

Britton Falls by Del Webb HOA, Inc.

FINAL DRAFT - 05-16-2016

Reserve Study Funding Plan

Number of Units: 674

September 8, 2015



Prepared by



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Britton Falls by Del Webb HOA, Inc.
Reserve Study
September 8, 2015

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Executive Summary

Britton Falls by Del Webb HOA, Inc.

Reserve Study

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Executive Summary

We have been engaged by the Association to perform a **Reserve Study** covering the fiscal years beginning January 1, 2016 and ending December 31, 2035. The purpose of a **Reserve Study** is to provide projections of future capital expenditures for replacement and non-routine maintenance of the common property of the Association and to make recommendations regarding the member contributions that should be made to the Association's **Reserve Fund** over the period covered by the study. The data and recommendations provided by the study should be used by the Association to prepare long-term budgets and to project member assessments in upcoming years.

The Association is a non-profit association incorporated in the State of Indiana and consists of **674** residential units located in **Fishers, Indiana**. The Association is responsible for the repair and replacement of a variety of common property components including:

- Chateau
- Pool Facilities
- Tennis and Bocce Courts
- Lakes and Fountains
- Landscaping
- Entranceway
- Asphalt and Concrete
- General and Sign Contingencies

The Association maintains a reserve fund to cover major repairs and replacement of common components. Each unit owner is responsible for contributing to both the operating and reserve fund of the Association.

A Reserve Study consists of two parts, a physical analysis and a financial analysis. The **physical analysis** involves working with members of management and the Association Board to develop an inventory of the components of common property and to assess the cost and timing of the replacement or overhaul of each component. The **financial analysis** uses the information from the physical analysis and various assumptions and calculations to develop a funding plan to meet the financial demands of component replacement when necessary and to avoid special assessments on the members.

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Executive Summary (continued)

Recommended Annual Reserve Fund Contribution

Based on our study, to meet the future reserve fund expenditure needs of the Association, we recommend adjusting the contributions to the reserve fund over the next five years according to the following table:

Association Total Year	Monthly Contribution	Annual Contribution	Percent Increase
2016 (current)	\$ 6,809	\$ 81,708	
Increase (2016-2017)	\$ 1,362	\$ 16,342	20.00%
2017	\$ 8,171	\$ 98,050	
Increase (2017-2018)	\$ 1,634	\$ 19,610	20.00%
2018	\$ 9,805	\$ 117,660	
Increase (2018-2019)	\$ 1,961	\$ 23,532	20.00%
2019	\$ 11,766	\$ 141,191	
Increase (2019-2020)	\$ 2,353	\$ 28,238	20.00%
2020	\$ 14,119	\$ 169,430	
Increase (2020-2021)	\$ 1,412	\$ 16,943	10.00%
2021	\$ 15,531	\$ 186,373	

The per unit contribution over the next five years would be as follows:

Per Year	Unit	Monthly Contribution	Annual Contribution	Percent Increase
2016 (current)		\$ 10	\$ 121	
Increase (2016-2017)		\$ 2	\$ 24	20.00%
2017		\$ 12	\$ 145	
Increase (2017-2018)		\$ 2	\$ 29	20.00%
2018		\$ 15	\$ 175	
Increase (2018-2019)		\$ 3	\$ 35	20.00%
2019		\$ 17	\$ 209	
Increase (2019-2020)		\$ 3	\$ 42	20.00%
2020		\$ 21	\$ 251	
Increase (2020-2021)		\$ 2	\$ 25	10.00%
2021		\$ 23	\$ 277	

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Executive Summary (continued)

Impact of Reserve Fund Contribution on Monthly and Annual Assessment

Assuming no other changes to the annual assessments, adoption of the changes to the monthly and annual Reserve Fund contributions presented above should impact the annual assessments as follows:

Association Total Year	Monthly Assessment	Annual Assessment	Percent Increase
2016 (current)	\$ 125,245	\$ 1,502,940	
Increase (2016-2017)	\$ 1,362	\$ 16,342	1.09%
2017	\$ 126,607	\$ 1,519,282	
Increase (2017-2018)	\$ 1,634	\$ 19,610	1.29%
2018	\$ 128,241	\$ 1,538,892	
Increase (2018-2019)	\$ 1,961	\$ 23,532	1.53%
2019	\$ 130,202	\$ 1,562,423	
Increase (2019-2020)	\$ 2,353	\$ 28,238	1.81%
2020	\$ 132,555	\$ 1,590,662	
Increase (2020-2021)	\$ 1,412	\$ 16,943	1.07%
2021	\$ 133,967	\$ 1,607,605	

Per Year	Unit	Monthly Assessment	Annual Assessment	Percent Increase
2016 (current)		\$ 186	\$ 2,230	
Increase (2016-2017)		\$ 2	\$ 24	1.09%
2017		\$ 188	\$ 2,254	
Increase (2017-2018)		\$ 2	\$ 29	1.29%
2018		\$ 190	\$ 2,283	
Increase (2018-2019)		\$ 3	\$ 35	1.53%
2019		\$ 193	\$ 2,318	
Increase (2019-2020)		\$ 3	\$ 42	1.81%
2020		\$ 197	\$ 2,360	
Increase (2020-2021)		\$ 2	\$ 25	1.07%
2021		\$ 199	\$ 2,385	

We appreciate the opportunity to serve the Association. The remainder of this report provides the details and results of our physical and financial analysis.

*Terms highlighted in **bold** are defined in exhibit F of this report*

Recommendations

Britton Falls by Del Webb HOA, Inc.

Reserve Study

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Recommendations

The recommendations provided in this section are based on our analysis of information provided by the Association and the Association's management.

Impact on annual assessment

Based on our study, assuming no other changes in the annual maintenance fees, the impact of adopting the recommendations on the annual association wide assessment will be:

Assessment Change

<u>Year</u>	<u>Current Year</u>		<u>Next Year</u>		<u>Assessment Increase</u>	<u>Ratio</u>	
	<u>Assessment</u>	<u>Increase</u>	<u>Assessment</u>	<u>Increase</u>		<u>Operations</u>	<u>Reserve</u>
2016	\$ 1,502,940	\$ 16,342	\$ 1,519,282	\$ 16,342	1.09%	94.56%	5.44%
2017	\$ 1,519,282	\$ 19,610	\$ 1,538,892	\$ 19,610	1.29%	93.55%	6.45%
2018	\$ 1,538,892	\$ 23,532	\$ 1,562,423	\$ 23,532	1.53%	92.35%	7.65%
2019	\$ 1,562,423	\$ 28,238	\$ 1,590,662	\$ 28,238	1.81%	90.96%	9.04%
2020	\$ 1,590,662	\$ 16,943	\$ 1,607,605	\$ 16,943	1.07%	89.35%	10.65%
2021	\$ 1,607,605	\$ 18,637	\$ 1,626,242	\$ 18,637	1.16%	88.41%	11.59%
2022	\$ 1,626,242	\$ 20,501	\$ 1,646,743	\$ 20,501	1.26%	87.39%	12.61%
2023	\$ 1,646,743	\$ 22,551	\$ 1,669,294	\$ 22,551	1.37%	86.31%	13.69%
2024	\$ 1,669,294	\$ -	\$ 1,669,294	\$ -	0.00%	85.14%	14.86%
2025	\$ 1,669,294	\$ -	\$ 1,669,294	\$ -	0.00%	85.14%	14.86%
2026	\$ 1,669,294	\$ -	\$ 1,669,294	\$ -	0.00%	85.14%	14.86%
2027	\$ 1,669,294	\$ -	\$ 1,669,294	\$ -	0.00%	85.14%	14.86%
2028	\$ 1,669,294	\$ -	\$ 1,669,294	\$ -	0.00%	85.14%	14.86%
2029	\$ 1,669,294	\$ -	\$ 1,669,294	\$ -	0.00%	85.14%	14.86%
2030	\$ 1,669,294	\$ -	\$ 1,669,294	\$ -	0.00%	85.14%	14.86%
2031	\$ 1,669,294	\$ -	\$ 1,669,294	\$ -	0.00%	85.14%	14.86%
2032	\$ 1,669,294	\$ -	\$ 1,669,294	\$ -	0.00%	85.14%	14.86%
2033	\$ 1,669,294	\$ -	\$ 1,669,294	\$ -	0.00%	85.14%	14.86%
2034	\$ 1,669,294	\$ -	\$ 1,669,294	\$ -	0.00%	85.14%	14.86%
2035	\$ 1,669,294	\$ -	\$ 1,669,294	\$ -	0.00%	85.14%	14.86%
2036	\$ 1,669,294	\$ -	\$ 1,669,294	\$ -	0.00%	85.14%	14.86%

Details of our analysis and support for these recommendations can be found in the **Physical Analysis** and the **Financial Analysis** sections of this report.

Physical Analysis

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Physical Analysis (continued)

Useful life and remaining useful life determination (continued)

We determined a component's installation or creation date based on information acquired through our interaction with Association Management and Board members, or review of Association documentation, invoices, or construction documents. In the absence of reliable information or documentation we assessed and estimated the component's RUL based on its current physical condition and standard useful life tables.

Repair and replacement cost determination

Estimated repair and replacement cost in present day dollars for each component is determined through a number of methods including review of information on the original acquisition of each component. For those components for which no original acquisition information is available, estimating software and engineering construction guides were used to obtain an average cost per the unit of measure for each component. After determining the component's replacement cost or repair schedule, we factor in the assumed inflation rate, compounded annually, for the life of the study.

Physical Analysis results

The Association's governing documents identify the following major components of common property as the responsibility of the Association:

- Chateau
- Pools
- Tennis Courts
- Bocce Ball
- Lakes
 - Fountains
 - Erosion Control
- Landscaping
- Entranceway
- Parking Lot
- Walking Paths
- Sidewalks and Curbs
- General and Sign Contingencies
- *Chateau Structural and Lake Dredging Studies Recommended

The estimated reserve fund expenditures over the study period are presented in exhibit **C** of this report. The complete component inventory and related useful life, remaining useful life and replacement cost is presented in exhibit **E** of this report.

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Physical Analysis

The physical analysis is the process of identifying the components of common property, assessing their condition, and determining each component's remaining life and future cost to replace or restore.

Methodology

The basic steps in the physical analysis include:

- Gathering data
- On-site inspection
- Useful life, remaining useful life determination
- Replacement cost determination

Gathering data

The physical analysis begins with gathering data about the components of common property to prepare a preliminary **component inventory**. This step involves:

- Review of Association governance documents.
- Discussions with the Association's management company.
- Discussions with Association members.
- Completion of questionnaires and development of a preliminary inventory of common property components.

On-site inspection

An on-site inspection is conducted to assess the completeness of the component inventory and to assess the condition of the various components. The inspector will use a variety of methods to quantify the component inventory and assess each component's condition. These methods include:

- Taking physical measurements,
- Inquiries of managers and residents,
- Reviewing engineering and other contractor documents and reports,
- Consulting with other specialists and vendors, and
- Consulting reference material and other published documents and reports.

Useful life and remaining useful life determination

Useful life (UL) is an estimated amount of time that a component can be expected to function before requiring major repair or replacement. The time of UL is often determined by industry standards, governmental standards and observation tables. After determining the component's UL, we then estimated the component's **remaining useful life (RUL)**. Remaining life is determined by establishing a component's installation or creation date and comparing it to the UL.

Financial Analysis

Britton Falls by Del Webb HOA, Inc.

Reserve Study

September 8, 2015

Financial Analysis

The financial analysis is the process of examining the needs identified through the physical analysis and developing a plan that includes recommendations for future contributions to the reserve fund.

