for new refrigerant systems is approximately twice as high as older systems. Many of the standard components have not been redesigned for these higher pressures, including the coils, which generally fail due to metal fatigue.

Even though manufacturers continue to predict 15 to 20-year life cycles for HVAC equipment that use these new refrigerants, this is not proven by historical data. We therefore recommend anticipating a normal economic life of 15 years for all HVAC equipment that uses pressurized refrigerants of these types.

In addition, the Association maintains air handlers/furnaces throughout the facility, and these components can have a useful life of 20 to 40 years. With fan, motor, and coil replacements performed as needed, the casings of these systems can last significantly longer.

As is the case with most equipment, to achieve a maximum useful economic life, proper maintenance is essential. In some cases, proper and proactive maintenance can greatly extend the useful life of these components.



This Condition Assessment is based upon our visual survey of the property. The sole purpose of the visual survey was an evaluation of the common and limited common elements of the property to ascertain their remaining useful life and replacement cost. Our evaluation assumed that all components met building code requirements in force at the time of construction. Our visual survey was conducted with care by experienced persons, but no warranty or guarantee is expressed or implied.

End of Condition Assessment

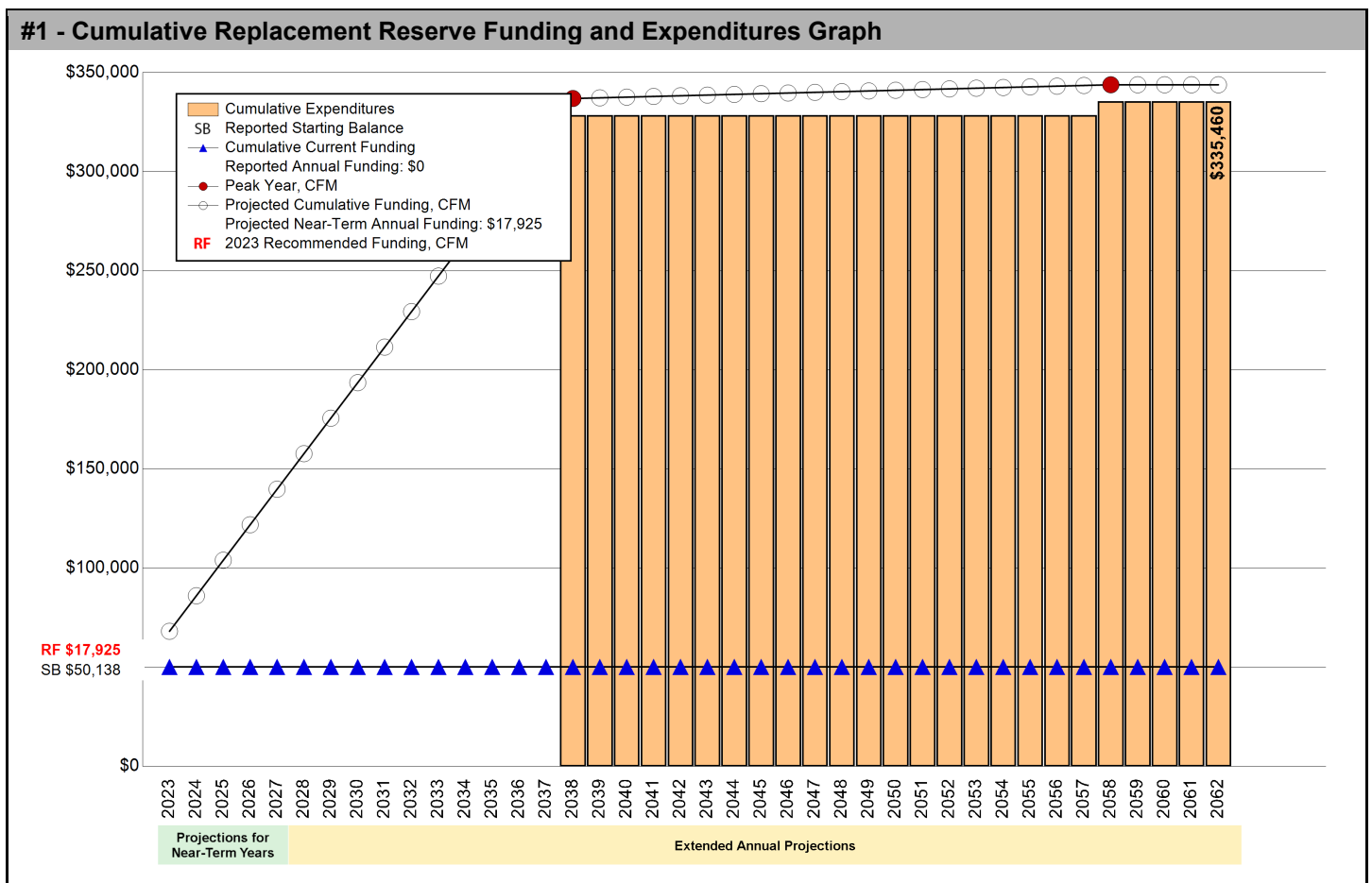
SECTION A - FINANCIAL ANALYSIS

The Crestwood Condo 1 Replacement Reserve Analysis uses the Cash Flow Method (CFM) to calculate Replacement Reserve funding for the periodic replacement of the 8 Projected Replacements identified in the Replacement Reserve Inventory.

\$17,925 RECOMMENDED REPLACEMENT RESERVE FUNDING FOR THE STUDY YEAR, 2023
\$62.24 Per unit (average), minimum monthly funding of Replacement Reserves

We recommend the Association adopt a Replacement Reserve Funding Plan based on the annual funding recommendation above. Inflation adjusted funding for subsequent years is shown on Page A1.5.

Crestwood Condo 1 reports a Starting Balance of \$50,137 and Annual Funding totaling \$0, which is inadequate to fund projected replacements starting in 2038. See Page A1.3 for a more detailed evaluation.



REPLACEMENT RESERVE ANALYSIS - GENERAL INFORMATION

The Crestwood Condo 1 Replacement Reserve Analysis calculations of recommended funding of Replacement Reserves by the Cash Flow Method (CFM) and the evaluation of the Current Funding are based upon the same Study Year, Study Period, Beginning Balance, Replacement Reserve Inventory and Level of Service.

2023 | STUDY YEAR

The Association reports that their accounting year begins on July 1, and the Study Year, the first year evaluated by the Replacement Reserve Analysis, begins on July 1, 2023.

40 Years | STUDY PERIOD

The Replacement Reserve Analysis evaluates the funding of Replacement Reserves over a 20-year Study Period

\$50,137 | STARTING BALANCE

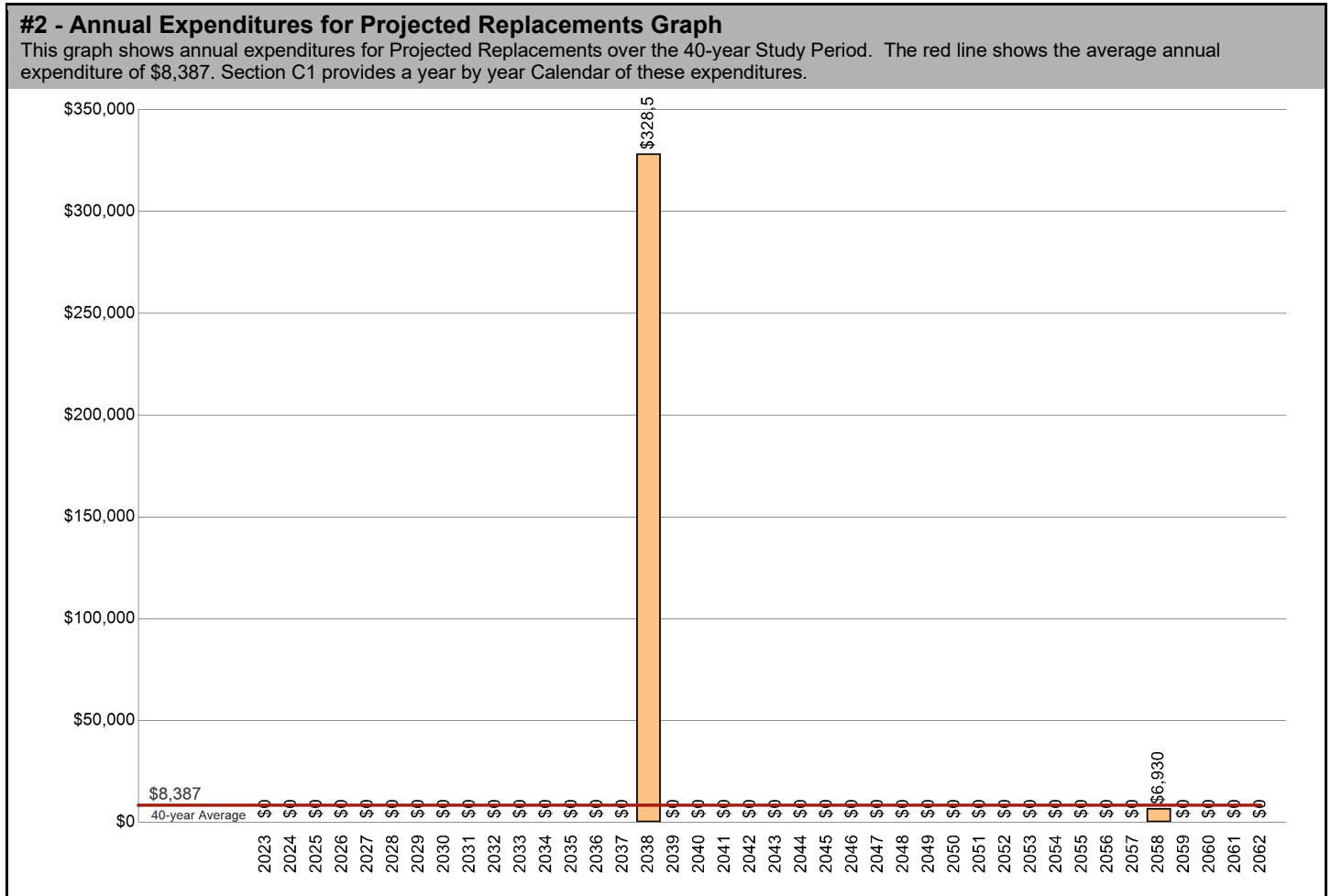
The Association reports Replacement Reserves on Deposit totaling \$50,137 at the start of the Study Year.

Level Two | LEVEL OF SERVICE

The Replacement Reserve Inventory has been developed in compliance with the National Reserve Study Standards for a Level Two Study, as defined by the Community Associations Institute (CAI).

\$335,460 | REPLACEMENT RESERVE INVENTORY - PROJECTED REPLACEMENTS

The Crestwood Condo 1 Replacement Reserve Inventory identifies 8 items that will require periodic replacement, that are to be funded from Replacement Reserves. We estimate the cost of these replacements will be \$335,460 over the 40-year Study Period. The Projected Replacements are divided into 1 major categories starting on Page B1.3. Pages B1.1-B1.2 provide detailed information on the Replacement Reserve Inventory.



UPDATING OF THE FUNDING PLAN

The Association has a responsibility to review the Funding Plan annually. The review should include a comparison and evaluation of actual reserve funding with recommended levels shown on Page A1.4 and A1.5. The Projected Replacements listed on Page C1.2 should be compared with any replacements accomplished and funded from Replacement Reserves. Discrepancies should be evaluated and if necessary, the Reserve Study should be updated or a new study commissioned. We recommend annual increases in replacement reserve funding to account for the impact of inflation. Inflation Adjusted Funding is discussed on Page A1.5.

UPDATING OF THE REPLACEMENT RESERVE STUDY

At a minimum, the Replacement Reserve Study should be professionally updated every three to five years or after completion of a major replacement project. Updating should also be considered if during the annual review of the Funding Plan, discrepancies are noted between projected and actual reserve funding or replacement costs. Updating may also be necessary if there is a meaningful discrepancy between the actual inflation rate and the inflation rate used for the Inflation Adjusted Funding of Replacement Reserves on Page A1.5.

ANNUAL EXPENDITURES AND CURRENT FUNDING

The annual expenditures that comprise the \$335,460 of Projected Expenditures over the 40-year Study Period and the impact of the Association continuing to fund Replacement Reserves at the current level are detailed in Table 3.

#3 - Table of Annual Expenditures and Current Funding Data - Years 1 through 20										
Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Starting Balance	\$50,138									
Projected Replacements										
Annual Deposit										
End of Year Balance	\$50,138	\$50,138	\$50,138	\$50,138	\$50,138	\$50,138	\$50,138	\$50,138	\$50,138	\$50,138
Cumulative Expenditures										
Cumulative Receipts	\$50,138	\$50,138	\$50,138	\$50,138	\$50,138	\$50,138	\$50,138	\$50,138	\$50,138	\$50,138
Year	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Projected Replacements						(\$328,530)				
Annual Deposit										
End of Year Balance	\$50,138	\$50,138	\$50,138	\$50,138	\$50,138	(\$278,392)	(\$278,392)	(\$278,392)	(\$278,392)	(\$278,392)
Cumulative Expenditures						(\$328,530)	(\$328,530)	(\$328,530)	(\$328,530)	(\$328,530)
Cumulative Receipts	\$50,138	\$50,138	\$50,138	\$50,138	\$50,138	\$50,138	\$50,138	\$50,138	\$50,138	\$50,138
Year	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Projected Replacements										
Annual Deposit										
End of Year Balance	(\$278,392)	(\$278,392)	(\$278,392)	(\$278,392)	(\$278,392)	(\$278,392)	(\$278,392)	(\$278,392)	(\$278,392)	(\$278,392)
Cumulative Expenditures	(\$328,530)	(\$328,530)	(\$328,530)	(\$328,530)	(\$328,530)	(\$328,530)	(\$328,530)	(\$328,530)	(\$328,530)	(\$328,530)
Cumulative Receipts	\$50,138	\$50,138	\$50,138	\$50,138	\$50,138	\$50,138	\$50,138	\$50,138	\$50,138	\$50,138
Year	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062
Projected Replacements						(\$6,930)				
Annual Deposit										
End of Year Balance	(\$278,392)	(\$278,392)	(\$278,392)	(\$278,392)	(\$278,392)	(\$285,322)	(\$285,322)	(\$285,322)	(\$285,322)	(\$285,322)
Cumulative Expenditures	(\$328,530)	(\$328,530)	(\$328,530)	(\$328,530)	(\$328,530)	(\$335,460)	(\$335,460)	(\$335,460)	(\$335,460)	(\$335,460)
Cumulative Receipts	\$50,138	\$50,138	\$50,138	\$50,138	\$50,138	\$50,138	\$50,138	\$50,138	\$50,138	\$50,138

EVALUATION OF CURRENT FUNDING

The evaluation of Current Funding (Starting Balance of \$50,137 & annual funding of \$0), is done in today's dollars with no adjustments for inflation or interest earned on Replacement Reserves. The evaluation assumes Replacement Reserves will only be used for the 8 Projected Replacements identified in the Replacement Reserve Inventory and that the Association will continue Annual Funding of \$0 throughout the 40-year Study Period.

