



Reserve Funding



Mediterranean Villas Homeowners Association

9713 Mia Lane
Pasco, Washington 98301
September 05, 2018

Prepared by:
D.L. "Dan" Huntley, RS, PRA
Tamarra "Tammy" Axton, PRA
Ray Axton, PRA

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Reserve Study Professionals credentialed by
Community Association Institute (RS) and
Association of Professional Reserve Analysts (PRA)

MEDITERRANEAN VILLAS HOMEOWNERS ASSOCIATION

Executive Summary

Fiscal Year of Report

January 1, 2019 to December 31, 2019

Number of Units/Lots 228

Parameters

Beginning Balance \$569,557.54

Fiscal Year 2019 Required Contribution \$72,504.00

Average Monthly Reserve Assessment Required Per Lot/Unit \$26.50

Prior Year's Actual Contribution \$72,000.00

Fiscal Year Projected Interest Rate 1.41%

Fiscal Year Inflation Rate 2.29%

Annual Increase To Suggested Contribution 9.05%

Lowest Cash Balance Over 30 Years (Threshold) \$325,257.00

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**720 North 10th Street, Suite A366
Renton, Washington 98057
800-301-3411-Office
800-794-0005-Fax**



Attached herewith is the Reserve Study (physical and financial analysis) for the Association. **Interest from reserve savings accounts must stay in the reserve account(s) and not be used as an offset against monthly assessments.**

When the term Limited Common Element is used it is assumed the Association is maintaining certain Limited Common Elements but not all. One would need to read the Declaration (CC&R's) to determine responsibilities of the Association and of the Owners.

You are encouraged to thoroughly review this document and its individual reports for conformity to the description of responsibility for the Association's Common or Limited Common Element as defined in your Declaration of Covenants, Conditions and Restrictions. In addition, please pay close attention to the reserve bank balance estimated to be on hand by your staff. **Any discrepancy in the figure or interest rate can have a significant effect on the Reserve Study and the outcome of the assumptions shown.**

The intention of the Reserve Study is to forecast, as they wear out in future years, the Association's ability to repair, replace, restore or maintain major components with a life expectancy of over one year and an estimated cost of over one thousand dollars. The reports will provide the Association's Board of Directors (Board) the information necessary to make the reserve projection disclosures required by existing statutes, lender's requirements, or the governing documents.

The cost outlined in the Reserve Study is subjective in some areas, therefore we may use costs submitted by the Declarant, Management or the Board, and are for budgetary and planning purposes only. Actual bid costs would depend upon the defined scope of work at the time the repair, replacement or restoration is done, and on actual price levels prevailing at the time the future repair, replacement, or restoration must be done.

The estimates on future repair, replacement and restoration in the Reserve Study will be good faith estimates and projections, based upon the estimated future inflation rate and interest (yield) on the monies set aside which may or may not prove accurate. Consultant submits that the probability that it may project in its Reserve Study, or that the Board could project in its disclosures, future costs or actual future remaining useful lives of components having useful lives extended beyond one year with precision is the functional equivalent of winning the lottery (while it may happen in rare instances by chance, one may not reasonably expect it to happen). As a result, Consultant cannot, and does not, warrant or guaranty its projections. Assumptions on future costs and life expectancy's should be reviewed and adjusted on an annualized basis, as current and future cost projections and life expectancy's become more uncertain.

This Reserve Study is limited to an off-site, on-site or plan take-off physical analysis of the property, and as such did not disturb the major components. Therefore, all Common and Limited Common Elements for which there is no access without defacement are specifically omitted. However, if sufficient historical data including costs were available that would allow a reasonable projection of future expenditures for any unobserved components, e.g., plumbing, utilities, electrical wiring, those components could be included in the Reserve Study and may require an engineer's report.

Since no destructive testing was undertaken, this Reserve Study, as stated above, does not purport to address any latent and/or patent defects, nor does it address any life expectancies that are abnormally short due either to improper design or installation, or to subsequent improper maintenance. It is assumed that all components are to be reasonably maintained for the remainder of their life expectancy.

The seals below the signature is evidence that the Reserve Study was performed under the guidelines and policies of the Association of Professional Reserve Analyst and the Community Association Institute.

Sincerely,

Tamarra "Tammy" Axton, PRA

Ray Axton, PRA

D. L. "Dan" Huntley, RS

Association of Professional Reserve Analyst-APRA-(PRA)
Community Association Institute-CAI-(RS) Reserve Specialist



EXECUTIVE SUMMARY

At the direction of the Association that recognizes the need for proper reserve planning, we have prepared a Reserve Study (physical and financial analysis) of the Association's Common or Limited Common Elements and submit our findings in this report. The purpose of this Reserve Study is to establish a reasonable yearly reserve contribution necessary to meet future expenditures for major replacements or repairs of the Common or Limited Common Areas in compliance with Revised Code of Washington §64.34 and §64.38 that components have a life expectancy of more than one year and less than thirty years.

All major common elements are likely to require capital repair or replacement over the next thirty years. Our analysis considered current and future costs of replacement for the subject Common or Limited Common Areas, the average annual fund balance, interest on invested funds, and anticipated inflation. Based on the investigation and analysis as detailed in the accompanying narrative, the attached *CURRENT ASSESSMENT FUNDING MODEL PROJECTION* report details the average reserve contributions that are recommended to fund the expected capital expenditures of the subject Common or Limited Common Elements over the next thirty years.

We arrived at these recommendations in part by matching the anticipated expenditures noted in the *ANNUAL EXPENDITURE DETAIL* against current fund balances and the annual levels of funding. **Reserve funds would not become depleted within the next thirty years at the levels of funding recommended.**

The *CURRENT ASSESSMENT FUNDING MODEL PROJECTION* enumerates the details regarding recommended annual reserve contributions and projected year-end reserve balances. We recommend, in accordance with state statutes, subsequent yearly off-site updates of this Reserve Study and an on-site physical analysis every three years to confirm that the recommended reserve contributions are appropriate in view of possible changes in the property, components not completed as detailed in the expenditure report, interest rates, inflation rates, costs, and movement of any excess operating funds to the reserve savings accounts as approved by the membership.

It is necessary that regular maintenance of the Common or Limited Common Elements be done to insure maximum useful life and optimum performance of the reserve components. Components of concern include items associated with water intrusion and safety.

The Maintenance Plan is a cyclical plan that calls for regular maintenance at regular intervals and will list the maintenance activity and the frequency of maintenance as well as a short narrative.

Checklists developed by Reed Construction Data, Inc., can be accessed, photocopied or downloaded from the RS Means web site at www.rsmeans.com/supplement/67346.asp. We strongly urge the Board to use these forms.

NARRATIVE REPORT

The following reports illustrate our recommendations and observations concerning anticipated expenditures, recommended RF and projected fund balances during the next thirty years.

We have not investigated the title to or any liabilities against the property subject to this report.

At the direction of the Association, which recognizes the need for proper reserve planning, we have made a Reserve Study (physical and financial analysis) of this community and submit our findings in this report.

The purpose of this Reserve Study is to establish a reasonable yearly reserve contribution necessary to meet future expenditures for major replacements or repairs of the common elements of the Association as of the beginning of its fiscal year.

Reserves for replacement are estimates of that amount of money that must be put aside to repair or replace major items or building components that will wear out before the entire facility or project wears out.

State law, such as that found in California, Oregon and Washington, clearly establishes the fiduciary duty of "Boards" and the necessity for adequate assessments including reserve funds. The legislative intent of these acts is to better protect current owners and future buyers of units in community Associations. Reserving funds for future repair or replacement of the shorter-lived building components is also one of the most reliable ways of protecting the future market value of an individual's investment property from the deleterious effects of special assessments.

For the purposes of this Reserve Study, the detailed cash flow analysis is limited to those components or elements that are likely to require replacement or major rehabilitation during the next thirty-year period. Replacement of an entire planned development or condominium in 50 to 75 years is not a typical event. Preventive maintenance generally extends the useful life of many components. As such, estimating useful lives beyond thirty years from the date of this study is indeterminate and it is recommended that periodic updates of this study be made to consider actual facts and circumstances regarding extended or diminished component lives, inflation, and appreciation of the reserves.

Our investigation included Common and Limited Common Elements as set forth in your declaration associated with the property of the Association. Excluded from our consideration was all other property, including land, property owned individually by unit or home owners, personal property, and intangible assets.

Expenditures relating to the operating budget and apart from reserves are excluded from this reserve analysis. It is our understanding that the operating budget and future operating budgets will provide for the on-going normal maintenance of common elements unless specifically identified in the component description on the *DETAIL REPORT BY CATEGORY*.

Our report comprises:

This letter, that sets forth the nature and extent of the investigation, identifies the classes of property considered, and presents the conclusions reached.

An Executive Summary identifies the property, current reserves, recommended RF, and projections concerning RF.

Consideration and Methodology

The purpose of this study is to estimate the amount of yearly reserve contributions necessary to meet future expenditures for major replacements and repairs of the common area components of the Association without a special assessment. We reviewed the property subject of this investigation and considered the following:

- Local costs of material, equipment and labor combined in the cost factor,
- The current and future costs of replacement or repair for the common elements as detailed in the *DETAIL REPORT BY CATEGORY*,
- The cost of removal if required of the worn out components as part of the cost of replacement,
- The anticipated effects of inflation on the amount to be reserved annually,
- The anticipated effects of appreciation of the reserves over time in accord with your average current return or yield on investments. **We were informed all accrued interest on Association investments would be included within the reserve funds.**

The past and current maintenance practices of your Association and their effects on remaining lives.

We have not considered as part of the reserve contributions the amounts required for yearly maintenance activities.

SUMMARY AND CONCLUSION

This Reserve Study indicates that based on the anticipated expenditures noted in the ANNUAL EXPENDITURE DETAIL report, the current reserves and annual recommended levels of funding are adequate to avoid future special assessments. Reserves would not become depleted within the next thirty years at current recommended levels of funding

ASSUMPTIONS, SCOPE, AND LIMITED CONDITIONS

To the best of our knowledge, all data set forth in this report are true and accurate. Although gathered from reliable sources, no guarantee is made nor liability assumed for the accuracy of any data, opinions, or estimates identified as being furnished by others or ourselves that have been used in formulating this analysis.

No soils analysis or geological studies were ordered or made in conjunction with this report, nor was any water, oil, gas, coal or other subsurface mineral and use rights or conditions investigated.

Any latent defects will not be a part of the Reserve Study. Should we find signs of possible latent defects or problems not within the scope of the Reserve Study, the Association will be notified so that the Association can retain the proper experts. However, the study will not be designed to uncover any possible latent defects, and the absence of any indications to such effect will not be, and should not be construed to be, an indication that there are no defects not so noted, or that we warrant the absence of any such defects.

Substances such as fungi, mold, asbestos, lead paint, urea-formaldehyde foam insulation, termite control substances other chemicals, toxic wastes, radon gas, electro-magnetic radiation or other potentially hazardous materials (on the surface or sub-surface) could, if present, adversely affect the validity of our Reserve Study. Unless otherwise stated in our Reserve Study, the existence of hazardous substances, that may or may not be present on the property, will not be considered nor will there be any inspection for termites. Our opinions are predicated on the assumption that there is no such material on or in the property nor existence of termites. No responsibility is assumed for any such conditions, and you are advised that we are not qualified to detect such substances, quantify the impact, or develop the remedial cost.

The Association needs to review each line item in the reports to be certain corrections are made from information you may possess that we are not aware of. It is assumed in our Reserve Study that no work, or expenditures from the reserve funds will occur for the balance of the fiscal year. If this is not correct, you need to let us know what extra work was done and how much money will be spent.

This physical analysis was made by individuals generally familiar with real estate and building construction and 30 years experience preparing reserve studies; however, no invasive testing was performed. Our report does not consider electrical wiring, plumbing or utilities that may be the responsibility of the Association. Accordingly, we do not opine on, nor are we responsible for, the structural integrity of the property, including, but not limited to, its conformity to specific governmental code requirements, such as fire, building safety, earthquake, occupancy, land movement and/or slides, or any physical defects that were not readily apparent in our physical analysis. This Reserve Study is not an engineering study.

The cost outlined in the Reserve Study is subjective in some areas; therefore, we may use costs submitted by the Association that are for budgetary and planning purposes only. Actual bid costs would depend upon the defined scope of work at the time the repair, replacement or restoration is done, and on actual price levels prevailing at the time the future repair, replacement or restoration must be done. The estimates on future repair, replacement and restoration in the Reserve Study will be good faith estimates and projections, based upon the estimated future inflation rate and interest (yield) on the monies set aside which may or may not prove accurate. We submit that the probability that the Board may project in its Reserve Study or disclosures, future costs or actual future remaining useful lives of components having useful lives extended beyond one year with precision is the functional equivalent of winning the lottery (while it may happen in rare instances by chance, one may not reasonably expect it to happen). As a result, we cannot, and do not, guaranty its projections. Assumptions on future costs and life expectancies should be reviewed and adjusted on an annualized basis, as current future costs projections and life expectancies become more uncertain.

PROFESSIONAL SERVICE CONDITIONS

The services provided by Reserve Studies by RF were performed in accordance with our professional practice standards. Our compensation is not contingent in any way upon our conclusions. We assume, without independent verification, the accuracy of all data provided to us. We will act as an independent contractor. All files, work papers or documents developed by us during the course of the engagement will remain our property.

Our report is to be used only for the purposes stated herein. Any use or reliance for any other purpose, by you or third parties, is invalid. You may show our report in its entirety to those third parties that need to review the information contained herein. No reference to our name or our report, in whole or in part, in any document you prepare and/or distribute to third parties may be made without our written consent.

You shall defend, indemnify, and hold harmless Reserve Studies by RF and its employees and subagents, who were or are a party or are threatened to be made a party to any threatened, pending, or completed actions, suits, or proceedings, whether civil, criminal, administrative, or investigative by reason of the fact that Reserve Studies by RF and its employees and subagents, are or were the authorized representatives of the Association, as to any expense, including attorneys' fees, judgments, fines, and amounts paid in settlement actually and reasonably incurred by Reserve Studies by RF and its employees and subagents, in connection with such action, suit, or proceeding, if Reserve Studies by RF and its employees and subagents acted in good faith and in a manner Reserve Studies by RF and its employees and subagents reasonably believed to be in, or not opposed to, the best interest of the Association, and with respect to any criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful.

We have prepared an initial draft of the Reserve Study and will make one adjustment to the report upon a written request from the Association within 30 days of the date the initial draft of the study is sent to the Board.

We reserve the right to include your Association's name in our client list, but we will maintain the confidentiality of all conversations, documents provided to us, and the contents of our reports, subject to legal or administrative process or proceedings.

These conditions can only be modified by written documents executed by both parties.

