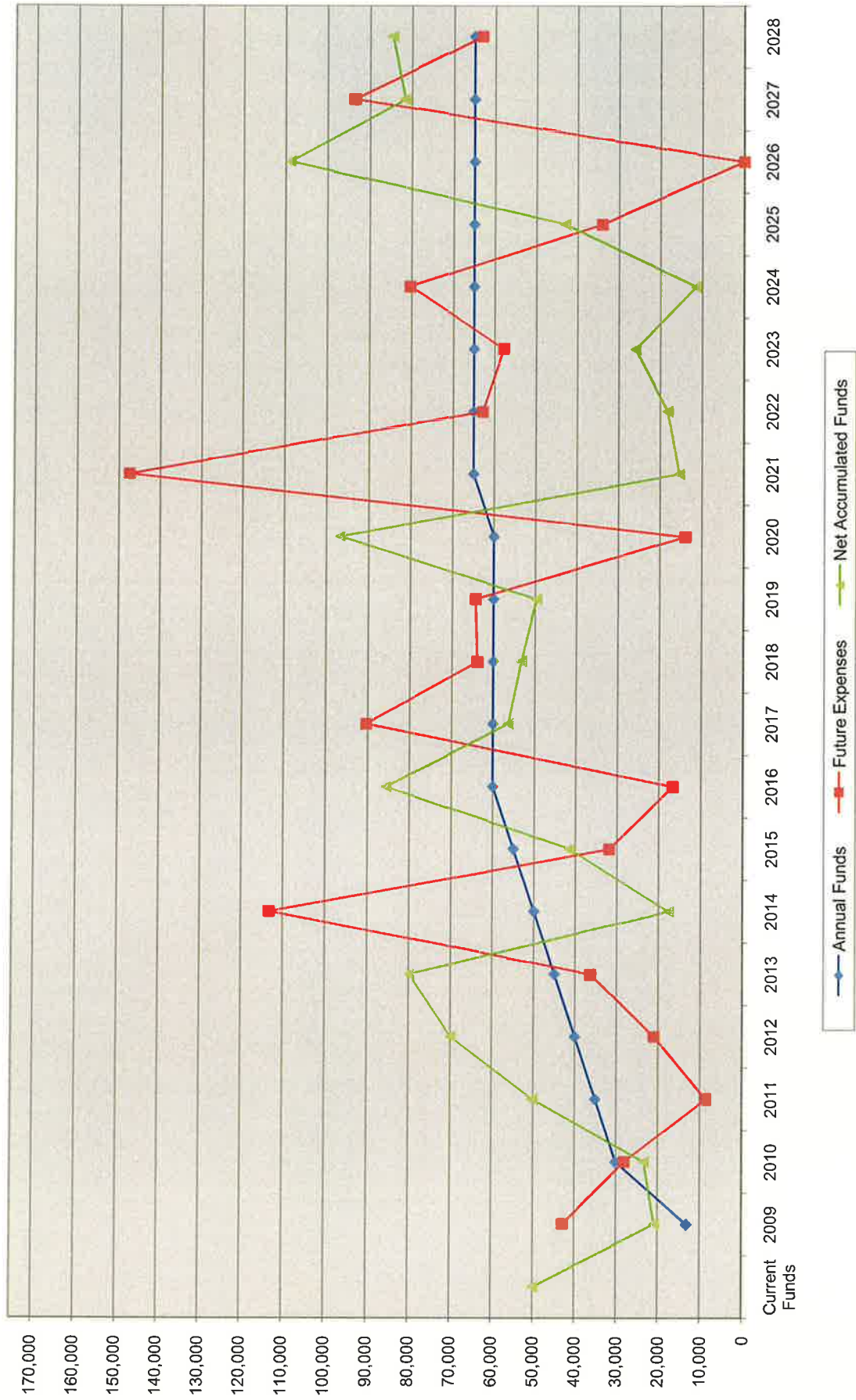


CHATTAHOOCHEE RUN - PROJECTED CASH FLOW



C. RECOMMENDATIONS AND CONCLUSIONS

Based on our review, we would make the following recommendations. The Association should set aside the following amount for the specified year into the reserve fund:

