

# ***REPAIR & REPLACEMENT RESERVE REPORT***

## ***HARRISON SQUARE HOMEOWNERS ASSOCIATION Washington, DC***



***Prepared For:  
Board of Directors  
Harrison Square Homeowners Association  
C/o: Mr. John Theoharis  
Theoharis Management  
2120 16th Street, NW Suite 205  
Washington, DC 20009***

***Project #315059***

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***Prepared by:***

***PROPERTY DIAGNOSTICS, INC.  
P.O. Box 3453  
Crofton, Maryland 21114***

# HARRISON SQUARE HOMEOWNERS ASSOCIATION

## EXECUTIVE STATEMENT

This Repair and Replacement Reserve Schedule Report has been developed for Harrison Square HOA, Board of Directors, for the specific purpose of reviewing the major components and developing a Repair and Replacement Reserve Schedule based on our research and observation of the property. Our report contains two different methods of reserve analysis. The first section presents the Component Method and the second section presents the Cash Flow Method.

The difference between the component method and cash flow method, the component method list all features of the property that will require repair or replacement over the normal useful life. The component annual contribution is based on the property's requirement to fund repairs or replacements at the time of the site analysis. This may result in short term higher contributions in an effort to catch up short falls in the reserve account. The component method has no means of readjusting the annual contribution after a component is repaired or replaced. For example, a roof requiring to be replaced within the next ten years will require an annual contribution of 10% for each year. After replaced a normal useful life of a roof system is 20 years, which results in an annual contribution of 5%. The cash flow method takes into account the activities on the property and the expenditures expected over the next 30 years. Thereby, allowing an adjustment to the annual contribution rather than over funding the reserve account.

The analysis for both methods involved visits to the property with a walk-through of all accessible common areas of the site. Specific areas included the grounds, walkways, mechanical, plumbing and electrical equipment, and common spaces.

The examination was made following generally accepted visual inspection standards and did not include testing of any equipment or physical conditions, unless specific reference is made to such testing. Unless otherwise stated, we have reported only on those items that we were able to observe visually. The inspection did not include removing portions of construction in order to expose concealed conditions. The report is intended to fairly present our professional opinion of the condition of the facility and the component parts to which reference is made in the report, as of the date of this inspection. The report is based upon the visual observations and information provided to us of the age, materials, equipment, and construction techniques that were used subject to the qualifications expressed in this report.

Based on the findings in each of the specific areas reviewed, professional judgment was used in forecasting the remaining life expectancy of the systems and components scheduled in the body of this report. The estimated cost of each component has been identified. The same basis and judgment was used in describing any existing conditions based on estimated cost of all necessary or recommended repairs. This report, therefore, does not constitute or represent a warranty of the property's condition and should not be viewed as such. Rather, the report reflects our professional opinion based on the methodology specified above.

**PROPERTY DIAGNOSTICS, INC.**

*William D. Grimes*



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William D. Grimes  
President

# Understanding your reserve report

## What is a reserve report?

A reserve report is a financial plan for commonly owned properties. Reserve reports are not to be treated as a budget it is a financial plan.

## What does a reserve report include?

A reserve report identifies all common and limited common property owned by a community that will require replacement or refurbishment over the life of the property. The report quantifies all common property, identifies typical life spans of each component, projects remaining life spans of common components, estimates the cost to replace or refurbish each common component, evaluates current fund status of the property's reserve fund, and recommends annual contribution to meet property needs.

## Why does a property need a reserve report?

- Community properties in some municipalities are required to have a reserve report. Virginia is one state that requires an updated reserve every five years, and requires reserve reports be given to prospective purchasers.
- Refinancing firms are requiring reserve reports be updated on a regular bases, and in some cases will not finance a mortgage if the report is not current or the property is not properly funded. These include Fannie Mae, Freddie Mac and FHA loans.
- Fiduciary responsibility is another concern. Present and past board members have been sued personally for not having proper management performed when it comes to properly assessing homeowners for future repairs.
- To maintain the community and protect owners investment.
- To prevent special assessments.
- Buyers are becoming more aware of how community properties are funded and are requesting a review of financial reports before purchasing.

## What components go into a reserve report?

- Any common or limited common component that is not life of building will require replacement or repair over the life of the property and are not performed annually. Items such as landscaping are performed annually, but some properties may require a landscaping fund for major projects like removing trees.

- Depending on the size of the property financial limits are set to eliminate small items, which will be expended out of the general maintenance fund. For example, properties of 100 + units may exclude items under \$1,000.00. Properties with 10 or less units may exclude items under \$100.00.
- Most properties do not reserve for individual parts of components, such as motors for fans, ballast for lights or tubes for chillers for example.

## **How do we know how long a component will last?**

In the financial plan, we use typical property historical information, industry documents such as AIA literature, ASHRAE literature, and manufactures literature, which list expected life of materials and components.

## **How do we know how much a repair or replacement cost?**

Most companies use standard cost guild literature such as Means Construction Cost or The National Insurance Cost Guide. Property Diagnostics is regularly involved in property replacements and repairs, and has developed its own database of costs projections.

## **Component vs. Cash Flow**

Component method is required to develop the list of components and cost, but most all properties use the cash flow method. The cash flow method calculates anticipated expenditures for the property over the next thirty years.

## **When to use funds from the reserve**

Reserve funds should only be used when a component or a section of a component is replaced in full, or in part that will not be discarded when additional replacement occurs. Some examples of when to use reserve funds.

- Sectional concrete replacement
- Large sections of piping replacement
- Higher percentages of pointing work
- Large sections of painting
- Individual floor carpeting

Some examples of when not to use reserve funds

- Roof patching
- Asphalt patching
- Minor plumbing repairs
- Mechanical equipment repairs

## How often should a reserve report be updated?

The APRA (Association of Professional Reserve Analysis) believes a reserve should be updated every year. Most properties should have the reserve updated by a professional every three to five years.

There are three levels of updating reserve reports.

- Level 1 is updating cost without a site visit.
- Level 2 is updating costs and reviewing remaining life of components with a site visit.
- Level 3 is developing an inventory, setting remaining life of components and developing cost projections.

## Reserve reports are not budgets.

A budget is an itemized summary of estimated or intended expenditures for a given period along with proposals for financing them.

## Reserve reports are a financial plan.

A financial plan is a forecast of the expected financial position, and the results of operations and cash flows based on expected conditions.