Respectfully submitted

Tamarra "Tammy" Axton, PRA

Ray Axton, PRA

D. L. "Dan" Huntley, RS

Association of Professional Reserve Analyst-APRA-(PRA)
Community Association Institute-CAI-(RS) Reserve Specialist

Mediterranean Villas Homeowners Association
Category Detail Index

Asset ID	Description	Replacement	Page
Appliances			
1005	Appliances: Palazzo-Replace	2022	42
Asphalt			
1015	Asphalt: Overlay	2028	43
1014	Asphalt: Repairs	2021	44
1013	Asphalt: Sealcoat-Striping	2021	45
Building Structure			
1041	Maintenance Shed: Replacement	2033	66
1040	Pavilion: Building Structure-Replace	Unfunded	85
Curbs			
1016	Curbs: Replace-1	2024	47
1017	Curbs: Replace-2	2032	48
1018	Curbs: Replace-3	2032	49
1046	Curbs: Replace-4	2033	50
1047	Curbs: Replace-5	2034	51
1048	Curbs: Replace-6	2035	52
Doors			
1033	Doors-Windows: Palazzo	2023	54
Drainage			
1042	Storm Drains: Renovation	2033	90
Fencing			
1021	Fencing: Repairs	2019	55
1022	Fencing: Replace	2030	56
Grounds Components			
1039	Benches/Tables: Concrete-Common Area	2028	46
1008	Doggie Cleanup Stations: Replace	2019	53
Heating			
1004	HVAC Wall Unit: Palazzo-Replace	2025	57
Landscaping			
1020	Landscaping: Irrigation-Repairs	2019	59

Mediterranean Villas Homeowners Association
Category Detail Index

Asset ID	Description	Replacement	Page
<i>Landscaping Continued...</i>			
1019	Landscaping: Renovation-Replace	2019	60
1035	Landscaping: Trees - Prune, Trim and Replace	2024	61
Lighting			
1002	Lighting: Exterior-Replace	2019	62
1006	Lighting: Palazzo-Interior Fixtures	2020	63
Mailboxes			
1009	Mailboxes: Replace-A	2023	64
1010	Mailboxes: Replace-B	2025	65
Monument			
1034	Monument: Replace	2028	67
Painting			
1024	Painting: Exterior-Phase 1	2026	68
1025	Painting: Exterior-Phase 2	2031	69
1026	Painting: Exterior-Phase 3	2032	70
1049	Painting: Exterior-Phase 4	2033	71
1050	Painting: Exterior-Phase 5	2034	72
1051	Painting: Exterior-Phase 6	2039	73
1027	Painting: Exterior-Trim-Phase 1	2019	74
1028	Painting: Exterior-Trim-Phase 2	2019	75
1029	Painting: Exterior-Trim-Phase 3	2019	76
1052	Painting: Exterior-Trim-Phase 4	2019	77
1053	Painting: Exterior-Trim-Phase 5	2019	78
1054	Painting: Exterior-Trim-Phase 6	2020	79
1003	Painting: Palazzo-Interior	2019	80
1031	Painting: Palazzo-Pavilion-Exterior	2019	81
1032	Painting: Palazzo-Pavilion-Trim-Exterior	2019	82
1057	Painting: Walls-Partitions-A	2019	83
1058	Painting: Walls-Partitions-B	2020	84
Power Supply			
1045	Utilities: Power Supply	2048	91
Refurbishing			
1007	Kitchen & Restrooms: Palazzo-Refurbish	2030	58

Mediterranean Villas Homeowners Association
Category Detail Index

Asset ID	Description	Replacement	Page
Roofing			
1030	Roofing: Palazzo-Pavilion-Replace	2027	88
RV Storage			
1036	RV Storage: Gate-Chain Link	2023	86
1012	RV Storage: Grading-Gravel	2021	87
Signs			
1001	Signage: Replace	2019	89
Utilities			
1043	Utilities: Water Supply	2043	93
Walls			
1055	Walls: Partitions-Repair-A	2019	94
1056	Walls: Partitions-Repair-B	2020	95
Water Heater			
1011	Water Heater: Palazzo-Kitchen Replace	2019	96
1037	Water Heater: Palazzo-Restroom Replace	2019	97
Waste Product Lines			
1044	Utilities: Waste Product Lines	2038	92
	Total Funded Assets	55	
	Total Unfunded Assets	<u>1</u>	
	Total Assets	56	

**Mediterranean Villas Homeowners Association
Base Line Assessment Funding Model Summary**

Report Date	September 5, 2018
Version	2 (2019) Level III
Budget Year Beginning	January 1, 2019
Budget Year Ending	December 31, 2019
Total Units	228

<i>Report Parameters</i>	
Inflation	2.29%
Interest Rate on Reserve Deposit	1.41%
2019 Beginning Balance	\$569,558

**Recommended Assessment Funding Model Summary
Cash Flow Time Value of Money With Recommended Funding**

BUSINESS JUDGEMENT RULE

The business judgment of the Board require that board members make ordinary and reasonable inquiry before making a decision. They are protected if they act in good faith, with the best interests of the Association and with such care as an ordinary prudent and reasonable person in a like position would use.

Level III - Updated Off-Site Reserve Study With Funding Analysis and Plan

NOTE: Washington Law requires this statement in all reserve studies (RCW 64.34.380; .382; .384; .386; .388 and .390-Condo Law) and RCW 64.38-PUD law.

"This reserve study should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require you to pay on demand as a special assessment your share of common expenses for the cost of major maintenance, repair, or replacement of a reserve component."

- Washington sales tax has been included in each component cost (not on labor).**

**Mediterranean Villas Homeowners Association
Base Line Assessment Funding Model Summary**

- **This reserve study is for budget and planning purposes and identifies the status of the reserve fund and schedules the anticipated major commonly owned item replacements.**

This reserve study will also estimate the expected useful life and remaining useful life of the building and site components or systems and will provide an estimate replacement or refurbishment cost for those components or systems. Major components or systems may include, but are not limited to, painting, gutters and downspouts. mailboxes, roofing, siding, windows, doors, paving, mechanical equipment, common area furnishings and amenities and other commonly owned systems or items.

- **The scope of work identified within our contract is to provide the association with a "Updated Off-Site Level III" reserve study which includes:**

- **Component/System Inventory**
- **Expected Useful Life and Remaining Useful Life Estimates**
- **Condition Assessment (based upon on-site visual observations)**
- **Component/System Replacement Schedule and Estimated Pricing**
- **Identify Current Reserve Account Balance**
- **30 Year Funding Plan**
- **Photos Of All Components**

- **How to Use a Reserve Study**

The documents included within the reserve study are intended to be used as guidelines and estimates. It is nearly impossible to know exactly when a building component system will fail; however, an estimation of useful life based on similar product history and professional experience is used to estimate the time of replacement and associated costs. All costs included within this reserve study should be used as budgeting figures. For exact pricing, a qualified, licensed contractor should be contacted to provide a bid for any anticipated replacements.

**Mediterranean Villas Homeowners Association
Base Line Assessment Funding Model Summary**

The replacement schedule lists all known components and systems that are anticipated to "wear out" or fail within 30 years. Items which are anticipated to be replaced or repaired in the current year are not included within the reserve study as those items should already be budgeted for and scheduled to be replaced or repaired.

On the reserve schedule, review which items are anticipated to fail in the near future, and keep a close eye on them. It is always better to replace items prior to failure to eliminate the opportunity for surrounding components or associated systems to be affected. Be cognizant of items scheduled for replacement or repair within 2-3 years of the current year. Remember, items listed are scheduled based on history and replacement or repair is scheduled as an estimate. Items commonly fail sooner or later than the estimated date.

- **Disclosures**
- **General - The Mediterranean Villas Homeowners Association and Reserve Studies by RF a Division of Western States Subdivision Consulting have no professional or personal involvements with each other, other than the scope of work identified in the reserve study contract. This relationship cannot be perceived as a conflict of interest.**
- **Physical Analysis - On-site observations were limited to visual observations only, no field measurements were taken. Destructive testing (invasive testing) was not performed. Any items that were not clearly visible at the time of the site observation were not viewed, and therefore were not included in the drafting of this reserve study.**
- **Measurements - If applicable, measuring and inventory were identified via a combination of on-site physical measurements, previous reserve study and/or drawing take-offs. Drawing sets (if used) were provided by the property manager or Declarant for our use relating only to the reserve study scope of work.**
- **Completeness – Reserve Studies by RF, in its limited review, has found no material issues which, if not disclosed, would cause a distortion of the Association's situation as this is a budget and planning tool study and not a building assessment or building envelope study.**

**Mediterranean Villas Homeowners Association
Base Line Assessment Funding Model Summary**

- **Reliance on Client Data - Data received from property management, association representatives and/or Declarant is deemed reliable by Reserve Studies by RF. Such data may include financial information, physical deficiencies or physical conditions, quantity of physical assets, or historical issues.**
- **Scope - The Reserve Study is a reflection of information provided to the Consultant and assembled for the Association's use, not for the purpose of performing an audit, quality/forensic analysis, or background checks of historical records.**
- **Reserve Balance - The actual or projected (estimated) total presented in this reserve study is based upon information provided or collected and was not audited.**
- **Reserve Projects -Information provided or collected for the purpose of this reserve study will be considered reliable and should not be considered a project audit or quality inspection and is an update of an existing reserve study.**
- **Adjustments to Reserve Study - Should components suggested by Consultant be removed from the reserve study or any life cycles or costs other than current bids, engineering construction standards, or current component history be used in this reserve study the Client accepts full responsibility for the results of the reserve study and is not warranted by Consultant.**
- **Information Provided - Quantity, design and material information included in this report was provided in part by the Association and is subject to course of construction changes.**
- **Limitations on Inventory -The following items, but not limited to, are not included in the physical analysis because they have a useful life greater than 30 years. Grading/drainage, foundations/footings, party walls, perimeter walls, beams, girders to the exterior surfaces, sub floors, unfinished floors, concrete stair surfaces, windows, doors, plumbing system, flues (chimneys), exterior doors and dorr frames, window frames, air delivery or return systems, ducts, chutes, conduits, pipes, plumbing, sanitary sewage and storm drains, wire, telephone, cable, central television system, sprinklers systems and internet lines.**

- **Warranty or Guaranty - This reserve study and its recommendations should not be construed**

**Mediterranean Villas Homeowners Association
Base Line Assessment Funding Model Summary**

in any way to constitute a warranty or guaranty regarding the current or future performance of the components. Components will be replaced as required, not necessarily in their expected replacement year.

- Annual Updates - Often times there can be a significant expenditure in those years that exceeds the life of the reserve study. Hence, annual updates should be done to allow adjustments in the reserve contribution each year if required.
- **Tax Consequences - The tax consequences are not considered in this reserve study due to the uncertainty of all factors affecting net taxable income and the election of the tax form to be filed.**
- We recommend a building envelope (water intrusion) inspection every twelve years and a roofing inspection every six years (not funded in the reserve).
- Infrastructure Exposure: The possibility of infrastructure system failures as buildings age such as, but not limited to, aluminum wiring, cast iron piping, polybutylene plumbing and coaxial cable may be a threat to the soundness of a building or the expected health both physically and financially to all owners.

We strongly suggest the board have a qualified, credentialed, bonded and licensed engineer or architect inspect the infrastructure for any signs of failure or potential liability of any kind to owners and provide a written report to the board for future concerns and mitigation and the estimated cost for potential repairs, maintenance or replacement including expected remaining useful life.

Tests may include ultrasound, thermographic imaging, sonar imaging and video snaking.

These infrastructure components are not considered in the reserve study as they may be out of view (hidden) or beyond the expertise of the reserve study provider.

- **Preparation of a Reserve Study**

Data is collected from many sources to prepare a reserve study and a variety of document reviews, interviews, and site observations are required to adequately fulfill our duties as a

**Mediterranean Villas Homeowners Association
Base Line Assessment Funding Model Summary**

reserve provider. The following sources and methods were utilized in preparation of this reserve study document:

- **Property Management Personnel Interviews**
 - **As built Plans and Specifications Document Reviews**
 - **On-site Observations or Existing Reserve Study done by Others**
 - **In-house Company Consultations with Accredited RS and PRA Personnel**
 - **Discussions with Engineering or Architectural Consultants**
 - **RS Means Facilities Maintenance & Repair Cost Data, 25th Edition (2018)**
 - **Interviewing General Contractor Consultants**
-
- **A tabular list of commonly owned items has been developed and given a current condition grade, expected useful life, and remaining useful life. A portion of that data will determine in what year it is estimated the component should be replaced.**
 - **Property Information**
 - **Original Starting Date of Reserve Study - Unless otherwise indicated, we have used January 1, 2003 to begin aging the original components in this reserve study. There are six separate phases with multiple buildings in each phase.**
 - **Number of Units/Lots and Location - This reserve study is a total of 228 residential Lots/Units located in Pasco, Washington. The roof structures are covered with asphalt composition shingles, and the exterior walls have stucco overlaying a concrete substrate. Common areas consist of Palazzo, outdoor Pavilion, RV parking and storage area, and common parking areas.**
 - **Date of Last Reserve Study (if applicable) - The last on-site physical analysis was completed on July 22, 2016.**
 - **NOTE: All interest accrued from reserve savings account(s) must remain in the reserve savings account(s) and not used as an off-set for operating expenses.**
 - **Funding Required - As requested a goal to reach a threshold of 70% funding has been used over the thirty years of this reserve study with an average monthly reserve assessment of**

**Mediterranean Villas Homeowners Association
Base Line Assessment Funding Model Summary**

\$26.50 per unit or \$72,504 annually and an annual increase of 9.05%.

The industry standards for percent funded are:

0% to 29% - Poor

30% to 69% - Fair

70% to 100% - Good

This association is 58% funded on 12/31/2019 as it relates to being fully funded.