COST AND FUNDING RECAP

Year	Annual Funds	Future Expenses	Net Accumulated Funds
Current Funds			50,000
2009	13,088	42,700	20,845
2010	30,000	27,918	23,296
2011	35,000	8,487	50,231
2012	40,000	20,898	69,987
2013	45,000	36,073	79,748
2014	50,000	113,029	17,660
2015	55,000	31,762	41,425
2016	60,000	16,609	85,551
2017	60,000	90,264	56,342
2018	60,000	63,934	53,252
2019	60,000	64,407	49,666
2020	60,000	13,842	96,618
2021	65,000	147,424	15,366
2022	65,000	62,750	18,199
2023	65,000	57,781	26,021
2024	65,000	80,235	11,445
2025	65,000	33,972	43,028
2026	65,000	0	108,811
2027	65,000	93,464	81,608
2028	65,000	63,047	84,623

The Association should update the reserve schedule a minimum of once every two years. It is especially important to update the schedule when using average contribution due to the fact that even a minor change in the estimated useful life can have a significant impact on adequate funding.

The Association should review each of the individual line items that make up the reserve schedule to make sure that there is no overlap between what is indicated in the schedule and any other portion of the budget. For example, we may show on the reserve schedule the replacement of fencing, but at the same time, the Association may be replacing the fencing out of their operating budget. If duplication like this exists, the item should either be removed from the reserve schedule or the operation budget. It should not be funded in two different locations.

The Association should review the items on the schedule to assure that their replacement is not covered under a maintenance contract. An example would be reserving for the replacement of mechanical equipment components while the Association has a maintenance contract for the item at the same time. The reserve schedule should be carefully reviewed to be sure that it does not fund the replacement of any portion of any item whose replacement is covered under a maintenance contract.

The Association should review the items on the schedule to be sure that they are all the Association's responsibility. As an example, if we have included site lighting on the reserve schedule, but at the same time the local municipality is responsible for the maintenance and repair of these connections, they should be removed from the schedule.

The Association should review the individual line items on the reserve schedule carefully to determine if a number of the smaller individual components can be consolidated into one line item which can be continuously funded.

For example, if there are five or six components with a total replacement cost of \$1,000 each, rather than reserving the full \$5,000 or \$6,000 for all of these items, the Association may want to consider funding all six components under one line item for a total of \$1,000. Should one of these six items have to be replaced, that line item would have to be brought current within a year or so after its expenditure. By doing this rather than funding the full \$6,000, only a portion of the total would be funded. This would reduce the overall yearly contribution to reserves.

Depending on the size of the overall operating budget, the Association may decide that any line item of less than the given amount will be funded directly through the operating budget rather than through the reserve schedule. If this is the case, any item with the given value or less should be removed from the schedule. The schedule would then be footnoted accordingly.

III. RECOMMENDED MAINTENANCE SCHEDULE (Association's Responsibility)

The following guidelines are intended to ensure that a program of preventive maintenance is implemented in order to assure that, as a minimum, the predicted useful lives of the major common elements is attained. A preventive maintenance program is made up of "a system of periodic inspections of existing facilities to uncover conditions leading to breakdown or harmful depreciation and the correction of these conditions while they are still minor." It should be noted that experience has shown that a proper maintenance program can add 50% to the expected useful life of some items.

In any case, the proper determination of the useful lives of the items which make up your common elements is critical to the proper updating of the reserve schedule. The items included will only attain their anticipated useful lives if a proper maintenance program is implemented. For this reason, it is recommended that the reserve schedule be updated every two years to assure that all items are being properly maintained.

A. ASPHALT PAVEMENT

The early detection and repair of minor defects is the most important consideration in the preventive maintenance of pavements. Cracks and other surface breaks, which in their first stages are almost unnoticeable, may develop into serious defects if not repaired in a timely manner. For this reason, walking inspections of the pavement should be conducted in the fall and spring of each year, as a minimum.

The inspections should note small cracks or other surface breaks in the pavement. In addition, there are other signs, such as mud or water on the pavement surface or soil erosion along the edges of the pavement, which may indicate possible future problem areas.