A reserve report does not anticipate exactly when monies will be used to repair or maintain components on a property. The reserve report anticipates when properties will likely or possibly require funds to maintain a component.

With every reserve report the components fall into one of three categories these are:

- Subjective
- Fixed
- Variable

Subjective items are items that are replaced depending on owners' preferences or tolerations. These components do not need to be replaced, but have been set with industry standard remaining life.

Examples of Subjective Components include items like:

- Carpeting
- Interior painting
- Elevator cab refurbishment
- Interior lighting

Fixed items are items that fail on regular bases having little variation between properties.

Examples of Fixed Components include items like:

- Roof systems
- Exterior painting
- Caulking
- Asphalt surfaces

Variable items are items that vary widely pertaining to life cycles on properties.

Examples of Variable Components include items like:

- Elevators
- Mechanical equipment
- Electrical switchgear
- Piping
- Fire alarm systems

Owners should be aware of these types of issues when reviewing their reserve reports, and engage with the reserve firm to tailor their plans to meet and suite their needs.

## **Is there a formula to state what an average per unit reserve should have on hand as a minimum?**

The true answer to this question is no, but financial institutions have set a requirement that a community should have at least ten percent of the annual operating budget set aside in the reserve fund. Therefore, no property should be under the ten percent requirement.

The reason there is no set per unit amount determined as a baseline for minimum reserve is that properties or communities vary widely as to their common property.

Looking at four different 100-unit properties calling the properties A – D.

- Property A has 100 units, on this property there is typical common equipment, a swimming pool, exercise room, community room, limited common balconies, a roof deck, a large lobby with front desk, central heating and mechanical plant, and an underground garage.
- Property B has 100 units, on this property there is typical common equipment, an exercise room, community room, roof deck, central heating and mechanical plant, and an underground garage.
- Property C has 100 units, on this property there is typical common equipment, a roof deck, and a central heating and air conditioning plant.
- Property D has 100 units, on this property there is typical common equipment with nothing additional.

## **How can a property have confidence that their reserve report will meet their needs?**

- Engage services from experienced certified professional firms. Choose local firms to perform services, which better understands the local market and local contractors. Local firms are also available to meet with owners and work closely with managers.
- Know what is common and limited common on your site.
- Report problems such as past piping leaks, roof leaks, and others.
- Report past replacement such as carpet replacement, exterior caulking replacement and others.
- Report plans for upgrades or planned projects.
- Report age of property and when the property was converted.
- Report contacts such as elevator service personnel, mechanical contractor, plumbing contractor and others.
- Know what the property owns such as fences, walls, walks and other.



## **What if you receive proposals for work significantly higher than the estimated reserve figure or contractors report significantly lower remaining life span than reported in your reserve?**

Contact your reserve service provider. They may be very helpful in addressing issues. We had a client that we estimated the roof to have a remaining life of five years and estimated the cost to replace at \$38,000.00. They received three proposals with the lowest quoting \$78,000.00. They contacted our firm to ask how we could be so far off. Looking at the proposals we discovered the proposals included a lot of things the property did not need. Luckily, they contacted us and we solicited bids for the base roof replacement, which was replaced for \$36,580.00.

## **The following items are considered life of building and are not included in your report.**

Building framing

Interior doors

Drywall

Interior trim

Stair systems

As well as site specific items not reflected in this report considered by the inspector to be life of building.

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## I. COMPONENT METHOD

The Chart of Repair & Replacement Reserves is a compilation of architectural, structural, mechanical, and electrical elements, which represent estimated replacement and/or major repair items and their present day dollar value.

The charting of items identifies and quantifies the component items, the estimated cost to repair or replace those items, and the target date with which those repairs or replacements are projected to take place. The annual contribution is the total cost for repair or replacement, divided by the repair cycle or target date. This cost has been presented in today's dollars and has not been extrapolated to a future date. *Note: Monies escrowed for future repairs or replacement earns interest, which offsets additional costs caused by inflation.*

The chart delineates Reserve/Replacement items. Some items of work or systems must be totally replaced in a given year. However, many of the items, in practice, will be repaired or replaced in phases. An example would be a reserve figure to replace concrete walls shown as a total amount to be spent in ten years; in reality sectional replacement is likely.

Items listed in the Reserve/Replacement column are intended solely as conceptual estimates and overview of the project's physical facilities, and do not represent detailed estimates of system(s) based upon bid documents or other detailed engineering or architectural analysis or physical surveys.

**Column #1**, entitled "Item", is a brief identification of site components. For a more detailed explanation of the work task, see the narrative description of work items that follows each categorical chart. The description is an explanation of the logic involved in the preparation of the estimated costs for repair or replacement.

**Column #2**, entitled "Quantity", refers to the quantity of a material or system furnished and installed. Following the quantity is a unit's abbreviation, which is as follows:

Ea = Each or portion of total system.

SQ = Square of roof or 100 S.F.

SF = Square Foot

LF = Linear Foot

SY = Square Yard

LS = Lump Sum-Total costs of those items required to make the description (task) operational when finite quantities are not defined.

Lot = Entire system where quantities are not defined or are inter-dependent.

Unit = Each or portion of total system.

Sys = Mechanical system complete, including attendant mechanical work to make system function.

LOB = Life of Building

**Column #3**, entitled "Normal Useful Life", this figure represents a conceptual number of years, which a given item or system can be expected to last at the time of installation. This figure is derived by using professional judgment and through observations made in the field.

**Column #4**, entitled "Estimated Remaining Life", this figure represents the estimated time that an existing item or system can be expected to remain useful. This figure is derived by using professional judgment where items or systems show unusual wear or unusual preservation, or if the items are new by subtracting actual age of the existing item or system from the "Normal Useful Life".

**Column #5**, entitled "Current Replacement Cost", reflects the estimated cost to replace and install an item or system or to perform the described work task. This figure is calculated using industry-accepted standards, comparing various industry sources and using professional judgment. Property Diagnostics, Inc. refers to Means price guides, Dodge price guides, and our in-house database. These figures are for conceptual purposes only and are not based upon detailed engineering or architectural analysis, bid documents, or detailed physical surveys.

**Column #6**, entitled "Current Fund", reflects monies presently assigned to replacement of the indicated system or item in the Replacement Reserve Fund. This figure is derived by those parties responsible for allocating funds or by Property Diagnostics, Inc. as directed by those responsible parties.

