SOMERSET VILLAGE

HOA RESERVE STUDY

Beginning Period: January 1, 2011
Ending: December 31, 2011

Prepared By:

YKL Consulting

Report Number: 10-003
Site Inspection Date: September 14, 2010
Report Submittal Date: October 1, 2010

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1.0 Executive Summary

1.1 Overview

Somerset Village was visited by consultants from YKL on September 14th, 2010. Dale Hamilton, HOA Board President, instructed YKL personnel as to which assets were to be included as part of the reserve analysis. At the time of the site visit a physical assessment of major community components was completed and components were quantified, logged, and photographed. The community assets are managed by Total Property. Somerset Village is a 203 unit town home community. The property includes private lanes, landscaped common area, and playgrounds. The community consists of three phases. Phase I was started in 2003, Phase II was started in 2005, and Phase III was started in 2007 and has not yet been completed. Roads for Phases I and II were completed at the same time and originally consisted of 2-inches of asphalt, while Phase II roads were completed later and consisted of 3-inches of asphalt. It is our understanding the Phase I and II roads will receive an additional inch of asphalt prior to the official submittal of this report.

According to this analysis, replacing the playground cover should occur this year, 2010.

1.2 Major Expenditure Milestones

The major future expense for the community is private road maintenance. In 2027 roads are scheduled for 2" HMA overlay. This assumes a useful life of 20 years, starting in 2010. Second to asphalt overlay in expense is slurry seal. This is scheduled to occur in 2012, 2017, 2022 and 2027. The light posts, mailboxes, and gates are scheduled to be replaced in 2023. This schedule is recommended by the manufacturer. It is possible their useful life will extend beyond 2023. Concrete repair is scheduled for 2018 and 2033. An allowance was made for concrete repairs based on the condition of the concrete observed during the site visit. Due to the condition of the concrete, we have scheduled concrete repairs twice during the study period, some of which may need to be made prior to the scheduled date. These milestones drive the financial analysis and are the major dates for expenditures from the fund. These components are the most expensive to replace, and as such, should be maintained in a manner that ensures full useful life from the components. Premature wear and failure will add a significant burden to the HOA finances.

1.3 Reserve Account Savings Recommendations

A savings plan is recommended based on a high estimate of component costs. The current reserve balance as of September 2010 is $72,000, and $16.76 per unit per month is currently being added to the reserve account by 169 filled units. It is recommended that the HOA budget be modified to include **$11/unit per month charge between 2011 and 2016, $12.50/unit between 2017 and 2027**. **In 2028 the monthly amount rises to $15.00/unit from that point forward**. A lower amount was calculated assuming lower replacement costs and is shown in Section 5.0, summary and recommendations. If the reserve fund does not meet the minimum expenditures needed, then a situation will arise where special assessments, deferred maintenance, and lower property values are inevitable.

Table 1.1 – Summary of initial conditions, assumptions, and recommendations.

Description	Value
Current Reserve Account Balance	$72,000
Current Unit Contribution to Reserve Account (169 filled Units)	$16.76
Assumed Earned Interest	1.5%
Assumed Rate of Inflation	2.5%
Recommended Unit Contribution to Reserve Account for 2011 - 2016	$11.00
Recommended Unit Contribution to Reserve Account for 2017 - 2027	$12.50
Recommended Unit Contribution to Reserve Account for 2028 – End of Reserve Study.	$15.00

It is our understanding the community will have 203 units upon completion of construction. We recommend updating the report when construction is completed to reflect as-built conditions, and account for additional income from new units. It is likely the monthly unit contributions can be further reduced based on added revenue.

YKL was instructed that Somerset Village requires individual unit owners to maintain the exterior of their own buildings. This includes but is not limited to painting, repair of stucco and other exterior surfaces or structural/aesthetic members, and reroofing. By eliminating these maintenance costs from responsibility of the HOA, the demand on the reserve account is

significantly reduced. It should be noted the painting and re-roofing costs generally drive the reserve study. This has allowed for the recommended reduction of monthly unit contributions.

2.0 Purpose of Reserve Study

This reserve study has been prepared to provide guidance necessary to adequately prepare the Home Owners Association (HOA) to meet financial obligations associated with maintenance, repair, and replacement of common area components. Ideally, these financial obligations are met using resources that have been set aside as part of a reserve fund. Following the recommendations of the reserve study will help prevent a financial assessment of unit owners beyond the required HOA fees. The HOA board has fiduciary duty to manage and plan for these obligations while also balancing HOA membership fees and long-term property value. The reserve study helps facilitate this responsibility.

Many states have laws that require HOA's perform reserve studies. Utah Legislative bill SB278, passed March 2010, amended the Condominium Ownership Act (Utah Code 57-8-7.5) and the Community Association Act (Utah Code 57-8a-211) to require the following within the state of Utah:

• Conduct a reserve analysis every five years.

(2) (a) (i) ... cause a reserve analysis to be conducted no less frequently than every five years .. .