Methodology

Using information gathered in the physical analysis, the reserve expenditure requirements over the study period were examined and adjusted for assumptions on inflation and any other Association plans related to the timing and extent of those expenditures (exhibit C). The reserve balance projected for the beginning of the reserve period along with the current annual contribution to the reserve were then examined and projected over the study period and adjusted for assumption on investment return.

These two datasets (projected expenditures and projected reserve balances) were then combined to provide a complete projection of the reserve fund status for each of the years of the study period. This analysis (using the cash flow method) is provided in the table at the end of this section.

By using a **funding goal** of maintaining a reserve balance above zero (**baseline funding**), it is possible to determine the annual contribution amount necessary to achieve such a goal.

Reserve Funding Status

Balance in reserve fund as of study date	\$ 402,379
Estimated reserve fund balance at beginning of study period	\$ 365,550
Estimated reserve fund balance at end of study period	\$ 924,636

The estimated reserve fund balance at the beginning of the study period is based on information provided by the Association management. It is based on the balance in the reserve fund on the date of the study (unaudited) to which is added the estimated contributions between the study date and the beginning of the study period and from which the estimated expenditures for the same period are subtracted.

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Financial Analysis (continued)

Key assumptions

In addition to the estimates of the timing and amount of reserve fund expenditures, the key assumptions necessary for the financial analysis are:

Time horizon (years)	20
Inflation rate	3.00%
Investment return rate	1.00%
Tax rate	0.00%
General contingency allowance (annual)	\$6,000

Results of analysis

The following table presents the results of the recommended contributions to the reserve fund applied to the estimated expenditures over the **study period**.

Funding Plan Summary With recommended change in contributions

<u>Year</u>	<u>Percent Funded</u>	<u>Unadjusted Fully Funded Balance</u>	<u>Infl Adjusted Fully Funded Balance</u>	<u>Contrib Increase Rate</u>	<u>Starting Balance</u>	<u>Annual Contribution</u>	<u>Interest Income</u>	<u>Inflation Adjusted Expenditures</u>	<u>Unadjusted Expenditures</u>
2016	44%	\$ 835,254	\$ 835,254	20.00%	\$ 365,550	\$ 81,708	\$ 3,009	\$ (105,500)	\$ (105,500)
2017	39%	\$ 868,550	\$ 894,606	20.00%	\$ 344,767	\$ 98,050	\$ 2,734	\$ (120,388)	\$ (116,881)
2018	34%	\$ 890,980	\$ 945,240	20.00%	\$ 325,163	\$ 117,660	\$ 3,254	\$ (58,623)	\$ (55,258)
2019	36%	\$ 975,034	\$ 1,065,446	20.00%	\$ 387,453	\$ 141,191	\$ 3,745	\$ (83,594)	\$ (76,500)
2020	38%	\$ 1,039,512	\$ 1,169,980	10.00%	\$ 448,795	\$ 169,430	\$ 3,937	\$ (139,835)	\$ (124,242)
2021	39%	\$ 1,056,890	\$ 1,225,225	10.00%	\$ 482,326	\$ 186,373	\$ 4,920	\$ (83,468)	\$ (72,000)
2022	44%	\$ 1,126,338	\$ 1,344,907	10.00%	\$ 590,152	\$ 205,010	\$ 2,802	\$ (412,504)	\$ (345,465)
2023	34%	\$ 922,322	\$ 1,134,339	10.00%	\$ 385,460	\$ 225,511	\$ 2,068	\$ (291,386)	\$ (236,924)
2024	31%	\$ 827,717	\$ 1,048,528	0.00%	\$ 321,653	\$ 248,062	\$ 3,475	\$ (98,175)	\$ (77,500)
2025	41%	\$ 892,537	\$ 1,164,558	0.00%	\$ 475,015	\$ 248,062	\$ 4,685	\$ (130,535)	\$ (100,044)
2026	48%	\$ 934,812	\$ 1,256,309	0.00%	\$ 597,228	\$ 248,062	\$ 5,662	\$ (155,066)	\$ (115,384)
2027	52%	\$ 961,748	\$ 1,331,284	0.00%	\$ 695,885	\$ 248,062	\$ 3,213	\$ (498,650)	\$ (360,235)
2028	42%	\$ 744,612	\$ 1,061,639	0.00%	\$ 448,510	\$ 248,062	\$ 4,334	\$ (139,123)	\$ (97,578)
2029	48%	\$ 790,205	\$ 1,160,442	0.00%	\$ 561,783	\$ 248,062	\$ 6,377	\$ (48,124)	\$ (32,770)
2030	56%	\$ 900,688	\$ 1,362,371	0.00%	\$ 768,098	\$ 248,062	\$ 7,271	\$ (164,996)	\$ (109,082)
2031	59%	\$ 934,982	\$ 1,456,671	0.00%	\$ 858,435	\$ 248,062	\$ 7,205	\$ (261,988)	\$ (168,160)
2032	58%	\$ 910,328	\$ 1,460,809	0.00%	\$ 851,715	\$ 248,062	\$ 7,441	\$ (231,651)	\$ (144,357)
2033	58%	\$ 911,108	\$ 1,505,923	0.00%	\$ 875,566	\$ 248,062	\$ 6,149	\$ (384,693)	\$ (232,746)
2034	53%	\$ 823,920	\$ 1,402,668	0.00%	\$ 745,084	\$ 248,062	\$ 6,548	\$ (214,299)	\$ (125,878)
2035	53%	\$ 843,827	\$ 1,479,656	0.00%	\$ 785,395	\$ 248,062	\$ 7,927	\$ (116,748)	\$ (66,580)
Total						\$ 4,201,676	\$ 96,755	\$ (3,739,346)	\$ (2,763,084)
Average					\$ 565,702	\$ 210,084	\$ 4,838	\$ (186,967)	\$ (138,154)
Maximum		\$ 1,126,338	\$ 1,505,923		\$ 875,566	\$ 248,062	\$ 7,927	\$ (498,650)	\$ (360,235)
Minimum		\$ 744,612	\$ 835,254		\$ 321,653	\$ 81,708	\$ 2,068	\$ (48,124)	\$ (32,770)

Exhibits

A. Property Profile

Britton Falls by Del Webb HOA, Inc.
Reserve Study
September 8, 2015
Property Profile

Property name:	Britton Falls by Del Webb HOA, I
Number of buildings:	Chateau
Number of stories:	1 Story(High Pitch)
Number of units/square foot:	674 Unit
Type of development:	Single Family Homes
Percent occupied:	?
Year built:	2007- Present
Community age:	0-8 Years
Business status:	Non-profit
Developer/builder:	Pulte Homes
Inspection service provided by	Erik Robertson
Reserve study service provided by:	RSI Consultants 8606 Allisonville Road Indianapolis, IN 46240
Scheduled update:	2015
Management company:	CMS, Inc.
Property manager:	Lee Clouse

B. Assumptions and Disclosures

Britton Falls by Del Webb HOA, Inc.

Reserve Study

September 8, 2015

Assumptions and Disclosures

The following assumptions were used in completing this reserve study for the Association. The assumptions were based on industry standards and codes, as well as directives from the Association's property manager and Board of Directors.

Assumptions

Funding goal	Base-Line
Analysis method	Cash Flow
Study period start	2016
Study period end	2035
Investment return	1.00%
Inflation rate	3.00%
Tax rate on association income	0.00%
Inspection method	Full-inspection
Paint cycle	n/a

Disclosures

1. RSI made a non-invasive onsite inspection of the property. We do not comment on, or give an opinion on, the structural integrity of common property components, or on their conformity to specific governmental code requirements, or any latent or hidden defects that were not readily apparent during the inspection.
2. This report should not be construed as an engineering analysis or a substitute for professional engineering services.
3. Our report and information contained herein is not to be construed as legal advice.
4. Our estimates of costs reflect the amount required to repair, replace or modify the property using the most current technology and construction material at current local market prices for material, labor and manufactured equipment, contractor's overhead, and profit and fees, but without provisions for overtime, bonuses for labor, or premiums for material or equipment. We included removal and disposal costs of replacement where applicable.
5. The income tax rate on non-assessment income will be zero (0). Under the IRS regulations for this type of non-profit corporation, the collection of the Homeowners' assessment meant to be used for the maintenance and the preservation of the property are not subject to income taxes. However, it should be noted that there are items subject to income tax and include, but are not limited to, rental/service fees and investment income.

Britton Falls by Del Webb HOA, Inc.

Reserve Study

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Assumptions and Disclosures (continued)

6. Estimated expenditures reflected in the reserve plans are based upon the assumption that expenditures will be incurred in the year the component's remaining useful life reaches zero (0) years.
7. An inventory component's year of installation or construction is assumed to be the year the component was originally constructed or renovated. However, a component's year may reflect the beginning of a cycle, such as with painting, or may be adjusted based upon our professional observation.
8. Neither RSI nor the staff involved in the production of this report has any involvement with the Association that we feel could result in actual or perceived conflicts of interest.
9. Site inspection, financial and physical analysis presented in this study was performed by Erik Robertson who has the following credentials: RS Reserve Specialist (CAI)
Education: B.S. Butler University 1990
Relevant Experience:
Facilities manager, Support Net, Inc. - 4 years
Warranty specialist, Beazer Homes - 2 Years
Construction contractor and project manager (various firms)- 18 years

Study review and oversight was provided by Douglas O. Jones, CPA, who has the following credentials:

Education: B.S. Accounting, Indiana University 1988
Manager, Comer, Nowling and Associates, specializing in Association accounting and association accounting and audit - 4 years
Certified Public Accountant - 26 years

10. There are no material issues of which we are aware, that would cause a distortion of the Association's situation. We have relied upon the client to provide the current and projected reserve balances, rate of interest earnings, and to indicate if those earnings accrue to the reserve fund. We have not audited this information. Additionally, we considered the association's representation of current and historical reserve projects reliable, and we considered the representations made by its vendors and suppliers to also be accurate the reliable.
11. This reserve study is a reflection of information provided to us and assembled for the association's use, not for the purpose of performing and audit, quality/forensic analysis, or background checks of historical records.

