



Reserve Funding



Mediterranean Villas Homeowners Association

9713 Mia Lane
Pasco, Washington 98301
July 29, 2017

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

TABLE OF CONTENTS
Mediterranean Villas Homeowners Association

Executive Summary	3
Executive Report	4
Category Detail Index	12
Base Line Assessment Funding Model Summary	15
Base Assessment Funding Model Projection	22
Base Line Funding Model & Fully Funded Comparison Chart	23
Asset Current Cost by Category	24
Component Summary	25
Annual Expenditure Detail	29
Annual Expenditure Detail	36
Detail Report by Alphabetically	42
Revenue Ruling 70-604	95
Maintenance Plan	96
Member Summary Report	97
Washington Discloser	111

MEDITERRANEAN VILLAS HOMEOWNERS ASSOCIATION

Executive Summary

Fiscal Year of Report

January 1, 2018 to December 31, 2018

Number of Units/Lots 228

Parameters

Beginning Balance \$460,976.16

Fiscal Year 2018 Required Contribution \$53,625.60

Average Reserve Assessment Required Per Lot/Unit \$16.60

Prior Year's Actual Contribution \$52,500.00

Fiscal Year Projected Interest Rate .53%

Fiscal Year Inflation Rate 2.22%

Annual Increase To Suggested Contribution 9%

Lowest Cash Balance Over 30 Years (Threshold) \$203,453

This work is copyright and has been supplied under contract to the Association and/or its representatives. Apart from the Client's right to reproduce and distribute copies of this report as required by its governing documents or state law, no part of this reserve study may be reproduced by any process without prior written permission from Reserve Studies by Reserve Funding or its parent company Reserve Funding (Western States Subdivision Consulting). Requests and inquiries concerning reproduction and rights should be addressed to Reserve Studies by Reserve Funding at its main office at 16869 SW 65th Avenue, Suite 366, Lake Oswego, OR 97035.

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



RESERVE STUDIES BY RESERVE FUNDING

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,

D. L. "Dan" Huntley, PRA, RS

Tamarra "Tammy" Axton, PRA

Ray Axton, PRA

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 reserve funding 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 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 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 reserve funding, and projections concerning reserve funding.

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 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 Reserve Funding 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 Reserve Funding 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 Reserve Funding 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 Reserve Funding and its employees and subagents, in connection with such action, suit, or proceeding, if Reserve Studies by Reserve Funding and its employees and subagents acted in good faith and in a manner Reserve Studies by reserve Funding 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 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

D. L. "Dan" Huntley, PRA, RS

Tamarra "Tammy" Axton, PRA, RS

Ray Axton, PRA, 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	83
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	88
Fencing			
1021	Fencing: Repairs	2018	55
1022	Fencing: Replace	2030	56
Grounds Components			
1039	Benches/Tables: Concrete-Common Area	2028	46
1008	Doggie Cleanup Stations: Replace	2018	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	2018	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	2018	74
1028	Painting: Exterior-Trim-Phase 2	2018	75
1029	Painting: Exterior-Trim-Phase 3	2018	76
1052	Painting: Exterior-Trim-Phase 4	2018	77
1053	Painting: Exterior-Trim-Phase 5	2019	78
1054	Painting: Exterior-Trim-Phase 6	2020	79
1003	Painting: Palazzo-Interior	2018	80
1031	Painting: Palazzo-Pavilion-Exterior	2018	81
1032	Painting: Palazzo-Pavilion-Trim-Exterior	2018	82
Power Supply			
1045	Utilities: Power Supply	2048	89
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	86
RV Storage			
1036	RV Storage: Gate-Chain Link	2023	84
1012	RV Storage: Grading-Gravel	2021	85
Signs			
1001	Signage: Replace	2019	87
Utilities			
1043	Utilities: Water Supply	2043	91
Walls			
1023	Walls: Partition-Repairs	2019	92
Water Heater			
1011	Water Heater: Palazzo-Kitchen Replace	2018	93
1037	Water Heater: Palazzo-Restroom Replace	2018	94
Waste Product Lines			
1044	Utilities: Waste Product Lines	2038	90
	Total Funded Assets	52	
	Total Unfunded Assets	<u>1</u>	
	Total Assets	53	

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

Report Date	July 29, 2017
Version	1 (2018) Level III
Budget Year Beginning	January 01, 2018
Budget Year Ending	December 31, 2018
Total Units	228

<i>Report Parameters</i>	
Inflation	2.22%
Interest Rate on Reserve Deposit	0.53%
2018 Beginning Balance	\$460,976

**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 II - Updated On-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."

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

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

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

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

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

- **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 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, 24th Edition (2017) printed manual

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.**

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

- **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 \$19.60 per unit and an annual increase of 9%.**

The industry standards for percent funded are:

0% to 29% - Poor

30% to 69% - Fair

70% to 100% - Good

This association is 67% funded on 12/31/2018 as it relates to being fully funded.

Base Line Funding Model Summary of Calculations

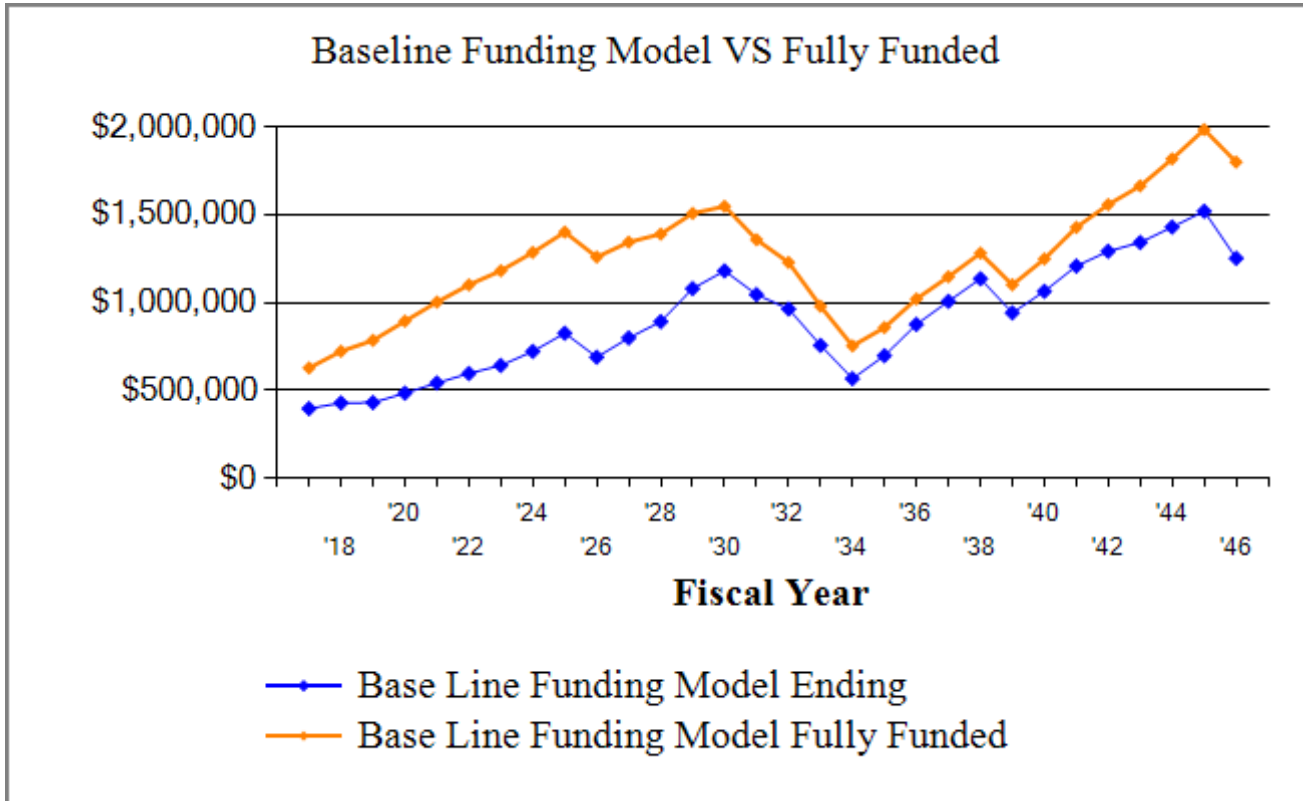
Required Month Contribution	\$4,468.80
<i>\$19.60 per unit monthly</i>	
Average Net Month Interest Earned	<u>\$200.11</u>
Total Month Allocation to Reserves	\$4,668.91
<i>\$20.48 per unit monthly</i>	

