

Depreciation & Reserve Fund Study Consultation Appraisal Report

Covering The Property Located At:



Strata Plan VIS 1177 - Cultra Court
1950 Cultra Avenue
Saanichton, British Columbia V8M 1Y9

as of January 1, 2015

Bell Appraisals
1287 Regal Court
Victoria BC, V9B 2L7
www.bell-appraisals.ca
bell.appraisals.consulting@gmail.com
250-514-3486

Bell Appraisals

1287 Regal Court
Victoria BC, V9B 2L7
www.bell-appraisals.ca
bell.appraisals.consulting@gmail.com
250-514-3486

December 19, 2014

Strata Plan VIS 1177 - Cultra Court

1950 Cultra Avenue
Saanichton, British Columbia V8M 1Y9

Attn: Owners of Strata Plan VIS 1177

Pursuant to your request and our subsequent agreement, Bell Appraisals has prepared the included Depreciation and Reserve Fund Study Consultation Appraisal Report.

This Depreciation and Reserve Fund Study Consultation Appraisal Report includes reserve fund concepts, methodology, financial analysis, and conclusions. It provides current and future replacement reserve estimates and recommends reserve fund actions. This Depreciation and Reserve Fund Study Consultation Appraisal Report is a complex document and should be reviewed in detail.

We appreciate the opportunity to perform this Depreciation and Reserve Fund Study Consultation Appraisal Report for you and if you have any questions, or require any further information, please do not hesitate to contact the appraiser. We look forward to providing you with a complete review and updating of the reserve fund of your corporation, as required in the future.

Yours very truly,



Keith Bell, DAR, DRP

Table of Contents

Summary of Facts and Conclusions.....	- 6 -
Improvement Description:.....	- 6 -
Glossary of Terms.....	- 7 -
Summary of Facts and Conclusions:.....	- 8 -
Funding Models - Summary.....	- 9 -
Plan A - Status Quo - \$2,083.33 Per Month Year One Increased @ 5.00% Each Year Thereafter.....	- 9 -
Plan B - Status Quo - \$2,083.33 Per Month Year One Increased @ 7.50% Each Year Thereafter.....	- 10 -
Plan C - Status Quo - \$2,604.16 Per Month Year One Increased @ 6.50% Each Year Thereafter.....	- 11 -
Estimated Annual Expenditures Breakdown.....	- 12 -
Plan A - \$2,083.33 Per Month Year One Increased @ 5.00% Each Year Thereafter.....	- 15 -
Cash Flow - Annual.....	- 15 -
Percent Funded - Annual.....	- 16 -
Cash Flow - 30 Year Projections - Chart.....	- 17 -
Plan B - \$2,083.33 Per Month Year One Increased @ 7.50% Each Year Thereafter.....	- 18 -
Cash Flow - Annual.....	- 18 -
Percent Funded - Annual.....	- 19 -
Cash Flow - 30 Year Projections Chart.....	- 20 -
Plan C - \$2,604.16 Per Month Year One Increased @ 6.50% Each Year Thereafter.....	- 21 -
Cash Flow - Annual.....	- 21 -
Percent Funded - Annual.....	- 22 -
Cash Flow - 30 Year Projections - Chart.....	- 23 -
Part 1 ~ Depreciation & Reserve Fund Study Consultation Appraisal Report.....	- 24 -
1.1 Intended User:.....	- 25 -
1.2 Scope of Work:.....	- 25 -
1.3 Highest & Best Use Analysis:.....	- 26 -
1.4 Purpose of Reserve Fund Study.....	- 26 -
1.5 Strata Property Amendment Act 2009 – Depreciation Report.....	- 27 -
Part 2 ~ Methodology.....	- 29 -
2.1 Reserve Fund Study.....	- 29 -
2.2 Reserve Fund Planning Standards.....	- 30 -
2.3 Reserve Fund Projection Factors.....	- 30 -
2.4 General Conditions and Assumptions.....	- 32 -
Part 3 ~ Property Information.....	- 33 -
3.1 Property Description.....	- 33 -
3.2 Building / Strata Plans.....	- 33 -

Part 4 ~ Reserve Component Analysis & Estimated Costs.....	- 34 -
4.1 Property Inspection.....	- 34 -
4.2 Reserve Fund Studies.....	- 34 -
4.3 Component Classification.....	- 34 -
4.4 Life Span Analysis.....	- 34 -
4.5 Current Cost Estimates.....	- 36 -
4.6 Reserve Component Descriptions and Analyses.....	- 37 -
Part 5 ~ Reserve Fund Component Estimates.....	- 37 -
5.1 Financial Analysis and Funding Models.....	- 37 -
5.2 Schedule Reserve Fund Component Estimates.....	- 38 -
5.3 Summary of Reserve Fund Analysis.....	- 38 -
Part 6 ~ Analysis of Reserve Fund Operations.....	- 39 -
6.1 Corporation's Financial Statements.....	- 39 -
Part 7 ~ Reserve Fund Management – 30 Year Projections.....	- 40 -
7.1 30 Year Projected Cash Flow and Deficiency/Surplus Analysis.....	- 40 -
Part 8 ~ Conclusions.....	- 41 -
8.1 Plan A - Status Quo - \$2,083.33 Per Month Year One Increased @ 5.00% Each Year Thereafter.....	- 41 -
8.2 Plan B - Status Quo - \$2,083.33 Per Month Year One Increased @ 7.50% Each Year Thereafter.....	- 42 -
8.3 Plan C - Status Quo - \$2,604.16 Per Month Year One Increased @ 6.50% Each Year Thereafter.....	- 43 -
Part 9 ~ Qualifications and Insurance.....	- 44 -
Part 10 ~ Certification & Statement of Limiting Conditions.....	- 45 -
Part 11 ~ Reserve Fund Analysis Pro Software Description.....	- 50 -
Component Analysis Breakdown - Electrical Systems.....	- 51 -
Exterior Common Lighting.....	- 51 -
Exterior Light Standards.....	- 52 -
Interior Electrical.....	- 53 -
Component Analysis Breakdown - Exterior Enclosure.....	- 54 -
Brick Siding.....	- 54 -
Caulking & Weatherproofing.....	- 55 -
Composite Shingle Roofing.....	- 56 -
Exterior Entry Doors.....	- 58 -
Exterior Siding Paint.....	- 59 -
Garage Doors.....	- 60 -
Moonlights.....	- 61 -
Screen Doors.....	- 62 -
Skylights.....	- 63 -
Sliding Doors.....	- 64 -
Stucco Siding.....	- 65 -
Vinyl Covered Balcony Membrane.....	- 66 -
Windows.....	- 67 -
Wood Siding, Soffits, Trim, Etc.....	- 69 -

Component Analysis Breakdown - Plumbing Systems.....	- 70 -
Gutters & Downspouts.....	- 70 -
Interior Plumbing.....	- 71 -
Perimeter Drains.....	- 72 -
Component Analysis Breakdown - Site Improvements.....	- 73 -
Asphalt Curb.....	- 73 -
Asphalt Paving.....	- 74 -
Concrete Paving.....	- 75 -
Fieldstone Retaining Walls / Pillars.....	- 76 -
Landscape Maintenance.....	- 77 -
Line Painting - Pavement.....	- 78 -
Public Signage.....	- 79 -
Underground Services.....	- 80 -
Underground Sprinkler.....	- 81 -
Wood Fencing.....	- 82 -
Component Analysis Breakdown - Structural.....	- 83 -
Foundation.....	- 83 -
Framing / Structure.....	- 84 -
Component Analysis Breakdown - Depreciation Report Update.....	- 85 -
Depreciation Report Update.....	- 85 -

Summary of Facts and Conclusions

This summary is provided as a quick reference of pertinent facts and estimates of this reserve fund study. The client and readers are advised to refer to the full text of this reserve fund study in detail.

Contact: Wendy Albers - Property Manager
Complete Residential Property Management Ltd.

Client: **Strata Plan VIS 1177 - Cultra Court**

Mailing Address: 1950 Cultra Avenue
Saanichton, British Columbia V8M 1Y9

Date of Study: Fiscal Year 2015 - January 1, 2015

Property: Strata Plan VIS 1177 - Cultra Court
1950 Cultra Avenue
Saanichton, British Columbia V8M 1Y9

Number of Units: 24

Real Property Type: Residential Townhouse Complex

Improvement Description:

The subject is a 24 unit townhouse complex constructed in 1981. Consisting of seven buildings, each with two - five residential units per building. The homes have wood with wood trim and stucco siding and composite shingle roofs and are serviced by Municipal water and sewer services.

Site improvements include stone driveway pillars / retaining walls, common asphalt road and parking areas, underground sprinkler system, wood panel fencing around the perimeter of the site (some of the fencing is older while some appears to have been recently replaced), stone retaining walls, concrete parking pads and pathways as well as concrete patio areas at the rear of the units, light standards, and unit balconies.

The Strata Corporation is responsible for all items as listed in the Item Component Analysis Breakdown located at the end of this document however there are also items that are the responsibility of individual unit owners as they are "owner improvements" and not the responsibility of the Strata Corporation.

In addition reader is advised that that Strata Corporation has elected to fund some estimated future expenditures from the operating account as opposed to the Contingency Reserve Fund account and this information is also detailed on applicable Item Component Analysis Breakdown pages located at the end of this document. Reader is strongly advised to read this document in its entirety so as to fully understand its contents and potential future ramifications.

Glossary of Terms

The following information is a glossary of terms used in the forecasting models to assist the reader in understanding the concepts contained herein.

- 1) **Estimated Annual Expenditures Breakdown** - A breakdown of which components are estimated to require attention / maintenance / replacement in any given year throughout the forecast period and the estimated cost for each year.
- 2) **Beginning Balance (Cash Flow Model)** - The estimated Contingency Reserve Fund balance at the beginning of each year.
- 3) **Contribution (Cash Flow Model)** - The estimated amount of money contributed to the Contingency Reserve Fund in any given year.
- 4) **Interest Earned (Cash Flow Model)** - The estimated amount of interest earned on Contingency Reserve Fund money.
- 5) **Expenditures (Cash Flow Model)** - The amount of Contingency Reserve Fund money that is estimated to be required to be spent in any given year on Contingency Reserve Fund items.
- 6) **Ending Balance (Cash Flow Model)** - The estimated balance of the Contingency Reserve Fund at the end of any given year.
- 7) **100% Funded Current Cost (Percent Funded Model)** - the current or future cost of reserve items divided by the life of the reserve item times period of time already in service. Example: If a reserve item has a 10 year estimated useful life and a cost of \$10,000, at the end for four years it would be 100% funded if had \$4,000 in funds ($\$10,000 / 10 \text{ years} = \$1,000 \times 4 \text{ years} = \$4,000$). If there were only \$2,500 available, the reserve item would be 63% funded ($\$2,500 / \$4,000 = 63\%$).
- 8) **Beginning Balance (Percent Funded Model)** - The estimated Contingency Reserve Fund balance at the beginning of each year.
- 9) **Percent Funded (Percent Funded Model)** - calculated by dividing the Beginning Balance of each year by the 100% Funded amount.
- 10) **Contribution (Percent Funded Model)** - The estimated amount of money contributed to the Contingency Reserve Fund in any given year.
- 11) **Interest Earned (Percent Funded Model)** - The estimated amount of interest earned on Contingency Reserve Fund money.
- 12) **Expenditure Future Cost (Percent Funded Model)** - The amount of Contingency Reserve Fund money that is estimated to be required to be spent in any given year on Contingency Reserve Fund items.

Summary of Facts and Conclusions:

A reserve fund analysis was performed for Strata Plan VIS 1177 - Cultra Court ("property") located at 1950 Cultra Avenue, Saanichton, British Columbia, V8M 1Y9. The property has 24 units. The reserve study is for the fiscal year starting January 1, 2015, and ending December 31, 2015.

As of January 1, 2015, the estimated reserve fund balance is \$39,816. The estimated current replacement cost of the reserve items is \$1,150,182, and with an annual compounded inflation rate of 2.75% the future replacement cost is \$1,858,679.

There are numerous methods used to analyze reserve fund status and to determine an appropriate level of funding in order to be adequate.

Calculations and projections are based upon the following financial assumptions:

Annual Contribution Increase - 5% OR 6.5% OR 7.5%

Interest Earned - 0.25%

Inflation on Reserve Items - 2.75%

Funding Models - Summary

Plan A - Status Quo - \$2,083.33 Per Month Year One Increased @ 5.00% Each Year Thereafter

This plan assumes the strata corporation continuing on their current Contingency Reserve Fund contributions of **\$2,083.33** per month in the first year however increasing at **5.00%** every year thereafter.

Plan A:

Beginning Balance	\$39,816.00
Annual Assessment Year 1	\$24,999.96
Special assessment Year 1	\$50,000.00
Annual Assessment Year 1 Monthly	\$2,083.33
Annual Increase	5.00%

Analysis:

This plan assumes that the Strata Corporation contributes \$2,083.33 per month in the first year and then increases this amount by 5% each year thereafter.

Under this model the following estimated special levies may be required:

(Please see Estimated Annual Expenditures for more information)

- 1) July 2015 - \$50,000.00 2) July 2023 - \$115,000.00**
3) July 2034 - \$225,000.00

Total Estimated Special Levies - \$390,000.00

Please be advised that the timing or amount of any of the above estimated special levies may change depending on any number of factors including (but not limited to): maintenance, investment rate of return, rate of inflation, future depreciation report updates, contribution amount, etc.

Plan B - Status Quo - \$2,083.33 Per Month Year One Increased @ 7.50% Each Year Thereafter

This plan assumes the strata corporation continuing on their current Contingency Reserve Fund contributions of **\$2,083.33** per month in the first year however increasing at **7.50%** every year thereafter.

Plan B:

Beginning Balance	\$39,816.00
Annual Assessment Year 1	\$24,999.96
Special assessment Year 1	\$50,000.00
Annual Assessment Year 1 Monthly	\$2,083.33
Annual Increase	7.50%

Analysis:

This plan assumes that the Strata Corporation contributes \$2,083.33 per month in the first year and then increases this amount by 7.50% each year thereafter.

Under this model the following estimated special levies may be required:

(Please see Estimated Annual Expenditures for more information)

1) July 2015 - \$50,000.00 2) July 2023 - \$80,000.00

Total Estimated Special Levies - \$130,000.00

Please be advised that the timing or amount of any of the above estimated special levies may change depending on any number of factors including (but not limited to): maintenance, investment rate of return, rate of inflation, future depreciation report updates, contribution amount, etc.

Plan C - Status Quo - \$2,604.16 Per Month Year One Increased @ 6.50% Each Year Thereafter

This plan assumes the strata corporation increases their Contingency Reserve Fund contributions to **\$2,604.16** per month in the first year (50% Increase) and then increase this amount by **6.50%** every year thereafter.

Plan C:

Beginning Balance	\$39,816.00
Annual Assessment Year 1	\$31,249.92
Special assessment Year 1	\$50,000.00
Annual Assessment Year 1 Monthly	\$2,604.16
Annual Increase	6.50%

Analysis:

This plan assumes that the Strata Corporation increases the current CRF funding from \$2,083.33 per month to **\$2,604.16** per month in year one and then increases this amount by **6.50%** each year thereafter.

The purpose of this funding model is to assume future expenses of +/- 50% to CRF contributions and +/- 50% to future estimated special levies.

Under this model the following estimated special levies may be required:

(Please see Estimated Annual Expenditures for more information)

1) 2015 - \$50,000.00

This plan also illustrates that there will be years in which the CRF balance will be quite high and this may allow future reductions of the monthly CRF contributions however these will be considered in future updates.

Please be advised that the timing or amount of any of the above estimated special levies may change depending on any number of factors including (but not limited to): maintenance, investment rate of return, rate of inflation, contribution amount, future depreciation report updates, etc.

Estimated Annual Expenditures Breakdown

Date	Description	Code	Service Date	Est Life	Future Cost	Salvage Value	Net Expenditure
Year --2015							
06/12/2015	Asphalt Curb	920-002-0008	06/12/1990	25:00	\$ 1,092.43	\$ 0.00	\$ 1,092.43
06/12/2015	Asphalt Paving	920-002-0001	06/12/1990	25:00	7,889.79	0.00	7,889.79
06/12/2015	Concrete Paving	920-002-0007	06/12/1955	60:00	8,041.51	0.00	8,041.51
06/12/2015	Exterior Siding Paint	920-002-0020	06/12/2000	15:00	12,087.56	0.00	12,087.56
06/12/2015	Fieldstone Retaining Walls /...	910-000-0002	06/12/2005	10:00	6,574.82	0.00	6,574.82
06/12/2015	Framing / Structure	920-002-0033	06/12/1955	60:00	15,172.66	0.00	15,172.66
06/12/2015	Sliding Doors	920-002-0026	06/12/1985	30:00	9,356.48	0.00	9,356.48
06/12/2015	Stucco Siding	920-002-0021	06/12/1970	45:00	7,464.95	0.00	7,464.95
06/12/2015	Stucco Siding	920-003-0021	06/12/1970	45:00	5,183.99	0.00	5,183.99
06/12/2015	Vinyl Covered Balcony Membrane	920-002-0032	06/12/1995	20:00	4,728.81	0.00	4,728.81
06/12/2015	Windows	920-001-0023	06/12/1980	35:00	8,779.92	0.00	8,779.92
06/12/2015	Wood Siding, Soffits, Trim, Etc	920-002-0019	06/12/1955	60:00	14,201.06	0.00	14,201.06
					\$ 100,573.98	\$ 0.00	\$ 100,573.98
Year --2016							
06/12/2016	Windows	920-002-0023	06/12/1981	35:00	9,024.43	0.00	9,024.43
					\$ 9,024.43	\$ 0.00	\$ 9,024.43
Year --2017							
06/12/2017	Depreciation Report Update	910-000-0034	06/12/2014	3:00	1,725.85	0.00	1,725.85
06/12/2017	Line Painting - Pavement	910-000-0009	06/12/2012	5:00	587.75	0.00	587.75
06/12/2017	Windows	920-003-0023	06/12/1982	35:00	9,275.75	0.00	9,275.75
					\$ 11,589.35	\$ 0.00	\$ 11,589.35
Year --2018							
06/12/2018	Windows	920-004-0023	06/12/1983	35:00	9,534.08	0.00	9,534.08
					\$ 9,534.08	\$ 0.00	\$ 9,534.08
Year --2019							
06/12/2019	Brick Siding	910-000-0022	06/12/2009	10:00	3,669.20	0.00	3,669.20
06/12/2019	Sliding Doors	920-001-0026	06/12/1989	30:00	24,019.16	0.00	24,019.16
06/12/2019	Windows	920-005-0023	06/12/1984	35:00	9,799.59	0.00	9,799.59
06/12/2019	Wood Fencing	920-001-0006	06/12/1999	20:00	26,011.82	0.00	26,011.82
					\$ 63,499.77	\$ 0.00	\$ 63,499.77
Year --2020							
06/12/2020	Depreciation Report Update	910-000-0034	06/12/2017	3:00	1,874.09	0.00	1,874.09
					\$ 1,874.09	\$ 0.00	\$ 1,874.09
Year --2022							
06/12/2022	Line Painting - Pavement	910-000-0009	06/12/2017	5:00	674.28	0.00	674.28
06/12/2022	Vinyl Covered Balcony Membrane	920-001-0032	06/12/2002	20:00	5,731.37	0.00	5,731.37
					\$ 6,405.65	\$ 0.00	\$ 6,405.65
Year --2023							
06/12/2023	Composite Shingle Roofing	910-000-0012	06/12/1998	25:00	156,504.80	0.00	156,504.80

