RESERVE STUDY REPORT

PREPARED FOR

Chestnut on the Green Phase II

Indian Head Park, Illinois

CLIENT CONTACT

Hillcrest Property Management
55 W. 22nd Street, Suite 310
Lombard, Illinois 60148
Attn: Gayle Simon, Property Manager

MATTHEW J. HASS
CAI-RS
274
Designation
Reserve Specialist

REPORT VERSION ONE

WEC PROJECT #: 13C-438
DATE OF REPORT: May 21, 2014

GRANT R. OSTREKO
CAI-RS
113
Designation
Reserve Specialist

PREPARED BY:

Matthew Hass, RS
Associate Engineer

REVIEWED BY:

Grant Ostreko, RS
Associate Engineer

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY

Waldman Engineering Consultants, Inc. (WEC) was contracted to perform a Reserve Study for Chestnut on the Green Phase II located in Indian Head Park, Illinois in accordance with our proposal dated July 25, 2013.

The subject property was originally constructed from 2000 to 2002, and consists of ten townhouse style two story buildings containing a total of 50 units.

To fulfill the terms of the proposal, the engineering staff of WEC prepared this reserve study with a 2-part assessment and analysis process.

Part 1 - Field Assessment

The engineering staff of WEC conducted a detailed visual inspection of the association's common elements on May 1, 2014. The visual inspection consisted of obtaining a general condition of the elements as well as determining the quantity and specifications of the elements. The elements that have been included in the Reserve Study are considered common to the property as provided by the Association and/or its Property Manager and include the following.

- Asphalt Pavement
- Concrete Pavement
- Retaining Walls
- Site and Building Lighting
- Roofing
- Gutters and Downspouts
- Soffit and Fascia
- Brick Façade
- Siding
- Balconies
- Fire Detection Systems

Where deemed appropriate, a representative sampling of repetitive or similar systems, components, equipment, units, areas, buildings, etc., was performed during the detailed visual inspection. A representative sampling inspection is deemed appropriate when similar observations, deficiencies, and recommendations are duplicated several times over.

We found the property to be well maintained overall. Isolated deficiencies were observed and are described in each respective element section and photographic section of this report. The following deficiencies require immediate attention:

- A trip hazard was observed at the concrete entrance walkway to unit 11055. It is recommended that the trip hazard be repaired by a qualified contractor.
- The retaining wall along the west side of unit 11048 was in marginal condition. Lateral movement of the soil and wall were observed. The rate of movement is unknown; however, sudden movement is possible, and is a safety concern. It is recommended that the wall be repaired/re-built by a qualified contractor.
- It was observed that many of the balcony structural connections appear to be inadequate, which is a safety concern. It is strongly recommended that the balconies be further evaluated by a structural engineer and repaired as necessary. Associated costs are unknown at this time and, therefore, not included in this study.

Part 2 - Reserve Analysis

A repair or replacement expense was determined for each of the elements above that met the three part test as outlined below:

1. The element replacement expense is significant enough to impact the financial results of the study.
2. The element has a limited useful life.
3. The element must have a determinant remaining useful life.

The replacement cost estimates are calculated using a combination of bids from local contractors for similar work, actual data that may be provided from property representatives, as well as the latest version (updated quarterly) of the R.S. Means cost estimating database configured for the region that the property is located in. The replacement expenses were then scheduled over the next 30 years according to each element's anticipated remaining useful life. Repair/replacement projects were spread over a number of years for elements that a one year replacement project was not considered practical due to cost or scope of work. In order to accurately determine the level of reserve contributions necessary to meet all anticipated expenses, the present day expenses had to be inflated to account for future increases in construction costs. The average construction cost inflation rate over the past 20 years is currently 3.94% and is determined using the average of the RS Means Historical Cost Indexes for the Chicagoland area over the last 20 years. Therefore, for the purpose of this report, WEC has given two recommended funding plans using inflation rates of 3.0% and 5.0%. Given the present day expense, the future expense is calculated using the "future value of a single amount formula" as follows:

$$\mathbf{F = P\ (1 + IR)^n}$$

where

F = future expense
P = present day expense
IR = inflation rate expressed as a decimal
n = number of years until future expense occurs

The recommended funding plan was produced for the purpose of determining the amount of money the association would need to set aside in the reserve account each year in order to meet the anticipated expenses over the next 30 years. The reserve account starting balance for the fiscal year January 1, 2014-December 31, 2014 was given to WEC by the property representative and is shown in the table below along with the current annual reserve fund contribution and reserve account interest rate.

Summary of Financial Information	
Projected Starting Reserve Fund Balance (As of 1/1/2014)	$220,657
Current Annual Reserve Fund Contribution	$21,768
Reserve Fund Interest Rate	0.10%

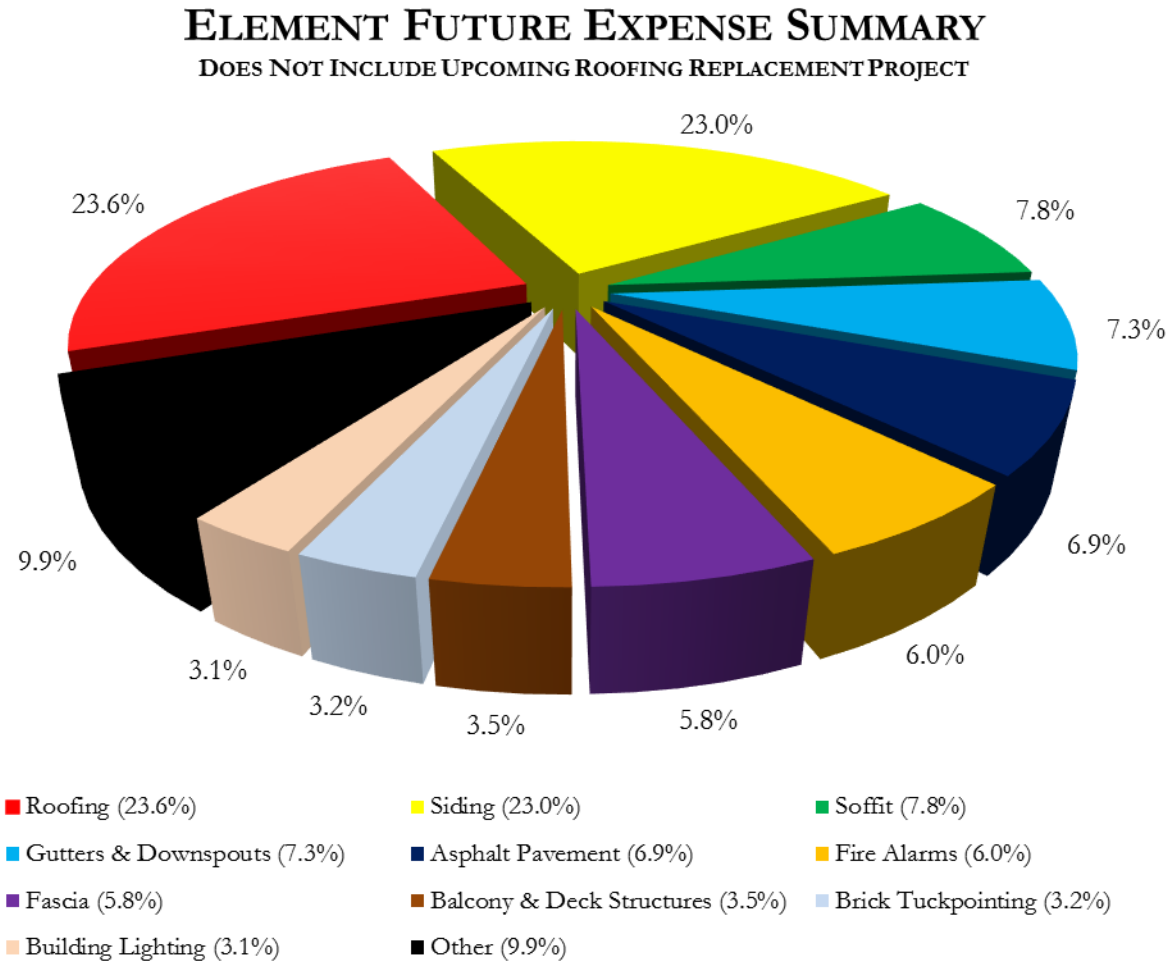
Based on the reserve analysis, it was concluded that the potential need for a loan or special assessment is anticipated at this time for the upcoming roofing replacement project. It is recommended that a professional design firm create specifications and review contractor bids in effort to best plan for this upcoming capital expenditure. Additionally, notable increases in annual reserve funding contributions are recommended in the upcoming years in effort to prevent the potential need for a loan or special assessment in the future. Please refer to Exhibits 3A and 3B for the recommended funding plans based on inflation rates of 3.0% and 5.0%. It is estimated that a funding plan falling between these two rates is adequate to properly fund the anticipated capital expenditures.