Base Line Funding Model Summary of Calculations

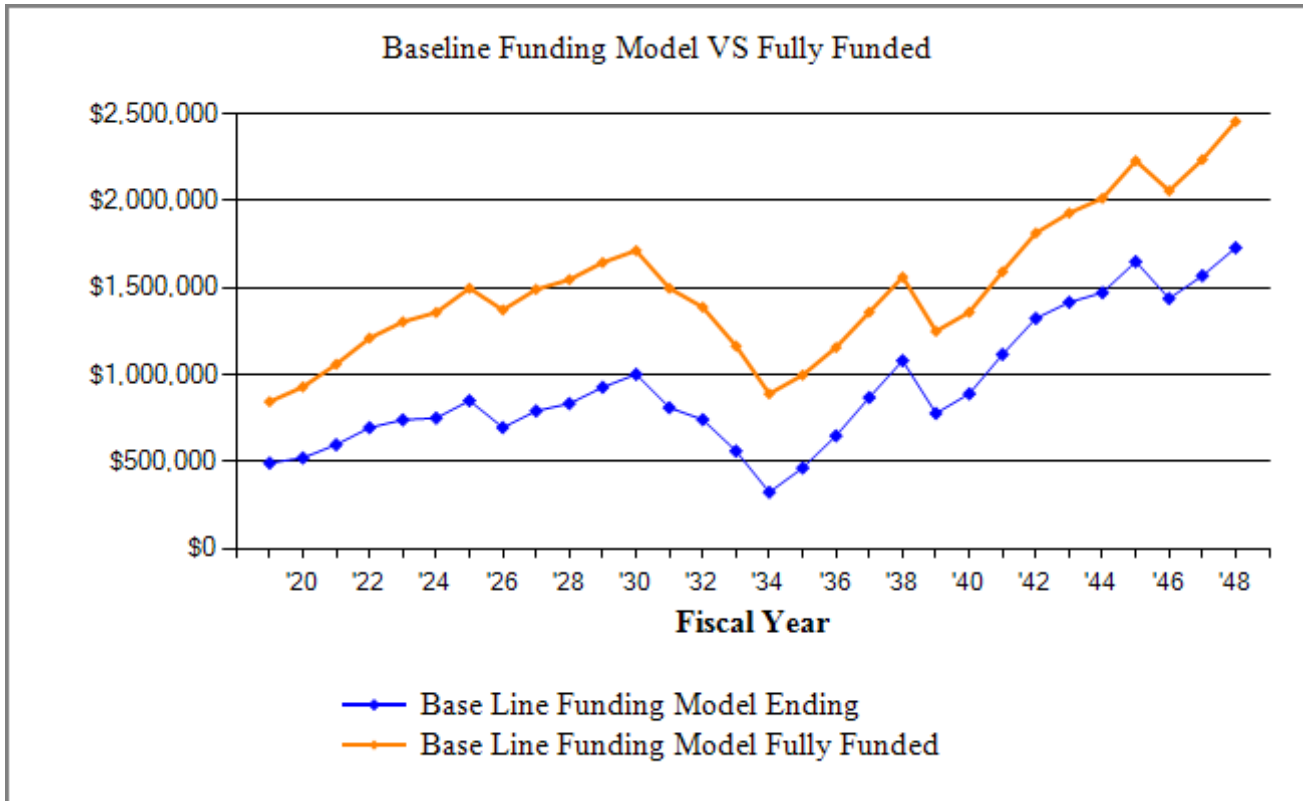
Required Month Contribution	\$6,042.00
<i>\$26.50 per unit monthly</i>	
Average Net Month Interest Earned	<u>\$562.50</u>
Total Month Allocation to Reserves	\$6,604.50
<i>\$28.97 per unit monthly</i>	

**Mediterranean Villas Homeowners Association
Base Line Assessment Funding Model Projection**

Beginning Balance: \$569,558

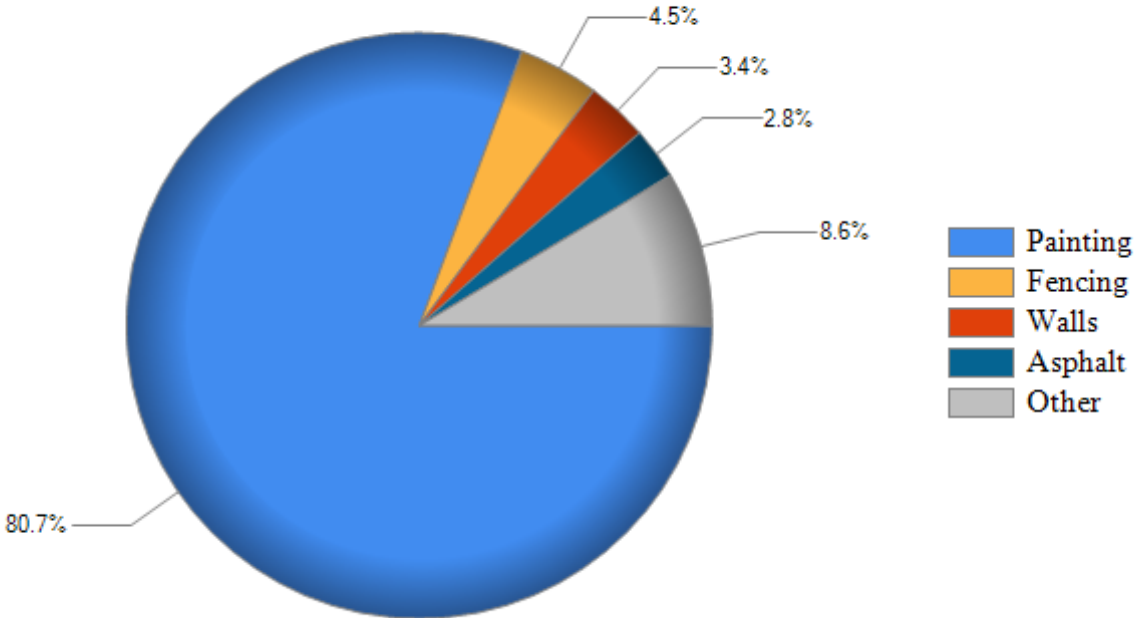
Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2019	1,893,719	72,504	6,750	155,883	492,929	845,380	58%
2020	1,937,085	79,066	6,829	56,601	522,222	930,602	56%
2021	1,981,444	86,221	7,046	17,302	598,188	1,060,808	56%
2022	2,026,819	94,024	7,329	3,289	696,252	1,211,229	57%
2023	2,073,233	102,533	7,452	65,085	741,152	1,304,849	57%
2024	2,120,710	111,812	7,470	109,195	751,239	1,358,525	55%
2025	2,169,274	121,932	7,755	29,657	851,268	1,497,893	57%
2026	2,218,951	132,966	7,278	294,565	696,948	1,372,653	51%
2027	2,269,765	145,000	7,548	56,855	792,641	1,490,944	53%
2028	2,321,742	158,122	7,657	123,319	835,101	1,547,279	54%
2029	2,374,910	172,432	7,919	86,510	928,942	1,645,953	56%
2030	2,429,296	188,037	8,119	122,064	1,003,035	1,713,993	59%
2031	2,484,927	205,055	7,520	404,698	810,912	1,498,039	54%
2032	2,541,831	223,612	7,290	299,156	742,659	1,388,735	53%
2033	2,600,039	223,612	6,747	411,721	561,298	1,165,504	48%
2034	2,659,580	223,612	667	460,320	325,257	891,252	36%
2035	2,720,485	223,612	1,085	85,151	464,803	998,372	47%
2036	2,782,784	223,612	1,638	40,549	649,505	1,157,548	56%
2037	2,846,509	223,612	2,298	5,677	869,738	1,360,111	64%
2038	2,911,695	223,612	2,932	14,811	1,081,471	1,562,136	69%
2039	2,978,372	223,612	2,025	528,332	778,777	1,250,521	62%
2040	3,046,577	223,612	2,361	113,895	890,856	1,360,119	65%
2041	3,116,344	223,612	3,040		1,117,508	1,593,252	70%
2042	3,187,708	223,612	3,660	20,359	1,324,421	1,815,524	73%
2043	3,260,706	223,612	3,936	135,245	1,416,725	1,930,100	73%
2044	3,335,377	223,612	4,104	171,739	1,472,703	2,014,810	73%
2045	3,411,757	223,612	4,636	50,397	1,650,555	2,230,532	74%
2046	3,489,886	223,612	4,003	439,210	1,438,960	2,058,540	70%
2047	3,569,804	223,612	4,395	97,097	1,569,870	2,237,737	70%
2048	3,651,553	223,612	4,877	67,654	1,730,704	2,456,453	70%

**Mediterranean Villas Homeowners Association
Base Line Funding Model & Fully Funded Comparison Chart**



The Current Assessment Funding Model is based on the current annual assessment, parameters, and reserve fund balance. Because it is calculated using the current annual assessment, it will give the accurate projection of how well the association is funded for the next 30 years of planned reserve expenditures.

Asset Current Cost by Category



Mediterranean Villas Homeowners Association

Pasco, Washington 98301

Component Summary

Description	Future Cost	Useful Life	Remaining Life	Adjustment	Distribution	Required Contribution	Ideally Funded
Appliances							
Appliances: Palazzo-Replace	<u>1,518</u>	15	3		<u>1,135</u>	3.90	<u>1,135</u>
Appliances - Total	<u>\$1,518</u>				<u>\$1,135</u>	\$4	<u>\$1,135</u>
Asphalt							
Asphalt: Overlay	51,341	25	9		26,801	77.91	26,801
Asphalt: Repairs	6,495	7	2		4,434	34.08	4,434
Asphalt: Sealcoat-Striping	<u>6,160</u>	7	2		<u>4,205</u>	<u>32.32</u>	<u>4,205</u>
Asphalt - Total	<u>\$63,996</u>				<u>\$35,440</u>	<u>\$144</u>	<u>\$35,440</u>
Building Structure							
Maintenance Shed: Replacement	5,143	30	14		0	11.88	1,998
Pavilion: Building Structure-Replace	<i>unfunded</i>						
Building Structure - Total	<u>\$5,143</u>					<u>\$12</u>	<u>\$1,998</u>
Curbs							
Curbs: Replace-1	1,221	20	5		818	2.37	818
Curbs: Replace-2	1,464	20	13		0	3.67	382
Curbs: Replace-3	1,464	20	13		0	3.67	382
Curbs: Replace-4	1,497	20	14		0	3.46	327
Curbs: Replace-5	1,531	20	15		0	3.28	273
Curbs: Replace-6	<u>1,566</u>	20	16		<u>0</u>	<u>3.12</u>	<u>218</u>
Curbs - Total	<u>\$8,743</u>				<u>\$818</u>	<u>\$20</u>	<u>\$2,399</u>
Doors							
Doors-Windows: Palazzo	<u>8,612</u>	20	4		<u>6,293</u>	16.97	<u>6,293</u>
Doors - Total	<u>\$8,612</u>				<u>\$6,293</u>	\$17	<u>\$6,293</u>
Drainage							
Storm Drains: Renovation	<u>11,021</u>	30	14		0	25.45	<u>4,281</u>
Drainage - Total	<u>\$11,021</u>					<u>\$25</u>	<u>\$4,281</u>
Fencing							
Fencing: Repairs	1,655	3	0	2	1,655	20.66	1,655
Fencing: Replace	<u>106,156</u>	25	11		<u>46,341</u>	156.33	<u>46,341</u>
Fencing - Total	<u>\$107,811</u>				<u>\$47,996</u>	<u>\$177</u>	<u>\$47,996</u>
Grounds Components							
Benches/Tables: Concrete-Common ..	2,920	25	9		1,524	4.43	1,524
Doggie Cleanup Stations: Replace	<u>803</u>	15	0	1	<u>803</u>	2.41	<u>803</u>
Grounds Components - Total	<u>\$3,722</u>				<u>\$2,327</u>	\$7	<u>\$2,327</u>

Mediterranean Villas Homeowners Association

Pasco, Washington 98301

Component Summary

Description	Future Cost	Useful Life	Remaining Life	Adjustment	Distribution	Required Contribution	Ideally Funded
Heating							
HVAC Wall Unit: Palazzo-Replace	4,904	20	6		2,997	9.38	2,997
Heating - Total	<u>\$4,904</u>				<u>\$2,997</u>	\$9	<u>\$2,997</u>
Landscaping							
Landscaping: Irrigation-Repairs	14,716	7	0		14,716	83.76	14,716
Landscaping: Renovation-Replace	13,914	5	0		13,914	107.48	13,914
Landscaping: Trees - Prune, Trim and..	5,993	10	5		2,676	21.54	2,676
Landscaping - Total	<u>\$34,623</u>				<u>\$31,306</u>	\$213	<u>\$31,306</u>
Lighting							
Lighting: Exterior-Replace	2,408	10	0	1	2,408	10.05	2,408
Lighting: Palazzo-Interior Fixtures	931	15	1		849	2.46	849
Lighting - Total	<u>\$3,339</u>				<u>\$3,257</u>	\$13	<u>\$3,257</u>
Mailboxes							
Mailboxes: Replace-A	12,303	20	4		8,990	24.25	8,990
Mailboxes: Replace-B	12,444	20	6		7,604	23.80	7,604
Mailboxes - Total	<u>\$24,747</u>				<u>\$16,595</u>	\$48	<u>\$16,595</u>
Monument							
Monument: Replace	18,371	25	9		9,590	27.88	9,590
Monument - Total	<u>\$18,371</u>				<u>\$9,590</u>	\$28	<u>\$9,590</u>
Painting							
Painting: Exterior-Phase 1	277,321	20	7		153,838	522.39	153,838
Painting: Exterior-Phase 2	343,300	20	12		75,874	692.77	104,649
Painting: Exterior-Phase 3	259,191	20	13		0	649.21	67,586
Painting: Exterior-Phase 4	367,755	20	14		0	849.16	80,356
Painting: Exterior-Phase 5	358,680	20	15		0	767.38	63,848
Painting: Exterior-Phase 6	323,298	20	20	4	0	500.10	34,260
Painting: Exterior-Trim-Phase 1	9,657	5	0	2	9,657	74.60	9,657
Painting: Exterior-Trim-Phase 2	10,674	5	0	3	10,674	82.45	10,674
Painting: Exterior-Trim-Phase 3	7,878	5	0	2	7,878	60.86	7,878
Painting: Exterior-Trim-Phase 4	10,928	5	0	1	10,928	84.42	10,928
Painting: Exterior-Trim-Phase 5	10,420	5	0	1	10,420	80.49	10,420
Painting: Exterior-Trim-Phase 6	8,579	5	1	1	6,989	52.89	6,989
Painting: Palazzo-Interior	3,102	10	0	1	3,102	12.94	3,102
Painting: Palazzo-Pavilion-Exterior	3,519	12	0	4	3,519	12.62	3,519
Painting: Palazzo-Pavilion-Trim-Exte..	704	6	0	3	704	4.60	704
Painting: Walls-Partitions-A	24,591	20	0	-16	24,591	59.83	24,591
Painting: Walls-Partitions-B	18,866	20	1	-15	14,755	138.44	14,755
Painting - Total	<u>\$2,038,464</u>				<u>\$332,930</u>	\$4,645	<u>\$607,755</u>