Most small cracks or surface breaks can be repaired by sealing them with a good commercial-grade caulk. Areas which have settled and pose a possible trip hazard should be cut out and replaced to prevent a potential liability problem, as well as to prevent further deterioration of the surface. If large areas are observed

to be cracking or breaking up, this may be an indication of a problem with the base material and/or subsoils and would require further investigation to determine the cause and proper method of repair.

B. CONCRETE PAVEMENT

The early detection and repair of minor defects is the most important consideration in the preventive maintenance of pavements. Cracks and other surface breaks, which in their first stages are almost unnoticeable, may develop into serious defects if not repaired in a timely manner. For this reason, walking inspections of the pavement should be conducted in the fall and spring of each year, as a minimum.

The inspections should note small cracks or other surface breaks in the pavement. In addition, there are other signs, such as mud or water on the pavement surface or soil erosion along the edges of the pavement, which may indicate possible future problem areas.

Most small cracks or surface breaks can be repaired by sealing them with a good commercial-grade caulk. Areas which have settled and pose a possible trip hazard should be cut out and replaced to prevent a potential liability problem, as well as to prevent further deterioration of the concrete surface. If large areas are observed to be cracking or breaking up, this may be an indication of a problem with the base material and/or subsoils and would require further investigation to determine the cause and proper method of repair.

C. CONCRETE CURBING

Any soil erosion behind the curbing should be noted, and possible problems such as broken pipes, malfunctioning sprinkler heads, and/or improper grading should be investigated and any necessary repairs made.

D. SIDEWALKS

Sidewalks should be inspected at least twice a year (spring and fall). The inspection should note any cracked sections, uneven settlement between sections (which may result in tripping hazards), and surface damage. Undermining of sidewalks (caused by soil erosion) should also be noted. Proper replacement of any sections with the above noted problems is necessary to eliminate safety hazards and potential liability problems. These repairs will also allow the curbing to achieve its full useful life.

E. STORM DRAINAGE SYSTEMS

All storm drainage systems should be routinely inspected to ensure proper operation. Inspections should be scheduled for all facilities after major storms for routine maintenance. In addition, bi-annual structural inspections should be performed. The following are the recommended maintenance schedules for each individual section of a storm system:

1. Catch Basins

All catch basins should be routinely inspected after a major storm to ensure that they are working properly. During these inspections, any sediment buildup or debris should be removed from catch basins to ensure that they continue to function properly.

2. Drainage Swales

The five most prevalent maintenance problems with swales are:

- Weed growth
- Grass maintenance
- Sediment control
- Soil deterioration
- Mosquito control

Drainage swales should be inspected on a routine basis to ensure that they are functioning properly. The grass located within the swales should be mowed on a weekly basis to prevent the accumulation of debris, which may impede the flow of the drainage. The trash racks attached to the outlet structures should be periodically checked and cleaned of debris to prevent blockage. The outlet structures should also be checked for deterioration and/or cracking of concrete.

F. LANDSCAPING

A discussion regarding the preventive maintenance of the landscaped areas of the development would require an entire report. For this reason, it is recommended that a professional service specializing in this area be consulted. It should be noted that landscaping is not included as a reserve schedule item since, with proper maintenance, large-scale replacement should not become necessary.

G. CONCRETE MASONRY UNIT RETAINING WALLS

Retaining wall surfaces should be inspected every spring as part of a preventive maintenance program. Areas should be checked for signs of cracking or spalling of the concrete surface and staining from moisture migrating through the wall. Additionally, the walls should be checked for soil erosion and/or voids forming at the tops and bases of the walls. Small cracks and spalled areas should be cleaned, caulked or patched and touched up with paint, if applicable. Wide cracks may be an indication of possible movement and should be reviewed by a structural engineer. Seepage is not uncommon at retaining walls and often results in staining of the wall. In many cases, caulking of the cracks where seepage occurs is all that is required to remedy the problem; however, if it continues after caulking, it may be an indication of a problem, such as excessive hydrostatic pressure, and should again be reviewed by an engineer.

