

Reserve Analysis Report

Windemere Court HOA

3950 Cleveland Ave
San Diego, CA 92103

For Fiscal Year End:
August 28, 2012

Level I Study with Site Inspection



8597 Via Mallorca Suite E
La Jolla, CA 92037
Phone: 858-764-1895
Fax: 800-436-3816

brian@mccafferyreserveconsulting.com
www.mccafferyreserveconsulting.com

Condensed Draft Reserve Study

This report is your condensed draft reserve study. It contains only the pages that are required to be mailed with your annual budget package. The report should be reviewed by any necessary parties such as board members and property managers. Please let us know if you have any questions, changes, or modifications. Once this draft has been reviewed and approved let us know and we will send out the final report. The final report will contain additional details, charts, and pictures if a site inspection was conducted.

California Civil Code Requirements

Assessment and Reserve Funding Disclosure Summary Explanation

California Civil Code Section 1365 requires a specific reserve disclosure form to be updated annually and included every year in the annual budget that is sent to owners. As your reserve provider we have included this form with your reserve study.

Funding Plan

Commencing January 1st 2009, California Civil Code requires associations to adopt a funding plan and summarize it in their annual budget.

Civil Code requires reserve studies to include an estimate of the total annual contribution necessary to defray the cost to repair, replace, restore, or maintain the components identified during and at the end of their useful life. This is included in the attached study.

Civil Code also requires association to specify a funding plan that indicates how the association plans to fund the necessary annual contribution described in the report. We have included multiple funding plans in this study. If you would like us to include a custom funding plan in our study please send us a copy and we will add it to the report.

Please Note

We have used the budget numbers that were given to us during the current fiscal year. If the association would like us to use the budget numbers from the upcoming fiscal year in the disclosure summary and the associated calculations please contact us after the new budget for the upcoming year has been finalized.

If regular or special assessments vary you must attach a sheet that summarizes this.

For all calculations on the form and in the report we assume the association will raise its dues 3% per year for the next 30 years. If the association has an alternative plan that you would like us to take into account and/or document in the study please let us know.

Preface

The cost source number for each component is provided in the component summary and details. An explanation of each follows:

1. **Local Historical Cost** – Cost based on bids for similar work done in same area and/or estimating cost manual.
2. **McCaffery Estimate** – Estimate or Allowance made by McCaffery Staff Member.
3. **Board/Manager Direction** – Cost estimate provided by board member or property manager.
4. **Bid/Contract** – Cost came from actual bid or contract.
5. **DRE** – Cost came from the DRE budget.
6. **Previous Study** – Cost came from previous reserve study.

Glossary of Terms:

Contingency – An allowance for miscellaneous components or unpredictable expenses. (5% of total current cost unless directed otherwise)

Current Budgeted Reserve Assessment – Amount currently being deposited into reserve account. Provided by Property Manager or Board Member.

Depreciation This Year – Amount that should be saved for component during current year. Provided for each component and summed for all components. If the association is 100% funded this is the amount they should contribute to the reserve fund annually.
=(Total Current Cost / Normal Useful Life)

Fully Funded Balance – The total depreciation over the life of the component. In other words, the amount that should have been saved during the life of the component. Provided for each component and summed for all components =((Normal Life – Remaining Life) * Depreciation This Year)

Normal Useful Life – Typical useable life for a component.

Percent Funded – The percentage of the fully funded balance that the CID has in reserve fund. (Projected Balance/ Fully Funded Balance)

Projected Balance – Projected balance at fiscal year end with current funding plan. Calculated using current reserve balance, remaining contributions to reserves before year-end, and planned expenses before year-end.

Recommended Reserve Contribution – Recommended amount that the CID should allocate into reserves.

Remaining Life – Expected remaining useable life of component. (0 year remaining life means the component will be serviced in the upcoming fiscal year)

Replacement Year – Year that component is projected to be replaced or repaired.

Total Cost – Total cost to replace entire quantity of component in today's dollars.
=(Quantity x Unit Cost)

Total Future Cost - Current cost adjusted to future cost taking into account inflation and replacement year. =(Current Cost * (1+ inflation rate)^(Replacement Year-Present Year))

Threshold Reserve Contribution – Reserve contribution that should be allocated into reserves to keep reserve balance above a minimum amount during the next 30 years. (Minimum amount is 5% of total replacement cost unless otherwise noted)

Under Funded – Amount association is short of fully funded balance; also known as a deficit. =(Fully Funded Balance – Projected Balance)

Unit Cost – Cost per Unit.