Estimated Annual Expenditures Breakdown

Date	Description	Code	Service Date	Est Life	Future Cost	Salvage Value	Net Expenditure
06/12/2023	Depreciation Report Update	910-000-0034	06/12/2020	3:00	\$ 2,035.07	\$ 0.00	\$ 2,035.07
					\$ 158,539.87	\$ 0.00	\$ 158,539.87
Year --2024							
06/12/2024	Asphalt Curb	920-001-0008	06/12/1999	25:00	4,686.02	0.00	4,686.02
06/12/2024	Garage Doors	910-000-0027	06/12/1989	35:00	55,952.47	0.00	55,952.47
06/12/2024	Skylights	910-000-0029	06/12/2004	20:00	11,009.17	0.00	11,009.17
06/12/2024	Underground Sprinkler	910-000-0005	06/12/2004	20:00	35,617.89	0.00	35,617.89
					\$ 107,265.55	\$ 0.00	\$ 107,265.55
Year --2025							
06/12/2025	Fieldstone Retaining Walls /...	910-000-0002	06/12/2015	10:00	8,653.23	0.00	8,653.23
					\$ 8,653.23	\$ 0.00	\$ 8,653.23
Year --2026							
06/12/2026	Depreciation Report Update	910-000-0034	06/12/2023	3:00	2,209.87	0.00	2,209.87
06/12/2026	Exterior Siding Paint	920-001-0020	06/12/2011	15:00	102,688.53	0.00	102,688.53
					\$ 104,898.40	\$ 0.00	\$ 104,898.40
Year --2027							
06/12/2027	Line Painting - Pavement	910-000-0009	06/12/2022	5:00	773.55	0.00	773.55
					\$ 773.55	\$ 0.00	\$ 773.55
Year --2029							
06/12/2029	Brick Siding	910-000-0022	06/12/2019	10:00	4,829.10	0.00	4,829.10
06/12/2029	Depreciation Report Update	910-000-0034	06/12/2026	3:00	2,399.69	0.00	2,399.69
06/12/2029	Wood Fencing	920-002-0006	06/12/2009	20:00	12,552.68	0.00	12,552.68
					\$ 19,781.47	\$ 0.00	\$ 19,781.47
Year --2030							
06/12/2030	Exterior Siding Paint	920-002-0020	06/12/2015	15:00	18,250.72	0.00	18,250.72
					\$ 18,250.72	\$ 0.00	\$ 18,250.72
Year --2032							
04/12/2032	Perimeter Drains	910-000-0015	04/12/1987	45:00	237,451.38	0.00	237,451.38
06/12/2032	Depreciation Report Update	910-000-0034	06/12/2029	3:00	2,605.81	0.00	2,605.81
06/12/2032	Line Painting - Pavement	910-000-0009	06/12/2027	5:00	887.43	0.00	887.43
					\$ 240,944.62	\$ 0.00	\$ 240,944.62
Year --2034							
06/12/2034	Asphalt Paving	920-001-0001	06/12/2009	25:00	313,309.43	0.00	313,309.43
06/12/2034	Stucco Siding	920-001-0021	06/12/1989	45:00	59,406.32	0.00	59,406.32
					\$ 372,715.75	\$ 0.00	\$ 372,715.75
Year --2035							
06/12/2035	Depreciation Report Update	910-000-0034	06/12/2032	3:00	2,829.64	0.00	2,829.64
06/12/2035	Fieldstone Retaining Walls /...	910-000-0002	06/12/2025	10:00	11,388.66	0.00	11,388.66
06/12/2035	Vinyl Covered Balcony Membrane	920-002-0032	06/12/2015	20:00	8,191.07	0.00	8,191.07

Estimated Annual Expenditures Breakdown

Date	Description	Code	Service Date	Est Life	Future Cost	Salvage Value	Net Expenditure
					\$ 22,409.37	\$ 0.00	\$ 22,409.37
Year --2037							
06/12/2037	Line Painting - Pavement	910-000-0009	06/12/2032	5:00	\$ 1,018.08	\$ 0.00	\$ 1,018.08
					\$ 1,018.08	\$ 0.00	\$ 1,018.08
Year --2038							
06/12/2038	Depreciation Report Update	910-000-0034	06/12/2035	3:00	3,072.70	0.00	3,072.70
					\$ 3,072.70	\$ 0.00	\$ 3,072.70
Year --2039							
06/12/2039	Brick Siding	910-000-0022	06/12/2029	10:00	6,355.66	0.00	6,355.66
06/12/2039	Exterior Light Standards	920-001-0004	06/12/2009	30:00	2,956.85	0.00	2,956.85
06/12/2039	Exterior Light Standards	920-002-0004	06/12/2009	30:00	563.21	0.00	563.21
06/12/2039	Wood Fencing	920-001-0006	06/12/2019	20:00	45,056.71	0.00	45,056.71
					\$ 54,932.43	\$ 0.00	\$ 54,932.43
Year --2040							
06/12/2040	Asphalt Curb	920-002-0008	06/12/2015	25:00	2,170.85	0.00	2,170.85
06/12/2040	Asphalt Paving	920-002-0001	06/12/2015	25:00	15,678.38	0.00	15,678.38
					\$ 17,849.23	\$ 0.00	\$ 17,849.23
Year --2041							
06/12/2041	Depreciation Report Update	910-000-0034	06/12/2038	3:00	3,336.63	0.00	3,336.63
06/12/2041	Exterior Siding Paint	920-001-0020	06/12/2026	15:00	155,047.03	0.00	155,047.03
					\$ 158,383.66	\$ 0.00	\$ 158,383.66
Year --2042							
04/12/2042	Wood Siding, Soffits, Trim, Etc	920-001-0019	04/12/1982	60:00	289,493.70	0.00	289,493.70
06/12/2042	Line Painting - Pavement	910-000-0009	06/12/2037	5:00	1,167.96	0.00	1,167.96
06/12/2042	Vinyl Covered Balcony Membrane	920-001-0032	06/12/2022	20:00	9,927.66	0.00	9,927.66
					\$ 300,589.32	\$ 0.00	\$ 300,589.32
Year --2044							
06/12/2044	Concrete Paving	920-001-0007	06/12/1984	60:00	214,474.87	0.00	214,474.87
06/12/2044	Depreciation Report Update	910-000-0034	06/12/2041	3:00	3,623.24	0.00	3,623.24
06/12/2044	Skylights	910-000-0029	06/12/2024	20:00	19,069.67	0.00	19,069.67
06/12/2044	Underground Sprinkler	910-000-0005	06/12/2024	20:00	61,695.98	0.00	61,695.98
					\$ 298,863.76	\$ 0.00	\$ 298,863.76

Plan A - \$2,083.33 Per Month Year One Increased @ 5.00% Each Year Thereafter
Cash Flow - Annual

Period	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
01/15 - 12/15	\$ 39,816.15	\$ 74,999.96	\$ 56.60	\$ 100,573.98	\$ 14,298.73
01/16 - 12/16	14,298.73	26,250.00	56.40	9,024.43	31,580.70
01/17 - 12/17	31,580.70	27,562.56	97.84	11,589.35	47,651.75
01/18 - 12/18	47,651.75	28,940.64	142.56	9,534.08	67,200.87
01/19 - 12/19	67,200.87	30,387.72	120.17	63,499.77	34,208.99
01/20 - 12/20	34,208.99	31,907.16	122.99	1,874.09	64,365.05
01/21 - 12/21	64,365.05	33,502.56	203.00	0.00	98,070.61
01/22 - 12/22	98,070.61	35,177.64	280.79	6,405.65	127,123.39
01/23 - 12/23	127,123.39	151,936.48	281.39	158,539.87	120,801.39
01/24 - 12/24	120,801.39	38,783.28	205.51	107,265.55	52,524.63
	\$ 39,816.15	\$ 479,448.00	\$ 1,567.25	\$ 468,306.77	\$ 52,524.63

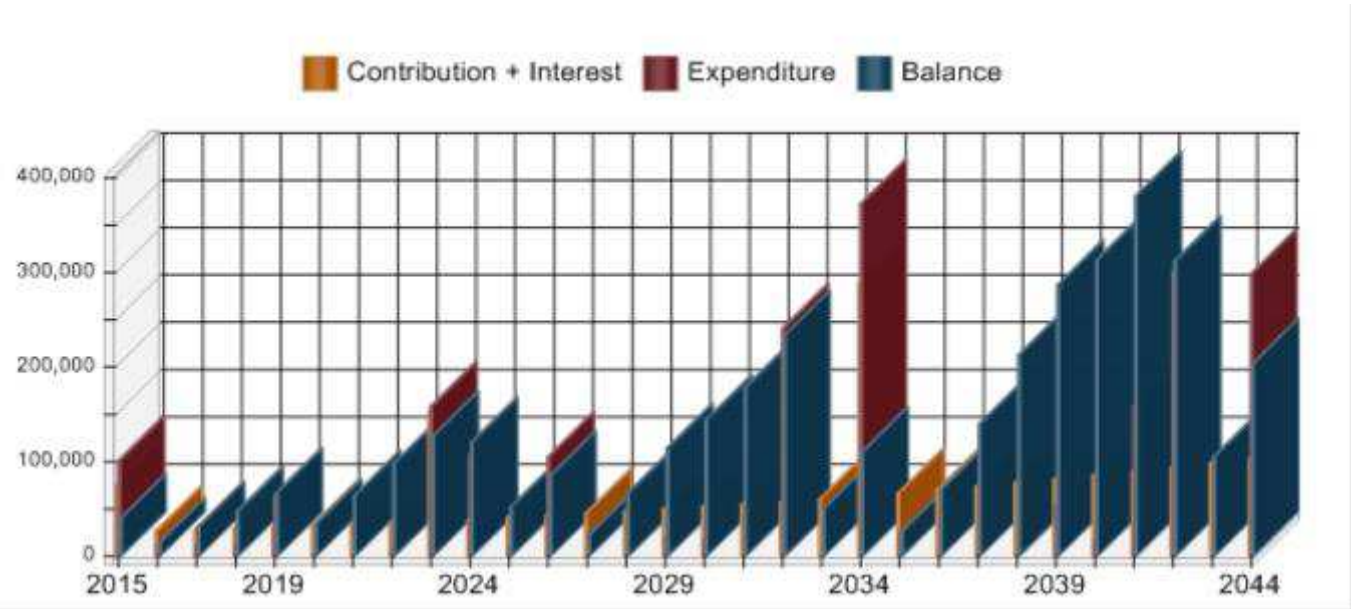
Period	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
01/25 - 12/25	52,524.63	40,722.48	170.66	8,653.23	84,764.54
01/26 - 12/26	84,764.54	42,758.64	123.52	104,898.40	22,748.30
01/27 - 12/27	22,748.30	44,896.56	112.04	773.55	66,983.35
01/28 - 12/28	66,983.35	47,141.40	226.63	0.00	114,351.38
01/29 - 12/29	114,351.38	49,498.44	321.33	19,781.47	144,389.68
01/30 - 12/30	144,389.68	51,973.32	401.66	18,250.72	178,513.94
01/31 - 12/31	178,513.94	54,572.04	515.06	0.00	233,601.04
01/32 - 12/32	233,601.04	57,300.60	230.80	240,944.62	50,187.82
01/33 - 12/33	50,187.82	60,165.60	200.88	0.00	110,554.30
01/34 - 12/34	110,554.30	288,173.88	142.44	372,715.75	26,154.87
	\$ 52,524.63	\$ 737,202.96	\$ 2,445.02	\$ 766,017.74	\$ 26,154.87

Period	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
01/35 - 12/35	26,154.87	66,332.52	118.08	22,409.37	70,196.10
01/36 - 12/36	70,196.10	69,649.20	262.81	0.00	140,108.11
01/37 - 12/37	140,108.11	73,131.72	440.77	1,018.08	212,662.52
01/38 - 12/38	212,662.52	76,788.36	624.15	3,072.70	287,002.33
01/39 - 12/39	287,002.33	80,627.76	744.75	54,932.43	313,442.41
01/40 - 12/40	313,442.41	84,659.16	866.23	17,849.23	381,118.57
01/41 - 12/41	381,118.57	88,892.16	850.48	158,383.66	312,477.55
01/42 - 12/42	312,477.55	93,336.72	370.77	300,589.32	105,595.72
01/43 - 12/43	105,595.72	98,003.52	386.89	0.00	203,986.13
01/44 - 12/44	203,986.13	102,903.72	256.98	298,863.76	8,283.07
	\$ 26,154.87	\$ 834,324.84	\$ 4,921.91	\$ 857,118.55	\$ 8,283.07

Percent Funded - Annual

Beginning Date	100 % Funded Current Cost	Beginning Balance	Percent Funded	Contribution	Interest	Expenditure Future Cost
01/01/2015	\$ 637,302	\$ 39,816	6.25 %	\$ 74,999	\$ 56	100,573
01/01/2016	575,534	14,298	2.48	26,250	56	9,024
01/01/2017	604,538	31,580	5.22	27,562	97	11,589
01/01/2018	631,417	47,651	7.55	28,940	142	9,534
01/01/2019	660,500	67,200	10.17	30,387	120	63,499
01/01/2020	642,212	34,208	5.33	31,907	122	1,874
01/01/2021	678,603	64,365	9.48	33,502	203	0
01/01/2022	716,740	98,070	13.68	35,177	280	6,405
01/01/2023	749,656	127,123	16.96	151,936	281	158,539
01/01/2024	662,574	120,801	18.23	38,783	205	107,265
01/01/2025	619,857	52,524	8.47	40,722	170	8,653
01/01/2026	653,895	84,764	12.96	42,758	123	104,898
01/01/2027	618,622	22,748	3.68	44,896	112	773
01/01/2028	660,560	66,983	10.14	47,141	226	0
01/01/2029	703,180	114,351	16.26	49,498	321	19,781
01/01/2030	731,698	144,389	19.73	51,973	401	18,250
01/01/2031	762,855	178,513	23.40	54,572	515	0
01/01/2032	806,271	233,601	28.97	57,300	230	240,944
01/01/2033	700,220	50,187	7.17	60,165	200	0
01/01/2034	745,719	110,554	14.83	288,173	142	372,715
01/01/2035	575,908	26,154	4.54	66,332	118	22,409
01/01/2036	611,449	70,196	11.48	69,649	262	0
01/01/2037	663,195	140,108	21.13	73,131	440	1,018
01/01/2038	714,069	212,662	29.78	76,788	624	3,072
01/01/2039	763,059	287,002	37.61	80,627	744	54,932
01/01/2040	782,949	313,442	40.03	84,659	866	17,849
01/01/2041	827,189	381,118	46.07	88,892	850	158,383
01/01/2042	776,885	312,477	40.22	93,336	370	300,589
01/01/2043	692,181	105,595	15.26	98,003	386	0
01/01/2044	751,912	203,986	27.13	102,903	256	298,863

Cash Flow - 30 Year Projections - Chart



Plan B - \$2,083.33 Per Month Year One Increased @ 7.50% Each Year Thereafter
Cash Flow - Annual

Period	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
01/15 - 12/15	\$ 39,816.15	\$ 74,999.96	\$ 56.60	\$ 100,573.98	\$ 14,298.73
01/16 - 12/16	14,298.73	26,874.96	57.18	9,024.43	32,206.44
01/17 - 12/17	32,206.44	28,890.60	101.05	11,589.35	49,608.74
01/18 - 12/18	49,608.74	31,057.44	150.10	9,534.08	71,282.20
01/19 - 12/19	71,282.20	33,386.76	134.13	63,499.77	41,303.32
01/20 - 12/20	41,303.32	35,890.80	145.75	1,874.09	75,465.78
01/21 - 12/21	75,465.78	38,582.64	237.15	0.00	114,285.57
01/22 - 12/22	114,285.57	41,476.32	329.25	6,405.65	149,685.49
01/23 - 12/23	149,685.49	124,587.08	307.31	158,539.87	116,040.01
01/24 - 12/24	116,040.01	47,931.12	205.06	107,265.55	56,910.64
	\$ 39,816.15	\$ 483,677.68	\$ 1,723.58	\$ 468,306.77	\$ 56,910.64

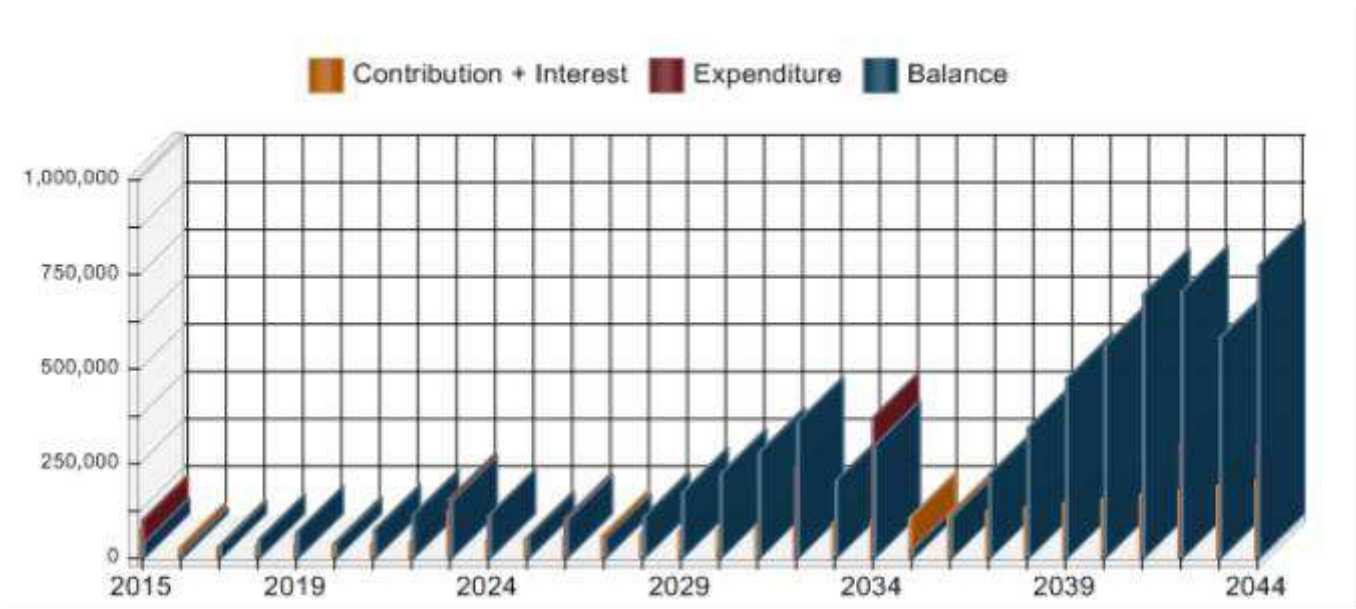
Period	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
01/25 - 12/25	56,910.64	51,525.96	195.17	8,653.23	99,978.54
01/26 - 12/26	99,978.54	55,390.44	177.41	104,898.40	50,647.99
01/27 - 12/27	50,647.99	59,544.72	200.20	773.55	109,619.36
01/28 - 12/28	109,619.36	64,010.52	354.44	0.00	173,984.32
01/29 - 12/29	173,984.32	68,811.36	494.73	19,781.47	223,508.94
01/30 - 12/30	223,508.94	73,972.20	627.21	18,250.72	279,857.63
01/31 - 12/31	279,857.63	79,520.16	799.92	0.00	360,177.71
01/32 - 12/32	360,177.71	85,484.16	582.87	240,944.62	205,300.12
01/33 - 12/33	205,300.12	91,895.52	628.79	0.00	297,824.43
01/34 - 12/34	297,824.43	98,787.72	371.97	372,715.75	24,268.37
	\$ 56,910.64	\$ 728,942.76	\$ 4,432.71	\$ 766,017.74	\$ 24,268.37