C. Reserve Fund Expenditure Schedule

Annual Expenditures

May 16, 2016

Britton Falls by Del Webb Homeowners' Association

Year	Amount	Item Description
2016	5,000	Chateau - Plumbing & Electrical Maintenance
	6,000	General Contingency
	20,000	Landscape - Capital Maintenance & Upgrades
	2,500	Pool Equipment - Pump Room Allowance
	7,500	Pool Furniture - Replacement
	4,500	Lakes - Waterfall Repairs & Maintenance
	50,000	Landscape - Irrigation System Upgrade
	2,500	Parking Lot - Lighting Repairs & Maintenance
	7,500	Entranceway - Masonry Repairs & Maintenance
	0	Dredging
	<u>105,500</u>	
2017	10,300	Chateau - Furniture Replacement & Upgrades
	20,600	Chateau - Interior Painting
	6,180	General Contingency
	24,720	Lakes - Fountains Replacement
	5,318	Pathway Sealcoating
	12,360	Pool Equipment - Mechanicals
	15,450	Pool Repairs - Pool Painting
	10,616	Sidewalk Sectional Replacement
	1,660	Curbing Sectional Replacement
	3,090	Chateau - Office Equipment & Accessories
	3,914	Fitness Room - Carpet Replacement
	3,090	Entranceway - Light Fixture Replacement & Upgrade
	3,090	Chateau - General Contingency
	0	Chateau Structural - Engineering Study
	<u>120,388</u>	
2018	5,305	Chateau - Plumbing & Electrical Maintenance
	6,365	General Contingency
	7,303	Section Pathway Replacement

Annual Expenditures

May 16, 2016

Britton Falls by Del Webb Homeowners' Association

Year	Amount	Item Description
	8,884	Parking Lot - Seal Coating
	2,652	Pool Equipment - Pump Room Allowance
	25,462	Lakes - Fountains Replacement
	2,652	Information Signage Contingency
	<u>58,623</u>	
2019	8,195	Chateau - Exterior Painting
	3,825	Chateau - Siding & Carpentry Repairs
	6,556	General Contingency
	10,927	Lakes - Erosion Management
	21,855	Landscape - Capital Maintenance & Upgrades
	2,732	Recreational Items - Replacement & Upgrade
	26,225	Lakes - Fountains Replacement
	3,278	Chateau - General Contingency
	<u>83,594</u>	
2020	5,628	Chateau - Appliances & Equipment Allowance
	25,650	Chateau - Carpet Replacement
	5,628	Chateau - Plumbing & Electrical Maintenance
	3,939	Entranceway - Repair & Maintenance
	6,753	General Contingency
	4,221	Pool Decking - Concrete Sectional Replacement
	2,814	Pool Equipment - Pump Room Allowance
	10,589	Tennis Courts - Recoating
	18,902	Lakes - Aerator Replacement
	2,814	Parking Lot - Lighting Repairs & Maintenance
	3,377	Chateau - Office Equipment & Accessories
	9,004	Fitness Room - Exercise Equipment Allowance
	40,518	Lakes - Fountains Replacement
	<u>139,835</u>	
2021	6,956	General Contingency

Annual Expenditures

May 16, 2016

Britton Falls by Del Webb Homeowners' Association

Year	Amount	Item Description
	2,782	Pool Fencing - Painting (Electrostatic)
	3,014	Bocce Ball Courts - Repair & Maintenance
	5,217	Lakes - Waterfall Repairs & Maintenance
	57,964	Landscape - Irrigation System Upgrade
	4,057	Fitness Room - Interior Painting
	3,478	Chateau - General Contingency
	<u>83,468</u>	

2022

	2,985	Chateau - Flooring Replacement
	5,970	Chateau - Plumbing & Electrical Maintenance
	298,513	Chateau - Window & Door Replacement
	7,164	General Contingency
	11,941	Lakes - Erosion Management
	6,165	Pathway Sealcoating
	23,881	Landscape - Capital Maintenance & Upgrades
	8,220	Section Pathway Replacement
	14,329	Pool Equipment - Mechanicals
	2,985	Pool Equipment - Pump Room Allowance
	8,955	Pool Furniture - Replacement
	12,306	Sidewalk Sectional Replacement
	1,925	Curbing Sectional Replacement
	4,179	Chateau - Masonry Repairs & Maintenance
	2,985	Information Signage Contingency
	<u>412,504</u>	

2023

	19,985	Chateau - HVAC Replacement: Unit #1
	17,218	Chateau - HVAC Replacement: Unit #2
	6,149	Chateau - HVAC Replacement: Split System
	184,481	Chateau - De Humidifier (Dectron)
	7,379	General Contingency
	10,299	Parking Lot - Seal Coating
	17,218	Chateau - HVAC Replacement: Unit #4

Annual Expenditures

May 16, 2016

Britton Falls by Del Webb Homeowners' Association

Year	Amount	Item Description
	12,053	Chateau - HVAC Replacement: Unit #3
	3,690	Chateau - Office Equipment & Accessories
	9,224	Entranceway - Masonry Repairs & Maintenance
	3,690	Chateau - General Contingency

291,386

2024

25,335	Chateau - Interior Painting
6,334	Chateau - Plumbing & Electrical Maintenance
7,601	General Contingency
30,402	Lakes - Fountains Replacement
3,167	Pool Equipment - Pump Room Allowance
19,002	Pool Repairs - Pool Painting
3,167	Recreational Items - Replacement & Upgrade
3,167	Parking Lot - Lighting Repairs & Maintenance

98,175

2025

6,524	Chateau - Appliances & Equipment Allowance
4,567	Entranceway - Repair & Maintenance
7,829	General Contingency
13,048	Lakes - Erosion Management
26,095	Landscape - Capital Maintenance & Upgrades
4,893	Pool Decking - Concrete Sectional Replacement
31,315	Lakes - Fountains Replacement
21,912	Lakes - Aerator Replacement
10,438	Fitness Room - Exercise Equipment Allowance
3,914	Chateau - General Contingency

130,535

2026

10,079	Chateau - Exterior Painting
6,720	Chateau - Plumbing & Electrical Maintenance
4,704	Chateau - Siding & Carpentry Repairs
8,063	General Contingency

Annual Expenditures

May 16, 2016

Britton Falls by Del Webb Homeowners' Association

Year	Amount	Item Description
	9,252	Section Pathway Replacement
	3,360	Pool Equipment - Pump Room Allowance
	32,254	Lakes - Fountains Replacement
	6,048	Lakes - Waterfall Repairs & Maintenance
	67,196	Landscape - Irrigation System Upgrade
	4,032	Chateau - Office Equipment & Accessories
	3,360	Information Signage Contingency
	<u>155,066</u>	
2027	13,842	Chateau - Furniture Replacement & Upgrades
	41,527	Chateau - Kitchen Renovation
	21,594	Chateau - Restrooms Remodeling
	8,305	General Contingency
	15,573	Lakes - Rip Rap Installation: Lake 4
	7,147	Pathway Sealcoating
	154,547	Parking Lot - Asphalt Resurfacing
	16,611	Pool Equipment - Mechanicals
	20,553	Tennis Courts - Fencing Replacement
	8,859	Tennis Courts - Repair & Replacement
	13,023	Tennis Courts - Recoating
	46,510	Tennis Courts - Resurfacing
	11,074	Landscape - Retaining Walls Repairs & Maint
	14,267	Sidewalk Sectional Replacement
	2,231	Curbing Sectional Replacement
	39,589	Parking Lot - Lighting Replacement
	5,260	Fitness Room - Carpet Replacement
	4,153	Entranceway - Light Fixture Replacement & Upgrade
	49,832	Lakes - Fountains Replacement
	4,153	Chateau - General Contingency
	<u>498,650</u>	
2028	7,129	Chateau - Plumbing & Electrical Maintenance

Annual Expenditures

May 16, 2016

Britton Falls by Del Webb Homeowners' Association

Year	Amount	Item Description
	8,555	General Contingency
	14,258	Lakes - Erosion Management
	23,944	Lakes - Rip Rap Installation: Lake 3
	28,515	Landscape - Capital Maintenance & Upgrades
	11,939	Parking Lot - Seal Coating
	3,564	Pool Equipment - Pump Room Allowance
	18,264	Pool Fencing - Replacement
	10,693	Pool Furniture - Replacement
	3,707	Bocce Ball Courts - Repair & Maintenance
	3,564	Parking Lot - Lighting Repairs & Maintenance
	4,990	Fitness Room - Interior Painting
	<u>139,123</u>	

2029

8,811	General Contingency
26,830	Lakes - Rip Rap Installation: Lake 2
3,671	Recreational Items - Replacement & Upgrade
4,406	Chateau - Office Equipment & Accessories
4,406	Chateau - General Contingency
<u>48,124</u>	

2030

7,563	Chateau - Appliances & Equipment Allowance
34,472	Chateau - Carpet Replacement
7,563	Chateau - Plumbing & Electrical Maintenance
5,294	Entranceway - Repair & Maintenance
9,076	General Contingency
28,533	Lakes - Rip Rap Installation: Lake 9
10,413	Section Pathway Replacement
5,672	Pool Decking - Concrete Sectional Replacement
3,781	Pool Equipment - Pump Room Allowance
25,402	Lakes - Aerator Replacement
12,101	Fitness Room - Exercise Equipment Allowance
11,344	Entranceway - Masonry Repairs & Maintenance

Annual Expenditures

May 16, 2016

Britton Falls by Del Webb Homeowners' Association

Year	Amount	Item Description
	3,781	Information Signage Contingency
	<u>164,996</u>	
2031	31,159	Chateau - Interior Painting
	9,348	General Contingency
	15,580	Lakes - Erosion Management
	37,391	Lakes - Fountains Replacement
	24,398	Lakes - Rip Rap Installation: Lake 1
	31,159	Landscape - Capital Maintenance & Upgrades
	23,370	Pool Repairs - Pool Painting
	7,011	Lakes - Waterfall Repairs & Maintenance
	77,898	Landscape - Irrigation System Upgrade
	4,674	Chateau - General Contingency
	<u>261,988</u>	
2032	8,024	Chateau - Plumbing & Electrical Maintenance
	9,628	General Contingency
	20,421	Lakes - Rip Rap Installation: Lake 5
	8,285	Pathway Sealcoating
	19,256	Pool Equipment - Mechanicals
	4,012	Pool Equipment - Pump Room Allowance
	38,513	Lakes - Fountains Replacement
	16,539	Sidewalk Sectional Replacement
	2,587	Curbing Sectional Replacement
	4,012	Parking Lot - Lighting Repairs & Maintenance
	4,814	Chateau - Office Equipment & Accessories
	39,899	Chateau - Roof Replacement (Rubber)
	55,661	Lakes - Rip Rap Installation: Lake 12
	<u>231,651</u>	
2033	12,396	Chateau - Exterior Painting
	167,070	Chateau - Roof Replacement (Shingles)

Annual Expenditures

May 16, 2016

Britton Falls by Del Webb Homeowners' Association

Year	Amount	Item Description
	5,785	Chateau - Siding & Carpentry Repairs
	9,917	General Contingency
	23,623	Lakes - Rip Rap Installation: Lake 6
	13,841	Parking Lot - Seal Coating
	107,435	Pool Repairs - Replaster & Tiles Replacement
	39,668	Lakes - Fountains Replacement
	4,959	Chateau - General Contingency
	<u>384,693</u>	

2034

8,512	Chateau - Plumbing & Electrical Maintenance
10,215	General Contingency
17,024	Lakes - Erosion Management
29,939	Lakes - Rip Rap Installation: Lake 7
34,049	Landscape - Capital Maintenance & Upgrades
11,720	Section Pathway Replacement
4,256	Pool Equipment - Pump Room Allowance
12,768	Pool Furniture - Replacement
4,256	Recreational Items - Replacement & Upgrade
16,016	Tennis Courts - Recoating
61,288	Lakes - Fountains Replacement
4,256	Information Signage Contingency
<u>214,299</u>	

2035

8,768	Chateau - Appliances & Equipment Allowance
6,137	Entranceway - Repair & Maintenance
10,521	General Contingency
15,845	Lakes - Rip Rap Installation: Lake 8
6,576	Pool Decking - Concrete Sectional Replacement
4,208	Pool Fencing - Painting (Electrostatic)
4,559	Bocce Ball Courts - Repair & Maintenance
29,448	Lakes - Aerator Replacement
5,261	Chateau - Office Equipment & Accessories

Annual Expenditures

May 16, 2016

Britton Falls by Del Webb Homeowners' Association

Year	Amount	Item Description
	6,137	Fitness Room - Interior Painting
	14,028	Fitness Room - Exercise Equipment Allowance
	5,261	Chateau - General Contingency
	<u>116,748</u>	