Annual Funding of \$0 is approximately percent of the \$17,925 recommended Annual Funding calculated by the Cash Flow Method for 2023, the Study Year.

See the Executive Summary for the Current Funding Statement.

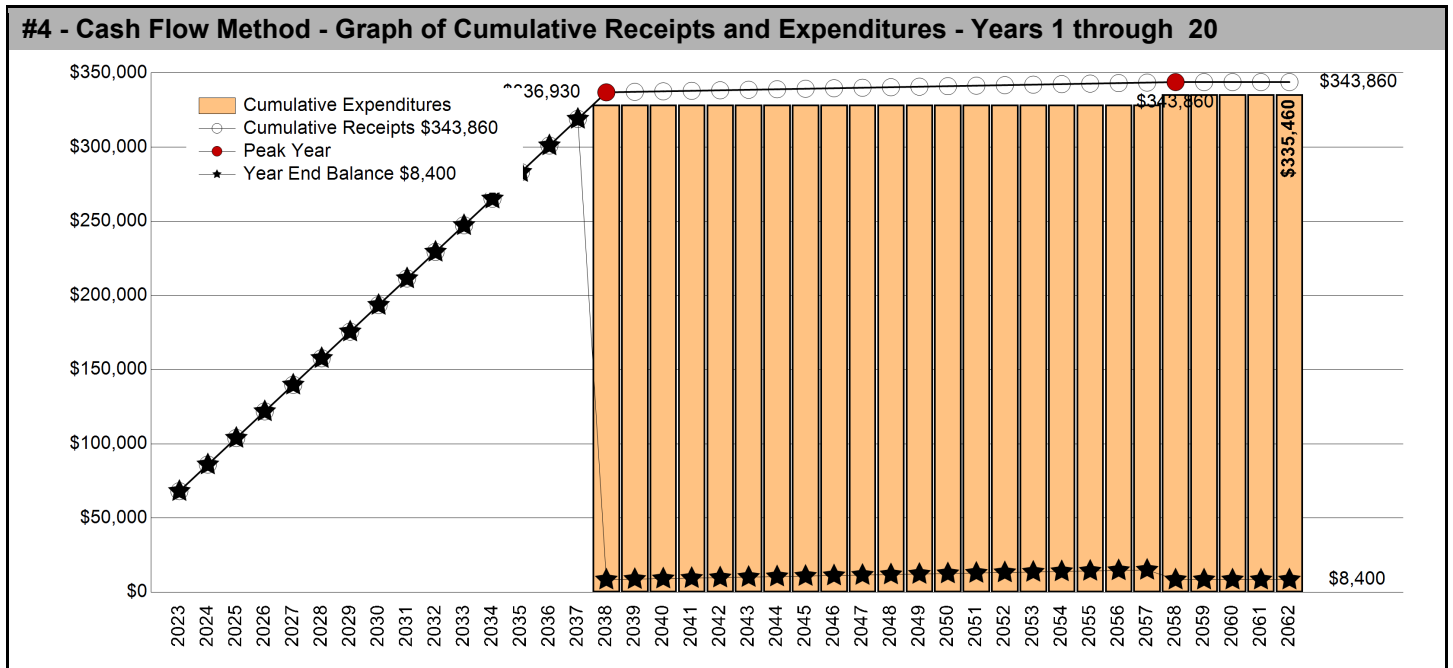
CASH FLOW METHOD FUNDING

\$17,925 RECOMMENDED REPLACEMENT RESERVE FUNDING FOR 2023

\$62.24 Per unit (average), minimum monthly funding of Replacement Reserves

Recommended Replacement Reserve Funding has been calculated using the Cash Flow Method (also called the Straight Line or Threshold Method). This method calculates a constant annual funding between peaks in cumulative expenditures, while maintaining a Minimum Balance (threshold) in the Peak Years.

- Peak Years.** The First Peak Year occurs in 2038 with Replacement Reserves on Deposit dropping to the Minimum Balance after the completion of \$328,530 of replacements from 2023 to 2038. Recommended funding is projected to decline from \$17,925 in 2038 to \$347 in 2039. Peak Years are identified in Chart 4 and Table 5.
- Threshold (Minimum Balance).** The calculations assume a Minimum Balance of \$8,400 will always be held in reserve, which is calculated by rounding the 12-month 40-year average annual expenditure of \$8,387 as shown on Graph #2.
- Cash Flow Method Study Period.** Cash Flow Method calculates funding for \$335,460 of expenditures over the 40-year Study Period. It does not include funding for any projects beyond 2062 and in 2062, the end of year balance will always be the Minimum Balance.



#5 - Cash Flow Method - Table of Receipts & Expenditures - Years 1 through 20

Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Starting Balance	\$50,138									
Projected Replacements										
Annual Deposit	\$17,925	\$17,925	\$17,925	\$17,925	\$17,925	\$17,925	\$17,925	\$17,925	\$17,925	\$17,925
End of Year Balance	\$68,062	\$85,987	\$103,911	\$121,836	\$139,760	\$157,685	\$175,609	\$193,534	\$211,458	\$229,383
Cumulative Expenditures										
Cumulative Receipts	\$68,062	\$85,987	\$103,911	\$121,836	\$139,760	\$157,685	\$175,609	\$193,534	\$211,458	\$229,383
Year	2033	2034	2035	2036	2037	1st Peak - 2038	2039	2040	2041	2042
Projected Replacements						(\$328,530)				
Annual Deposit	\$17,925	\$17,925	\$17,925	\$17,925	\$17,925	\$17,925	\$347	\$347	\$347	\$347
End of Year Balance	\$247,307	\$265,232	\$283,156	\$301,081	\$319,005	\$8,400	\$8,746	\$9,093	\$9,439	\$9,786
Cumulative Expenditures						(\$328,530)	(\$328,530)	(\$328,530)	(\$328,530)	(\$328,530)
Cumulative Receipts	\$247,307	\$265,232	\$283,156	\$301,081	\$319,005	\$336,930	\$337,276	\$337,623	\$337,969	\$338,316
Year	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Projected Replacements										
Annual Deposit	\$347	\$347	\$347	\$347	\$347	\$347	\$347	\$347	\$347	\$347
End of Year Balance	\$10,132	\$10,479	\$10,825	\$11,172	\$11,518	\$11,865	\$12,211	\$12,558	\$12,904	\$13,251
Cumulative Expenditures	(\$328,530)	(\$328,530)	(\$328,530)	(\$328,530)	(\$328,530)	(\$328,530)	(\$328,530)	(\$328,530)	(\$328,530)	(\$328,530)
Cumulative Receipts	\$338,662	\$339,009	\$339,355	\$339,702	\$340,048	\$340,395	\$340,741	\$341,088	\$341,434	\$341,781
Year	2053	2054	2055	2056	2057	2nd Peak - 2058	2059	2060	2061	2062
Projected Replacements						(\$6,930)				
Annual Deposit	\$347	\$347	\$347	\$347	\$347	\$347	\$8,400	\$8,400	\$8,400	\$8,400
End of Year Balance	\$13,597	\$13,944	\$14,290	\$14,637	\$14,983	\$15,330	\$8,400	\$8,400	\$8,400	\$8,400
Cumulative Expenditures	(\$328,530)	(\$328,530)	(\$328,530)	(\$328,530)	(\$328,530)	(\$328,530)	(\$335,460)	(\$335,460)	(\$335,460)	(\$335,460)
Cumulative Receipts	\$342,127	\$342,474	\$342,820	\$343,167	\$343,513	\$343,860	\$343,860	\$343,860	\$343,860	\$343,860

INFLATION ADJUSTED FUNDING

The Cash Flow Method calculations on Page A4 have been done in today's dollars with no adjustment for inflation. At Miller+Dodson, we believe that long-term inflation forecasting is effective at demonstrating the power of compounding, not at calculating appropriate funding levels for Replacement Reserves. We have developed this proprietary model to estimate the short-term impact of inflation on Replacement Reserve funding.

\$17,925 2023 - CASH FLOW METHOD RECOMMENDED FUNDING

The 2023 Study Year calculations have been made using current replacement costs (see Page B1.2), modified by the Analyst for any project specific conditions.

\$19,179 2024 - INFLATION ADJUSTED FUNDING

A new analysis calculates the 2024 funding based on three assumptions:

- Replacement Reserves on Deposit totaling \$68,062 on July 1, 2024.
- No Expenditures from Replacement Reserves in 2023.
- Construction Cost Inflation of 7.00 percent in 2023.

The \$19,179 inflation adjusted funding in 2024 is a 6.99 percent increase over the non-inflation adjusted funding of \$17,925.

\$20,522 2025 - INFLATION ADJUSTED FUNDING

A new analysis calculates the 2025 funding based on three assumptions:

- Replacement Reserves on Deposit totaling \$69,258 on July 1, 2025.
- No Expenditures from Replacement Reserves in 2024.
- Construction Cost Inflation of 7.00 percent in 2024.

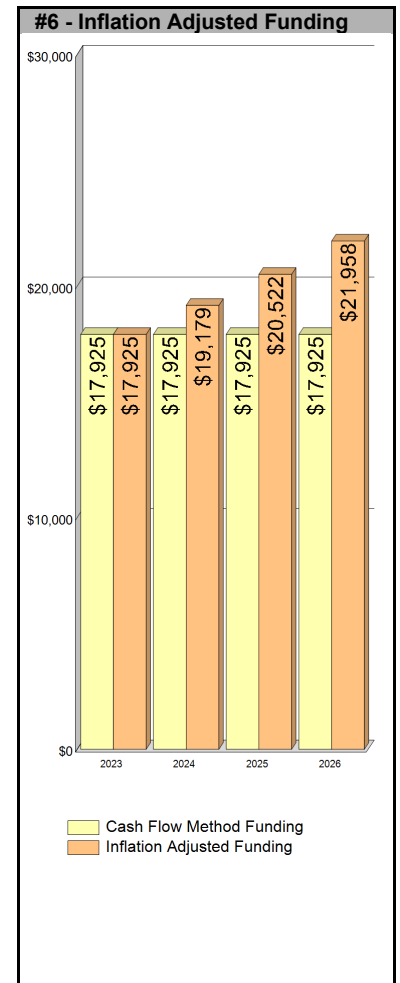
The \$20,522 inflation adjusted funding in 2025 is a 14.48 percent increase over the non-inflation adjusted funding of \$17,925.

\$21,958 2026 - INFLATION ADJUSTED FUNDING

A new analysis calculates the 2026 funding based on three assumptions:

- Replacement Reserves on Deposit totaling \$72,266 on July 1, 2026.
- No Expenditures from Replacement Reserves in 2025.
- Construction Cost Inflation of 7.00 percent in 2025.

The \$21,958 inflation adjusted funding in 2026 is a 22.50 percent increase over the non-inflation adjusted funding of \$17,925.



Year Four and Beyond

The inflation-adjusted funding calculations outlined above are not intended to be a substitute for periodic evaluation of common elements by an experienced Reserve Analyst. Industry Standards, lender requirements, and many state and local statutes require a Replacement Reserve Study to be professionally updated every 3 to 5 years.

Inflation Adjustment

Prior to approving a budget based upon the 2024, 2025 and 2026 inflation-adjusted funding calculations above, the 7.00 percent base rate of inflation used in our calculations should be compared to rates published by the Bureau of Labor Statistics. If there is a significant discrepancy (over 1 percentage point), contact Miller+Dodson Associates prior to using the Inflation Adjusted Funding.

Interest on Reserves

The recommended funding calculations do not account for interest earned on Replacement Reserves. In 2023, based on a 1.00 percent interest rate, we estimate the Association may earn \$591 on an average balance of \$59,100, \$687 on an average balance of \$68,660 in 2024, and \$708 on \$70,762 in 2025. The Association may elect to attribute 100 percent of the earned interest to Reserves, resulting in a reduction in the 2023 funding from \$17,925 to \$17,333 (a 3.29 percent reduction), \$19,179 to \$18,493 in 2024 (a 3.57 percent reduction), and \$20,522 to \$19,814 in 2025 (a 3.44 percent reduction).