Period	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
01/35 - 12/35	24,268.37	106,196.76	163.21	22,409.37	108,218.97
01/36 - 12/36	108,218.97	114,161.52	413.66	0.00	222,794.15
01/37 - 12/37	222,794.15	122,723.64	709.76	1,018.08	345,209.47
01/38 - 12/38	345,209.47	131,927.88	1,024.87	3,072.70	475,089.52
01/39 - 12/39	475,089.52	141,822.48	1,292.06	54,932.43	563,271.63
01/40 - 12/40	563,271.63	152,459.16	1,576.32	17,849.23	699,457.88
01/41 - 12/41	699,457.88	163,893.60	1,741.06	158,383.66	706,708.88
01/42 - 12/42	706,708.88	176,185.68	1,461.11	300,589.32	583,766.35
01/43 - 12/43	583,766.35	189,399.60	1,698.01	0.00	774,863.96
01/44 - 12/44	774,863.96	203,604.60	1,789.14	298,863.76	681,393.94
	\$ 24,268.37	\$ 1,502,374.92	\$ 11,869.20	\$ 857,118.55	\$ 681,393.94

Percent Funded - Annual

Beginning Date	100 % Funded Current Cost	Beginning Balance	Percent Funded	Contribution	Interest	Expenditure Future Cost
01/01/2015	\$ 637,302	\$ 39,816	6.25 %	\$ 74,999	\$ 56	100,573
01/01/2016	575,534	14,298	2.48	26,874	57	9,024
01/01/2017	604,538	32,206	5.33	28,890	101	11,589
01/01/2018	631,417	49,608	7.86	31,057	150	9,534
01/01/2019	660,500	71,282	10.79	33,386	134	63,499
01/01/2020	642,212	41,303	6.43	35,890	145	1,874
01/01/2021	678,603	75,465	11.12	38,582	237	0
01/01/2022	716,740	114,285	15.95	41,476	329	6,405
01/01/2023	749,656	149,685	19.97	124,587	307	158,539
01/01/2024	662,574	116,040	17.51	47,931	205	107,265
01/01/2025	619,857	56,910	9.18	51,525	195	8,653
01/01/2026	653,895	99,978	15.29	55,390	177	104,898
01/01/2027	618,622	50,647	8.19	59,544	200	773
01/01/2028	660,560	109,619	16.59	64,010	354	0
01/01/2029	703,180	173,984	24.74	68,811	494	19,781
01/01/2030	731,698	223,508	30.55	73,972	627	18,250
01/01/2031	762,855	279,857	36.69	79,520	799	0
01/01/2032	806,271	360,177	44.67	85,484	582	240,944
01/01/2033	700,220	205,300	29.32	91,895	628	0
01/01/2034	745,719	297,824	39.94	98,787	371	372,715
01/01/2035	575,908	24,268	4.21	106,196	163	22,409
01/01/2036	611,449	108,218	17.70	114,161	413	0
01/01/2037	663,195	222,794	33.59	122,723	709	1,018
01/01/2038	714,069	345,209	48.34	131,927	1,024	3,072
01/01/2039	763,059	475,089	62.26	141,822	1,292	54,932
01/01/2040	782,949	563,271	71.94	152,459	1,576	17,849
01/01/2041	827,189	699,457	84.56	163,893	1,741	158,383
01/01/2042	776,885	706,708	90.97	176,185	1,461	300,589
01/01/2043	692,181	583,766	84.34	189,399	1,698	0
01/01/2044	751,912	774,863	103.05	203,604	1,789	298,863

Cash Flow - 30 Year Projections Chart



Plan C - \$2,604.16 Per Month Year One Increased @ 6.50% Each Year Thereafter
Cash Flow - Annual

Period	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
01/15 - 12/15	\$ 39,816.15	\$ 81,249.92	\$ 63.71	\$ 100,573.98	\$ 20,555.80
01/16 - 12/16	20,555.80	33,281.16	80.85	9,024.43	44,893.38
01/17 - 12/17	44,893.38	35,444.40	141.00	11,589.35	68,889.43
01/18 - 12/18	68,889.43	37,748.28	206.72	9,534.08	97,310.35
01/19 - 12/19	97,310.35	40,201.92	207.81	63,499.77	74,220.31
01/20 - 12/20	74,220.31	42,815.04	236.77	1,874.09	115,398.03
01/21 - 12/21	115,398.03	45,597.96	345.86	0.00	161,341.85
01/22 - 12/22	161,341.85	48,561.84	455.88	6,405.65	203,953.92
01/23 - 12/23	203,953.92	51,718.32	360.35	158,539.87	97,492.72
01/24 - 12/24	97,492.72	55,080.00	167.57	107,265.55	45,474.74
	\$ 39,816.15	\$ 471,698.84	\$ 2,266.52	\$ 468,306.77	\$ 45,474.74

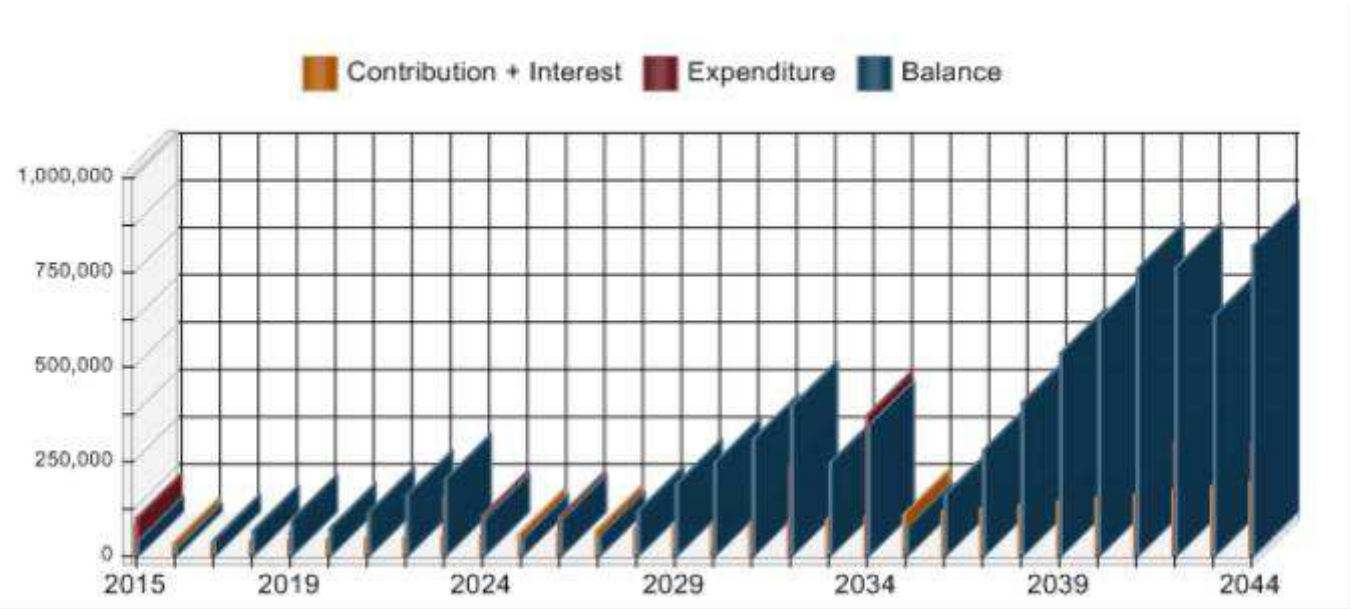
Period	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
01/25 - 12/25	45,474.74	58,660.20	175.48	8,653.23	95,657.19
01/26 - 12/26	95,657.19	62,473.08	175.44	104,898.40	53,407.31
01/27 - 12/27	53,407.31	66,533.88	215.85	773.55	119,383.49
01/28 - 12/28	119,383.49	70,858.56	387.44	0.00	190,629.49
01/29 - 12/29	190,629.49	75,464.40	544.71	19,781.47	246,857.13
01/30 - 12/30	246,857.13	80,369.64	693.66	18,250.72	309,669.71
01/31 - 12/31	309,669.71	85,593.72	882.15	0.00	396,145.58
01/32 - 12/32	396,145.58	91,157.28	679.98	240,944.62	247,038.22
01/33 - 12/33	247,038.22	97,082.52	739.75	0.00	344,860.49
01/34 - 12/34	344,860.49	103,392.84	487.46	372,715.75	76,025.04
	\$ 45,474.74	\$ 791,586.12	\$ 4,981.92	\$ 766,017.74	\$ 76,025.04

Period	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
01/35 - 12/35	76,025.04	110,113.32	297.66	22,409.37	164,026.65
01/36 - 12/36	164,026.65	117,270.72	557.24	0.00	281,854.61
01/37 - 12/37	281,854.61	124,893.36	860.29	1,018.08	406,590.18
01/38 - 12/38	406,590.18	133,011.48	1,179.85	3,072.70	537,708.81
01/39 - 12/39	537,708.81	141,657.24	1,448.59	54,932.43	625,882.21
01/40 - 12/40	625,882.21	150,864.96	1,731.03	17,849.23	760,628.97
01/41 - 12/41	760,628.97	160,671.24	1,890.13	158,383.66	764,806.68
01/42 - 12/42	764,806.68	171,114.84	1,600.17	300,589.32	636,932.37
01/43 - 12/43	636,932.37	182,237.28	1,822.12	0.00	820,991.77
01/44 - 12/44	820,991.77	194,082.72	1,892.67	298,863.76	718,103.40
	\$ 76,025.04	\$ 1,485,917.16	\$ 13,279.75	\$ 857,118.55	\$ 718,103.40

Percent Funded - Annual

	100 %							
Beginning Date	Funded Current Cost	Beginning Balance	Percent Funded	Contribution	Interest		Expenditure Future Cost	
01/01/2015	\$ 637,302	\$ 39,816	6.25 %	\$ 81,249	\$ 63	\$ 100,573		
01/01/2016	575,534	20,555	3.57	33,281	80	9,024		
01/01/2017	604,538	44,893	7.43	35,444	141	11,589		
01/01/2018	631,417	68,889	10.91	37,748	206	9,534		
01/01/2019	660,500	97,310	14.73	40,201	207	63,499		
01/01/2020	642,212	74,220	11.56	42,815	236	1,874		
01/01/2021	678,603	115,398	17.01	45,597	345	0		
01/01/2022	716,740	161,341	22.51	48,561	455	6,405		
01/01/2023	749,656	203,953	27.21	51,718	360	158,539		
01/01/2024	662,574	97,492	14.71	55,080	167	107,265		
01/01/2025	619,857	45,474	7.34	58,660	175	8,653		
01/01/2026	653,895	95,657	14.63	62,473	175	104,898		
01/01/2027	618,622	53,407	8.63	66,533	215	773		
01/01/2028	660,560	119,383	18.07	70,858	387	0		
01/01/2029	703,180	190,629	27.11	75,464	544	19,781		
01/01/2030	731,698	246,857	33.74	80,369	693	18,250		
01/01/2031	762,855	309,669	40.59	85,593	882	0		
01/01/2032	806,271	396,145	49.13	91,157	679	240,944		
01/01/2033	700,220	247,038	35.28	97,082	739	0		
01/01/2034	745,719	344,860	46.25	103,392	487	372,715		
01/01/2035	575,908	76,025	13.20	110,113	297	22,409		
01/01/2036	611,449	164,026	26.83	117,270	557	0		
01/01/2037	663,195	281,854	42.50	124,893	860	1,018		
01/01/2038	714,069	406,590	56.94	133,011	1,179	3,072		
01/01/2039	763,059	537,708	70.47	141,657	1,448	54,932		
01/01/2040	782,949	625,882	79.94	150,864	1,731	17,849		
01/01/2041	827,189	760,628	91.95	160,671	1,890	158,383		
01/01/2042	776,885	764,806	98.45	171,114	1,600	300,589		
01/01/2043	692,181	636,932	92.02	182,237	1,822	0		
01/01/2044	751,912	820,991	109.19	194,082	1,892	298,863		

Cash Flow - 30 Year Projections - Chart



Part 1 ~ Depreciation & Reserve Fund Study Consultation Appraisal Report

Date: December 19, 2014

Client: Strata Plan VIS 1177 - Cultra Court
1950 Cultra Avenue
Saanichton, British Columbia, V8M 1Y9

Effective date: Fiscal Year - January 1, 2015

File # VIS 1177

Pursuant to your request and our subsequent agreement, we have prepared the included Depreciation and Reserve Fund Study report.

This depreciation and reserve fund study report includes reserve fund concepts, methodology, financial analysis, and conclusions. It provides current and future replacement reserve estimates and recommends reserve fund actions. This depreciation and reserve fund study report is a complex document and should be reviewed in detail.

We appreciate the opportunity to perform this depreciation and reserve fund study for you and if you have any questions, or require any further information, please do not hesitate to contact the appraiser. We look forward to providing you with a complete review and updating of the reserve fund of your corporation, as required in the future.

The purpose of this consultation appraisal and consultation appraisal report is to undertake and report a depreciation study of the improvements, as specified in this report, and to provide a reserve fund plan for the function of compliance with the British Columbia Strata Property Amendment Act 2009.

The appraiser has personally viewed the common areas of the subject improvements and site on **May 27, 2014**. The appraiser has gathered and analyzed all the data deemed necessary from this viewing, from the supplied strata plans and documents, from the representative of the subject strata council, and from other available, appropriate, and applicable sources. The appraiser has further completed a depreciation analysis and a reserve fund analysis.

The interior of the individual strata units was not viewed by the appraiser, unless otherwise stated in this report.

This consultation appraisal and this consultation appraisal report have been completed in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP). **THIS REPORT CONTAINS AND IS SUBJECT TO:** Specific terminology descriptions, appraiser certifications, conditions, and special limitations which affect the stated opinions of value, the use, and the intended user of the report. **PLEASE CAREFULLY READ, AND PAY PARTICULAR ATTENTION TO** all of these descriptions, appraiser certifications, conditions, and special limitations.

Yours truly;



1.1 Intended User:

This report has been completed for the exclusive use of the Strata Council of **Strata Plan VIS 1177 - Cultra Court**. No other party may rely on the report without specific written approval of Council. Any party who does not comply with the procedure to become entitled to rely on this report shall not be entitled to rely on any aspect of it and should proceed at their own risk. Possession of this report, or a copy thereof, does not carry with it the right to reproduction or publication in any manner, in whole or in part. (SEE SPECIAL LIMITATIONS AND CERTIFICATIONS)

1.2 Scope of Work:

The appraiser has personally viewed the common areas of the subject improvements and site on **May 27, 2014**. The appraiser has gathered and analyzed all the data deemed necessary from this viewing, from the supplied Strata plans and documents, from the representative of the subject Strata Council, and from other available, appropriate, and applicable sources. The appraiser has further completed a depreciation study analysis and a reserve fund analysis.

The viewing of the improvements and site included:

- a) A visual only sampling and surface review of the complex.
- b) None of the components were dismantled and no invasive testing was conducted.
- c) No technical audits or condition surveys were conducted.
- d) The interior of the units was not viewed by the appraiser, unless otherwise stated in this report.
- e) An examination of the following documents was made (if applicable):
 - the condominium plan which was provided by the Land Titles Office or the client
 - the condominium bylaws for the property which were provided by the client
 - the maintenance contracts for the property which were provided by the client
- f) Information sources include the following, unless otherwise indicated in the report:
 - the client
 - maps and or plans provided by third parties
 - reserve fund planner information files and computer records
 - Marshall & Swift Commercial Building Valuation Manual
 - R.S. Means Repair and Remodeling Cost Data
 - quotations from contractors, fabricators, and suppliers.

Site measurements have been provided by site survey, strata plans, or B.C. Online, as applicable. Building measurements were taken from plans as indicated in the report and / or by the reserve fund planner on Inspection Date.

1.3 Highest & Best Use Analysis:

A focal point in the analysis and appraisal of site or land, is the determination of the highest and best use. The relationship between USE and VALUE has been expressed by the Supreme Court of the United States of America in these words:

"... the value of the property results from the use to which it is put, and varies with the profitableness of that use, present and prospective, actual and anticipated. There is no pecuniary value outside of that which results from such use. The amount and profitable character of such use determines the value and, if property is taxed at its actual cash value, it is taxed upon something which is created by the uses to which it is put."

THE CANADIAN NATIONAL ASSOCIATION OF REAL ESTATE APPRAISERS and the NATIONAL ASSOCIATION OF INDEPENDENT FEE APPRAISERS define that:

"... highest and best use is the use of the land which, at the time of the appraisal, is legal and which will yield the highest net return in the foreseeable future. The assumption that the property will be put to its highest and best use is the basis for valuation."

* It is stated that the highest and best use is that use which is:

1. The most profitable use for the total property, land and improvements as a whole (physically possible)
2. The use or uses are legally permitted (legally permissible)
3. In any location a most profitable use (financially feasible)
4. A use for which there is demand (reasonably probable)

As the purpose of this consultation appraisal assignment is to provide a depreciation study and a reserve fund plan, the highest and best use is considered to be the present use.

* (Principles of Real Estate Appraising, Calvin W. Moyer IFAS, Canadian Edition)

1.4 Purpose of Reserve Fund Study

This Reserve Fund Study is a financial document the purpose of which is to provide cost estimates for various reserve components that are subject to major repairs and/or replacement over the lifetime of the property, and to estimate the funding required for such major repairs and replacement in accordance with the provisions of Section 94 Strata Property Amendment Act 2009 & Regulation 43/2000.

This report presents the findings of the Reserve Fund Study, the qualifications of the analyst as well as a physical inventory of common property and assessment of the present condition and estimated life expectancy. Three funding models are provided and a Reserve Fund Plan is recommended. This plan must be approved by the Strata Corporation.