The following tables summarize the recommended annual reserve fund contributions over the next 30 years.

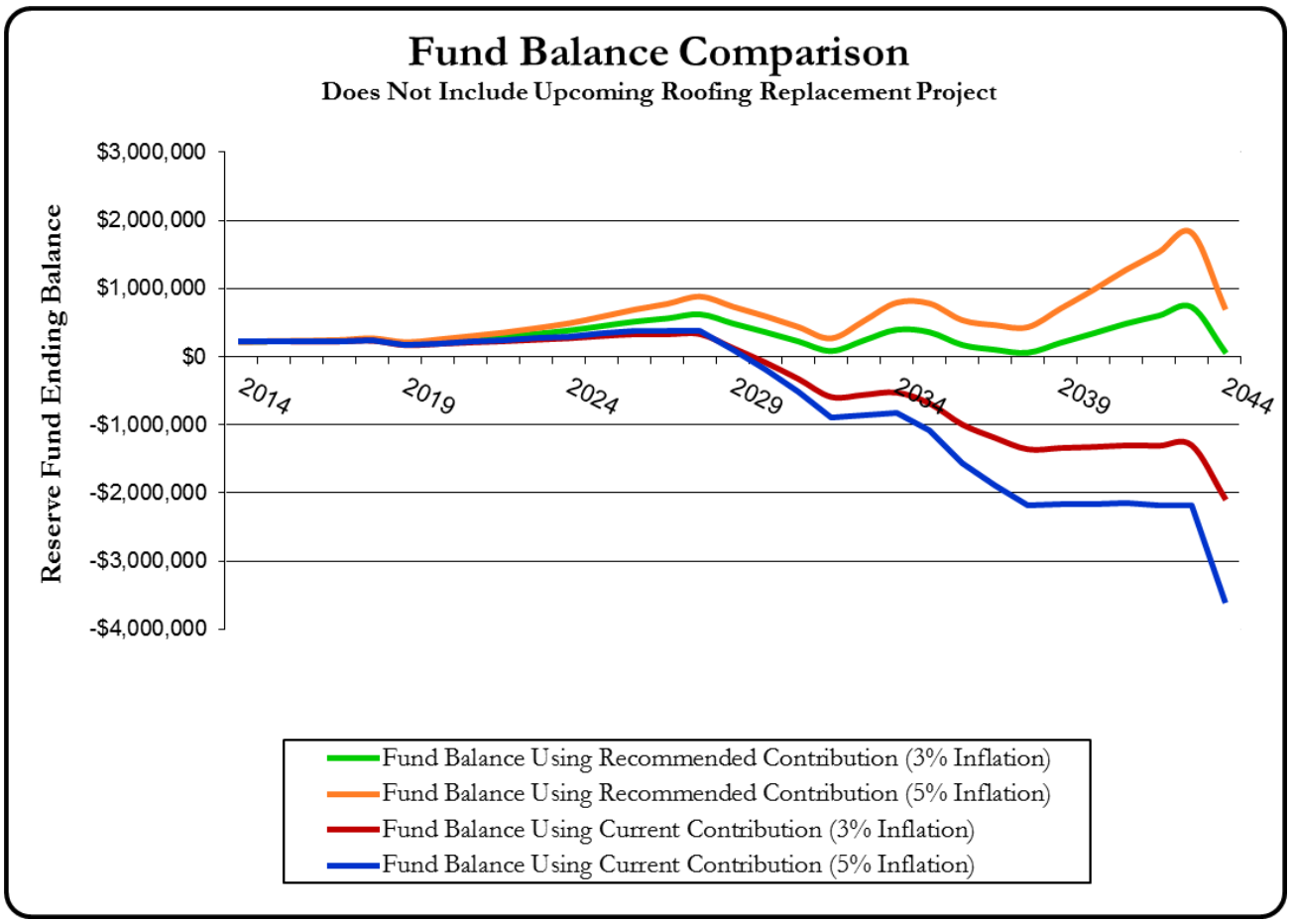
Recommended Funding Plan Summary (Inflation Rate = 3.0%) Does Not Indude Upcoming Roofing Replacement Project					
Year	Reserve Fund Contribution	Year	Reserve Fund Contribution	Year	Reserve Fund Contribution
2015	$23,945	2025	$64,386	2035	$155,508
2016	$26,340	2026	$72,112	2036	$155,508
2017	$28,973	2027	$80,766	2037	$155,508
2018	$31,871	2028	$92,073	2038	$155,508
2019	$35,058	2029	$104,963	2039	$155,508
2020	$38,564	2030	$119,658	2040	$155,508
2021	$42,420	2031	$136,411	2041	$155,508
2022	$46,662	2032	$155,508	2042	$155,508
2023	$51,328	2033	$155,508	2043	$155,508
2024	$57,488	2034	$155,508	2044	$155,508

Recommended Funding Plan Summary (Inflation Rate = 5.0%) Does Not Indude Upcoming Roofing Replacement Project					
Year	Reserve Fund Contribution	Year	Reserve Fund Contribution	Year	Reserve Fund Contribution
2015	$24,598	2025	$86,481	2035	$259,337
2016	$27,796	2026	$99,454	2036	$264,524
2017	$31,409	2027	$114,372	2037	$269,814
2018	$35,492	2028	$133,815	2038	$275,211
2019	$40,106	2029	$156,563	2039	$280,715
2020	$45,320	2030	$181,614	2040	$286,329
2021	$51,212	2031	$210,672	2041	$292,056
2022	$57,869	2032	$244,379	2042	$297,897
2023	$65,392	2033	$249,267	2043	$303,855
2024	$75,201	2034	$254,252	2044	$309,932

The status of the current funding plan as it relates to the recommended funding plan is illustrated below and in **Exhibit 4**, assuming that the current budgeted amount is increased for inflation annually.



The following chart illustrates the ratio of expenses that will be incurred over the 30-year study period for each of the elements that represent a majority of the future repair or replacement expenses.



The annual contributions made to the reserve fund are a means to compensate for the difference between the ongoing deterioration of a property and its finances. Since elements deteriorate at varying rates and the finances of the property are typically changing on an annual basis, the need to maintain balance between the two is an ongoing process. Therefore, to maintain this balance, periodic updates to the Reserve Study are recommended approximately every three years. Annual updates may be warranted depending on the age of the property and the amount of repair or replacement activity.

2. INTRODUCTION

Waldman Engineering Consultants, Inc. (WEC) was contracted to perform a Reserve Study for Chestnut on the Green Phase II located in Indian Head Park, Illinois in accordance with our proposal dated July 25, 2013. The purpose of the reserve study is to determine a reasonable level of annual reserve fund contributions required to meet the anticipated future expenditures for the elements on the property that will likely require major repairs or replacements over the next 30-year period.

Applicable state law (The Illinois Condominium Act or the Illinois Common Interest Community Association Act) has not specifically defined "Reasonable Reserves", nor has it prescribed any specific formulas for use in determining the amount of these reserves. This reserve study will aid the decision of determining what a reasonable reserve level should be.

3. RESERVE STUDY GOALS

The goals of the Reserve Study are as follows:

- Quantify as well as provide a condition assessment of each major element the association has responsibility for maintaining.
- Determine the typical useful life and remaining useful life of the elements.
- Estimate replacement costs for each element and prepare a schedule of element replacements based on historical performance data and present condition.
- Evaluate the annual reserve fund contributions required to ensure that reserve funds are available when needed to repair or replace the elements without the need to levy a special assessment.