Mediterranean Villas Homeowners Association

Pasco, Washington 98301

Component Summary

Description	Future Cost	Useful Life	Remaining Life	Adjustment	Distribution	Required Contribution	Ideally Funded
Power Supply							
Utilities: Power Supply	14,446	45	29		0	14.41	2,664
Power Supply - Total	\$14,446					\$14	\$2,664
Refurbishing							
Kitchen & Restrooms: Palazzo-Refur..	5,149	25	11		2,248	7.58	2,248
Refurbishing - Total	\$5,149				\$2,248	\$8	\$2,248
Roofing							
Roofing: Palazzo-Pavilion-Replace	12,757	24	8		7,096	20.32	7,096
Roofing - Total	\$12,757				\$7,096	\$20	\$7,096
RV Storage							
RV Storage: Gate-Chain Link	3,890	20	4		2,843	7.67	2,843
RV Storage: Grading-Gravel	4,647	12	2		3,701	14.80	3,701
RV Storage - Total	\$8,538				\$6,544	\$22	\$6,544
Signs							
Signage: Replace	2,943	12	0		2,943	10.56	2,943
Signs - Total	\$2,943				\$2,943	\$11	\$2,943
Utilities							
Utilities: Water Supply	15,664	40	24		0	19.60	3,639
Utilities - Total	\$15,664					\$20	\$3,639
Walls							
Walls: Partitions-Repair-A	36,792	4	0		36,792	349.79	36,792
Walls: Partitions-Repair-B	28,226	4	1	1	22,075	207.13	22,075
Walls - Total	\$65,018				\$58,867	\$557	\$58,867
Water Heater							
Water Heater: Palazzo-Kitchen Repla..	664	12	0	1	664	2.38	664
Water Heater: Palazzo-Restroom Rep..	514	12	0	1	514	1.84	514
Water Heater - Total	\$1,177				\$1,177	\$4	\$1,177
Waste Product Lines							
Utilities: Waste Product Lines	14,811	35	19		0	24.29	4,403
Waste Product Lines - Total	\$14,811					\$24	\$4,403

Mediterranean Villas Homeowners Association
 Pasco, Washington 98301
Component Summary

Description	<i>Future Cost</i>	<i>Useful Life</i>	<i>Remaining Life</i>	<i>Adjustment</i>	<i>Distribution</i>	<i>Required Contribution</i>	<i>Ideally Funded</i>
Grand Total:	<u>\$2,475,519</u>				<u>\$569,558</u>	<u>\$6,042</u>	<u>\$862,949</u>

**Mediterranean Villas Homeowners Association
Annual Expenditure Detail**

Description	Expenditures
Replacement Year 2019	
Doggie Cleanup Stations: Replace	803
Fencing: Repairs	1,655
Landscaping: Irrigation-Repairs	14,716
Landscaping: Renovation-Replace	13,914
Lighting: Exterior-Replace	2,408
Painting: Exterior-Trim-Phase 1	9,657
Painting: Exterior-Trim-Phase 2	10,674
Painting: Exterior-Trim-Phase 3	7,878
Painting: Exterior-Trim-Phase 4	10,928
Painting: Exterior-Trim-Phase 5	10,420
Painting: Palazzo-Interior	3,102
Painting: Palazzo-Pavilion-Exterior	3,519
Painting: Palazzo-Pavilion-Trim-Exterior	704
Painting: Walls-Partitions-A	24,591
Signage: Replace	2,943
Walls: Partitions-Repair-A	36,792
Water Heater: Palazzo-Kitchen Replace	664
Water Heater: Palazzo-Restroom Replace	514
Total for 2019	\$155,883
Replacement Year 2020	
Lighting: Palazzo-Interior Fixtures	931
Painting: Exterior-Trim-Phase 6	8,579
Painting: Walls-Partitions-B	18,866
Walls: Partitions-Repair-B	28,226
Total for 2020	\$56,601
Replacement Year 2021	
Asphalt: Repairs	6,495
Asphalt: Sealcoat-Striping	6,160
RV Storage: Grading-Gravel	4,647
Total for 2021	\$17,302
Replacement Year 2022	
Appliances: Palazzo-Replace	1,518
Fencing: Repairs	1,771
Total for 2022	\$3,289

**Mediterranean Villas Homeowners Association
Annual Expenditure Detail**

Description	Expenditures
Replacement Year 2023	
Doors-Windows: Palazzo	8,612
Mailboxes: Replace-A	12,303
RV Storage: Gate-Chain Link	3,890
Walls: Partitions-Repair-A	40,280
Total for 2023	<u>\$65,085</u>
Replacement Year 2024	
Curbs: Replace-1	1,221
Landscaping: Renovation-Replace	15,581
Landscaping: Trees - Prune, Trim and Replace	5,993
Painting: Exterior-Trim-Phase 1	10,815
Painting: Exterior-Trim-Phase 2	11,953
Painting: Exterior-Trim-Phase 3	8,823
Painting: Exterior-Trim-Phase 4	12,238
Painting: Exterior-Trim-Phase 5	11,669
Walls: Partitions-Repair-B	30,902
Total for 2024	<u>\$109,195</u>
Replacement Year 2025	
Fencing: Repairs	1,896
HVAC Wall Unit: Palazzo-Replace	4,904
Mailboxes: Replace-B	12,444
Painting: Exterior-Trim-Phase 6	9,607
Painting: Palazzo-Pavilion-Trim-Exterior	806
Total for 2025	<u>\$29,657</u>
Replacement Year 2026	
Landscaping: Irrigation-Repairs	17,244
Painting: Exterior-Phase 1	277,321
Total for 2026	<u>\$294,565</u>
Replacement Year 2027	
Roofing: Palazzo-Pavilion-Replace	12,757
Walls: Partitions-Repair-A	44,098
Total for 2027	<u>\$56,855</u>
Replacement Year 2028	
Asphalt: Overlay	51,341

**Mediterranean Villas Homeowners Association
Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2028 continued...</i>	
Asphalt: Repairs	7,610
Asphalt: Sealcoat-Striping	7,218
Benches/Tables: Concrete-Common Area	2,920
Fencing: Repairs	2,029
Monument: Replace	18,371
Walls: Partitions-Repair-B	33,831
Total for 2028	\$123,319
Replacement Year 2029	
Landscaping: Renovation-Replace	17,449
Lighting: Exterior-Replace	3,020
Painting: Exterior-Trim-Phase 1	12,111
Painting: Exterior-Trim-Phase 2	13,386
Painting: Exterior-Trim-Phase 3	9,880
Painting: Exterior-Trim-Phase 4	13,705
Painting: Exterior-Trim-Phase 5	13,068
Painting: Palazzo-Interior	3,890
Total for 2029	\$86,510
Replacement Year 2030	
Fencing: Replace	106,156
Kitchen & Restrooms: Palazzo-Refurbish	5,149
Painting: Exterior-Trim-Phase 6	10,759
Total for 2030	\$122,064
Replacement Year 2031	
Fencing: Repairs	2,172
Painting: Exterior-Phase 2	343,300
Painting: Palazzo-Pavilion-Exterior	4,618
Painting: Palazzo-Pavilion-Trim-Exterior	924
Signage: Replace	3,862
Walls: Partitions-Repair-A	48,278
Water Heater: Palazzo-Kitchen Replace	871
Water Heater: Palazzo-Restroom Replace	674
Total for 2031	\$404,698
Replacement Year 2032	
Curbs: Replace-2	1,464

**Mediterranean Villas Homeowners Association
Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2032 continued...</i>	
Curbs: Replace-3	1,464
Painting: Exterior-Phase 3	259,191
Walls: Partitions-Repair-B	37,038
Total for 2032	<u>\$299,156</u>
 Replacement Year 2033	
Curbs: Replace-4	1,497
Landscaping: Irrigation-Repairs	20,205
Maintenance Shed: Replacement	5,143
Painting: Exterior-Phase 4	367,755
RV Storage: Grading-Gravel	6,098
Storm Drains: Renovation	11,021
Total for 2033	<u>\$411,721</u>
 Replacement Year 2034	
Curbs: Replace-5	1,531
Doggie Cleanup Stations: Replace	1,127
Fencing: Repairs	2,324
Landscaping: Renovation-Replace	19,541
Landscaping: Trees - Prune, Trim and Replace	7,516
Painting: Exterior-Phase 5	358,680
Painting: Exterior-Trim-Phase 1	13,563
Painting: Exterior-Trim-Phase 2	14,991
Painting: Exterior-Trim-Phase 3	11,065
Painting: Exterior-Trim-Phase 4	15,348
Painting: Exterior-Trim-Phase 5	14,634
Total for 2034	<u>\$460,320</u>
 Replacement Year 2035	
Asphalt: Repairs	8,918
Asphalt: Sealcoat-Striping	8,457
Curbs: Replace-6	1,566
Lighting: Palazzo-Interior Fixtures	1,307
Painting: Exterior-Trim-Phase 6	12,048
Walls: Partitions-Repair-A	52,855
Total for 2035	<u>\$85,151</u>
 Replacement Year 2036	
Walls: Partitions-Repair-B	40,549
Total for 2036	<u>\$40,549</u>

**Mediterranean Villas Homeowners Association
Annual Expenditure Detail**

Description	Expenditures
Replacement Year 2037	
Appliances: Palazzo-Replace	2,132
Fencing: Repairs	2,488
Painting: Palazzo-Pavilion-Trim-Exterior	1,058
Total for 2037	\$5,677
 Replacement Year 2038	
Utilities: Waste Product Lines	14,811
Total for 2038	\$14,811
 Replacement Year 2039	
Landscaping: Renovation-Replace	21,883
Lighting: Exterior-Replace	3,787
Painting: Exterior-Phase 6	323,298
Painting: Exterior-Trim-Phase 1	15,189
Painting: Exterior-Trim-Phase 2	16,788
Painting: Exterior-Trim-Phase 3	12,391
Painting: Exterior-Trim-Phase 4	17,187
Painting: Exterior-Trim-Phase 5	16,388
Painting: Palazzo-Interior	4,879
Painting: Walls-Partitions-A	38,676
Walls: Partitions-Repair-A	57,865
Total for 2039	\$528,332
 Replacement Year 2040	
Fencing: Repairs	2,663
Landscaping: Irrigation-Repairs	23,675
Painting: Exterior-Trim-Phase 6	13,492
Painting: Walls-Partitions-B	29,671
Walls: Partitions-Repair-B	44,393
Total for 2040	\$113,895
 <i>No Replacement in 2041</i>	
 Replacement Year 2042	
Asphalt: Repairs	10,449
Asphalt: Sealcoat-Striping	9,910
Total for 2042	\$20,359

**Mediterranean Villas Homeowners Association
Annual Expenditure Detail**

Description	Expenditures
Replacement Year 2043	
Doors-Windows: Palazzo	13,545
Fencing: Repairs	2,850
Mailboxes: Replace-A	19,350
Painting: Palazzo-Pavilion-Exterior	6,059
Painting: Palazzo-Pavilion-Trim-Exterior	1,212
RV Storage: Gate-Chain Link	6,118
Signage: Replace	5,068
Utilities: Water Supply	15,664
Walls: Partitions-Repair-A	63,350
Water Heater: Palazzo-Kitchen Replace	1,143
Water Heater: Palazzo-Restroom Replace	885
Total for 2043	\$135,245
Replacement Year 2044	
Curbs: Replace-1	1,921
Landscaping: Renovation-Replace	24,506
Landscaping: Trees - Prune, Trim and Replace	9,425
Painting: Exterior-Trim-Phase 1	17,010
Painting: Exterior-Trim-Phase 2	18,800
Painting: Exterior-Trim-Phase 3	13,876
Painting: Exterior-Trim-Phase 4	19,248
Painting: Exterior-Trim-Phase 5	18,352
Walls: Partitions-Repair-B	48,601
Total for 2044	\$171,739
Replacement Year 2045	
HVAC Wall Unit: Palazzo-Replace	7,713
Mailboxes: Replace-B	19,572
Painting: Exterior-Trim-Phase 6	15,110
RV Storage: Grading-Gravel	8,002
Total for 2045	\$50,397
Replacement Year 2046	
Fencing: Repairs	3,050
Painting: Exterior-Phase 1	436,160
Total for 2046	\$439,210
Replacement Year 2047	
Landscaping: Irrigation-Repairs	27,742

**Mediterranean Villas Homeowners Association
Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2047 continued...</i>	
Walls: Partitions-Repair-A	69,356
Total for 2047	<u>\$97,097</u>
Replacement Year 2048	
Utilities: Power Supply	14,446
Walls: Partitions-Repair-B	53,208
Total for 2048	<u>\$67,654</u>

**Mediterranean Villas Homeowners Association
Annual Expenditure Detail**

Description	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Appliances: Palazzo-Replace				1,518						
Asphalt: Overlay										51,341
Asphalt: Repairs			6,495							7,610
Asphalt: Sealcoat-Striping			6,160							7,218
Benches/Tables: Concrete-Common Area										2,920
Curbs: Replace-1						1,221				
Curbs: Replace-2										
Curbs: Replace-3										
Curbs: Replace-4										
Curbs: Replace-5										
Curbs: Replace-6										
Doggie Cleanup Stations: Replace	803									
Doors-Windows: Palazzo					8,612					
Fencing: Repairs	1,655			1,771			1,896			2,029
Fencing: Replace										
HVAC Wall Unit: Palazzo-Replace							4,904			
Kitchen & Restrooms: Palazzo-Refurbish										
Landscaping: Irrigation-Repairs	14,716							17,244		
Landscaping: Renovation-Replace	13,914					15,581				
Landscaping: Trees - Prune, Trim and Replace						5,993				
Lighting: Exterior-Replace	2,408									
Lighting: Palazzo-Interior Fixtures		931								
Mailboxes: Replace-A					12,303					
Mailboxes: Replace-B							12,444			
Maintenance Shed: Replacement										
Monument: Replace										18,371
Painting: Exterior-Phase 1								277,321		
Painting: Exterior-Phase 2										
Painting: Exterior-Phase 3										
Painting: Exterior-Phase 4										
Painting: Exterior-Phase 5										
Painting: Exterior-Phase 6										
Painting: Exterior-Trim-Phase 1	9,657					10,815				
Painting: Exterior-Trim-Phase 2	10,674					11,953				
Painting: Exterior-Trim-Phase 3	7,878					8,823				

**Mediterranean Villas Homeowners Association
Annual Expenditure Detail**

Description	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Painting: Exterior-Trim-Phase 4	10,928					12,238				
Painting: Exterior-Trim-Phase 5	10,420					11,669				
Painting: Exterior-Trim-Phase 6		8,579					9,607			
Painting: Palazzo-Interior	3,102									
Painting: Palazzo-Pavilion-Exterior	3,519									
Painting: Palazzo-Pavilion-Trim-Exterior	704						806			
Painting: Walls-Partitions-A	24,591									
Painting: Walls-Partitions-B		18,866								
Pavilion: Building Structure-Replace	<i>Unfunded</i>									
RV Storage: Gate-Chain Link					3,890					
RV Storage: Grading-Gravel			4,647							
Roofing: Palazzo-Pavilion-Replace									12,757	
Signage: Replace	2,943									
Storm Drains: Renovation										
Utilities: Power Supply										
Utilities: Waste Product Lines										
Utilities: Water Supply										
Walls: Partitions-Repair-A	36,792				40,280				44,098	
Walls: Partitions-Repair-B		28,226				30,902				33,831
Water Heater: Palazzo-Kitchen Replace	664									
Water Heater: Palazzo-Restroom Replace	514									
Year Total:	155,883	56,601	17,302	3,289	65,085	109,195	29,657	294,565	56,855	123,319