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

Beginning Balance: \$460,976

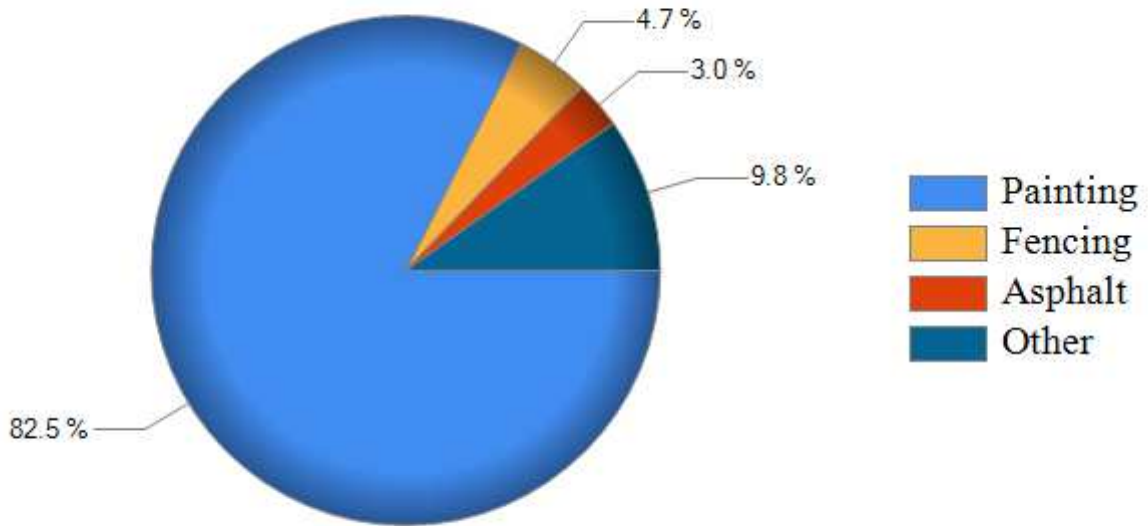
Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2018	1,682,295	53,626	2,401	49,083	467,920	702,627	67%
2019	1,719,641	58,452	2,420	53,276	475,516	764,545	62%
2020	1,757,818	63,713	2,612	9,081	532,759	875,529	61%
2021	1,796,841	69,447	2,791	18,164	586,833	981,985	60%
2022	1,836,731	75,697	3,051	1,447	664,135	1,110,238	60%
2023	1,877,506	82,510	3,064	78,834	670,874	1,164,628	58%
2024	1,919,187	89,935	3,254	35,325	728,739	1,267,150	58%
2025	1,961,793	98,030	3,506	25,644	804,631	1,384,347	58%
2026	2,005,345	106,852	2,897	280,056	634,324	1,246,646	51%
2027	2,049,863	116,469	3,196	29,693	724,297	1,364,425	53%
2028	2,095,370	126,951	3,162	135,049	719,362	1,379,798	52%
2029	2,141,888	138,377	3,539	28,954	832,323	1,506,695	55%
2030	2,189,438	150,831	3,624	124,293	862,485	1,541,748	56%
2031	2,238,043	164,406	2,978	346,070	683,798	1,353,736	51%
2032	2,287,728	179,202	2,723	248,189	617,534	1,264,523	49%
2033	2,338,515	195,330	953	443,621	370,197	976,543	38%
2034	2,390,430	212,910	370	380,023	203,453	750,231	27%
2035	2,443,498	208,865	937	49,234	364,020	860,145	42%
2036	2,497,743	204,896	1,654	3,273	567,297	1,022,669	55%
2037	2,553,193	201,003	2,363	2,011	768,653	1,193,349	64%
2038	2,609,874	197,184	2,793	78,718	889,913	1,292,739	69%
2039	2,667,813	193,438	2,212	363,593	721,969	1,109,136	65%
2040	2,727,039	189,762	2,768	34,999	879,501	1,260,883	70%
2041	2,787,579	186,157	3,436		1,069,094	1,455,392	73%
2042	2,849,463	182,620	3,988	30,324	1,225,378	1,626,918	75%
2043	2,912,721	179,150	4,139	141,780	1,266,887	1,692,101	75%
2044	2,977,384	175,746	4,596	50,901	1,396,328	1,855,490	75%
2045	3,043,482	172,407	5,047	50,090	1,523,693	2,027,284	75%
2046	3,111,047	169,131	4,229	409,045	1,288,008	1,840,003	70%
2047	3,180,112	165,918	4,654	50,335	1,408,245	2,019,365	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	1,447	15	4		972	3.76	972
Appliances - Total	\$1,447				\$972	\$4	\$972
Asphalt							
Asphalt: Overlay	48,763	25	10		23,490	78.26	23,490
Asphalt: Repairs	6,195	7	3		3,314	31.34	3,314
Asphalt: Sealcoat-Striping	5,885	7	3		3,149	29.77	3,149
Asphalt - Total	\$60,843				\$29,953	\$139	\$29,953
Building Structure							
Maintenance Shed: Replacement	4,865	30	15		0	10.44	1,750
Pavilion: Building Structure-Replace	<i>unfunded</i>						
Building Structure - Total	\$4,865					\$10	\$1,750
Curbs							
Curbs: Replace-1	1,162	20	6		713	2.34	713
Curbs: Replace-2	1,386	20	14		306	2.44	306
Curbs: Replace-3	1,386	20	14		306	2.44	306
Curbs: Replace-4	1,416	20	15		0	3.04	255
Curbs: Replace-5	1,448	20	16		0	2.91	204
Curbs: Replace-6	1,480	20	17		0	2.79	153
Curbs - Total	\$8,277				\$1,325	\$16	\$1,936
Doors							
Doors-Windows: Palazzo	8,203	20	5		5,512	16.81	5,512
Doors - Total	\$8,203				\$5,512	\$17	\$5,512
Drainage							
Storm Drains: Renovation	10,426	30	15		0	22.38	3,750
Drainage - Total	\$10,426					\$22	\$3,750
Fencing							
Fencing: Repairs	1,546	3	0	1	1,546		1,546
Fencing: Replace	100,628	25	12		40,206	156.22	40,206
Fencing - Total	\$102,174				\$41,752	\$156	\$41,752
Grounds Components							
Benches/Tables: Concrete-Common ..	2,771	25	10		1,335	4.45	1,335
Doggie Cleanup Stations: Replace	750	15	0		750		750
Grounds Components - Total	\$3,521				\$2,085	\$4	\$2,085