4. LEVEL OF SERVICE

This report is based on the following level of service:

Level 1 – Full Reserve Study with Site Visit: A full reserve study includes a component inventory that is quantified on site, condition assessment based on visual observations, life and valuation estimates, fund status, and funding plan.

5. ASSUMPTIONS

Several general assumptions have been made for the completion of this study, which are as follows:

1. The elements will be replaced with like kind unless otherwise noted or directed by a representative of the property to use alternate materials.
2. All new installations will comply with current city, state and local building code requirements.
3. The building structures have a remaining useful life greater than 30 years.
4. A maintenance program will be implemented to ensure that all building components, systems, and equipment are maintained and operated at or near optimum capacities.
5. Since cash flow takes place at frequent and varying time intervals within an interest period, a simplified method of assuming that all cash flow occurs at the midpoint of the interest period is used in the reserve analysis.
6. The financial analysis in this study employs the cash flow method for developing the recommended reserve funding plan. This method generates a reserve funding plan to offset the anticipated annual expenditures which vary with time. In addition, the funding plan was generated using the baseline funding method. By definition, the baseline funding method maintains a reserve fund balance above zero for each year of the study.
7. The study is limited to the elements of the property that likely require major repair or replacement during the study period and that have a significant impact on the reserve contributions. Elements that require minor repairs or replacements and are relatively insignificant in cost when compared to the property in its totality are assumed to be funded from the operating and maintenance budget.
8. The following recurring and/or minimal cost expenses are considered to be maintenance items; therefore, adequate funding for such expenses should be allocated in the operating and maintenance budget, but not limited to the following:

    - Painting of interior walls, exterior facade, and fencing
    - Applying protective coatings to the wood balconies or decks
    - Expenses associated with typical maintenance of the common area landscaping and tree replacement including Ash trees.
    - Crack sealing, seal coating, and striping of asphalt pavement
    - Concrete curbing replacement at parking areas
    - Replacing sealants around windows, doors, and between dissimilar materials
    - Minor localized tuckpointing that may be required for areas of severe distress

9. The following items were reported to be the unit owners responsibility and therefore are not included in the study:

    - Patios
    - Deck and Balcony Flooring
    - Windows and Doors
    - Garage Doors

10. Elements such as electrical, water supply, and waste water systems for the building along with irrigation and storm water drainage systems located throughout the property are considered to have an extensive

lifetime that make it very difficult to predict or establish major repair or replacement expenses. These elements can function indefinitely with ongoing maintenance and repairs which are considered minor when compared to wholesale replacement expenses; therefore, we assume that future minor ongoing maintenance and repair expenses incurred will be funded from the operating and maintenance budget. This assumption is based on the premise that a reserve study is to include elements that have a definable remaining useful life; therefore, incorporating replacement expenses for elements that do not have a predictable useful life into the study can significantly impact the accuracy and validity of the results.

11. There may be Ash trees present on the property. The Emerald Ash Borer in Illinois has created great concern with regard to the effects of this invasive and destructive beetle. It is recommended that a professional horticulturist be consulted regarding investigating for the presence of the beetle and formulation or reference to any plan of action should it be discovered on the property. Accurately predicting the quantity of trees that may be affected, the cost for treatment and/or removal, and replacement is beyond the scope of this report. Funding for this work should be discussed with a qualified landscaper and/or arborist and figured into the annual landscaping operating and maintenance budget and is not included in this report.

6. DISCLOSURES

Waldman Engineering Consultants has no other affiliation with Chestnut on the Green Phase II other than the preparation of this Reserve Study Report. This study was prepared entirely by an engineer that carries a Reserve Specialist designation endorsed by Community Associations Institute (CAI).

This study and report is based on observations of the visible and apparent conditions of a reasonable representative sampling of the property's elements at the time of inspection. Although due diligence was performed during the inspection phase, Waldman Engineering Consultants makes no representations regarding latent or concealed defects that may exist. The inspection did not constitute any invasive investigations and was not intended to determine whether applicable building components, systems, or equipment are adequate or in compliance with any specific or commonly accepted design requirement, building code, or specification. Such tasks as material testing, engineering analysis, destructive testing, or performance testing of building systems, components, or equipment are not considered as part of the scope of work, nor are they considered by the reserve study industry standard.

Judgments in this study are based on estimates of the age and typical useful life of the various elements included in this study. The predictions of useful life and remaining useful life are based on industry and/or statistical comparisons, along with sound engineering judgment. It is necessary to recognize that the actual conditions can alter the useful life of any element. The methods of installation, deferral of maintenance, or other unforeseen conditions make it virtually impossible to predict precisely when each element will require major repair or replacement. The results of this study should not be construed as a guarantee or warranty, either expressed or implied, as to the performance of products, materials, or workmanship.

If the property representative has not disclosed any known issues or problems with materials, components, or systems, it is noted that the validity of this study may be impacted. Where applicable, comments regarding the general condition of the property and any significant deficiencies as observed at the time of inspection have been documented. The information provided by a property representative regarding the financial, physical, or historical data is deemed reliable. The reserve study is intended to be a reflection of the information provided and is not for the purpose of performing an audit, quality analysis, forensic analysis, or background check of historical records.

Pricing used for the repair or replacement costs indicated in this report are derived from the R.S. Means publications in conjunction with other reliable resources such as individual material and equipment suppliers, and contractors. The material and labor pricing provided are estimates and have been augmented, as necessary, to account for specific site conditions (i.e. material handling, scaffolding, etc.). The estimated repair and replacement expenses, unless otherwise noted, do not include allowances for architectural, engineering, or permitting fees.

By review of the property representative, the elements listed in the Exhibit 1 of this report have been identified as the elements for which the property has long-term responsibility for repair and replacement. The property representative assumes full responsibility for determining that the list of elements is complete. Waldman Engineering Consultants has not reviewed any documents or declarations as part of this Reserve Study and assumes no responsibility for the completeness of the inventory.

This report is intended solely for the use of the Chestnut on the Green Phase II in connection with funding for major repairs and replacements, and may not be used by any other party for any purpose.

7. RESERVE ANALYSIS

Upon completion of the field assessment, WEC determined whether the elements qualify to be considered a major capital expense for future funding in the Reserve Study based on the following three part test:

1. The element replacement expense is significant enough to impact the financial results of the study.
2. The element has a limited useful life.
3. The element must have a determinant remaining useful life.

Once replacement expenses were determined for all major elements, an element replacement schedule was prepared for a 30 year term. The replacement schedule is based on the element historical performance data, current condition, age, and estimated life expectancy. The National Reserve Study Standard published by CAI dictates that a minimum of a 20 year replacement schedule be used in a Reserve Study. WEC has selected a 30-year reserve term to capture replacement expenses associated with elements that can achieve a long service life.

In order to accurately determine the level of reserve contributions necessary to meet all anticipated expenses, the present day expenses had to be inflated to account for future increases in construction costs. The construction cost inflation rate is currently 3.94% and is determined using the average of the RS Means Historical Cost Indexes for Chicagoland over the last 20 years. For the purpose of this report, WEC has given two recommended funding plans using an inflation rate of 3% and 5%. Given the present day expense, the future expense is calculated using the "future value of a single amount formula" as follows:

$$\mathbf{F = P\ (1 + IR)^n}$$

where

F = future expense
P = present day expense
IR = inflation rate expressed as a decimal
n = number of years until future expense occurs

A recommended funding plan was then developed using a baseline funding method, which maintains a yearly reserve fund ending balance above zero. The results of the funding plan outline the amount of money required to be deposited into the reserve fund each year in order to meet the projected element replacement/repair expenses without the need of levying a special assessment.

This study delivers two economic scenarios using reserve fund interest rates and construction cost inflation rates. It is emphasized that the recommended reserve funding plans presented in **Exhibits 3A and 3B** are each only one of many possible schedules that can be employed to meet the future reserve requirements.