REPLACEMENT RESERVE STUDY - SUPPLEMENTAL COMMENTS

The below listed items have been removed from the report as being below the new \$6000 threshold and/or specifically requested to be removed by the board. Additionally, NELs and RELs have been modified to comport with the board's request. (line #s are from previous report)

- 1 Asphalt pave., mill and overlay (Box Elder)
- 2 Asphalt pave., seal coat (Box Elder)
- 3 Asphalt pave. mill and overlay (Basswood)
- 4 Asphalt pave., seal coat (Basswood)
- 5 Concrete curb and gutter (33%)
- 6 Concrete flatwork (25%)
- 7 Pedestal mount mailboxes (Box Elder)
- 11 Gutters and downspouts - (Box Elder)
- 12 Gutters and downspouts - (Basswood)
- 13 Gutters and downspouts - (Basswood)
- 18 Shutters - composite (Box Elder)

SECTION B - REPLACEMENT RESERVE INVENTORY

- **PROJECTED REPLACEMENTS.** Crestwood Condo 1 - Replacement Reserve Inventory identifies 8 items which are Projected Replacements and the periodic replacements of these items are scheduled for funding from Replacement Reserves. The Projected Replacements have an estimated one-time replacement cost of \$328,530. Cumulative Replacements totaling \$335,460 are scheduled in the Replacement Reserve Inventory over the 40-year Study Period. Cumulative Replacements include those components that are replaced more than once during the period of the study.

Projected Replacements are the replacement of commonly-owned physical assets that require periodic replacement and whose replacement is to be funded from Replacement Reserves.

- **EXCLUDED ITEMS.** Some of the items contained in the Replacement Reserve Inventory are 'Excluded Items'. Multiple categories of items are typically excluded from funding by Replacement Reserves, including but not limited to:

Tax Code. The United States Tax Code grants very favorable tax status to Replacement Reserves, conditioned on expenditures being made within certain guidelines. These guidelines typically exclude maintenance activities, minor repairs, and capital improvements.

Value. Items with a replacement cost of less than \$1000 and/or a normal economic life of less than 3 years are typically excluded from funding from Replacement Reserves. This exclusion should reflect the Association policy on the administration of Replacement Reserves. If the Association has selected an alternative level, it will be noted in the Replacement Reserve Inventory - General Comments on Page B1.2.

Long-lived Items. Items are excluded from the Replacement Reserve Inventory when items are properly maintained and are assumed to have a life equal to the property.

Unit improvements. Items owned by a single unit and where the items serve a single unit are generally assumed to be the responsibility of that unit, not the Association.

Other non-common improvements. Items owned by the local government, public and private utility companies, the United States Postal Service, Master Associations, state and local highway authorities, etc., may be installed on property that is owned by the Association. These types of items are generally not the responsibility of the Association and are excluded from the Replacement Reserve Inventory.

- **CATEGORIES.** The 8 items included in the Crestwood Condo 1 Replacement Reserve Inventory are divided into 1 major categories. Each category is printed on a separate page, beginning on page B1.3.
- **LEVEL OF SERVICE.** This Replacement Reserve Inventory has been developed in compliance with the standards established for a Level 2 Update, as defined by the National Reserve Study Standards, established in 1998 by Community Associations Institute, which states:

This study has been performed as a Level 2 Update with Site Visit/On-Site Review as defined by the Community Associations Institute's, National Reserve Study Standards. As such, the component inventory is based on the study that was performed by . This inventory was adjusted to reflect changes provided by the Community Manager and/or the Board of Directors, or adjustments made based on the site visit and visual assessment performed by the Analyst. The analysis, including fund status and funding plan, is developed from the adjusted inventory.

REPLACEMENT RESERVE INVENTORY - GENERAL INFORMATION (CONT'D)

- **INVENTORY DATA.** Each of the 8 Projected Replacements listed in the Replacement Reserve Inventory includes the following data:
 - Item Number.** The Item Number is assigned sequentially and is intended for identification purposes only.
 - Item Description.** We have identified each item included in the Inventory. Additional information may be included in the Comments section at the bottom of each page of the Inventory.
 - Units.** We have used standard abbreviations to identify the number of units including SF-square feet, LF-lineal feet, SY-square yard, LS-lump sum, EA-each, and PR-pair. Non-standard abbreviations are noted in the Comments section at the bottom of the page.
 - Number of Units.** The methods used to develop the quantities are discussed in "Level of Service" above.
 - Unit Replacement Cost.** We use four sources to develop the unit cost data shown in the Inventory; actual replacement cost data provided by the client, information provided by local contractors and suppliers, industry standard estimating manuals, and a cost database we have developed based upon our detailed interviews with contractors and service providers who are specialists in their respective lines of work.
 - Normal Economic Life (Years).** The number of years that a new and properly installed item should be expected to remain in service.
 - Remaining Economic Life (Years).** The estimated number of years before an item will need to be replaced. In "normal" conditions, this could be calculated by subtracting the age of the item from the Normal Economic Life of the item, but only rarely do physical assets age "normally". Some items may have longer or shorter lives depending on many factors such as environment, initial quality of the item, maintenance, etc.
 - Total Replacement Cost.** This is calculated by multiplying the Unit Replacement Cost by the Number of Units.
- **PARTIAL FUNDING.** Items may have been included in the Replacement Reserve Inventory at less than 100 percent of their full quantity and/or replacement cost. This is done on items that will never be replaced in their entirety, but which may require periodic replacements over an extended period of time. The assumptions that provide the basis for any partial funding are noted in the Comments section.
- **REMAINING ECONOMIC LIFE GREATER THAN 40 YEARS.** The calculations do not include funding for initial replacements beyond 40 years. These replacements are included in this Study for tracking and evaluation. They should be included for funding in future Studies, when they enter the 40-year window.
- **ACCURACY OF THE ANALYSIS.** The accuracy of the Replacement Reserve Analysis is dependent upon expenditures from Replacement Reserves being made ONLY for the 8 Projected Replacements specifically listed in the Replacement Reserve Inventory. The inclusion/exclusion of items from the Replacement Reserve Inventory is discussed on Page B1.1.

EXTERIOR ITEMS								
PROJECTED REPLACEMENTS								
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL- Normal Economic Life (yrs)		REPLACEMENT COST (\$)	
					NEL	REL- Remaining Economic Life (yrs)		
1	Roof - asphalt shingle (Box Elder)	sf	7,000	\$5.00	25	15	\$35,000	
2	Roof - asphalt shingle (7038 Basswood)	sf	7,420	\$5.00	25	15	\$37,100	
3	Roof - asphalt shingle (6988 Basswood)	sf	7,420	\$5.00	25	15	\$37,100	
4	Vinyl siding (Box Elder)	sf	7,000	\$7.80	40	15	\$54,600	
5	Vinyl siding (Basswood)	sf	14,000	\$7.80	40	15	\$109,200	
6	Vinyl Soffit, trim and post (Box Elder)	sf	2,000	\$8.10	40	15	\$16,200	
7	Vinyl Soffit, trim and post (Basswood)	sf	4,000	\$8.10	40	15	\$32,400	
8	Shutters - composite (Basswood)	pr	126	\$55.00	20	15	\$6,930	
Replacement Costs - Page Subtotal							\$328,530	

COMMENTS

VALUATION EXCLUSIONS								
Excluded Items								
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	REPLACEMENT COST (\$)	UNIT REL	REL	REPLACEMENT COST (\$)	
	Site lighting fixtures							EXCLUDED
	Property identification signage							EXCLUDED
	Miscellaneous signage							EXCLUDED
	Signage							EXCLUDED

VALUATION EXCLUSIONS
 Comments

- Valuation Exclusions. For ease of administration of the Replacement Reserves and to reflect accurately how Replacement Reserves are administered, items with a dollar value less than \$1000 have not been scheduled for funding from Replacement Reserve. Examples of items excluded by Replacement Reserves by this standard are listed above.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

LONG-LIFE EXCLUSIONS							
Excluded Items							
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	REPLACEMENT COST (\$)	UNIT REL	REL	REPLACEMENT COST (\$)
	Masonry features						EXCLUDED
	Building foundation(s)						EXCLUDED
	Concrete floor slabs (interior)						EXCLUDED
	Wall, floor, and roof structure						EXCLUDED
	Fire protection/security systems						EXCLUDED
	Common element electrical services						EXCLUDED
	Electrical wiring						EXCLUDED

LONG-LIFE EXCLUSIONS
 Comments

- Long Life Exclusions. Components that when properly maintained, can be assumed to have a life equal to the property as a whole, are normally excluded from the Replacement Reserve Inventory. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- Exterior masonry is generally assumed to have an unlimited economic life, but periodic repointing is required, and we have included this for funding in the Replacement Reserve Inventory.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

UNIT IMPROVEMENTS EXCLUSIONS								
Excluded Items								
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	REPLACEMENT COST (\$)	UNIT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
	Any feature serving one unit							EXCLUDED

UNIT IMPROVEMENTS EXCLUSIONS
 Comments

- Unit improvement Exclusions. We understand that the elements of the project that relate to a single unit are the responsibility of that unit owner. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

UTILITY EXCLUSIONS							
Excluded Items							
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	REPLACEMENT COST (\$)	UNIT REL	REL	REPLACEMENT COST (\$)
	Primary electric feeds						EXCLUDED
	Electric transformers						EXCLUDED
	Cable TV systems and structures						EXCLUDED
	Telephone cables and structures						EXCLUDED
	Site lighting						EXCLUDED
	Gas mains and meters						EXCLUDED
	Water mains and meters						EXCLUDED
	Sanitary sewers						EXCLUDED
	Stormwater management system						EXCLUDED

UTILITY EXCLUSIONS
 Comments

- Utility Exclusions. Many improvements owned by utility companies are on property owned by the Association. We have assumed that repair, maintenance, and replacements of these components will be done at the expense of the appropriate utility company. Examples of items excluded from funding Replacement Reserves by this standard are listed above.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

MAINTENANCE AND REPAIR EXCLUSIONS							
Excluded Items							
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
	Cleaning of asphalt pavement						EXCLUDED
	Crack sealing of asphalt pavement						EXCLUDED
	Painting of curbs						EXCLUDED
	Striping of parking spaces						EXCLUDED
	Numbering of parking spaces						EXCLUDED
	Landscaping and site grading						EXCLUDED
	Exterior painting						EXCLUDED
	Interior painting						EXCLUDED
	Janitorial service						EXCLUDED
	Repair services						EXCLUDED
	Partial replacements						EXCLUDED
	Capital improvements						EXCLUDED

MAINTENANCE AND REPAIR EXCLUSIONS

Comments

- Maintenance activities, one-time-only repairs, and capital improvements. These activities are NOT appropriately funded from Replacement Reserves. The inclusion of such component in the Replacement Reserve Inventory could jeopardize the special tax status of ALL Replacement Reserves, exposing the Association to significant tax liabilities. We recommend that the Board of Directors discuss these exclusions and Revenue Ruling 75-370 with a Certified Public Accountant.
- Examples of items excluded from funding by Replacement Reserves are listed above. The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

GOVERNMENT EXCLUSIONS							
Excluded Items							
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
	Government, roadways and parking						EXCLUDED
	Government, sidewalks and curbs						EXCLUDED
	Government, lighting						EXCLUDED
	Government, stormwater mgmt.						EXCLUDED
	Government, ponds						EXCLUDED
	Government, mailboxes						EXCLUDED

GOVERNMENT EXCLUSIONS
 Comments

- Government Exclusions. We have assumed that some of the improvements installed on property owned by the Association will be maintained by the state, county, or local government, or other association or other responsible entity. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- Excluded rights-of-way, including adjacent properties and adjacent roadways.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

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SECTION C - CALENDAR OF PROJECTED ANNUAL REPLACEMENTS

GENERAL STATEMENT. The 8 Projected Replacements in the Crestwood Condo 1 Replacement Reserve Inventory whose replacement is scheduled to be funded from Replacement Reserves are broken down on a year-by-year basis, beginning on Page C1.2.

REPLACEMENT RESERVE ANALYSIS AND INVENTORY POLICIES, PROCEDURES, AND ADMINISTRATION

- **REVIEW OF THE REPLACEMENT RESERVE STUDY.** For this study to be effective, it should be reviewed by the Board of Directors, those responsible for the management of the items included in the Replacement Reserve Inventory, and the accounting professionals employed by the Association.
- **REVISIONS.** Revisions will be made to the Replacement Reserve Analysis and Replacement Reserve Inventory in accordance with the written instructions of the Board of Directors. No additional charge is incurred for the first revision if requested in writing within three months of the date of the Replacement Reserve Study. It is our policy to provide revisions in electronic (Adobe PDF) format only. We acknowledge that there are instances in which multiple revisions are necessary. However, unnecessary multiple revisions drain on our time and manpower resources. Therefore, Miller Dodson will exercise its sole discretion as to whether additional charges are incurred.
- **TAX CODE.** The United States Tax Code grants favorable tax status to a common interest development (CID) meeting certain guidelines for their Replacement Reserve. If a CID files their taxes as a 'Corporation' on Form 1120 (IRC Section 277), these guidelines typically require maintenance activities, partial replacements, minor replacements, capital improvements, and one-time only replacements to be excluded from Reserves. A CID cannot co-mingle planning for maintenance activities with capital replacement activities in the Reserves (Revenue Ruling 75-370). Funds for maintenance activities and capital replacements activities must be held in separate accounts. If a CID files taxes as an "Exempt Homeowners Association" using Form 1120H (IRC Section 528), the CID does not have to segregate these activities. However, because the CID may elect to change their method of filing from year to year within the Study Period, we advise using the more restrictive approach. We further recommend that the CID consult with their Accountant and consider creating separate and independent accounts and reserves for large maintenance items, such as painting.
- **CONFLICT OF INTEREST.** Neither Miller - Dodson Associates nor the Reserve Analyst has any prior or existing relationship with this Association which would represent a real or perceived conflict of interest.
- **RELIANCE ON DATA PROVIDED BY THE CLIENT.** Information provided by an official representative of the Association regarding financial, physical conditions, quality, or historical issues is deemed reliable.
- **INTENT.** This Replacement Reserve Study is a reflection of the information provided by the Association and the visual evaluations of the Analyst. It has been prepared for the sole use of the Association and is not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records.
- **PREVIOUS REPLACEMENTS.** Information provided to Miller - Dodson Associates regarding prior replacements is considered to be accurate and reliable. Our visual evaluation is not a project audit or quality inspection.
- **EXPERIENCE WITH FUTURE REPLACEMENTS.** The Calendar of Annual Projected Replacements, lists replacements we have projected to occur over the Study Period, begins on Page C2. Actual experience in replacing the items may differ significantly from the cost estimates and time frames shown because of conditions beyond our control. These differences may be caused by maintenance practices, inflation, variations in pricing and market conditions, future technological developments, regulatory actions, acts of God, and luck. Some items may function normally during our visual evaluation and then fail without notice.