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	4,665	20	7		2,600	9.24	2,600
Heating - Total	<u>\$4,665</u>				<u>\$2,600</u>	\$9	<u>\$2,600</u>
Landscaping							
Landscaping: Irrigation-Repairs	14,055	7	1		11,786	73.76	11,786
Landscaping: Renovation-Replace	13,289	5	1		10,400	94.71	10,400
Landscaping: Trees - Prune, Trim and..	5,704	10	6		2,000	20.01	2,000
Landscaping - Total	<u>\$33,048</u>				<u>\$24,186</u>	\$188	<u>\$24,186</u>
Lighting							
Lighting: Exterior-Replace	2,250	10	0		2,250		2,250
Lighting: Palazzo-Interior Fixtures	888	15	2		737	2.39	737
Lighting - Total	<u>\$3,138</u>				<u>\$2,987</u>	\$2	<u>\$2,987</u>
Mailboxes							
Mailboxes: Replace-A	11,718	20	5		7,875	24.01	7,875
Mailboxes: Replace-B	11,836	20	7		6,597	23.44	6,597
Mailboxes - Total	<u>\$23,555</u>				<u>\$14,472</u>	\$47	<u>\$14,472</u>
Monument							
Monument: Replace	17,438	25	10		8,400	27.99	8,400
Monument - Total	<u>\$17,438</u>				<u>\$8,400</u>	\$28	<u>\$8,400</u>
Painting							
Painting: Exterior-Phase 1	263,665	20	8		132,714	513.27	132,714
Painting: Exterior-Phase 2	325,281	20	13		85,578	581.52	85,578
Painting: Exterior-Phase 3	245,418	20	14		24,612	504.74	54,141
Painting: Exterior-Phase 4	347,976	20	15		0	746.86	62,582
Painting: Exterior-Phase 5	339,157	20	16		0	680.59	47,737
Painting: Exterior-Phase 6	304,656	20	21	4	0	459.51	24,014
Painting: Exterior-Trim-Phase 1	9,029	5	0	1	9,029		9,029
Painting: Exterior-Trim-Phase 2	9,979	5	0	2	9,979		9,979
Painting: Exterior-Trim-Phase 3	7,366	5	0	1	7,366		7,366
Painting: Exterior-Trim-Phase 4	10,217	5	0		10,217		10,217
Painting: Exterior-Trim-Phase 5	9,958	5	1	1	8,118	60.05	8,118
Painting: Exterior-Trim-Phase 6	8,193	5	2	1	5,227	48.50	5,227
Painting: Palazzo-Interior	2,900	10	0		2,900		2,900
Painting: Palazzo-Pavilion-Exterior	3,289	12	0	3	3,289		3,289
Painting: Palazzo-Pavilion-Trim-Exte..	658	6	0	2	658		658
Painting - Total	<u>\$1,887,740</u>				<u>\$299,686</u>	\$3,595	<u>\$463,548</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	<u>13,526</u>	45	30		0	<u>13.93</u>	<u>2,333</u>
Power Supply - Total	\$13,526					\$14	\$2,333
Refurbishing							
Kitchen & Restrooms: Palazzo-Refur..	<u>4,880</u>	25	12		<u>1,950</u>	<u>7.58</u>	<u>1,950</u>
Refurbishing - Total	\$4,880				\$1,950	\$8	\$1,950
Roofing							
Roofing: Palazzo-Pavilion-Replace	<u>12,118</u>	24	9		<u>6,216</u>	<u>20.34</u>	<u>6,216</u>
Roofing - Total	\$12,118				\$6,216	\$20	\$6,216
RV Storage							
RV Storage: Gate-Chain Link	<u>3,705</u>	20	5		<u>2,490</u>	<u>7.59</u>	<u>2,490</u>
RV Storage: Grading-Gravel	<u>4,433</u>	12	3		<u>3,112</u>	<u>14.07</u>	<u>3,112</u>
RV Storage - Total	\$8,138				\$5,602	\$22	\$5,602
Signs							
Signage: Replace	<u>2,811</u>	12	1		<u>2,521</u>	<u>9.25</u>	<u>2,521</u>
Signs - Total	\$2,811				\$2,521	\$9	\$2,521
Utilities							
Utilities: Water Supply	<u>14,717</u>	40	25		0	<u>18.44</u>	<u>3,187</u>
Utilities - Total	\$14,717					\$18	\$3,187
Walls							
Walls: Partition-Repairs	<u>13,163</u>	4	1		<u>9,658</u>	<u>115.45</u>	<u>9,658</u>
Walls - Total	\$13,163				\$9,658	\$115	\$9,658
Water Heater							
Water Heater: Palazzo-Kitchen Repla..	<u>620</u>	12	0		<u>620</u>		<u>620</u>
Water Heater: Palazzo-Restroom Rep..	<u>480</u>	12	0		<u>480</u>		<u>480</u>
Water Heater - Total	\$1,100				\$1,100		\$1,100
Waste Product Lines							
Utilities: Waste Product Lines	<u>13,962</u>	35	20		0	<u>22.17</u>	<u>3,857</u>
Waste Product Lines - Total	\$13,962					\$22	\$3,857

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>\$2,253,755</u>				<u>\$460,976</u>	<u>\$4,469</u>	<u>\$640,328</u>

**Mediterranean Villas Homeowners Association
Annual Expenditure Detail**

Description	Expenditures
Replacement Year 2018	
Doggie Cleanup Stations: Replace	750
Fencing: Repairs	1,546
Lighting: Exterior-Replace	2,250
Painting: Exterior-Trim-Phase 1	9,029
Painting: Exterior-Trim-Phase 2	9,979
Painting: Exterior-Trim-Phase 3	7,366
Painting: Exterior-Trim-Phase 4	10,217
Painting: Palazzo-Interior	2,900
Painting: Palazzo-Pavilion-Exterior	3,289
Painting: Palazzo-Pavilion-Trim-Exterior	658
Water Heater: Palazzo-Kitchen Replace	620
Water Heater: Palazzo-Restroom Replace	480
Total for 2018	\$49,083
Replacement Year 2019	
Landscaping: Irrigation-Repairs	14,055
Landscaping: Renovation-Replace	13,289
Painting: Exterior-Trim-Phase 5	9,958
Signage: Replace	2,811
Walls: Partition-Repairs	13,163
Total for 2019	\$53,276
Replacement Year 2020	
Lighting: Palazzo-Interior Fixtures	888
Painting: Exterior-Trim-Phase 6	8,193
Total for 2020	\$9,081
Replacement Year 2021	
Asphalt: Repairs	6,195
Asphalt: Sealcoat-Striping	5,885
Fencing: Repairs	1,652
RV Storage: Grading-Gravel	4,433
Total for 2021	\$18,164
Replacement Year 2022	
Appliances: Palazzo-Replace	1,447
Total for 2022	\$1,447

**Mediterranean Villas Homeowners Association
Annual Expenditure Detail**

Description	Expenditures
Replacement Year 2023	
Doors-Windows: Palazzo	8,203
Mailboxes: Replace-A	11,718
Painting: Exterior-Trim-Phase 1	10,076
Painting: Exterior-Trim-Phase 2	11,137
Painting: Exterior-Trim-Phase 3	8,220
Painting: Exterior-Trim-Phase 4	11,402
RV Storage: Gate-Chain Link	3,705
Walls: Partition-Repairs	14,371
Total for 2023	\$78,834
Replacement Year 2024	
Curbs: Replace-1	1,162
Fencing: Repairs	1,764
Landscaping: Renovation-Replace	14,831
Landscaping: Trees - Prune, Trim and Replace	5,704
Painting: Exterior-Trim-Phase 5	11,113
Painting: Palazzo-Pavilion-Trim-Exterior	750
Total for 2024	\$35,325
Replacement Year 2025	
HVAC Wall Unit: Palazzo-Replace	4,665
Mailboxes: Replace-B	11,836
Painting: Exterior-Trim-Phase 6	9,143
Total for 2025	\$25,644
Replacement Year 2026	
Landscaping: Irrigation-Repairs	16,390
Painting: Exterior-Phase 1	263,665
Total for 2026	\$280,056
Replacement Year 2027	
Fencing: Repairs	1,884
Roofing: Palazzo-Pavilion-Replace	12,118
Walls: Partition-Repairs	15,691
Total for 2027	\$29,693
Replacement Year 2028	
Asphalt: Overlay	48,763

**Mediterranean Villas Homeowners Association
Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2028 continued...</i>	
Asphalt: Repairs	7,224
Asphalt: Sealcoat-Striping	6,863
Benches/Tables: Concrete-Common Area	2,771
Lighting: Exterior-Replace	2,802
Monument: Replace	17,438
Painting: Exterior-Trim-Phase 1	11,246
Painting: Exterior-Trim-Phase 2	12,430
Painting: Exterior-Trim-Phase 3	9,174
Painting: Exterior-Trim-Phase 4	12,725
Painting: Palazzo-Interior	3,612
Total for 2028	\$135,049
 Replacement Year 2029	
Landscaping: Renovation-Replace	16,552
Painting: Exterior-Trim-Phase 5	12,403
Total for 2029	\$28,954
 Replacement Year 2030	
Fencing: Repairs	2,013
Fencing: Replace	100,628
Kitchen & Restrooms: Palazzo-Refurbish	4,880
Painting: Exterior-Trim-Phase 6	10,204
Painting: Palazzo-Pavilion-Exterior	4,280
Painting: Palazzo-Pavilion-Trim-Exterior	856
Water Heater: Palazzo-Kitchen Replace	807
Water Heater: Palazzo-Restroom Replace	625
Total for 2030	\$124,293
 Replacement Year 2031	
Painting: Exterior-Phase 2	325,281
Signage: Replace	3,658
Walls: Partition-Repairs	17,131
Total for 2031	\$346,070
 Replacement Year 2032	
Curbs: Replace-2	1,386
Curbs: Replace-3	1,386