Total: 3,739,346

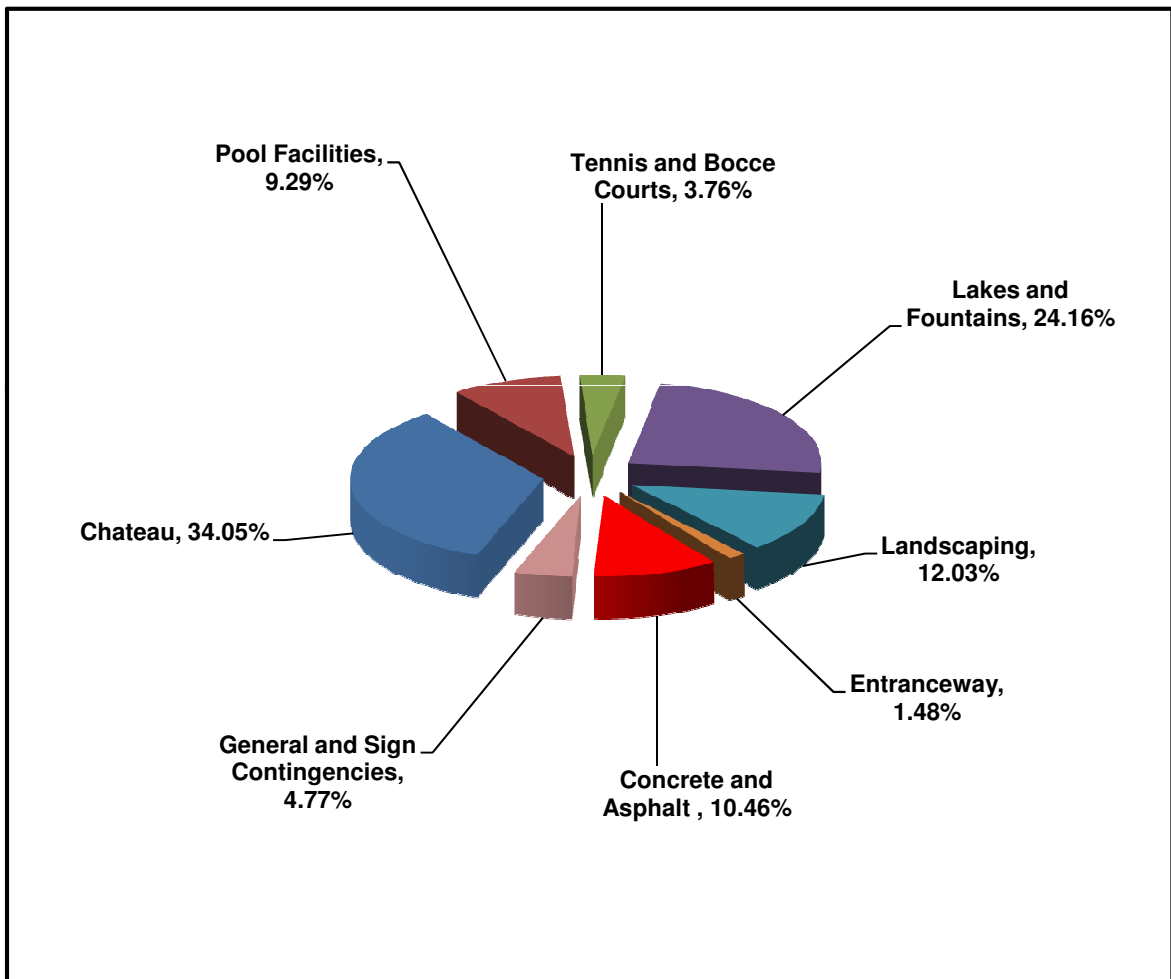
D. Charts and Graphs

Major Repairs & Replacement

September 8, 2015

Britton Falls by Del Webb HOA, Inc.

Components	Current Cost	Percentage
Chateau	\$ 1,273,381.01	34.05%
Pool Facilities	\$ 347,436.60	9.29%
Tennis and Bocce Courts	\$ 140,656.98	3.76%
Lakes and Fountains	\$ 903,572.94	24.16%
Landscaping	\$ 449,685.98	12.03%
Entranceway	\$ 55,248.51	1.48%
Concrete and Asphalt	\$ 391,106.68	10.46%
General and Sign Contingencies	\$ 178,256.97	4.77%
	\$ 3,739,345.69	100.00%

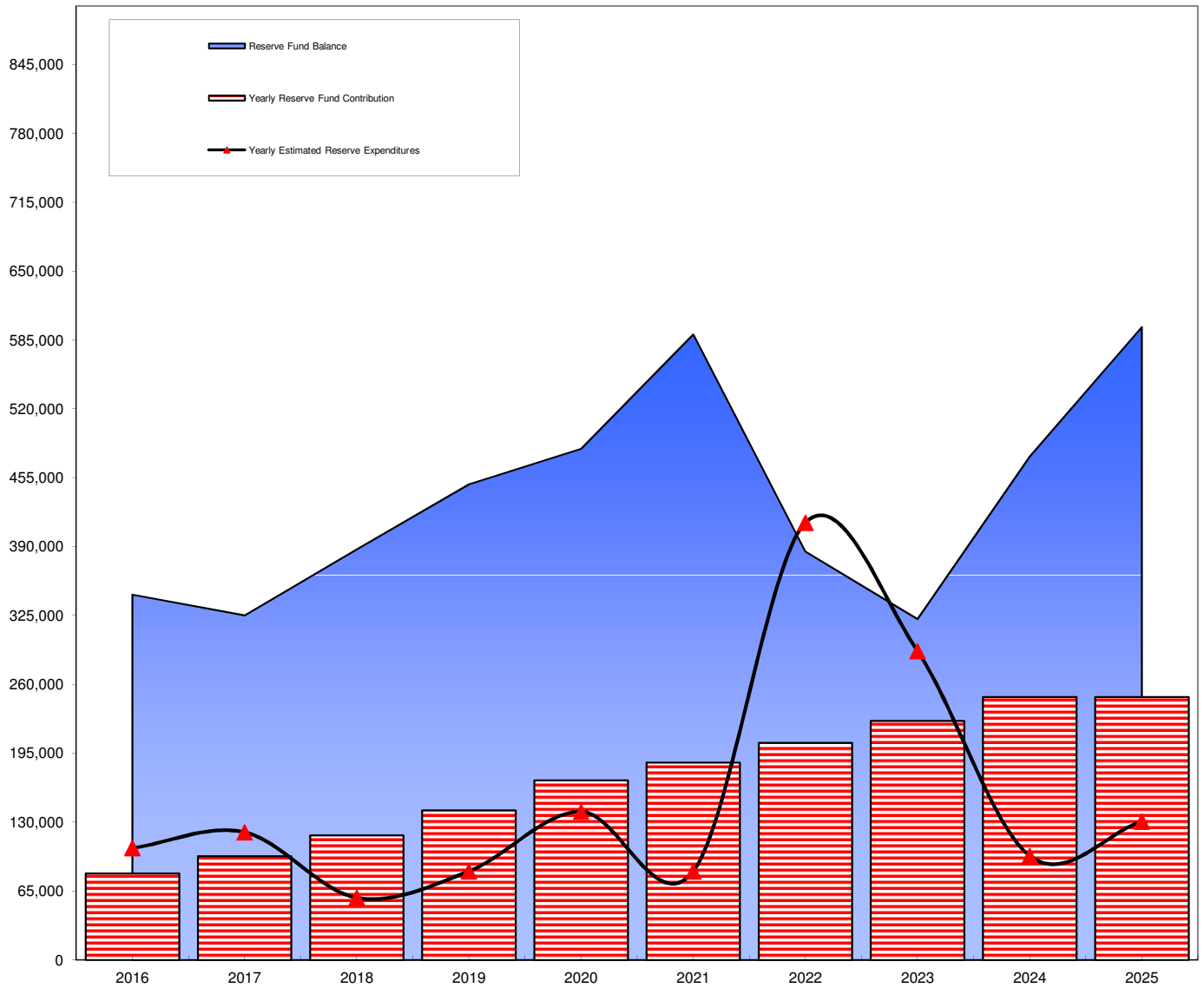


Comparative Reserve Funding & Expenditure Analysis (with recommended contributions)

September 8, 2015

Britton Falls by Del Webb HOA, Inc.

DOLLARS



Description	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
YEARLY CONTRIBUTION	81,708	98,050	117,660	141,191	169,430	186,373	205,010	225,511	248,062	248,062
ESTIMATED EXPENDITURES	105,500	120,388	58,623	83,594	139,835	83,468	412,504	291,386	98,175	130,535
INVESTMENT INCOME	3,009	2,734	3,254	3,745	3,937	4,920	2,802	2,068	3,475	4,685
END RESERVE FUND BALANCE	344,767	325,163	387,453	448,795	482,326	590,152	385,460	321,653	475,015	597,228

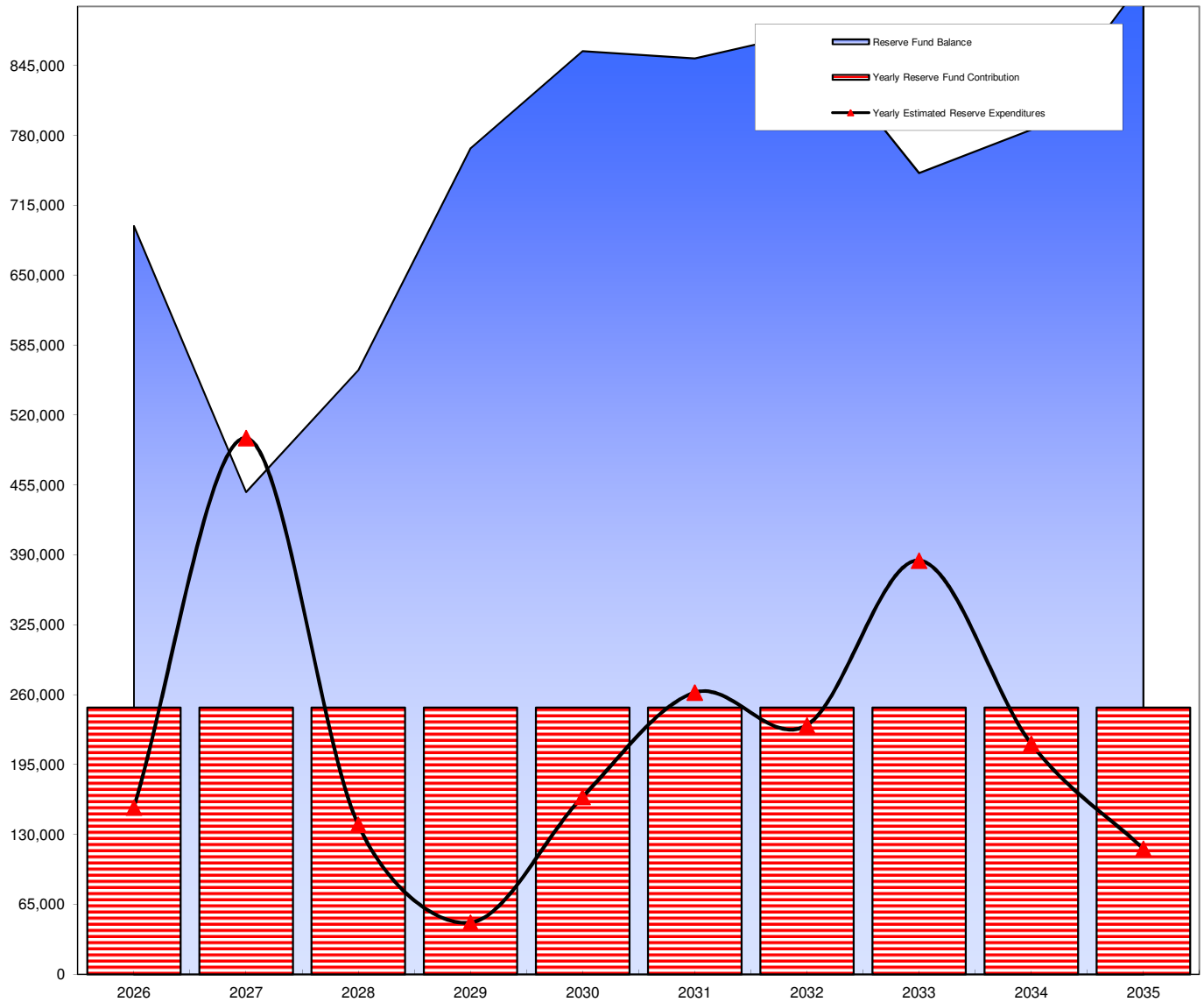
Chart Continued on following page

Comparative Reserve Funding & Expenditure Analysis (with recommended contributions)

September 8, 2015

Britton Falls by Del Webb HOA, Inc.