**Mediterranean Villas Homeowners Association
Annual Expenditure Detail**

Description	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
Appliances: Palazzo-Replace									2,132	
Asphalt: Overlay										
Asphalt: Repairs							8,918			
Asphalt: Sealcoat-Striping							8,457			
Benches/Tables: Concrete-Common Area										
Curbs: Replace-1										
Curbs: Replace-2				1,464						
Curbs: Replace-3				1,464						
Curbs: Replace-4					1,497					
Curbs: Replace-5						1,531				
Curbs: Replace-6							1,566			
Doggie Cleanup Stations: Replace						1,127				
Doors-Windows: Palazzo										
Fencing: Repairs			2,172			2,324			2,488	
Fencing: Replace		106,156								
HVAC Wall Unit: Palazzo-Replace										
Kitchen & Restrooms: Palazzo-Refurbish		5,149								
Landscaping: Irrigation-Repairs					20,205					
Landscaping: Renovation-Replace	17,449					19,541				
Landscaping: Trees - Prune, Trim and Replace						7,516				
Lighting: Exterior-Replace	3,020									
Lighting: Palazzo-Interior Fixtures							1,307			
Mailboxes: Replace-A										
Mailboxes: Replace-B										
Maintenance Shed: Replacement					5,143					
Monument: Replace										
Painting: Exterior-Phase 1										
Painting: Exterior-Phase 2			343,300							
Painting: Exterior-Phase 3				259,191						
Painting: Exterior-Phase 4					367,755					
Painting: Exterior-Phase 5						358,680				
Painting: Exterior-Phase 6										
Painting: Exterior-Trim-Phase 1	12,111					13,563				
Painting: Exterior-Trim-Phase 2	13,386					14,991				
Painting: Exterior-Trim-Phase 3	9,880					11,065				

**Mediterranean Villas Homeowners Association
Annual Expenditure Detail**

Description	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
Painting: Exterior-Trim-Phase 4	13,705					15,348				
Painting: Exterior-Trim-Phase 5	13,068					14,634				
Painting: Exterior-Trim-Phase 6		10,759					12,048			
Painting: Palazzo-Interior	3,890									
Painting: Palazzo-Pavilion-Exterior			4,618							
Painting: Palazzo-Pavilion-Trim-Exterior			924						1,058	
Painting: Walls-Partitions-A										
Painting: Walls-Partitions-B										
Pavilion: Building Structure-Replace	<i>Unfunded</i>									
RV Storage: Gate-Chain Link										
RV Storage: Grading-Gravel					6,098					
Roofing: Palazzo-Pavilion-Replace										
Signage: Replace			3,862							
Storm Drains: Renovation					11,021					
Utilities: Power Supply										
Utilities: Waste Product Lines										14,811
Utilities: Water Supply										
Walls: Partitions-Repair-A			48,278				52,855			
Walls: Partitions-Repair-B				37,038				40,549		
Water Heater: Palazzo-Kitchen Replace			871							
Water Heater: Palazzo-Restroom Replace			674							
Year Total:	86,510	122,064	404,698	299,156	411,721	460,320	85,151	40,549	5,677	14,811

**Mediterranean Villas Homeowners Association
Annual Expenditure Detail**

Description	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
Appliances: Palazzo-Replace										
Asphalt: Overlay										
Asphalt: Repairs				10,449						
Asphalt: Sealcoat-Striping				9,910						
Benches/Tables: Concrete-Common Area										
Curbs: Replace-1						1,921				
Curbs: Replace-2										
Curbs: Replace-3										
Curbs: Replace-4										
Curbs: Replace-5										
Curbs: Replace-6										
Doggie Cleanup Stations: Replace										
Doors-Windows: Palazzo					13,545					
Fencing: Repairs		2,663			2,850			3,050		
Fencing: Replace										
HVAC Wall Unit: Palazzo-Replace							7,713			
Kitchen & Restrooms: Palazzo-Refurbish										
Landscaping: Irrigation-Repairs		23,675							27,742	
Landscaping: Renovation-Replace	21,883					24,506				
Landscaping: Trees - Prune, Trim and Replace						9,425				
Lighting: Exterior-Replace	3,787									
Lighting: Palazzo-Interior Fixtures										
Mailboxes: Replace-A					19,350					
Mailboxes: Replace-B							19,572			
Maintenance Shed: Replacement										
Monument: Replace										
Painting: Exterior-Phase 1								436,160		
Painting: Exterior-Phase 2										
Painting: Exterior-Phase 3										
Painting: Exterior-Phase 4										
Painting: Exterior-Phase 5										
Painting: Exterior-Phase 6	323,298									
Painting: Exterior-Trim-Phase 1	15,189					17,010				
Painting: Exterior-Trim-Phase 2	16,788					18,800				
Painting: Exterior-Trim-Phase 3	12,391					13,876				

**Mediterranean Villas Homeowners Association
Annual Expenditure Detail**

Description	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
Painting: Exterior-Trim-Phase 4	17,187					19,248				
Painting: Exterior-Trim-Phase 5	16,388					18,352				
Painting: Exterior-Trim-Phase 6		13,492					15,110			
Painting: Palazzo-Interior	4,879									
Painting: Palazzo-Pavilion-Exterior					6,059					
Painting: Palazzo-Pavilion-Trim-Exterior					1,212					
Painting: Walls-Partitions-A	38,676									
Painting: Walls-Partitions-B		29,671								
Pavilion: Building Structure-Replace	<i>Unfunded</i>									
RV Storage: Gate-Chain Link					6,118					
RV Storage: Grading-Gravel							8,002			
Roofing: Palazzo-Pavilion-Replace										
Signage: Replace					5,068					
Storm Drains: Renovation										
Utilities: Power Supply										14,446
Utilities: Waste Product Lines										
Utilities: Water Supply					15,664					
Walls: Partitions-Repair-A	57,865				63,350				69,356	
Walls: Partitions-Repair-B		44,393				48,601				53,208
Water Heater: Palazzo-Kitchen Replace					1,143					
Water Heater: Palazzo-Restroom Replace					885					
Year Total:	528,332	113,895		20,359	135,245	171,739	50,397	439,210	97,097	67,654

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Appliances: Palazzo-Replace

Asset ID	1005	1 Total	@ \$1,418.13
Group	Amenities	Asset Cost	\$1,418.13
Category	Appliances	Percent Replacement	100%
Placed in Service	January 2007	Future Cost	\$1,517.80
Useful Life	15		
Replacement Year	2022		
Remaining Life	3		



Remarks:

This component is an allowance for the replacement of the appliances (refrigerator-microwave) for the Palazzo.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Asphalt: Overlay

Asset ID	1015	29,000 SF	@ \$1.44
Group	Roads and Curbs	Asset Cost	\$41,876.00
Category	Asphalt	Percent Replacement	100%
Placed in Service	January 2003	Future Cost	\$51,340.94
Useful Life	25		
Replacement Year	2028		
Remaining Life	9		



Remarks:

This component is an allowance for the 1-1/2" to 3" overlay on the existing asphalt, including re-setting the manhole and valve covers.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Asphalt: Repairs

		29,000 SF	@ \$4.28
Asset ID	1014	Asset Cost	\$6,207.45
Group	Roads and Curbs	Percent Replacement	5%
Category	Asphalt	Future Cost	\$6,495.01
Placed in Service	January 2014		
Useful Life	7		
Replacement Year	2021		
Remaining Life	2		



Remarks:

This component is an allowance for the repairs to the asphalt surface at the time of the sealcoat application.

We observed in our on-site evaluation there are numerous cracks and open seams in the asphalt.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Asphalt: Sealcoat-Striping			
Asset ID	1013	29,000 SF	@ \$0.20
Group	Roads and Curbs	Asset Cost	\$5,887.00
Category	Asphalt	Percent Replacement	100%
Placed in Service	January 2014	Future Cost	\$6,159.71
Useful Life	7		
Replacement Year	2021		
Remaining Life	2		



Remarks:

This component is an allowance for the application of a seal coat on the asphalt surface, including striping, curb painting and ADA stencils (as required).

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Benches/Tables: Concrete-Common Area

		1 Total	@ \$2,381.38
Asset ID	1039	Asset Cost	\$2,381.38
Group	Amenities	Percent Replacement	100%
Category	Grounds Components	Future Cost	\$2,919.63
Placed in Service	January 2003		
Useful Life	25		
Replacement Year	2028		
Remaining Life	9		



Remarks:

This component is an allowance for the replacement of the concrete benches and tables in the common areas.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Curbs: Replace-1

		497 LF	@ \$10.97
Asset ID	1016	Asset Cost	\$1,090.42
Group	Roads and Curbs	Percent Replacement	20%
Category	Curbs	Future Cost	\$1,221.12
Placed in Service	January 2004		
Useful Life	20		
Replacement Year	2024		
Remaining Life	5		



Remarks:

This component is an allowance for the replacement of 20% of the curbs in the common areas.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Curbs: Replace-2		497 LF	@ \$10.97
Asset ID	1017	Asset Cost	\$1,090.42
Group	Roads and Curbs	Percent Replacement	20%
Category	Curbs	Future Cost	\$1,463.61
Placed in Service	January 2012		
Useful Life	20		
Replacement Year	2032		
Remaining Life	13		



Remarks:

This component is an allowance for the replacement of 20% of the curbs in the common areas.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Curbs: Replace-3

		497 LF	@ \$10.97
Asset ID	1018	Asset Cost	\$1,090.42
Group	Roads and Curbs	Percent Replacement	20%
Category	Curbs	Future Cost	\$1,463.61
Placed in Service	January 2012		
Useful Life	20		
Replacement Year	2032		
Remaining Life	13		



Remarks:

This component is an allowance for the replacement of 20% of the curbs in the common areas.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Curbs: Replace-4

		497 LF	@ \$10.97
Asset ID	1046	Asset Cost	\$1,090.42
Group	Roads and Curbs	Percent Replacement	20%
Category	Curbs	Future Cost	\$1,497.12
Placed in Service	January 2013		
Useful Life	20		
Replacement Year	2033		
Remaining Life	14		



Remarks:

This component is an allowance for the replacement of 20% of the curbs in the common areas.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Curbs: Replace-5

		497 LF	@ \$10.97
Asset ID	1047	Asset Cost	\$1,090.42
Group	Roads and Curbs	Percent Replacement	20%
Category	Curbs	Future Cost	\$1,531.41
Placed in Service	January 2014		
Useful Life	20		
Replacement Year	2034		
Remaining Life	15		



Remarks:

This component is an allowance for the replacement of 20% of the curbs in the common areas.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Curbs: Replace-6

		497 LF	@ \$10.97
Asset ID	1048	Asset Cost	\$1,090.42
Group	Roads and Curbs	Percent Replacement	20%
Category	Curbs	Future Cost	\$1,566.48
Placed in Service	January 2015		
Useful Life	20		
Replacement Year	2035		
Remaining Life	16		



Remarks:

This component is an allowance for the replacement of 20% of the curbs in the common areas.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Doggie Cleanup Stations: Replace

		5 Each	@ \$160.54
Asset ID	1008	Asset Cost	\$802.71
Group	Amenities	Percent Replacement	100%
Category	Grounds Components	Future Cost	\$802.71
Placed in Service	January 2003		
Useful Life	15		
Adjustment	1		
Replacement Year	2019		
Remaining Life	0		



Remarks:

This component is for the replacement of the doggie cleanup stations located throughout the common areas.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Doors-Windows: Palazzo

Asset ID	1033	8 Each	@ \$983.32
Group	Amenities	Asset Cost	\$7,866.59
Category	Doors	Percent Replacement	100%
Placed in Service	January 2003	Future Cost	\$8,612.30
Useful Life	20		
Replacement Year	2023		
Remaining Life	4		



Remarks:

This component is an allowance for replacing the 3 exterior sliding doors and screens, including the 5 accent windows at the Palazzo.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Fencing: Repairs

		2,343 LF	@ \$35.32
Asset ID	1021	Asset Cost	\$1,655.05
Group	Grounds	Percent Replacement	2%
Category	Fencing	Future Cost	\$1,655.05
Placed in Service	January 2014		
Useful Life	3		
Adjustment	2		
Replacement Year	2019		
Remaining Life	0		



Remarks:

This component is an allowance for the repair of 2% of the common area wood fencing every 3 years.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Fencing: Replace

		2,343 LF	@ \$35.32
Asset ID	1022	Asset Cost	\$82,752.42
Group	Grounds	Percent Replacement	100%
Category	Fencing	Future Cost	\$106,156.27
Placed in Service	January 2005		
Useful Life	25		
Replacement Year	2030		
Remaining Life	11		



Remarks:

This component is for the replacement of the common area wood and engineered wood fencing.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

HVAC Wall Unit: Palazzo-Replace

Asset ID	1004	1 Total	@ \$4,281.14
Group	Amenities	Asset Cost	\$4,281.14
Category	Heating	Percent Replacement	100%
Placed in Service	January 2005	Future Cost	\$4,904.09
Useful Life	20		
Replacement Year	2025		
Remaining Life	6		



Remarks:

This component is for the replacement of the HVAC wall unit for the Palazzo.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Kitchen & Restrooms: Palazzo-Refurbish

			1 Total	@ \$4,013.57
Asset ID	1007		Asset Cost	\$4,013.57
Group	Amenities		Percent Replacement	100%
Category	Refurbishing		Future Cost	\$5,148.68
Placed in Service	January 2005			
Useful Life	25			
Replacement Year	2030			
Remaining Life	11			



Remarks:

This component is an allowance for refurbishing the kitchen and restroom at the Palazzo.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Landscaping: Irrigation-Repairs

Asset ID	1020	1 Total	@ \$14,716.42
Group	Grounds	Asset Cost	\$14,716.42
Category	Landscaping	Percent Replacement	100%
Placed in Service	January 2012	Future Cost	\$14,716.42
Useful Life	7		
Replacement Year	2019		
Remaining Life	0		



Remarks:

This component is an allowance for irrigation system repairs, including valves and timers in the common area.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Landscaping: Renovation-Replace

		1 Total	@ \$13,913.71
Asset ID	1019	Asset Cost	\$13,913.71
Group	Grounds	Percent Replacement	100%
Category	Landscaping	Future Cost	\$13,913.71
Placed in Service	January 2014		
Useful Life	5		
Replacement Year	2019		
Remaining Life	0		



Remarks:

This component is an allowance for renovating and maintaining the landscaping in the common area.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Landscaping: Trees - Prune, Trim and Replace

			1 Total	@ \$5,351.43
Asset ID	1035		Asset Cost	\$5,351.43
Group	Grounds		Percent Replacement	100%
Category	Landscaping		Future Cost	\$5,992.88
Placed in Service	January 2014			
Useful Life	10			
Replacement Year	2024			
Remaining Life	5			



Remarks:

This component is an allowance for trimming, pruning, and replacing trees and hedges, including stump grinding in the common areas.