**Mediterranean Villas Homeowners Association
Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2032 continued...</i>	
Painting: Exterior-Phase 3	245,418
Total for 2032	<u>\$248,189</u>
Replacement Year 2033	
Curbs: Replace-4	1,416
Doggie Cleanup Stations: Replace	1,043
Fencing: Repairs	2,150
Landscaping: Irrigation-Repairs	19,114
Maintenance Shed: Replacement	4,865
Painting: Exterior-Phase 4	347,976
Painting: Exterior-Trim-Phase 1	12,551
Painting: Exterior-Trim-Phase 2	13,872
Painting: Exterior-Trim-Phase 3	10,239
Painting: Exterior-Trim-Phase 4	14,202
RV Storage: Grading-Gravel	5,769
Storm Drains: Renovation	10,426
Total for 2033	<u>\$443,621</u>
Replacement Year 2034	
Curbs: Replace-5	1,448
Landscaping: Renovation-Replace	18,472
Landscaping: Trees - Prune, Trim and Replace	7,105
Painting: Exterior-Phase 5	339,157
Painting: Exterior-Trim-Phase 5	13,842
Total for 2034	<u>\$380,023</u>
Replacement Year 2035	
Asphalt: Repairs	8,424
Asphalt: Sealcoat-Striping	8,003
Curbs: Replace-6	1,480
Lighting: Palazzo-Interior Fixtures	1,235
Painting: Exterior-Trim-Phase 6	11,389
Walls: Partition-Repairs	18,704
Total for 2035	<u>\$49,234</u>
Replacement Year 2036	
Fencing: Repairs	2,296

**Mediterranean Villas Homeowners Association
Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2036 continued...</i>	
Painting: Palazzo-Pavilion-Trim-Exterior	977
Total for 2036	\$3,273
Replacement Year 2037	
Appliances: Palazzo-Replace	2,011
Total for 2037	\$2,011
Replacement Year 2038	
Lighting: Exterior-Replace	3,491
Painting: Exterior-Trim-Phase 1	14,007
Painting: Exterior-Trim-Phase 2	15,482
Painting: Exterior-Trim-Phase 3	11,427
Painting: Exterior-Trim-Phase 4	15,850
Painting: Palazzo-Interior	4,499
Utilities: Waste Product Lines	13,962
Total for 2038	\$78,718
Replacement Year 2039	
Fencing: Repairs	2,452
Landscaping: Renovation-Replace	20,616
Painting: Exterior-Phase 6	304,656
Painting: Exterior-Trim-Phase 5	15,448
Walls: Partition-Repairs	20,421
Total for 2039	\$363,593
Replacement Year 2040	
Landscaping: Irrigation-Repairs	22,289
Painting: Exterior-Trim-Phase 6	12,710
Total for 2040	\$34,999
<i>No Replacement in 2041</i>	
Replacement Year 2042	
Asphalt: Repairs	9,824
Asphalt: Sealcoat-Striping	9,333
Fencing: Repairs	2,619
Painting: Palazzo-Pavilion-Exterior	5,571

**Mediterranean Villas Homeowners Association
Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2042 continued...</i>	
Painting: Palazzo-Pavilion-Trim-Exterior	1,114
Water Heater: Palazzo-Kitchen Replace	1,050
Water Heater: Palazzo-Restroom Replace	813
Total for 2042	\$30,324
 Replacement Year 2043	
Doors-Windows: Palazzo	12,726
Mailboxes: Replace-A	18,180
Painting: Exterior-Trim-Phase 1	15,632
Painting: Exterior-Trim-Phase 2	17,278
Painting: Exterior-Trim-Phase 3	12,753
Painting: Exterior-Trim-Phase 4	17,689
RV Storage: Gate-Chain Link	5,748
Signage: Replace	4,761
Utilities: Water Supply	14,717
Walls: Partition-Repairs	22,296
Total for 2043	\$141,780
 Replacement Year 2044	
Curbs: Replace-1	1,803
Landscaping: Renovation-Replace	23,008
Landscaping: Trees - Prune, Trim and Replace	8,849
Painting: Exterior-Trim-Phase 5	17,241
Total for 2044	\$50,901
 Replacement Year 2045	
Fencing: Repairs	2,798
HVAC Wall Unit: Palazzo-Replace	7,236
Mailboxes: Replace-B	18,363
Painting: Exterior-Trim-Phase 6	14,185
RV Storage: Grading-Gravel	7,508
Total for 2045	\$50,090
 Replacement Year 2046	
Painting: Exterior-Phase 1	409,045
Total for 2046	\$409,045

**Mediterranean Villas Homeowners Association
Annual Expenditure Detail**

Description	Expenditures
Replacement Year 2047	
Landscaping: Irrigation-Repairs	25,992
Walls: Partition-Repairs	24,342
Total for 2047	<u>\$50,335</u>

**Mediterranean Villas Homeowners Association
Annual Expenditure Detail**

Description	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Appliances: Palazzo-Replace					1,447					
Asphalt: Overlay										
Asphalt: Repairs				6,195						
Asphalt: Sealcoat-Striping				5,885						
Benches/Tables: Concrete-Common Area										
Curbs: Replace-1							1,162			
Curbs: Replace-2										
Curbs: Replace-3										
Curbs: Replace-4										
Curbs: Replace-5										
Curbs: Replace-6										
Doggie Cleanup Stations: Replace	750									
Doors-Windows: Palazzo						8,203				
Fencing: Repairs	1,546			1,652			1,764			1,884
Fencing: Replace										
HVAC Wall Unit: Palazzo-Replace								4,665		
Kitchen & Restrooms: Palazzo-Refurbish										
Landscaping: Irrigation-Repairs		14,055							16,390	
Landscaping: Renovation-Replace		13,289					14,831			
Landscaping: Trees - Prune, Trim and Replace							5,704			
Lighting: Exterior-Replace	2,250									
Lighting: Palazzo-Interior Fixtures			888							
Mailboxes: Replace-A						11,718				
Mailboxes: Replace-B								11,836		
Maintenance Shed: Replacement										
Monument: Replace										
Painting: Exterior-Phase 1									263,665	
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	9,029					10,076				
Painting: Exterior-Trim-Phase 2	9,979					11,137				
Painting: Exterior-Trim-Phase 3	7,366					8,220				

**Mediterranean Villas Homeowners Association
Annual Expenditure Detail**

Description	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Painting: Exterior-Trim-Phase 4	10,217					11,402				
Painting: Exterior-Trim-Phase 5		9,958					11,113			
Painting: Exterior-Trim-Phase 6			8,193					9,143		
Painting: Palazzo-Interior	2,900									
Painting: Palazzo-Pavilion-Exterior	3,289									
Painting: Palazzo-Pavilion-Trim-Exterior	658						750			
Pavilion: Building Structure-Replace	<i>Unfunded</i>									
RV Storage: Gate-Chain Link						3,705				
RV Storage: Grading-Gravel				4,433						
Roofing: Palazzo-Pavilion-Replace										12,118
Signage: Replace		2,811								
Storm Drains: Renovation										
Utilities: Power Supply										
Utilities: Waste Product Lines										
Utilities: Water Supply										
Walls: Partition-Repairs		13,163				14,371				15,691
Water Heater: Palazzo-Kitchen Replace	620									
Water Heater: Palazzo-Restroom Replace	480									
Year Total:	49,083	53,276	9,081	18,164	1,447	78,834	35,325	25,644	280,056	29,693