PROJECTED REPLACEMENTS

Item	2023 - Study Year	\$	Item	2024 - YEAR 1	\$
No Scheduled Replacements			No Scheduled Replacements		
Item	2025 - YEAR 2	\$	Item	2026 - YEAR 3	\$
No Scheduled Replacements			No Scheduled Replacements		
Item	2027 - YEAR 4	\$	Item	2028 - YEAR 5	\$
No Scheduled Replacements			No Scheduled Replacements		
Item	2029 - YEAR 6	\$	Item	2030 - YEAR 7	\$
No Scheduled Replacements			No Scheduled Replacements		
Item	2031 - YEAR 8	\$	Item	2032 - YEAR 9	\$
No Scheduled Replacements			No Scheduled Replacements		

PROJECTED REPLACEMENTS

Item	2033 - YEAR 10	\$	Item	2034 - YEAR 11	\$
No Scheduled Replacements			No Scheduled Replacements		

Item	2035 - YEAR 12	\$	Item	2036 - YEAR 13	\$
No Scheduled Replacements			No Scheduled Replacements		

Item	2037 - YEAR 14	\$	Item	2038 - YEAR 15	\$
No Scheduled Replacements			1	Roof - asphalt shingle (Box Elder)	\$35,000
			2	Roof - asphalt shingle (7038 Basswood)	\$37,100
			3	Roof - asphalt shingle (6988 Basswood)	\$37,100
			4	Vinyl siding (Box Elder)	\$54,600
			5	Vinyl siding (Basswood)	\$109,200
			6	Vinyl Soffit, trim and post (Box Elder)	\$16,200
			7	Vinyl Soffit, trim and post (Basswood)	\$32,400
			8	Shutters - composite (Basswood)	\$6,930
No Scheduled Replacements			Total Scheduled Replacements		\$328,530

Item	2039 - YEAR 16	\$	Item	2040 - YEAR 17	\$
No Scheduled Replacements			No Scheduled Replacements		

Item	2041 - YEAR 18	\$	Item	2042 - YEAR 19	\$
No Scheduled Replacements			No Scheduled Replacements		

PROJECTED REPLACEMENTS

Item	2043 - YEAR 20	\$	Item	2044 - YEAR 21	\$
No Scheduled Replacements			No Scheduled Replacements		
Item	2045 - YEAR 22	\$	Item	2046 - YEAR 23	\$
No Scheduled Replacements			No Scheduled Replacements		
Item	2047 - YEAR 24	\$	Item	2048 - YEAR 25	\$
No Scheduled Replacements			No Scheduled Replacements		
Item	2049 - YEAR 26	\$	Item	2050 - YEAR 27	\$
No Scheduled Replacements			No Scheduled Replacements		
Item	2051 - YEAR 28	\$	Item	2052 - YEAR 29	\$
No Scheduled Replacements			No Scheduled Replacements		

PROJECTED REPLACEMENTS

Item	2053 - YEAR 30	\$	Item	2054 - YEAR 31	\$
No Scheduled Replacements			No Scheduled Replacements		
Item	2055 - YEAR 32	\$	Item	2056 - YEAR 33	\$
No Scheduled Replacements			No Scheduled Replacements		
Item	2057 - YEAR 34	\$	Item	2058 - YEAR 35	\$
No Scheduled Replacements			8	Shutters - composite (Basswood)	\$6,930
No Scheduled Replacements			Total Scheduled Replacements		\$6,930
Item	2059 - YEAR 36	\$	Item	2060 - YEAR 37	\$
No Scheduled Replacements			No Scheduled Replacements		
Item	2061 - YEAR 38	\$	Item	2062 - YEAR 39	\$
No Scheduled Replacements			No Scheduled Replacements		

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SECTION D - CONDITION ASSESSMENT

General Comments. Miller+Dodson Associates conducted a Reserve Study at Crestwood Condo 1 in January 1900. Crestwood Condo 1 is in generally ???? condition for a homeowner's association constructed in 1978. A review of the Replacement Reserve Inventory will show that we are anticipating most of the components achieving their normal economic lives.

The following comments pertain to the larger, more significant components in the Replacement Reserve Inventory and to those items that are unique or deserving of attention because of their condition or the manner in which they have been treated in the Replacement Reserve Analysis or Inventory.

IMPORTANT NOTE: This Condition Assessment is based upon visual and apparent conditions of the common elements of the community which were observed by the Reserve Analyst at the time of the site visit. This Condition Assessment does not constitute, nor is it a substitute for, a professional Structural Evaluation of the buildings, amenities, or systems. Miller Dodson strongly recommends that the Association retain the services of a Structural Engineer to conduct thorough and periodic evaluations of the buildings, balconies, and any other structural components of the buildings and amenities of the Association.

General Condition Statements.

Excellent. 100% to 90% of Normal Economic Life expected, with no appreciable wear or defects.

Good. 90% to 60% of Normal Economic Life expected, minor wear or cosmetic defects found. Normal maintenance should be expected. If performed properly, normal maintenance may increase the useful life of a component. Otherwise, the component is wearing normally.

Fair. 60% to 30% of Normal Economic Life expected, moderate wear with defects found. Repair actions should be taken to extend the life of the component or to correct repairable defects and distress. Otherwise, the component is wearing normally.

Marginal. 30% to 10% of Normal Economic Life expected, with moderate to significant wear or distress found. Repair actions are expected to be cost-effective for localized issues, but normal wear and use are evident. The component is reaching the end of the Normal Economic Life.

Poor. 10% to 0% of Normal Economic Life expected, with significant distress and wear. Left unattended, additional damage to underlying structures is likely to occur. Further maintenance is unlikely to be cost-effective.

EXTERIOR ITEMS

Building Roofing. The buildings have asphalt shingle roofs which are in fair condition.



Asphalt shingle roofs can have a useful life of 20 to 50 years depending on the weight and quality of the shingle. Weathered, curled, and missing shingles are all indications that the shingles may be nearing the end of their useful life.

Annual inspections are recommended, with cleaning, repair, and mitigation of vegetation performed as needed. Access, inspection, and repair work should be performed by contractors and personnel with the appropriate access equipment who are experienced in the types of roofing used for the facility.

Siding and Trim. The buildings have vinyl siding and trim which is in fair condition.



Vinyl/Aluminum Siding and Trim can have an extended useful life if not damaged by impact, heat, or other physical reasons. However, the coatings and finishes typically have a useful life and over time begin to weather, chalk, and show their age. For these reasons, we have modeled for the replacement of the siding and trim every 40 years.

This Condition Assessment is based upon our visual survey of the property. The sole purpose of the visual survey was an evaluation of the common and limited common elements of the property to ascertain their remaining useful life and replacement cost. Our evaluation assumed that all components met building code requirements in force at the time of construction. Our visual survey was conducted with care by experienced persons, but no warranty or guarantee is expressed or implied.

End of Condition Assessment

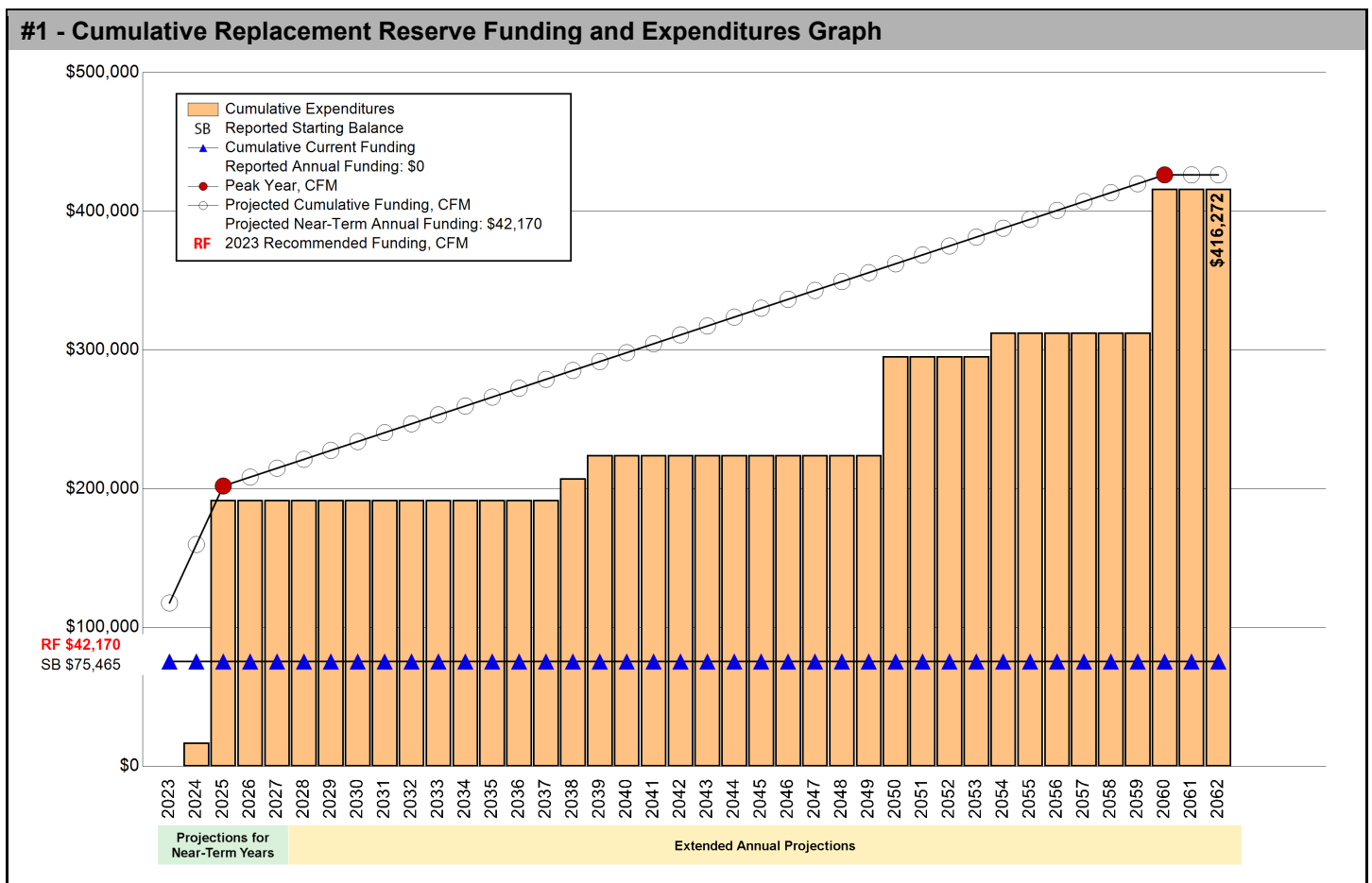
SECTION A - FINANCIAL ANALYSIS

The Crestwood Condo 2 Replacement Reserve Analysis uses the Cash Flow Method (CFM) to calculate Replacement Reserve funding for the periodic replacement of the 5 Projected Replacements identified in the Replacement Reserve Inventory.

\$42,170 RECOMMENDED REPLACEMENT RESERVE FUNDING FOR THE STUDY YEAR, 2023
\$146.42 Per unit (average), minimum monthly funding of Replacement Reserves

We recommend the Association adopt a Replacement Reserve Funding Plan based on the annual funding recommendation above. Inflation adjusted funding for subsequent years is shown on Page A2.5.

Crestwood Condo 2 reports a Starting Balance of \$75,465 and Annual Funding totaling \$0, which is inadequate to fund projected replacements starting in 2025. See Page A2.3 for a more detailed evaluation.



REPLACEMENT RESERVE ANALYSIS - GENERAL INFORMATION

The Crestwood Condo 2 Replacement Reserve Analysis calculations of recommended funding of Replacement Reserves by the Cash Flow Method (CFM) and the evaluation of the Current Funding are based upon the same Study Year, Study Period, Beginning Balance, Replacement Reserve Inventory and Level of Service.

2023 | STUDY YEAR

The Association reports that their accounting year begins on January 1, and the Study Year, the first year evaluated by the Replacement Reserve Analysis, begins on January 1, 2023.