Unit of Measure – Unit used to measure component. (Explanations shown below)

SF – Square Feet

SY – Square Yard

LF – Linear Feet

Each – Per Single Unit

Lump Sum - Total cost for component

Allowance – Allowance for component repair or replacement

Contract – Cost obtained from actual contract or bid

Useful Life – Time in years component is expected to last.

Assessment and Reserve Funding Disclosure Summary
 Windemere Court HOA
 For Fiscal Year Ending 02/28/12

(1) The current regular assessment per ownership interest per month is:

\$ 215.00 per month for the year ending 02/28/12

(2) Additional regular or special assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the board and/or members: (As of 4/16/2012)

Date Assessment is Due	Amount per unit	Purpose of Assessment
NA		
Total:		

(3) Based upon the most recent reserve study and other information available to the board of directors, will currently projected reserve account balances be sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major components during the next 30 years?

Yes ___ No X

Note: This calculation assumes the association will raise their current reserve contribution 3% per year over the next 30 years.

(4) If the answer to #3 is no, what additional assessments or other contributions to reserves would be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years?

Increase the monthly reserve contribution by \$ 35.00 per unit

For more detail see attached theoretical 30 year funding plans.

Note: This calculation assumes the association will raise their current reserve contribution 3% per year over the next 30 years.

(5) All major components appropriate for reserve funding are included in the reserve study and are included in it's calculations.

(6) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 1365.2.5 of the civil code the estimated amount required in the reserve fund at the end of the current fiscal year is:

\$ 175,352

based in whole or in part on the last reserve study or update prepared by McCaffery Reserve Consulting as of 2/28/2012 the projected reserve fund cash balance at the end of the current fiscal year is: \$ 154,586 resulting in the reserves being 88% funded at this date.

(7) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 1365.2.5 of the civil code the projected required amount in reserves, projected reserve fund cash balance and projected percent funded for each of the next 5 years is:

Year	Amt Required	Proj. Balance	% Funded
2013	\$ 191,992	\$ 153,178	80%
2014	\$ 158,034	\$ 104,043	66%
2015	\$ 178,175	\$ 104,426	59%
2016	\$ 137,871	\$ 47,890	35%
2017	\$ 160,293	\$ 48,848	30%

For more detail see attached theoretical 30 year funding plans.

Note: This calculation assumes the association will raise their reserve contribution 3% per year over the next 30 years.

NOTE: The financial representations set forth in this summary are based on the best estimates of the preparer at that time. The estimates are subject to change. At the time this summary was prepared, the assumed long-term before-tax interest rate was : 2.00% per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was: 3.00% per year

(b) For the purposes of preparing a summary pursuant to this section:

(1) "Estimated remaining useful life" means the time reasonably calculated to remain before a major component will require replacement.

(2) "Major component" has the meaning used in Section 1365.5. Components with an estimated remaining useful life of more than 30 years may be included in a study as a capital asset or disregarded from the reserve calculation, so long as the decision is revealed in the reserve study report and reported in the Assessment and Reserve Funding Disclosure Summary.

(3) The form set out in subdivision (a) shall accompany each pro forma operating budget or summary thereof that is delivered pursuant to this article. The form may be supplemented or modified to clarify the information delivered, so long as the minimum information set out in subdivision (a) is provided.

(4) For the purpose of the report and summary, the amount of reserves needed to be accumulated for a component at a given time shall be computed as the current cost of replacement or repair multiplied by the number of years the component has been in service divided by the useful life of the component. This shall not be construed to require the board to fund reserves in accordance with this calculation.

The preparer of this form will be indemnified and held harmless against all losses, claims, action, damages, expenses or liabilities, including reasonable attorneys' fees, to which we may become subject in connection with this engagement, because of any false, misleading or incomplete information which has been relied upon by others, or which may result from any improper use or reliance on the disclosure.

Executive Summary

Windemere Court HOA

This is a Homeowners Association with 29 Condominium Units.

The common area components include: elevator, spa, and building exterior.