The reserve analysis exhibits included with this report include the following:

Exhibit 1	*Element Summary* – Includes element quantities, units, estimated present day costs, observed conditions, typical useful life, and estimated remaining useful life
Exhibits 2A & 2B	*Element Replacement Schedules* – Includes replacement expenses and scheduling inflated at the indicated rates (3% and 5%)
Exhibits 3A & 3B	*Recommended Funding Plans* – Presents yearly breakdown of recommended contributions, anticipated expenses, interest accruals, and ending balances based on the two inflation schedules (3% and 5%)
Exhibit 4	*Fund Balance Comparison* – Chart comparing the difference between the Recommended Funding Plans Year End Balance to Current Funding Plan Year End Balance

8. FIELD INSPECTION

The contract to perform a Reserve Study for Chestnut on the Green Phase II required an on-site, visual inspection of the property and a report on the general condition of the elements. The definitions below summarize the method used to determine the condition of each element included in this study.

Condition Definitions

Poor – a major deficiency of a component in which the function or operation is affected, is at or beyond its typical useful life, or whose remaining useful life should not be relied upon as a result of the information gathered regarding actual or effective age or evidence of abuse, excessive wear and tear, exposure to the elements, lack of proper maintenance, etc. This definition specifically excludes deficiencies that may be remedied with routine maintenance, miscellaneous minor repairs, normal operating maintenance, etc., however it may include components that are governed by aesthetics as opposed to performance.

Marginal – no major component deficiencies observed or evidence that would suggest that a major deficiency may exist. The component remains functional and operational, as it exists, however there is evidence that it is nearing its typical useful life.

Satisfactory – no major component deficiencies observed, or evidence that the component is nearing its typical useful life, however it is apparent that the component has not been recently replaced or repaired to its original condition.

Good – no major component deficiencies observed and it is apparent that the component has been recently replaced or repaired to its original condition.

Varies – the general condition of an element cannot be generally defined by one of the above mentioned definitions.

During the course of our inspection, several general observations were made regarding the construction and maintenance of the property. In general, a diligent effort was made to distribute the repair and replacement expenses over a number of years to create a more uniform expense report. The following discussions relate to the general features of the elements.

ASPHALT PAVEMENT

Element Description

The parking areas and driveways located throughout the property are constructed of asphalt pavement. The asphalt varied in condition. Approximately 20% of the driveways were newer and in good condition, approximately 10% of the driveways had areas of repair and were observed to be in satisfactory condition, and other driveways were older original driveways with isolated areas of deterioration in marginal condition.

An asphalt pavement structure typically consists of two components: the asphalt pavement which is installed atop an aggregate (sand or crushed stone) base. The base usually ranges from 6" to 18" in thickness depending on sub-base (soil) conditions and loading requirements. For residential driveways, construction generally consists of a single layer of asphalt pavement over the granular base. The asphalt pavement at streets and parking areas is composed of multiple layers (commonly 1½" to 2" in thickness) of pavement: a wearing ("surface") course and one or two binder ("base") courses. Larger sections of street pavement can sometimes be resurfaced (mill off the top layer and lay new pavement) rather entirely removed and replaced, as long as the existing base and binder course(s) of pavement are in satisfactory condition. With time, asphalt pavement deteriorates as a result of ultraviolet rays breaking down the asphalt binder, surface wear, and an accumulation of cracking that occurs due to freeze/thaw cycles and vehicle loading. Other factors that contribute to pavement deterioration are settlement (as a result inadequate compaction of the sub base) and poor drainage. Water that ponds on the surface accelerates the deterioration process by causing breakdown of the asphalt, sub-base and oils. Cracks that develop then allow moisture to penetrate the pavement down to the granular base course and typically cause the substrate to lose strength which leads to accelerated deterioration due to freeze/thaw cycles.

Based on the observed conditions, known history, and expected useful life, funding has been allocated for wholesale replacement of the driveways and parking areas over the reserve term. Costs are allocated to replace the remaining original asphalt over the next four years. Please refer to the table below for a summary of the element quantities, present day cost, and remaining useful life as well as to Exhibits 2A (3% inflation rate) and 2B (5% inflation rate) for the estimated expenses and scheduling.

Periodic seal coating and crack filling is important preventative maintenance that can be done to extend the life of the pavement. Cracks that are greater than 1/8" in width should be routed out, cleaned, and filled with a rubberized hot tar crack sealant to prevent water from penetrating the pavement. Seal coating minimizes oils from evaporating, reduces the degradation that occurs from ultraviolet light, and prevents water from penetrating the pavement. However, sealcoating may not be economical on older pavement; at some point sealcoating will not do much to extend the life of pavement and is essentially serving an aesthetic purpose. Seal coating, crack sealing, and select patching are considered to be maintenance expenses; therefore, adequate funding should be allocated to the operating and maintenance budget for such expenses.

Deficiencies Noted (sampling only, not intended to be a comprehensive list of every defect)

- See photograph section of this report for observed deficiencies.

Element Name	Quantity	Units	Present Day Expense	Typical Useful Life	Remaining Useful Life	General Condition
Asphalt Pavement	20,300	Square Feet	$65,000	15-20	1-14	Varies

CONCRETE PAVEMENT

Element Description

Concrete pavement consisting of entry walkways and stoops are installed throughout the property. The concrete was in overall satisfactory condition with isolated minor spalling and cracking observed. Some sections of concrete entry walkways were observed to have been recently replaced and in good condition. It was reported that the patios are the unit owner's responsibility and the curbing and sidewalks along the streets are the municipality's responsibility.

It is not expected that complete (100%) replacement of the pavement will be required within this study period; however, partial replacements and repairs are anticipated periodically due to settlement and deterioration that will occur over time, the level of which will depend on variable factors such as base undermining creating trip hazards, the concrete mix, conditions at the time of installation, finishing techniques, local conditions, de-icing agents, and use.

Based on the observed conditions and expected useful life, it is not anticipated that all (100%) of the walks and stoops will require wholesale replacement during this reserve term; however, partial replacements are anticipated over the 30-year period of this study; therefore, funding has been allocated in the form of an allowance occurring every five years over the reserve term. Please refer to the table below for a summary of the element quantities, present day cost, and remaining useful life as well as to Exhibits 2A (3% inflation rate) and 2B (5% inflation rate) for the estimated expenses and scheduling.

Deficiencies Noted (sampling only, not intended to be a comprehensive list of every defect)

- A trip hazard was observed at the concrete entrance walkway to unit 11055. We only sampled concrete conditions; therefore, we recommend that all concrete be inspected and repaired as necessary.
- See photograph section of this report for observed deficiencies.

Element Name	Quantity	Units	Present Day Expense	Typical Useful Life	Remaining Useful Life	General Condition
Concrete Walks	5,800	Square Feet	$68,000	Up to 60	Ongoing	Satisfactory
Concrete Stoops	2,800	Square Feet	$68,000	Up to 60	Ongoing	Satisfactory

MAILBOXES

Element Description

Located at the entrance to the property are four aluminum, pedestal, cluster mailbox units. Replacement of the mailboxes is often considered necessary as a result of wear and tear, loss of finish, poor reliability, and to maintain the aesthetics of the property.

Based on the observed conditions, known history, and expected useful life, funding has been allocated for wholesale replacement of the mailbox units over the 30-year reserve term. Please refer to the table below for a summary of the element quantities, present day cost, and remaining useful life as well as to Exhibits 2A (3% inflation rate) and 2B (5% inflation rate) for the estimated expenses and scheduling

Deficiencies Noted (sampling only, not intended to be a comprehensive list of every defect)

- See photograph section of this report for observed deficiencies.

Element Name	Quantity	Units	Present Day Expense	Typical Useful Life	Remaining Useful Life	General Condition
Mailboxes	4	Each	$6,000	15-20	5	Satisfactory

RETAINING WALLS

Element Description

Located throughout the property are inter-locking concrete masonry unit (CMU) retaining walls. The retaining walls appeared to be in satisfactory condition overall, with one exception in marginal condition (see deficiencies noted below).

CMU retaining walls are to be designed site specific based on the height of the walls, soil conditions, slope of grade, and any additional surcharge loadings that can be anticipated. Most CMU retaining walls are constructed using low absorption concrete units, along with drainage systems behind the wall to minimize exposure to water and freeze/thaw cycles. Depending on the soil conditions, wall design, quality of construction, and compliance with design specifications, the wall may experience lateral movement that may necessitate replacement or repairs.