40 Years | STUDY PERIOD

The Replacement Reserve Analysis evaluates the funding of Replacement Reserves over a 20-year Study Period

\$75,465 | STARTING BALANCE

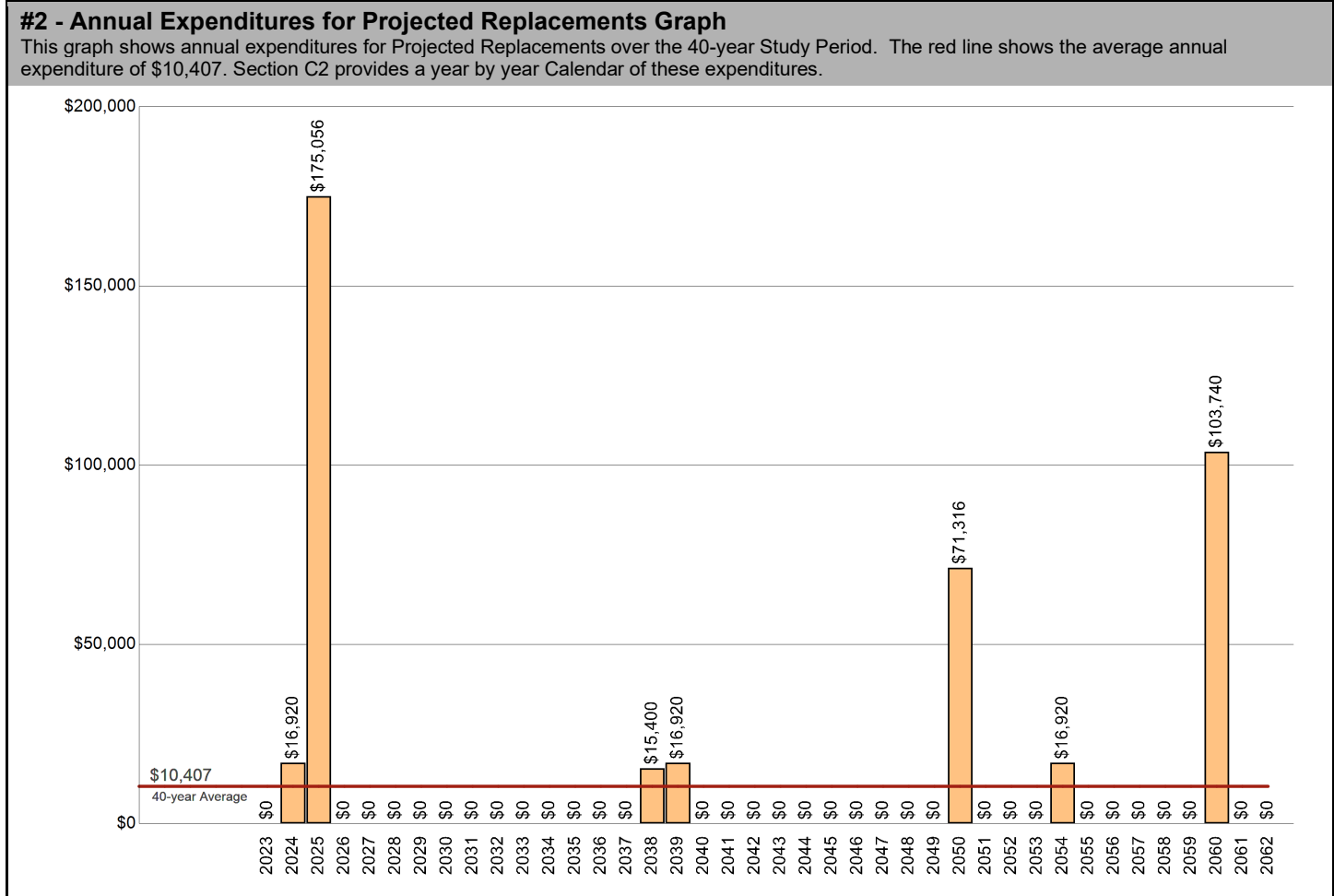
The Association reports Replacement Reserves on Deposit totaling \$75,465 at the start of the Study Year.

Level Two | LEVEL OF SERVICE

The Replacement Reserve Inventory has been developed in compliance with the National Reserve Study Standards for a Level Two Study, as defined by the Community Associations Institute (CAI).

\$416,272 | REPLACEMENT RESERVE INVENTORY - PROJECTED REPLACEMENTS

The Crestwood Condo 2 Replacement Reserve Inventory identifies 5 items that will require periodic replacement, that are to be funded from Replacement Reserves. We estimate the cost of these replacements will be \$416,272 over the 40-year Study Period. The Projected Replacements are divided into 2 major categories starting on Page B2.3. Pages B2.1-B2.2 provide detailed information on the Replacement Reserve Inventory.



UPDATING OF THE FUNDING PLAN

The Association has a responsibility to review the Funding Plan annually. The review should include a comparison and evaluation of actual reserve funding with recommended levels shown on Page A2.4 and A2.5. The Projected Replacements listed on Page C2.2 should be compared with any replacements accomplished and funded from Replacement Reserves. Discrepancies should be evaluated and if necessary, the Reserve Study should be updated or a new study commissioned. We recommend annual increases in replacement reserve funding to account for the impact of inflation. Inflation Adjusted Funding is discussed on Page A2.5.

UPDATING OF THE REPLACEMENT RESERVE STUDY

At a minimum, the Replacement Reserve Study should be professionally updated every three to five years or after completion of a major replacement project. Updating should also be considered if during the annual review of the Funding Plan, discrepancies are noted between projected and actual reserve funding or replacement costs. Updating may also be necessary if there is a meaningful discrepancy between the actual inflation rate and the inflation rate used for the Inflation Adjusted Funding of Replacement Reserves on Page A2.5.

ANNUAL EXPENDITURES AND CURRENT FUNDING

The annual expenditures that comprise the \$416,272 of Projected Expenditures over the 40-year Study Period and the impact of the Association continuing to fund Replacement Reserves at the current level are detailed in Table 3.

#3 - Table of Annual Expenditures and Current Funding Data - Years 1 through 20										
Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Starting Balance	\$75,465									
Projected Replacements		(\$16,920)	(\$175,056)							
Annual Deposit										
End of Year Balance	\$75,465	\$58,545	(\$116,511)	(\$116,511)	(\$116,511)	(\$116,511)	(\$116,511)	(\$116,511)	(\$116,511)	(\$116,511)
Cumulative Expenditures		(\$16,920)	(\$191,976)	(\$191,976)	(\$191,976)	(\$191,976)	(\$191,976)	(\$191,976)	(\$191,976)	(\$191,976)
Cumulative Receipts	\$75,465	\$75,465	\$75,465	\$75,465	\$75,465	\$75,465	\$75,465	\$75,465	\$75,465	\$75,465
Year	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Projected Replacements						(\$15,400)	(\$16,920)			
Annual Deposit										
End of Year Balance	(\$116,511)	(\$116,511)	(\$116,511)	(\$116,511)	(\$116,511)	(\$131,911)	(\$148,831)	(\$148,831)	(\$148,831)	(\$148,831)
Cumulative Expenditures	(\$191,976)	(\$191,976)	(\$191,976)	(\$191,976)	(\$191,976)	(\$207,376)	(\$224,296)	(\$224,296)	(\$224,296)	(\$224,296)
Cumulative Receipts	\$75,465	\$75,465	\$75,465	\$75,465	\$75,465	\$75,465	\$75,465	\$75,465	\$75,465	\$75,465
Year	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Projected Replacements								(\$71,316)		
Annual Deposit										
End of Year Balance	(\$148,831)	(\$148,831)	(\$148,831)	(\$148,831)	(\$148,831)	(\$148,831)	(\$148,831)	(\$220,147)	(\$220,147)	(\$220,147)
Cumulative Expenditures	(\$224,296)	(\$224,296)	(\$224,296)	(\$224,296)	(\$224,296)	(\$224,296)	(\$224,296)	(\$295,612)	(\$295,612)	(\$295,612)
Cumulative Receipts	\$75,465	\$75,465	\$75,465	\$75,465	\$75,465	\$75,465	\$75,465	\$75,465	\$75,465	\$75,465
Year	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062
Projected Replacements		(\$16,920)						(\$103,740)		
Annual Deposit										
End of Year Balance	(\$220,147)	(\$237,067)	(\$237,067)	(\$237,067)	(\$237,067)	(\$237,067)	(\$237,067)	(\$340,807)	(\$340,807)	(\$340,807)
Cumulative Expenditures	(\$295,612)	(\$312,532)	(\$312,532)	(\$312,532)	(\$312,532)	(\$312,532)	(\$312,532)	(\$416,272)	(\$416,272)	(\$416,272)
Cumulative Receipts	\$75,465	\$75,465	\$75,465	\$75,465	\$75,465	\$75,465	\$75,465	\$75,465	\$75,465	\$75,465

EVALUATION OF CURRENT FUNDING

The evaluation of Current Funding (Starting Balance of \$75,465 & annual funding of \$0), is done in today's dollars with no adjustments for inflation or interest earned on Replacement Reserves. The evaluation assumes Replacement Reserves will only be used for the 5 Projected Replacements identified in the Replacement Reserve Inventory and that the Association will continue Annual Funding of \$0 throughout the 40-year Study Period.

Annual Funding of \$0 is approximately percent of the \$42,170 recommended Annual Funding calculated by the Cash Flow Method for 2023, the Study Year.

See the Executive Summary for the Current Funding Statement.

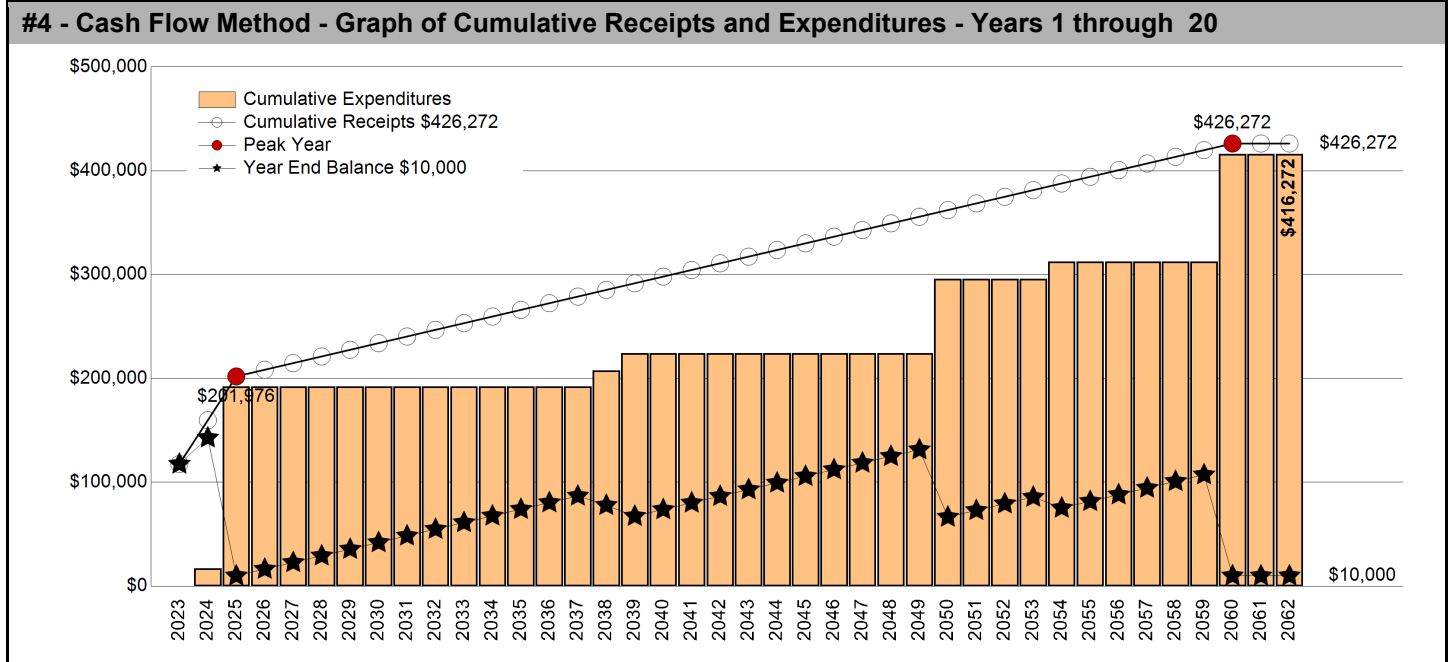
CASH FLOW METHOD FUNDING

\$42,170 RECOMMENDED REPLACEMENT RESERVE FUNDING FOR 2023

\$146.42 Per unit (average), minimum monthly funding of Replacement Reserves

Recommended Replacement Reserve Funding has been calculated using the Cash Flow Method (also called the Straight Line or Threshold Method). This method calculates a constant annual funding between peaks in cumulative expenditures, while maintaining a Minimum Balance (threshold) in the Peak Years.

- Peak Years.** The First Peak Year occurs in 2025 with Replacement Reserves on Deposit dropping to the Minimum Balance after the completion of \$191,976 of replacements from 2023 to 2025. Recommended funding is projected to decline from \$42,170 in 2025 to \$6,408 in 2026. Peak Years are identified in Chart 4 and Table 5.
- Threshold (Minimum Balance).** The calculations assume a Minimum Balance of \$10,000 will always be held in reserve, which is calculated by rounding the 12-month 40-year average annual expenditure of \$10,407 as shown on Graph #2.
- Cash Flow Method Study Period.** Cash Flow Method calculates funding for \$416,272 of expenditures over the 40-year Study Period. It does not include funding for any projects beyond 2062 and in 2062, the end of year balance will always be the Minimum Balance.