A Full Study with an on-site inspection was performed on April 11th, 2012

Number of Units	29
Year Built	1986
Fiscal Year End	February 28, 2012

Reserve Fund Balance February 28, 2012

Fully Funded Reserve Balance	\$ 175,352
Projected Balance	\$ 154,586
Under Funded (Deficiency in Reserve Funding)	\$ 20,766
Deficiency in Reserve Funding Per Unit	\$ 716.07
Percent Funded	88.2%

	Annually	Monthly	Per Unit Monthly
2012 Budgeted Reserve Assessment	\$ -	\$ -	\$ -
Depreciation of Components in 2012	\$ 15,773	\$ 1,314	\$ 45.33
Threshold Reserve Contribution for 2013	\$ 12,180	\$ 1,015	\$ 35.00
Recommended Reserve Contribution for 2013	\$ 15,600	\$ 1,300	\$ 44.83

Component Summary

Windemere Court HOA

Category Component	Approx. Quantity	Unit of Measure	Useful Life	Remaining Life	Unit Cost	Total Cost	Depreciation This Year	Fully Funded Balance	Depre. %	Monthly Contribution	Cost Source
Roofing/Decking											
Composite Shingles	5900	SF	25	3	\$ 3.70	\$ 21,830	\$ 873	\$ 19,210	5.54%	\$ 71.97	1
Built-Up Roofing	5100	SF	15	6	\$ 4.50	\$ 22,950	\$ 1,530	\$ 13,770	9.70%	\$ 126.10	1
Gutters & Downspouts	1	Allowance	25	17	\$ 5,000	\$ 5,000	\$ 200	\$ 1,600	1.27%	\$ 16.48	1
Skylights Large	2	Each	20	11	\$ 375	\$ 750	\$ 38	\$ 338	0.24%	\$ 3.09	1
Skylights Small	3	Each	20	1	\$ 257	\$ 771	\$ 39	\$ 732	0.24%	\$ 3.18	1
Upper Walkway Recoat	2950	SF	5	3	\$ 1.60	\$ 4,720	\$ 944	\$ 1,888	5.98%	\$ 77.80	1
Upper Walkway Resurface	2950	SF	25	3	\$ 6.00	\$ 17,700	\$ 708	\$ 15,576	4.49%	\$ 58.35	1
						\$ 73,721	\$ 4,331	\$ 53,114	27.46%	\$ 356.97	
Painting											
Exterior Wood Exposed	9600	SF	5	1	\$ 1.00	\$ 9,600	\$ 1,920	\$ 7,680	12.17%	\$ 158.24	1
Exterior Wood Courtyard	12600	SF	10	1	\$ 1.00	\$ 12,600	\$ 1,260	\$ 11,340	7.99%	\$ 103.85	1
Doors	43	Each	10	1	\$ 45.00	\$ 1,935	\$ 194	\$ 1,742	1.23%	\$ 15.95	1
Metal Rails/Gates/Fence	442	LF	5	1	\$ 6.00	\$ 2,652	\$ 530	\$ 2,122	3.36%	\$ 43.71	1
Wood Replacements	1	Allowance	10	1	\$ 2,500	\$ 2,500	\$ 250	\$ 2,250	1.58%	\$ 20.60	1
						\$ 29,287	\$ 4,154	\$ 25,133	26.33%	\$ 342.35	
Paving											
Garage Floor Clean/Restripe	1	Allowance	10	1	\$ 1,200	\$ 1,200	\$ 120	\$ 1,080	0.76%	\$ 9.89	1
Concrete Paving @ Courtyard & Entry	1	Allowance	15	2	\$ 1,600	\$ 1,600	\$ 107	\$ 1,387	0.68%	\$ 8.79	1
						\$ 2,800	\$ 227	\$ 2,467	1.44%	\$ 18.68	
Fencing/Rails											
Metal 2' Balcony Rails	112	LF	30	6	\$ 28.00	\$ 3,136	\$ 105	\$ 2,509	0.66%	\$ 8.62	1
Courtyard Rail Repairs	1	Allowance	10	3	\$ 2,000	\$ 2,000	\$ 200	\$ 1,400	1.27%	\$ 16.48	1
Vinyl Fencing	130	LF	25	18	\$ 55.00	\$ 7,150	\$ 286	\$ 2,002	1.81%	\$ 23.57	1
Pedestrian Gates	2	Each	25	3	\$ 800	\$ 1,600	\$ 64	\$ 1,408	0.41%	\$ 5.27	1
Vehicle Gate	1	Each	25	6	\$ 2,500	\$ 2,500	\$ 100	\$ 1,900	0.63%	\$ 8.24	1
Vehicle Gate Operator	1	Each	15	1	\$ 2,600	\$ 2,600	\$ 173	\$ 2,427	1.10%	\$ 14.29	1
Entry Intercom	1	Each	15	11	\$ 2,500	\$ 2,500	\$ 167	\$ 667	1.06%	\$ 13.74	1
						\$ 21,486	\$ 1,095	\$ 12,312	6.94%	\$ 90.21	
Mechanical/Plumbing											
Hot Water Heater	1	Each	20	0	\$ 4,500	\$ 4,500	\$ 225	\$ 4,500	1.43%	\$ 18.54	1
Hot Water Storage Tank	1	Each	15	10	\$ 2,200	\$ 2,200	\$ 147	\$ 733	0.93%	\$ 12.09	1
Garage Exhaust Fan 5 HP	1	Each	15	3	\$ 1,300	\$ 1,300	\$ 87	\$ 1,040	0.55%	\$ 7.14	1
Sump Pumps & Controls	2	Each	10	1	\$ 1,500	\$ 3,000	\$ 300	\$ 2,700	1.90%	\$ 24.73	1
Fire Alarm Control Panel	1	Each	20	1	\$ 1,500	\$ 1,500	\$ 75	\$ 1,425	0.48%	\$ 6.18	1
Fire Extinguishers/Cabinets		Included in Operating Budget									1
Elevator Modernization	1	Each	30	5	\$ 45,000	\$ 45,000	\$ 1,500	\$ 37,500	9.51%	\$ 123.63	1
Elevator Cab Remodel	1	Each	25	1	\$ 4,000	\$ 4,000	\$ 160	\$ 3,840	1.01%	\$ 13.19	1
Plumbing Repairs	1	Allowance	20	12	\$ 10,000	\$ 10,000	\$ 500	\$ 4,000	3.17%	\$ 41.21	1
						\$ 71,500	\$ 2,993	\$ 55,738	18.98%	\$ 246.70	