This may require a permit from the City of Pasco before any work is performed.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Lighting: Exterior-Replace		1 Total	@ \$2,408.14
Asset ID	1002	Asset Cost	\$2,408.14
Group	Amenities	Percent Replacement	100%
Category	Lighting	Future Cost	\$2,408.14
Placed in Service	January 2008		
Useful Life	10		
Adjustment	1		
Replacement Year	2019		
Remaining Life	0		



Remarks:

This component is for replacing any common area lighting.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Lighting: Palazzo-Interior Fixtures

		1 Total	@ \$909.74
Asset ID	1006	Asset Cost	\$909.74
Group	Amenities	Percent Replacement	100%
Category	Lighting	Future Cost	\$930.57
Placed in Service	January 2005		
Useful Life	15		
Replacement Year	2020		
Remaining Life	1		



Remarks:

This component is for replacing the interior lighting fixtures at the Palazzo, including fans.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Mailboxes: Replace-A

		7 Each	@ \$1,605.43
Asset ID	1009	Asset Cost	\$11,237.99
Group	Amenities	Percent Replacement	100%
Category	Mailboxes	Future Cost	\$12,303.29
Placed in Service	January 2003		
Useful Life	20		
Replacement Year	2023		
Remaining Life	4		



Remarks:

This component is an allowance for replacing 1/2 of the cluster style mailboxes in the common area and 1 rural-style mailbox for the Palazzo.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Mailboxes: Replace-B

		7 Each	@ \$1,551.91
Asset ID	1010	Asset Cost	\$10,863.39
Group	Amenities	Percent Replacement	100%
Category	Mailboxes	Future Cost	\$12,444.13
Placed in Service	January 2005		
Useful Life	20		
Replacement Year	2025		
Remaining Life	6		



Remarks:

This component is for replacing 1/2 of the cluster-style mailboxes in the common area.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Maintenance Shed: Replacement

Asset ID	1041	1 Total	@ \$3,746.00
Group	Amenities	Asset Cost	\$3,746.00
Category	Building Structure	Percent Replacement	100%
Placed in Service	January 2003	Future Cost	\$5,143.18
Useful Life	30		
Replacement Year	2033		
Remaining Life	14		



Remarks:

This component is an estimated cost to replace the maintenance shed.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Monument: Replace

		4 Each	@ \$3,746.00
Asset ID	1034	Asset Cost	\$14,983.99
Group	Amenities	Percent Replacement	100%
Category	Monument	Future Cost	\$18,370.72
Placed in Service	January 2003		
Useful Life	25		
Replacement Year	2028		
Remaining Life	9		



Remarks:

This component is the replacement of the monument signs in the community.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

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**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Painting: Exterior-Phase 1

		116,416 SF	@ \$2.03
Asset ID	1024	Asset Cost	\$236,673.73
Group	Exterior Painting	Percent Replacement	100%
Category	Painting	Future Cost	\$277,320.71
Placed in Service	January 2006		
Useful Life	20		
Replacement Year	2026		
Remaining Life	7		



Remarks:

This component is an allowance for repainting the exterior walls on each building in phase 1 (38 units) with Siliconized Permeable coating paint.

The Board states this paint will last 20 years.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

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These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Painting: Exterior-Phase 2

		128,688 SF	@ \$2.03
Asset ID	1025	Asset Cost	\$261,622.70
Group	Exterior Painting	Percent Replacement	100%
Category	Painting	Future Cost	\$343,299.82
Placed in Service	January 2011		
Useful Life	20		
Replacement Year	2031		
Remaining Life	12		



Remarks:

This component is an allowance for repainting the exterior walls on each building in phase 2 (42 units) with Siliconized Permeable coating paint.

The Board states this paint will last 20 years.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

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**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Painting: Exterior-Phase 3

		94,984 SF	@ \$2.03
Asset ID	1026	Asset Cost	\$193,102.47
Group	Exterior Painting	Percent Replacement	100%
Category	Painting	Future Cost	\$259,190.54
Placed in Service	January 2012		
Useful Life	20		
Replacement Year	2032		
Remaining Life	13		



Remarks:

This component is an allowance for repainting the exterior walls on each building in phase 3 (31 units) with Siliconized Permeable coating paint.

The Board states this paint will last 20 years.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

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**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Painting: Exterior-Phase 4		131,752 SF	@ \$2.03
Asset ID	1049	Asset Cost	\$267,851.82
Group	Exterior Painting	Percent Replacement	100%
Category	Painting	Future Cost	\$367,755.43
Placed in Service	January 2013		
Useful Life	20		
Replacement Year	2033		
Remaining Life	14		



Remarks:

This component is an allowance for repainting the exterior walls on each building in phase 3 (43 units) with Siliconized Permeable coating paint.

The Board states this paint will last 20 years.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

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**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Painting: Exterior-Phase 5		125,624 SF	@ \$2.03
Asset ID	1050	Asset Cost	\$255,393.59
Group	Exterior Painting	Percent Replacement	100%
Category	Painting	Future Cost	\$358,680.42
Placed in Service	January 2014		
Useful Life	20		
Replacement Year	2034		
Remaining Life	15		



Remarks:

This component is an allowance for repainting the exterior walls on each building in phase 3 (41 units) with Siliconized Permeable coating paint.

The Board states this paint will last 20 years.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

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These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Painting: Exterior-Phase 6

Asset ID	1051	101,112 SF	@ \$2.03
Group	Exterior Painting	Asset Cost	\$205,560.70
Category	Painting	Percent Replacement	100%
Placed in Service	January 2015	Future Cost	\$323,298.47
Useful Life	20		
Adjustment	4		
Replacement Year	2039		
Remaining Life	20		



Remarks:

This component is an allowance for repainting the exterior walls on each building in phase 3 (33 units) with Siliconized Permeable coating paint.

The Board states this paint will last 20 years.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

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These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Painting: Exterior-Trim-Phase 1

		6,688 SF	@ \$1.44
Asset ID	1027	Asset Cost	\$9,657.47
Group	Exterior Painting	Percent Replacement	100%
Category	Painting	Future Cost	\$9,657.47
Placed in Service	January 2012		
Useful Life	5		
Adjustment	2		
Replacement Year	2019		
Remaining Life	0		



Remarks:

This component is an allowance for repainting the exterior trim on the buildings on 38 lots.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Painting: Exterior-Trim-Phase 2		7,392 SF	@ \$1.44
Asset ID	1028	Asset Cost	\$10,674.05
Group	Exterior Painting	Percent Replacement	100%
Category	Painting	Future Cost	\$10,674.05
Placed in Service	January 2011		
Useful Life	5		
Adjustment	3		
Replacement Year	2019		
Remaining Life	0		



Remarks:

This component is an allowance for repainting the exterior trim on the buildings on 42 lots.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Painting: Exterior-Trim-Phase 3		5,456 SF	@ \$1.44
Asset ID	1029	Asset Cost	\$7,878.46
Group	Exterior Painting	Percent Replacement	100%
Category	Painting	Future Cost	\$7,878.46
Placed in Service	January 2012		
Useful Life	5		
Adjustment	2		
Replacement Year	2019		
Remaining Life	0		



Remarks:

This component is an allowance for repainting the exterior trim on the buildings on 31 lots.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Painting: Exterior-Trim-Phase 4		7,568 SF	@ \$1.44
Asset ID	1052	Asset Cost	\$10,928.19
Group	Exterior Painting	Percent Replacement	100%
Category	Painting	Future Cost	\$10,928.19
Placed in Service	January 2013		
Useful Life	5		
Adjustment	1		
Replacement Year	2019		
Remaining Life	0		



Remarks:

This component is an allowance for repainting the exterior trim on the buildings on 43 lots.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Painting: Exterior-Trim-Phase 5		7,216 SF	@ \$1.44
Asset ID	1053	Asset Cost	\$10,419.90
Group	Exterior Painting	Percent Replacement	100%
Category	Painting	Future Cost	\$10,419.90
Placed in Service	January 2013		
Useful Life	5		
Adjustment	1		
Replacement Year	2019		
Remaining Life	0		



Remarks:

This component is an allowance for repainting the exterior trim on the buildings on 41 lots.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Painting: Exterior-Trim-Phase 6		5,808 SF	@ \$1.44
Asset ID	1054	Asset Cost	\$8,386.75
Group	Exterior Painting	Percent Replacement	100%
Category	Painting	Future Cost	\$8,578.81
Placed in Service	January 2014		
Useful Life	5		
Adjustment	1		
Replacement Year	2020		
Remaining Life	1		



Remarks:

This component is an allowance for repainting the exterior trim on the buildings on 33 lots.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Painting: Palazzo-Interior

		2,000 SF	@ \$1.55
Asset ID	1003	Asset Cost	\$3,102.00
Group	Interior Painting	Percent Replacement	100%
Category	Painting	Future Cost	\$3,102.00
Placed in Service	January 2008		
Useful Life	10		
Adjustment	1		
Replacement Year	2019		
Remaining Life	0		



Remarks:

This component is an allowance for repainting the interior of the Palazzo.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Painting: Palazzo-Pavilion-Exterior		1,731 SF	@ \$2.03
Asset ID	1031	Asset Cost	\$3,519.12
Group	Exterior Painting	Percent Replacement	100%
Category	Painting	Future Cost	\$3,519.12
Placed in Service	January 2003		
Useful Life	12		
Adjustment	4		
Replacement Year	2019		
Remaining Life	0		



Remarks:

This component is an allowance for repainting the exterior of the Palazzo and Pavilion.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Painting: Palazzo-Pavilion-Trim-Exterior		1,731 SF	@ \$2.03
Asset ID	1032	Asset Cost	\$703.82
Group	Exterior Painting	Percent Replacement	20%
Category	Painting	Future Cost	\$703.82
Placed in Service	January 2010		
Useful Life	6		
Adjustment	3		
Replacement Year	2019		
Remaining Life	0		



Remarks:

This component is an allowance for repainting the exterior trim of the Palazzo and Pavilion.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Painting: Walls-Partitions-A		12,096 SF	@ \$2.03
Asset ID	1057	Asset Cost	\$24,591.17
Group	Exterior Painting	Percent Replacement	100%
Category	Painting	Future Cost	\$24,591.17
Placed in Service	January 2015		
Useful Life	20		
Adjustment	-16		
Replacement Year	2019		
Remaining Life	0		



Remarks:

This component is an allowance for repainting of 84 partition walls..

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Painting: Walls-Partitions-B		9,072 SF	@ \$2.03
Asset ID	1058	Asset Cost	\$18,443.38
Group	Exterior Painting	Percent Replacement	100%
Category	Painting	Future Cost	\$18,865.73
Placed in Service	January 2015		
Useful Life	20		
Adjustment	-15		
Replacement Year	2020		
Remaining Life	1		



Remarks:

This component is an allowance for repainting of 63 partition walls..

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Pavilion: Building Structure-Replace		1 Total	@ \$10,702.85
Asset ID	1040	Asset Cost	\$10,702.85
Group	Amenities	Percent Replacement	100%
Category	Building Structure	Future Cost	\$23,111.47
Placed in Service	January 2003		
Useful Life	50		
Replacement Year	2053		
Remaining Life	34		



Remarks:

This component is an estimated cost to replace the building structure of the Pavilion.
This component is unfunded and will be brought into the study in the year 2023.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

RV Storage: Gate-Chain Link

		2 Each	@ \$1,776.67
Asset ID	1036	Asset Cost	\$3,553.35
Group	Amenities	Percent Replacement	100%
Category	RV Storage	Future Cost	\$3,890.18
Placed in Service	January 2003		
Useful Life	20		
Replacement Year	2023		
Remaining Life	4		



Remarks:

This component is for replacing the sliding chain link gates at the RV storage area.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

RV Storage: Grading-Gravel		1 Total	@ \$4,441.68
Asset ID	1012	Asset Cost	\$4,441.68
Group	Amenities	Percent Replacement	100%
Category	RV Storage	Future Cost	\$4,647.44
Placed in Service	January 2009		
Useful Life	12		
Replacement Year	2021		
Remaining Life	2		



Remarks:

This component is for the overlay of the existing gravel, grading and striping at the RV storage area.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Roofing: Palazzo-Pavilion-Replace		1,700 SF	@ \$6.26
Asset ID	1030	Asset Cost	\$10,643.70
Group	Roof Covering	Percent Replacement	100%
Category	Roofing	Future Cost	\$12,757.28
Placed in Service	January 2003		
Useful Life	24		
Replacement Year	2027		
Remaining Life	8		



Remarks:

This component is an allowance for reroofing the Palazzo and Pavilion.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Signage: Replace

Asset ID	1001	1 Total	@ \$2,943.28
Group	Amenities	Asset Cost	\$2,943.28
Category	Signs	Percent Replacement	100%
Placed in Service	January 2007	Future Cost	\$2,943.28
Useful Life	12		
Replacement Year	2019		
Remaining Life	0		



Remarks:

This component is an allowance for replacing any common area signs.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Storm Drains: Renovation

Asset ID	1042	1 Total	@ \$8,027.14
Group	Grounds	Asset Cost	\$8,027.14
Category	Drainage	Percent Replacement	100%
Placed in Service	January 2003	Future Cost	\$11,021.11
Useful Life	30		
Replacement Year	2033		
Remaining Life	14		



Remarks:

This component is an allowance for the renovation of the storm drainage systems in the community.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Utilities: Power Supply

Asset ID	1045	1 Total	@ \$7,492.00
Group	Amenities	Asset Cost	\$7,492.00
Category	Power Supply	Percent Replacement	100%
Placed in Service	January 2003	Future Cost	\$14,446.40
Useful Life	45		
Replacement Year	2048		
Remaining Life	29		



Remarks:

This component is an allowance for the renovation of the electrical power system in the common area, including meter bases.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Utilities: Waste Product Lines

Asset ID	1044	1 Total	@ \$9,632.57
Group	Grounds	Asset Cost	\$9,632.57
Category	Waste Product Lines	Percent Replacement	100%
Placed in Service	January 2003	Future Cost	\$14,810.59
Useful Life	35		
Replacement Year	2038		
Remaining Life	19		



Remarks:

This component is an allowance for the renovation of the waste product lines in the common area.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Utilities: Water Supply

Asset ID	1043	1 Total	@ \$9,097.42
Group	Amenities	Asset Cost	\$9,097.42
Category	Utilities	Percent Replacement	100%
Placed in Service	January 2003	Future Cost	\$15,664.43
Useful Life	40		
Replacement Year	2043		
Remaining Life	24		



Remarks:

This component is an allowance for the renovation of the potable water system in the common area.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Walls: Partitions-Repair-A

Asset ID	1055	84 Each	@ \$438.00
Group	Partition Patio Wall Repairs	Asset Cost	\$36,792.00
Category	Walls	Percent Replacement	100%
Placed in Service	January 2015	Future Cost	\$36,792.00
Useful Life	4		
Replacement Year	2019		
Remaining Life	0		



Remarks:

This component is an allowance for repairs to the 84 partition walls..

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Walls: Partitions-Repair-B

Asset ID	1056	63 Each	@ \$438.00
Partition Patio Wall Repairs		Asset Cost	\$27,594.00
Category	Walls	Percent Replacement	100%
Placed in Service	January 2015	Future Cost	\$28,225.90
Useful Life	4		
Adjustment	1		
Replacement Year	2020		
Remaining Life	1		



Remarks:

This component is an allowance for repairs to the 63 partition walls..