**Mediterranean Villas Homeowners Association
Annual Expenditure Detail**

Description	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Appliances: Palazzo-Replace										2,011
Asphalt: Overlay	48,763									
Asphalt: Repairs	7,224							8,424		
Asphalt: Sealcoat-Striping	6,863							8,003		
Benches/Tables: Concrete-Common Area	2,771									
Curbs: Replace-1										
Curbs: Replace-2					1,386					
Curbs: Replace-3					1,386					
Curbs: Replace-4						1,416				
Curbs: Replace-5							1,448			
Curbs: Replace-6								1,480		
Doggie Cleanup Stations: Replace						1,043				
Doors-Windows: Palazzo										
Fencing: Repairs			2,013			2,150			2,296	
Fencing: Replace			100,628							
HVAC Wall Unit: Palazzo-Replace										
Kitchen & Restrooms: Palazzo-Refurbish			4,880							
Landscaping: Irrigation-Repairs						19,114				
Landscaping: Renovation-Replace		16,552					18,472			
Landscaping: Trees - Prune, Trim and Replace							7,105			
Lighting: Exterior-Replace	2,802									
Lighting: Palazzo-Interior Fixtures								1,235		
Mailboxes: Replace-A										
Mailboxes: Replace-B										
Maintenance Shed: Replacement						4,865				
Monument: Replace	17,438									
Painting: Exterior-Phase 1										
Painting: Exterior-Phase 2				325,281						
Painting: Exterior-Phase 3					245,418					
Painting: Exterior-Phase 4						347,976				
Painting: Exterior-Phase 5							339,157			
Painting: Exterior-Phase 6										
Painting: Exterior-Trim-Phase 1	11,246					12,551				
Painting: Exterior-Trim-Phase 2	12,430					13,872				
Painting: Exterior-Trim-Phase 3	9,174					10,239				

**Mediterranean Villas Homeowners Association
Annual Expenditure Detail**

Description	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Painting: Exterior-Trim-Phase 4	12,725					14,202				
Painting: Exterior-Trim-Phase 5		12,403					13,842			
Painting: Exterior-Trim-Phase 6			10,204					11,389		
Painting: Palazzo-Interior	3,612									
Painting: Palazzo-Pavilion-Exterior			4,280							
Painting: Palazzo-Pavilion-Trim-Exterior			856						977	
Pavilion: Building Structure-Replace	<i>Unfunded</i>									
RV Storage: Gate-Chain Link										
RV Storage: Grading-Gravel						5,769				
Roofing: Palazzo-Pavilion-Replace										
Signage: Replace				3,658						
Storm Drains: Renovation						10,426				
Utilities: Power Supply										
Utilities: Waste Product Lines										
Utilities: Water Supply										
Walls: Partition-Repairs				17,131				18,704		
Water Heater: Palazzo-Kitchen Replace			807							
Water Heater: Palazzo-Restroom Replace			625							
Year Total:	135,049	28,954	124,293	346,070	248,189	443,621	380,023	49,234	3,273	2,011

**Mediterranean Villas Homeowners Association
Annual Expenditure Detail**

Description	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
Appliances: Palazzo-Replace										
Asphalt: Overlay										
Asphalt: Repairs					9,824					
Asphalt: Sealcoat-Striping					9,333					
Benches/Tables: Concrete-Common Area										
Curbs: Replace-1							1,803			
Curbs: Replace-2										
Curbs: Replace-3										
Curbs: Replace-4										
Curbs: Replace-5										
Curbs: Replace-6										
Doggie Cleanup Stations: Replace										
Doors-Windows: Palazzo						12,726				
Fencing: Repairs		2,452			2,619			2,798		
Fencing: Replace										
HVAC Wall Unit: Palazzo-Replace								7,236		
Kitchen & Restrooms: Palazzo-Refurbish										
Landscaping: Irrigation-Repairs			22,289							25,992
Landscaping: Renovation-Replace		20,616					23,008			
Landscaping: Trees - Prune, Trim and Replace							8,849			
Lighting: Exterior-Replace	3,491									
Lighting: Palazzo-Interior Fixtures										
Mailboxes: Replace-A						18,180				
Mailboxes: Replace-B								18,363		
Maintenance Shed: Replacement										
Monument: Replace										
Painting: Exterior-Phase 1									409,045	
Painting: Exterior-Phase 2										
Painting: Exterior-Phase 3										
Painting: Exterior-Phase 4										
Painting: Exterior-Phase 5										
Painting: Exterior-Phase 6		304,656								
Painting: Exterior-Trim-Phase 1	14,007					15,632				
Painting: Exterior-Trim-Phase 2	15,482					17,278				
Painting: Exterior-Trim-Phase 3	11,427					12,753				

**Mediterranean Villas Homeowners Association
Annual Expenditure Detail**

Description	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
Painting: Exterior-Trim-Phase 4	15,850					17,689				
Painting: Exterior-Trim-Phase 5		15,448					17,241			
Painting: Exterior-Trim-Phase 6			12,710					14,185		
Painting: Palazzo-Interior	4,499									
Painting: Palazzo-Pavilion-Exterior					5,571					
Painting: Palazzo-Pavilion-Trim-Exterior					1,114					
Pavilion: Building Structure-Replace	<i>Unfunded</i>									
RV Storage: Gate-Chain Link						5,748				
RV Storage: Grading-Gravel								7,508		
Roofing: Palazzo-Pavilion-Replace										
Signage: Replace						4,761				
Storm Drains: Renovation										
Utilities: Power Supply										
Utilities: Waste Product Lines	13,962									
Utilities: Water Supply						14,717				
Walls: Partition-Repairs		20,421				22,296				24,342
Water Heater: Palazzo-Kitchen Replace					1,050					
Water Heater: Palazzo-Restroom Replace					813					
Year Total:	78,718	363,593	34,999		30,324	141,780	50,901	50,090	409,045	50,335

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

Appliances: Palazzo-Replace

Asset ID	1005	1 Total	@ \$1,325.00
Group	Amenities	Asset Cost	\$1,325.00
Category	Appliances	Percent Replacement	100%
Placed in Service	January 2007	Future Cost	\$1,446.64
Useful Life	15		
Replacement Year	2022		
Remaining Life	4		



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

		29,000 SF	@ \$1.35
Asset ID	1015	Asset Cost	\$39,150.00
Group	Roads and Curbs	Percent Replacement	100%
Category	Asphalt	Future Cost	\$48,763.01
Placed in Service	January 2003		
Useful Life	25		
Replacement Year	2028		
Remaining Life	10		



Remarks:

This component is an allowance for the 1 1/2" to 3" overlay on the existing asphalt including re-setting of 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	@ \$4.00
Asset ID	1014	Asset Cost	\$5,800.00
Group	Roads and Curbs	Percent Replacement	5%
Category	Asphalt	Future Cost	\$6,194.92
Placed in Service	January 2014		
Useful Life	7		
Replacement Year	2021		
Remaining Life	3		



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.

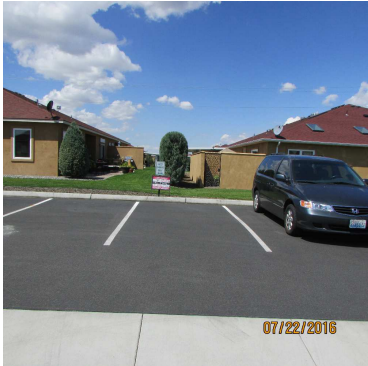
The Association should obtain a bid to confirm this estimate.