1.5 Strata Property Amendment Act 2009 – Depreciation Report

Section 6.2

- (1) For the purpose of section 94 of the Act, a depreciation report must include the following:
- (a)** a physical component inventory and evaluation that complies with subsection (2);
 - (b)** a summary of repairs and maintenance work for common expenses respecting the items listed in subsection (2) (b) that usually occur less often than once a year or that do not usually occur;
 - (c)** a financial forecasting section that complies with subsection (3);
 - (d)** the name of the person from whom the depreciation report was obtained and a description of
 - (i)** that person's qualifications,
 - (ii)** the error and omissions insurance, if any, carried by that person, and
 - (iii)** the relationship between that person and the strata corporation;
 - (e)** the date of the report;
 - (f)** any other information or analysis that the strata corporation or the person providing the depreciation report considers appropriate.
- (2) For the purposes of subsection (1) (a) and (b) of this section, the physical component inventory and evaluation must
- (a)** be based on an on-site visual inspection of the site and, where practicable, of the items listed in paragraph (b) conducted by the person preparing the depreciation report,
 - (b)** include a description and estimated service life over 30 years of those items that comprise of common property, or both, that the strata corporation is responsible to maintain or repair under the Act, the strata corporation's bylaws or an agreement with an owner, including, but not limited to, the following items:
 - (i)** the building's structure
 - (ii)** the building's exterior, including roofs, roof decks, doors, windows and skylights;
 - (iii)** the building's systems, including the electrical, heating, plumbing, fire protection and security systems;
 - (iv)** common amenities and facilities;
 - (v)** parking facilities and roadways;
 - (vi)** utilities, including water and sewage
 - (vii)** landscaping, including paths, sidewalks, fencing and irrigation;
 - (viii)** interior finishes, including floor covering and furnishings;
 - (ix)** green building components;
 - (x)** balconies and patios, and
 - (c)** identify common property and limited common property that the strata lot owner, and not the strata corporation, is responsible to maintain and repair.

- (3) For the purposes of subsection (1)(c), the financial forecasting section must include
- (a) the anticipated maintenance, repair and replacement costs for the common expenses that usually occur less often than once a year or that do not usually occur, projected over 30 years, beginning with the current or previous fiscal year of the strata corporation, of the items listed in subsection (2)(b),
 - (b) a description of the factors and assumptions, including interest rates and rates of inflation, used to calculate the costs referred to in paragraph (a).
 - (c) a description of how the contingency reserve fund is currently being funded,
 - (d) the current balance of the contingency reserve fund minus any expenditures that have been approved but not yet taken from the fund, and
 - (e) at least 3 cash-flow funding models for the contingency reserve fund relating to the maintenance, repair and replacement over 30 years, beginning with the current or previous fiscal year of the strata corporation, of the items listed in subsection (2)(b).
- (4) For the purposes of subsection (3)(e), the cash-flow funding models may include any one or more of the following:
- (a) balances of, contributions to and withdrawals from the contingency reserve fund;
 - (b) special levies;
 - (c) borrowings.
- (5) If a strata corporation contributes to the contingency reserve fund based on a depreciation report, the contributions in respect of an item become part of the contingency reserve fund and may be spent for any purpose permitted under section 96 of the Act.
- (6) For the purposes of section 94 (1) of the Act, “qualified person” means any person who has the knowledge and expertise to understand the individual components, scope and complexity of the strata corporation’s common property, common assets and those parts of a strata lot or limited property, or both, that the strata corporation is responsible to maintain or repair under the Act, the strata corporation’s bylaws or an agreement with an owner and to prepare a depreciation report that complies with subsections (1) to (4).
- (7) The following periods are prescribed
- (a) for the purposes of section 94(2)(b) of the Act, 3 years;
 - (b) for the purposes of section 94(2)(c) of the Act, 18 months;
 - (c) for the purposes of section 94 (3)(a) of the Act, the one year period immediately preceding the date on or before which the depreciation report is required to be obtained.

A strata corporation is prescribed for the purposes of section 94 (3)(b) of the Act if and for so long as there are fewer than 5 strata lots in the strata plan.

Part 2 ~ Methodology

2.1 Reserve Fund Study

Reserve funding is the provision of funds for the repair and replacement of building components and improvements and common elements over time to ensure funds are adequate for all future capital expenditures as they are required.

The Reserve Study is made up of two parts, 1) *the information about the physical status and repair/replacement cost of the major common area components the Corporation (Corp.) is obligated to maintain (Physical Analysis)* and 2), *the evaluation and analysis of the Corp.'s reserve balance, income and expenses (Financial Analysis)*.

The Physical Analysis is comprised of the Component Inventory, Condition Assessment, and Life and Valuation Estimates.

The Financial Analysis is made up of a determination of the strata's current Reserve Fund Status (measured in cash or as percent funded) and a recommendation for an appropriate Reserve Fund Contribution rate (Funding Plan)

A 30 year cash flow projection is developed indicating the timing of contributions and expenditures taking inflation and interest earned into account. This will provide council with the ability to plan for large expenditures and maximize returns on invested funds.

Owners must continuously contribute their equitable share toward major repairs and replacements of the major components of the Corporation. These contributions should be consistent over time increasing by the long term rate of inflation. A Reserve Fund Study is a financial document, which provides the basis for funding major repairs and replacement of the common elements and assets of the corporation.

This Reserve Fund Study comprises the following elements:

COMPONENT INVENTORY: The task of identifying and quantifying reserve Components. This task can be accomplished through on-site visual observations, review of the Corp.'s design and organizational documents, a review of established Corp. precedents, and discussion with appropriate Corp. representative(s).

CONDITION ASSESSMENT: The task of evaluating the current condition of the component based on observed or reported characteristics.

LIFE SPAN AND VALUATION ESTIMATES: The task of estimating Useful Life, Remaining Useful Life, and repair or Replacement Costs for the Reserve Components.

FUNDING PLAN: A strata Corp.'s plan to provide contributions to a reserve fund to offset anticipated expenditures from that fund.

The Reserve Fund Study is a practical guide to assist the Strata Council to plan budgets and maintenance programs.

2.2 Reserve Fund Planning Standards

The Canadian National Association of Real Estate Appraisers, (CNAREA) has established Reserve Fund Planning Standards utilized by Designated Reserve Planner, (DRP) members that exceed the regulatory requirements and are now recognized and emulated across Canada. These standards, presented throughout this Report, consist of investigations, analyses and calculations that provide realistic and supportable reserve fund estimates.

The reserve fund planner. utilizes the RFA Pro System reporting and analysis software to analyze the current financial health of the reserve fund and project future cash flows. A Quality Assurance Evaluation has been performed by a Certified Public Accounting firm and verified the systems logic and accuracy.

2.3 Reserve Fund Projection Factors

In our opinion, the notion of an “assumed” annual inflation rate and an “assumed” interest rate in the Regulation is not realistic, as assumptions are personal perceptions or judgments, and therefore, subjective.

What is required is an objective basis for any estimates of inflation factors and interest rates. Inflation factors and interest rates must be derived from an economic analysis of the marketplace.

The estimated inflation factor and the selected interest rate are powerful factors in projecting reserve fund contributions and requirements. They can vary dramatically over time and must be periodically reviewed to ensure their relevance and accuracy.

Although the Regulations require a reserve fund plan to be projected over a period of at least 30 consecutive years, a long-term horizon in every respect, reserve fund projection factors can only be based on short-term economic conditions because of their volatility over time.

The reserve fund projection factors must be periodically reviewed and adjusted in accordance with changing economic conditions as part of the reserve fund updating process, as mandated by the Regulations.

Inflation Factors

Inflation measurement in reserve fund projections must be based on construction indices rather than the widely quoted Consumer Price Index (CPI), which measures the cost of a basket of consumer goods, not construction costs.

The most widely recognized construction cost services providing periodic cost indices are R.S. Means and Marshall & Swift / Boeckh.

Marshall & Swift / Boeckh (MSB) Time-Location Multiplier

Marshall & Swift publishes its Time-Location Multipliers quarterly for principle Canadian cities (markets).

“These multipliers are computer-compiled by combining currently researched wage rates and material prices with “weighted schedules” that specify how much of each basic cost is in the models.”

Each building has its own unique combination of basic costs. Marshall & Swift uses 83 basic types of costs necessary to build workable weighted schedules, comprising 19 building trades and 64 material types.

We have adopted the median rate of **2.75** for annual inflation in calculating the future replacement costs hereinafter.

Interest Rates

Investment income can be a significant and increasing source of revenue for reserve funds, and therefore, it is imperative that reserve funds are continuously and prudently invested.

Reserve fund investments must be directly or indirectly guaranteed by governments. Bank deposits and various investment instruments are insured by the Canada Deposit Insurance Corporation up to a maximum of \$100,000, covering principle and interest.

The ability of strata corporations to earn the highest rate of interest available in the marketplace, given the restricted conditions of investments, depends on the expertise of financial management and the amount of available funds for investment.

Therefore, the reserve fund planner must consider management policies, the historical investment performance and the size of the reserve fund available for investment.

In selecting an appropriate interest rate for reserve fund investments for a particular condominium corporation, the balance of the reserve fund is the most critical consideration as it dictates investment options and their corresponding interest rates.

Investment opportunities are widely advertised, ranging from bank deposits, term deposits and guaranteed investment certificates (GIC's) to money market instruments and government bonds.

Prudent reserve fund investment requires that investments are reasonably matched with anticipated reserve fund expenditures, ensuring reserve fund liquidity. Therefore, funds should be invested in a laddered portfolio, which ensures that reserve funds are available when needed.

Some management firms use their "purchasing power" by directing business to a particular financial institution to negotiate favorable interest rates for all their clients. This approach may benefit the smaller corporations and is an important consideration when selecting an appropriate interest rate.

The calculations and the reserve fund projections are based on the assumption that reserve fund contributions are constantly and continuously invested.

Considering the investment opportunities available in the subject instance, and a recommended management policy of investing in secured guaranteed investments, we have selected a 0.22% interest rate in calculating the future investment performance of the Corporation's reserve fund.

2.4 General Conditions and Assumptions

Reserve fund estimates are subjective, and they are based on an understanding of the life cycle of building components and our experience gained from observing buildings as they age and their components deteriorate. It must be appreciated that reserve fund budgeting and projections are not exact sciences. They are, at best, prudent provisions for all possible contingencies, if, as and when they arise. Reserve fund requirements are subject to change and must be reviewed and modified over time, not less than every three years. It is important to note that the timing of such expenditures a distance in the future will likely not occur as indicted in the report but rather a contingency reserve for the eventual repair or replacement.

Information sources include the following, unless otherwise indicted in the report:

- the Client;
- maps and/or plans provided by third parties;
- Reserve Fund Planner information files and computer records;
- Marshall & Swift/Boeckh Commercial Building Valuation System;
- R.S. Means Repair and Remodeling Cost Data;
- quotations from contractors, fabricators and suppliers.

The legal and survey descriptions of the property as stated herein are those which are recorded by the Registrar of the requisite Land Titles Office and are assumed to be correct.

The architectural, structural, mechanical, electrical and other plans and specifications of the building or buildings and improvements were not provided for this study. Furthermore, all buildings and improvements are deemed to have been constructed and finished in accordance with such plans and specifications, unless otherwise noted.

Sketches, drawings, diagrams, photographs, if any, presented in this report are included for the sole purpose of illustration. No legal survey, soil tests, engineering investigations, detailed quantity survey compilations, nor exhaustive physical examinations have been made. Accordingly, no responsibility is assumed concerning these matters or other technical and engineering techniques, which would be required to discover any inherent or hidden condition of the property.

In order to arrive at supportable replacement cost estimates, it was found necessary to utilize both documented and other cost data. A concerted effort has been put forth to verify the accuracy of the information contained herein. Accordingly, the information is believed to be reliable and correct, and it has been gathered to standard professional procedures, but no guarantee as to the accuracy of the data is implied.

The distribution of cost and other estimates in this report apply only under the programme of utilization as identified in this report. The estimates herein must not be used in conjunction with any other appraisal or reserve fund study and may be invalid if so used.

The client to whom this report is addressed may use it in deliberations affecting the subject property only, and in so doing, the report must not be abstracted; it must be used in its entirety.

Possession of this report or any copy thereof does not carry with it the right of publication nor may it be used for any purpose by anyone but the applicant without the written consent of the author, and in any event, only with the proper qualifications.

The agreed compensation for services rendered in preparing this report does not include fees for consultations and/or arbitrations, if any. Should personal appearances be required in connection with this report, additional fees will have to be negotiated. Unless otherwise noted, all estimates are expressed in Canadian currency.

While useful as an overall indication of the construction inflation trend in North America these rates are too broadly based, and as such, they do not accurately reflect the inflationary impact on local construction costs.

Part 3 ~ Property Information

3.1 Property Description

The following reserve fund study was performed for **Strata Plan VIS 1177 - Cultra Court** ("property") located at **1950 Cultra Avenue, Saanichton, British Columbia, V8M 1Y9**. The property has **24** units. The reserve study is for the fiscal year starting **January 1, 2015**, and ending **December 31, 2015**.

The subject is a 24 unit townhouse complex constructed in 1981. Consisting of seven buildings, each with two - five residential units per building. The homes have wood with wood trim and stucco siding and composite shingle roofs and are serviced by Municipal water and sewer services.

Site improvements include stone driveway pillars / retaining walls, common asphalt road and parking areas, underground sprinkler system, wood panel fencing around the perimeter of the site (some of the fencing is older while some appears to have been recently replaced), stone retaining walls, concrete parking pads and pathways as well as concrete patio areas at the rear of the units, light standards, and unit balconies.

The Strata Corporation is responsible for all items as listed in the Item Component Analysis Breakdown located at the end of this document however there are also items that are the responsibility of individual unit owners as they are "owner improvements" and not the responsibility of the Strata Corporation.

In addition reader is advised that that Strata Corporation has elected to fund some estimated future expenditures from the operating account as opposed to the Contingency Reserve Fund account and this information is also detailed on applicable Item Component Analysis Breakdown pages located at the end of this document. Reader is strongly advised to read this document in its entirety so as to fully understand its contents and potential future ramifications.

3.2 Building / Strata Plans

The following plans were examined in the performance of the reserve fund study:

Strata Plans provided by the strata corporation.

Building Plans provided by the strata corporation.

Strata Meeting minutes & financial statements provided by the strata corporation.

Marshall & Swift Replacement Cost manual

Plans were used for quantifying building components and other improvements as well as on site measurements. The buildings and site improvements were visited on Sample Date. Various construction details, facilities, equipment installations and improvements have been noted for consideration in the cost estimates herein.

Part 4 ~ Reserve Component Analysis & Estimated Costs

4.1 Property Inspection

The property was visited for the purposes of preparing this report on **May 27, 2014**, by Keith Bell, Designated Reserve Planner (DRP).

4.2 Reserve Fund Studies

There was no previous reserve fund study provided.

4.3 Component Classification

Reserve Fund Components are classified in terms of building groups such as interior finishes, exterior enclosure, site improvements, mechanical, electrical, amenities, and roofing.

Each component is reviewed in detail in the item parameters schedule.

4.4 Life Span Analysis

Every building is unique. The need for maintenance, repairs and asset renewals varies depending on many factors including quality of construction, design details, exposure conditions and the standard of care given by the owners and management team.

Many buildings follow a similar pattern as they pass through different stages of their life cycle. Five general life cycle stages have been identified.

Stage 1 (Under 2 years) - The assets are new and largely covered under warranties. Focus is on maintenance, cleaning and inspections.

Stage 2 (2-16 years) - Owners are fully responsible for the assets. Reserves are set aside for repairs and replacements and a long range plan is established. Some small renewal projects are addressed.

Stage 3 (17-29 years) - Owners may find that the maintenance budgets established may not be adequate to address the impending replacements as required and there is a noticeable increase in the number of capital renewal projects.

Stage 4 (30-49 years) - The largest and most expensive renewals generally take place during this 4th life cycle stage. Owners and management are now dealing with assets of varying ages as some have been replaced. The task of tracking these assets becomes very important.

Stage 5 (50 plus years) - All major assets have likely been through one renewal cycle. This stage is essentially a return to stage 2. Owners prepare for the next cycle of renewals as the building embarks upon the next 50 years of operations.

Each reserve component has been analyzed in terms of life cycle condition and expected remaining useful life. The life span analysis considers the following factors:

- Type of Component
- Utilization
- Material
- Workmanship
- Quality
- Exposure to Weather Conditions
- Functional Obsolescence
- Environmental Factors
- Regular Maintenance
- Preventive Maintenance
- Observed Condition

The critical aspect in a Life Span Analysis is the observed condition of each reserve component, which includes and is based upon:

- Actual age of the component
- Maintenance of the component
- Observed deficiencies of the component
- Repair and replacement experience
- Probability of hidden conditions

The Life Span Analysis culminates in component life span estimates, as follows:

Normal Life Span

Each reserve component is analyzed in terms of component type, quality of construction, statistical records and normal life experience.

Observed Condition Analysis

This is the critical analysis of a reserve component and consists of determining the effective age of the reserve component within its normal life cycle based on the observed condition of the reserve component. The validity of this analysis depends on the experience, training, education, and professional designation of the reserve fund planner or analyst, as this is a subjective estimate rather than an objective assessment.

Remaining Life Span

Given a normal life span estimate and a sound estimate of the effective age, the remaining life span of a reserve component is determined by subtracting the observed condition estimate from the normal life span estimate. This does not mean that reserve expenditures should only be made at the end of the remaining life. Reserve expenditures should and must be made during the remaining life span to maintain building components and facilities in good condition.

A life span analysis is a subjective, or empirical, assessment of the life cycle status of a reserve component, and as such, it is only as good as the considered opinion of the reserve fund planner. Furthermore, the life span of a reserve component is subject to change due to numerous factors.

4.5 Current Cost Estimates

Reserve fund component assessments and current cost estimates are based on our investigation, observation, analysis and experience in performing reserve fund studies.

Cost data have been calculated using construction cost services, including Marshall & Swift/Boeckh Commercial Building Valuation System, and / or the Means Repair & Remodeling Cost Data, modified as to time, location and quality of construction. We also verified some estimates by seeking quotations from contractors, fabricators and suppliers. Moreover, we have used our own computer programs and extensive cost compilations and databases.

All costs are strictly estimates and are subject to confirmation at the time competitive bids are obtained from contractors specializing in the repair or replacement work required.

The following factors have been considered in calculating the Repair and Replacement Costs Estimates:

Quality of Construction

Replacement cost estimates are based on the assumption of using quality materials, as specified or built, or in the case of older developments, as required under current building code regulations, at contractors' prices, using union labour and current construction techniques, and including contractors' overhead and profit.

The costs of repairs and/or replacements of many reserve components are invariably higher than original building costs when contractors have considerable latitude in planning their work and can utilize economies of scale to keep costs within construction budgets. In contrast, repair work must frequently be performed in an expedient manner with proper safety precautions and within certain constraints.