Category	Approx. Quantity	Unit of Measure	Useful Life	Remaining Life	Unit Cost	Total Cost	Depreciation This Year	Fully Funded Balance	Depre. %	Monthly Contribution	Cost Source
Landscaping											
Irrigation System Upgrade	1	Allowance	15	1	\$ 1,600	\$ 1,600	\$ 107	\$ 1,493	0.68%	\$ 8.79	1
Planter Waterproofing	1	Allowance	20	1	\$ 3,000	\$ 3,000	\$ 150	\$ 2,850	0.95%	\$ 12.36	1
						\$ 4,600	\$ 257	\$ 4,343	1.63%	\$ 21.15	
Lighting											
Wall Mount Floods			Included in Operating Budget								1
Ceiling Mounted Courtyard	31	Each	20	1	\$ 60	\$ 1,860	\$ 93	\$ 1,767	0.59%	\$ 7.66	1
Ceiling Mounted Garage	9	Each	20	1	\$ 120	\$ 1,080	\$ 54	\$ 1,026	0.34%	\$ 4.45	1
Exit Light Fixtures	6	Each	20	1	\$ 130	\$ 780	\$ 39	\$ 741	0.25%	\$ 3.21	1
Column Lights (Bollards)	6	Each	25	3	\$ 400	\$ 2,400	\$ 96	\$ 2,112	0.61%	\$ 7.91	1
						\$ 6,120	\$ 282	\$ 5,646	1.79%	\$ 23.24	
Miscellaneous											
Mailboxes	30	Each	25	3	\$ 70	\$ 2,100	\$ 84	\$ 1,848	0.53%	\$ 6.92	1
Termite Tenting	1	Allowance	10	6	\$ 16,000	\$ 16,000	\$ 1,600	\$ 6,400	10.14%	\$ 131.87	1
						\$ 18,100	\$ 1,684	\$ 8,248	10.68%	\$ 138.79	
Contingency											
5%							\$ 751	\$ 8,350	4.76%	\$ 61.90	1
TOTALS						\$ 227,614	\$ 15,773	\$ 175,352	100%	\$ 1,300	

Notes: Any other items not listed are included in operating budget.