H. LAWN SPRINKLER SYSTEM

The preventive maintenance of the lawn sprinkler system would require an extensive report concerning the operation and servicing of the control valve, pumps, sprinkler heads, and water lines. For this reason, it is recommended that a professional sprinkler system contractor be consulted to provide the necessary services to properly maintain the sprinkler system.

I. WOODEN FENCES AND OTHER WOODEN SITE FURNISHINGS

Wooden fences constructed of treated lumber should last a number of years with minimal maintenance. However, these items should be checked at least once a year to ensure that excessive weathering is not occurring. If excessive weathering is occurring, deteriorated members should be replaced, and the entire item should be treated with a preservative material.

Wooden site furnishings constructed of non-treated lumber should be regarded the same as exterior trim. Periodic application of a sealant to all surfaces is vital to preserve the wood. These items should be checked at least once a year to detect any peeling or deterioration. Deteriorated members should be replaced at this time, and resealing should be done as necessary.

J. TOT LOTS

Tot lots should be looked at a minimum of twice a year, with one inspection in the spring and one in the fall. Any splintering or cracking wood should be repaired or replaced as necessary to prevent any injury. Exposed bolts must not have sharp edges. The bolts should not be protruding excessively so as to cause unnecessary injuries.

K. ROOFS • PITCHED

The standard asphalt/fiberglass shingles available on the market today have an expected useful life of approximately 20 years. Proper maintenance in order to achieve this useful life requires periodic inspections to detect the need for repair or changes in the roof surface. In order to reduce maintenance and replacement costs, it is vital to detect problems when they are minor and prevent them from escalating into major problems.

Roof inspections should be conducted at least twice a year. These inspections should preferably occur in the early fall to prepare for winter and in the spring to assess any winter damage and prepare for the hot summer sun. In addition to these seasonal inspections, the roofs should be carefully checked after violent rain or windstorms or nearby fires or after workmen have been on the roof.

The roof inspections should include:

- Examination of exterior walls for settlement.
- Checking interior walls and the underside of roofs for leakage. This is necessary since the majority of roof problems may not be detected by inspecting the outside roof surface.
- Inspection of the roof surface for missing, loose, lifted, cracked or deteriorated shingles.
- A review of the roof drainage, including any change in the roof and the condition and operation of roof drains, gutters, and scuppers.
- Examination of flashed areas. Most water infiltration problems are caused by flashing defects. Lifted, loose, torn, or missing flashing require immediate repair.
- A review of ventilation, since improper ventilation can cause ice damming conditions and accelerates the deterioration of the roof shingle.

L. GUTTERS AND DOWNSPOUTS

The key to maintaining gutters and downspouts is to make sure they are kept clear of debris. A buildup of leaves and other plant material will block downspouts and prevent proper drainage. If this occurs, trapped water could weigh down the gutters and cause them to loosen or fall. Blocked gutters will also overflow along their length, resulting in the washing away of the mulch and/or soils adjacent to the sides of a building, which could result in premature deterioration of a building's exterior finish over time. Ice damming will also be evident in the winter if gutters are not able to drain.

At least twice a year, the gutters should be cleaned and inspected for damage. This should be done in late spring and late fall. Any loose or misaligned gutters should be corrected at this time to prevent further damage. Splash blocks and downspout extension pipes should also be adjusted to prevent erosion and to direct water away from the building.

As the gutters age, the paint coating will oxidize and dull. When this occurs, an aluminum paint product should be used to restore the finish, or the gutters should be power washed to prevent deterioration.

M. CONCRETE PATIOS

Concrete patios should be inspected twice a year in the fall and spring. Minor cracks or cracks with vertical displacement should be noted and repaired where necessary. Sections should also be inspected for signs of surface deterioration.

Note: Salts used to eliminate ice during winter months can cause concrete to deteriorate. Only products rated safe for use on concrete should be applied for de-icing purposes.

N. STEEL STAIRS, RAILINGS, AND POSTS

All steel components should be inspected on a yearly basis for corrosion or damage. Any excessive corrosion should be addressed as soon as possible by wire brushing to remove all rust and scale, spot priming, and painting as needed. Of special concern are the steel and metal pan stairs. Moisture has a tendency to become trapped between the concrete in-fill of the treads and the metal support pans, resulting in rusting that occur from the inside out. Since this condition is not visible, considerable damage can be done before a problem is realized. We recommend cleaning visible rust off of the stair components and priming and painting the affected areas. Additionally, we recommend cleaning and sealing the concrete of the treads and caulking all of the joints between the steel and concrete interfaces to prevent moisture intrusion.