**Column #7**, entitled "Required Fund", represents those funds required to reach the Current Replacement Cost. The figure is calculated using the "Current Replacement Cost" less the "Current Fund".

**Column #8**, entitled "Annual Contribution", reflects those monies that should be set aside on an annual basis in order to have the item or system fully funded at completion of the expected useful life period. This figure is calculated by dividing the "Required Fund" by the "Estimated Remaining Life".

<b>HARRISON SQUARE HOMEOWNERS ASSOCIATION                  REPAIR AND REPLACEMENT RESERVE - SUMMARY                  PROPERTY DIAGNOSTICS, INC.</b>				
<b>ITEM</b>	<b>CURRENT REPLACEMENT COST</b>	<b>CURRENT FUND</b>	<b>REQUIRED FUND</b>	<b>ANNUAL CONTRIBUTION</b>
	<b>A. Architectural Grounds</b>	\$542,976.00	\$313,065.24	\$229,910.76
<b>TOTAL:</b>	<b>\$542,976.00</b>	<b>\$313,065.24</b>	<b>\$229,910.76</b>	<b>\$5,519.26</b>

HARRISON SQUARE HOMEOWNERS ASSOCIATION							
A. ARCHITECTURAL GROUNDS							
PROPERTY DIAGNOSTICS, INC.							
ITEM	QUANTITY	NORMAL USEFUL LIFE (Years)	ESTIMATED REMAINING LIFE (Years)	CURRENT REPLACEMENT COST	CURRENT FUND	REQUIRED FUND	ANNUAL CONTRIBUTION
1. Asphalt Surface	3,155 SY	20	6	\$42,593.00	\$42,593.00	\$0.00	\$0.00
2. Concrete Drive	4,008 SF	50	37	54,108.00	14,068.08	40,039.92	1,082.16
3. Brick Drive Surface	500 SF	30	17	6,000.00	6,000.00	0.00	0.00
4. Concrete Curb and Pan	1,390 LF	50	35	25,715.00	20,854.63	4,860.37	138.87
5. Concrete Walk	2,670 SF	50	37	29,370.00	7,636.20	21,733.80	587.40
6. Water Mains	Lot	40	24	123,480.00	123,480.00	0.00	0.00
7. Sanitary Lines	Lot	60	44	97,650.00	26,040.00	71,610.00	1,627.50
8. Mailbox Stands	7	25	22	14,000.00	14,000.00	0.00	0.00
9. Lawn Sprinkler System	Lot	20	5	6,500.00	6,500.00	0.00	0.00
10. Storm Water System	Lot	60	44	125,000.00	33,333.33	91,666.67	2,083.33
11. Metal Arches	4	10	8	4,800.00	4,800.00	0.00	0.00
12. Site Signs	32	18	3	1,760.00	1,760.00	0.00	0.00
13. Light Poles	4	30	14	7,200.00	7,200.00	0.00	0.00
14. Underground Wiring	Lot	30	14	4,800.00	4,800.00	0.00	0.00
<b>TOTAL:</b>				<b>\$542,976.00</b>	<b>\$313,065.24</b>	<b>\$229,910.76</b>	<b>\$5,519.26</b>

## A. REPAIR & REPLACEMENT RESERVE - ARCHITECTURAL GROUNDS

Item Number	Description
1. Asphalt Surface	The estimated replacement cost in the asphalt section represents the cost to remove all loose materials from existing surfaces, and repair alligating and potholes. Deteriorated areas should be removed with a minimum of a 4" base to reach firm support. The removed areas should extend at least 1' into good pavement outside the damaged areas. It is anticipated that approximately 10% of the loose asphalt material will require this type of removal; holes will require being back-filled with dense graded hot asphalt plant mix; and a topcoat will be required to be applied to vertical surfaces. Large cracks will be cleaned and filled with fine sand and asphalt mix. After all surfaces are prepared, a new application of 2" asphalt topping should be applied.
2. Concrete Drive	The estimated replacement cost for concrete drive includes removal of the existing concrete and replacement of new concrete. New concrete will be reinforced with a rebar material and rated for 3,000 psi. The concrete line item replacement fund should be considered a draw fund. Concrete never requires full replacement at one time. However, it does require sectional replacement. Over the life span of the concrete, it is anticipated that all concrete will be renewed at least once.
3. Brick Drive Surface	Replacement pavers are to match the existing pavers in composition and color. The estimate anticipates setting of pavers to match current finishes.
4. Concrete Curb & Pan	The estimated replacement cost for concrete curbs includes removal of the existing concrete and replacement of new concrete. The concrete line item replacement fund should be considered a draw fund. Concrete never requires full replacement at one time. However, it does require sectional replacement. Over the life span of the concrete, it is anticipated that all concrete will be renewed at least once.

## A. REPAIR & REPLACEMENT RESERVE - ARCHITECTURAL GROUNDS

<b>Item Number</b>	<b>Description</b>
5. Concrete Walk	The estimated replacement cost for concrete walks includes removal of the existing concrete and replacement of new concrete. New concrete will be reinforced with a rebar material and rated for 3,000 psi. The concrete line item replacement fund should be considered a draw fund. Concrete never requires full replacement at one time. However, it does require sectional replacement. Over the life span of the concrete, it is anticipated that all concrete will be renewed at least once.
6. Water Mains	The estimated replacement cost is for replacement of the existing water mains with new water mains of similar style and quality.
7. Sanitary Lines	The estimated replacement cost of the sanitary piping is based on the replacement of the existing piping with new piping. It is not intended to be replaced at one time. We recommend that this be considered a draw fund to replace piping as needed.
8. Mailbox Stands	The estimated replacement cost is for replacement of the existing mailboxes with new mailboxes of similar style and quality.
9. Lawn Sprinkler System	The estimated replacement cost for the lawn sprinkler system is based on general restoration of the sprinkler system to include replacement of heads and damaged lines.
10. Storm Water System	The storm water drains should never require full replacement. The fund is to maintain the storm water drains in good order.
11. Metal Arches	The estimated cost for the metal arches is for the preparation and refinishing. Also, we have included funds for some repair to the metal work.
12. Site Signs	The estimated replacement cost for signage is for the replacement of the existing signs with new signs of similar design and quality.