• Conduct a reserve analysis before July 1, 2012.

(2) (a) (ii) .. .if no reserve analysis has been conducted since March 1,2008, cause a reserve analysis to be conducted before July 1,2012...

• Update a reserve analysis every two years.

(2) (b) ...update a previously conducted reserve analysis no less frequently than every two years.

In addition to the legal requirements, a properly prepared reserve study will benefit the community by aiding property management and boards in making budget and reserve account decisions based on solid analysis and information. It has been found that in-house reserve calculations done by the developer may not accurately reflect any changes that may have taken place during construction. These have generally been found to be inadequate, and have, at times, resulted in untimely assessments of unit owners.

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

The Board should be careful about deviating from reserve study recommendations. A reserve study recommends a funding plan that steers the HOA away from special assessments. If the board decides to fund reserves less than recommended, the risk of special assessments grows.

If a special assessment is called for, due to underfunding, a case could be made that the board did not fulfill its fiduciary duty and be held personally liable. Just as importantly, past owners who have sold will not have paid their fair share. Unless there is a compelling reason to deviate, the board should follow the recommendations of this study.

This reserve study was based on an evaluation of the HOA's repair and replacement obligations of existing components. Determination of costs and timing of repairs/replacements along with determination of available reserve capital form the base line for projected future costs.

These components are assessed by means of a physical analysis (Section 3.0) and funding analysis (Section 4.0). The physical analysis consists of a site visit to observe the existing condition of the HOA common components. A list of pertinent components was compiled and assessed according to age and condition, as discussed hereafter. Based on this assessment, it is possible to estimate the replacement costs.

According to the association funding goals, and the existing financial store, contributions are recommended such that the reserve account can be fully funded. The account is considered "fully funded" when all financial obligations can be met, without forcing an assessment on unit owners.

3.0 Physical Analysis

3.1 Site Visit

Somerset Village was visited by an engineer from YKL Consulting on September 14th, 2010. A representative from the HOA board instructed YKL personnel as to which assets were covered by the property management reserve and those to be included as part of the reserve fund. At the time of the site visit a physical assessment of major community components was completed, and components were quantified and logged. Also, photographs depicting current the condition of these items were taken. These photographs are included in Section 10 for reference.

3.2 Component Criteria

The components assessed in this study must meet four general criteria. First, the components must be under the jurisdiction of the HOA – or common property. Second, the component must meet a minimum cost threshold. Costs required for small, regular maintenance on a daily, weekly, or monthly basis, is assumed to be met with funds set aside for routine property care; the HOA operating account. Third, the component must have limited lifecycle. This study forecasts expenses over 30 years, thus lifecycles estimated beyond the study period would be excluded. Finally, the component must have predictable life duration. Damage to components associated with settlement, fire, earthquakes, flooding, or misuse is not considered predictable, or measurable. Generally a cost for repair of this type of damage is covered by an insurance policy.

3.3 Determining Useful Life and Remaining Useful Life of Assets

The projected useful life of a component is determined by manufacturers' recommendations, current age and condition, and our experience with the item. Generally the manufacturer of a product will provide guidelines for its estimated functional duration. In order to provide a meaningful estimate of remaining useful life of an asset, it is crucial to know its age. Construction of Somerset Village was started in 2003, which is the commencement year of the analysis for all community components other than asphalt roadways. Provided the 1-inch asphalt overlay for Phase I and II roads is scheduled for September 2010, the commencement year for asphalt roadways in the analysis is 2007. Given the recent construction completion we have assumed that the existing components are all original. During the site visit each component was observed and assessed. This assessment provides us with the ability to modify the manufacturers' useful life recommendation to reflect current conditions. Some components may have

experienced overuse, requiring a reduction in the useful life, while others may have been underused, allowing an increase in their life. Thus, the actual age of the item may or may not represent its current condition. It is important to recognize the determination of useful life and remaining useful life is subjective.

Where a component necessitates specialized services beyond the expertise of the preparers of this report, including items that are not easily observable, is encountered, the appropriate service provider, familiar with such items, was contacted to supplement this study with accurate and representative information.

3.4 Estimating Replacement Costs of Assets

Determining the replacement cost of assets accurately is accomplished in several ways. The current cost associated with repairing or replacing an asset can be found from local vendors, manufacturers, or contractors. Also, comparisons can be made to other common interest developments of similar size and geographic location. Finally, estimates can be made using resources prepared in collaborative effort by construction industry professionals.

Once the current repair or replacement cost of each asset is finalized, it must be adjusted for future costs. Future costs incorporate inflation, account for some market variability, and represent the anticipated cost of the asset at the end of its useful life when it is scheduled for repair or replacement.

3.5 Maintenance Assumptions

Based on the site visit, the preparers of this report have made every effort to account for the current condition, and projected future condition of the subject components. However, we must assume the components will be properly maintained and cared for as per manufacturer's recommendations.