Based on the observed conditions and expected useful life, it is not anticipated that all (100%) of the retaining walls will require wholesale replacement during this reserve term; however, partial replacements and periodic repairs are anticipated and have been budgeted over the reserve tem. Costs allocated in year one of the reserve term are for repairs to the 11048 west wall. Please refer to the table below for a summary of the element quantities, present day cost, and remaining useful life as well as to Exhibits 2A (3% inflation rate) and 2B (5% inflation rate) for the estimated expenses and scheduling.

Deficiencies Noted (sampling only, not intended to be a comprehensive list of every defect)

- The retaining wall along the west side of unit 11048 was in marginal condition. Lateral movement of the soil and wall were observed. The rate of movement is unknown; however, sudden movement is possible, and is a safety concern. It is recommended that the wall be repaired/re-built by a qualified contractor.
- See photograph section of this report for observed deficiencies.

Element Name	Quantity	Units	Present Day Expense	Typical Useful Life	Remaining Useful Life	General Condition
Retaining Walls	2,300	Square Feet	$114,000	25-35+	Ongoing	Varies

LANDSCAPING

Element Description

The property contains mature trees and an assortment of various flowers and shrubs. The landscaping appeared to be well maintained and in overall satisfactory condition. It is very difficult to predict the expenses associated with the replacement of plant material. The day-to day care of the plants will have a significant impact on how each will endure throughout this study period. Life limiting factors include cultural problems, insects, diseases, physical damage, and trauma. Most deciduous and evergreen shrubs located throughout the property, will require replacement over the 30-year period of this study as a result of overgrowth, death, damage, etc. The trees located throughout the property are assumed to have a life beyond this study period.

Ash trees may be located on the property. The discovery of the Emerald Ash Borer in Illinois has created concern considering the effects of this invasive and destructive beetle. If detected, replacement trees will likely be of a different species suitable for Northern Illinois. It is recommended that a professional horticulturist be consulted regarding investigating for the presence of the beetle and formulation or reference to any plan of action should it be discovered on the property. Accurately predicting the quantity of trees that may be affected and associated costs is beyond the scope of this report therefore, funding for this work should be discussed with a qualified landscaper and/or arborist and figured into the annual landscaping operating and maintenance budget and is not included in this report.

As costs with regard to landscaping are dependent on the expectations of the association no costs have been included in the study at this time. It is recommended that landscaping costs be allocated in the annual operating and maintenance budget.

Deficiencies Noted (sampling only, not intended to be a comprehensive list of every defect)

- See photograph section of this report for observed deficiencies.

ROOFING

Element Description

The roofs are covered with a single layer of a three tab asphalt shingles. The roofing shingles appeared to be in marginal condition overall displaying granular loss, cracking, deteriorating, and previous repairs. Additionally, the roof decking displayed isolated areas of unevenness and warping. It is also understood that the roofs have been problematic with a history of leaking. Replacement of asphalt shingles is often considered necessary due to degradation of the shingles as evident by curling at the shingle corners, torn shingle tabs, cracking, and excessive granule loss. In some instances, replacement may be required due to chronic problems with moisture penetration associated with poor installation practices.

It was observed that isolated areas of roof decking were uneven and warped. This is sometimes an indication of moisture penetration and possible deterioration of the roof decking. Although conditions at the time did not warrant immediate repair it should be expected that some additional costs may be incurred to replace some roof decking during the next cycle of shingle replacement.

Asphalt shingles are constructed with either fiberglass or organic mats that are saturated with asphalt which provides the waterproofing element of the shingles. The mats are then coated with a harder layer of asphalt and fillers and are finished with a layer of small granules to provide protection from ultraviolet light, minor impacts, and decorative coloring. Most shingles installed today are constructed of fiberglass.

The shingles are obviously the main element of a roof, but several other components are critical to a reliable roofing system that performs well throughout its useful life. The basis for the roof system is a sound and level roof deck. Displaced or damaged roof sheathing can cause punctures, cracking, or overstressing of the shingles and reduce their useful life. A quality underlayment should then be installed over the entire roof deck. Felt underlayment fabric is installed to provide an additional layer of moisture protection should shingles be blown off or damaged. Underlayments also provide temporary moisture protection during installation, a protective barrier layer between the shingles and wood sheathing, and are typically required by building codes. Fifteen pound felt is typically the minimum quality roofing felt that is used, however a 30 pound felt is recommended to provide added protection and durability to the system while not significantly increasing the cost of installation. A self-adhering bituminous underlayment (ice and water shield), which is a thicker, rubber like membrane, is recommended to be installed along the building eaves, valleys, near penetrations, around skylights, and at low sloped roofing sections. These types of underlayments provide greater resistance to leakage at roofing areas that are more vulnerable to penetration and a barrier to seepage resulting from ice dams that form at the eaves. An aluminum drip edge is recommended to be installed along the length of all eaves to direct moisture off and away from the building components.

Shingle installations are recommended to be performed when ambient temperatures are in the range of 40° F to 85° F. Asphalt shingles become brittle and are easily cracked in cold temperatures while hot temperatures make shingles prone to tearing and damage to the granular coating. In addition, shingle tabs are manufactured with a sealant strip that adheres to the underlying shingles, making the roof system cohesive and resistant to wind damage. Installation during cold temperatures may result in this sealant strip not setting up properly making the shingles more susceptible to damage until the sealant strips properly bond.

Two other critical elements of the roofing system are the insulation (between the living space and the attic) and ventilation components. A poorly insulated and ventilated roof/attic typically results in high moisture levels and warm temperatures within the attic creating the ideal environment for mold and mildew growth. Excessive heat buildup can also occur during warm weather, which reduces the useful life of the shingles and increases energy costs. During cold weather months, heat loss from the units through the attics leads to the formation of ice

dams at the building eaves, aside from the lost energy dollars. Therefore, insulation in the attics needs to be continuous and of proper R-value, however the insulation details at attic penetrations are also critical. Poorly sealed penetrations such as attic hatches, HVAC ducts, plumbing vents, chimneys, exhaust fans, and lighting fixtures can allow sufficient heat loss to be problematic. Discharging of exhaust fans directly into the attic must also be avoided, as this practice undermines the insulation and ventilation system.

Ventilation of the attic is typically achieved by installing louvered or perforated vents at the soffit (underside of the eave) and either a continuous vent along the roof's ridges or numerous static vents spaced throughout the roof near the ridges. Depending on the style of construction, preformed baffles may be required in the attic at soffit vent locations to allow for proper air flow around the installed insulation. Determining the adequacy of the installed insulation and ventilation systems is beyond the scope of this study, however it was noted that upper mushroom and lower soffit vents are installed throughout the roofs.

Based on the observed conditions, known history, and expected useful life, funding has been allocated for wholesale replacement of the roofing over a 4 year period from 2015 through 2018; however, there are currently insufficient reserve funds available. It is recommended that contractor bids be obtained, and an alternate source of funding be obtained, or special assessment be administered. Refer to the table below for a summary of the element quantities, present day cost, and remaining useful life and to Exhibits 2A (3% inflation rate) and 2B (5% inflation rate) for the estimated expenses and scheduling. Our estimated cost is for installation of laminated asphalt shingles, as the durability and performance of laminated shingles typically makes them a better value long-term than three-tab shingles.

Deficiencies Noted (sampling only, not intended to be a comprehensive list of every defect)

- It was observed that isolated areas of roof decking were uneven and warped. This is sometimes an indication of moisture penetration and possible deterioration of the roof decking. Although conditions at the time did not warrant immediate repair it should be expected that some additional costs may be incurred to replace some roof decking during the next cycle of shingle replacement.
- See photograph section of this report for observed deficiencies.

Element Name	Quantity	Units	Present Day Expense	Typical Useful Life	Remaining Useful Life	General Condition
Roofing	98,000	Square Feet	$390,000	15-20	1-4	Varies

GUTTERS, DOWNSPOUTS, SOFFIT, AND FASCIA

Element Description

The gutters, downspouts, soffit, and fascia are generally in satisfactory condition with one exception noted (see deficiencies noted below).