Components with depreciation % greater than 25% are denoted in blue

Remaining life of 0 in Red

Theoretical 30 Year Funding Plans

Windemere Court HOA

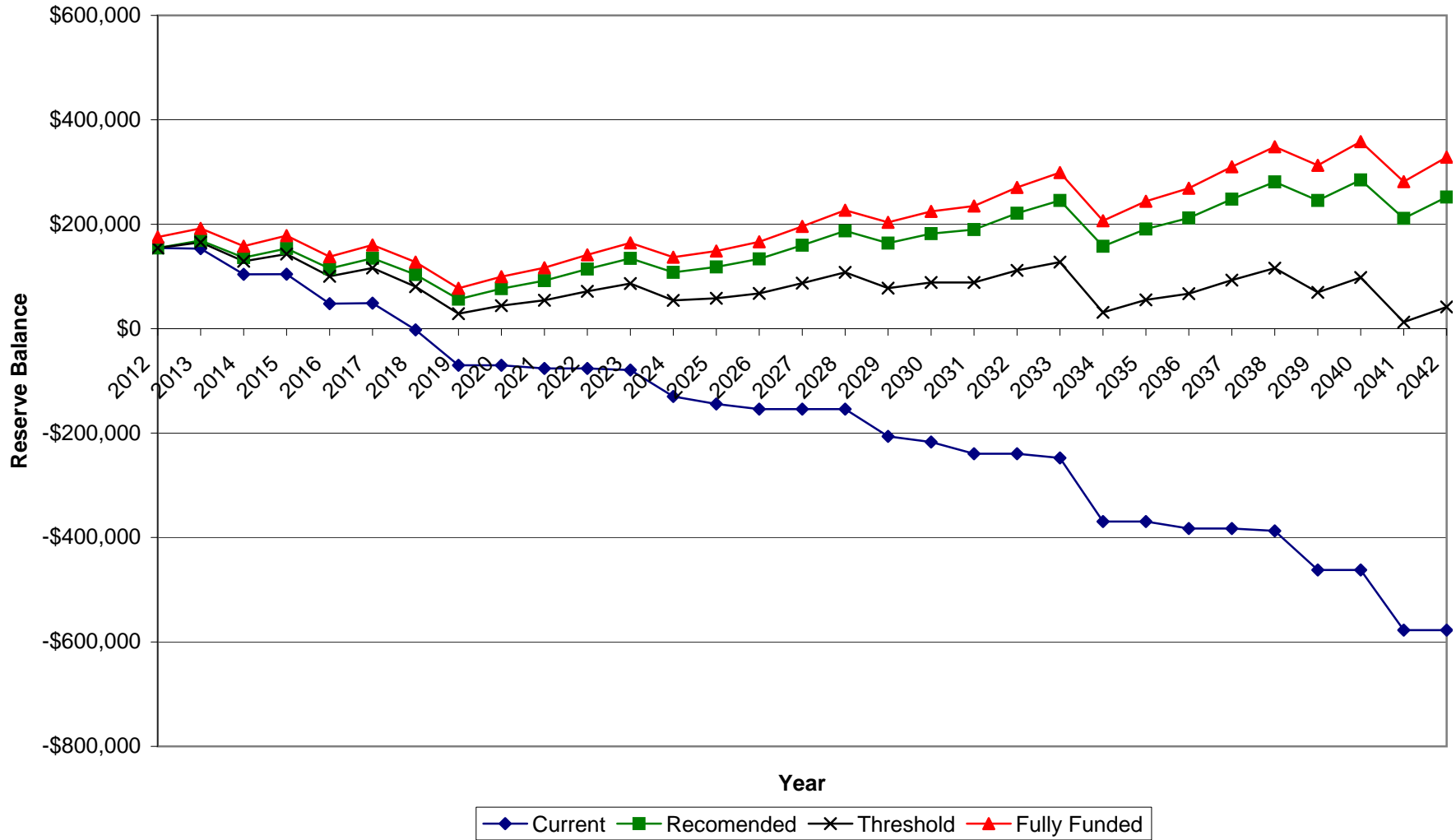
Above 70% = Well Funded Between 30% and 70% = Fairly Funded Below 30% = Poorly Funded

Before Tax Interest Rate	2.0%
Annual Inflation Rate	3.0%
Annual Dues Increase	3.0%