4.0 Funding Analysis

4.1 Funding Goals

Ultimately, the funding goals must be derived by the board elected by the HOA members. It is likely that full funding of the reserve account will require several years. This report documents the current projected reserve status over the next 30 years, as well as the projected reserve status over the next 30 years for minimum and maximum recommended funding option.

4.2 Reserve Fund Income

Income for the reserve fund is a function of monthly HOA fees paid by unit owners as well as interest paid on the account balance. The funding analysis was performed using both the present HOA fee rates, and recommended HOA fee rates, with associated after-tax interest income. The post-tax interest rate used for the analysis was 1.5%. Additionally, a rate of 2.5% was used to account for inflation in the high cost scenario; a rate of 2% was used in the low cost scenario. As of September 2010 the Reserve Account has $72,000, and the approximate monthly unit contribution is $16.76. This results in an annual contribution of $34,000.

4.3 Projected Expenditures and Reserve Fund Needs

Projected expenditures and reserve fund needs are included in Table 4.1, which tabulates the estimated expenditures per component per life cycle. The total anticipated expenditure per component over the study period has also been included. For components that have multiple recurrences over the study period the component life cycle is multiplied by the anticipated number of recurrences.

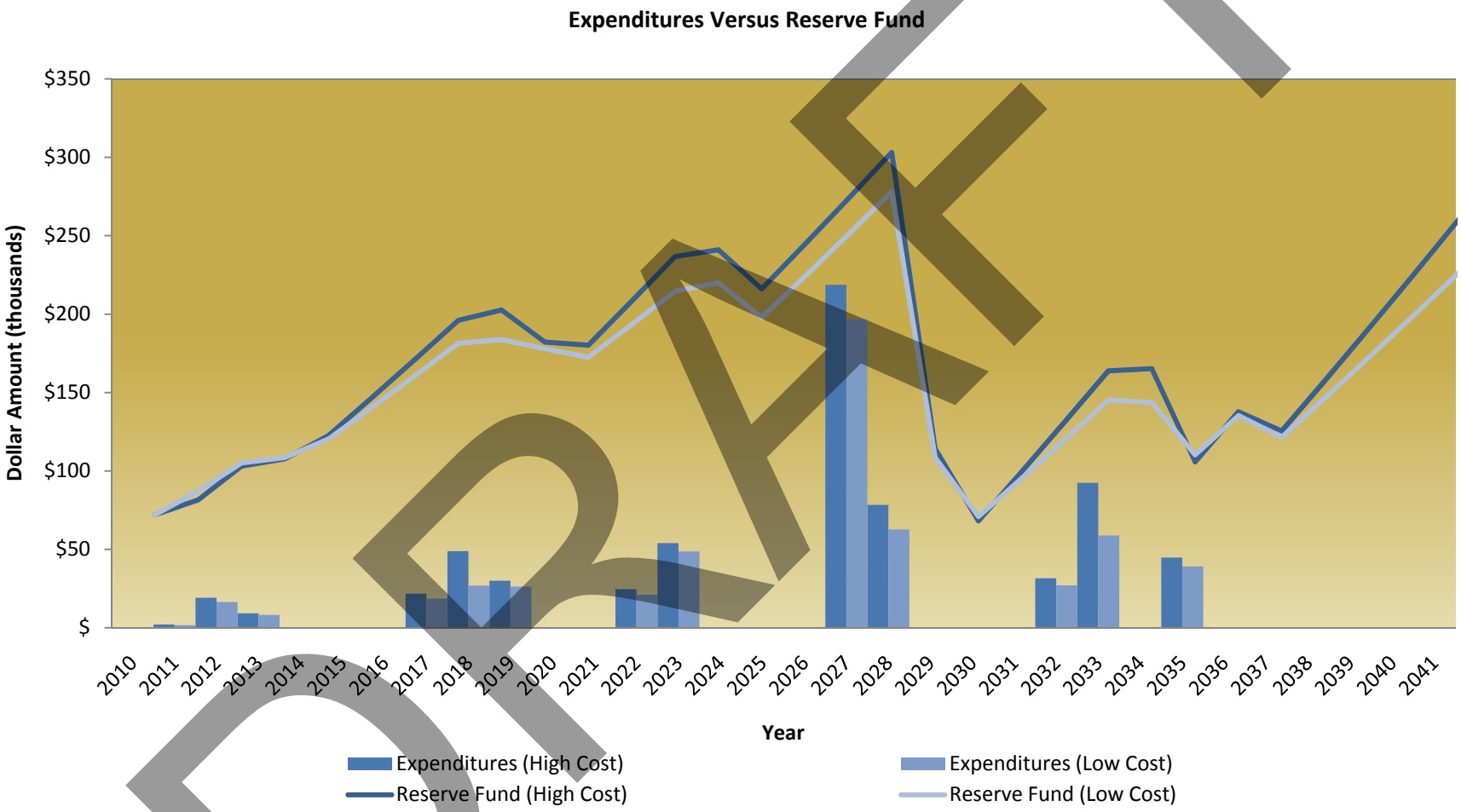
Table 4.1 – List of components and corresponding data used in the analysis.