Note: Salts used to eliminate ice on stairs during winter months can cause concrete and steel to deteriorate prematurely. Only products rated safe for use on concrete and steel should be applied for de-icing purposes.

O. BALCONIES/ DECKS

Deck surfaces should be inspected every spring as part of a preventive maintenance program. Areas should be checked for signs of major cracking. Railings and handrails should be inspected for signs of damage. They should also be checked to ensure that they are still sturdy and safe.

P. WOOD RAILINGS

All exterior wood surfaces should be inspected every spring as part of a preventive maintenance program. Areas should be checked for signs of major cracking, splitting and warping. Railings and handrails should be inspected for signs of damage. They should also be checked to ensure that they are still sturdy and safe.

Q. WOOD SIDING

The proper maintenance of siding is critical to keeping a building waterproof and weather-tight. Prior to painting, all siding should be checked for delamination or deterioration and should be properly replaced or restored as required. All loose siding should be renailed and caulked prior to painting. All joints and penetrations in the siding should be caulked or sealed. Any loose, damaged, or missing trim should also be restored or replaced during siding restoration. During the siding review, any evidence of termite or pest infestation should be checked and treated as necessary. Lack of maintenance of siding and trim can result in water infiltration problems, as well as a poor appearance.

R. BRICK VENEER

Brick veneer is subject to cracking and loosening from a variety of environmental and construction causes. Veneers on all buildings should be thoroughly inspected in early spring and late fall. The inspections should include checking for chipped, loose, cracked, deteriorated, and missing bricks. Cracked and missing bricks should be replaced. Cracked mortar should be repointed and caulked at intersections. Other surfaces should be repaired where necessary. Any evidence of moisture on an interior wall surface may indicate water absorption through the brick veneer. This condition may be corrected by applying a sealant to the exterior brick face.

Excessive settlement of the foundation may be evidenced by open cracks, especially around window and doorframes. Significant amounts of loose brick or bulging wall areas may indicate structural deficiencies or that large amounts of differential settlement have taken place at the foundation. These conditions should be investigated by a professional and the appropriate action taken to correct uncovered problems.

S. MECHANICAL EQUIPMENT

A well-established plan of preventive maintenance is essential to obtaining the maximum performance and life from your mechanical equipment. All work should be performed by qualified technicians specializing in the particular equipment.

The following guidelines are considered to be minimal procedures for maintaining the equipment:

1. FURNACES

Surrounding Areas:

The flow of combustion and ventilating air must not be obstructed from reaching the furnace. Air openings provided in the casing of the furnace must be kept free of obstructions, which would restrict airflow, thereby affecting efficiency and safe operation of the furnace. Furnaces must have air for proper performance. In addition, warm air furnaces should not be operated in a corrosive atmosphere. Paint solvents, cleaning chemicals, spray propellants, and bleaches should not be used in the vicinity of the furnace during normal operation.

Thermostat:

The thermostat is the heart of a warm air furnace center. Its operation depends on the surrounding air temperatures; therefore, it should be mounted on a draft-free inside wall for best operation. Because the thermostat is sensitive to heat, devices such as radios, televisions, or lamps should not be placed near it. The thermostat also accumulates lint, which affects its accuracy. For best operation, the thermostat should be cleaned annually.

Filters:

The filters remove dust and debris from the air before it is heated and circulated to the living spaces. Filters must be changed when dirty. Inspections of the filters should be made on a monthly basis.

Blowers:

The blower size and speed determine the air volume delivered by the furnace. The blower bearings are permanently lubricated and usually do not require servicing. Annual cleaning of the blower wheel and housing is recommended for maximum air output. It is recommended to consult a qualified service technician for this procedure.

Burners:

Gas burners do not normally require scheduled servicing; however, accumulation of lint may cause a yellowing flame or delay ignition. Either condition indicates that a service call is required. For best operation, burners must be cleaned annually using a brush and vacuum cleaner. It is recommended to consult a qualified service technician for this procedure.