#5 - Cash Flow Method - Table of Receipts & Expenditures - Years 1 through 20

Year	2023	2024	1st Peak - 2025	2026	2027	2028	2029	2030	2031	2032
Starting Balance	\$75,465									
Projected Replacements		(\$16,920)	(\$175,056)							
Annual Deposit	\$42,170	\$42,170	\$42,170	\$6,408	\$6,408	\$6,408	\$6,408	\$6,408	\$6,408	\$6,408
End of Year Balance	\$117,636	\$142,886	\$10,000	\$16,408	\$22,817	\$29,225	\$35,634	\$42,042	\$48,451	\$54,859
Cumulative Expenditures		(\$16,920)	(\$191,976)	(\$191,976)	(\$191,976)	(\$191,976)	(\$191,976)	(\$191,976)	(\$191,976)	(\$191,976)
Cumulative Receipts	\$117,636	\$159,806	\$201,976	\$208,384	\$214,793	\$221,201	\$227,610	\$234,018	\$240,427	\$246,835
Year	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Projected Replacements						(\$15,400)	(\$16,920)			
Annual Deposit	\$6,408	\$6,408	\$6,408	\$6,408	\$6,408	\$6,408	\$6,408	\$6,408	\$6,408	\$6,408
End of Year Balance	\$61,268	\$67,676	\$74,085	\$80,493	\$86,901	\$77,910	\$67,398	\$73,807	\$80,215	\$86,624
Cumulative Expenditures	(\$191,976)	(\$191,976)	(\$191,976)	(\$191,976)	(\$191,976)	(\$207,376)	(\$224,296)	(\$224,296)	(\$224,296)	(\$224,296)
Cumulative Receipts	\$253,244	\$259,652	\$266,061	\$272,469	\$278,877	\$285,286	\$291,694	\$298,103	\$304,511	\$310,920
Year	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Projected Replacements								(\$71,316)		
Annual Deposit	\$6,408	\$6,408	\$6,408	\$6,408	\$6,408	\$6,408	\$6,408	\$6,408	\$6,408	\$6,408
End of Year Balance	\$93,032	\$99,441	\$105,849	\$112,258	\$118,666	\$125,075	\$131,483	\$66,575	\$72,984	\$79,392
Cumulative Expenditures	(\$224,296)	(\$224,296)	(\$224,296)	(\$224,296)	(\$224,296)	(\$224,296)	(\$224,296)	(\$295,612)	(\$295,612)	(\$295,612)
Cumulative Receipts	\$317,328	\$323,737	\$330,145	\$336,554	\$342,962	\$349,371	\$355,779	\$362,187	\$368,596	\$375,004
Year	2053	2054	2055	2056	2057	2058	2059	2nd Peak - 2060	2061	2062
Projected Replacements		(\$16,920)						(\$103,740)		
Annual Deposit	\$6,408	\$6,408	\$6,408	\$6,408	\$6,408	\$6,408	\$6,408	\$6,408	\$6,408	\$6,408
End of Year Balance	\$85,801	\$75,289	\$61,698	\$88,106	\$94,515	\$100,923	\$107,332	\$10,000	\$10,000	\$10,000
Cumulative Expenditures	(\$295,612)	(\$312,532)	(\$312,532)	(\$312,532)	(\$312,532)	(\$312,532)	(\$312,532)	(\$416,272)	(\$416,272)	(\$416,272)
Cumulative Receipts	\$381,413	\$387,821	\$394,230	\$400,638	\$407,047	\$413,455	\$419,864	\$426,272	\$426,272	\$426,272

INFLATION ADJUSTED FUNDING

The Cash Flow Method calculations on Page A4 have been done in today's dollars with no adjustment for inflation. At Miller+Dodson, we believe that long-term inflation forecasting is effective at demonstrating the power of compounding, not at calculating appropriate funding levels for Replacement Reserves. We have developed this proprietary model to estimate the short-term impact of inflation on Replacement Reserve funding.

\$42,170 2023 - CASH FLOW METHOD RECOMMENDED FUNDING

The 2023 Study Year calculations have been made using current replacement costs (see Page B2.2), modified by the Analyst for any project specific conditions.

\$45,122 2024 - INFLATION ADJUSTED FUNDING

A new analysis calculates the 2024 funding based on three assumptions:

- Replacement Reserves on Deposit totaling \$117,636 on July 1, 2024.
- No Expenditures from Replacement Reserves in 2023.
- Construction Cost Inflation of 7.00 percent in 2023.

The \$45,122 inflation adjusted funding in 2024 is a 7.00 percent increase over the non-inflation adjusted funding of \$42,170.

\$48,281 2025 - INFLATION ADJUSTED FUNDING

A new analysis calculates the 2025 funding based on three assumptions:

- Replacement Reserves on Deposit totaling \$121,777 on July 1, 2025.
- All 2024 Projected Replacements listed on Page C2.2 accomplished at a cost to Replacement Reserves less than \$16,969.
- Construction Cost Inflation of 7.00 percent in 2024.

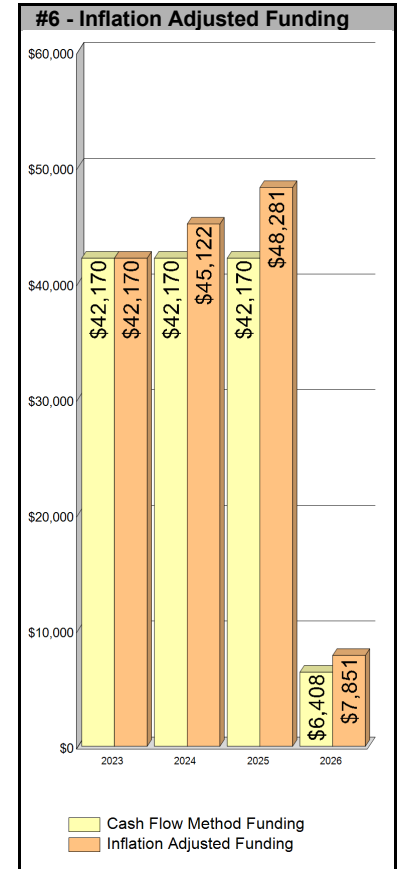
The \$48,281 inflation adjusted funding in 2025 is a 14.49 percent increase over the non-inflation adjusted funding of \$42,170.

\$7,851 2026 - INFLATION ADJUSTED FUNDING

A new analysis calculates the 2026 funding based on three assumptions:

- Replacement Reserves on Deposit totaling \$10,000 on July 1, 2026.
- All 2025 Projected Replacements listed on Page C2.2 accomplished at a cost to Replacement Reserves less than \$187,311.
- Construction Cost Inflation of 7.00 percent in 2025.

The \$7,851 inflation adjusted funding in 2026 is a 22.50 percent increase over the non-inflation adjusted funding of \$6,408.



Year Four and Beyond

The inflation-adjusted funding calculations outlined above are not intended to be a substitute for periodic evaluation of common elements by an experienced Reserve Analyst. Industry Standards, lender requirements, and many state and local statutes require a Replacement Reserve Study to be professionally updated every 3 to 5 years.

Inflation Adjustment

Prior to approving a budget based upon the 2024, 2025 and 2026 inflation-adjusted funding calculations above, the 7.00 percent base rate of inflation used in our calculations should be compared to rates published by the Bureau of Labor Statistics. If there is a significant discrepancy (over 1 percentage point), contact Miller+Dodson Associates prior to using the Inflation Adjusted Funding.

Interest on Reserves

The recommended funding calculations do not account for interest earned on Replacement Reserves. In 2023, based on a 1.00 percent interest rate, we estimate the Association may earn \$966 on an average balance of \$96,550, \$1,197 on an average balance of \$119,706 in 2024, and \$659 on \$65,888 in 2025. The Association may elect to attribute 100 percent of the earned interest to Reserves, resulting in a reduction in the 2023 funding from \$42,170 to \$41,205 (a 2.28 percent reduction), \$45,122 to \$43,925 in 2024 (a 2.65 percent reduction), and \$48,281 to \$47,622 in 2025 (a 1.36 percent reduction).

REPLACEMENT RESERVE STUDY - SUPPLEMENTAL COMMENTS

The below listed items have been removed from the report as being below the new \$6000 threshold and/or specifically requested to be removed by the board. Additionally, NELs and RELs have been modified to comport with the board's request. (line #s are from previous report)

- 1 Asphalt pavement, Lantana Ct - mill and overlay
- 2 Asphalt pavement, Lantana Ct - seal coat
- 3 Concrete curb and gutter (20%)
- 4 Concrete flatwork (25%)
- 5 Concrete entry steps and stoop (33%)
- 6 Entrance step metal railing
- 7 Trash coral and 50% HVAC fence wood
- 8 HVAC fence - (50%) - composite
- 9 Patio privacy fencing - wood
- 10 Pedestal mount mailboxes (steel)
- 15 Window safety rails
- 16 Flooring, interior carpet
- 17 Stair handrails
- 18 Wood rail cap and trim
- 19 Interior and exterior light fixtures

SECTION B - REPLACEMENT RESERVE INVENTORY

- **PROJECTED REPLACEMENTS.** Crestwood Condo 2 - Replacement Reserve Inventory identifies 5 items which are Projected Replacements and the periodic replacements of these items are scheduled for funding from Replacement Reserves. The Projected Replacements have an estimated one-time replacement cost of \$207,376. Cumulative Replacements totaling \$416,272 are scheduled in the Replacement Reserve Inventory over the 40-year Study Period. Cumulative Replacements include those components that are replaced more than once during the period of the study.

Projected Replacements are the replacement of commonly-owned physical assets that require periodic replacement and whose replacement is to be funded from Replacement Reserves.

- **EXCLUDED ITEMS.** Some of the items contained in the Replacement Reserve Inventory are 'Excluded Items'. Multiple categories of items are typically excluded from funding by Replacement Reserves, including but not limited to:

Tax Code. The United States Tax Code grants very favorable tax status to Replacement Reserves, conditioned on expenditures being made within certain guidelines. These guidelines typically exclude maintenance activities, minor repairs, and capital improvements.

Value. Items with a replacement cost of less than \$1000 and/or a normal economic life of less than 3 years are typically excluded from funding from Replacement Reserves. This exclusion should reflect the Association policy on the administration of Replacement Reserves. If the Association has selected an alternative level, it will be noted in the Replacement Reserve Inventory - General Comments on Page B2.2.

Long-lived Items. Items are excluded from the Replacement Reserve Inventory when items are properly maintained and are assumed to have a life equal to the property.

Unit improvements. Items owned by a single unit and where the items serve a single unit are generally assumed to be the responsibility of that unit, not the Association.

Other non-common improvements. Items owned by the local government, public and private utility companies, the United States Postal Service, Master Associations, state and local highway authorities, etc., may be installed on property that is owned by the Association. These types of items are generally not the responsibility of the Association and are excluded from the Replacement Reserve Inventory.

- **CATEGORIES.** The 5 items included in the Crestwood Condo 2 Replacement Reserve Inventory are divided into 2 major categories. Each category is printed on a separate page, beginning on page B2.3.
- **LEVEL OF SERVICE.** This Replacement Reserve Inventory has been developed in compliance with the standards established for a Level 2 Update, as defined by the National Reserve Study Standards, established in 1998 by Community Associations Institute, which states:

This study has been performed as a Level 2 Update with Site Visit/On-Site Review as defined by the Community Associations Institute's, National Reserve Study Standards. As such, the component inventory is based on the study that was performed by . This inventory was adjusted to reflect changes provided by the Community Manager and/or the Board of Directors, or adjustments made based on the site visit and visual assessment performed by the Analyst. The analysis, including fund status and funding plan, is developed from the adjusted inventory.

REPLACEMENT RESERVE INVENTORY - GENERAL INFORMATION (CONT'D)

- **INVENTORY DATA.** Each of the 5 Projected Replacements listed in the Replacement Reserve Inventory includes the following data:
 - Item Number.** The Item Number is assigned sequentially and is intended for identification purposes only.
 - Item Description.** We have identified each item included in the Inventory. Additional information may be included in the Comments section at the bottom of each page of the Inventory.
 - Units.** We have used standard abbreviations to identify the number of units including SF-square feet, LF-lineal feet, SY-square yard, LS-lump sum, EA-each, and PR-pair. Non-standard abbreviations are noted in the Comments section at the bottom of the page.
 - Number of Units.** The methods used to develop the quantities are discussed in "Level of Service" above.
 - Unit Replacement Cost.** We use four sources to develop the unit cost data shown in the Inventory; actual replacement cost data provided by the client, information provided by local contractors and suppliers, industry standard estimating manuals, and a cost database we have developed based upon our detailed interviews with contractors and service providers who are specialists in their respective lines of work.
 - Normal Economic Life (Years).** The number of years that a new and properly installed item should be expected to remain in service.
 - Remaining Economic Life (Years).** The estimated number of years before an item will need to be replaced. In "normal" conditions, this could be calculated by subtracting the age of the item from the Normal Economic Life of the item, but only rarely do physical assets age "normally". Some items may have longer or shorter lives depending on many factors such as environment, initial quality of the item, maintenance, etc.
 - Total Replacement Cost.** This is calculated by multiplying the Unit Replacement Cost by the Number of Units.
- **PARTIAL FUNDING.** Items may have been included in the Replacement Reserve Inventory at less than 100 percent of their full quantity and/or replacement cost. This is done on items that will never be replaced in their entirety, but which may require periodic replacements over an extended period of time. The assumptions that provide the basis for any partial funding are noted in the Comments section.
- **REMAINING ECONOMIC LIFE GREATER THAN 40 YEARS.** The calculations do not include funding for initial replacements beyond 40 years. These replacements are included in this Study for tracking and evaluation. They should be included for funding in future Studies, when they enter the 40-year window.
- **ACCURACY OF THE ANALYSIS.** The accuracy of the Replacement Reserve Analysis is dependent upon expenditures from Replacement Reserves being made ONLY for the 5 Projected Replacements specifically listed in the Replacement Reserve Inventory. The inclusion/exclusion of items from the Replacement Reserve Inventory is discussed on Page B2.1.