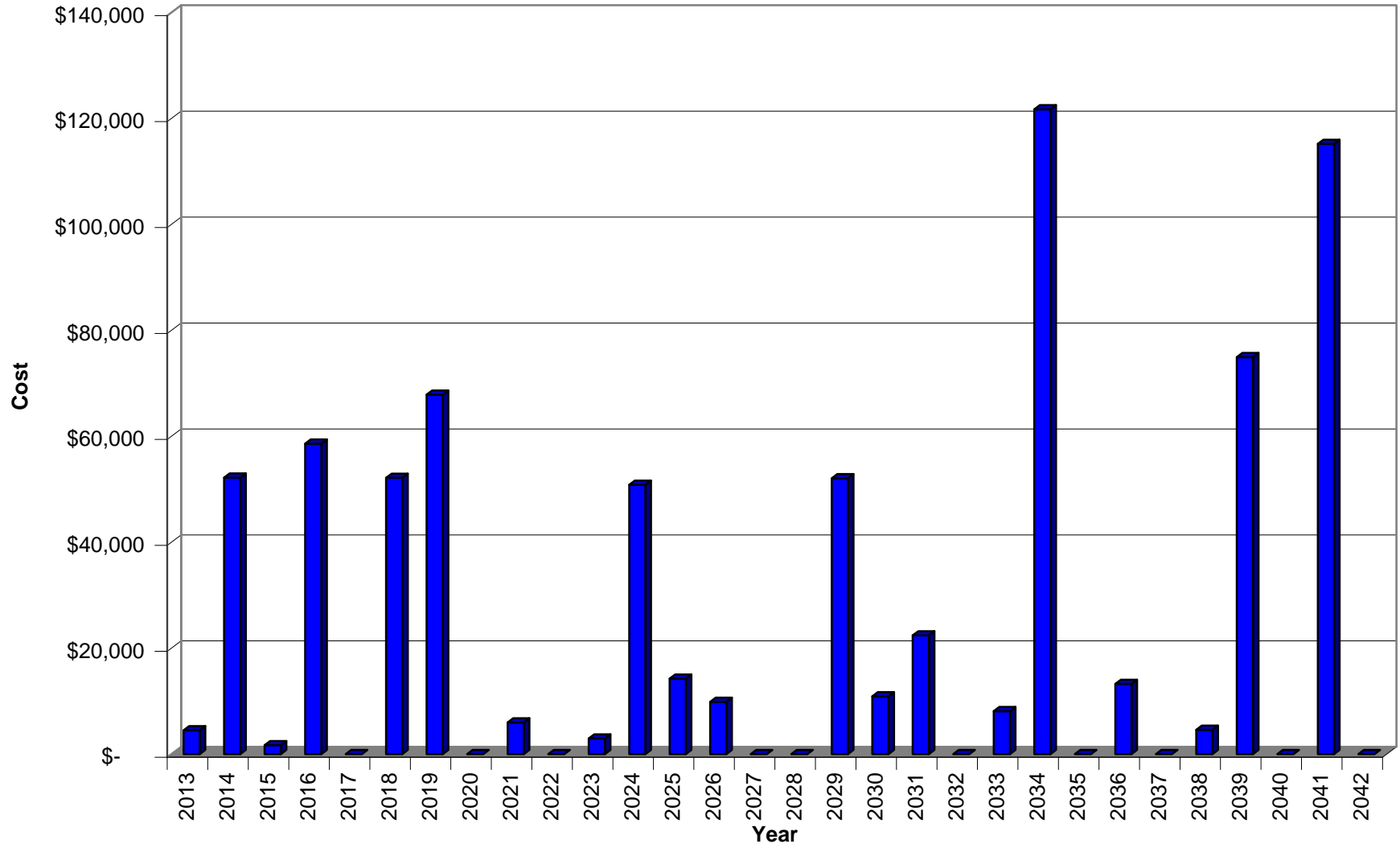
Year End	Annual Expenses	Fully Funded Balance	Current Funding Plan			Recommended Funding Plan			Threshold Funding Plan		
			Contribution	Balance	% Funded	Contribution	Balance	% Funded	Contribution	Balance	% Funded
2012	\$ -	\$ 175,352	\$ -	\$ 154,586	88%	\$ -	\$ 154,586	88%	\$ -	\$ 154,586	88%
2013	\$ 4,500	\$ 191,992	\$ -	\$ 153,178	80%	\$ 15,600	\$ 168,778	88%	\$ 12,180	\$ 165,358	86%
2014	\$ 52,198	\$ 158,034	\$ -	\$ 104,043	66%	\$ 16,068	\$ 136,023	86%	\$ 12,545	\$ 129,012	82%
2015	\$ 1,697	\$ 178,175	\$ -	\$ 104,426	59%	\$ 16,550	\$ 153,596	86%	\$ 12,922	\$ 142,816	80%
2016	\$ 58,625	\$ 137,871	\$ -	\$ 47,890	35%	\$ 17,047	\$ 115,090	83%	\$ 13,309	\$ 100,357	73%
2017	\$ -	\$ 160,293	\$ -	\$ 48,848	30%	\$ 17,558	\$ 134,949	84%	\$ 13,709	\$ 116,073	72%
2018	\$ 52,167	\$ 127,517	\$ -	\$ (2,342)	-2%	\$ 18,085	\$ 103,566	81%	\$ 14,120	\$ 80,347	63%
2019	\$ 67,868	\$ 77,343	\$ -	\$ (70,210)	-91%	\$ 18,627	\$ 56,397	73%	\$ 14,544	\$ 28,630	37%
2020	\$ -	\$ 99,645	\$ -	\$ (70,210)	-70%	\$ 19,186	\$ 76,711	77%	\$ 14,980	\$ 44,183	44%
2021	\$ 5,979	\$ 116,748	\$ -	\$ (76,189)	-65%	\$ 19,762	\$ 92,027	79%	\$ 15,429	\$ 54,517	47%
2022	\$ -	\$ 141,449	\$ -	\$ (76,189)	-54%	\$ 20,354	\$ 114,222	81%	\$ 15,892	\$ 71,499	51%
2023	\$ 2,957	\$ 164,329	\$ -	\$ (79,146)	-48%	\$ 20,965	\$ 134,515	82%	\$ 16,369	\$ 86,341	53%
2024	\$ 50,853	\$ 136,751	\$ -	\$ (129,998)	-95%	\$ 21,594	\$ 107,947	79%	\$ 16,860	\$ 54,075	40%
2025	\$ 14,258	\$ 148,598	\$ -	\$ (144,256)	-97%	\$ 22,242	\$ 118,090	79%	\$ 17,366	\$ 58,265	39%