Flue Pipe:

For best operation, these items should be inspected for signs of corrosion and/or deterioration and cleaned, if necessary, at the beginning of each heating season by a qualified service technician.

2. WATER HEATERS

The area near the water heater should be kept free of flammable liquids, such as gasoline, paint thinners, adhesives, and other combustible materials. Make certain that the flow of air to the water heater for adequate combustion (proper burner operation) and ventilation is not obstructed.

A water heater's tank can act as a settling basin for solids suspended in the water. It is, therefore, not uncommon for hard water deposits to accumulate in the bottom of the tank. It is suggested that a few quarts of water be drained from the water heater's tank every month to prevent this condition from occurring.

At least once a year, lift and release the level handle on the temperature pressure relief valve (located near the top of the water heater) to make certain that the valve operates freely, and allow several gallons to flush through discharge lines. Make certain that the discharge is directed to an open drain.

Visually inspect the burner annually, while firing, and pilot burner flame with the main burner off. If any unusual burner operation is noted, the water heater should be shut off until professional service assistance can be obtained.

The water heater's internal flue should be inspected annually to be certain that it is clean by removing the draft hood and flue baffle. When reinstalling the flue baffle, make certain that it is hung securely by its hanger at the top of the flue. Remove any scale that may have fallen on the burner or flood shield. Reinstall the draft hood. It is recommended that a professional service be consulted for this procedure.

DISCLOSURES

Ray Engineering, Inc. does not have any other involvement with the association, which could result in actual or perceived conflicts of interest.

During our review of the property, visual review and field measurements, as needed, of each common element was performed. No destructive testing or drawing take-offs were performed.

Material issues which, if not disclosed, would cause a distortion of the association's situation.

Information provided by the official representative of the association regarding financial, physical, quantity, or historical issues will be deemed reliable by the consultant.

The Reserve Analysis will be a reflection of information provided to the consultant and assembled for the association's use, not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records.

Ray Engineering, Inc. did not perform an audit of the current or past budgets of the association.

Client is considered to have deemed previously developed component quantities as accurate and reliable.

Ray Engineering, Inc. assumes that the prior Reserve Analysis component quantities were accurate and reliable.

Information provided to Ray Engineering, Inc. by the association representative about reserve projects will be considered reliable. Any on-site inspection(s) by Ray Engineering, Inc. should not be considered a project audit or quality inspection.

MICHAEL W. MOREY, R.S.

PROJECT ENGINEER

Mr. Morey has a Bachelor of Science degree in Civil Engineering from the University of South Florida and has earned certification as a Reserve Specialist. At Ray Engineering, Inc., Mr. Morey works closely with many lending institutions in the contract administration of multi-family residential and light commercial construction. Mr. Morey has more than 10 years of experience in the preparation of capital reserve analyses.

LIMITATION OF RESPONSIBILITY

The report represents a statement of the physical condition of the common elements of the property based upon our visual observation, professional analysis and judgment. The report applies only to those portions of the property and/or items and equipment which were capable of being visually observed. Unless specifically stated otherwise, no intrusive testing was performed nor were any materials removed or excavations made for further inspection. Drawings and specifications were available only to the extent described in the report.

The following activities are not included in the scope and are excluded from the scope of the reserve analysis described in the National Reserve Study Standards:

- *Utilities* – Operating condition of any underground system or infrastructure; accessing manholes or utility pits; the reserve analysis does not include any infrastructure with an estimated useful life of more than 30 years, unless specified otherwise in the report;
- *Structural Frame and Building Envelope* – Unless specifically defined in the proposal, entering of crawl, attic or confined space areas (however, the field observer will observe conditions to the extent easily visible from the point of access to the crawl or confined space if the access is at the exterior of the building or common space); determination of previous substructure flooding or water penetration unless easily visible or unless such information is provided;
- *Roofs* – Walking on pitched roofs or any roof areas that appear to be unsafe or roofs with no built-in access; determining roofing design criteria;
- *Plumbing* – Verifying the condition of any pipes underground, behind walls or ceilings; determining adequate pressure and flow rate, verifying pipe size or verifying the point of discharge for underground systems;
- *HVAC* – Observation of fire connections, interiors of chimneys, flues or boiler stacks, or tenant owned or tenant maintained equipment;
- *Electrical* – Removal of any electrical panels or device covers, except if removed by building staff; providing common equipment or tenant owned equipment.