Cost estimates take into account such additional costs as special construction, safety installations, limited access, noise abatements, and the convenience of the occupants.

Demolition and Disposal Costs

The estimates herein include provisions for demolition and disposal costs including dumping fees. These costs have been rising in recent years. Particularly, dumping of certain materials has become problematic and very costly. It appears that certain codes and environmental regulations will become more stringent in future years, all of which will further increase disposal costs.

Goods & Services Sales Tax

The Goods & Services Sales Tax ("GST") applies to all repairs and replacements including disposal costs. Therefore, these costs are included in the reserve fund estimates hereinafter.

Contingency Reserves

It is frequently impossible to forecast the incidence of repairs or replacements of various reserve components, particularly, major components, such as road pavement, sewer and water systems. Therefore, reserve estimates are of a contingency nature, and as such, they are subject to changing conditions and repair experience over time.

4.6 Reserve Component Descriptions and Analyses

See Attached - Item Parameters Detail which lists each reserve fund components and provides the following information:

1. Description
2. Reserve Fund expenditure history
3. Potential Deterioration
4. Life Span Analysis
5. Current Repair or Replacement Costs
6. Financial Analysis

Part 5~ Reserve Fund Component Estimates

5.1 Financial Analysis and Funding Models

The Reserve Fund Study details the physical aspects of the various reserve components, including the life span analysis, current condition and the cost estimates. The cost estimates are pursuant to prudent reserve fund practices, which provide for inflationary cost increases over time and interest income from reserve fund investments.

The Strata Council has to ensure it's ability to maintain the assets for which it is obligated. The contributions to the Reserve Fund should be evenly distributed among past, present and future owners. A decision by Council to adopt a Funding Plan which would disproportionately burden future owners in order to make up for past reserve deficits, would be a breach of it's fiduciary responsibility to those future owners. The Council is responsible to the community (Strata) as a whole. Funding repairs and replacements is much less financially straining when funds are accumulated over time and earned interest as part of that contribution.

When funds are not available options include acquire a Loan, pass a Special Assessment or simply defer the required repair or replacement. All of these options can create an environment of declining property values due to an expanding list of deferred maintenance items. This in turn can seriously impact owners/sellers and potential purchasers by making it difficult to obtain financing from lenders. Increasingly lenders are requesting a copy of the most recent Reserve Fund Study before granting loans to purchasers, owners or the Strata Corporation itself. The status of the Strata Corporation's reserve balance or fund status (measured in cash or percent funded) to determine a recommendation for the appropriate reserve contribution rate in the future known as the Reserve Fund Plan. The Strata Property Amendment Act 2009 requires the Reserve Fund Planner to provide three funding models.

Each reserve, which includes the funds and the items, has a certain profile or character. This profile is based upon the reserve history, how the current funds were derived (contributions made, interest earned, expenditures, etc.), the individual items accuracy (tracking, cost, months until replacement) and whether inflation and investment have been considered in determining contribution amounts and future replacement costs. All of these items affect the profile of the reserves, and the affect can be positive or negative depending on how the items have been treated in the past. The final concerns in determining the reserve profile are; if the reserve funds as of the analysis date are too high or too low, and the materiality and timing of the projected expenditures. The ideal situation is not to contribute more funds than necessary, but have a planned schedule of contribution which will provide for sufficient funds when necessary over the life of the project.

Optimizing the Analysis Results:

Once it has been determined what factors will be used for inflation, investment, taxes, cost of living increases and contingencies, a 30 year cash flow would be run. One of two scenarios will become apparent upon reviewing the cash flow:

- 1. Positive Reserve Funds (positive fund balances are projected for the whole analysis period) Which could mean that the beginning reserve fund balance might be too high, and / or materiality of expenditures in the immediate years are projected too low. This assumes that year end reserve funds for the analysis period are material (probably more than 10,000 at end of any year).
- 2. Negative Reserve Funds (negative fund balances are projected during the analysis period). Which could mean that the beginning reserve fund balance might be too low, and or materiality of expenditures in the immediate years are projected too high.

FUNDING PRINCIPLES:

- Sufficient funds when required.
- Stable contribution rate over the years.
- Evenly distributed contributions over the years.
- Fiscally responsible

5.2 Schedule Reserve Fund Component Estimates

The following Schedule of Reserve Fund Component Estimates shows detailed computations for the various reserve items using the projection factors explained in Section 2.4 of this Report:

- Long-term inflation rate: 2.75 %
- Long-term interest rate: 0.25%

5.3 Summary of Reserve Fund Analysis

The Reserve Fund position and estimated requirements of Strata Plan VIS 1177 - Cultra Court are as follows:

Significant Reserve Fund Estimates:

Current Cost of Replacements	\$1,150,182
Future Cost of Replacements	\$1,858,679
Current Fund Balance	\$39,816
Future Reserve Fund Balance	\$41,716
100% Funded Balance required	\$637,302

Part 6 ~ Analysis of Reserve Fund Operations

Reviewing and analyzing the reserve fund operation of Strata Plan VIS 1177 - Cultra Court, we have examined the budget for the Corporation for its operations, which will end December 31, 2014.

6.1 Corporation's Financial Statements

Adequacy of Reserve Fund

Adequacy of Reserve Fund may be defined as the reserve fund balance together with regular contributions and investment income, which constitutes sufficient cash resources available for all possible and potential reserve fund expenditures, required repairing or replacing common elements or assets of the corporation when needed.

The most direct and stringent measure of the adequacy of reserve fund is the reserve fund deficiency analysis, whereby the actual closing reserve fund balance is compared with the currently required reserve fund balance, as estimated by a competent reserve fund planner.

Any significant difference between the actual reserve fund balance and the required reserve fund balance will show the amount of a reserve fund surplus or reserve fund deficiency (shortfall).

A reserve fund surplus, particularly when such surplus is increased by excessive reserve fund contributions, means that unit owners have contributed too much to the reserve fund, a situation which should be corrected to eliminate such reserve fund surplus.

A reserve fund deficit or shortfall indicates that unit owners have not contributed enough to the reserve fund, causing the discrepancy between a fully funded reserve fund and the actual reserve fund balance.

The adequacy of a reserve fund does not require the test of an estimated fully funded reserve fund. The test as to the adequacy of a reserve fund should be sufficient cash resources to fund all potential repairs and replacements, including unforeseen events and contingencies.

Therefore, a reserve fund deficiency or shortfall does not automatically mean that the reserve fund is not adequate. It is the judgment of the reserve fund planner to conclude whether the reserve fund is adequate or not. It should also be noted that as the property ages the risk of failure of the components as well as the super structure increases and as such the ending balance of the reserves available should also increase over time. Remaining Economic Life may also have to be considered in older properties however is beyond the scope of this report.

Part 7 ~ Reserve Fund Management – 30 Year Projections

7.1 30 Year Projected Cash Flow and Deficiency/Surplus Analysis

The Reserve Fund - Projected Cash Flow and Deficiency Analysis presents a 30 year reserve fund projection showing cash positions, cash flows and cash expenditures in a form and detail, which conforms to financial statement presentation of reserve fund operations.

Beginning Balance

This is the reserve fund position at the beginning of each and every fiscal year showing the cash resources available, which consist of (1) bank deposits, (2) qualified investments, and (3) accrued interest earned.

Contributions

These are the regular reserve fund contributions and special assessments.

Interest Earned

This is the interest income based on 0.25% of the opening balance.

Opening Cash Funds

These represent the total cash resources available in any fiscal year and include the current year's cash flow.

Expenditures

These are annual expenditures listed in the categories established by the Reserve Fund Study. Records or ledger accounts of these expenditure categories should be kept showing reserve fund allocations and charges in a chronological order for control and reference.

Ending Balance

This is the reserve fund position at the end of each and every fiscal year, which is carried forward to the next year.

Part 8 ~ Conclusions

FUNDING MODELS

Three funding models have been prepared using the component method and the cash flow method.

8.1 Plan A - Status Quo - \$2,083.33 Per Month Year One Increased @ 5.00% Each Year Thereafter

This plan assumes the strata corporation continuing on their current Contingency Reserve Fund contributions of **\$2,083.33** per month in the first year however increasing at **5.00%** every year thereafter.

Plan A:

Beginning Balance	\$39,816.00
Annual Assessment Year 1	\$24,999.96
Special assessment Year 1	\$50,000.00
Annual Assessment Year 1 Monthly	\$2,083.33
Annual Increase	5.00%

Analysis:

This plan assumes that the Strata Corporation contributes \$2,083.33 per month in the first year and then increases this amount by 5% each year thereafter.

Under this model the following estimated special levies may be required:

(Please see Estimated Annual Expenditures for more information)

- 1) July 2015 - \$50,000.00 2) July 2023 - \$115,000.00
3) July 2034 - \$225,000.00**

Total Estimated Special Levies - \$390,000.00

Please be advised that the timing or amount of any of the above estimated special levies may change depending on any number of factors including (but not limited to): maintenance, investment rate of return, rate of inflation, future depreciation report updates, contribution amount, etc.

8.2 Plan B - Status Quo - \$2,083.33 Per Month Year One Increased @ 7.50% Each Year Thereafter

This plan assumes the strata corporation continuing on their current Contingency Reserve Fund contributions of **\$2,083.33** per month in the first year however increasing at **7.50%** every year thereafter.

Plan B:

Beginning Balance	\$39,816.00
Annual Assessment Year 1	\$24,999.96
Special assessment Year 1	\$50,000.00
Annual Assessment Year 1 Monthly	\$2,083.33
Annual Increase	7.50%

Analysis:

This plan assumes that the Strata Corporation contributes \$2,083.33 per month in the first year and then increases this amount by 7.50% each year thereafter.

Under this model the following estimated special levies may be required:

(Please see Estimated Annual Expenditures for more information)

1) July 2015 - \$50,000.00 2) July 2023 - \$80,000.00

Total Estimated Special Levies - \$130,000.00

Please be advised that the timing or amount of any of the above estimated special levies may change depending on any number of factors including (but not limited to): maintenance, investment rate of return, rate of inflation, future depreciation report updates, contribution amount, etc.

8.3 Plan C - Status Quo - \$2,604.16 Per Month Year One Increased @ 6.50% Each Year Thereafter

This plan assumes the strata corporation increases their Contingency Reserve Fund contributions to **\$2,604.16** per month in the first year (50% Increase) and then increase this amount by **6.50%** every year thereafter.

Plan C:

Beginning Balance	\$39,816.00
Annual Assessment Year 1	\$31,249.92
Special assessment Year 1	\$50,000.00
Annual Assessment Year 1 Monthly	\$2,604.16
Annual Increase	6.50%

Analysis:

This plan assumes that the Strata Corporation increases the current CRF funding from \$2,083.33 per month to \$2,604.16 per month in year one and then increases this amount by 6.50% each year thereafter.

The purpose of this funding model is to assume future expenses of +/- 50% to CRF contributions and +/- 50% to future estimated special levies.

If the Strata Corporation adopts this plan the following estimated special levies may occur:

1) 2015 - \$50,000.00

This plan also illustrates that there will be years in which the CRF balance will be quite high and this may allow future reductions of the monthly CRF contributions however these will be considered in future updates.

Please be advised that the timing or amount of any of the above estimated special levies may change depending on any number of factors including (but not limited to): maintenance, investment rate of return, rate of inflation, contribution amount, future depreciation report updates, etc.

Part 9 ~ Qualifications and Insurance

Member:

Canadian National Association of Real Estate Appraisers (CNAREA)
Professional Designation, DAR (Designated Appraiser Residential)
Professional Designation, DRP (Designated Reserve Planner)
Appraisal Institute of Canada, CRA (Canadian Residential Appraiser) - Past Member

Education:

Appraisal Institute of Canada / University of British Columbia

Canadian Uniform Standards of Appraisal Practice
We Value Canada Workshop
Communication/Business Writing Course - Thompson Rivers University
BUSI 100 - Micro Foundations of Real Estate Economics
BUSI 101 - Capital Markets and Real Estate
BUSI 111 - BC Real Property Law and Real Estate Ethics
BUSI 330 - Foundations of Real Estate Appraisal
BUSI 344 - Statistical and Computer Applications in Valuation
BUSI 400 - Residential Property Analysis
BUSI 443 - Foundations of Real Property Assessment and Mass Appraisal
AIC 399 - Single-Family Guided Case Study
Applied Experience Program

Canadian National Association of Real Estate Appraisers - DAR Designation

#1.5 C Introduction To Income Property Appraising
#1.8 Appraisal Practice Procedures
#4.3A Sales Comparison Adjustment Methods
#4.3R Residential Appraisal Report Writing
#5.0A Professional Standards Review (USPAP)
#6.5 Appraiser Ethics
#6.7 The Cost Approach For Residential Properties

Canadian National Association of Real Estate Appraisers - DRP Designation

#3.0 Principles of Reserve Fund Planning
#3.1 Reserve Fund Physical Analysis
#3.2 Reserve Fund Financial Analysis
#4.3 Reserve Fund Report Writing
#5.0 DRP Professional Standards

Professional Experience:

Appraiser and Property Valuation Expert since September 2005, completing thousands of appraisal assignments including single-family residential, acreage properties, rural properties (including acreage), waterfront properties, condominium and town homes, duplex and multi-family properties, vacant land, revenue properties, foreclosures, depreciation reports, and replacement cost new insurance reports.

Professional Liability (Errors and Omissions insurance)

\$2,000,000 professional liability insurance provided by LMS / Prolink Insurance Group

Part 10 ~ Certification & Statement of Limiting Conditions

This appraisal consultation report has been prepared for the exclusive and sole use and benefit of **Strata Plan VIS 1177 - Cultra Court**, (hereinafter referred to as the client). Any use of the report by anyone other than the client or for any purpose or function other than the original intent, invalidates the findings and voids all results and/or conclusions.

CERTIFICATION: The appraiser certifies and agrees that:

1. The appraiser has no present or contemplated future interest in the real property appraised, and that neither the employment to make the appraisal nor the compensation for it is contingent upon the appraised value of the property.
2. The appraiser has no personal interest in, or bias with, respect to the subject matter of the appraisal report or in the owners of the subject property. The opinion(s) of value in the appraisal report is not based in whole or in part upon the race, color, or national origin of the prospective owners or occupants of the real property appraised, or upon the race, color, or national origin of the present or future owners or occupants of the properties in the vicinity of the property appraised.
3. The appraiser has personally viewed the subject improvements. To the best of the appraiser's knowledge and belief, all related statements and information in this report are true and correct, and the appraiser has not knowingly withheld and significant information.
4. All contingent and limiting conditions are contained herein (imposed by the terms of the assignment or by the undersigned, affecting the analysis, opinions, and conclusions contained in the report).
5. All conclusions and opinions concerning the real property that are set forth in this appraisal report were prepared by the appraiser whose signature appears on the appraisal report, unless otherwise indicated. No change of any item in the appraisal report shall be made by anyone other than the appraiser, and the appraiser shall have no responsibility for any unauthorized change.
6. The appraiser assumes no responsibility for matters of a legal nature affecting the real property appraised or the title thereto, nor does the appraiser render any opinion as to the title, which is assumed to be good and marketable. The real property is appraised as though under responsible ownership.
7. Any sketch in the report may show approximate dimensions and is to assist the reader in visualizing the real property. The appraiser has made no survey of the real property.
8. The appraiser is not required to give testimony in court because of having made the appraisal with reference to the real property in question, unless arrangements have been previously made therefore.
9. If indicated in this report, any distribution of the valuation in the report, between land and improvements applies only under the existing program of utilization. If included in this report any separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.
10. The appraiser assumes that there are no hidden or unapparent conditions of the real property, subsoil, or structures, which would render it more or less valuable. The appraiser assumes no responsibility for such conditions, or for engineering which might be required to discover such factors.
11. Information, estimates, and opinions furnished to the appraiser, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished the appraiser can be assumed by the appraiser.

12. Disclosure of the contents of the appraisal report is governed by the bylaws and regulations of the professional appraisal organizations with which the appraiser is affiliated.

13. Neither all, nor any part of, the content of the report, or copy thereof (including conclusions as to the property value, the identity of the appraiser, professional designations, reference to any professional appraisal organizations, or the firm with which the appraiser is connected), shall be used for any purposes by anyone but the client specified in the report without the previous expressed written consent of the appraiser; nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales, or other media, without the expressed written consent and approval of the appraiser.

All analysis, opinions, and conclusions were developed, and this appraisal report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice. (USPAP)

The statement of facts in this appraisal report are true and correct.

The reported analysis, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are the appraiser's personal, impartial, and unbiased professional analysis, opinions, conclusions, and recommendations.

Unless otherwise specified in this appraisal report, the appraiser has no present or prospective interest in the property that is the subject of this report and has no personal interest with respect to the parties involved.

Unless otherwise specified in this report, the appraiser has performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within a three year period immediately preceding acceptance of this assignment.

The appraiser has no bias with respect to the property that is the subject of this appraisal report or to the parties involved with this assignment.

The appraiser's engagement in this appraisal consulting assignment was not contingent upon developing or reporting predetermined results.

The appraiser's compensation for completing this appraisal consulting assignment is not contingent upon the development or reporting of a predetermined value or direction in value or result that favors the case of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal consulting assignment.

As specified in this appraisal consulting report, the appraiser has or has not made a personal viewing of the property that is the subject of this appraisal report.

Unless otherwise stated in this appraisal consulting report, no other person provided significant professional assistance to the person who has signed this appraisal report.

During the viewing of the subject property included in this appraisal consulting report, the existence of potentially hazardous materials used in the site preparation, construction, and or maintenance of the improvements, or the existence of toxic waste which may or may not be present, was not observed by the appraiser. However, the appraiser is not qualified in any way through education or experience, to detect such substances, the presence of which could effect the value of the subject property. **The appraiser is not a building inspector.** The client is urged to retain the services of an expert in this field if such a determination is desired.

SPECIAL LIMITATIONS

It is assumed that the utilization of the subject land and any improvements thereon, are within the boundaries of the subject property lines of the described property and that there is no encroachment or trespass, unless otherwise stated in the appraisal report.

It is assumed that all required licenses, consents, or any required legislative or administrative authority from any local, State/Provincial, Federal, or private entity or organization, have been acquired and or renewed for any use which the value estimate in the appraisal report is based.

No investigation has been undertaken with the local zoning office, the fire department, the building inspectors, the health department, or any other municipal or government regulatory agencies. It is assumed that the subject property is in full compliance with all applicable current government codes, regulations, bylaws, and legislation. If the subject property does not comply, in any respect, the data, analyses, and conclusions stated in this report may require adjustment. The determination of such compliance is beyond the scope of this report and would require further investigations by appropriate qualified experts.

This report is based upon the assumption that the existing service providers for natural gas, electrical power, cable television, and telephone are responsible for the maintenance, repair, and replacement of their respective infrastructures on the condominium property.