**A. REPAIR & REPLACEMENT RESERVE - ARCHITECTURAL GROUNDS**

<b>Item Number</b>	<b>Description</b>
13. Light Poles	The estimated replacement cost for the exterior pole lighting is for replacement of the existing pole lighting with new lighting fixtures of similar style and quality.
14. Underground Wiring	The price given is for the replacement of underground electrical utility wiring. It has been assumed that existing wiring will be disconnected, abandoned in place, and new wiring trenched in plastic piping.

## II. CASH FLOW METHOD

The Cash Flow Method incorporates the repair and replacement needs of the property over the next thirty years, to include anticipated repair/replacement of components and materials that are performed sectionally. A percentage of these items are ascribed to the Cash Flow Chart throughout the thirty-year chart. The Cash Flow Method allows the property owners to reserve funds to maintain the property based on the limited estimated requirements over the next thirty years.

The Cash Flow Section of the report extrapolates requirements stated in the Component Method section of the report.

The Cash Flow Breakdown chart outlines the first column in years, the second column shows total expenditures for each year, column three shows the property's yearly contribution, column four shows cash on hand or total property reserve, column five shows Property Diagnostics, Inc.'s annual contribution recommendation, and column six shows cash on hand or total property reserve based on Property Diagnostics, Inc.'s recommendation. The first year of column three shows the reported current property reserve balance.

The current reserve fund provided to Property Diagnostics, Inc. is \$313,065.24. The property's annual contribution is \$12,504. The amount of funding meets the needs for this property. Based on our calculations, the property will have \$356,728 at the end of thirty years.

The second cash flow chart on page 12 shows the replacement cost with an inflation rate of 1%, per year, and the current fund with an interest earned rate of 1%, per year. The total amount at the end of thirty years will be \$294,562.

The third cash flow chart on page 13 shows the replacement cost with an inflation rate of 3%, per year, and the current fund with an interest earned rate of 2.3% per year. At the end of thirty years, the property will have \$492,879.

We recommend the property update the reserve study every three to five years. This update would readjust the reserve requirements for the property based on actual experiences and conditions.

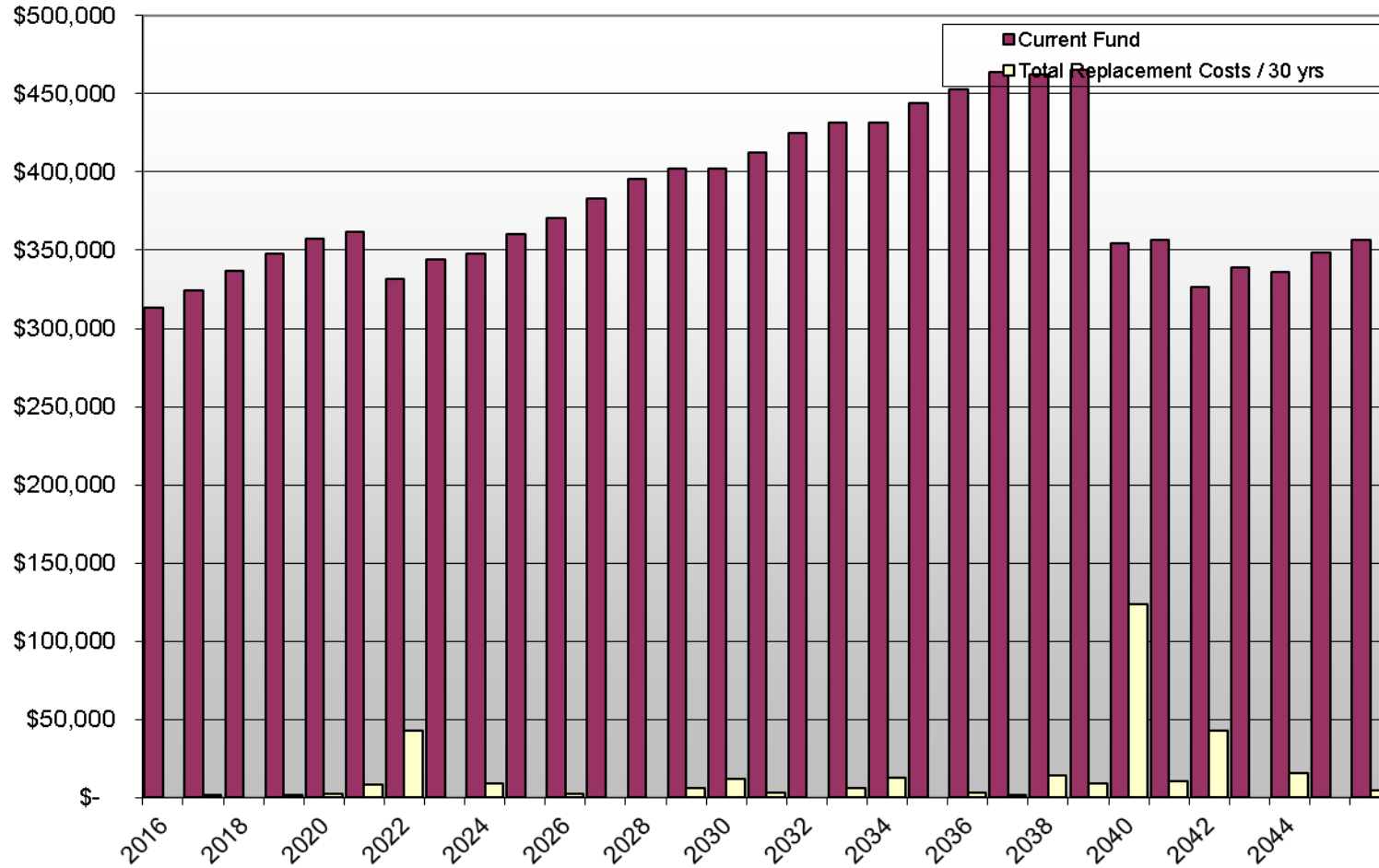
The first bar chart shows graphically the cash expenditures and cash on hand based on property's yearly contribution. The second bar chart shows graphically the cash expenditures and cash on hand based on Property Diagnostics, Inc.'s recommendation. The following section of the report identifies specifically items to be repaired/replaced for each year and the method or component, which is specified.