DOLLARS



Description	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
YEARLY CONTRIBUTION	248,062	248,062	248,062	248,062	248,062	248,062	248,062	248,062	248,062	248,062
ESTIMATED EXPENDITURES	155,066	498,650	139,123	48,124	164,996	261,988	231,651	384,693	214,299	116,748
INVESTMENT INCOME	5,662	3,213	4,334	6,377	7,271	7,205	7,441	6,149	6,548	7,927
END RESERVE FUND BALANCE	695,885	448,510	561,783	768,098	858,435	851,715	875,566	745,084	785,395	924,636

E. Component Inventory

Worksheet

May 16, 2016

Sorted by Group

Britton Falls by Del Webb Homeowners' Association

Item Description	Group	Sub-Group	Number Of Items	Item Type	Item Cost	%	Total Item Cost	Year Built	Useful Life	Life Adj	Year Replace	Life Left	One Time?
300 - Mechanical & Building Systems													
Chateau - De Humidifier (Dectron)	300	20	1	Total Replacement	150,000.000	100	150,000	2007	15	1	2023	7	no
Comments: *Pack Unit (Dectron RA5-120-9 (South Roof Pool Area) @Cost per Brad Bryant \$18,500 repair made recently													

Chateau - HVAC Replacement: Split System	300	20	1	Total Replacement	5,000.000	100	5,000	2007	15	1	2023	7	no
Comments: *Split System (Trane - 2 Tons/0.25HP) North Roof													
1 - Evaporator Fan Motor													
1 - Heating Section													
1 - Economizer Section													
*** Remote Components													
1 - Compressor													
1 - Condenser Fan Motor													

Chateau - HVAC Replacement: Unit #1	300	20	1	Total Replacement	16,250.000	100	16,250	2007	15	1	2023	7	no
Comments: *Package Unit 1 - Trane YCD150 (North Roof)- Pricing per Vasey Equipment (includes labor, material and material handling)													
1-Evaporator Fan Motor													
1-Heating Section													
1-Economizer Section													
2-Compressors													
2-Condenser Fan Motors													

Chateau - HVAC Replacement: Unit #2	300	20	1	Total Replacement	14,000.000	100	14,000	2007	15	1	2023	7	no
Comments: *Package Unit 2 - Trane YSC120 (North Roof)													
1 - Evaporator Fan Motor													
1 - Heating Section													
1 - Economizer Section													
2 - Compressors													
2 - Condenser Fan Motors													

Chateau - HVAC Replacement: Unit #3	300	20	1	Total Replacement	9,800.000	100	9,800	2007	15	1	2023	7	no

Worksheet

May 16, 2016

Sorted by Group

Britton Falls by Del Webb Homeowners' Association

<u>Item Description</u>	<u>Group</u>	<u>Sub-Group</u>	<u>Number Of Items</u>	<u>Item Type</u>	<u>Item Cost</u>	<u>%</u>	<u>Total Item Cost</u>	<u>Year Built</u>	<u>Useful Life</u>	<u>Life Adj</u>	<u>Year Replace</u>	<u>Life Left</u>	<u>One Time?</u>
Comments: *Package Unit 3 (Trane YSC092) South Roof													
1 - Evaporator Fan Motor													
1 - Heating Section													
1 - Economizer Section													
1 - Compressors													
1 - Condenser Fan Motors													

Chateau - HVAC Replacement: Unit #4	300	20	1	Total Replacement	14,000.000	100	14,000	2007	15	1	2023	7	no
Comments: *Package Unit 4 (Trane YSC120) South Roof													
1 - Evaporator Fan Motor													
1 - Heating Section													
1 - Economizer Section													
2 - Compressors													
2 - Condenser Fan Motors													

Sub-Total *6 items*

400 - Landscape

Landscape - Capital Maintenance & Upgrades	400	20	1	Allowance	20,000.000	100	20,000	2013	3	0	2016	0	no
Comments: This component is for major landscape, tree and shrub improvements of the property's common areas. The component is for large-scale removal and replacement of dead materials and/or emergency chemical treatments. Routine and minor issues should be addressed in the community's annual operation budget. It has been observed that the property's common area landscape is in good general condition. However, due to the unpredictable nature of disease, insects and drought, capital replacement will be required every 3 to 5 years.													

Sub-Total *1 items*

410 - Landscape & Irrigation

Worksheet

May 16, 2016

Sorted by Group

Britton Falls by Del Webb Homeowners' Association

<u>Item Description</u>	<u>Group</u>	<u>Sub-Group</u>	<u>Number Of Items</u>	<u>Item Type</u>	<u>Item Cost</u>	<u>%</u>	<u>Item Cost</u>	<u>Year Built</u>	<u>Useful Life</u>	<u>Life Adj</u>	<u>Replace</u>	<u>Left</u>	<u>One Time?</u>
Landscape - Irrigation System Upgrade	410	20	1	Percent Replacement	50,000.000	100	50,000	2011	5	0	2016	0	no
<p>Comments: This component is for major irrigation equipment replacement. The items included in this component, but not limited to are controllers, rotors, backflow regulators and valves. Routine and minor replacements and the opening and closing of the system should be addressed in the community's annual operation budget.</p>													

Sub-Total *1 items*

430 - Landscape & Walls

Landscape - Retaining Walls Repairs & Maint	430	20	1	Allowance	8,000.000	100	8,000	2007	20	0	2027	11	no
<p>Comments: This component is for the repair and replacement of the terrace retaining walls located in various areas of the property. While major capital repairs will be performed over time in order to prolong the retaining walls useful life, it is assumed that complete failure will occur. It should be noted that while not all walls will fail at one given time, it is assumed that when a wall does fail it will require a completed renovation.</p>													

Sub-Total *1 items*

440 - Pathways & Sidewalks

Pathway Sealcoating	440	20	34,420	Square Feet	0.150	100	5,163	2007	5	5	2017	1	no
<p>Comments:</p>													
Section Pathway Replacement	440	20	34,420	Square Feet	4.000	5	6,884	2014	4	0	2018	2	no
<p>Comments: This component is for the repair and replacement of the common area pathways. The plan assumes that not all of the pathways will fail at one time but rather portion of the paths will fail over a period of years.</p>													

Worksheet

May 16, 2016

Sorted by Group

Britton Falls by Del Webb Homeowners' Association

<u>Item Description</u>	<u>Group</u>	<u>Sub-Group</u>	<u>Number Of Items</u>	<u>Item Type</u>	<u>Item Cost</u>	<u>%</u>	<u>Item Cost</u>	<u>Built</u>	<u>Year Useful Life</u>	<u>Life Adj</u>	<u>Replace</u>	<u>Left</u>	<u>One Time?</u>
Sidewalk Sectional Replacement	440	20	13,742	Square Feet	7.500	10	10,307	2012	5	0	2017	1	no

Comments: This component is for the repair and replacement of the common area sidewalks.
The plan assumes that not all of the sidewalks will fail at one time but rather portions will fail over a period of years.
*Per 11-20-15 mtg. Doubled sectional replacement cost every 5 years.

Sub-Total *3 items*

505 - Street Maintenance

Curbing Sectional Replacement	505	20	2,579	Linear Feet	25.000	3	1,612	2012	5	0	2017	1	no
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Comments: This component is for the repair and sectional replacement of street curbing.
The plan assumes only a percentage of the concrete curbs will require repairs every few years mainly due to the exposure of chemicals, road salt, natural elements, damage occurring due to traffic and the normal breakdown of the material's useful life.

Sub-Total *1 items*

515 - Parking Lots

Parking Lot - Lighting Repairs & Maintenance	515	20	1	Allowance	2,500.000	100	2,500	2012	4	0	2016	0	no
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Comments: This component is for the repair and capital maintenance for the parking and pathway lighting.

Parking Lot - Lighting Replacement	515	20	13	Units	2,200.000	100	28,600	2007	20	0	2027	11	no
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Comments: This component is for the repairs and maintenance of the community's streetlights.

Sub-Total *2 items*

540 - Street Signs & Lighting

Information Signage Contingency	540	20	1	Allowance	2,500.000	100	2,500	2014	4	0	2018	2	no
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Worksheet

May 16, 2016

Sorted by Group

Britton Falls by Del Webb Homeowners' Association

<u>Item Description</u>	<u>Sub-Group</u>	<u>Group</u>	<u>Number Of Items</u>	<u>Item Type</u>	<u>Item Cost</u>	<u>%</u>	<u>Total Item Cost</u>	<u>Year Built</u>	<u>Useful Life</u>	<u>Life Adj</u>	<u>Replace</u>	<u>Year Left</u>	<u>One Time?</u>
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Comments: This component is to replace the various informational signage throughout the community as needed.

Sub-Total *1 items*

605 - Tennis Courts

Tennis Courts - Fencing Replacement	605	30	464	Linear Feet	32,000	100	14,848	2007	20	0	2027	11	no
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Comments: This component is for the complete replacement of the tennis court's chain link fence. The plan accounts for the replacement of 464 linear feet of tennis court perimeter fencing and posts. During inspection, it was noted that the fence is in fair condition with signs of age and wear.

Tennis Courts - Recoating	605	20	13,440	Square Feet	0.700	100	9,408	2013	7	0	2020	4	no
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Comments: This component is for the coating and striping of the tennis courts. Prior to sealing, the surface will be cleared of the existing foreign matters. Coating color and striping would then be added to the surface.

Tennis Courts - Repair & Replacement	605	20	2	Sets	3,200,000	100	6,400	2007	20	0	2027	11	no
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Comments: This component is for the replacement of the tennis court post and netting. The components scope of work includes the replacement nets and the removal and installation of new posts. There are two sets of posts and nets.

Tennis Courts - Resurfacing	605	30	13,440	Square Feet	2,500	100	33,600	2007	20	0	2027	11	no
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Comments: This component is for the resurfacing of the asphalt-based tennis courts. The plan calls for surface preparation prior to milling including sub surface leveling and grading followed by an application of 2-inch layer of compressed asphalt.

Sub-Total *4 items*

625 - Sport Fields & Equipment

Worksheet

May 16, 2016

Sorted by Group

Britton Falls by Del Webb Homeowners' Association

<u>Item Description</u>	<u>Group</u>	<u>Sub-Group</u>	<u>Number Of Items</u>	<u>Item Type</u>	<u>Item Cost</u>	<u>%</u>	<u>Item Cost</u>	<u>Year Built</u>	<u>Useful Life</u>	<u>Life Adj</u>	<u>Year Replace</u>	<u>Life Left</u>	<u>One Time?</u>
Bocce Ball Courts - Repair & Maintenance	625	20	1	Allowance	2,600.000	100	2,600	2014	7	0	2021	5	no

Comments: *What is the historical need for repairs?

Sub-Total *1 items*

640 - Recreational Items

Recreational Items - Replacement & Upgrade	640	20	1	Allowance	2,500.000	100	2,500	2014	5	0	2019	3	no
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Comments: This component is the replacement of recreational items.
The types of items included in this component, but not limited too are the trash can-housing, benches, barbeque grills, picnic tables, and bicycle racks.