EXTERIOR ITEMS				NEL- Normal Economic Life (yrs)		REL- Remaining Economic Life (yrs)		
PROJECTED REPLACEMENTS								
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)	
1	Shingle asphalt/fiberglass	sf	12,420	\$5.00	25	2	\$62,100	
2	Gutter and downspout, aluminum	ft	1,280	\$7.20	25	2	\$9,216	
3	Vinyl horizontal siding and trim	sf	13,300	\$7.80	35	2	\$103,740	
Replacement Costs - Page Subtotal							\$175,056	

COMMENTS
<ul style="list-style-type: none"> Item #1: Shingle asphalt/fiberglass - Timed with siding Item #2: Gutter and downspout, aluminum - Timed with siding

BUILDING SYSTEMS PROJECTED REPLACEMENTS					NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
4	Fire alarm system, modernization per residential	units	24	\$705.00	15	1	\$16,920
5	Exterior electrical service panel	ea	4	\$3,850.00	50	15	\$15,400
Replacement Costs - Page Subtotal							\$32,320

COMMENTS
<ul style="list-style-type: none"> Item #5: Exterior electrical service panel - Timed with siding

VALUATION EXCLUSIONS							
Excluded Items							
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
	Site lighting fixtures						EXCLUDED
	Property identification signage						EXCLUDED
	Miscellaneous signage						EXCLUDED
	Fire extinguisher cabinet						EXCLUDED
	Sprinkler head						EXCLUDED
	Emergency lighting, exit light, etc.						EXCLUDED
	Signage						EXCLUDED
	Interior doors						EXCLUDED

VALUATION EXCLUSIONS

Comments

- Valuation Exclusions. For ease of administration of the Replacement Reserves and to reflect accurately how Replacement Reserves are administered, items with a dollar value less than \$1000 have not been scheduled for funding from Replacement Reserve. Examples of items excluded by Replacement Reserves by this standard are listed above.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

LONG-LIFE EXCLUSIONS							
Excluded Items							
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	REPLACEMENT COST (\$)	UNIT REL	REL	REPLACEMENT COST (\$)
	Masonry features						EXCLUDED
	Building foundation(s)						EXCLUDED
	Concrete floor slabs (interior)						EXCLUDED
	Wall, floor, and roof structure						EXCLUDED
	Fire protection/security systems						EXCLUDED
	Common element electrical services						EXCLUDED
	Electrical wiring						EXCLUDED

LONG-LIFE EXCLUSIONS
 Comments

- Long Life Exclusions. Components that when properly maintained, can be assumed to have a life equal to the property as a whole, are normally excluded from the Replacement Reserve Inventory. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- Exterior masonry is generally assumed to have an unlimited economic life, but periodic repointing is required, and we have included this for funding in the Replacement Reserve Inventory.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

UNIT IMPROVEMENTS EXCLUSIONS							
Excluded Items							
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
	Any feature serving one unit						EXCLUDED

UNIT IMPROVEMENTS EXCLUSIONS
 Comments

- Unit improvement Exclusions. We understand that the elements of the project that relate to a single unit are the responsibility of that unit owner. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

UTILITY EXCLUSIONS							
Excluded Items							
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	REPLACEMENT COST (\$)	UNIT REL	REL	REPLACEMENT COST (\$)
	Primary electric feeds						EXCLUDED
	Electric transformers						EXCLUDED
	Cable TV systems and structures						EXCLUDED
	Telephone cables and structures						EXCLUDED
	Site lighting						EXCLUDED
	Gas mains and meters						EXCLUDED
	Water mains and meters						EXCLUDED
	Sanitary sewers						EXCLUDED
	Stormwater management system						EXCLUDED

UTILITY EXCLUSIONS
Comments
<ul style="list-style-type: none"> Utility Exclusions. Many improvements owned by utility companies are on property owned by the Association. We have assumed that repair, maintenance, and replacements of these components will be done at the expense of the appropriate utility company. Examples of items excluded from funding Replacement Reserves by this standard are listed above. The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

MAINTENANCE AND REPAIR EXCLUSIONS							
Excluded Items							
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
	Cleaning of asphalt pavement						EXCLUDED
	Crack sealing of asphalt pavement						EXCLUDED
	Painting of curbs						EXCLUDED
	Striping of parking spaces						EXCLUDED
	Numbering of parking spaces						EXCLUDED
	Landscaping and site grading						EXCLUDED
	Exterior painting						EXCLUDED
	Interior painting						EXCLUDED
	Janitorial service						EXCLUDED
	Repair services						EXCLUDED
	Partial replacements						EXCLUDED
	Capital improvements						EXCLUDED

MAINTENANCE AND REPAIR EXCLUSIONS

Comments

- Maintenance activities, one-time-only repairs, and capital improvements. These activities are NOT appropriately funded from Replacement Reserves. The inclusion of such component in the Replacement Reserve Inventory could jeopardize the special tax status of ALL Replacement Reserves, exposing the Association to significant tax liabilities. We recommend that the Board of Directors discuss these exclusions and Revenue Ruling 75-370 with a Certified Public Accountant.
- Examples of items excluded from funding by Replacement Reserves are listed above. The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

GOVERNMENT EXCLUSIONS							
Excluded Items							
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
	Government, roadways and parking						EXCLUDED
	Government, sidewalks and curbs						EXCLUDED
	Government, lighting						EXCLUDED
	Government, stormwater mgmt.						EXCLUDED
	Government, ponds						EXCLUDED
	Government, mailboxes						EXCLUDED

GOVERNMENT EXCLUSIONS
 Comments

- Government Exclusions. We have assumed that some of the improvements installed on property owned by the Association will be maintained by the state, county, or local government, or other association or other responsible entity. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- Excluded rights-of-way, including adjacent properties and adjacent roadways.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

SECTION C - CALENDAR OF PROJECTED ANNUAL REPLACEMENTS

GENERAL STATEMENT. The 5 Projected Replacements in the Crestwood Condo 2 Replacement Reserve Inventory whose replacement is scheduled to be funded from Replacement Reserves are broken down on a year-by-year basis, beginning on Page C2.2.

REPLACEMENT RESERVE ANALYSIS AND INVENTORY POLICIES, PROCEDURES, AND ADMINISTRATION

- **REVIEW OF THE REPLACEMENT RESERVE STUDY.** For this study to be effective, it should be reviewed by the Board of Directors, those responsible for the management of the items included in the Replacement Reserve Inventory, and the accounting professionals employed by the Association.
- **REVISIONS.** Revisions will be made to the Replacement Reserve Analysis and Replacement Reserve Inventory in accordance with the written instructions of the Board of Directors. No additional charge is incurred for the first revision if requested in writing within three months of the date of the Replacement Reserve Study. It is our policy to provide revisions in electronic (Adobe PDF) format only. We acknowledge that there are instances in which multiple revisions are necessary. However, unnecessary multiple revisions drain on our time and manpower resources. Therefore, Miller Dodson will exercise its sole discretion as to whether additional charges are incurred.
- **TAX CODE.** The United States Tax Code grants favorable tax status to a common interest development (CID) meeting certain guidelines for their Replacement Reserve. If a CID files their taxes as a 'Corporation' on Form 1120 (IRC Section 277), these guidelines typically require maintenance activities, partial replacements, minor replacements, capital improvements, and one-time only replacements to be excluded from Reserves. A CID cannot co-mingle planning for maintenance activities with capital replacement activities in the Reserves (Revenue Ruling 75-370). Funds for maintenance activities and capital replacements activities must be held in separate accounts. If a CID files taxes as an "Exempt Homeowners Association" using Form 1120H (IRC Section 528), the CID does not have to segregate these activities. However, because the CID may elect to change their method of filing from year to year within the Study Period, we advise using the more restrictive approach. We further recommend that the CID consult with their Accountant and consider creating separate and independent accounts and reserves for large maintenance items, such as painting.
- **CONFLICT OF INTEREST.** Neither Miller - Dodson Associates nor the Reserve Analyst has any prior or existing relationship with this Association which would represent a real or perceived conflict of interest.
- **RELIANCE ON DATA PROVIDED BY THE CLIENT.** Information provided by an official representative of the Association regarding financial, physical conditions, quality, or historical issues is deemed reliable.
- **INTENT.** This Replacement Reserve Study is a reflection of the information provided by the Association and the visual evaluations of the Analyst. It has been prepared for the sole use of the Association and is not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records.
- **PREVIOUS REPLACEMENTS.** Information provided to Miller - Dodson Associates regarding prior replacements is considered to be accurate and reliable. Our visual evaluation is not a project audit or quality inspection.
- **EXPERIENCE WITH FUTURE REPLACEMENTS.** The Calendar of Annual Projected Replacements, lists replacements we have projected to occur over the Study Period, begins on Page C2. Actual experience in replacing the items may differ significantly from the cost estimates and time frames shown because of conditions beyond our control. These differences may be caused by maintenance practices, inflation, variations in pricing and market conditions, future technological developments, regulatory actions, acts of God, and luck. Some items may function normally during our visual evaluation and then fail without notice.

PROJECTED REPLACEMENTS

Item	2023 - Study Year	\$	Item	2024 - YEAR 1	\$
			4	Fire alarm system, modernization per residential unit	\$16,920
No Scheduled Replacements			Total Scheduled Replacements \$16,920		

Item	2025 - YEAR 2	\$	Item	2026 - YEAR 3	\$
1	Shingle asphalt/fiberglass	\$62,100			
2	Gutter and downspout, aluminum	\$9,216			
3	Vinyl horizontal siding and trim	\$103,740			
Total Scheduled Replacements		\$175,056	No Scheduled Replacements		

Item	2027 - YEAR 4	\$	Item	2028 - YEAR 5	\$
No Scheduled Replacements			No Scheduled Replacements		

Item	2029 - YEAR 6	\$	Item	2030 - YEAR 7	\$
No Scheduled Replacements			No Scheduled Replacements		

Item	2031 - YEAR 8	\$	Item	2032 - YEAR 9	\$
No Scheduled Replacements			No Scheduled Replacements		

PROJECTED REPLACEMENTS

2033 - YEAR 10			2034 - YEAR 11		
Item		\$	Item		\$
No Scheduled Replacements			No Scheduled Replacements		
2035 - YEAR 12			2036 - YEAR 13		
No Scheduled Replacements			No Scheduled Replacements		
2037 - YEAR 14			2038 - YEAR 15		
No Scheduled Replacements			5	Exterior electrical service panel	\$15,400
No Scheduled Replacements			Total Scheduled Replacements		\$15,400
2039 - YEAR 16			2040 - YEAR 17		
4	Fire alarm system, modernization per residential unit	\$16,920	No Scheduled Replacements		
Total Scheduled Replacements		\$16,920	No Scheduled Replacements		
2041 - YEAR 18			2042 - YEAR 19		
No Scheduled Replacements			No Scheduled Replacements		

PROJECTED REPLACEMENTS

2043 - YEAR 20			2044 - YEAR 21		
Item		\$	Item		\$
No Scheduled Replacements			No Scheduled Replacements		
2045 - YEAR 22			2046 - YEAR 23		
No Scheduled Replacements			No Scheduled Replacements		
2047 - YEAR 24			2048 - YEAR 25		
No Scheduled Replacements			No Scheduled Replacements		
2049 - YEAR 26			2050 - YEAR 27		
No Scheduled Replacements			1	Shingle asphalt/fiberglass	\$62,100
			2	Gutter and downspout, aluminum	\$9,216
			Total Scheduled Replacements		\$71,316
2051 - YEAR 28			2052 - YEAR 29		
No Scheduled Replacements			No Scheduled Replacements		

PROJECTED REPLACEMENTS

Item	2053 - YEAR 30	\$	Item	2054 - YEAR 31	\$
			4	Fire alarm system, modernization per residential unit	\$16,920
No Scheduled Replacements			Total Scheduled Replacements		
			\$16,920		

Item	2055 - YEAR 32	\$	Item	2056 - YEAR 33	\$
No Scheduled Replacements			No Scheduled Replacements		

Item	2057 - YEAR 34	\$	Item	2058 - YEAR 35	\$
No Scheduled Replacements			No Scheduled Replacements		

Item	2059 - YEAR 36	\$	Item	2060 - YEAR 37	\$
			3	Vinyl horizontal siding and trim	\$103,740
No Scheduled Replacements			Total Scheduled Replacements		
			\$103,740		

Item	2061 - YEAR 38	\$	Item	2062 - YEAR 39	\$
No Scheduled Replacements			No Scheduled Replacements		

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SECTION D - CONDITION ASSESSMENT

General Comments. MillerDodson Associates conducted a Reserve Study at Crestwood Condo 2 in January 1900. Crestwood Condo 2 is in generally varied condition for a homeowner's association constructed in 1978. A review of the Replacement Reserve Inventory will show that we are anticipating most of the components achieving their normal economic lives.

The following comments pertain to the larger, more significant components in the Replacement Reserve Inventory and to those items that are unique or deserving of attention because of their condition or the manner in which they have been treated in the Replacement Reserve Analysis or Inventory.

IMPORTANT NOTE: This Condition Assessment is based upon visual and apparent conditions of the common elements of the community which were observed by the Reserve Analyst at the time of the site visit. This Condition Assessment does not constitute, nor is it a substitute for, a professional Structural Evaluation of the buildings, amenities, or systems. Miller Dodson strongly recommends that the Association retain the services of a Structural Engineer to conduct thorough and periodic evaluations of the buildings, balconies, and any other structural components of the buildings and amenities of the Association.

General Condition Statements.

Excellent. 100% to 90% of Normal Economic Life expected, with no appreciable wear or defects.

Good. 90% to 60% of Normal Economic Life expected, minor wear or cosmetic defects found. Normal maintenance should be expected. If performed properly, normal maintenance may increase the useful life of a component. Otherwise, the component is wearing normally.

Fair. 60% to 30% of Normal Economic Life expected, moderate wear with defects found. Repair actions should be taken to extend the life of the component or to correct repairable defects and distress. Otherwise, the component is wearing normally.

Marginal. 30% to 10% of Normal Economic Life expected, with moderate to significant wear or distress found. Repair actions are expected to be cost-effective for localized issues, but normal wear and use are evident. The component is reaching the end of the Normal Economic Life.