<b>HARRISON SQUARE HOMEOWNERS ASSOCIATION</b>					
<b>UNINFLATED CASH FLOW BREAKDOWN</b>					
<b>Year</b>	<b>Total Replacement Costs / 30yrs</b>	<b>Harrison Square HOA's Yearly Contribution</b>	<b>Current Fund based on Harrison Square HOA's Contribution</b>	<b>Recommended Options</b>	<b>Current Fund based on PDI's Recommendation</b>
			<b>\$ 313,065</b>		<b>\$ 313,065</b>
2016	\$ 1,286	\$ 12,504	\$ 324,283	\$ 12,504	\$ 324,283
2017	\$ -	\$ 12,504	\$ 336,787	\$ 12,504	\$ 336,787
2018	\$ 1,760	\$ 12,504	\$ 347,531	\$ 12,504	\$ 347,531
2019	\$ 2,504	\$ 12,504	\$ 357,531	\$ 12,504	\$ 357,531
2020	\$ 8,300	\$ 12,504	\$ 361,735	\$ 12,504	\$ 361,735
2021	\$ 42,593	\$ 12,504	\$ 331,646	\$ 12,504	\$ 331,646
2022	\$ -	\$ 12,504	\$ 344,150	\$ 12,504	\$ 344,150
2023	\$ 8,974	\$ 12,504	\$ 347,680	\$ 12,504	\$ 347,680
2024	\$ -	\$ 12,504	\$ 360,184	\$ 12,504	\$ 360,184
2025	\$ 2,314	\$ 12,504	\$ 370,374	\$ 12,504	\$ 370,374
2026	\$ -	\$ 12,504	\$ 382,878	\$ 12,504	\$ 382,878
2027	\$ -	\$ 12,504	\$ 395,382	\$ 12,504	\$ 395,382
2028	\$ 5,844	\$ 12,504	\$ 402,042	\$ 12,504	\$ 402,042
2029	\$ 12,000	\$ 12,504	\$ 402,546	\$ 12,504	\$ 402,546
2030	\$ 2,829	\$ 12,504	\$ 412,221	\$ 12,504	\$ 412,221
2031	\$ -	\$ 12,504	\$ 424,725	\$ 12,504	\$ 424,725
2032	\$ 6,000	\$ 12,504	\$ 431,229	\$ 12,504	\$ 431,229
2033	\$ 12,313	\$ 12,504	\$ 431,420	\$ 12,504	\$ 431,420
2034	\$ -	\$ 12,504	\$ 443,924	\$ 12,504	\$ 443,924
2035	\$ 3,343	\$ 12,504	\$ 453,085	\$ 12,504	\$ 453,085
2036	\$ 1,760	\$ 12,504	\$ 463,829	\$ 12,504	\$ 463,829
2037	\$ 14,000	\$ 12,504	\$ 462,333	\$ 12,504	\$ 462,333
2038	\$ 9,183	\$ 12,504	\$ 465,654	\$ 12,504	\$ 465,654
2039	\$ 123,480	\$ 12,504	\$ 354,678	\$ 12,504	\$ 354,678
2040	\$ 10,357	\$ 12,504	\$ 356,825	\$ 12,504	\$ 356,825
2041	\$ 42,593	\$ 12,504	\$ 326,736	\$ 12,504	\$ 326,736
2042	\$ -	\$ 12,504	\$ 339,240	\$ 12,504	\$ 339,240
2043	\$ 15,652	\$ 12,504	\$ 336,092	\$ 12,504	\$ 336,092
2044	\$ -	\$ 12,504	\$ 348,596	\$ 12,504	\$ 348,596
2045	\$ 4,372	\$ 12,504	\$ 356,728	\$ 12,504	\$ 356,728

<b>HARRISON SQUARE HOMEOWNERS ASSOCIATION</b>				
<b>INFLATED CASH FLOW BREAKDOWN</b>				
<b>Year</b>	<b>Total Replacement Costs / 30yrs with 1% Inflation</b>	<b>Harrison Square HOA's Yearly Contribution</b>	<b>Current Fund based on Harrison Square HOA's Contribution</b>	<b>Current Fund based on Harrison Square HOA's Contribution with 1% Interest Earned</b>
			<b>\$ 313,065</b>	
2016	\$ 1,299	\$ 12,504	\$ 324,270	\$327,513
2017	\$ -	\$ 12,504	\$ 336,774	340,017
2018	\$ 1,813	\$ 12,504	\$ 347,466	350,708
2019	\$ 2,604	\$ 12,504	\$ 357,365	360,608
2020	\$ 8,715	\$ 12,504	\$ 361,154	364,397
2021	\$ 45,149	\$ 12,504	\$ 328,510	331,753
2022	\$ -	\$ 12,504	\$ 341,014	344,257
2023	\$ 9,692	\$ 12,504	\$ 343,826	347,069
2024	\$ -	\$ 12,504	\$ 356,330	359,573
2025	\$ 2,545	\$ 12,504	\$ 366,289	369,531
2026	\$ -	\$ 12,504	\$ 378,793	382,035
2027	\$ -	\$ 12,504	\$ 391,297	394,539
2028	\$ 6,604	\$ 12,504	\$ 397,197	400,440
2029	\$ 13,680	\$ 12,504	\$ 396,021	399,264
2030	\$ 3,253	\$ 12,504	\$ 405,271	408,514
2031	\$ -	\$ 12,504	\$ 417,775	421,018
2032	\$ 7,020	\$ 12,504	\$ 423,259	426,502
2033	\$ 14,529	\$ 12,504	\$ 421,234	424,477
2034	\$ -	\$ 12,504	\$ 433,738	436,981
2035	\$ 4,012	\$ 12,504	\$ 442,231	445,473
2036	\$ 2,130	\$ 12,504	\$ 452,605	455,848
2037	\$ 17,080	\$ 12,504	\$ 448,029	451,272
2038	\$ 11,295	\$ 12,504	\$ 449,238	452,481
2039	\$ 153,115	\$ 12,504	\$ 308,627	311,869
2040	\$ 12,946	\$ 12,504	\$ 308,184	311,427
2041	\$ 53,667	\$ 12,504	\$ 267,021	270,264
2042	\$ -	\$ 12,504	\$ 279,525	282,768
2043	\$ 20,035	\$ 12,504	\$ 271,995	275,237
2044	\$ -	\$ 12,504	\$ 284,499	287,741
2045	\$ 5,684	\$ 12,504	\$ 291,319	294,562