Sub-Total *1 items*

705 - Clubhouse Exterior

Chateau - Exterior Painting	705	30	1	7-year Paint Cycle	7,500.000	100	7,500	2012	7	0	2019	3	no
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Comments: This component is for the exterior painting of the clubhouse.
The plan accounts for the cleaning, surface preparation and painting of all exterior surfaces.

Chateau - Masonry Repairs & Maintenance	705	20	1	Allowance	3,500.000	100	3,500	2007	15	0	2022	6	no
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Comments: This component is for the masonry repairs for the clubhouse.
The plan accounts for the cleaning, maintenance, brick replacement and tuckpointing of the clubhouse's brick veneer walls and chimney chase.
Generally, this cost is about \$8-\$10 a sq. ft. for tuckpointing and cleaning.

Chateau - Roof Replacement (Rubber)	705	20	3,108	Square Feet	8.000	100	24,864	2007	25	0	2032	16	no
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Comments: This component is for the replacement of the flat "rubber" roofing on the north and south sections of the building.
North = 1056 sq. ft.
South = 2052 sq. ft.

Worksheet

May 16, 2016

Sorted by Group

Britton Falls by Del Webb Homeowners' Association

<u>Item Description</u>	<u>Sub-Group</u>	<u>Number Group</u>	<u>Of Items</u>	<u>Item Type</u>	<u>Item Cost</u>	<u>%</u>	<u>Item Cost</u>	<u>Year Built</u>	<u>Useful Life</u>	<u>Life Adj</u>	<u>Replace</u>	<u>Left</u>	<u>One Time?</u>
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*Per meeting it was brought up that rubber portion should be replaced before asphalt shingles. This component should be discussed from a logistical standpoint with contractor when time comes.

Chateau - Roof Replacement (Shingles)	705	30	266	Squares	380.000	100	101,080	2007	25	1	2033	17	no
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Comments: This component is for the replacement of clubhouse's asphalt roof. The scope of work includes the complete tear-off of asphalt shingles, and the installation of dimensional shingles, replacement of flashing, drip edging, plumbing vent and repairs to the roof decking and ventilation as needed. Also included in the plan is the replacement of gutters and downspouts.

Chateau - Siding & Carpentry Repairs	705	20	1	Allowance	3,500.000	100	3,500	2012	7	0	2019	3	no
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Comments: This component is for the carpentry repairs to the clubhouse. The components scope of work includes but is not limited too the capital carpentry repairs both interior and exterior. The plan assumes only a percentage of this component will need to be repaired every few years mainly due to exposure to the natural elements, lack of routine maintenance, and the normal expiration of the material's useful life cycle. To coincide with painting schedule.

Sub-Total *5 items*

710 - Club/Pool Parking Lot

Parking Lot - Asphalt Resurfacing	710	20	55,824	Square Feet	2.000	100	111,648	2007	20	0	2027	11	no
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Comments: This component is for the asphalt resurfacing of the Chateau's parking lot. The scope of work calls for surface preparation prior to milling including crack sealing and cleaning followed by an application of 2-inch top layer of compressed asphalt will be performed. This process accounts for all the property's parking areas and the application of traffic and parking painting.

Parking Lot - Seal Coating	710	20	55,825	Square Feet	0.150	100	8,374	2013	5	0	2018	2	no
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Comments: This component is for the sealing of the clubhouse parking lot. The plan accounts for the cleaning of the existing asphalt of all foreign matters, furnishing and

Worksheet

May 16, 2016

Sorted by Group

Britton Falls by Del Webb Homeowners' Association

<u>Item Description</u>	<u>Sub-Group</u>	<u>Number Of Items</u>	<u>Item Type</u>	<u>Item Cost</u>	<u>%</u>	<u>Total Item Cost</u>	<u>Year Built</u>	<u>Useful Life</u>	<u>Life Adj</u>	<u>Year Replace</u>	<u>Life Left</u>	<u>One Time?</u>
applying 2 coats of asphalt sealer. Other items that will be included in this component are the necessary asphalt repairs, crack sealing and parking area striping.												

Sub-Total *2 items*

720 - Clubhouse Interior

Chateau - Appliances & Equipment Allowance	720	50	1 Allowance	5,000.000	100	5,000	2015	5	0	2020	4	no
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Comments: This component provides an allowance for the clubhouse appliances and entertainment equipment. The component accounts for the random and unpredictable replacement for bar equipment, ice machine, coffee machines, popcorn machine, stove, refrigerators, freezer, microwave, sound equipment and large screen television over the course of the next 20 years.

Chateau - Flooring Replacement	720	20	1 Total Replacement	2,500.000	100	2,500	2007	15	0	2022	6	no
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Comments: This component is for the replacement of the clubhouse's flooring. The plan accounts for the replacement of the office, kitchen and hallway vinyl flooring.

Chateau - Furniture Replacement & Upgrades	720	10	1 Allowance	10,000.000	100	10,000	2007	10	0	2017	1	no
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Comments: This component provides an allowance for the clubhouse furniture and furnishings. The component accounts the random and unpredictable replacement for table, chairs, end tables, couches, wall hangings, pictures, miscellaneous furnishings and entertainment equipment over the course of the next 20 years.

Chateau - Interior Painting	720	20	1 7-year Paint Cycle	20,000.000	100	20,000	2010	7	0	2017	1	no
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Comments: This component is for the internal wall painting and maintenance for the clubhouse. The plan takes into account the cleaning, surface preparation and painting of the interior area's clubhouse. Wallpaper and paneling repairs are included in this component.

Chateau - Kitchen Renovation	720	20	1 Renovation	30,000.000	100	30,000	2007	20	0	2027	11	no
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Comments: This component is for the renovation of the clubhouse's kitchen facility. Renovations included replacing the flooring, ceiling, cabinets, fixture and appliances.

Chateau - Office Equipment & Accessories	720	50	1 Allowance	3,000.000	100	3,000	2014	3	0	2017	1	no
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Worksheet

May 16, 2016

Sorted by Group

Britton Falls by Del Webb Homeowners' Association

<u>Item Description</u>	<u>Sub-Group</u>	<u>Number Of Items</u>	<u>Item Type</u>	<u>Item Cost</u>	<u>%</u>	<u>Total Item Cost</u>	<u>Year Built</u>	<u>Useful Life</u>	<u>Life Adj</u>	<u>Year Replace</u>	<u>Life Left</u>	<u>One Time?</u>
Comments: This component is an allowance for the clubhouse office equipment and furnishings. The component accounts the routine and periodic upgrades for the property management office's capital equipment and supplies. Items included but are not limited to are; copiers, printers, desktop computer, servicers, internet/Ethernet equipment, desks, chairs, office furniture, filing cabinets, fax machines, furnishings and accessories.												
Chateau - Plumbing & Electrical Maintenance	720	50	1 Allowance	5,000.000	100	5,000	2014	2	0	2016	0	no
Comments: This component is for the repair and maintenance for the Chateau and pool area's plumbing and electrical. The component's scope of work also accounts for the random replacement of breaker boxes, light fixtures, sink fixtures, toilets, sump pumps, drain and line cleaning, and exhaust ventilation repairs. Included in the scope of work is the replacement of the clubhouse's water heater. The plan assumes only a percentage of plumbing and electrical will need to be repaired every few years.												
Chateau - Window & Door Replacement	720	20	1 Total Replacement	250,000.000	100	250,000	2007	15	0	2022	6	no
Comments: This component is for the replacement of clubhouse's exterior windows and doors. The plan assumes that not all windows and doors will fail at the same time and that only a percentage of the items will need to be replaced.												
Chateau - Carpet Replacement	720	20	1 Total Replacement	22,790.000	100	22,790	2010	10	0	2020	4	no
Comments: This component is for the replacement of the clubhouse carpet. The plan takes into account the removal of the existing carpet, labor, and the installation of stain resistant commercial grade high traffic carpeting. From observations of the current physical condition, it is determined that the carpet is in good condition and can expect additional 10 years of useful life. *Was this done												
Sub-Total												

9 items

725 - Fitness Room

Fitness Room - Carpet Replacement	725	20	1 Total Replacement	3,800.000	100	3,800	2007	10	0	2017	1	no
Comments: This component is for the replacement of the fitness room's carpet.												

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Sorted by Group

Britton Falls by Del Webb Homeowners' Association

<u>Item Description</u>	<u>Sub-Group</u>	<u>Number Of Items</u>	<u>Item Type</u>	<u>Item Cost</u>	<u>%</u>	<u>Total Item Cost</u>	<u>Year Built</u>	<u>Useful Life</u>	<u>Life Adj</u>	<u>Year Replace</u>	<u>Life Left</u>	<u>One Time?</u>
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"The plan takes into account the removal of the existing carpet, labor, and the installation of stain resistant commercial grade high traffic carpeting.

Fitness Room - Exercise Equipment Allowance	725	20	1 Allowance	8,000.000	100	8,000	2014	5	1	2020	4	no
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Comments: This component is an allowance or "pooling" component method for the clubhouse's fitness room. The component accounts for the random and unpredictable replacement of the motorized and electronic equipment over the course of the next twenty years. Free weights and weights stations have a longer useful life and are not included in this component.

Fitness Room - Interior Painting	725	20	1 7-year Paint Cycle	3,500.000	100	3,500	2014	7	0	2021	5	no
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Comments: This component is for the internal wall painting and maintenance for the clubhouse. The plan takes into account the cleaning, surface preparation and painting of the interior area's clubhouse.

Sub-Total *3 items*

730 - Pool Restrooms

Chateau - Restrooms Remodeling	730	20	2 Renovation	7,800.000	100	15,600	2007	10	10	2027	11	no
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Comments: This component is for the renovation of the pool house restrooms. The plan accounts for the updating of light and plumbing fixtures, ventilation, the replacement of partitions and the clean and sealing of the concrete floor.

Sub-Total *1 items*

740 - Pool Repairs

Pool Repairs - Pool Painting	740	30	5,000 Square Feet	3.000	100	15,000	2010	7	0	2017	1	no
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Comments: This component is for the painting and sealing of both pools. The plan provides for painting and sealing of the pool surface by applying epoxy paint.

Pool Repairs - Replaster & Tiles Replacement	740	20	1 Renovation	65,000.000	100	65,000	2007	25	1	2033	17	no
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Worksheet

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Sorted by Group

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<u>Item Description</u>	<u>Sub-Group</u>	<u>Number Of Items</u>	<u>Item Type</u>	<u>Item Cost</u>	<u>%</u>	<u>Total Item Cost</u>	<u>Year Built</u>	<u>Useful Life</u>	<u>Life Adj</u>	<u>Year Replace</u>	<u>Life Left</u>	<u>One Time?</u>
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Comments: This component is for the plastering of the pool surface.
The plan accounts for the sandblasting, surface preparation and replastering of both pools.

Note: The Study has provided a separate component for the painting of the pool surface, which will aid in adding longevity to the component's useful life.

Sub-Total *2 items*

750 - Pool Facility

Pool Equipment - Mechanicals	750	30	1 Total Replacement	12,000.000	100	12,000	2012	5	0	2017	1	no
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Comments: This component is for the repair/replacement various mechanical items related to the pool facilities.

Pool Equipment - Pump Room Allowance	750	20	1 Allowance	2,500.000	100	2,500	2014	2	0	2016	0	no
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Comments: Ongoing maintenance contingency for pool plumbing, exhaust fans, water heater, miscellaneous valves, metering pumps, test equipment, skimmer hardware, pool brushes and pool lights.