Component Name	Useful Life	Year New	Remaining Life	Low Cost ($)	High Cost ($)	Unit	Quantity	Recur
Asphalt - 2" Overlay	20	2007	17	0.87	0.96	sf	130160	1
Asphalt - Slurry Seal	5	2007	2	0.12	0.14	sf	130160	4
6" Concrete -	15	2003	8	10000	20000	LS	1	2
Pavillion Exterior	10	2003	3	2.84	3.12	sf	2100	3
Pavillion Roof - Composite	30	2003	23	3.25	3.45	sf	1600	1
Mailbox Clusters - Replace	20	2003	13	5250	5500	ea	4	1
8' High Concrete Panel	25	2003	18	80.00	100.00	lf	500	1
Light Poles	20	2003	13	752	952	ea	11	1
Gates	15	2003	8	3000	5000	ea	4	2
Playground Equipment	16	2003	9	10500	12000	LS	2	2
Playground Groundcover	2	2003	-5	0.40	0.50	sf	4000	15

Table 4.2 – Component cost per recurrence and the total for the study period; includes anticipated expenditure years.

Component Name	Low Cost/ Recurrence	Total Low Cost/30 yr	High Cost/ Recurrence	Total High Cost/30 yr	Expenditure Years			
Asphalt - 2" Overlay	113,239	113,239	124,954	124,954	2027			
Asphalt - Slurry Seal	15,619	62,477	18,222	72,890	2012	2017	2022	2027
6" Concrete -	10,000	20,000	20,000	40,000	2018	2033		
Pavillion Exterior	5,964	17,892	6,552	19,656	2013	2023	2033	
Pavillion Roof -	5,200	5,200	5,520	5,520	2033			
Mailboxes - Replace	21,000	21,000	22,000	22,000	2023			
8' High Concrete Panel	40,000	40,000	50,000	50,000	2028			
Light Poles	8,272	8,272	10,472	10,472	2023			
Gates	12,000	24,000	20,000	40,000	2018	2033		
Playground Equipment	21,000	42,000	24,000	48,000	2019	2035		
Playground Groundcover	1,600	24,000	2,000	30,000	2011	2013	2015	2017

Figure 4.3.1 - Graphical representation of expenditures over the thirty year reserve study period. Expenditures vs. reserve fund balance for high and low component costs. The light and dark blue bar columns represent anticipated expenditures based on the lowest cost scenario, and the highest cost scenario. The corresponding light and dark blue lines indicates the reserve fund balance for the low and high funding, according to the allotments recommended in section 5.2.



5.0 Summary and Recommendations

5.1 Current Reserve Fund Status

At the time of this report, the balance in the reserve account for Somerset Village is $72,000. This is reflected in Figure 5.1.1, which demonstrates the current projected reserve fund versus low and high expenditures. It is important to note the current savings rate is sufficient to cover projected community costs per the components included in this report. If current unit contributions remain at $16.76/month the unit owners may be paying higher fees than necessary.