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- *Vertical Transportation* – Examining of cable, shears, controllers, motors, inspection tags or entering elevator/escalator pits;
 - *Life Safety/Fire Protection* – Determining NFPA hazard classifications; classifying or testing fire rating of assemblies;
 - Preparing engineering calculations to determine any system's components or equipment's adequacy or compliance with any specific or commonly accepted design requirements or building codes; preparing designs or specifications to remedy any physical deficiencies;
 - Reporting on the presence or absence of pests or insects unless evidence of such presence is readily apparent during the field observer's walk-through survey or such information is provided to the Consultant;
 - Entering or accessing any area of the property deemed by the engineer to pose a threat to the safety of any individual or to the integrity of the building system or material;
 - Providing an opinion on the operation of any system or component that is shut down or not properly operating;
 - Evaluating any acoustical or insulating characteristics of the property;
 - Providing an opinion on matters regarding security and protection of its occupants or users;
 - Providing an environmental assessment or opinion of the presence of any environmental issues such as asbestos, hazardous wastes, toxic materials, radon or the location of designated wetlands, unless specifically defined within the scope of work;
 - Any representations regarding the status of ADA Title III Compliance.

The report is not a compliance inspection or certification for past or present governmental codes or regulations of any kind. Any reference made to codes in this report is to assist in identification of a specific problem.

GLOSSARY OF TERMS

<u>Abbreviation</u>	<u>Definition</u>	<u>Abbreviation</u>	<u>Definition</u>
Allow.	Allowance	L.F.	Linear Foot
Avg.	Average	Lg.	Long Length
B.F.	Board Feet	L.S.	Lump Sum
Bit/Bitum.	Bituminous	Maint.	Maintenance
Bldg.	Building	Mat., Mat'l	Material
Brk.	Brick	Max	Maximum
Cal	Calculated	MBF	Thousand Board Feet
C.C.F.	Hundred Cubic Feet	M.C.F.	Thousand Cubic Feet
C.F.	Cubic Feet	Min.	Minimum
C.L.F.	Hundred Linear Feet	Misc.	Miscellaneous
Col.	Column	M.L.F.	Thousand Linear Feet
Conc.	Concrete	M.S.F.	Thousand Square Feet
Cont.	Continuous, continued	M.S.Y.	Thousand Square Yards
C.S.F.	Hundred Square Feet	NA	Not applicable/available
Cu. Ft.	Cubic Feet	No.	Number
C.Y.	Cubic Yard, 27 cubic feet	O.C.	On Center
DHW	Domestic Hot Water	P.E.	Professional Engineer
Diam.	Diameter	Ply.	Plywood
Ea.	Each	Pr.	Pair
Est.	Estimated	PVC	Polyvinyl Chloride
Ext.	Exterior	Pvmt.	Pavement
Fig.	Figure	Quan. Qty.	Quantity
Fin.	Finished	R.C.P.	Reinforced Concrete Pipe
Fixt	Fixture	Reinf.	Reinforced
Flr.	Floor	Req'd	Required
FRP	Fiberglass Reinforced Plastic	Sch., Sched.	Schedule
Ft.	Foot, Feet	S.F.	Square Foot
Galv.	Galvanized	Sq.	Square, 100 Square Feet
Ht.	Height	Std.	Standard
Htrs.	Heaters	Sys.	System
HVAC	Heating, Ventilation, A/C	S.Y.	Square Yard
HW	Hot Water	T&G	Tongue & Groove
In.	Inch	Th, Thk.	Thick
Int.	Interior	Tot.	Total
Inst.	Installation	Unfin.	Unfinished
Insul.	Insulation	V.C.T.	Vinyl Composition Tile
lb.	Pound	Vent.	Ventilator
		Yd.	Yard

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PHOTOGRAPHS