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Water Heater: Palazzo-Kitchen Replace

Asset ID	1011	1 Total	@ \$663.58
Group	Amenities	Asset Cost	\$663.58
Category	Water Heater	Percent Replacement	100%
Placed in Service	January 2006	Future Cost	\$663.58
Useful Life	12		
Adjustment	1		
Replacement Year	2019		
Remaining Life	0		



Remarks:

This component is an allowance for replacing the water heater in the kitchen under the sink at the Palazzo.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**Mediterranean Villas Homeowners Association
Detail Report by Alphabetically**

Water Heater: Palazzo-Restroom Replace

			1 Total	@ \$513.74
Asset ID	1037		Asset Cost	\$513.74
Group	Amenities		Percent Replacement	100%
Category	Water Heater		Future Cost	\$513.74
Placed in Service	January 2006			
Useful Life	12			
Adjustment	1			
Replacement Year	2019			
Remaining Life	0			



Remarks:

This component is an allowance for replacing the instant hot water heater in the restroom at the Palazzo.

If applicable, the useful life of this component is predicated on the assumption the component was properly installed or applied.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means, Craftsman, Marshall Swift, The National Construction Estimator, National Repair and Remodel Estimator, Dodge Cost Manual, McGraw Hill Professional, assorted independent contractors, various specialists, assorted vendors catalogues, actual quotations or historical costs, Consultant's own experience in like components or as provided by the Client.

The Association should obtain a bid to confirm this estimate.

These costs do not take into consideration any changes to the building code.

Note: This is a provision for an anticipated expense. Should the Association find that the cost of this item is greater or less than the amount provided for herein, this reserve study should be updated to reflect the actual component cost.

**ASSOCIATION RESOLUTION FOR REVENUE RULING 70-604 ELECTION
EXCESS INCOME APPLIED TO THE FOLLOWING YEAR'S ASSESSMENTS**

**RESOLUTION MUST BE VOTED ON BY THE MEMBERSHIP
AT THE ANNUAL MEETING IF FILING AS A 1120 STANDARD CORPORATION**

ANNUAL RESOLUTION OF THE (Association)_____

**RE: EXCESS INCOME APPLIED TO THE FOLLOWING YEAR'S
ASSESSMENTS REVENUE RULING 70-604**

**WHEREAS, The (Association)_____ is a (State)
_____ corporation duly organized and existing under the laws of the State of
(State) _____;**

and

**WHEREAS, The members desire that the corporation shall act in full accordance with the
rulings and regulations of the Internal Revenue Service;**

and

**NOW, THEREFORE, the members hereby adopt the following resolution by and on behalf
of the (Association) _____:**

**RESOLVED, that any excess of membership income over membership expenses for the
year ending _____ 20__ shall be applied against the subsequent tax
year member assessment as provided by IRS Revenue Ruling 70-604.**

**This resolution was voted on and made a part of the minutes of the annual meeting of
(Association) _____.**

**BY: _____
President**

**ATTESTED: _____
Secretary**

Form compliant with IRS Ruling 70-604

MEDITERRANEAN VILLAS HOMEOWNERS ASSOCIATION

Maintenance Plan (will follow later by email)

The current maintenance plan prepared by Reserve Studies by RF is attached as an addendum to this reserve study by separate document. The reserve study and the maintenance plan should be filed together as one document.

Each year, during the update process whether Level II or Level III, the maintenance plan should be updated and revised as required.

The maintenance plan should be used as a guide for the timing of maintenance procedures and the forms attached to the maintenance plan used in order to have an on-going record of maintenance done.

This maintenance plan may be the original maintenance plan done (Level 1) or an update of a previous maintenance plan.

If component materials have been changed or substituted the Client should notify Reserve Studies by RF so that changes can be taken into consideration during the preparation of the reserve study.

FUNDING GOALS AND FUNDING PLANS

EXPLANATION OF FUNDING GOALS

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

In an **Update with site inspection**, the reserve provider conducts a component inventory (verification only, not quantification unless new components have been added to the inventory), a condition assessment (based upon on-site visual observations), and life and valuation estimates to determine both the “fund status and “funding plan.”

In an **Update without site inspection**, the reserve provider conducts life and valuation estimates to determine the “fund status” and “funding plan.”

EXPLANATION OF FUNDING PLANS

Baseline Funding Model. The goal of this funding method is to keep the reserve cash balance above zero. This means that while each individual component may not be fully funded, the reserve balance overall does not drop below zero during the projected period. An association using this funding method must understand that even a minor reduction in a component’s remaining useful life can result in a deficit in the reserve cash balance.
Greatest risk to Client for a special assessment

Threshold Funding Model. This method is based upon the cash flow funding concept. The minimum reserve cash balance in threshold funding, however, is set at a predetermined dollar amount (other than \$0) and Client must select a dollar amount. **Lesser risk to Client for a special assessment**

Full Funding Model (Proportional Funding)---Given that the basis of funding for reserves is to distribute the costs of the replacements over the lives of the components in question, it follows that the ideal level of reserves will be proportionately related to those lives and costs. If an association has a component with an expected estimated useful life of ten years, it will set aside approximately one-tenth of the replacement cost each year. At the end of three years, one will expect three-tenths of the replacement cost to have accumulated, and if so, that component will be “fully-funded.” This model is important in that it is a measure of the adequacy of an association’s reserves at any one point of time, and is independent of any particular method which may have been used for past funding or may be under consideration for future funding. This formula represents a snapshot in time and is based upon current replacement cost, independent of future inflationary or investment factors:

Fully Funded Reserves = **Age divided by Useful Life the results multiplied by Current Replacement Cost**

When an association’s total accumulated reserves for all components meet this criterion, its reserves are considered “fully-funded.” **Least risk to Client for a special assessment.**

**Mediterranean Villas Homeowners Association
Member Summary Report**

Description	Date In Service	Replacement Year	Current Cost	Useful Life	Adjustment	Remaining	Future Cost	Quantity	Unit Cost
Appliances: Palazzo-Replace	2007	2022	1,418	15	0	3	1,518	1 @	1,418.13
Asphalt: Overlay	2003	2028	41,876	25	0	9	51,341	29000 @	1.44
Asphalt: Repairs	2014	2021	6,207	7	0	2	6,495	29000 @	4.28
Asphalt: Sealcoat-Striping	2014	2021	5,887	7	0	2	6,160	29000 @	0.20
Benches/Tables: Concrete-Common ..	2003	2028	2,381	25	0	9	2,920	1 @	2,381.38
Curbs: Replace-1	2004	2024	1,090	20	0	5	1,221	497 @	10.97
Curbs: Replace-2	2012	2032	1,090	20	0	13	1,464	497 @	10.97
Curbs: Replace-3	2012	2032	1,090	20	0	13	1,464	497 @	10.97
Curbs: Replace-4	2013	2033	1,090	20	0	14	1,497	497 @	10.97
Curbs: Replace-5	2014	2034	1,090	20	0	15	1,531	497 @	10.97
Curbs: Replace-6	2015	2035	1,090	20	0	16	1,566	497 @	10.97
Doggie Cleanup Stations: Replace	2003	2019	803	15	1	0	803	5 @	160.54
Doors-Windows: Palazzo	2003	2023	7,867	20	0	4	8,612	8 @	983.32
Fencing: Repairs	2014	2019	1,655	3	2	0	1,655	2343 @	35.32
Fencing: Replace	2005	2030	82,752	25	0	11	106,156	2343 @	35.32
HVAC Wall Unit: Palazzo-Replace	2005	2025	4,281	20	0	6	4,904	1 @	4,281.14
Kitchen & Restrooms: Palazzo-Refur..	2005	2030	4,014	25	0	11	5,149	1 @	4,013.57
Landscaping: Irrigation-Repairs	2012	2019	14,716	7	0	0	14,716	1 @	14,716.42
Landscaping: Renovation-Replace	2014	2019	13,914	5	0	0	13,914	1 @	13,913.71
Landscaping: Trees - Prune, Trim an..	2014	2024	5,351	10	0	5	5,993	1 @	5,351.43
Lighting: Exterior-Replace	2008	2019	2,408	10	1	0	2,408	1 @	2,408.14
Lighting: Palazzo-Interior Fixtures	2005	2020	910	15	0	1	931	1 @	909.74
Mailboxes: Replace-A	2003	2023	11,238	20	0	4	12,303	7 @	1,605.43
Mailboxes: Replace-B	2005	2025	10,863	20	0	6	12,444	7 @	1,551.91
Maintenance Shed: Replacement	2003	2033	3,746	30	0	14	5,143	1 @	3,746.00
Monument: Replace	2003	2028	14,984	25	0	9	18,371	4 @	3,746.00
Painting: Exterior-Phase 1	2006	2026	236,674	20	0	7	277,321	116416 @	2.03
Painting: Exterior-Phase 2	2011	2031	261,623	20	0	12	343,300	128688 @	2.03
Painting: Exterior-Phase 3	2012	2032	193,102	20	0	13	259,191	94984 @	2.03
Painting: Exterior-Phase 4	2013	2033	267,852	20	0	14	367,755	131752 @	2.03
Painting: Exterior-Phase 5	2014	2034	255,394	20	0	15	358,680	125624 @	2.03
Painting: Exterior-Phase 6	2015	2039	205,561	20	4	20	323,298	101112 @	2.03
Painting: Exterior-Trim-Phase 1	2012	2019	9,657	5	2	0	9,657	6688 @	1.44
Painting: Exterior-Trim-Phase 2	2011	2019	10,674	5	3	0	10,674	7392 @	1.44
Painting: Exterior-Trim-Phase 3	2012	2019	7,878	5	2	0	7,878	5456 @	1.44
Painting: Exterior-Trim-Phase 4	2013	2019	10,928	5	1	0	10,928	7568 @	1.44
Painting: Exterior-Trim-Phase 5	2013	2019	10,420	5	1	0	10,420	7216 @	1.44
Painting: Exterior-Trim-Phase 6	2014	2020	8,387	5	1	1	8,579	5808 @	1.44
Painting: Palazzo-Interior	2008	2019	3,102	10	1	0	3,102	2000 @	1.55
Painting: Palazzo-Pavilion-Exterior	2003	2019	3,519	12	4	0	3,519	1731 @	2.03
Painting: Palazzo-Pavilion-Trim-Ext..	2010	2019	704	6	3	0	704	1731 @	2.03
Painting: Walls-Partitions-A	2015	2019	24,591	20	-16	0	24,591	12096 @	2.03
Painting: Walls-Partitions-B	2015	2020	18,443	20	-15	1	18,866	9072 @	2.03
Pavilion: Building Structure-Replace	1040	<i>Unfunded</i>							
RV Storage: Gate-Chain Link	2003	2023	3,553	20	0	4	3,890	2 @	1,776.67
RV Storage: Grading-Gravel	2009	2021	4,442	12	0	2	4,647	1 @	4,441.68
Roofing: Palazzo-Pavilion-Replace	2003	2027	10,644	24	0	8	12,757	1700 @	6.26

**Mediterranean Villas Homeowners Association
Member Summary Report**

Description	Date In Service	Replacement Year	Current Cost	Useful Life	Adjustment	Remaining	Future Cost	Quantity	Unit Cost
Signage: Replace	2007	2019	2,943	12	0	0	2,943	1 @	2,943.28
Storm Drains: Renovation	2003	2033	8,027	30	0	14	11,021	1 @	8,027.14
Utilities: Power Supply	2003	2048	7,492	45	0	29	14,446	1 @	7,492.00
Utilities: Waste Product Lines	2003	2038	9,633	35	0	19	14,811	1 @	9,632.57
Utilities: Water Supply	2003	2043	9,097	40	0	24	15,664	1 @	9,097.42
Walls: Partitions-Repair-A	2015	2019	36,792	4	0	0	36,792	84 @	438.00
Walls: Partitions-Repair-B	2015	2020	27,594	4	1	1	28,226	63 @	438.00
Water Heater: Palazzo-Kitchen Repl..	2006	2019	664	12	1	0	664	1 @	663.58
Water Heater: Palazzo-Restroom Re..	2006	2019	514	12	1	0	514	1 @	513.74

Important Information

This document has been provided pursuant to an agreement containing restrictions on its use. No part of this document may be copied or distributed, in any form or by any means, nor disclosed to third parties without the expressed written permission of Reserve Studies by RF©. The client shall have the right to reproduce and distribute copies of this report, or the information contained within, as may be required for compliance with all applicable regulations.

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

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

We recommend that your reserve analysis study be updated on an annual basis due to fluctuating interest rates, inflationary changes, and the unpredictable nature of the lives of many of the assets under consideration (our contract provides that we shall update the Reserve Study annually). All of the information collected during our physical analysis of the association and computations made subsequently in preparing this reserve analysis study are retained in our computer files. Therefore, annual updates may be completed quickly and inexpensively each year.

Reserve Studies by RF© would like to thank you for using our services. We invite you to call us at any time, should you have questions, comments or need assistance. In addition, any of the parameters and estimates used in this study may be changed at your request, after which we will provide a revised study. Client shall accept all responsibility and liability for changes made and the results thereof. Consultant does not warranty the results of the revised study.

This reserve analysis study is provided as an aid for planning purposes and not as an accounting tool. Since it deals with events yet to take place, there is no assurance that the results enumerated within it will, in fact, occur as described.

Introduction

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

Funding Options

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

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

Whereas, if the association was setting aside reserves for this purpose, using the vehicle of the regularly assessed membership dues, it would have had the full term of the life of the roof, for example, to accumulate the necessary moneys. Additionally, those contributions would have been evenly distributed over the entire membership and would have earned interest as part of that contribution.

The second option is for the association to **acquire a loan** from a lending institution in order to effect the required repairs. In many cases, banks will lend to an association using “future homeowner assessments” as collateral for the loan. With this method, the current Board is pledging the future assets of an association. They are also incurring the additional expense of interest fees along with the original principal amount. In the case of a \$150,000 roofing replacement, the association may be required to pay back the loan over a three to five year period, with interest.

The third option, too often used, is simply to **defer the required repair or replacement**. This option, which is not recommended, can create an environment of declining property values due to expanding lists of deferred maintenance items and the association’s financial inability to keep pace with the normal aging process of the common area components. This, in turn, can have a seriously negative impact on sellers in the association by making it difficult, or even impossible, for potential buyers to obtain financing from lenders. Increasingly, lending institutions are requesting copies of the association’s most recent Reserve Study before granting loans, either for the association itself, a prospective purchaser, or for an individual within such an association.

The fourth option is to pass a “**special assessment**” to the membership in an amount required to cover the expenditure. When a special assessment is passed, the association has the authority and responsibility to collect the assessments, even by means of foreclosure, if necessary. However, an association considering a special assessment cannot guarantee that an assessment, when needed, will be passed. Consequently, the association cannot guarantee its ability to perform the required repairs or replacements to those major components for which it is obligated when the need arises. Additionally, while relatively new communities require very little in the way of major “reserve” expenditures, associations reaching 12 to 15 years of age and older, find many components reaching the end of their effective useful lives. These required expenditures, all accruing at the same time, could be devastating to an association’s overall budget.