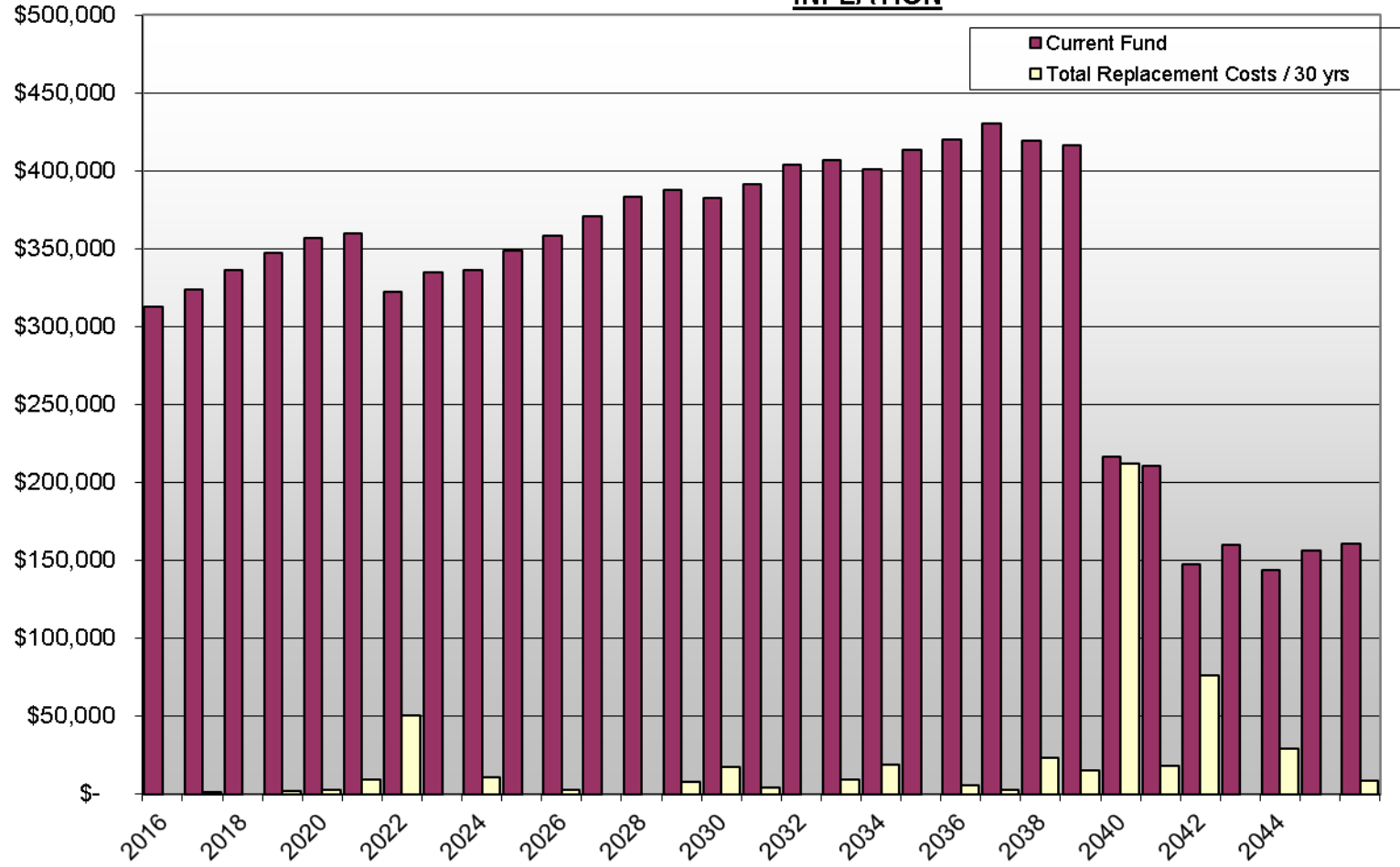
<b>HARRISON SQUARE HOMEOWNERS ASSOCIATION</b>				
<b>INFLATED CASH FLOW BREAKDOWN</b>				
<b>Year</b>	<b>Total Replacement Costs / 30yrs with 3% Inflation</b>	<b>Harrison Square HOA's Yearly Contribution</b>	<b>Current Fund based on Harrison Square HOA's Contribution</b>	<b>Current Fund based on Harrison Square HOA's Contribution with 2.3% Interest Earned</b>
			<b>\$ 313,065</b>	
2016	\$ 1,325	\$ 12,504	\$ 324,245	\$ 331,702
2017	\$ -	\$ 12,504	\$ 336,749	\$ 351,835
2018	\$ 1,918	\$ 12,504	\$ 347,334	\$ 370,513
2019	\$ 2,804	\$ 12,504	\$ 357,034	\$ 388,735
2020	\$ 9,545	\$ 12,504	\$ 359,993	\$ 400,634
2021	\$ 50,260	\$ 12,504	\$ 322,237	\$ 372,093
2022	\$ -	\$ 12,504	\$ 334,741	\$ 393,155
2023	\$ 11,128	\$ 12,504	\$ 336,117	\$ 403,574
2024	\$ -	\$ 12,504	\$ 348,621	\$ 425,360
2025	\$ 3,008	\$ 12,504	\$ 358,117	\$ 444,640
2026	\$ -	\$ 12,504	\$ 370,621	\$ 467,370
2027	\$ -	\$ 12,504	\$ 383,125	\$ 490,624
2028	\$ 8,123	\$ 12,504	\$ 387,506	\$ 506,289
2029	\$ 17,040	\$ 12,504	\$ 382,970	\$ 513,398
2030	\$ 4,102	\$ 12,504	\$ 391,372	\$ 533,608
2031	\$ -	\$ 12,504	\$ 403,876	\$ 558,385
2032	\$ 9,060	\$ 12,504	\$ 407,320	\$ 574,672
2033	\$ 18,962	\$ 12,504	\$ 400,862	\$ 581,431
2034	\$ -	\$ 12,504	\$ 413,366	\$ 607,308
2035	\$ 5,349	\$ 12,504	\$ 420,521	\$ 628,431
2036	\$ 2,869	\$ 12,504	\$ 430,156	\$ 652,520
2037	\$ 23,240	\$ 12,504	\$ 419,420	\$ 656,792
2038	\$ 15,519	\$ 12,504	\$ 416,405	\$ 668,883
2039	\$ 212,386	\$ 12,504	\$ 216,523	\$ 484,386
2040	\$ 18,125	\$ 12,504	\$ 210,903	\$ 489,906
2041	\$ 75,816	\$ 12,504	\$ 147,591	\$ 437,862
2042	\$ -	\$ 12,504	\$ 160,095	\$ 460,437
2043	\$ 28,800	\$ 12,504	\$ 143,799	\$ 454,732
2044	\$ -	\$ 12,504	\$ 156,303	\$ 477,694
2045	\$ 8,307	\$ 12,504	\$ 160,501	\$ 492,879