Sub-Total *2 items*

755 - Pool Furnishings

Pool Furniture - Replacement	755	20	1 Partial Replacement	7,500.000	100	7,500	2010	6	0	2016	0	no
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Comments: This component is for the continuous partial replacement of the pool facility's furniture.
The items included in this component are tables, chairs, chaise lounges and umbrellas.
The plan assumes only a percentage of this component will need to be replaced every few years.

Sub-Total *1 items*

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Sorted by Group

Britton Falls by Del Webb Homeowners' Association

Item Description	Sub-Group	Number Of Items	Item Type	Item Cost	%	Total Item Cost	Year Built	Useful Life	Life Adj	YearLife Replace	YearLife Left	One Time?
760 - Pool Decking & Fencing												
Pool Decking - Concrete Sectional Replacement	760	20	10,000 Square Feet	7.500	5	3,750	2010	5	5	2020	4	no
Comments: This component is for the sectional replacement of concrete pool decking. (Both Pools) The plan assumes only a percentage of concrete decking will need to be replaced every few years mainly due to exposure to the corrosive chemicals, changes in sub-grade condition, pedestrian traffic and the normal expiration of the material's useful life cycle.												
Pool Fencing - Painting (Electrostatic)	760	30	1 Renovation	2,400.000	100	2,400	2007	7	7	2021	5	YES
Comments: This component is for the painting of pool perimeter fencing including fencing and gates. The scope of work will include the cleaning, surface preparation and the electrostatic painting of the pool's perimeter and wading pool fence and gates.												
Pool Fencing - Painting (Electrostatic)	760	30	1 Renovation	2,400.000	100	2,400	2007	7	21	2035	19	no
Comments:												
Pool Fencing - Replacement	760	20	366 Linear Feet	35.000	100	12,810	2007	20	1	2028	12	no
Comments: This component is for the complete replacement of the pool facility fence and gates. The plan accounts for the replacement of 6 feet (366 linear feet) perimeter fencing.												
Sub-Total	<i>4 items</i>											

805 - Fountains & Aerators

Lakes - Aerator Replacement	805	10	933 Linear Feet	18.000	100	16,794	2015	5	0	2020	4	no
Comments: * Was this done.												
Lakes - Fountains Replacement	805	30	4 Total Replacement	6,000.000	100	24,000	2010	7	0	2017	1	no
Comments: This component is for the replacement of the pond fountains. The plan accounts for the replacement of a pump motor, jet heads and the lighting fixture and brackets with exception of electrical cable.												

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Sorted by Group

Britton Falls by Del Webb Homeowners' Association

<u>Item Description</u>	<u>Group</u>	<u>Sub-Group</u>	<u>Number Of Items</u>	<u>Item Type</u>	<u>Item Cost</u>	<u>%</u>	<u>Total Item Cost</u>	<u>Year Built</u>	<u>Useful Life</u>	<u>Life Adj</u>	<u>Replace</u>	<u>Year Left</u>	<u>One Time?</u>
The life of the fountain may be extended if removed seasonally for maintenance and storage.													
Lakes - Fountains Replacement	805	30	4	Total Replacement	6,000.000	100	24,000	2011	7	0	2018	2	no
Comments:													
Lakes - Fountains Replacement	805	30	4	Total Replacement	6,000.000	100	24,000	2012	7	0	2019	3	no
Comments:													
Lakes - Fountains Replacement	805	30	6	Each	6,000.000	100	36,000	2013	7	0	2020	4	no
Comments:													
Lakes - Waterfall Repairs & Maintenance	805	10	1	Allowance	4,500.000	100	4,500	2007	5	4	2016	0	no
Comments:													
Sub-Total	<i>6 items</i>												

810 - Erosion Control

Lakes - Erosion Management	810	20	1	Allowance	10,000.000	100	10,000	2013	3	3	2019	3	no
Comments: This component is for the erosion control along the pond's bank line and infrastructure. The plan accounts for the need of soil replacement and rip rap redressing around culverts for all ponds as well as vegetation control, which might restrict the water flow. Currently the banks showing limited signs of erosion along the backlines and culverts.													
*What are plans what has been done?													
Lakes - Rip Rap Installation: Lake 1	810	10	870	Linear Feet	18.000	100	15,660	2007	20	4	2031	15	no
Comments: This component is for the application of rip rap for the property pond. The scope of work calls for the clearing, grading, staking and netting of the backline. For the pond location, please refer to the property map located in the exhibit section of the study. After bank preparation, approximately 2 to 3 feet of stone would be installed below water level and 3 to 4 feet of stone above water level. The cost calculation for the installation has been converted from square feet to linear feet.													

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Sorted by Group

Britton Falls by Del Webb Homeowners' Association

<u>Item Description</u>	<u>Group</u>	<u>Sub-Group</u>	<u>Number Of Items</u>	<u>Item Type</u>	<u>Item Cost</u>	<u>%</u>	<u>Item Cost Built</u>	<u>Total Year Useful Life</u>	<u>YearLife</u>	<u>One</u>	<u>Life Adj</u>	<u>Replace</u>	<u>Left</u>	<u>Time?</u>
Circumference of the pond is approximately 796 linear feet and is currently in good condition with minor erosion and pest concerns.														
Lakes - Rip Rap Installation: Lake 10	810	10	1,266	Linear Feet	18,000	100	22,788	2007	20	9	2036	20	no	
Comments: This component is for the application of rip rap for the property pond. The scope of work calls for the clearing, grading, staking and netting of the backline. For the pond location, please refer to the property map located in the exhibit section of the study. After bank preparation, approximately 2 to 3 feet of stone would be installed below water level and 3 to 4 feet of stone above water level. The cost calculation for the installation has been converted from square feet to linear feet. Circumference of the pond is approximately 4,713 linear feet and is currently in good condition with minor erosion and pest concerns.														
Lakes - Rip Rap Installation: Lake 11	810	20	687	Linear Feet	18,000	100	12,366	2007	20	10	2037	21	no	
Comments:														
Lakes - Rip Rap Installation: Lake 12	810	20	660	Linear Feet	18,000	100	11,880	2007	20	11	2038	22	no	
Comments:														
Lakes - Rip Rap Installation: Lake 12	810	20	1,927	Linear Feet	18,000	100	34,686	2007	12	13	2032	16	no	
Comments:														
Lakes - Rip Rap Installation: Lake 2	810	10	1,015	Linear Feet	18,000	100	18,270	2007	20	2	2029	13	no	
Comments: This component is for the application of rip rap for the property pond. The scope of work calls for the clearing, grading, staking and netting of the backline. For the pond location, please refer to the property map located in the exhibit section of the study. After bank preparation, approximately 2 to 3 feet of stone would be installed below water level and 3 to 4 feet of stone above water level. The cost calculation for the installation has been converted from square feet to linear feet. Circumference of the pond is approximately 1,304 linear feet and is currently in good condition with minor erosion and pest concerns.														
Lakes - Rip Rap Installation: Lake 3	810	10	933	Linear Feet	18,000	100	16,794	2007	20	1	2028	12	no	

Worksheet

May 16, 2016

Sorted by Group

Britton Falls by Del Webb Homeowners' Association

<u>Item Description</u>	<u>Sub-Group</u>	<u>Number Of Items</u>	<u>Item Type</u>	<u>Item Cost</u>	<u>%</u>	<u>Total Item Cost</u>	<u>Year Built</u>	<u>Useful Life</u>	<u>YearLife Adj</u>	<u>One Replace Left</u>	<u>Time?</u>	
Comments: This component is for the application of rip rap for the property pond. The scope of work calls for the clearing, grading, staking and netting of the backline. For the pond location, please refer to the property map located in the exhibit section of the study. After bank preparation, approximately 2 to 3 feet of stone would be installed below water level and 3 to 4 feet of stone above water level. The cost calculation for the installation has been converted from square feet to linear feet. Circumference of the pond is approximately 933 linear feet and is currently in good condition with minor erosion and pest concerns.	810	10	625 Linear Feet	18,000	100	11,250	2007	20	0	2027	11	no
Comments: This component is for the application of rip rap for the property pond. The scope of work calls for the clearing, grading, staking and netting of the backline. For the pond location, please refer to the property map located in the exhibit section of the study. After bank preparation, approximately 2 to 3 feet of stone would be installed below water level and 3 to 4 feet of stone above water level. The cost calculation for the installation has been converted from square feet to linear feet. Circumference of the pond is approximately 625 linear feet and is currently in good condition with minor erosion and pest concerns.	810	10	707 Linear Feet	18,000	100	12,726	2007	20	5	2032	16	no
Comments: This component is for the application of rip rap for the property pond. The scope of work calls for the clearing, grading, staking and netting of the backline. For the pond location, please refer to the property map located in the exhibit section of the study. After bank preparation, approximately 2 to 3 feet of stone would be installed below water level and 3 to 4 feet of stone above water level. The cost calculation for the installation has been converted from square feet to linear feet. Circumference of the pond is approximately 707 linear feet and is currently in good condition with minor erosion and pest concerns.	810	10	794 Linear Feet	18,000	100	14,292	2007	20	6	2033	17	no

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Sorted by Group

Britton Falls by Del Webb Homeowners' Association

<u>Item Description</u>	<u>Sub-Group</u>	<u>Number Of Items</u>	<u>Item Type</u>	<u>Item Cost</u>	<u>%</u>	<u>Total Item Cost</u>	<u>Year Built</u>	<u>Useful Life</u>	<u>YearLife Adj</u>	<u>Replace</u>	<u>YearLeft</u>	<u>One Time?</u>
After bank preparation, approximately 2 to 3 feet of stone would be installed below water level and 3 to 4 feet of stone above water level. The cost calculation for the installation has been converted from square feet to linear feet. Circumference of the pond is approximately 794 linear feet and is currently in good condition with minor erosion and pest concerns.												

Lakes - Rip Rap Installation: Lake 7	810	10	977 Linear Feet	18.000	100	17,586	2007	20	7	2034	18	no
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Comments: This component is for the application of rip rap for the property pond.
The scope of work calls for the clearing, grading, staking and netting of the backline.
For the pond location, please refer to the property map located in the exhibit section of the study.
After bank preparation, approximately 2 to 3 feet of stone would be installed below water level and 3 to 4 feet of stone above water level.
The cost calculation for the installation has been converted from square feet to linear feet.
Circumference of the pond is approximately 977 linear feet and is currently in good condition with minor erosion and pest concerns.

Lakes - Rip Rap Installation: Lake 8	810	10	502 Linear Feet	18.000	100	9,036	2007	20	8	2035	19	no
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Comments: This component is for the application of rip rap for the property pond.
The scope of work calls for the clearing, grading, staking and netting of the backline.
For the pond location, please refer to the property map located in the exhibit section of the study.
After bank preparation, approximately 2 to 3 feet of stone would be installed below water level and 3 to 4 feet of stone above water level.
The cost calculation for the installation has been converted from square feet to linear feet.
Circumference of the pond is approximately 502 linear feet and is currently in good condition with minor erosion and pest concerns.

Lakes - Rip Rap Installation: Lake 9	810	10	1,048 Linear Feet	18.000	100	18,864	2007	20	3	2030	14	no
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Comments: This component is for the application of rip rap for the property pond.
The scope of work calls for the clearing, grading, staking and netting of the backline.
For the pond location, please refer to the property map located in the exhibit section of the study.
After bank preparation, approximately 2 to 3 feet of stone would be installed below water level and 3 to 4 feet of stone above water level.

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Sorted by Group

Britton Falls by Del Webb Homeowners' Association

Item Description	Sub-Group	Number Of Items	Item Type	Item Cost	%	Total Item Cost	Year Built	Useful Life	Life Adj	Year Replace	Year Left	One Time?
The cost calculation for the installation has been converted from square feet to linear feet. Circumference of the pond is approximately 1048 linear feet and is currently in good condition with minor erosion and pest concerns.												