Replacement of these elements is often considered necessary due to damage and fading of the finish as a result of continued exposure to ultraviolet light. Typical damage includes deterioration of joint seals at gutters which may result in leaking, denting, missing or loose fasteners, and deformation. Even though the performance life of these elements will generally exceed the aesthetic life, the appearance is critical in maintaining the value of the property. Therefore, the limiting factor concerning the useful life of these elements is generally the aesthetic appearance of the finish.

Based on the observed conditions and expected useful life, funding has been allocated for wholesale replacement of the gutters, downspouts, soffit, and fascia over a four-year period from 2029 - 2032 and is scheduled to coincide with the siding replacement. Please refer to the table below for a summary of the element quantities, present day cost, and remaining useful life as well as to Exhibits 2A (3% inflation rate) and 2B (5% inflation rate) for the estimated expenses and scheduling. Costs allocated in year 30 of the reserve term are pro-rated.

Deficiencies Noted (sampling only, not intended to be a comprehensive list of every defect)

- The downspout was disconnected at unit 11006 repair is recommended as part of ongoing routine maintenance.
- See photograph section of this report for observed deficiencies.

Element Name	Quantity	Units	Present Day Expense	Typical Useful Life	Remaining Useful Life	General Condition
Gutters & Downspouts	9,500	Linear Feet	$76,000	20-30	15-18	Satisfactory
Soffit	12,500	Square Feet	$81,000	25-30	15-18	Satisfactory
Fascia	10,000	Linear Feet	$60,000	25-30	15-18	Satisfactory

SIDING

Element Description

A portion of each building is clad with vinyl siding that is original. The siding appeared to be in satisfactory condition.

Replacement of the vinyl siding is often considered necessary due to fading of the finish as a result of exposure to ultraviolet light. Darker pigments (black, brown, blue, etc.) are more susceptible to fading than lighter pigments (i.e. whites, beige, etc.). Although the performance life of siding will generally exceed the aesthetic life, the appearance is critical in maintaining the value of the property. Therefore, the limiting factor concerning the useful life of this element is generally the aesthetic appearance of the finish. Siding replacements are also occasionally required due to a lack of a weather resistive barrier installed between the exterior sheathing and siding resulting in moisture penetration and deterioration of the sheathing and underlying components. Therefore, during siding replacement projects it is imperative that the components are installed per the manufacturer's specifications to prevent the penetration of moisture which can lead to extensive and costly damage.

Based on the observed conditions and typical useful life for vinyl siding, replacement is anticipated to be performed over a four-year period from 2029 - 2032 and is scheduled to coincide with the soffit, fascia replacement schedule. Please refer to the table below for a summary of the element quantities, present day cost, and remaining useful life as well as to Exhibits 2A (3% inflation rate) and 2B (5% inflation rate) for the estimated expenses and scheduling. Costs allocated in year 30 of the reserve term are pro-rated.

Deficiencies Noted (sampling only, not intended to be a comprehensive list of every defect)

- See photograph section of this report for observed deficiencies.

Element Name	Quantity	Units	Present Day Expense	Typical Useful Life	Remaining Useful Life	General Condition
Siding	47,500	Square Feet	$240,000	25-30	15-18	Satisfactory

FIBERBOARD WOOD TRIM

Element Description

A portion of each building's facade is constructed with Composite Fiberboard Wood trim. The trim appeared to be in satisfactory condition at the time of observation.

Failure to properly protect fiberboard trim from moisture results in accelerated deterioration. Proper ongoing maintenance such as painting and sealant replacement to prevent moisture penetration will help to maximize the life expectancy of the trim. It is expected that periodic isolated repairs/replacement due to moisture damage and rotting will occur over the 30 year reserve term.

Based on observed conditions and expected useful life, an allowance has been allocated for periodic isolated trim replacement every five years over the reserve term. Please refer to the table below for a summary of the element quantities, present day cost, and remaining useful life as well as to Exhibits 2A (3% inflation rate) and 2B (5% inflation rate) for the estimated expenses and scheduling. Future studies should re-evaluate the trim conditions and adjust the allowance or, include wholesale replacement if appropriate.

Deficiencies Noted (sampling only, not intended to be a comprehensive list of every defect)

- See photograph section of this report for observed deficiencies.

Element Name	Quantity	Units	Present Day Expense	Typical Useful Life	Remaining Useful Life	General Condition
Fiberboard Trim Replacement Allowance	1	Allowance	$5,000	25-35	Ongoing	Satisfactory

BRICK FAÇADES

Element Description

A portion of each building's facade is constructed with brick and mortar. The brick appeared to be in satisfactory condition and it is understood that tuckpointing repairs have recently been performed.

In general, the brick should last the life of the property; however, shear cracks, shrinkage cracks, separation cracks, dislodged mortar, holes, unfilled joints, erosion, and other forms of deterioration occur to the mortar joints. Localized tuckpointing is considered necessary to prevent the potential of moisture penetration that can lead to more costly repairs such as spalling or cracking of brick, interior moisture damage, corrosion of the steel lintels, etc. Therefore, to mitigate moisture penetration, it is common practice to grind out the mortar joints, generally to a depth of either ¾" or to sound mortar, whichever is greater, and tuckpoint the joints with new mortar. Mortar joints generally have a life expectancy of 30 to 50 years before a significant quantity of tuckpointing is considered necessary. Face grouting of the mortar joints is not recommended as it has a substantially reduced useful life because it eliminates the step of grinding out the existing mortar joint. Face grouting generally has a useful life in the range of 10 to 20 years depending on the condition of the existing mortar joints that the newly applied mortar is being bonded to, quality of workmanship, type of new mortar, exposure, etc. Therefore, for the purpose of this analysis it is assumed that grinding of the mortar joints will be performed.

It is not expected that 100% percent of the brick will require tuckpointing over the reserve term; however, periodic partial tuckpointing is anticipated; therefore, funding has been allocated for periodic partial tuckpointing every five years over the reserve term. Please refer to the table below for a summary of the element quantities, present day cost, and remaining useful life as well as to Exhibits 2A (3% inflation rate) and 2B (5% inflation rate) for the estimated expenses and scheduling.

Deficiencies Noted (sampling only, not intended to be a comprehensive list of every defect)

- See photograph section of this report for observed deficiencies.

Element Name	Quantity	Units	Present Day Expense	Typical Useful Life	Remaining Useful Life	General Condition
Brick Tuckpointing	27,600	Square Feet	$221,000	30-50	Ongoing	Satisfactory

EXTERIOR BUILDING & SITE LIGHTING

Element Description

The exterior building lighting is located near front elevation building entrances and garage doors. Four pole mounted site lights are distributed throughout the property. The lighting appeared to be in satisfactory condition at the time of observation.

The need for replacement of exterior building lighting fixtures is often determined by the extent of damage to the lighting such as corrosion or broken lenses, the frequency and costs of repairs due to the age of the lighting, or the desire to change the aesthetic appearance of the lighting to maintain the market value of the property.

Based on the observed conditions and expected useful life, funding has been allocated for wholesale replacement of exterior and site lighting fixtures over the reserve term. Please refer to the table below for a summary of the element quantities, present day cost, and remaining useful life as well as to Exhibits 2A (3% inflation rate) and 2B (5% inflation rate) for the estimated expenses and scheduling.

Deficiencies Noted (sampling only, not intended to be a comprehensive list of every defect)

- See photograph section of this report for observed deficiencies.

Element Name	Quantity	Units	Present Day Expense	Typical Useful Life	Remaining Useful Life	General Condition
Site Lighting	4	Each	$8,000	25-30	14	Satisfactory
Building Lighting	150	Each	$23,000	15-20	5	Satisfactory

BALCONIES & DECKS

Element Description

Wood simply supported balconies and decks with vinyl railings are located at the rear elevations of the buildings. The balconies and decks appeared in satisfactory condition with the exception of the efficiencies noted below. Replacement of the wood balconies is often considered necessary as a result of deterioration (warping, splitting, decay, etc.) to the wood decking, railing, and joists.