It is assumed that any lease encumbrances pertaining to the subject property, are legally binding contracts between the lessee and the lessor and that all information transmitted to the appraiser concerning these lease contracts is accurate and correct.

Although this appraisal consultation report may contain information concerning the physical improvements being appraised, including their adequacy, and or condition, it should be understood that this information is only for use as a general guide in the valuation of the subject property and is not to be construed as a complete or detailed physical report. The observed condition of the roof, exterior walls, foundation, interior walls, floors, heating system, plumbing, insulation, electrical system, and any other of the mechanical system or physical component of the improvements, is based solely on a viewing level consistent with normal appraisal procedures and practice only. **The appraiser is not a building inspector.** The improvements were not checked for current building code violations unless otherwise noted in the appraisal report. If such an inspection is required, the client is advised to retain the services of an expert in this field. Any architectural, structural, mechanical, electrical, or other plans and specifications of the subject improvements, that were considered by the appraiser in the valuation assignment, are assumed to be correct. In addition, all improvements are assumed to have been constructed and finished in accordance with such plans and specifications, unless otherwise noted. No legal surveys, soil, air, or water quality tests, building code reviews, technical audits, condition surveys, engineering investigations, environmental investigations, detailed quantity surveys have been made and therefore no responsibility is assumed for these matters.

No responsibility is assumed for any inherent, latent, or hidden defects, damages, or conditions of the property. The subject valuation analysis assumes that the structural components within the improvements will last the physical life of the improvements unless otherwise specified in this report. The replacement of such components was not accounted for in the valuation analysis.

The appraiser reserves the right, at his or her sole discretion, at any time, to alter statements, analysis, conclusions, or any estimates contained in this report if the appraiser becomes aware of facts pertinent to the valuation process which were unknown to the appraiser at the time this report was prepared.

The reserve fund estimates contained in this report should be reviewed on a regular basis, particularly in the context of repairs and problem investigations including but not limited to, water damage, building envelope failures, structural problems, cracks in the walls and foundations, post tension construction concerns, waterproofing membranes, and environmental issues.

Reserve fund estimates are subjective and are based on the appraiser's understanding of the life cycle of building components and personal experience. The level of maintenance for any component addressed in this report may alter the estimated remaining life of that component. A detailed review should be made prior to considering any major repair or replacement. The client must understand and accept that reserve fund budgeting and projections are not exact sciences. They are, at best, prudent provisions for all possible contingencies if, as, and when they might arise. Industry costs of labour and materials are dependent upon competition, supply, and demand cycles. The cost projections stated in this report are approximate, using the most accurate costs ascertained at the time any particular component is to be actually replaced. The client should adopt a long term policy regarding reserve fund allocations.

If within the condominium complex, certain components require replacement within the parameters of the reserve fund study, it is assumed that all such components will be replaced or repaired with components that are similar in design, quality, and with appropriate workmanship and materials.

Any architectural, structural, mechanical, electrical, or other plans and specifications of the subject improvements, that were considered by the appraiser in the valuation assignment, are assumed to be correct. In addition, all improvements are assumed to have been constructed and finished in accordance with such plans and specifications, unless otherwise noted.

I declare that I am a licensed member in good standing of the Canadian National Association of Real Estate Appraisers (Member # 1268-13) and hold the professional designations of Designated Appraiser Residential (DAR) and Designated Reserve Planner (DRP). The Canadian national Association of Real Estate Appraisers is a professional appraisal association, requiring that designated members adhere to a continuing education program. I am presently in compliance with that program and have completed all present requirements and regulations.

General Conditions and Assumptions

Reserve fund estimates are subjective, and they are based on an understanding of the life cycle of building components and our experience gained from observing buildings as they age and their components deteriorate. It must be appreciated that reserve fund budgeting and projections are not exact sciences. They are, at best, prudent provisions for all possible contingencies, if, as and when they arise. Reserve fund requirements are subject to change and must be reviewed and modified over time, not less than every three years. It is important to note that the timing of such expenditures a distance in the future will likely not occur as indicted in the report but rather a contingency reserve for the eventual repair or replacement.

The legal and survey descriptions of the property as stated herein are those which are recorded by the Registrar of the requisite Land Titles Office and are assumed to be correct.

The architectural, structural, mechanical, electrical and other plans and specifications of the building or buildings and improvements were not provided for this study. Furthermore, all buildings and improvements are deemed to have been constructed and finished in accordance with such plans and specifications, unless otherwise noted.

Sketches, drawings, diagrams, photographs, if any, presented in this report are included for the sole purpose of illustration. No legal survey, soil tests, engineering investigations, detailed quantity survey compilations, nor exhaustive physical examinations have been made. Accordingly, no responsibility is assumed concerning these matters or other technical and engineering techniques, which would be required to discover any inherent or hidden condition of the property.

In order to arrive at supportable replacement cost estimates, it was found necessary to utilize both documented and other cost data. A concerted effort has been put forth to verify the accuracy of the information contained herein. Accordingly, the information is believed to be reliable and correct, and it has been gathered to standard professional procedures, but no guarantee as to the accuracy of the data is implied.

The distribution of cost and other estimates in this report apply only under the programme of utilization as identified in this report. The estimates herein must not be used in conjunction with any other appraisal or reserve fund study and may be invalid if so used.

The client to whom this report is addressed may use it in deliberations affecting the subject property only, and in so doing, the report must not be abstracted; it must be used in its entirety.

Possession of this report or any copy thereof does not carry with it the right of publication nor may it be used for any purpose by anyone but the applicant without the written consent of the author, and in any event, only with the proper qualifications.

The agreed compensation for services rendered in preparing this report does not include fees for consultations and/or arbitrations, if any. Should personal appearances be required in connection with this report, additional fees will have to be negotiated. Unless otherwise noted, all estimates are expressed in Canadian currency.

Date: December 19, 2015

Appraiser:



Keith Bell, DRP, DAR

Part 11 ~ Reserve Fund Analysis Pro Software Description

The RFA Pro System is specifically designed for the analysis and preparation of Reserve Fund Plans and is the only reserve management software in which all reports are based on monthly calculations opposed to annual calculations. RFA Pro offers the only Cash Management module available for tracking individual financial instruments for accurate interest calculations. With a detailed Image Manger, Report Writer/Editor and Report Builder/Editor, complete reports can be produced in less than 30 minutes with custom headers, footers and automated table of contents. Save time and money when using the PRA System.

There are many options available when it comes to reserve management and preparing reserve studies, but there are very few solutions...and only one comprehensive *system*.

The RFA Pro System provides unparalleled benefits, whether you're managing the a single property or hundreds, domestically or around the globe.

- 50 years of industry/development experience
- Internet based with access from anywhere
- Real time updates
- Eight tracking methods for custom planning
- Initial property setups in hours instead of weeks
- Manage multiple financial instruments
- All State,AICPA and Provincial required reporting
- Quantity Purchasing reports for multiple properties
- Easy and quick anytime updates
- Warning system provides reserve items and cash instruments requiring updates

Component Analysis Breakdown - Electrical Systems

Exterior Common Lighting

Item Number	31	Measurement Basis	Allowanc
Type	Common Area	Estimated Useful Life	5:00
Category	Electrical Systems	Basis Cost	0.00
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
						\$ 0.00	\$ 0.00

Comments

Reserve Description: Exterior Common Lighting

This reserve component includes all exterior common lighting fixtures mounted to structures throughout the subject property. Lighting fixtures throughout the property are assorted, indicating that some have been changed over time. Each unit has two fixtures located at the front of the unit and there are an additional 28 fixtures throughout the complex. Please note that strata council has advised that all exterior common lighting repairs / replacement / maintenance will be paid for from the operating budget or other sources but not the Contingency Reserve Fund. As such no allowance nor financial consideration has been included for this component. This component is for information only. Please also note that strata records show that some of the lighting was replaced in 2010.

Life Span Estimates:

Estimated Effective Life Span
Estimated Effective Age
Estimated Remaining Life Span

Not Applicable
Not Applicable
Not Applicable

Potential Deterioration:

Lighting is a long-lived item that is not expected to deteriorate significantly if maintained. Exterior lights may require more regular maintenance due to exposure to the elements. More frequent replacement may be desirable for aesthetic purposes. Light bulbs will require more frequent replacement and are considered an annual maintenance item, therefore excluded from this analysis.

Deficiency Analysis:

Some of the lighting fixtures are beginning to show rust and other forms of deferred maintenance.



Exterior Light Standards

Item Number	4	Measurement Basis	Allowanc
Type	Common Area	Estimated Useful Life	30:00
Category	Electrical Systems	Basis Cost	1,800.00
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
920-001-0004	06/12/2009	06/12/2039	24:05	30:00	0.84	\$ 1,512.00	\$ 2,956.85
920-002-0004	06/12/2009	06/12/2039	24:05	30:00	0.16	\$ 288.00	\$ 563.21
						\$ 1,800.00	\$ 3,520.06

Comments

Reserve Description: Exterior Light Standards

Exterior light standards provide attractive lighting for security, parking areas, common walks and pathways, etc. They come in a wide variety of styles and quality. The subject property has two lantern style lights located on stone driveway pillars at the entrance to the complex as well as six three-light exterior light standards located throughout the site. Strata records show that some of the lights were maintained in 2009.

Life Span Estimates:

Estimated Effective Life Span	30 Years
Estimated Effective Age	6 Years
Estimated Remaining Life Span	24 Years

Potential Deterioration:

Exterior light standards require a weather-resistant paint to reduce metal components exposure to the elements. Similar to metal fencing, if left exposed the metal components may rust and deteriorate.

Deficiency Analysis:

All exterior lighting shows to be in good condition.



Interior Electrical

Item Number	16	Measurement Basis	Square F
Type	Common Area	Estimated Useful Life	60:00
Category	Electrical Systems	Basis Cost	0.00
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
						\$ 0.00	\$ 0.00

Comments

Reserve Description: Electrical System / Wiring

Failures are impossible to predict with any accuracy. The subject buildings have three attached electrical rooms, with two having a "Sylvania" 400-amp main panel and the third having a newer "Cutler Hammer" 400-amp panel. In addition each electrical room also has sufficient sub-panels and BC Hydro meters. Please note that strata has advised that any future repairs / replacements / maintenance to this component will be paid for from the operating account, possible special levy, or other sources. As such this component is for information only and no financial analysis nor maintenance or replacement cost estimates have been included. Please note that strata records show that an electrical room switch was replaced in 2012 and all four electrical rooms were checked with an "ok" rating given.

Life Span Estimates:

Estimated Effective Life Span
Estimated Effective Age
Estimated Remaining Life Span

Not Applicable
Not Applicable
Not Applicable

Potential Deterioration:

No problems were reported with respect to this system. Component parts will require attention, such as individual transformers, breakers, and other components to service the building.

Deficiency Analysis:

No deficiencies were noted at the time of inspection. Strata is advised to periodically have the electrical connections inspected to ensure their continued correct operation.



Component Analysis Breakdown - Exterior Enclosure

Brick Siding

Item Number	22	Measurement Basis	Allowanc
Type	Common Area	Estimated Useful Life	10:00
Category	Exterior Closure	Basis Cost	65.00
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
910-000-0022	06/12/2009	06/12/2019	4:05	10:00	50.00	\$ 3,250.00	\$ 3,669.20
						\$ 3,250.00	\$ 3,669.20

Comments

Reserve Description: Brick Siding

This reserve component includes the brick siding located at common party walls between units. The bricks themselves have a long estimated life span however the mortar may need to be maintained / replaced periodically. As such, a maintenance only allowance of \$65.00 / Hour for 50 hours every 10 years has been given to this component, with the first occurrence in 5 years, should it be needed.

Life Span Estimates:

Estimated Effective Life Span	10 Years
Estimated Effective Age	6 Years
Estimated Remaining Life Span	4 Years

Potential Deterioration:

Regular maintenance is important to lengthen the estimated useful life of brick siding. Walls should be cleaned on a bi-annual basis and any missing or damaged mortar replaced. Damaged or missing mortar may allow water to ingress and this could cause expansion or contraction of the joints, thereby damaging the walls.

Deficiency Analysis:

The brick walls show to be in average condition. An allowance has been included for their maintenance.



Caulking & Weatherproofing

Item Number	28	Measurement Basis	Allowanc
Type	Common Area	Estimated Useful Life	5:00
Category	Exterior Closure	Basis Cost	0.00
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
						\$ 0.00	\$ 0.00

Comments

Reserve Description: Caulking and Weather Proofing

Caulking is the application of a flexible material which will seal gaps between dissimilar materials and allow for expansion and contraction while sealing out the outside elements like water, rain and hot or cold temperatures. Caulking is applied around windows, exterior doors, roof flashing, roof-top equipment, parapet walls etc. Also includes weather stripping around moving components such as windows and doors. Please note that strata council has advised that all caulking and / or weatherproofing will be paid for from the operating budget or other sources but not the Contingency Reserve Fund. As such no allowance nor financial consideration has been included for this component. This component is for information only.

Life Span Estimates:

Estimated Effective Life Span	Not Applicable
Estimated Effective Age	Not Applicable
Estimated Remaining Life Span	Not Applicable

Potential Deterioration:

Caulking relies on a flexible seal in order to fill gaps and remain in place. Over time caulking breaks down and becomes hard leading to cracking and shrinkage. Weather-stripping also requires flexibility to maintain a seal over time, repeated compression leads to an inability to retain shape. The product may also simply tear off.

Deficiency Analysis:

Some units (2,3,,8,12,13,19,23) have indicated that seals may be failing, these should be inspected and repaired if required.

Composite Shingle Roofing

Item Number	12	Measurement Basis	Sq Ft
Type	Common Area	Estimated Useful Life	25:00
Category	Roofs & Components	Basis Cost	3.75
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
910-000-0012	06/12/1998	06/12/2023	8:05	25:00	33120.00	\$ 124,200.00	\$ 156,504.80
						\$ 124,200.00	\$ 156,504.80

Comments

Reserve Description: Composite Shingle Roofing

Composite roof shingles are a roof covering consisting of individual overlapping elements. These elements are typically flat rectangular shapes laid in rows from the bottom edge of the roof up, with each successive higher row overlapping the joints in the row below. This component considers the +/- 33,120 Square Feet of composite shingle roofing throughout the subject buildings and includes covered entries, garages, and soffits, as applicable.

Life Span Estimates:

Estimated Effective Life Span	25 Years
Estimated Effective Age	16 Years
Estimated Remaining Life Span	4 Years

Potential Deterioration:

The protective nature of composite shingles primarily comes from the long-chain petroleum hydrocarbons. Over time in the hot sun, these oils soften and when rain falls the oils are gradually washed out of the shingles. During rain, more water is channeled along eaves and complex rooflines, and these are subsequently more prone to erosion than other areas.

Eventually the loss of the oils causes composite shingle fibers to shrink, exposing the nail heads under the shingles. Once the nail heads are exposed, water running down the roof can seep into the building around the nail shank, resulting in rotting of underlying roof building materials and causing moisture damage to ceilings and paint inside. In addition, high winds can lift and / or damage shingles, requiring these to be replaced.

Deficiency Analysis:

The composite shingle roofing shows to be in average condition however strata has reported the roof was cleaned and the contractor power-washed the roof which damaged the component. Unit owners have shared these concerns. As such this has reduced the remaining estimated life span of this component. In addition a number of owners have indicated concerns about the roof. The property management company has provided a roof report that outlines their findings and provides their opinion that a full roof replacement is recommended. Reader is advised to read the roof report for further information.

UPDATE: November 10, 2014 - Strata records show that up to \$7,000.00 has been allocated for necessary roof repairs throughout the complex. Reader is advised to read Strata Meeting Minutes from October 14, 2014 for further information. This work has resulted in a slight increase to the remaining estimated life span of this component from 4 years to 8 years. Further life span estimate adjustments may be made in future depreciation report updates.



Exterior Entry Doors

Item Number	24	Measurement Basis	Allowanc
Type	Common Area	Estimated Useful Life	40:00
Category	Exterior Closure	Basis Cost	0.00
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
						\$ 0.00	\$ 0.00

Comments

Reserve Description: Main Entry Exterior Doors

This reserve component include all exterior main entry doors to individual units, garage "man doors", and electrical room doors. Some unit entry doors have been changed so are owner improvements excluded from this analysis. Remaining doors are painted wood construction. Please note that strata council has advised that all repairs / replacement / maintenance for this component will be paid for from the operating budget or other sources but not the Contingency Reserve Fund. As such no allowance nor financial consideration has been included for this component. This component is for information only.

Life Span Estimates:

Estimated Effective Life Span

Not Applicable

Estimated Effective Age

Not Applicable

Estimated Remaining Life Span

Not Applicable



Potential Deterioration:

Regular maintenance of doors and hardware is required throughout the life of the subject complex with the associated costs to be covered from the operating budget and therefore outside the scope of this report.

Deficiency Analysis:

Similar to other original doors located throughout the subject property, unit entry doors appear to be in original condition however well maintained.



Exterior Siding Paint

Item Number	20	Measurement Basis	Square Feet
Type	Common Area	Estimated Useful Life	15:00
Category	Exterior Closure	Basis Cost	2.39
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
920-001-0020	06/12/2011	06/12/2026	11:05	15:00	31400.00	\$ 75,046.00	\$ 102,688.53
920-002-0020	06/12/2000	06/12/2015	0:05	15:00	5000.00	\$ 11,950.00	\$ 12,087.56
						\$ 86,996.00	\$ 114,776.09

Comments

Reserve Description: Exterior Paint - Wood & Stucco Siding

This reserve component includes two coats of exterior paint on all exterior wood surfaces including siding, soffits, balcony railings, trim, fascia, etc, and patio privacy walls.

Life Span Estimates:

Estimated Effective Life Span	15 Years
Estimated Effective Age	4 / 15 Years
Estimated Remaining Life Span	11 / 0 Years

Potential Deterioration:

Deterioration of exterior paint is predominantly from age and exposure to the elements. UV and water are key contributors to the breakdown of this component.

Deficiency Analysis:

Much of the wood paint shows to be in good condition however as noted under the wood siding component, some of the balcony railings and privacy walls would benefit from replacement so an allowance has been included in this component to consider repainting these areas once they are replaced.

Stucco paint also shows to be in good condition however as noted under the stucco siding component there was some staining noted as well as repaired locations. Stained areas should be inspected and repaired if required. In addition numerous owners as well as notes from the strata corporation Maintenance Committee have expressed concern regarding exterior paint. An allowance of 5,000 Square Feet has been included for exterior paint touch-up. Note that should this allowance be insufficient funding from other sources may be required.



Garage Doors

Item Number	27	Measurement Basis	Allowanc
Type	Common Area	Estimated Useful Life	35:00
Category	Exterior Closure	Basis Cost	1,800.00
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
910-000-0027	06/12/1989	06/12/2024	9:05	35:00	24.00	\$ 43,200.00	\$ 55,952.47
						\$ 43,200.00	\$ 55,952.47

Comments

Reserve Description: Garage Doors

This component considers the 30-panel painted wood garage doors for each unit.