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		29,000 SF	@ \$0.19
Asset ID	1013	Asset Cost	\$5,510.00
Group	Roads and Curbs	Percent Replacement	100%
Category	Asphalt	Future Cost	\$5,885.17
Placed in Service	January 2014		
Useful Life	7		
Replacement Year	2021		
Remaining Life	3		



Remarks:

This component is an allowance for the application of a sea 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 @ \$2,225.00
Asset ID	1039	Asset Cost	\$2,225.00
Group	Amenities	Percent Replacement	100%
Category	Grounds Components	Future Cost	\$2,771.33
Placed in Service	January 2003		
Useful Life	25		
Replacement Year	2028		
Remaining Life	10		



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	@ \$10.25
Asset ID	1016	Asset Cost	\$1,018.85
Group	Roads and Curbs	Percent Replacement	20%
Category	Curbs	Future Cost	\$1,162.32
Placed in Service	January 2004		
Useful Life	20		
Replacement Year	2024		
Remaining Life	6		



Remarks:

This component is an allowance 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	@ \$10.25
Asset ID	1017	Asset Cost	\$1,018.85
Group	Roads and Curbs	Percent Replacement	20%
Category	Curbs	Future Cost	\$1,385.52
Placed in Service	January 2012		
Useful Life	20		
Replacement Year	2032		
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-3

		497 LF	@ \$10.25
Asset ID	1018	Asset Cost	\$1,018.85
Group	Roads and Curbs	Percent Replacement	20%
Category	Curbs	Future Cost	\$1,385.52
Placed in Service	January 2012		
Useful Life	20		
Replacement Year	2032		
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-4

		497 LF	@ \$10.25
Asset ID	1046	Asset Cost	\$1,018.85
Group	Roads and Curbs	Percent Replacement	20%
Category	Curbs	Future Cost	\$1,416.28
Placed in Service	January 2013		
Useful Life	20		
Replacement Year	2033		
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-5		497 LF	@ \$10.25
Asset ID	1047	Asset Cost	\$1,018.85
Group	Roads and Curbs	Percent Replacement	20%
Category	Curbs	Future Cost	\$1,447.72
Placed in Service	January 2014		
Useful Life	20		
Replacement Year	2034		
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**

Curbs: Replace-6

		497 LF	@ \$10.25
Asset ID	1048	Asset Cost	\$1,018.85
Group	Roads and Curbs	Percent Replacement	20%
Category	Curbs	Future Cost	\$1,479.86
Placed in Service	January 2015		
Useful Life	20		
Replacement Year	2035		
Remaining Life	17		



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	@ \$150.00
Asset ID	1008	Asset Cost	\$750.00
Group	Amenities	Percent Replacement	100%
Category	Grounds Components	Future Cost	\$750.00
Placed in Service	January 2003		
Useful Life	15		
Replacement Year	2018		
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

		8 Each	@ \$918.75
Asset ID	1033	Asset Cost	\$7,350.00
Group	Amenities	Percent Replacement	100%
Category	Doors	Future Cost	\$8,202.89
Placed in Service	January 2003		
Useful Life	20		
Replacement Year	2023		
Remaining Life	5		



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	@ \$33.00
Asset ID	1021		Asset Cost	\$1,546.38
Group	Grounds		Percent Replacement	2%
Category	Fencing		Future Cost	\$1,546.38
Placed in Service	January 2014			
Useful Life	3			
Adjustment	1			
Replacement Year	2018			
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	@ \$33.00
Asset ID	1022	Asset Cost	\$77,319.00
Group	Grounds	Percent Replacement	100%
Category	Fencing	Future Cost	\$100,627.51
Placed in Service	January 2005		
Useful Life	25		
Replacement Year	2030		
Remaining Life	12		



Remarks:

This component is for the replacement of the common area wood and engineered 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	@ \$4,000.00
Group	Amenities	Asset Cost	\$4,000.00
Category	Heating	Percent Replacement	100%
Placed in Service	January 2005	Future Cost	\$4,664.56
Useful Life	20		
Replacement Year	2025		
Remaining Life	7		



Remarks:

This component is for the replacement of the HAVC 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	@ \$3,750.00
Asset ID	1007		Asset Cost	\$3,750.00
Group	Amenities		Percent Replacement	100%
Category	Refurbishing		Future Cost	\$4,880.47
Placed in Service	January 2005			
Useful Life	25			
Replacement Year	2030			
Remaining Life	12			



Remarks:

This component is an allowance for the refurbishing of 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	@ \$13,750.00
Group	Grounds	Asset Cost	\$13,750.00
Category	Landscaping	Percent Replacement	100%
Placed in Service	January 2012	Future Cost	\$14,055.25
Useful Life	7		
Replacement Year	2019		
Remaining Life	1		



Remarks:

This component is an allowance for the 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	@ \$13,000.00
Asset ID	1019	Asset Cost	\$13,000.00
Group	Grounds	Percent Replacement	100%
Category	Landscaping	Future Cost	\$13,288.60
Placed in Service	January 2014		
Useful Life	5		
Replacement Year	2019		
Remaining Life	1		

Remarks:

This component is an allowance for the renovation and trimming of 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	@ \$5,000.00
Asset ID	1035		Asset Cost	\$5,000.00
Group	Grounds		Percent Replacement	100%
Category	Landscaping		Future Cost	\$5,704.08
Placed in Service	January 2014			
Useful Life	10			
Replacement Year	2024			
Remaining Life	6			



Remarks:

This component is an allowance for the trimming, pruning, and replacing of 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

Asset ID	1002	1 Total	@ \$2,250.00
Group	Amenities	Asset Cost	\$2,250.00
Category	Lighting	Percent Replacement	100%
Placed in Service	January 2008	Future Cost	\$2,250.00
Useful Life	10		
Replacement Year	2018		
Remaining Life	0		



Remarks:

This component is for the replacement of 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	@ \$850.00
Asset ID	1006	Asset Cost	\$850.00
Group	Amenities	Percent Replacement	100%
Category	Lighting	Future Cost	\$888.16
Placed in Service	January 2005		
Useful Life	15		
Replacement Year	2020		
Remaining Life	2		



Remarks:

This component is for the replacement of 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 Total	@ \$1,500.00
Asset ID	1009	Asset Cost	\$10,500.00
Group	Amenities	Percent Replacement	100%
Category	Mailboxes	Future Cost	\$11,718.41
Placed in Service	January 2003		
Useful Life	20		
Replacement Year	2023		
Remaining Life	5		



Remarks:

This component is an allowance for the replacement of 1/2 of the cluster style mailboxes in the common area and 1 rural 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 Total	@ \$1,450.00
Asset ID	1010	Asset Cost	\$10,150.00
Group	Amenities	Percent Replacement	100%
Category	Mailboxes	Future Cost	\$11,836.33
Placed in Service	January 2005		
Useful Life	20		
Replacement Year	2025		
Remaining Life	7		



Remarks:

This component is for the replacement of 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	@ \$3,500.00
Group	Amenities	Asset Cost	\$3,500.00
Category	Building Structure	Percent Replacement	100%
Placed in Service	January 2003	Future Cost	\$4,865.26
Useful Life	30		
Replacement Year	2033		
Remaining Life	15		



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	@ \$3,500.00
Asset ID	1034	Asset Cost	\$14,000.00
Group	Amenities	Percent Replacement	100%
Category	Monument	Future Cost	\$17,437.60
Placed in Service	January 2003		
Useful Life	25		
Replacement Year	2028		
Remaining Life	10		



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.