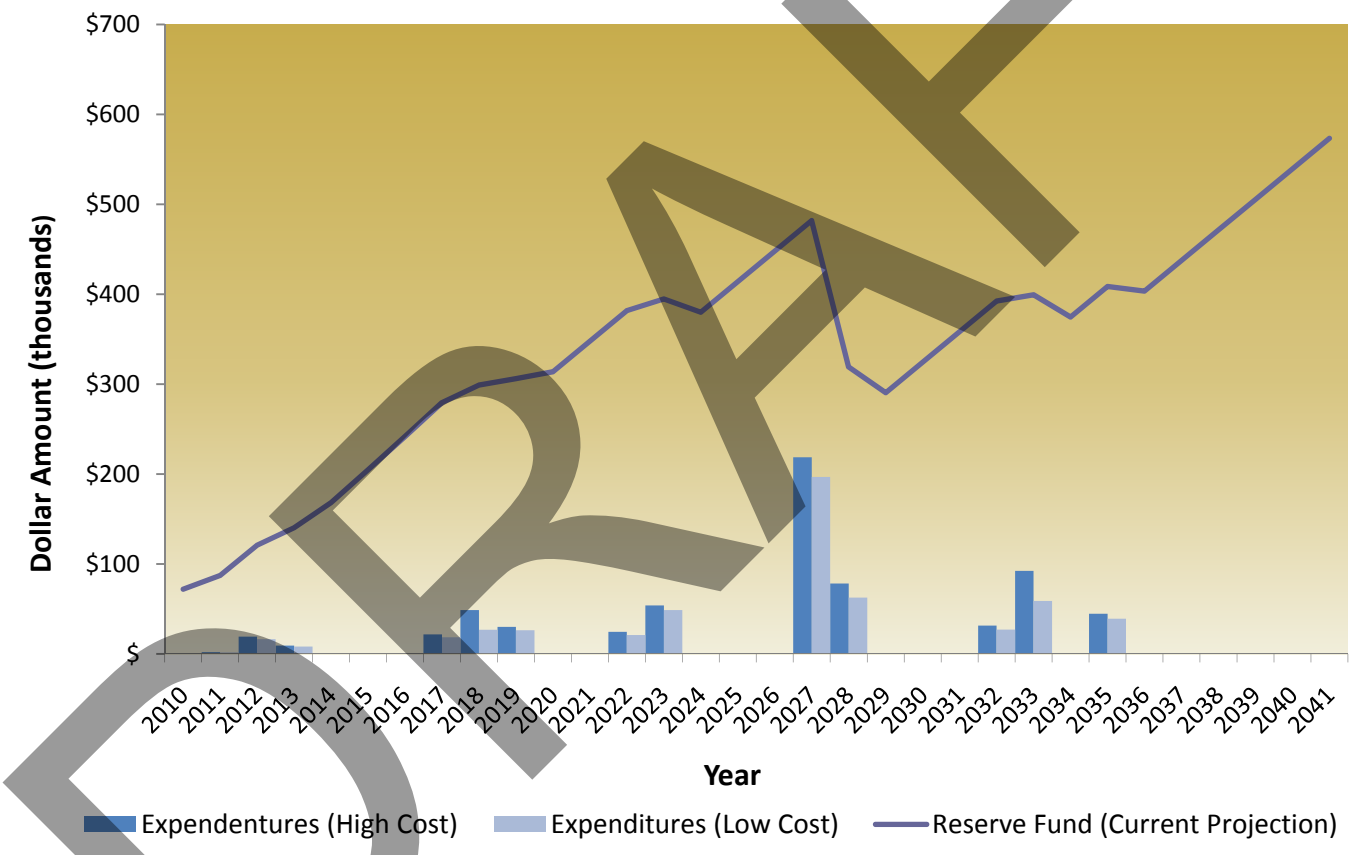


Figure 5.1.1 - Expenditures versus current reserve fund projection.

5.2 Recommended Funding Adjustments

The reserve fund balances shown in Figure 4.3.1 are achieved by adhering to the following recommended monthly unit costs:

Table 5.1 – Recommended monthly unit charge for low and high component replacement and repair costs.

Year	Monthly Unit Cost (low)	Monthly Unit Cost (high)
2010	$16.76	$16.76
2011 - 2016	$9.00	$11.00
2017 - 2021	$9.00	$12.50
2022 - 2027	$11.00	$12.50
2028 - 2041	$11.00	$15.00

Table 5.1 tabulates the recommended monthly unit contributions to the reserve fund. The reduction in unit payments prevents over-collection of funds, beyond what is necessary to accommodate community component repair and replacement. Future increases account for material cost and monetary inflation. The low cost recommendation starts at $9 per unit monthly for 2011, continuing until 2021. Starting 2022, the cost increases to $11.00. The high cost recommendation, and the preferred findings of this report, starts at $11 per unit monthly for 2011 through 2016. Between 2017 and 2027 $12.50 is recommended with an increase of $1.50 recommended in 2028 through the end of the study. It is assumed that this study will be updated at a minimum of every two years, so actual inflation rates can be recalculated.

It should be noted that the capital demand on the reserve fund represent the *future dollar* cost. To put this in perspective, a dollar in 1979 is equal to $3.11 today, or today's dollar equals 32 cents in terms of 1979 currency. Therefore, while the recommended values in 2040 may seem unreasonably high, it is prudent to keep in mind that the contribution in *present dollar* value is likely close to 30 percent of the tabulated value.

6.0 Statement of Limitations

Every effort has been made to correctly predict component expenses over the analysis period, according to the reliability and accuracy of the information provided by manufactures, vendors, and contractors; however, due to the unique unpredictable nature of the future economic climate, the projected values and recommendations included in this study are strictly estimated representations of the true values. The more distant the year, the lower the probability the values are accurate. The model is sensitive to input expenses – especially when project over 30 years – thus, depending on the economic climate, the recommended required HOA fees may need to be adjusted up or down.

Somerset Village is unique in relation to other comparable communities given the HOA is not responsible for maintenance, interior or exterior, of individual units. Therefore, this report does not incorporate the costs associated with painting, repair of stucco or other structural/aesthetic members, re-roofing, or any other unit repair/maintenance work.

The more often this report is updated, the better the fund/expense balance is met. In order to provide the greatest balance between meeting the expense demands of the association, and reducing the required monthly HOA fees, we recommend updating this report every year. If this is not possible, an update of this report should be done *at least* every 5 years. YKL Consulting is happy to provide updates of this report, upon request, for a reduced fee.

YKL Consulting has relied on Somerset HOA Board to disclose current pertinent financial status of the association. Assumptions regarding interest earned and inflation have been made according to the current financial situation. Component and material quantities were determined by observation during the site visit by YKL associates, as noted in the photographic inventory. Inspection during the site visit was strictly for budgetary purposes. Intrusive or damaging tests were not performed.