Life Span Estimates:

Estimated Effective Life Span	35 Years
Estimated Effective Age	26 Years
Estimated Remaining Life Span	9 Years

Potential Deterioration:

Garage doors are exposed to significant movement and as such their components should be monitored and maintained as per manufacturers suggestions.

Deficiency Analysis:

Similar to unit entry doors, garage doors appear to be in original condition however well maintained. Their replacement has been timed to coincide with other doors throughout however strata may wish to replace them earlier. Notes from the strata corporation Maintenance Committee have expressed concern about many doors being bent in the middle so they may wish to be replaced earlier. If deemed important garage doors should be further inspected.



Moonlights

Item Number	30	Measurement Basis	Allowanc
Type	Common Area	Estimated Useful Life	0:00
Category	Exterior Closure	Basis Cost	0.00
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
910-000-0030	06/12/1999	06/12/1999	0:00	0:00	8.00	\$ 0.00	\$ 0.00
						\$ 0.00	\$ 0.00

Comments

Reserve Description: Moonlights

Similar to skylights, moonlights (moon-tubes) provide natural illumination into rooms via a small domed light opening with reflective tubes that run through the roof and superstructure to provide illumination into rooms below. Eight of the units (9, 12, 13, 15, 16, 17, 22, & 24) within the complex have these moonlights however they appear to be owner improvements as not all units possess this feature. As such there has been no analysis for this component nor financial forecasting / inclusion. This component is for information only.

Life Span Estimates:

Estimated Effective Life Span	Not Applicable
Estimated Effective Age	Not Applicable
Estimated Remaining Life Span	Not Applicable

Potential Deterioration:

The most significant issue is poorly constructed or installed moonlights may have leaking problems. Radiation or solar gain is a build-up of heat due to the solar rays penetrating the glass surface and heating objects in the room which radiate into the room temperature. Moisture can build up on the glass surfaces and can freeze causing additional stresses and damage to the assembly. Further, mold can develop creating unhealthy air quality issues.

Deficiency Analysis:

None noted. This component is for information only.

Screen Doors

Item Number	25	Measurement Basis	Allowanc
Type	Common Area	Estimated Useful Life	40:00
Category	Exterior Closure	Basis Cost	0.00
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
						\$ 0.00	\$ 0.00

Comments

Reserve Description: Exterior Screen Doors

This reserve component includes the screen doors located at the main unit entries of individual units. Strata advises that these are owner improvements and not strata responsibility therefore no analysis or financial consideration has been given. This component is for information only.

Life Span Estimates:

Estimated Effective Life Span	Not Applicable
Estimated Effective Age	Not Applicable
Estimated Remaining Life Span	Not Applicable

Potential Deterioration:

Regular maintenance of doors and hardware is required throughout the life of the subject complex with the associated costs to be covered from the operating budget and therefore outside the scope of this report.

Deficiency Analysis:

As with unit entry doors, the screen doors appear to be original however in average condition. Strata advises that these are owner improvements and not strata responsibility therefore no analysis or financial consideration has been given. This component is for information only.



Skylights

Item Number	29	Measurement Basis	Allowanc
Type	Common Area	Estimated Useful Life	20:00
Category	Exterior Closure	Basis Cost	250.00
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
910-000-0029	06/12/2004	06/12/2024	9:05	20:00	34.00	\$ 8,500.00	\$ 11,009.17
						\$ 8,500.00	\$ 11,009.17

Comments

Reserve Description: Skylights

Skylights are horizontal windows or domes placed at the roof of buildings, often used for daylight. Traditional rectangular skylights can provide daylight, views, aesthetics and ventilation. Recent technologies have improved their performance: heat absorbing tints, double and triple insulated glazed panels, low-e coatings. These recent features allow huge improvements relatively to older skylights, reducing or overcoming potential negative impacts. This component considers only skylights that have not been replaced by owners.

Life Span Estimates:

Estimated Effective Life Span	20 Years
Estimated Effective Age	11 Years
Estimated Remaining Life Span	9 Years

Potential Deterioration:

The most significant issue is poorly constructed or installed skylights may have leaking problems and single pane skylights may leak with condensation. Using skylights with at least two panes and a heat reflecting coating will increase their energy efficiency. Infiltration or air leakage reduces the building envelope's ability to maintain the conditioned interior environment from the changing exterior environment causing the heating and cooling systems to work harder. Radiation or solar gain is a build-up of heat due to the solar rays penetrating the glass surface and heating objects in the room which radiate into the room temperature. Moisture can build up on the glass surfaces and can freeze causing additional stresses and damage to the assembly. Further, mold can develop creating unhealthy air quality issues.

Deficiency Analysis:

Skylights appear to be in average condition however strata may be required to replace skylights earlier due to unanticipated failure.



Sliding Doors

Item Number	26	Measurement Basis	Allowanc
Type	Common Area	Estimated Useful Life	30:00
Category	Exterior Closure	Basis Cost	925.00
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
920-001-0026	06/12/1989	06/12/2019	4:05	30:00	23.00	\$ 21,275.00	\$ 24,019.16
920-002-0026	06/12/1985	06/12/2015	0:05	30:00	10.00	\$ 9,250.00	\$ 9,356.48
						\$ 30,525.00	\$ 33,375.64

Comments

Reserve Description: Sliding Doors

This component considers the metal double pane balcony and patio sliding doors that are original to construction however excludes all sliding doors that have been owner improved.

Life Span Estimates:

Estimated Effective Life Span	30	Years
Estimated Effective Age	26 / 30	Years
Estimated Remaining Life Span	4 / 0	Years

Potential Deterioration:

Regular maintenance of doors and hardware is required throughout the life of the subject complex with the associated costs to be covered from the operating budget and therefore outside the scope of this report.

Deficiency Analysis:

As with remaining windows, sliding balcony and patio doors appear to be in average condition however are original so nearing the end of their estimated remaining life spans. Their replacement has been timed to coincide with window replacement however some owners have indicated possible early failure so these doors may require earlier replacement. An allowance of 10 sliding doors has been included for the next fiscal year.



Stucco Siding

Item Number	21	Measurement Basis	Square F
Type	Common Area	Estimated Useful Life	45:00
Category	Exterior Closure	Basis Cost	10.25
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
920-001-0021	06/12/1989	06/12/2034	19:05	45:00	3400.00	\$ 34,850.00	\$ 59,406.32
920-002-0021	06/12/1970	06/12/2015	0:05	45:00	720.00	\$ 7,380.00	\$ 7,464.95
920-003-0021	06/12/1970	06/12/2015	0:05	45:00	500.00	\$ 5,125.00	\$ 5,183.99
						\$ 47,355.00	\$ 72,055.26

Comments

Reserve Description: Stucco Siding

Stucco is applied to surfaces either inside or outside buildings. Stucco is hard, durable, rot and fungus resistant, low-cost and does not need a lot of maintenance. The subject has stucco siding located on party walls located between each unit. This component also considers the stucco chimneys throughout the complex.

Life Span Estimates:

Estimated Effective Life Span	45	Years
Estimated Effective Age	26 / 45	Years
Estimated Remaining Life Span	19 / 0	Years

Potential Deterioration:

If water from rain or snow seeps inside the concrete-like shell through a joint or crack, the moisture could damage the wood frame underneath the stucco, causing the wood to rot. Although stucco is designed to be resistant to mold, a stucco house in a rainy climate could be susceptible to mold growth on the outside surfaces.

Deficiency Analysis:

The stucco siding shows to be in average / good condition however some staining was noted at locations where the stucco and brick facade siding meet and this was confirmed by unit owner input. These areas should be inspected to ascertain their condition and repaired if required. Some areas show to have already been repaired however an allowance of 500 Square Feet has been allocated to this in the next fiscal year. Some of the stucco chimneys are reported by unit owners and consultant inspection as showing deterioration / water staining and should be inspected immediately and repaired as necessary. An allowance has been included for this in the next fiscal year. Please be advised that should the 500 Square Foot allowance be insufficient funding from other sources may be required.



Vinyl Covered Balcony Membrane

Item Number	32	Measurement Basis	Square Feet
Type	Common Area	Estimated Useful Life	20:00
Category	Exterior Closure	Basis Cost	8.50
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
920-001-0032	06/12/2002	06/12/2022	7:05	20:00	550.00	\$ 4,675.00	\$ 5,731.37
920-002-0032	06/12/1995	06/12/2015	0:05	20:00	550.00	\$ 4,675.00	\$ 4,728.81
						\$ 9,350.00	\$ 10,460.18

Comments

Reserve Description: Vinyl Balcony Membrane

The wood framing of balconies is part of the superstructure and is anticipated to last the lifetime of the building so is not given an allowance however the vinyl balcony covering has an estimated life span of +/- 20 years and will require maintenance / replacement to ensure a long life of this component.

Life Span Estimates:

Estimated Effective Life Span	20 Years
Estimated Effective Age	13 Years
Estimated Remaining Life Span	7 Years

Potential Deterioration:

Water staining on balcony surface may reduce the life of the balcony membrane. In order to extend the life span of the vinyl surfaces these surfaces should be cleaned on a regular basis using an appropriate cleaning compound. Penetrations (posts, beams, etc) through the vinyl membrane must be sealed and inspected on a regular basis to ensure that water is not penetrating beneath the vinyl membrane. An effective rainscreen strategy is contingent on a continuous moisture barrier to the exterior to deflect the majority of rainwater.

Deficiency Analysis:

A reserve has been provided for the replacement of the membrane surfaces. As noted under the framing component some of the balconies may be experiencing failure and as such may need to be replaced. If this is the case then the vinyl membranes will also need to be replaced. An allowance of 550 Square Feet has been allocated for this in the next fiscal year, if necessary.



Windows

Item Number	23	Measurement Basis	Square F
Type	Common Area	Estimated Useful Life	35:00
Category	Exterior Closure	Basis Cost	31.00
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
920-001-0023	06/12/1980	06/12/2015	0:05	35:00	280.00	\$ 8,680.00	\$ 8,779.92
920-002-0023	06/12/1981	06/12/2016	1:05	35:00	280.00	\$ 8,680.00	\$ 9,024.43
920-003-0023	06/12/1982	06/12/2017	2:05	35:00	280.00	\$ 8,680.00	\$ 9,275.75
920-004-0023	06/12/1983	06/12/2018	3:05	35:00	280.00	\$ 8,680.00	\$ 9,534.08
920-005-0023	06/12/1984	06/12/2019	4:05	35:00	280.00	\$ 8,680.00	\$ 9,799.59
						\$ 43,400.00	\$ 46,413.77

Comments

Reserve Description: Window Assemblies

Window assemblies are a very important element of the exterior closure or building envelope and are one of the main contributors of heat loss and gain. There have been many advances in technology in recent years. This component includes the original metal double pane windows located throughout all units with the exception of any windows changed by unit owners, which are excluded from this analysis.

Life Span Estimates:

Estimated Effective Life Span	35 Years
Estimated Effective Age	31 - 35 Years
Estimated Remaining Life Span	0 - 5 Years

Potential Deterioration:

The most significant issue is seal breakage in double pane windows. Frames which open are subject to wear and tear on the mechanisms. The type of mechanism and frequency of use will be contributing factors in the components life expectancy. The frame itself is subject to different types of deterioration based on the type of material used. Cladding can become dislodged, panes may be cracked, require painting and maintenance when if deferred may lead to mould infestation, water damage and damage to the underlying superstructure. Replacement of the windows can increase street appeal as well as increased efficiency minimizing heat loss and solar gain. Infiltration or air leakage reduces the building envelope's ability to maintain the conditioned interior environment from the changing exterior environment causing the heating and cooling systems to work harder. Radiation or solar gain is a build-up of heat due to the solar rays penetrating the glass surface and heating objects in the room which radiate into the room temperature. Moisture can build up on the glass surfaces and can freeze causing additional stresses and damage to the assembly. Further mold can develop creating unhealthy air quality issues.

Deficiency Analysis:

Windows appear to be in average condition however are estimated to be nearing the end of their remaining estimated life spans. In addition both notes from the strata corporation Maintenance Committee and a number of owners have indicated failing window components. A reserve has been provided for the replacement of the windows over a five year phased approach with the first occurrence in the next fiscal year.



Wood Siding, Soffits, Trim, Etc

Item Number	19	Measurement Basis	Sq Ft
Type	Common Area	Estimated Useful Life	60:00
Category	Exterior Closure	Basis Cost	4.15
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
920-001-0019	04/12/1982	04/12/2042	27:03	60:00	33000.00	\$ 136,950.00	\$ 289,493.70
920-002-0019	06/12/1955	06/12/2015	0:05	60:00	3383.00	\$ 14,039.45	\$ 14,201.06
						\$ 150,989.45	\$ 303,694.76

Comments

Reserve Description: Wood Siding, Soffits, Trim, Etc

This component considers the wood siding located on all buildings within the complex as well as privacy patio walls and balcony walls, developing an area of +/- 29,500 Square Feet. This component also includes the wood soffits located under the eaves of all buildings, developing +/- 4,330 Square Feet, and trim, fascia, etc. Wood is a perennial favorite choice for siding options throughout the United States and Canada. Whether it is vertical siding like board and batten, or horizontal siding like clapboards, shakes, and shingles, there are a few species and grades commonly used for all applications.

Life Span Estimates:

Estimated Effective Life Span	60 +/- Years
Estimated Effective Age	33 / 60 Years
Estimated Remaining Life Span	27 / 0 Years

Potential Deterioration:

While wood siding does have a potential long life, if not properly sealed with a sealant or paint it may experience some warpage and / or shrinkage. Cedar siding is naturally resistant however will still require sealing / painting. Cedar siding may also exhibit stains and bleeding if not properly sealed.

Deficiency Analysis:

The wood siding shows to be in average condition however balcony railings located at the rear of units 1, 3, 8, and 24 show evidence of rotting. Also one of the rear privacy walls showed to be in poor condition and would also benefit from replacement. Finally, notes from the strata corporation Maintenance Committee have expressed concern over possible rotting fascia boards on a few units. These items should all be inspected by qualified personnel and repaired or replaced where necessary. An allowance for these items has been included in the next fiscal year. Please note that should this allowance be insufficient funding from other sources may be required.



Component Analysis Breakdown - Plumbing Systems

Gutters & Downspouts

Item Number	14	Measurement Basis	Linear F
Type	Common Area	Estimated Useful Life	30:00
Category	Plumbing Systems	Basis Cost	0.00
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
						\$ 0.00	\$ 0.00

Comments

Reserve Description: Gutters & Downspouts

This reserve component includes aluminum or vinyl gutters and downspouts. Gutters and downspouts remove water from the roof component and allow it to flow through the gutters and downspouts to underground systems where it enters the storm water system. The subject buildings provide +/- 2,584 Linear Feet of gutter system and +/- 1,136 Linear Feet of downspouts. Please note that strata has advised that any future repairs / replacements / maintenance to this component will be paid for from the operating account, possible special levy, or other sources. As such this component is for information only and no financial analysis nor maintenance or replacement cost estimates have been included.

Life Span Estimates:

Estimated Effective Life Span	Not Applicable
Estimated Effective Age	Not Applicable
Estimated Remaining Life Span	Not Applicable

Potential Deterioration:

Regular maintenance is important to lengthen the estimated useful life of gutters and downspouts. They require regular cleaning as part of an annual maintenance program as well as ensuring that the pitch is adequate in order to maximize water removal. If the gutters are not properly cleaned rust can accumulate, which will speed up deterioration.

Deficiency Analysis:

The gutters and downspouts appear to be in average condition. Please note that some units have noted damaged downspouts and gutters that may need repair / replacement.



Interior Plumbing

Item Number	17	Measurement Basis	Allowanc
Type	Common Area	Estimated Useful Life	60:00
Category	Plumbing Systems	Basis Cost	0.00
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
						\$ 0.00	\$ 0.00

Comments

Reserve Description: Plumbing- Supply & Drainage

This component includes all interior plumbing lines including supply and drainage lines. The plumbing system relates to water mains and drains throughout the buildings however excludes the plumbing within the units.

All supply and drainage lines are assumed to be in good condition however a visual inspection was not possible due to the location of this component. There was no mention by the strata of any deferred maintenance of common plumbing supply and drainage at the time of this report. Please note that strata has advised that any future repairs / replacements / maintenance to this component will be paid for from the operating account, possible special levy, or other sources. As such this component is for information only and no financial analysis nor maintenance or replacement cost estimates have been included.

Life Span Estimates:

Estimated Effective Life Span	Not Applicable
Estimated Effective Age	Not Applicable
Estimated Remaining Life Span	Not Applicable

Potential Deterioration:

As with many other building components plumbing systems will deteriorate over time. The supply and drainage lines are expected to last the life of the building.

Deficiency Analysis:

No deficiencies were noted at the time of inspection. Strata is advised to periodically have the plumbing system inspected to ensure their continued correct operation.

Perimeter Drains

Item Number	15	Measurement Basis	Linear F
Type	Common Area	Estimated Useful Life	45:00
Category	Plumbing Systems	Basis Cost	64.00
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
910-000-0015	04/12/1987	04/12/2032	17:03	45:00	2310.00	\$ 147,840.00	\$ 237,451.38
						\$ 147,840.00	\$ 237,451.38

Comments

Reserve Description: Perimeter Drains

This component considers a contingency reserve for the maintenance and replacement of building perimeter drains. Perimeter drains are located at the base of a foundation wall that carries water away from it.

Life Span Estimates:

Estimated Effective Life Span	45 +/- Years
Estimated Effective Age	33 Years
Estimated Remaining Life Span	12 +/- Years

Potential Deterioration:

Perimeter drains can become clogged or broken over time allowing ground water to pool and accumulate at the foundation of a building. This can create hydrostatic pressure which can force water into the foundation, causing damage and deterioration.

Deficiency Analysis:

The perimeter drains were not visible for viewing / inspection so any deficiencies cannot be analyzed however a number of units have indicated soggy lawn areas which, while may not be related to perimeter drains, may be an indication of poor drainage that should be investigated. Strata is advised to have the perimeter drain system inspected on a regular basis to ensure that it is operating as required. Please note that the strata corporation had a perimeter drain system inspection completed in 2011 and some concerns were noted. Reader is advised to review this report for further information. This report also indicated that all catch basins were cleaned at this time.

UPDATE: November 10, 2014 - Strata records show that up to \$23,000.00 has been allocated for further inspection and repair of perimeter drains. Reader is advised to read Strata Meeting Minutes from October 14, 2014 for further information. As not all sections of perimeter drains have been exposed / repaired the estimated cost of this component has not been adjusted however estimated remaining life span has been increased from 12 - 17 years.

Component Analysis Breakdown - Site Improvements

Asphalt Curb

Item Number	8	Measurement Basis	Lin. Ft
Type	Common Area	Estimated Useful Life	25:00
Category	Site Improvements	Basis Cost	5.40
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
920-001-0008	06/12/1999	06/12/2024	9:05	25:00	670.00	\$ 3,618.00	\$ 4,686.02
920-002-0008	06/12/1990	06/12/2015	0:05	25:00	200.00	\$ 1,080.00	\$ 1,092.43
						\$ 4,698.00	\$ 5,778.45

Comments

Reserve Description: Paving - Asphalt Curb

This component considers asphalt paved curbing at the subject site, developing +/- 870 Linear Feet.