Poor. 10% to 0% of Normal Economic Life expected, with significant distress and wear. Left unattended, additional damage to underlying structures is likely to occur. Further maintenance is unlikely to be cost-effective.

EXTERIOR ITEMS

Siding and Trim. The exterior of the building is clad with vinyl siding which is in marginal condition.



Vinyl/Aluminum Siding and Trim can have an extended useful life if not damaged by impact, heat, or other physical reasons. However, the coatings and finishes typically have a useful life and over time begin to weather, chalk, and show their age. For these reasons, we have modeled for the replacement of the siding and trim every 35 years.

This Condition Assessment is based upon our visual survey of the property. The sole purpose of the visual survey was an evaluation of the common and limited common elements of the property to ascertain their remaining useful life and replacement cost. Our evaluation assumed that all components met building code requirements in force at the time of construction. Our visual survey was conducted with care by experienced persons, but no warranty or guarantee is expressed or implied.

End of Condition Assessment

1. COMMON INTEREST DEVELOPMENTS - AN OVERVIEW

Over the past 40 years, the responsibility for many services, facilities and infrastructure around our homes has shifted from the local government to Community Associations. Thirty years ago, a typical new town house abutted a public street on the front and a public alley on the rear. Open space was provided by a nearby public park, and recreational facilities were purchased ala carte from privately-owned country clubs, swim clubs, tennis clubs, and gymnasiums. Today, 60% of all new residential construction, i.e. townhouses, single-family homes, condominiums, and cooperatives, is in Common Interest Developments (CID). In a CID, a homeowner is bound to a Community Association that owns, maintains, and is responsible for periodic replacements of various components that may include the roads, curbs, sidewalks, playgrounds, streetlights, recreational facilities, and other community facilities and infrastructure.

The growth of Community Associations has been explosive. In 1965, there were only approximately 500 Community Associations in the United States. According to the 1990 U.S. Census, there were roughly 130,000 Community Associations. The Community Associations Institute (CAI), a national trade association, estimates in 2020 that there were more than 350,000 communities with over 75 million residents.

The shift of responsibility for billions of dollars of community facilities and infrastructure from the local government and private sector to Community Associations has generated new and unanticipated issues. Although Community Associations have succeeded in solving many short-term issues, many Associations still fail to properly plan for the significant expenses of replacing community facilities and infrastructure components. When inadequate Replacement Reserve funding results in less than timely replacements of failing components, home owners are invariably exposed to the burden of special assessments, major increases in Association fees, and often a decline in property values.

2. REPLACEMENT RESERVE STUDY

The purpose of a Replacement Reserve Study is to provide the Association with an inventory of the common community facilities and infrastructure components that require periodic major repair or replacement, a general view of the physical condition of these components, and an effective financial plan to fund projected periodic replacements or major repairs. The Replacement Reserve Study consists of the following:

Replacement Reserve Study Introduction. The introduction provides a description of the property, an Executive Summary of the Funding Recommendations, Level of Reserve Study service, and a statement of the Purpose of the Replacement Reserve Study. It also lists documents and site evaluations upon which the Replacement Reserve Study is based, and provides the Credentials of the Reserve Analyst.

Section A Replacement Reserve Analysis. Many components that are owned by the Association have a limited life and require periodic replacement. Therefore, it is essential that the Association have a financial plan that provides funding for the timely replacement of these components in order to protect the safety, appearance, and ultimately, the property value of the home in the community. In conformance with National Reserve Study Standards, a Replacement Reserve Analysis evaluates the current funding of Replacement Reserves as reported by the Association and recommends annual funding of Replacement Reserves using the Threshold Cash Flow Method. See definition below.

Section B Replacement Reserve Inventory. The Replacement Reserve Inventory lists the commonly owned components within the community that require periodic replacement using funding from Replacement Reserves. Replacement Reserve Inventory includes estimates of the Normal Economic Life (NEL) and the Remaining Economic Life (REL) for those components whose replacement is scheduled for funding from Replacement Reserves.

The Replacement Reserve Inventory also provides information about those components which are excluded from the Replacement Reserve Inventory and whose replacement is not scheduled for funding from Replacement Reserves.

Section C Projected Annual Replacements. The Calendar of Projected Annual Replacements provides a year-by-year listing of the Projected Replacements based on the data in the Replacement Reserve Inventory.

Section D Condition Assessment. The observed condition of the major items listed in the Replacement Reserve Inventory are discussed in more detail. The Condition Assessment includes a narrative and photographs that document conditions at the property observed at the time of our visual evaluation.

The Appendix is provided as an attachment to the Replacement Reserve Study. Additional attachments may include supplemental photographs to document conditions at the property and additional information specific to the property cited in the Conditions Assessment (i.e. Consumer Product Safety Commission, Handbook for Public Playground Safety, information on segmental retaining walls, manufacturer recommendations for asphalt shingles or siding, etc.).

3. METHODS OF ANALYSIS

The Replacement Reserve industry generally recognizes two different methods of accounting for Replacement Reserve Analysis, the Cash Flow Method and the Component Method. Due to the difference in accounting methodologies, these methods lead to different calculated values for the Recommended Annual Funding to the Reserves. A brief description is included below:

Cash Flow Threshold Method. This Reserve Study uses the Threshold Cash Flow Method, sometimes referred to as the "Pooling Method." It calculates the minimum constant annual funding to reserves (Minimum Annual Deposit) required to meet projected expenditures without allowing total reserves on hand to fall below the predetermined Minimum Balance, or Threshold, in any year.

Component Method. The Component Method of calculating Reserve Funding needs is based upon an older mathematical model. Instead of calculating total funding based on yearly funding requirements, the Component method treats each component as its own "line item" budget that can only be used for that component. As a result, the Component Method is typically more conservative requiring greater Annual Reserve Funding levels.

4. REPLACEMENT RESERVE STUDY DATA

Identification of Reserve Components. The Reserve Analyst has only two methods of identifying Reserve Components; (1) information provided by the Association and (2) observations made at the site. It is important that the Reserve Analyst be provided with all available information detailing the components owned by the Association. It is our policy to request such information prior to bidding on a project and to meet with the parties responsible for maintaining the community after acceptance of our proposal. Upon submission of the initial Study, the Study should be reviewed by the Board of Directors and the individuals responsible for maintaining the community. We depend upon the Association for correct information, documentation, and drawings. We also look to the Association representative to help us fashion the Reserve Study so that it reflects what the community hopes to accomplish in the coming years.

Unit Costs. Unit costs are developed using nationally published standards and estimating guides and are adjusted by state or region. In some instances, recent data received in the course of our work is used to modify these figures. Contractor proposals or actual cost experience may be available as part of the Association records. This is useful information, which should be incorporated into your report. Please bring any such available data to our attention, preferably before the report is commenced.

Replacement vs. Repair and Maintenance. A Replacement Reserve Study addresses the required funding for Capital Replacement Expenditures. This should not be confused with operational costs or cost of regular repairs or maintenance.

5. DEFINITIONS

Adjusted Cash Flow Analysis. Cash flow analysis adjusted to take into account annual cost increases due to inflation and interest earned on invested reserves. In this method, the annual contribution is assumed to grow annually at the inflation rate.

Annual Deposit if Reserves Were Fully Funded. Shown on the Summary Sheet A1 in the Component Method summary, this would be the amount of the Annual Deposit needed if the Reserves Currently on Deposit were equal to the Total Current Objective.

Cash Flow Analysis. See Cash Flow Threshold Method, above.

Component Analysis. See Component Method, above.

Contingency. An allowance for unexpected requirements. The "Threshold" used in the Cash Flow Method is a predetermined minimum balance that serves the same purpose as a "contingency". However, IRS Guidelines do not allow for a "contingency" line item in the inventory. Therefore, it is built into the mathematical model as a "Threshold".

Cyclic Replacement Item. A component item that typically begins to fail after an initial period (Estimated Initial Replacement), but which will be replaced in increments over a number of years (the Estimated Replacement Cycle). The Reserve Analysis program divides the number of years in the Estimated Replacement Cycle into five equal increments. It then allocates the Estimated Replacement Cost equally over those five increments. (As distinguished from Normal Replacement Items, see below)

Estimated Normal Economic Life (NEL). Used in the Normal Replacement Schedules. This represents the industry average number of years that a new item should be expected to last until it has to be replaced. This figure is sometimes modified by climate, region, or original construction conditions.

Estimated Remaining Economic Life (REL). Used in the Normal Replacement Schedules. Number of years until the item is expected to need replacement. Normally, this number would be considered to be the difference between the Estimated

Economic Life and the age of the item. However, this number must be modified to reflect maintenance practice, climate, original construction and quality, or other conditions. For the purpose of this report, this number is determined by the Reserve Analyst based on the present condition of the item relative to the actual age.

Minimum Annual Deposit. Shown on the Summary Sheet A1. The calculated requirement for annual contribution to reserves as calculated by the Cash Flow Method (see above).

Minimum Balance. Otherwise referred to as the Threshold, this amount is used in the Cash Flow Threshold Method only. Normally derived using the average annual expenditure over the study period, this is the minimum amount held in reserves in the Peak Year.

National Reserve Study Standards. A set of Standards developed by the Community Associations Institute in 1995 (and updated in 2017) which establishes the accepted methods of Reserve Calculation and stipulates what data must be included in the Reserve Study for each component listed in the inventory. These Standards can be found at CALonline.org.

Normal Replacement Item. A component of the property that, after an expected economic life, is replaced in its entirety. (As distinguished from Cyclic Replacement Items, see above.)

Number of Years of the Study. The numbers of years into the future for which expenditures are projected and reserve levels calculated. This number should be large enough to include the projected replacement of every item on the schedule, at least once. The Reserve Study must cover a minimum of 20 years to comply with the National Reserve Study Standards. However, your study covers a 20-year period.

Peak Year. In the Cash Flow Threshold Method, a year in which the reserves on hand are projected to fall to the established threshold level. See Minimum Balance, above.

Reserves Currently on Deposit. Shown on the Summary Sheet A1, this is the amount of accumulated reserves as reported by the Association in the current year.

Replacement Reserve Study. An analysis of all of the components of the common property of a Community Association for which replacement should be anticipated within the economic life of the property as a whole. The analysis involves estimation for each component of its Estimated Replacement Cost, Normal Economic Life, and Remaining Economic Life. The objective of the study is to calculate a Recommended Annual Funding to the Association's Replacement Reserve Fund.

Total Replacement Cost. Shown on the Summary Sheet A1, this is total of the Estimated Replacement Costs for all items on the schedule if they were to be replaced once.

Unit Replacement Cost. Estimated replacement cost for a single unit of a given item on the schedule.

Unit (of Measure). Non-standard abbreviations are defined on the page of the Replacement Reserve Inventory where the item appears. The following standard abbreviations are used in this report:

ea	each	ls	lump sum	sy	square yard
ft or lf	linear foot	pr	pair	cy	cubic yard
sf	square foot				

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What is a Reserve Study?
Who are we?



<https://youtu.be/m4BcOE6q3Aw>

What kind of property uses a Reserve Study?
Who are our clients?



<https://youtu.be/40SodajTW1q>

Who conducts a Reserve Study?
Reserve Specialist (RS) what does this mean?



<https://youtu.be/pYSMZ013VjQ>

When should a Reserve Study be updated?
What are the different types of Reserve Studies?



<https://youtu.be/Qx8WHB9Cgnc>

What's in a Reserve Study and what's out?
Improvement/Component, what's the difference?



<https://youtu.be/ZfBoAEhtf3E>

What is my role as a Community Manager?
Will the report help me explain Reserves?



<https://youtu.be/1J2h7FIU3qw>

What is my role as a community Board Member?
Will a Reserve Study meet my needs?



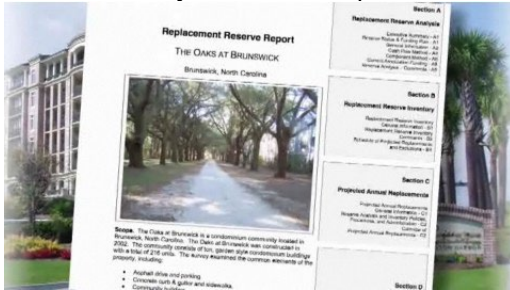
<https://youtu.be/aARD1B1Oa3o>

Community dues, how can a Reserve Study help?
Will a study keep my property competitive?



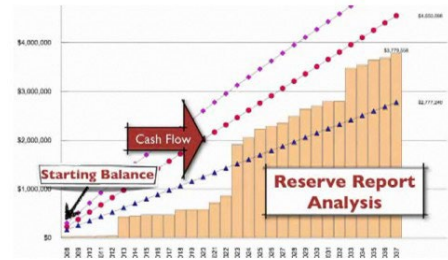
<https://youtu.be/diZfM1IyJYU>

How do I read the report?
Will I have a say in what the report contains?



<https://youtu.be/qCeVJhFf9ag>

Where do the numbers come from?
Cumulative expenditures and funding, what?



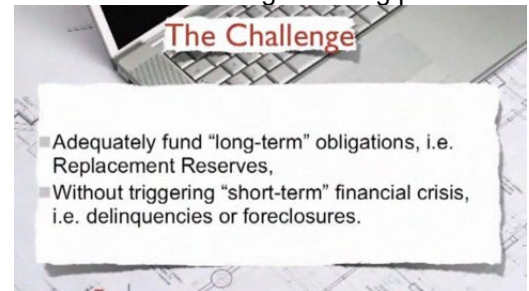
<https://youtu.be/SePdWVDvHWI>

How are interest and inflation addressed?
Inflation, what should we consider?



<https://youtu.be/W8CDLwRlv68>

A community needs more help, where do we go?
What is a strategic funding plan?



<https://youtu.be/hIxV9X1tlcA>