**CASH FLOW CHART BASED ON HARRISON SQUARE HOA'S YEARLY CONTRIBUTION**



*This is a graphical representation of annual contributions.*

**CASH FLOW CHART BASED ON HARRISON SQUARE HOA'S YEARLY CONTRIBUTION WITH  
INFLATION**



*This is a graphical representation of annual contributions.*

**SUMMARY OF YEARLY EXPENDITURES**

<b>Year</b>	<b>Item to be Replaced</b>	<b>Cost of Replacement</b>
2016	Concrete Curb – 5%	\$1,286
	<b>Total for 2016</b>	<b>\$1,286</b>

**SUMMARY OF YEARLY EXPENDITURES**

<b>Year</b>	<b>Item to be Replaced</b>	<b>Cost of Replacement</b>
2017		
	<b>Total for 2017</b>	<b>\$0</b>

**SUMMARY OF YEARLY EXPENDITURES**

<b>Year</b>	<b>Item to be Replaced</b>	<b>Cost of Replacement</b>
2018	Site Signs	\$1,760
	<b>Total for 2018</b>	<b>\$1,760</b>

**SUMMARY OF YEARLY EXPENDITURES**

<b>Year</b>	<b>Item to be Replaced</b>	<b>Cost of Replacement</b>
2019	Concrete Drive – 3%	\$1,623
	Concrete Walk – 3%	881
	<b>Total for 2019</b>	<b>\$2,504</b>

**SUMMARY OF YEARLY EXPENDITURES**

<b>Year</b>	<b>Item to be Replaced</b>	<b>Cost of Replacement</b>
2020	Lawn Sprinkler System	\$6,500
	Concrete Curb – 7%	1,800
	<b>Total for 2020</b>	<b>\$8,300</b>



**SUMMARY OF YEARLY EXPENDITURES**

<b>Year</b>	<b>Item to be Replaced</b>	<b>Cost of Replacement</b>
2021	Asphalt Surface	\$42,593
	<b>Total for 2021</b>	<b>\$42,593</b>

**SUMMARY OF YEARLY EXPENDITURES**

<b>Year</b>	<b>Item to be Replaced</b>	<b>Cost of Replacement</b>
2022		
	<b>Total for 2022</b>	<b>\$0</b>

**SUMMARY OF YEARLY EXPENDITURES**

<b>Year</b>	<b>Item to be Replaced</b>	<b>Cost of Replacement</b>
2023	Metal Arches	\$4,800
	Concrete Drive – 5%	2,705
	Concrete Walk – 5%	1,469
	<b>Total for 2023</b>	<b>\$8,974</b>

**SUMMARY OF YEARLY EXPENDITURES**

<b>Year</b>	<b>Item to be Replaced</b>	<b>Cost of Replacement</b>
2024		
	<b>Total for 2024</b>	<b>\$0</b>

**SUMMARY OF YEARLY EXPENDITURES**

<b>Year</b>	<b>Item to be Replaced</b>	<b>Cost of Replacement</b>
2025	Concrete Curb – 9%	\$2,314
	<b>Total for 2025</b>	<b>\$2,314</b>

**SUMMARY OF YEARLY EXPENDITURES**

<b>Year</b>	<b>Item to be Replaced</b>	<b>Cost of Replacement</b>
2026		
	<b>Total for 2026</b>	<b>\$0</b>

**SUMMARY OF YEARLY EXPENDITURES**

<b>Year</b>	<b>Item to be Replaced</b>	<b>Cost of Replacement</b>
2027		
	<b>Total for 2027</b>	<b>\$0</b>

**SUMMARY OF YEARLY EXPENDITURES**

<b>Year</b>	<b>Item to be Replaced</b>	<b>Cost of Replacement</b>
2028	Concrete Drive – 7%	\$3,788
	Concrete Walk – 7%	2,056
	<b>Total for 2028</b>	<b>\$5,844</b>

**SUMMARY OF YEARLY EXPENDITURES**

<b>Year</b>	<b>Item to be Replaced</b>	<b>Cost of Replacement</b>
2029	Light Poles	\$7,200
	Underground Wiring	4,800
	<b>Total for 2029</b>	<b>\$12,000</b>

**SUMMARY OF YEARLY EXPENDITURES**

<b>Year</b>	<b>Item to be Replaced</b>	<b>Cost of Replacement</b>
2030	Concrete Curb – 11%	\$2,829
	<b>Total for 2030</b>	<b>\$2,829</b>

**SUMMARY OF YEARLY EXPENDITURES**

<b>Year</b>	<b>Item to be Replaced</b>	<b>Cost of Replacement</b>
2031		
	<b>Total for 2031</b>	<b>\$0</b>

**SUMMARY OF YEARLY EXPENDITURES**

<b>Year</b>	<b>Item to be Replaced</b>	<b>Cost of Replacement</b>
2032	Brick Drive Surface	\$6,000
	<b>Total for 2032</b>	<b>\$6,000</b>

**SUMMARY OF YEARLY EXPENDITURES**

<b>Year</b>	<b>Item to be Replaced</b>	<b>Cost of Replacement</b>
2033	Concrete Drive – 9%	\$4,870
	Concrete Walk – 9%	2,643
	Metal Arches	4,800
	<b>Total for 2033</b>	<b>\$12,313</b>

**SUMMARY OF YEARLY EXPENDITURES**

<b>Year</b>	<b>Item to be Replaced</b>	<b>Cost of Replacement</b>
2034		
	<b>Total for 2034</b>	<b>\$0</b>

**SUMMARY OF YEARLY EXPENDITURES**

<b>Year</b>	<b>Item to be Replaced</b>	<b>Cost of Replacement</b>
2035	Concrete Curb – 13%	\$3,343
	<b>Total for 2035</b>	<b>\$3,343</b>