2026	\$ 9,869	\$ 166,242	\$ -	\$ (154,125)	-93%	\$ 22,909	\$ 133,493	80%	\$ 17,887	\$ 67,449	41%
2027	\$ -	\$ 195,804	\$ -	\$ (154,125)	-79%	\$ 23,596	\$ 159,759	82%	\$ 18,423	\$ 87,221	45%
2028	\$ -	\$ 226,989	\$ -	\$ (154,125)	-68%	\$ 24,304	\$ 187,258	82%	\$ 18,976	\$ 107,941	48%
2029	\$ 52,076	\$ 203,550	\$ -	\$ (206,201)	-101%	\$ 25,033	\$ 163,961	81%	\$ 19,545	\$ 77,570	38%
2030	\$ 10,909	\$ 224,712	\$ -	\$ (217,109)	-97%	\$ 25,784	\$ 182,116	81%	\$ 20,132	\$ 88,344	39%
2031	\$ 22,421	\$ 234,864	\$ -	\$ (239,530)	-102%	\$ 26,558	\$ 189,895	81%	\$ 20,736	\$ 88,425	38%
2032	\$ -	\$ 270,399	\$ -	\$ (239,530)	-89%	\$ 27,355	\$ 221,048	82%	\$ 21,358	\$ 111,552	41%
2033	\$ 8,128	\$ 299,064	\$ -	\$ (247,658)	-83%	\$ 28,175	\$ 245,516	82%	\$ 21,998	\$ 127,654	43%
2034	\$ 121,715	\$ 206,624	\$ -	\$ (369,373)	-179%	\$ 29,021	\$ 157,732	76%	\$ 22,658	\$ 31,150	15%
2035	\$ -	\$ 243,953	\$ -	\$ (369,373)	-151%	\$ 29,891	\$ 190,778	78%	\$ 23,338	\$ 55,111	23%
2036	\$ 13,263	\$ 268,993	\$ -	\$ (382,636)	-142%	\$ 30,788	\$ 212,119	79%	\$ 24,038	\$ 66,989	25%
2037	\$ -	\$ 310,089	\$ -	\$ (382,636)	-123%	\$ 31,712	\$ 248,073	80%	\$ 24,759	\$ 93,088	30%
2038	\$ 4,606	\$ 348,426	\$ -	\$ (387,242)	-111%	\$ 32,663	\$ 281,091	81%	\$ 25,502	\$ 115,846	33%
2039	\$ 74,946	\$ 312,863	\$ -	\$ (462,188)	-148%	\$ 33,643	\$ 245,410	78%	\$ 26,267	\$ 69,484	22%
2040	\$ -	\$ 358,337	\$ -	\$ (462,188)	-129%	\$ 34,652	\$ 284,970	80%	\$ 27,055	\$ 97,929	27%
2041	\$ 115,197	\$ 281,673	\$ -	\$ (577,385)	-205%	\$ 35,692	\$ 211,164	75%	\$ 27,867	\$ 12,557	4%
2042	\$ -	\$ 328,409	\$ -	\$ (577,385)	-176%	\$ 36,762	\$ 252,150	77%	\$ 28,703	\$ 41,512	13%