Types of Reserve Studies

Most reserve studies fit into one of three categories:

- Full Reserve Study;
- Update with site inspection; and
- Update without site inspection.

In a **Full Reserve Study**, the reserve provider conducts a component inventory, a condition assessment (based upon on-site visual observations), and life and valuation estimate to determine both a “fund status” and “funding plan”.

In an **Update with site inspection**, the reserve provider conducts a component inventory (verification only, not quantification unless new components have been added to the inventory), a condition assessment (based upon on-site visual observations), and life and valuation estimates to determine both the “fund status and “funding plan.”

In an **Update without site inspection**, the reserve provider conducts life and valuation estimates to determine the “fund status” and “funding plan.”

The Reserve Study: A Physical and a Financial Analysis

There are two components of a Reserve Study: a physical analysis and a financial analysis.

Physical Analysis

During the physical analysis, a Reserve Study provider evaluates information regarding the physical status and repair/replacement cost of the association’s major common area components. To do so, the provider conducts a component inventory, a condition assessment, and life and valuation estimates.

Developing a Component List

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

Operational Expenses

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

Utilities:	Bank Service Charges	Accounting
Electricity	Dues & Publications	Reserve Study
Gas	Licenses, Permits & Fees	Repair Expenses:
Water	Insurance(s)	Tile Roof Repairs
Telephone	Services:	Equipment Repairs
Cable TV	Landscaping	Minor Concrete Repairs
Administrative:	Pool Maintenance	Operating Contingency
Supplies	Street Sweeping	

Reserve Expenses

These are major expenses that occur other than annually, and which must be budgeted in advance in order to ensure the availability of the necessary funds in time for their use. Reserve expenses are reasonably predictable both in terms of frequency and cost. However, they may include significant assets that have an indeterminable but potential liability that may be demonstrated as a likely occurrence. They are expenses that, when incurred, would have a significant effect on the smooth operation of the budgetary process from one year to the next, if they were not reserved in advance. Examples of reserve expenses include:

Roof Replacements	Park/Play Equipment
Painting	Pool/Spa Re-plastering
Deck Resurfacing	Pool Equipment Replacement
Fencing Replacement	Pool Furniture Replacement
Asphalt Seal Coating	Tennis Court Resurfacing
Asphalt Repairs	Lighting Replacement
Asphalt Overlays	Insurance(s)
Equipment Replacement	Reserve Study
Interior Furnishings	

Budgeting is Normally Excluded for:

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

Financial Analysis

The financial analysis assesses the association's reserve balance or "fund status" (measured in cash or as percent fully funded) to determine a recommendation for the appropriate reserve contribution rate in the future, known as the "funding plan."

Preparing the Reserve Study

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

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

Funding Methods

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

The cash flow method develops a reserve-funding plan where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the actual anticipated schedule of reserve expenses until the desired funding goal is achieved. This method sets up a "window" in which all future anticipated replacement costs are computed, based upon the individual lives of the components under consideration. The Reserve Studies by RF© Threshold and the Reserve Studies by RF© Current Assessment funding models are based upon the cash flow method.

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

Reserve Studies by RF© Component Funding model is based upon the component methodology.

Funding Strategies

Once an association has established its funding goals, the association can select an appropriate funding plan. There are four basic strategies from which most associations select. It is recommended that associations consult professionals to determine the best strategy or combination of plans that best suit the association's need. Additionally, associations should consult with their financial advisor to determine the tax implications of selecting a particular plan. Further, consultation with the American Institute of Certified Public Accountants (AICPA) for their reporting requirements is advisable. The four funding plans and descriptions of each are detailed below. associations will have to update their reserve studies more or less frequently depending on the funding strategy they select.

Full Funding---Given that the basis of funding for reserves is to distribute the costs of the replacements over the lives of the components in question, it follows that the ideal level of reserves would be proportionately related to those lives and costs. If an association has a component with an expected estimated useful life of ten years, it would set aside approximately one-tenth of the replacement cost each year. At the end of three years, one would expect three-tenths of the replacement cost to have accumulated, and if so, that component would be "fully-funded." This model is important in that it is a measure of the adequacy of an association's reserves at any one point of time, and is independent of any particular method which may have been used for past funding or may be under consideration for future funding. This formula represents a snapshot in time and is based upon current replacement cost, independent of future inflationary or investment factors:

Fully Funded Reserves = Age divided by Useful Life the results multiplied by Current Replacement Cost

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

The Reserve Studies by RF© **Threshold Funding Model (Minimum Funding)**. The goal of this funding method is to keep the reserve cash balance above zero. This means that while each individual component may not be fully funded, the reserve balance overall does not drop below zero during the projected period. An association using this funding method must understand that even a minor reduction in a component's remaining useful life can result in a deficit in the reserve cash balance.

The Reserve Studies by RF© **Threshold Funding Model**. This method is based upon the cash flow funding concept. The minimum reserve cash balance in threshold funding, however, is set at a predetermined dollar amount (other than \$0).

The Reserve Studies by RF© **Current Assessment Funding Model**. This method is also based upon the cash flow funding concept. The initial reserve assessment is set at the association's current fiscal year funding level and a 30-year projection is calculated to illustrate the adequacy of the current funding over time.

The Reserve Studies by RF© **Component Funding Model**. This is a straight-line funding model. It distributes the cash reserves to individual reserve components and then calculates what the reserve assessment and interest contribution (minus taxes) should be, again by each reserve component. The current annual assessment is then determined by summing all the individual component assessments, hence the name "Component Funding Model". This is the most conservative funding model. It leads to or maintains the fully funded reserve position. The following details this calculation process.

Component Funding Model Distribution of Accumulated Reserves


The “Distribution of Accumulated Reserves Report” is a “Component Funding Model” calculation. This distribution **does not** apply to the cash flow funding models.

When calculating reserves based upon the component methodology, a beginning reserve balance must be allocated for each of the individual components considered in the analysis, before the individual calculations can be completed. When this distribution is not available, or of sufficient detail, the following method is suggested for allocating reserves:

The first step the program performs in this process is subtracting, from the total accumulated reserves, any amounts for assets that have predetermined (fixed) reserve balances. The user can “fix” the accumulated reserve balance within the program on the individual asset’s detail page. If, by error, these amounts total more than the amount of funds available, then the remaining assets are adjusted accordingly. A provision for a contingency reserve is then deducted by the determined percentage used, and if there are sufficient remaining funds available.

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

Fully Funded Reserves = (Age/Useful Life) x Current Replacement Cost

The  Reserve Analyst[®] software program performs the above calculations to the actual month the component was placed-in-service. The program projects that the accumulation of necessary reserves for repairs or replacements will be available on the first day of the fiscal year in which they are scheduled to occur.

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

If, at the completion of this task, there are additional moneys that have not been distributed, the remaining reserves are then assigned, in ascending order, to a level equal to, but not exceeding, the current replacement cost for each component. If there are sufficient moneys available to fund all assets at their current replacement cost levels, then any excess funds are designated as such and are not factored into any of the report computations. If, at the end of this assignment process there are designated excess funds, they can be used to offset the monthly contribution requirements recommended or used in any other manner the client may desire.

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

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

Funding Reserves

Three assessment and contribution figures are provided in the report, the “Monthly Reserve Assessment Required”, the “Average Net Monthly Interest Earned” contribution and the “Total Monthly Allocation to Reserves.” The association should allocate the “Monthly Reserve Assessment Required” amount to reserves each month when the interest earned on the reserves is left in the reserve accounts as part of the contribution. Any interest earned on reserve deposits, must be left in the reserve account.

Users’ Guide to your Reserve Analysis Study

Part II of your Reserve Studies by RF© Report contains the reserve analysis study for your association. There are seven types of reports in the study as described below.

Report Summaries

The Report Summary for all funding models lists all of the parameters that were used in calculating the report as well as the summary of your reserve analysis study.

Index Reports

The **Distribution of Accumulated Reserves** report lists all assets in remaining life order. It also identifies the ideal level of reserves that should have accumulated for the association as well as the actual reserves available. This information is valid only for the “Component Funding Model” calculation.

The **Component Listing/Summary** lists all assets by category (i.e. roofing, painting, lighting, etc.) together with their remaining life, current cost, monthly reserve contribution, and net monthly allocation.

Detail Reports

The Detail Report itemizes each asset and lists all measurements, current and future costs, and calculations for that asset. Provisions for percentage replacements, salvage values, and one-time replacements can also be utilized. These reports can be sorted by category or group.

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

The Reserve Studies by RF® Detail Index is an alphabetical listing of all assets, together with the page number of the asset's detail report, the projected replacement year, and the asset number.

Projections

Thirty-year projections add to the usefulness of your reserve analysis study.

Definitions

Report I.D.

Includes the Report Date (example: June 19, 2006), Account Number (example: 9773), and Version (example: 1.0). Please use this information (displayed on the summary page) when referencing your report.

Budget Year Beginning/Ending

The budgetary year for which the report is prepared. For associations with fiscal years ending December 31st, the monthly contribution figures indicated are for the 12-month period beginning 1/1/20xx and ending 12/31/20xx.

Number of Units and/or Phases

If applicable, the number of units and/or phases included in this version of the report.

Inflation

This figure (information taken from "Inflationdata.com" is used to approximate the future cost to repair or replace each component in the report. The current cost for each component is compounded on an annual basis by the number of remaining years to replacement, and the total is used in calculating the monthly reserve contribution that will be necessary to accumulate the required funds in time for replacement.

Annual Assessment Increase

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

Investment Yield Before Taxes

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

Taxes on Interest Yield

The estimated percentage of interest income that will be set aside to pay income taxes on the interest earned.

Projected Reserve Balance

The anticipated reserve balance on the first day of the fiscal year for which this report has been prepared. This is based upon information provided and not audited.

Percent Fully Funded

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

Phase Increment Detail and/or Age

Comments regarding aging of the components on the basis of construction date or date of acceptance by the association.

Monthly Assessment

The assessment to reserves required by the association each month.

Interest Contribution (After Taxes)

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

Total Monthly Allocation

The sum of the monthly assessment and interest contribution figures.

Group and Category

The report may be prepared and sorted either by group (location, building, phase, etc.) or by category (roofing, painting, etc.). The standard report printing format is by category.

Percentage of Replacement or Repairs

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

Placed-In-Service Date

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

Estimated Useful Life

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

Adjustment to Useful Life

Once the useful life is determined, it may be adjusted, up or down, by this separate figure for the current cycle of replacement. This will allow for a current period adjustment without affecting the estimated replacement cycles for future replacements.

Estimated Remaining Life

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

Replacement Year

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

Annual Fixed Reserves

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

Fixed Assessment

An optional figure which, if used, will override all calculations and set the assessment at this amount. This assessment can be set for monthly, quarterly or annually as necessary.

Salvage Value

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

One-Time Replacement

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

Current Replacement Cost

The estimated replacement cost effective at the beginning of the fiscal year for which the report is being prepared

Future Replacement Cost

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

Component Inventory

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

A Multi-Purpose Tool

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

In addition, your Reserve Studies by RF© Reserve Study serves a variety of useful purposes:

- Following the recommendations of a Reserve Study performed by a professional consultant can protect the Board of Directors in a community from personal liability concerning reserve components and reserve funding.
- A reserve analysis study is required by your accountant during the preparation of the association's annual audit.
- The Reserve Studies by RF© Reserve Study is often requested by lending institutions during the process of loan applications, both for the community and, in many cases, the individual owners.
- Your Reserve Studies by RF© Report is also a detailed inventory of the association's major assets and serves as a management tool for scheduling, coordinating and planning future repairs and replacements.
- Your Reserve Studies by RF© Report is a tool that can assist the Board in fulfilling its legal and fiduciary obligations for maintaining the community in a state of good repair. If a community is operating on a special assessment basis, it cannot guarantee that an assessment, when needed, will be passed. Therefore, it cannot guarantee its ability to perform the required repairs or replacements to those major components for which the association is obligated.
- Since the Reserve Studies by RF© reserve analysis study includes measurements and cost estimates of the client's assets, the detail reports may be used to evaluate the accuracy and price of contractor bids when assets are due to be repaired or replaced.
- The Reserve Studies by RF© Reserve Study is an annual disclosure to the membership concerning the financial condition of the association and may be used as a "consumers' guide" by prospective purchasers.
- The Reserve Studies by RF© Owners' Summary meets the disclosure requirements of Revised Code of Washington §64.34 and §64.38.
- Your Reserve Studies by RF© Report provides a record of the time, cost, and quantities of past reserve replacements. At times the association's management company and Board of Directors are transitory which may result in the loss of these important records.

**Washington Assessment & Reserve Funding Disclosure Summary
Mediterranean Villas Homeowners Association**

Fiscal Year Beginning January, 1 2019 Total Units: 228

A. Current and Recommended Annual Reserve Assessment:

Current Budgeted Reserve Assessment	Annual Total:	Per Unit:
	\$72,504.00	\$318.00

Recommended Contribution	Annual Total:	Per Unit:
	\$157,851.53	\$692.33
Recommended Funding Plan:	Fully Funded	

B. Additional regular or special assessments:

Date Assessment Due	Amount Per Unit Annually	Purpose of Assessment
467,620,673,513,482		
467,625,690,035,284		
467,630,706,557,085		

C. Based upon the most recent reserve study and other information, will currently projected reserve account balances will be sufficient at the end of each year to meet the association's obligation for major maintenance, repair, or replacement of reserve components during the next thirty years?

D. Additional assessments, if necessary, to ensure that sufficient reserve account funds will be available each year during the next thirty years:

Approximate Year Assessment Due	Estimated Amount Per Unit Annually

E. Estimated recommended and projected reserve account ending balances and percent funded for:

Fiscal Year: January, 1 2019

Estimated Reserve Fund Balance	Recommended Reserve Fund Balance – Fully Funded	Percent Funded
\$492,929.05	\$578,415	58%

F. Recommended – Fully Funded – Reserve Funding Summary:

Year	Estimated Reserve Fund Balance	Recommended Reserve Fund Balance – Fully Funded	Percent Funded
2019	\$492,929.05	\$492,929	58%
2020			
2021			
2022			
2023			

G. Approved Reserve Funding Summary:

Year	Approved Reserve Fund Balance	Percent Funded
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	\$492,929	58%

See attached 30 Year Summary and Projection report sections showing reserve contribution rates for Fully Funded, Base Line and Recommended Reserve Funding Plans.

This Reserve Study was prepared by: _____, Title: _____

Firm: _____

RCW 64.34.382 (3) Required Disclosure:

"This reserve study should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require you to pay on demand as a special assessment your share of common expenses for the cost of major maintenance, repair, or replacement of a reserve component."