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-Phase 1

		116,416 SF	@ \$1.90
Asset ID	1024	Asset Cost	\$221,190.40
Group	Exterior Painting	Percent Replacement	100%
Category	Painting	Future Cost	\$263,665.49
Placed in Service	January 2006		
Useful Life	20		
Replacement Year	2026		
Remaining Life	8		



Remarks:

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

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-Phase 2

		128,688 SF	@ \$1.90
Asset ID	1025	Asset Cost	\$244,507.20
Group	Exterior Painting	Percent Replacement	100%
Category	Painting	Future Cost	\$325,280.51
Placed in Service	January 2011		
Useful Life	20		
Replacement Year	2031		
Remaining Life	13		



Remarks:

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

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-Phase 3

		94,984 SF	@ \$1.90
Asset ID	1026	Asset Cost	\$180,469.60
Group	Exterior Painting	Percent Replacement	100%
Category	Painting	Future Cost	\$245,417.95
Placed in Service	January 2012		
Useful Life	20		
Replacement Year	2032		
Remaining Life	14		



Remarks:

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

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-Phase 4

		131,752 SF	@ \$1.90
Asset ID	1049	Asset Cost	\$250,328.80
Group	Exterior Painting	Percent Replacement	100%
Category	Painting	Future Cost	\$347,975.74
Placed in Service	January 2013		
Useful Life	20		
Replacement Year	2033		
Remaining Life	15		



Remarks:

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

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-Phase 5

		125,624 SF	@ \$1.90
Asset ID	1050	Asset Cost	\$238,685.60
Group	Exterior Painting	Percent Replacement	100%
Category	Painting	Future Cost	\$339,156.58
Placed in Service	January 2014		
Useful Life	20		
Replacement Year	2034		
Remaining Life	16		



Remarks:

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

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-Phase 6

		101,112 SF	@ \$1.90
Asset ID	1051	Asset Cost	\$192,112.80
Group	Exterior Painting	Percent Replacement	100%
Category	Painting	Future Cost	\$304,655.98
Placed in Service	January 2015		
Useful Life	20		
Adjustment	4		
Replacement Year	2039		
Remaining Life	21		



Remarks:

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

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 1

		6,688 SF	@ \$1.35
Asset ID	1027	Asset Cost	\$9,028.80
Group	Exterior Painting	Percent Replacement	100%
Category	Painting	Future Cost	\$9,028.80
Placed in Service	January 2012		
Useful Life	5		
Adjustment	1		
Replacement Year	2018		
Remaining Life	0		



Remarks:

This component is an allowance for the repainting of the exterior trim 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	@ \$1.35
Asset ID	1028	Asset Cost	\$9,979.20
Group	Exterior Painting	Percent Replacement	100%
Category	Painting	Future Cost	\$9,979.20
Placed in Service	January 2011		
Useful Life	5		
Adjustment	2		
Replacement Year	2018		
Remaining Life	0		



Remarks:

This component is an allowance for the repainting of the exterior trim 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	@ \$1.35
Asset ID	1029		Asset Cost	\$7,365.60
Group	Exterior Painting		Percent Replacement	100%
Category	Painting		Future Cost	\$7,365.60
Placed in Service	January 2012			
Useful Life	5			
Adjustment	1			
Replacement Year	2018			
Remaining Life	0			



Remarks:

This component is an allowance for the repainting of the exterior trim 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	@ \$1.35
Asset ID	1052	Asset Cost	\$10,216.80
Group	Exterior Painting	Percent Replacement	100%
Category	Painting	Future Cost	\$10,216.80
Placed in Service	January 2013		
Useful Life	5		
Replacement Year	2018		
Remaining Life	0		



Remarks:

This component is an allowance for the repainting of the exterior trim 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	@ \$1.35
Asset ID	1053		Asset Cost	\$9,741.60
Group	Exterior Painting		Percent Replacement	100%
Category	Painting		Future Cost	\$9,957.86
Placed in Service	January 2013			
Useful Life	5			
Adjustment	1			
Replacement Year	2019			
Remaining Life	1			



Remarks:

This component is an allowance for the repainting of the exterior trim 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	@ \$1.35
Asset ID	1054		Asset Cost	\$7,840.80
Group	Exterior Painting		Percent Replacement	100%
Category	Painting		Future Cost	\$8,192.80
Placed in Service	January 2014			
Useful Life	5			
Adjustment	1			
Replacement Year	2020			
Remaining Life	2			



Remarks:

This component is an allowance for the repainting of the exterior trim 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	@ \$1.45
Asset ID	1003	Asset Cost	\$2,900.00
Group	Interior Painting	Percent Replacement	100%
Category	Painting	Future Cost	\$2,900.00
Placed in Service	January 2008		
Useful Life	10		
Replacement Year	2018		
Remaining Life	0		



Remarks:

This component is an allowance for the repainting of 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	@ \$1.90
Asset ID	1031	Asset Cost	\$3,288.90
Group	Exterior Painting	Percent Replacement	100%
Category	Painting	Future Cost	\$3,288.90
Placed in Service	January 2003		
Useful Life	12		
Adjustment	3		
Replacement Year	2018		
Remaining Life	0		



Remarks:

This component is an allowance for the repainting of 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	@ \$1.90
Asset ID	1032		Asset Cost	\$657.78
Group	Exterior Painting		Percent Replacement	20%
Category	Painting		Future Cost	\$657.78
Placed in Service	January 2010			
Useful Life	6			
Adjustment	2			
Replacement Year	2018			
Remaining Life	0			



Remarks:

This component is an allowance for the 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**

Pavilion: Building Structure-Replace

Asset ID	1040	1 Total	@ \$10,000.00
Group	Amenities	Asset Cost	\$10,000.00
Category	Building Structure	Percent Replacement	100%
Placed in Service	January 2003	Future Cost	\$21,565.31
Useful Life	50		
Replacement Year	2053		
Remaining Life	35		



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	@ \$1,660.00
Asset ID	1036	Asset Cost	\$3,320.00
Group	Amenities	Percent Replacement	100%
Category	RV Storage	Future Cost	\$3,705.25
Placed in Service	January 2003		
Useful Life	20		
Replacement Year	2023		
Remaining Life	5		



Remarks:

This component is for the replacement of 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	@ \$4,150.00
Asset ID	1012	Asset Cost	\$4,150.00
Group	Amenities	Percent Replacement	100%
Category	RV Storage	Future Cost	\$4,432.57
Placed in Service	January 2009		
Useful Life	12		
Replacement Year	2021		
Remaining Life	3		



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	@ \$5.85
Asset ID	1030	Asset Cost	\$9,945.00
Group	Roof Covering	Percent Replacement	100%
Category	Roofing	Future Cost	\$12,117.91
Placed in Service	January 2003		
Useful Life	24		
Replacement Year	2027		
Remaining Life	9		



Remarks:

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

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	@ \$2,750.00
Group	Amenities	Asset Cost	\$2,750.00
Category	Signs	Percent Replacement	100%
Placed in Service	January 2007	Future Cost	\$2,811.05
Useful Life	12		
Replacement Year	2019		
Remaining Life	1		



Remarks:

This component is an allowance for the replacement of 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	@ \$7,500.00
Group	Grounds	Asset Cost	\$7,500.00
Category	Drainage	Percent Replacement	100%
Placed in Service	January 2003	Future Cost	\$10,425.56
Useful Life	30		
Replacement Year	2033		
Remaining Life	15		



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	@ \$7,000.00
Group	Amenities	Asset Cost	\$7,000.00
Category	Power Supply	Percent Replacement	100%
Placed in Service	January 2003	Future Cost	\$13,526.15
Useful Life	45		
Replacement Year	2048		
Remaining Life	30		



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	@ \$9,000.00
Group	Grounds	Asset Cost	\$9,000.00
Category	Waste Product Lines	Percent Replacement	100%
Placed in Service	January 2003	Future Cost	\$13,962.40
Useful Life	35		
Replacement Year	2038		
Remaining Life	20		



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	@ \$8,500.00
Group	Amenities	Asset Cost	\$8,500.00
Category	Utilities	Percent Replacement	100%
Placed in Service	January 2003	Future Cost	\$14,716.88
Useful Life	40		
Replacement Year	2043		
Remaining Life	25		



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: Partition-Repairs

		147 Each	@ \$438.00
Asset ID	1023	Asset Cost	\$12,877.20
Category	Partition Patio Wall Repairs	Percent Replacement	20%
Placed in Service	Walls	Future Cost	\$13,163.07
Useful Life	January 2015		
Replacement Year	4		
Remaining Life	2019		
	1		



Remarks:

This component is an allowance for the repairs to the 147 privacy 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	@ \$620.00
Group	Amenities	Asset Cost	\$620.00
Category	Water Heater	Percent Replacement	100%
Placed in Service	January 2006	Future Cost	\$620.00
Useful Life	12		
Replacement Year	2018		
Remaining Life	0		



Remarks:

This component is an allowance for the replacement of 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	@ \$480.00
Asset ID	1037		Asset Cost	\$480.00
Group	Amenities		Percent Replacement	100%
Category	Water Heater		Future Cost	\$480.00
Placed in Service	January 2006			
Useful Life	12			
Replacement Year	2018			
Remaining Life	0			



Remarks:

This component is an allowance for the replacement of 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 Reserve Funding 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 Funding by Reserve Studies so that changes can be taken into consideration during the preparation of the reserve study.