Note: All future projections are theoretical. The estimated lives and costs of components will likely change over time depending on factors such as inflation rates and levels of maintenance. Reserve analysis should be performed annually to account for these factors.

30 Year Reserve Balance Projection



Projected Annual Expenditures



Disclaimer

This report attempts to determine the estimated remaining useful life of the components that can be visually observed. This report is expressly for the use of the client and only for the purpose of establishing reserve funding requirements. The study is not a guarantee or warranty, or a recommendation to purchase. Estimated remaining useful lives are calculated with reasonable consideration for weather conditions. Natural disasters, including seismic activity will not be addressed in this report. Reserve Funding for earthquake damages and other disasters exceeds the scope of the study. We recommend the development consider additional insurance to cover unforeseen disasters. We assume the components of the association will receive proper maintenance. The report is expressly for the use of the client and only for the purpose of establishing reserve funding requirements.

In providing the opinions of probable construction costs, the client understands that McCaffery Reserve Consulting (MRC) has no control over costs or the price of labor, equipment or materials, or over the contractor's method of pricing, and that the opinions of probable construction costs provided herein are to be made on the basis of MRC's qualifications and experience. MRC makes no warranty, expressed or implied, as to the accuracy of such opinions as compared to bid or actual costs.

Because the reserve study is a projection, the estimated lives and costs of components will likely change over time depending on a variety of factors such as future inflation rates and levels of maintenance applied by future boards, unknown defects in materials that may lead to premature failures, etc. As a result, some components may experience longer lives while others will experience premature failures. Some components may cost less at the time of replacement due to changes in manufacturing methods while others may cost more due to material shortages or high demand. All future projections are therefore theoretical and reserve studies should be updated annually.

MRC has made a reasonable effort to ensure that the report is accurate. This study does not preclude errors resulting from unforeseen conditions or circumstances. The scope of this report is expressly limited to the components described herein. MRC has obtained certain information, documentation and materials from the association agent and the reserve study is based upon the accuracy of such information. Material inaccuracies could adversely effect the reserve study. MRC is not responsible for such inaccuracies. This study is limited to a visual observation. There has been neither destructive testing nor inspection of the interior of private units; floors, wall or ceiling cavities, or structural elements. It is assumed that the components have been constructed per original construction documents and comply with applicable codes. This study is not designed to uncover latent or patent defects. Estimates represent replacement of a component with similar materials unless otherwise noted. Local building codes have not been researched to determine whether or not current ordinances will permit the replacement of any component with components of like material. The estimates do not take into account the abbreviated useful life of a component as a result of its original construction, installation, or design. MRC is not responsible for any claims, demands, or damages arising out of the discovery of asbestos, radon or any environmental claims, demands or damages. We do not assume any liability for damages which may result from this study. We are not responsible for conditions this report fails to disclose. The information contained in this study is deemed reliable as of the date of this study, but is not guaranteed.

The Association, by accepting this study, agrees to release MRC from any claims, demands or damages. The Association, in consideration of MRC performing the reserve study, hereby agrees to indemnify, defend and hold harmless MRC from and against any and all liability, damages, losses, claims, demands, or lawsuits arising out of or relating to this reserve study.

The information contained within the report is assembled in conjunction with the client and is intended to assist the client with its reserve planning. MRC does not guarantee, either explicitly or implied, that all repair and replacement items have been identified, the accuracy of the probable costs or the product lives associated with these items.