Based on the observed conditions, known history, and expected useful life, funding has been allocated for wholesale replacement of railings and structures is anticipated to be performed over a four-year period from 2029 – 2032. Please refer to the table below for a summary of the element quantities, present day cost, and remaining useful life as well as to Exhibits 2A (3% inflation rate) and 2B (5% inflation rate) for the estimated expenses and scheduling. It is understood that the balcony and deck floors are the responsibility of the unit owner.

At the time of the inspection, it was observed that the balconies had a protective coating applied to the wood decking and joists and it is recommended that a protective coating continue to be applied to prolong the useful life of the wood. The recurring expenses of applying protective coatings to the wood are considered to be maintenance expenses; therefore, adequate funding should be allocated to the operating and maintenance budget for such expenses.

Deficiencies Noted (sampling only, not intended to be a comprehensive list of every defect)

- It was observed that many of the balcony structural connections appear to be inadequate, which is a safety concern. It is strongly recommended that the balconies be further evaluated by a structural engineer and repaired as necessary. Associated costs are unknown at this time and, therefore, not included in this study.
- Some of the support posts for the balconies appear to be below the grade line. This condition will expose the posts to excessive moisture and contribute to premature deterioration. Regrading the soil away from the support posts is recommended to reduce moisture exposure.
- See photograph section of this report for observed deficiencies.

Element Name	Quantity	Units	Present Day Expense	Typical Useful Life	Remaining Useful Life	General Condition
Balcony & Deck Railings	1,120	Linear Feet	$38,000	20-30	15-18	Satisfactory
Balcony & Deck Structures	28	Each	$70,000	20-30	15-18	Satisfactory

FIRE ALARMS

Element Description

Each building is equipped with a fire detection system. The systems are equipped with detectors located in each unit, and visual and audible alarms at the exterior of the buildings. The systems were not tested.

As a fire detection/prevention system nears the end of its life cycle, the potential for malfunctions, obsolescence of parts, new technological advances, or changes in the fire code make replacement of the system either desirable or a requirement. Although we cannot predict whether replacement will be governed by the fire code, we can, however, estimate as to when the system will require replacement based on a typical useful life expectancy.

Based on the observed conditions and expected useful life, funding has been allocated for wholesale replacement of fire alarms over the reserve term. Please refer to the table below for a summary of the element quantities, present day cost, and remaining useful life as well as to Exhibits 2A (3% inflation rate) and 2B (5% inflation rate) for the estimated expenses and scheduling.

Deficiencies Noted (sampling only, not intended to be a comprehensive list of every defect)

Element Name	Quantity	Units	Present Day Expense	Typical Useful Life	Remaining Useful Life	General Condition
Fire Alarms	10	Each	$45,000	15-20	5	Satisfactory

9. RESERVE STUDY UPDATES

The annual contributions made to the reserve fund are a means to compensate for the difference between the ongoing deterioration of a property and its finances. Since elements deteriorate at varying rates and the finances are typically changing on an annual basis, the need to maintain balance between the two is an ongoing process. In order to maintain this balance, it may be appropriate to have the reserve study updated.
When considering an update to a study, the following questions should be considered:

- Has there been a significant departure (i.e. 2% to 3%) from the anticipated rates for interest, inflation, and construction cost increases previously assumed?
- Have any major elements been added or replaced since the previous study?
- Have any elements sustained premature deterioration due to unseasonable weather or lack of maintenance since the previous study?
- Have any repairs or replacements been accelerated or deferred from the estimated schedule previously generated?

If the answer is "yes" to one or more of the above questions, then an update to the reserves study should be strongly considered.

Generally, a property that is relatively new in age and is not undergoing any major repairs or replacements should have the reserve study updated approximately every 3 years to maintain the validity of the estimates. However, if the property is older and is experiencing major repairs or replacements, then the study should be updated on an annual basis.

An update to a previous reserve study can typically be performed for a percentage of the original cost of the study. The re-evaluation can include a field walk down of the property, or simply an update to the tables.

Typical asphalt parking area.

Typical asphalt driveway.

Typical asphalt deterioration.

Typical asphalt deterioration.

Recent driveway repair.

Recently replaced driveway.

End unit walkway.

Interior unit walkway.

End unit entrance stoop.


Interior unit entrance stoop.


Recently repaired walkway.


Trip hazard at the concrete entrance walkway to unit 11055.

Typical retaining wall.

Typical retaining wall.

Typical retaining wall.

The retaining wall along the west side of unit 11048 was in marginal condition. Lateral movement of the soil and wall were observed. The rate of movement is unknown; however, sudden movement is possible, and is a safety concern. It is recommended that the wall be repaired/re-built by a qualified contractor.

Overview of roof shingles.

Overview of roof shingles.

Shingles curling and not laying properly.

Shingles not laying properly.

Uneven roof decking.

Deteriorating shingles.

Deteriorating shingles.

Shingle granular loss.

Gutters, downspouts, soffit, and fascia.

Gutters, soffit, and fascia.

Gutters, soffit, fascia, and wood trim.

Disconnected downspout at unit 11006.

Front elevation

End elevation.

End elevation.

Rear elevation with balconies.

Rear elevation with decks.

Rear elevation with no balconies or decks.

End unit entrance brick, siding, and wood trim.

Siding and wood trim detail.

Rear balconies.

Rear balconies.

Inadequate balcony structural connection.

Inadequate balcony structural connection.

Inadequate balcony structural connection (i.e. no ledger board bolts).

Support column below grade is subject to excessive moisture.

Exterior front lighting.

Site lighting.

Exhibit 1

Element Summary
Chestnut on the Green Phase II
WEC Project No: 13C-438
Version # : 1.0

Element Name	Quantity	Units	Present Day Expense	Unit Cost	Total Expenses (30 Years)	Typical Useful Life	Remaining Useful Life	General Condition
Asphalt Pavement	20,300	Square Feet	$65,000	$3.20	$221,873	15-20	1-14	Varies
Concrete Walks	5,800	Square Feet	$68,000	$11.72	$59,898	Up to 60	Ongoing	Satisfactory
Concrete Stoops	2,800	Square Feet	$68,000	$24.29	$45,267	Up to 60	Ongoing	Satisfactory
Mailboxes	4	Each	$6,000	$1,500.00	$18,797	15-20	5	Satisfactory
Retaining Walls	2,300	Square Feet	$114,000	$49.57	$73,679	25-35+	Ongoing	Varies
Roofing	98,000	Square Feet	$390,000	$3.98	$758,821	15-20	1-4	Varies
Gutters & Downspouts	9,500	Linear Feet	$76,000	$8.00	$234,524	20-30	15-18	Satisfactory
Soffit	12,500	Square Feet	$81,000	$6.48	$249,954	25-30	15-18	Satisfactory
Fascia	10,000	Linear Feet	$60,000	$6.00	$185,151	25-30	15-18	Satisfactory
Siding	47,500	Square Feet	$240,000	$5.05	$740,603	25-30	15-18	Satisfactory
Fiberboard Trim Replacement Allowance	1	Allowance	$5,000	$5,000.00	$47,534	25-35	Ongoing	Satisfactory
Brick Tuckpointing	27,600	Square Feet	$221,000	$8.01	$102,987	30-50	Ongoing	Satisfactory
Site Lighting	4	Each	$8,000	$2,000.00	$12,101	25-30	14	Satisfactory
Building Lighting	150	Each	$23,000	$153.33	$98,647	15-20	5	Satisfactory
Balcony & Deck Railings	1,120	Linear Feet	$38,000	$33.93	$61,921	20-30	15-18	Satisfactory
Balcony & Deck Structures	28	Each	$70,000	$2,500.00	$114,064	20-30	15-18	Satisfactory
Fire Alarms	10	Each	$45,000	$4,500.00	$193,005	15-20	5	Satisfactory
	TOTALS		$1,578,000		$3,218,825			

EXHIBIT 2A

Element Replacement Schedule (Inflation Rate = 3.0%)
Chestnut on the Green Phase II
WEC Project No: 13C-438
Version #: 1.0