Life Span Estimates:

Estimated Effective Life Span	25	Years
Estimated Effective Age	25 / 16	Years
Estimated Remaining Life Span	0 / 9	Years

Potential Deterioration:

Regular maintenance is important to lengthen the estimated useful life of asphalt curbs. They can be maintained longer with routine maintenance which may include cleaning, sealing, crack pouring, surface treatments, milling and overlays of nominal aggregate size. If cracks are not sealed to prevent moisture penetration they may enlarge and further deteriorate.

Deficiency Analysis:

Generally the asphalt curbing shows to be in average condition however some damage was noted and these areas should be repaired to prevent further deterioration. An allowance of 200 Linear Feet has been provided for this in the next fiscal year.



Asphalt Paving

Item Number	1	Measurement Basis	Square Feet
Type	Common Area	Estimated Useful Life	25:00
Category	Site Improvements	Basis Cost	3.90
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
920-001-0001	06/12/2009	06/12/2034	19:05	25:00	47128.00	\$ 183,799.20	\$ 313,309.43
920-002-0001	06/12/1990	06/12/2015	0:05	25:00	2000.00	\$ 7,800.00	\$ 7,889.79
						\$ 191,599.20	\$ 321,199.22

Comments

Reserve Description: Asphalt Paving

This reserve component considers the +/- 49,130 Square Feet of common asphalt roadway and parking area throughout the subject site.

Life Span Estimates:

Estimated Effective Life Span	25 Years
Estimated Effective Age	25 / 6 Years
Estimated Remaining Life Span	0 / 19 Years

Potential Deterioration:

Regular maintenance is important to lengthen the estimated useful life of paving. It can be maintained longer with routine maintenance which may include cleaning, sealing, crack pouring, surface treatments, milling and overlays of nominal aggregate size. If paving is not sealed to prevent moisture penetration the compound may crack and deteriorate.

Deficiency Analysis:

The asphalt paving appears to be in generally average condition commensurate for its age however some areas of cracking were noted (and unit owners commented on) in addition to areas that have been previously repaired / resealed (strata records indicate 2010). Cracks should be repaired / sealed to help ensure no water penetration which could further erode these areas. An allowance of 2,000 Square Feet has been applied for the next fiscal year to repair damaged areas.



Concrete Paving

Item Number	7	Measurement Basis	Sq Ft
Type	Common Area	Estimated Useful Life	60:00
Category	Site Improvements	Basis Cost	7.95
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
920-001-0007	06/12/1984	06/12/2044	29:05	60:00	12025.00	\$ 95,598.75	\$ 214,474.87
920-002-0007	06/12/1955	06/12/2015	0:05	60:00	1000.00	\$ 7,950.00	\$ 8,041.51
						\$ 103,548.75	\$ 222,516.38

Comments

Reserve Description: Concrete Paving

This reserve component includes concrete paving, parking areas, and pathways, as applicable and provides for 4" of reinforced concrete paving. The subject property has +/- 5,360 Square Feet of concrete patios (excluding owner improvements / enlargements) and +/- 7,665 Square Feet of concrete pathways, driveways, etc. Please note that as the estimated life span of this component falls at the current end of the 30 year forecast period of this report, significant funding for this component will not start accumulating until its estimated replacement is within the 30 year forecast period and any unforeseen expenses prior to this may require unanticipated costs to owners.

Life Span Estimates:

Estimated Effective Life Span	60 +/- Years
Estimated Effective Age	31 / 60 Years
Estimated Remaining Life Span	29 +/- Years

Potential Deterioration:

Regular maintenance is important to lengthen the estimated useful life of paving. It can be maintained longer with routine maintenance which may include cleaning, sealing, crack pouring, surface treatments, milling and overlays of nominal aggregate size. If paving is not sealed to prevent moisture penetration the compound may crack and deteriorate. Sealing of concrete helps resist water, abrasives, stains, and dirt. Routine maintenance and sealing of paving is an operating budget item and is therefore excluded from the scope of this analysis.

Deficiency Analysis:

The concrete paving shows to be in average condition however some owners and notes from the strata corporation Maintenance Committee have expressed concern about cracks and other damage in the concrete paving and patios. These concerns are shared by the consultant so an allowance of 1,000 Square Feet has been allocated to the concrete paving in the next fiscal year.



Fieldstone Retaining Walls / Pillars

Item Number	2	Measurement Basis	Square F
Type	Common Area	Estimated Useful Life	10:00
Category	Site Improvements	Basis Cost	65.00
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
910-000-0002	06/12/2005	06/12/2015	0:05	10:00	100.00	\$ 6,500.00	\$ 6,574.82
						\$ 6,500.00	\$ 6,574.82

Comments

Reserve Description: Fieldstone Retaining Wall

This component considers the fieldstone retaining walls and driveway pillars at the subject property. Fieldstone retaining walls are constructed of rough-hewn stone laid in successive courses until the desired height and length is achieved. Mortar is applied between each stone to securely attached one to the next. Over certain heights (determined by local building codes) the wall will require drainage and additional reinforcing. Estimated replacement cost for this component is \$37.50 / Square Foot however the stones themselves have a long estimated life span but the mortar will need to be maintained / replaced periodically. As such, a maintenance only allowance of \$65.00 / hour for 100 hours of maintenance work has been included over a ten year cycle with the first occurrence in the next fiscal year. Strata records show that some of the rock wall was repointed in 2009.

Life Span Estimates:

Estimated Effective Life Span	10 Years
Estimated Effective Age	10 Years
Estimated Remaining Life Span	0 Years

Potential Deterioration:

Over time water and weathering will deteriorate the mortar compound. If water or organic material (i.e. moss growth) adheres to the component this could allow moisture to penetrate the component, thereby speeding the deterioration process. If the wall does not have proper drainage moisture can accumulate and pose a hazard. Periodic inspections should be completed and maintenance done as required.

Deficiency Analysis:

The fieldstone retaining walls show to be in average condition however both notes from the strata corporation Maintenance Committee and unit owners have indicated concern over the state of the fieldstone retaining walls in areas. As such an allowance for repair work has been included in the next fiscal year.



Landscape Maintenance

Item Number	11	Measurement Basis	Allowanc
Type	Common Area	Estimated Useful Life	0:00
Category	Site Improvements	Basis Cost	0.00
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
						\$ 0.00	\$ 0.00

Comments

Reserve Description: Landscape Maintenance

This component considers soft landscape maintenance throughout the subject property. The subject site has significant landscaping including trees, lawn and garden areas, shrubbery, etc. Records show that all landscape maintenance is done through the operating budget so no analysis or financial inclusion has included in this analysis. This component is for information only.

Life Span Estimates:

Estimated Effective Life Span
Estimated Effective Age
Estimated Remaining Life Span

Not Applicable
Not Applicable
Not Applicable

Potential Deterioration:

Soft landscaping shows to be well maintained.

Deficiency Analysis:

Landscaping shows to be well maintained.



Line Painting - Pavement

Item Number	9	Measurement Basis	Allowanc
Type	Common Area	Estimated Useful Life	5:00
Category	Site Improvements	Basis Cost	50.00
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
910-000-0009	06/12/2012	06/12/2017	2:05	5:00	11.00	\$ 550.00	\$ 587.75
						\$ 550.00	\$ 587.75

Comments

Reserve Description: Parking Area Line Painting

This reserve component includes the line painting of exterior surface elements including parking areas and any common areas. Typical life expectancy is estimated to be five years however more frequent maintenance may be needed depending on traffic and / or exposure to elements. The subject property has 11 painted parking spots in total with strata records showing that these were repainted in 2010.

Life Span Estimates:

Estimated Effective Life Span	5 Years
Estimated Effective Age	3 Years
Estimated Remaining Life Span	2 Years

Potential Deterioration:

The paving line painting is exposed to the natural elements, vehicle traffic, and to pedestrian traffic. Over time, the lines fade and require re-painting to ensure visibility of the lines is maintained.

Deficiency Analysis:

Parking lot line painting shows to be fading and strata may wish to repaint these surfaces.



Public Signage

Item Number	10	Measurement Basis	Allowanc
Type	Common Area	Estimated Useful Life	35:00
Category	Site Improvements	Basis Cost	0.00
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
						\$ 0.00	\$ 0.00

Comments

Reserve Description: Public Signage

This component considers strategically placed address signage, information signage, and individual unit numbering, as applicable. There is street signage located at the main entry on the fieldstone retaining walls, consisting of a carved and painted wood "Cultra Court" and associated street numbering. Each unit also has individual unit numbering. Please note that strata has advised that any future repairs / replacements / maintenance to this component will be paid for from the operating account, possible special levy, or other sources. As such this component is for information only and no financial analysis nor maintenance or replacement cost estimates have been included.

Life Span Estimates:

Estimated Effective Life Span
Estimated Effective Age
Estimated Remaining Life Span

Not Applicable
Not Applicable
Not Applicable

Potential Deterioration:

Exterior signage paint may fade due to weathering while the wood itself could also warp / crack due to moisture penetration.

Deficiency Analysis:

Signage shows to be in good condition with no immediate replacement required.



Underground Services

Item Number	3	Measurement Basis	Linear F
Type	Common Area	Estimated Useful Life	60:00
Category	Site Improvements	Basis Cost	0.00
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
						\$ 0.00	\$ 0.00

Comments

Reserve Description: Underground Services

This component includes all underground services, water, sewer, storm sewer, hydro, and natural gas, as applicable. Site measurements were taken from the center line of the common roadway to each access point / connection for the applicable service. Systems appear to be in good working order however a visual inspection was not possible due to the services being located underground. Please note that strata has advised that any future repairs / replacements / maintenance to this component will be paid for from the operating account, possible special levy, or other sources. As such this component is for information only and no financial analysis nor maintenance or replacement cost estimates have been included.

Life Span Estimates:

Estimated Effective Life Span	Not Applicable
Estimated Effective Age	Not Applicable
Estimated Remaining Life Span	Not Applicable

Potential Deterioration:

Piping can settle causing breakage at weak points such as joints. Sewers are susceptible to tree root invasions. The most invasive trees are those with long root systems such as weeping willows. Curb stops can malfunction and require replacement.

Deficiency Analysis:

Systems are expected to have a lengthy life expectancy. An allowance has been provided for this component as a contingency for some repairs to the systems over time as required. Strata has advised that there is poor drainage in the lawn area at the rear of unit # 24 and owners have indicated concerns at units 1, 16, & 19. This was visually inspected by the consultant and it may be the result of excessive clay or some other less porous soil type underground but could not be confirmed without further investigation which strata is advised to undertake should they deem it necessary.



Underground Sprinkler

Item Number	5	Measurement Basis	Sq Ft
Type	Common Area	Estimated Useful Life	20:00
Category	Site Improvements	Basis Cost	1.10
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
910-000-0005	06/12/2004	06/12/2024	9:05	20:00	25000.00	\$ 27,500.00	\$ 35,617.89
						\$ 27,500.00	\$ 35,617.89

Comments

Reserve Description: Underground Sprinkler

This component considers a contingency reserve for the maintenance and replacement of the underground sprinkler system. A complete automated sprinkler system has a control clock, valves, PVC piping, and irrigation spray nozzles. The sprinkler system delivers water to gardens and lawn areas.

Life Span Estimates:

Estimated Effective Life Span	20 Years
Estimated Effective Age	11 Years
Estimated Remaining Life Span	9 Years

Potential Deterioration:

Underground piping is not expected to deteriorate however cracks can occur as a result of compression or root invasion. In addition joint glue can become unstable and cause leakage at joints. Individual spray nozzles can become dirty and / or broken.

Deficiency Analysis:

As the sprinkler system is underground it was not possible to complete an inspection however strata records show that the system is inspected annually and repaired as needed.



Wood Fencing

Item Number	6	Measurement Basis	Lin. Ft
Type	Common Area	Estimated Useful Life	20:00
Category	Site Improvements	Basis Cost	24.00
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
920-001-0006	06/12/1999	06/12/2019	4:05	20:00	960.00	\$ 23,040.00	\$ 26,011.82
920-002-0006	06/12/2009	06/12/2029	14:05	20:00	352.00	\$ 8,448.00	\$ 12,552.68
						\$ 31,488.00	\$ 38,564.50

Comments

Reserve Description: Wood Fencing

Wood fencing is included in site improvements. Wood fencing can be prefabricated panels or solid board construction. It can be treated, untreated, or of material that is naturally resistant to rot and deterioration. The subject property has +/- 960 Linear Feet of older prefabricated lattice top wood fencing that has a shorter remaining estimated life span as well as +/- 350 Linear Feet of newer wood fencing that has been painted. This component also considers wood paint that strata may or may not wish to consider as prefabricated and stained panels can be purchased to replace existing fencing and in most cases these panels do not need to be stained or painted and offer lower installation costs. Strata records show that fencing was replaced in 2009, 2010, and 2011 with repairs also occurring in 2012 & 2013.

Life Span Estimates:

Estimated Effective Life Span	20	Years
Estimated Effective Age	16 / 6	Years
Estimated Remaining Life Span	4 / 14	Years

Potential Deterioration:

Untreated wood fencing, when exposed to elements, will deteriorate and rot over time. Untreated wood needs to be protected with a resistant paint or stain. Maintenance must be done periodically to ensure that rot and deterioration does not take hold. Resistant woods such as cedar are more expensive

Deficiency Analysis:

A reserve has been provided for the replacement of the wood fencing. Estimated life expectancy is 15 - 20 years if properly maintained.



Component Analysis Breakdown - Structural

Foundation

Item Number	18	Measurement Basis	Sq Ft
Type	Common Area	Estimated Useful Life	60:00
Category	Substructure	Basis Cost	0.00
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
910-000-0018	06/12/1985	06/12/2045	30:05	60:00	26985.00	\$ 0.00	\$ 0.00
						\$ 0.00	\$ 0.00

Comments

Reserve Description: Concrete Slab

Substructure is the part of a building which is constructed below the ground. The foundation transfers loads safely to the soil. Normally the foundation does not provide accommodation. The foundation can be made up of footings, foundation walls and structural columns. Foundations can also be of a slab on grade or grade beam with a crawl space. Deep foundations may have multiple levels of underground parking and deep footings. The foundation walls and columns provide a base on which the structural walls of the rest of the building will rest. The base of the foundation is equipped with drainage systems and the exterior of the foundation wall is waterproofed. Structural failure would be considered an extraordinary occurrence that would require a special assessment to be levied and outside the scope of this assignment. Please note that strata has advised that any future repairs / replacements / maintenance to this component will be paid for from the operating account, possible special levy, or other sources. As such this component is for information only and no financial analysis nor maintenance or replacement cost estimates have been included.

Life Span Estimates:

Estimated Effective Life Span	Not Applicable
Estimated Effective Age	Not Applicable
Estimated Remaining Life Span	Not Applicable

Potential Deterioration:

Most of the substructure foundation is not visible and usually anticipated to last the entire life span of the building. The portions of the substructure which have been inspected include the visible exterior foundation walls. Foundations are subject to several forces and factors contributing to deterioration. Good drainage helps prevent Hydraulic pressure due to moisture build up in the earth further complicated by freeze and thaw cycles. Seismic Pressure or movement of the earth can also damage concrete which has little torsional or lateral strength. Water can also infiltrate the slab and if not repaired in a timely fashion will increase in severity. Shallow foundations such as single level basements, slabs and grade beams can also suffer from settlement issues depending on the substrate on which the foundations rests.

Deficiency Analysis:

The foundation structure of the subject building(s) is expected to last the life of the building and therefore an allowance for replacement is not feasible. If this component were to require replacement then it is reasonable to assume that the structure would be demolished and rebuilt in its' entirety.

Framing / Structure

Item Number	33	Measurement Basis	Sq Ft
Type	Common Area	Estimated Useful Life	60:00
Category	Superstructure	Basis Cost	1.50
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
920-001-0033	06/12/1985	06/12/2045	30:05	60:00	46852.00	\$ 70,278.00	\$ 162,058.95
920-002-0033	06/12/1955	06/12/2015	0:05	60:00	10000.00	\$ 15,000.00	\$ 15,172.66
						\$ 85,278.00	\$ 177,231.61

Comments

Reserve Description: Framing / Structure

The framing is a superstructure component and includes walls, floor, and balcony framing including supports. Usually constructed of wood but can also be a reinforced concrete or steel structure. Framing is expected to have a life span equal to the building so a replacement allowance is not included however a contingency allowance of \$1.50 per Square Foot is included in the event of periodic maintenance / repair, however unlikely. This component considers the structure of all buildings including garages and balconies (including supports) however only allocates an allowance of \$1.50 per Square Foot as any failures are impossible to predict within the scope of the depreciation report analysis and a larger allowance may place an undue burden on owners. Please note that as the estimated life span of this component falls at the current end of the 30 year forecast period of this report, significant funding for this component will not start accumulating until its estimated replacement is within the 30 year forecast period and any unforeseen expenses prior to this may require unanticipated costs to owners.

Life Span Estimates:

Estimated Effective Life Span	60 +/- Years
Estimated Effective Age	33 Years
Estimated Remaining Life Span	30 +/- Years

Potential Deterioration:

Most of the superstructure is not visible and usually anticipated to last the entire life span of the building. Damage can occur due to water penetration which will rot wood members.

Deficiency Analysis:

There has been a minimal reserve allowance of \$1.50 per Square Foot of superstructure area provided for maintenance / repair only of this component as it's life span is expected to exceed the life span of the property. Please note that as the estimated life span of this component falls at the current end of the 30 year forecast period of this report, significant funding for this component will not start accumulating until its estimated replacement is within the 30 year forecast period and any unforeseen expenses prior to this may require unanticipated costs to owners.

Please note that some units have indicated that their balconies require repair. All balconies should be inspected by qualified personnel and repaired if required. An allowance of 10,000 Square Feet has been allocated to this in the next fiscal year however please note that if this allowance is insufficient a special levy or other funding sources may be required and this will not be known until a specialist has inspected and provided a quote for this component.

Component Analysis Breakdown - Depreciation Report Update

Depreciation Report Update

Item Number	34	Measurement Basis	Allowanc
Type	Common Area	Estimated Useful Life	3:00
Category	Update	Basis Cost	1,615.00
Tracking	Logistical	Salvage Value	\$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
910-000-0034	06/12/2014	06/12/2017	2:05	3:00	1.00	\$ 1,615.00	\$ 1,725.85
						\$ 1,615.00	\$ 1,725.85

Comments

Reserve Description: Depreciation Report Update

This reserve component considers the legislated depreciation report update required every three years.

Life Span Estimates:

Estimated Effective Life Span	3 Years
Estimated Effective Age	1 Years
Estimated Remaining Life Span	2 Years

Potential Deterioration:

Not Applicable

Deficiency Analysis:

Not Applicable