YKL Consulting has no present or prospective interest in the property that is the subject of this reserve study, and has no personal interest or bias with respect to the parties involved. The

preparers also have no bias with respect to the property that is the subject in this report or to the parties involved with the contract realizing this assignment.

We appreciate the opportunity to be of service to Somerset Home Owners Association. Please do not hesitate to contact us with questions regarding the content of this report, or regarding other services we provide.

Best Regards,

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Bartus T. Leeflang, M.S. P.E. Ryan C. Kump, M.S. P.E.

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Shaun H. Young, B.S.

7.0 Author Credentials

Shaun H. Young BS:

Shaun graduated from the University of Utah with a bachelor's degree in Civil Engineering. He works for a local commercial and residential land development firm since graduation. His main areas of expertise are in site design, hydraulic analysis, hydrology, traffic analysis, government entitlements, site development cost estimates, land surveying, and project management. Shaun currently serves on the board of directors for his HOA; which consists of 228 residential units.

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Ryan C. Kump, MS, P.E.:

A 2005 University of Utah master's degree graduate in Civil Engineering, with an emphasis in transportation and road design, Ryan has worked in the public sector for eight years. His experience with city codes and regulations gives him insight as to public vs. private property rights and responsibilities. He has managed multi-million dollar construction projects and understands the costs and needs of infrastructure, particularly as it applies to roadways and utilities. Ryan has also serves on the HOA Board in the 228-unit community he lives in.

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Bartus T. Leeflang, MS, P.E.:

A Graduate of the University of Utah with a master's degree in Civil Engineering in 2008, Bart has worked as an engineer in both the private and public sectors. He has experience in geotechnical engineering, including foundation, retaining wall, and embankment dam design. Furthermore, he has experience with a variety of aspects of hydrology, hydraulics, and structural engineering. Bart is responsible for preparing engineers estimates for new construction, and rehabilitation. His role as project manager requires tracking present and future expenditures, and providing recommendations or project alterations to meet performance and economic demands.

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8.0 Appendix A – Terms and Definitions[1]

Component – Also referred to as an "Asset." 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.

Component Full Funding – When the actual (or projected) cumulative reserve balance for all components is equal to the fully funded balance.

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.

Deficit – An actual (or projected reserve balance), which is less than the fully funded balance.

Effective Age – The difference between useful life and remaining useful life (UL - RUL).

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 expenses over time is presented. The financial analysis is one of the two parts of the Reserve Study.

Fully Funded Balance – An indicator against which the actual (or projected) reserve balance can be compared. The reserve balance that is in direct proportion to the fraction of life "used up" of the current repair or replacement cost of a reserve component. This number is calculated for each component, and then summed together for an association total. FFB = Current Cost * Effective Age / Useful Life

[1] Definitions documented by the National Reserve Study Association

Fund Status – The status of the reserve fund as compared to an established benchmark, such as percent funded.

Funding Goals – Independent of calculation 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.
- *Threshold Funding*: Establishing a reserve funding goal of keeping the reserve balance above a specified dollar or percent funded amount.

Funding Plan – An association's plan to provide income to a reserve fund to offset anticipated expenditures from that fund.

Funding Principles –

- Sufficient funds when required
- Stable contributions through the year
- 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 in time (typically the beginning of the fiscal year), of the actual (or projected) reserve balance to the ideal fund balance, expressed as a percentage.

Physical Analysis – The portion of the Reserve Study where the component evaluation, 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 current fiscal year have a "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.

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 that the association is obligated to maintain. Also known as "reserves," "reserve accounts," or "cash reserves." In this report the reserve balance is based upon information provided and is not audited.

Reserve Study – A budget-planning tool, which 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 Analysis.

Special Assessment – An assessment levied on the members of an association in addition to regular assessments. Governing documents or local statutes often regulate special assessments.

Surplus – An actual (or projected) reserve balance that is greater than the fully funded balance.

Useful Life (UL) – 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 of installation.

9.0 Appendix B – Tabulated Inventory

Table 9.1 – Tabulated component inventory.

Category	Component	Component Name
Drive Materials	1001	Asphalt - 2" Overlay
Drive Materials	1002	Asphalt - Slurry Seal
Drive Materials	1003	6" Concrete - Repair/Replace
Residential Building	2001	Exterior Repaint
Residential Building	2002	Roof – Composite Shingles
Common Development Items	3001	Mailboxes - Replace
Common Development Items	3003	Light Poles
Common Development Items	3004	8’ Concrete Panel Fence
Security	5004	Gate and Opener
Outdoor Recreation Equipment	6001	Playground Equipment
Outdoor Recreation Equipment	6002	Playground Groundcover

10.0 Appendix C - Photographic Inventory

Component Name:	2” Asphalt Overlay	Date of Photograph:	Tuesday, Sept 14, 2010
Component Number:	Drive Materials 1001	Photograph By:	Bart Leeflang

Component Duration

Component Life Expectancy:	20	years
Age of Component:	3	years
Remaining Component Life:	17	years