Sub-Total 14 items

815 - Dredging

Dredging	815	99	1 Allowance	0.000	100	0	2014	2	0	2016	0	YES
Comments: It is suggested to have an aquatics (Lake) engineering analysis done to formulate a long term plan for dredging when the time comes. Dredging can be very expensive and can vary greatly in scope and timing. (*Currently there are 12 ponds.)												

Sub-Total 1 items

905 - Entranceway

Entranceway - Light Fixture Replacement & Upgrade	905	20	1 Allowance	3,000.000	100	3,000	2007	10	0	2017	1	no
Comments: This component is for the replacement and/or upgrade of entranceway light fixtures. The component's scope of work includes replacement of all light fixtures and related trenching, wiring and transformers.												

Entranceway - Masonry Repairs & Maintenance	905	20	1 Allowance	7,500.000	100	7,500	2007	7	1	2016	0	no
Comments: This component is for the masonry repairs to the entranceway monument. The plan accounts for the cleaning of the masonry, signage as well as necessary pinning and masonry repairs. The plan assumes only a percentage of masonry repairs will be needed every few years mainly due to the exposure to the natural elements and the normal breakdown of the material's useful life.												

Entranceway - Repair & Maintenance	905	20	1 Allowance	3,500.000	100	3,500	2015	5	0	2020	4	no
Comments: This component is for the repairs of the entranceway areas.												

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Britton Falls by Del Webb Homeowners' Association

<u>Item Description</u>	<u>Sub-Group</u>	<u>Group</u>	<u>Number Of Items</u>	<u>Item Type</u>	<u>Item Cost</u>	<u>%</u>	<u>Total Item Cost</u>	<u>Year Built</u>	<u>Useful Life</u>	<u>Life Adj</u>	<u>Replace</u>	<u>YearLife Left</u>	<u>One Time?</u>
The component assumes the electrical, masonry, carpentry, fence repairs and replacement, cleaning and painting for the entrance area.													

Sub-Total *3 items*

925 - Signs & Monuments

Entranceway - Signage Repairs & Maintenance	925	30	3	Units	1,200.000	100	3,600	2010	30	0	2040	24	no
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Comments:

Sub-Total *1 items*

9000 - General Contingency

Chateau - General Contingency	9000	99	1	Allowance	3,000.000	100	3,000	2015	2	0	2017	1	no
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Comments: This component is for unforeseen items and expenses that may occur within the Chateau facility.

General Contingency	9000	50	1	Allowance	6,000.000	100	6,000	2015	2	0	2017	1	no
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Comments: The general contingency component is for unforeseeable costs that may occur within the year. Some issues that may be covered by the general contingency, but are not limited to, resolution of drainage problems, wood boring insect infestation, water & sewer main and mold remediation, and dramatic change in the cost of building materials, leading to higher construction and renovation costs. In addition, the general contingency may be used for insurance claims that might be covered under the Community's policy. This would be more cost effective if financed through the reserve funds, in order to avoid higher insurance premiums or loss of coverage due to the excessive number of claims. The plan provides for the annual funding of \$3,000 beginning 2009.

General Contingency	9000	50	1	Allowance	6,000.000	100	6,000	2014	2	0	2016	0	no
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Comments: The general contingency component is for unforeseeable costs that may occur within the year. Some issues that may be covered by the general contingency, but are not limited to, resolution of drainage problems, wood boring insect infestation, water & sewer main and mold remediation, and dramatic change in the cost of building materials, leading to higher construction and renovation costs. In addition, the general

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Sorted by Group

Britton Falls by Del Webb Homeowners' Association

<u>Item Description</u>	<u>Sub-Group</u>	<u>Number Of Items</u>	<u>Item Type</u>	<u>Item Cost</u>	<u>%</u>	<u>Total Item Cost</u>	<u>Year Built</u>	<u>Useful Life</u>	<u>Life Adj</u>	<u>Year Replace</u>	<u>Life Left</u>	<u>One Time?</u>
contingency may be used for insurance claims that might be covered under the Community's policy. This would be more cost effective if financed through the reserve funds, in order to avoid higher insurance premiums or loss of coverage due to the excessive number of claims. The plan provides for the annual funding of \$3,000 beginning 2009.												

Sub-Total *3 items*

9200 - Miscellaneous

Chateau Structural - Engineering Study	9200	99	1 Allowance	0.000	100	0	2014	3	0	2017	1	YES
Comments: Recommended to assure structural integrity.												

Sub-Total *1 items*

Total *80 items*

F. Definitions

Britton Falls by Del Webb HOA, Inc.

Reserve Study

September 8, 2015

Definitions

Annual Assessment – Amount paid by Association members to cover all Association operating costs and contributions to the Association’s reserve fund.

Asset or Component - Individual line items in the Reserve Study developed or updated in the Physical Analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association Responsibility, 2) with limited Useful Life expectancies, 3) have predictable Remaining Life expectancies, 4) above a minimum threshold cost, and 5) required by local codes.

Cash Flow Method - A method of developing 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 anticipated schedule of Reserve expenses until the desired Funding Goal is achieved.

Component Condition – A classification of individual components of inventory based on the items condition. The condition descriptions and Sub-Group codes used in the component inventory are as follows:

10- Excellent or New: Component or system is in “as new” condition, requiring no rehabilitation and should perform in accordance with expected performance.

20-Good Condition: Component or system is sound and performing its function, although it may show signs of normal wear and tear. Some minor rehabilitation work may be required.

30-Fair Condition: Component or system falls into one or more of the following categories: a) Evidence of previous repairs not in compliance with commonly accepted practice, b) Workmanship not in compliance with commonly accepted standards, c) Component or system is obsolete, d) Component or system approaching end of expected performance. Repairs or replacement is required to prevent further deterioration or to prolong expected life.

40-Poor Condition or Replacement: Component or system has either failed or cannot be relied upon to continue performing its original function as a result of having exceeded its expected performance, excessive deferred maintenance, or state of disrepairs. Present condition could contribute to or cause the deterioration of other adjoining elements or systems. Repair or replacement is required.

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50-Adequate: A component or system is of capacity that is defined as enough for what is required, sufficient, suitable, and/or conforms to standard construction

This rating condition only pertains to the existing component evaluated at the time of inspection. All future repairs and installation will be noted as *Good Condition*.

Component Inventory - The task of selecting and quantifying Reserve Components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representatives.

Contingency or allowance – An allotment for miscellaneous components or unpredictable expenses.

Contribution – The portion of the member’s assessment that is placed into the reserve fund.

Current Cost – Cost to replace or repair a component today.

Deficit - An actual (or projected) Reserve Balance, which is less than the Fully Funded Balance.

Effective Age – Also referred to as “**Adjusted Life**”, the difference between Useful Life and Remaining Useful Life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in the computations.

Financial Analysis - The portion of the Reserve Study where current status of the Reserves (Measured as cash or Percent Funded) and a recommended Reserve contribution rate (Reserve Funding Plan) are derived, and the projected Reserve income and expense over time is presented. The Financial Analysis is one of the two parts of the Reserve Study.

Full Funding - When the actual (or projected) cumulative Reserve balance for all components is equal to the Fully Funded Balance.

Fully Funded Balance – Reserve Fund balance equal to the sum of all component’s fully funded balance. The calculation of a component’s fully funded balance is as follows:

Fully funded balance = (Current Age/Useful Life) x Current Cost.

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Definitions (continued)

Fund Status - The status of the Reserve Fund as compared to an established benchmark, such as percent funding. The following classifications of Fund Status are used in this study:

- **0%-30% Funded** - Is considered to be a “weak” financial position. Associations that fall into this category are subject to special assessments and deferred maintenance, which could lead to lower property values. If the Association is in this position, actions should be taken to improve the financial strength of the reserve

- **31%-69% Funded** – The majority of Associations are considered to be in this “fair and reasonable” financial position. While there is room for additional financial strength and stability, the likelihood of special assessments and deferred maintenance is diminished. Effort should be taken to continue strengthening the financial position of the reserve fund.

- **70%-99% Funded** – This is considered “strong” financial position. This indicates financial strength of a reserve fund and every attempt to maintain this level should be a goal of the Association.

- **100% Funded** – This is the “ideal” amount of reserve funding. This means that the Association has the exact amount of funds in the reserve account that should be needed at any given time.

Funding Goals - Independent of methodology utilized, the following represent the basic categories of Funding Plan Goals.

- **Baseline Funding:** Establishing a Reserve funding goal of keeping the Reserve Balance above zero.

- **Component Full Funding:** Setting a Reserve funding goal of attaining and maintaining cumulative Reserves at or near 100% funded. Full Funding = (Current Age/Useful Life) x Current Cost.

- **Threshold Funding:** Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount. Depending on the threshold, this may be more or less conservative than the "Component Fully Funding" method.

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Definitions (continued)

Funding Plan - An associations plan to provide income to a Reserve fund to offset anticipated expenditures from that fund.

Funding Principles – The following principles underlie the methods and objective of this reserve study:

- Sufficient Funds When Required
- Stable Contribution Rate over the Years
- Evenly Distributed Contributions over the Years
- Fiscally Responsible

Life and Valuation Estimates - The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components.

Percent Funded - The ratio, at a particular point of time (*typically the beginning of the Fiscal Year*), of the actual (*or projected*) Reserve Balance to the accrued *Fund Balance*, expressed as a percentage.

Physical Analysis - The portion of the Reserve Study where the Component Inventory, Condition Assessment, and Life and Valuation Estimate tasks are performed. This represents one of the two parts of the Reserve Study.

Remaining Useful Life (RUL) - Also referred to as "**Remaining Life**" (RL). The estimated time, in years, that a reserve component can be expected to *continue* to serve its intended function. Projects anticipated to occur in the initial year have "0" Remaining Useful Life.

Replacement Cost - The cost of replacing, repairing, or restoring a Reserve Component to its original functional condition. The Current Replacement Cost would be the cost to replace, repair, or restore the component during that particular year.

Replacement Year - Also referred to as "**Year Replaced**". Year that component is projected to be replaced or repaired.

Reserve Balance - Actual or projected funds as of a particular point in time (typically the beginning of the fiscal year) that the association has identified for use to defray the future repair or replacement of those major components in which the association is obligated to maintain. Also known as Reserves, Reserve Accounts, Cash Reserves. This is based upon information provided and is not audited.

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Definitions (continued)

Reserve Fund – Assets (usually cash) accumulated and set aside to pay the cost of replace and capital maintenance of common property components.

Reserve Fund Expenditure Plan – Schedule of expenditures of reserve funds over a particular time horizon (usually 20 or 30 years).

Reserve Study - A budget-planning tool that identifies the current status of the Reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures. The Reserve Study consists of two parts: The Physical Analysis and the Financial

Special Assessment - An assessment levied on the members of an association in addition to regular assessments. Special Assessments are often regulated by governing documents or local statutes.

Study Period – The time frame over which the physical and financial analysis of the reserve study is conducted. By professional standards, this period must be at least twenty years.

Surplus - An actual (or projected) Reserve Balance that is greater than the Fully Funded Balance.

Useful Life (U L) - Also known as "Life Expectancy". The estimated time, in years, that a Reserve component can be expected to serve its intended function if properly constructed and maintained in its present application or installation.

Unit Cost – Also referred to as “**Item Cost**”. Cost per Unit.

Unit of Measure – Also referred to as “**Item Type**”. Unit used measure component (explanations shown below)

Sq. Ft. – Square Feet

Sq. Yd. – Square Yards

Ln. Ft. - Linear Feet

Total – Total cost for the component