**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	1,325	15	0	4	1,447	1 @	1,325.00
Asphalt: Overlay	2003	2028	39,150	25	0	10	48,763	29000 @	1.35
Asphalt: Repairs	2014	2021	5,800	7	0	3	6,195	29000 @	4.00
Asphalt: Sealcoat-Striping	2014	2021	5,510	7	0	3	5,885	29000 @	0.19
Benches/Tables: Concrete-Common ..	2003	2028	2,225	25	0	10	2,771	1 @	2,225.00
Curbs: Replace-1	2004	2024	1,019	20	0	6	1,162	497 @	10.25
Curbs: Replace-2	2012	2032	1,019	20	0	14	1,386	497 @	10.25
Curbs: Replace-3	2012	2032	1,019	20	0	14	1,386	497 @	10.25
Curbs: Replace-4	2013	2033	1,019	20	0	15	1,416	497 @	10.25
Curbs: Replace-5	2014	2034	1,019	20	0	16	1,448	497 @	10.25
Curbs: Replace-6	2015	2035	1,019	20	0	17	1,480	497 @	10.25
Doggie Cleanup Stations: Replace	2003	2018	750	15	0	0	750	5 @	150.00
Doors-Windows: Palazzo	2003	2023	7,350	20	0	5	8,203	8 @	918.75
Fencing: Repairs	2014	2018	1,546	3	1	0	1,546	2343 @	33.00
Fencing: Replace	2005	2030	77,319	25	0	12	100,628	2343 @	33.00
HVAC Wall Unit: Palazzo-Replace	2005	2025	4,000	20	0	7	4,665	1 @	4,000.00
Kitchen & Restrooms: Palazzo-Refur..	2005	2030	3,750	25	0	12	4,880	1 @	3,750.00
Landscaping: Irrigation-Repairs	2012	2019	13,750	7	0	1	14,055	1 @	13,750.00
Landscaping: Renovation-Replace	2014	2019	13,000	5	0	1	13,289	1 @	13,000.00
Landscaping: Trees - Prune, Trim an..	2014	2024	5,000	10	0	6	5,704	1 @	5,000.00
Lighting: Exterior-Replace	2008	2018	2,250	10	0	0	2,250	1 @	2,250.00
Lighting: Palazzo-Interior Fixtures	2005	2020	850	15	0	2	888	1 @	850.00
Mailboxes: Replace-A	2003	2023	10,500	20	0	5	11,718	7 @	1,500.00
Mailboxes: Replace-B	2005	2025	10,150	20	0	7	11,836	7 @	1,450.00
Maintenance Shed: Replacement	2003	2033	3,500	30	0	15	4,865	1 @	3,500.00
Monument: Replace	2003	2028	14,000	25	0	10	17,438	4 @	3,500.00
Painting: Exterior-Phase 1	2006	2026	221,190	20	0	8	263,665	116416 @	1.90
Painting: Exterior-Phase 2	2011	2031	244,507	20	0	13	325,281	128688 @	1.90
Painting: Exterior-Phase 3	2012	2032	180,470	20	0	14	245,418	94984 @	1.90
Painting: Exterior-Phase 4	2013	2033	250,329	20	0	15	347,976	131752 @	1.90
Painting: Exterior-Phase 5	2014	2034	238,686	20	0	16	339,157	125624 @	1.90
Painting: Exterior-Phase 6	2015	2039	192,113	20	4	21	304,656	101112 @	1.90
Painting: Exterior-Trim-Phase 1	2012	2018	9,029	5	1	0	9,029	6688 @	1.35
Painting: Exterior-Trim-Phase 2	2011	2018	9,979	5	2	0	9,979	7392 @	1.35
Painting: Exterior-Trim-Phase 3	2012	2018	7,366	5	1	0	7,366	5456 @	1.35
Painting: Exterior-Trim-Phase 4	2013	2018	10,217	5	0	0	10,217	7568 @	1.35
Painting: Exterior-Trim-Phase 5	2013	2019	9,742	5	1	1	9,958	7216 @	1.35
Painting: Exterior-Trim-Phase 6	2014	2020	7,841	5	1	2	8,193	5808 @	1.35
Painting: Palazzo-Interior	2008	2018	2,900	10	0	0	2,900	2000 @	1.45
Painting: Palazzo-Pavilion-Exterior	2003	2018	3,289	12	3	0	3,289	1731 @	1.90
Painting: Palazzo-Pavilion-Trim-Ext..	2010	2018	658	6	2	0	658	1731 @	1.90
Pavilion: Building Structure-Replace	1040	<i>Unfunded</i>							
RV Storage: Gate-Chain Link	2003	2023	3,320	20	0	5	3,705	2 @	1,660.00
RV Storage: Grading-Gravel	2009	2021	4,150	12	0	3	4,433	1 @	4,150.00
Roofing: Palazzo-Pavilion-Replace	2003	2027	9,945	24	0	9	12,118	1700 @	5.85
Signage: Replace	2007	2019	2,750	12	0	1	2,811	1 @	2,750.00
Storm Drains: Renovation	2003	2033	7,500	30	0	15	10,426	1 @	7,500.00

**Mediterranean Villas Homeowners Association
Member Summary Report**

Description	Date In Service	Replacement Year	Current Cost	Useful Life	Adjustment	Remaining	Future Cost	Quantity	Unit Cost
Utilities: Power Supply	2003	2048	7,000	45	0	30	13,526	1 @	7,000.00
Utilities: Waste Product Lines	2003	2038	9,000	35	0	20	13,962	1 @	9,000.00
Utilities: Water Supply	2003	2043	8,500	40	0	25	14,717	1 @	8,500.00
Walls: Partition-Repairs	2015	2019	12,877	4	0	1	13,163	147 @	438.00
Water Heater: Palazzo-Kitchen Repl..	2006	2018	620	12	0	0	620	1 @	620.00
Water Heater: Palazzo-Restroom Re..	2006	2018	480	12	0	0	480	1 @	480.00

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 Reserve Funding©. 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 Reserve Funding© 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 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.”

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 Reserve Funding© Threshold and the Reserve Studies by Reserve Funding© 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 Reserve Funding© 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 Reserve Funding© **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 Reserve Funding© **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 Reserve Funding© **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 Reserve Funding© **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:

$$\text{Fully Funded Reserves} = (\text{Age/Useful Life}) \times \text{Current Replacement Cost}$$

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 Reserve Funding© 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 Reserve Funding® 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 Reserve Funding© 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 Reserve Funding© 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 Reserve Funding© 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 Reserve Funding© 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 Reserve Funding© 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 Reserve Funding© 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 Reserve Funding© 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 Reserve Funding© Owners' Summary meets the disclosure requirements of Revised Code of Washington §64.34 and §64.38.
- Your Reserve Studies by Reserve Funding© 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 2018 Total Units: 228

A. Current and Recommended Annual Reserve Assessment:

Current Budgeted Reserve Assessment	Annual Total:	Per Unit:
	\$53,625.60	\$235.20

Recommended Contribution	Annual Total:	Per Unit:
	\$126,664.96	\$555.55
Recommended Funding Plan:	Fully Funded	

B. Additional regular or special assessments:

Date Assessment Due	Amount Per Unit Annually	Purpose of Assessment
467,615,656,991,680		
467,620,673,513,482		
467,625,690,035,284		

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 2018

Estimated Reserve Fund Balance	Recommended Reserve Fund Balance – Fully Funded	Percent Funded
\$467,919.62	\$541,098	67%

F. Recommended – Fully Funded – Reserve Funding Summary:

Year	Estimated Reserve Fund Balance	Recommended Reserve Fund Balance – Fully Funded	Percent Funded
2018	\$467,919.62	\$467,920	67%
2019			
2020			
2021			
2022			

G. Approved Reserve Funding Summary:

Year	Approved Reserve Fund Balance	Percent Funded
	\$467,920	67%

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."