Component Cost

High Replacement Cost:	$ 124,954
Low Replacement Cost:	$ 113,239

Quantity Breakdown

Location	Quantity	Unit
Somerset Village Way	31,798	SF
Somerset Village Drive	44,070	SF
S 2970 E	15,240	SF
S 3150 E	7,200	SF
S 2910 E	14,300	SF
S 2860 E	17,550	SF

General Description

It is our understanding the asphalt in phases I and II is 2-inches thick. Design thickness is 3-inches and will be placed the month of this report. Several areas in Phases I and II were in need of slurry seal or overlay at the time of observation. Asphalt in phase III was observed to be in adequate condition with areas containing minor cracking. No alligator cracking or longitudinal cracks wider than ¼ inch were observed during the walk through in the phase II area. An asphalt overlay is recommended in 15 to 20 years. The overlay will add new structure to the road and fix any pot holes or structural defects that may develop over time. Without an overlay, the road will eventually break apart completely, requiring a total reconstruction.

Special Notes, Comments, and Considerations

Component Name:	Asphalt Slurry Seal	Date of Photograph:	Tuesday, Sept 14, 2010
Component Number:	Drive Materials 1002	Photograph By:	Bart Leeflang

Component Duration

Component Life Expectancy:	5	years
Age of Component:	3	years
Remaining Component Life:	2	years

Component Cost

High Replacement Cost:	$18,222
Low Replacement Cost:	$15,619

Quantity Breakdown

Location	Quantity	Unit
Somerset Village Way	31,800	SF
Somerset Village Drive	44,070	SF
S 2970 E	15,240	SF
S 3150 E	7,200	SF
S 2910 E	14,300	SF
S 2860 E	17,550	SF

General Description

The asphalt appeared to be in adequate condition with areas showing cracking. A slurry seal is recommended within the next two years. Slurry seal will help protect the asphalt from degradation by sealing cracks, preventing water seepage and damage. It also rejuvenates the surface and renews the oils, keeping the asphalt from becoming overly brittle.

Special Notes, Comments, and Considerations

Component Name:	Concrete Repair/Replace	Date of Photograph:	Tuesday, Sept 14, 2010
Component Number:	Drive Materials 1003	Photograph By:	Bart Leeflang

Component Duration

Component Life Expectancy:	N/A	years
Age of Component:	N/A	years
Remaining Component Life:	N/A	years

Component Cost

High Replacement Cost:	$20,000
Low Replacement Cost:	$10,000

Quantity Breakdown

Location	Quantity	Unit
Miscellaneous concrete repair	1	LS

General Description

Cracking and chipping were noticed at the time of the inspection as seen in the included photos. Concrete panels should be repaired and or replaced when there are 3 or more cracks that extend the full depth of the slab or if there is spalling that covers more than 25% of the panel. Protruding edges should be ground down to prevent further damage and to prevent any safety hazards. Several locations of onsite concrete flatwork was cracked and spalling at the time of inspection. Utility companies should be notified to replace severely damaged concrete collars around valves and manholes.

Special Notes, Comments, and Considerations

Repairs to the entrance structure, pavers, and the rotunda structure on the east end of the development are assumed to be taken from this concrete repair allotment.

Component Name:	Mailboxes	Date of Photograph:	Tuesday, Sept 14, 2010
Component Number:	Common Development 3001	Photograph By:	Bart Leeflang

Component Duration

Component Life Expectancy:	20	years
Age of Component:	7	years
Remaining Component Life:	13	years

Component Cost

High Replacement Cost:	$ 5,500
Low Replacement Cost:	$ 5,250

Quantity Breakdown

Name	Quantity	Unit
Mail Box Clusters	4	Each

General Description

The multi unit mail boxes were noted to be in relatively new condition. No visual damage could be seen at the time of inspection.

Special Notes, Comments, and Considerations

Component Name:	Painting/Resurface	Date of Photograph:	Tuesday, Sept 14, 2010
Component Number:	Residential Building 2001	Photograph By:	Bart Leeflang

Component Duration

Component Life Expectancy:	10	years
Age of Component:	7	years
Remaining Component Life:	3	years

Component Cost

High Replacement Cost:	$ 6,552
Low Replacement Cost:	$ 5,964

Quantity Breakdown

Unit Types	Quantity	Unit
Pavillion	2,100	sf

General Description

The current condition of the pavilion exterior is acceptable. No visible signs of premature aging or wear were apparent upon observation. A new coat of paint/refinish is recommended at 10-year intervals to preserve the exterior condition and aesthetics of the building.