**SUMMARY OF YEARLY EXPENDITURES**

<b>Year</b>	<b>Item to be Replaced</b>	<b>Cost of Replacement</b>
2036	Site Signs	\$1,760
	<b>Total for 2036</b>	<b>\$1,760</b>

**SUMMARY OF YEARLY EXPENDITURES**

<b>Year</b>	<b>Item to be Replaced</b>	<b>Cost of Replacement</b>
2037	Mailbox Stands	\$14,000
	<b>Total for 2037</b>	<b>\$14,000</b>

**SUMMARY OF YEARLY EXPENDITURES**

<b>Year</b>	<b>Item to be Replaced</b>	<b>Cost of Replacement</b>
2038	Concrete Drive – 11%	\$5,952
	Concrete Walk – 11%	3,231
	<b>Total for 2038</b>	<b>\$9,183</b>

**SUMMARY OF YEARLY EXPENDITURES**

<b>Year</b>	<b>Item to be Replaced</b>	<b>Cost of Replacement</b>
2039	Water Mains	\$123,480
	<b>Total for 2039</b>	<b>\$123,480</b>

**SUMMARY OF YEARLY EXPENDITURES**

<b>Year</b>	<b>Item to be Replaced</b>	<b>Cost of Replacement</b>
2040	Lawn Sprinkler System	\$6,500
	Concrete Curb – 15%	3,857
	<b>Total for 2040</b>	<b>\$10,357</b>

**SUMMARY OF YEARLY EXPENDITURES**

<b>Year</b>	<b>Item to be Replaced</b>	<b>Cost of Replacement</b>
2041	Asphalt Surface	\$42,593
	<b>Total for 2041</b>	<b>\$42,593</b>

**SUMMARY OF YEARLY EXPENDITURES**

<b>Year</b>	<b>Item to be Replaced</b>	<b>Cost of Replacement</b>
2042		
	<b>Total for 2042</b>	<b>\$0</b>

**SUMMARY OF YEARLY EXPENDITURES**

<b>Year</b>	<b>Item to be Replaced</b>	<b>Cost of Replacement</b>
2043	Concrete Drive – 13%	\$7,034
	Concrete Walk – 13%	3,818
	Metal Arches	4,800
	<b>Total for 2043</b>	<b>\$15,652</b>

**SUMMARY OF YEARLY EXPENDITURES**

<b>Year</b>	<b>Item to be Replaced</b>	<b>Cost of Replacement</b>
2044		
	<b>Total for 2044</b>	<b>\$0</b>

**SUMMARY OF YEARLY EXPENDITURES**

<b>Year</b>	<b>Item to be Replaced</b>	<b>Cost of Replacement</b>
2045	Concrete Curb – 17%	\$4,372
	<b>Total for 2045</b>	<b>\$4,372</b>

### III. PHOTOGRAPHS/INSPECTION



**Photo #1:** Asphalt surfaces are being maintained in good order crack fillings prevent extensive damages



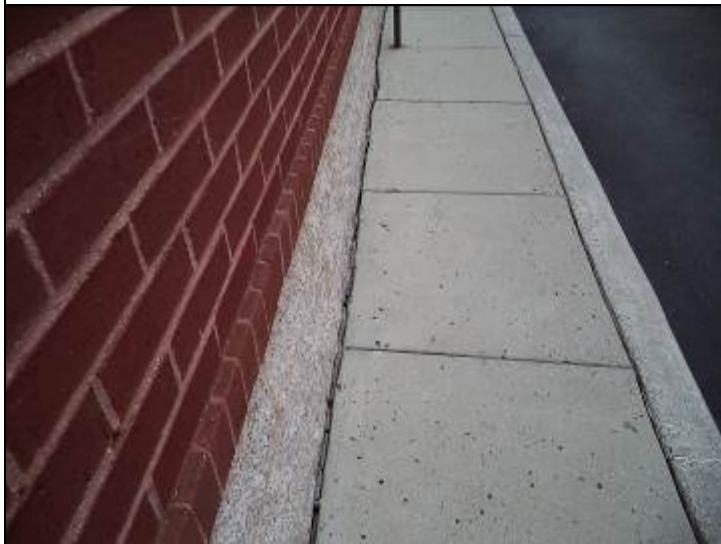
**Photo #2:** Additional asphalt maintenance repairs



**Photo #3:** Consideration should be given to re-painting the posts.



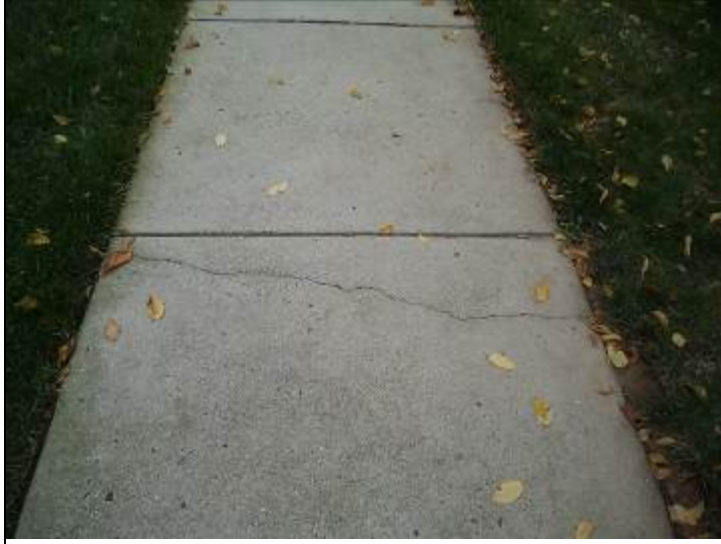
**Photo #4:** Signs are beginning to fade. Consideration should be given to replacing signs as needed.



**Photo #5:** The joint between the walks and buildings should be sealed to prevent damage to the sub-base.



**Photo #6:** Minor walk cracks should be sealed.



**Photo #7:** Minor walk cracks should be sealed.



**Photo #8:** Minor walk cracks should be sealed.



**Photo #9:** The joint between the walks and buildings should be sealed to prevent damage to the sub-base.





**Photo #10:** The joint between the walks and curbs should be sealed to prevent damage to the sub-base.



**Photo #11:** Consideration should be given to sealing the walk railing bases to keep ponding water from deteriorating the metal bases.



**Photo #12:** Minor walk cracks should be sealed.



**Photo #13:** Site mailboxes

Cover