Special Notes, Comments, and Considerations

Component Name:	Playground Equipment	Date of Photograph:	Tuesday, Sept 14, 2010
Component Number:	Recreation Equipment 6001	Photograph By:	Bart Leeflang

Component Duration

Component Life Expectancy:	16	years
Age of Component:	7	years
Remaining Component Life:	9	years

Component Cost

High Replacement Cost:	$ 12,000
Low Replacement Cost:	$ 10,500

Quantity Breakdown

Name	Quantity	Unit
Play System	2	Each

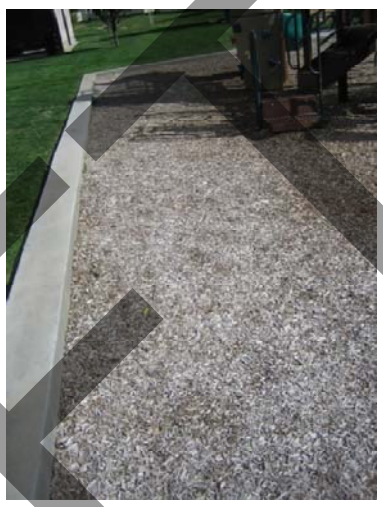
General Description

Commercial grade playground equipment appeared to be in relatively new condition with little to no damage.

Special Notes, Comments, and Considerations

YKL was instructed regarding an additional playground to be installed at the location of the photograph on the right. This analysis conservatively assumes both playgrounds were installed together. This should be updated when construction in the community is complete.

Component Name:	Playground Groundcover	Date of Photograph:	Tuesday, Sept 14, 2010
Component Number:	Recreation Equipment 6002	Photograph By:	Bart Leeflang



Component Duration

Component Life Expectancy:	2	years
Age of Component:	5	years
Remaining Component Life:	0	years

Component Cost

High Replacement Cost:	$ 2,000
Low Replacement Cost:	$ 1,600

Quantity Breakdown

Name	Quantity	Unit
Playground Mulch	4,000	Sq. Ft.

General Description

Playground covering consisted of wood mulch. Playground covering should be no less than 6 inches deep. The covering appeared to be degraded and is nearing the end of its design life. Replacement in the near future is recommended.

Special Notes, Comments, and Considerations

Component Name:	Concrete Panel Privacy Fencing	Date of Photograph:	Tuesday, Sept 14, 2010
Component Number:	Common Development 3002	Photograph By:	Bart Leeflang

Component Duration

Component Life Expectancy:	25	years
Age of Component:	7	years
Remaining Component Life:	18	years

Component Cost

High Replacement Cost:	$50,000
Low Replacement Cost:	$40,000

Quantity Breakdown

Location	Quantity	Unit
Allotment for Repair	500	LF

General Description

8-ft high concrete panel privacy fence was observed surrounding the community. One of the vertical braces was broken, as shown in the photograph on the right. An allotment of 500 lineal feet was provided for future repairs.

Special Notes, Comments, and Considerations

The cost of replacing the entire fence is high, and would drive the economics of this analysis. It is assumed the wall will be acceptable over the timeframe of this study. It is likely, in a future update of this report, the entire length of fence will need to be replaced.

Component Name:	Roof	Date of Photograph:	Tuesday, Sept 14, 2010
Component Number:	Residential Building 2002	Photograph By:	Bart Leeflang

Component Duration

Component Life Expectancy:	30	years
Age of Component:	7	years
Remaining Component Life:	23	years

Component Cost

High Replacement Cost:	$ 5,520
Low Replacement Cost:	$ 5,200

Quantity Breakdown

Type	Quantity	Unit
Pavillion	1,600	sf

General Description

The roof was installed in 2003 and from the ground appears sound. Observation reveal the shingles are free from warping, curling, cracking, or any other sign of premature wear.

Special Notes, Comments, and Considerations

Component Name:	Light Poles	Date of Photograph:	Tuesday, Sept 14, 2010
Component Number:	Common Development 3003	Photograph By:	Bart Leeflang

Component Duration

Component Life Expectancy:	20	years
Age of Component:	7	years
Remaining Component Life:	13	years

Component Cost

High Repair Cost:	$ 10,472
Low Repair Cost:	$ 8,272

Quantity Breakdown

Name	Quantity	Unit
Full Height Light Pole	11	Each

General Description

Light poles appeared to be in proper condition – no signs of vandalism, or premature wear. It is estimated that the light poles will need to be replaced every 20 years.

Special Notes, Comments, and Considerations

Component Name:	Gates	Date of Photograph:	Tuesday, Sept 14, 2010
Component Number:	Security 5004	Photograph By:	Bart Leeflang

Component Duration

Component Life Expectancy:	15	years
Age of Component:	7	years
Remaining Component Life:	8	years

Component Cost

High Repair Cost:	$ 20,000
Low Repair Cost:	$ 12,000

Quantity Breakdown

Name	Quantity	Unit
Gates at East Entrance	4	Each

General Description

A gated entrance was observed at the east community access. The entrance appears to be in good working order, free of premature corrosion or aging. Each gate includes an automatic swing opener. The gates do not appear to be used, and thus may have a longer life expectancy, assuming they have been properly maintained.

Special Notes, Comments, and Considerations

The gates and openers are not currently being used; however in the future an additional gated entrance will be added to the west, and at that time the community will be accessed strictly through the gated entrance. YKL recommends updating the report when the additional gated entrance is constructed.