ELEMENT NAME	1	2	3	4	5
	2015	2016	2017	2018	2019
Asphalt Pavement	$13,390	$13,792	$14,205	$14,632	
Concrete Walks		$4,328			
Concrete Stoops		$3,607			
Mailboxes					$6,956
Retaining Walls	$5,871				$6,608
Roofing					
Gutters & Downspouts					
Soffit					
Fascia					
Siding					
Fiberboard Trim Replacement Allowance		$5,305			
Brick Tuckpointing			$9,660		
Site Lighting					
Building Lighting					$26,663
Balcony & Deck Railings					
Balcony & Deck Structures					
Fire Alarms					$52,167
ANNUAL TOTALS	$19,261	$27,032	$23,865	$14,632	$92,394

EXHIBIT 2A

Element Replacement Schedule (Inflation Rate = 3.0%)
Chestnut on the Green Phase II
WEC Project No: 13C-438
Version #: 1.0

ELEMENT NAME	6	7	8	9	10
	2020	2021	2022	2023	2024
Asphalt Pavement					
Concrete Walks	$4,872				$5,483
Concrete Stoops	$4,060				$4,569
Mailboxes					
Retaining Walls				$7,437	
Roofing					
Gutters & Downspouts					
Soffit					
Fascia					
Siding					
Fiberboard Trim Replacement Allowance		$6,149			
Brick Tuckpointing			$11,198		
Site Lighting					
Building Lighting					
Balcony & Deck Railings					
Balcony & Deck Structures					
Fire Alarms					
ANNUAL TOTALS	$8,932	$6,149	$11,198	$7,437	$10,052

EXHIBIT 2A

Element Replacement Schedule (Inflation Rate = 3.0%)
Chestnut on the Green Phase II
WEC Project No: 13C-438
Version #: 1.0

ELEMENT NAME	11	12	13	14	15
	2025	2026	2027	2028	2029
Asphalt Pavement			$9,545	$9,832	$20,254
Concrete Walks				$6,171	
Concrete Stoops				$5,143	
Mailboxes					
Retaining Walls			$8,371		
Roofing					
Gutters & Downspouts					$29,601
Soffit					$31,549
Fascia					$23,370
Siding					$93,478
Fiberboard Trim Replacement Allowance		$7,129			
Brick Tuckpointing			$16,227		
Site Lighting				$12,101	
Building Lighting					
Balcony & Deck Railings					$14,801
Balcony & Deck Structures					$27,264
Fire Alarms					
ANNUAL TOTALS		$7,129	$34,143	$33,247	$240,316

EXHIBIT 2A

Element Replacement Schedule (Inflation Rate = 3.0%)
Chestnut on the Green Phase II
WEC Project No: 13C-438
Version #: 1.0

ELEMENT NAME	16	17	18	19	20
	2030	2031	2032	2033	2034
Asphalt Pavement	$20,861	$21,487	$22,132		
Concrete Walks			$8,104		
Concrete Stoops			$5,788		
Mailboxes					
Retaining Walls		$9,421			
Roofing					
Gutters & Downspouts	$30,489	$31,404	$32,346		
Soffit	$32,495	$33,470	$34,474		
Fascia	$24,071	$24,793	$25,536		
Siding	$96,282	$99,171	$102,146		
Fiberboard Trim Replacement Allowance		$8,264			
Brick Tuckpointing			$18,812		
Site Lighting					
Building Lighting					
Balcony & Deck Railings	$15,245	$15,702	$16,173		
Balcony & Deck Structures	$28,082	$28,925	$29,793		
Fire Alarms					
ANNUAL TOTALS	$247,526	$272,637	$295,304		

EXHIBIT 2A

Element Replacement Schedule (Inflation Rate = 3.0%)
Chestnut on the Green Phase II
WEC Project No: 13C-438
Version #: 1.0

ELEMENT NAME	21	22	23	24	25
	2035	2036	2037	2038	2039
Asphalt Pavement					
Concrete Walks		$9,121			
Concrete Stoops		$6,515			
Mailboxes			$11,842		
Retaining Walls	$10,604				$11,935
Roofing	$181,379	$186,820	$192,425	$198,197	
Gutters & Downspouts					
Soffit					
Fascia					
Siding					
Fiberboard Trim Replacement Allowance		$9,581			
Brick Tuckpointing			$21,808		
Site Lighting					
Building Lighting		$44,070			
Balcony & Deck Railings					
Balcony & Deck Structures					
Fire Alarms		$86,225			
ANNUAL TOTALS	$191,982	$342,331	$226,074	$198,197	$11,935

Exhibit 2A

Element Replacement Schedule (Inflation Rate = 3.0%)
Chestnut on the Green Phase II
WEC Project No: 13C-438
Version #: 1.0

Element Name	26	27	28	29	30	Total
	2040	2041	2042	2043	2044	Expenses
Asphalt Pavement			$14,872	$15,318	$31,554	$221,873
Concrete Walks	$10,265				$11,554	$59,898
Concrete Stoops	$7,332				$8,253	$45,267
Mailboxes						$18,797
Retaining Walls				$13,432		$73,679
Roofing						$758,821
Gutters & Downspouts					$110,683	$234,524
Soffit					$117,965	$249,954
Fascia					$87,381	$185,151
Siding					$349,526	$740,603
Fiberboard Trim Replacement Allowance		$11,106				$47,534
Brick Tuckpointing			$25,282			$102,987
Site Lighting						$12,101
Building Lighting					$27,914	$98,647
Balcony & Deck Railings						$61,921
Balcony & Deck Structures						$114,064
Fire Alarms					$54,613	$193,005
Annual Totals	$17,598	$11,106	$40,153	$28,750	$799,443	$3,218,825

EXHIBIT 3A

Recommended Funding Plan

Interest Rate - 0.10% Inflation Rate - 3.00%

Chestnut on the Green Phase II

WEC Project No: 13C-438

Version # : 1.0

STUDY YEAR	CALENDAR YEAR	RECOMMENDED CONTRIBUTION	PERCENTAGE OF INCREASE	PROJECTED EXPENSES	INTEREST RECEIVED	RESERVE FUND ENDING BALANCE
0	2014					$220,657
1	2015	$23,945	10.00%	$19,261	$223	$225,564
2	2016	$26,340	10.00%	$27,032	$225	$225,097
3	2017	$28,973	10.00%	$23,865	$228	$230,433
4	2018	$31,871	10.00%	$14,632	$239	$247,911
5	2019	$35,058	10.00%	$92,394	$219	$190,794
6	2020	$38,564	10.00%	$8,932	$206	$220,632
7	2021	$42,420	10.00%	$6,149	$239	$257,141
8	2022	$46,662	10.00%	$11,198	$275	$292,880
9	2023	$51,328	10.00%	$7,437	$315	$337,086
10	2024	$57,488	12.00%	$10,052	$361	$384,882
11	2025	$64,386	12.00%		$417	$449,685
12	2026	$72,112	12.00%	$7,129	$482	$515,151
13	2027	$80,766	12.00%	$34,143	$538	$562,312
14	2028	$92,073	14.00%	$33,247	$592	$621,730
15	2029	$104,963	14.00%	$240,316	$554	$486,931
16	2030	$119,658	14.00%	$247,526	$423	$359,486
17	2031	$136,411	14.00%	$272,637	$291	$223,551
18	2032	$155,508	14.00%	$295,304	$154	$83,909
19	2033	$155,508			$162	$239,578
20	2034	$155,508			$317	$395,404
21	2035	$155,508		$191,982	$377	$359,306
22	2036	$155,508		$342,331	$266	$172,749
23	2037	$155,508		$226,074	$137	$102,320
24	2038	$155,508		$198,197	$81	$59,712
25	2039	$155,508		$11,935	$131	$203,417
26	2040	$155,508		$17,598	$272	$341,599
27	2041	$155,508		$11,106	$414	$486,415
28	2042	$155,508		$40,153	$544	$602,314
29	2043	$155,508		$28,750	$666	$729,737
30	2044	$155,508		$799,443	$408	$86,210
	Totals	**$3,074,622**		**$3,218,825**	**$9,756**	

Printed by WEC on May 21, 2014

EXHIBIT 2B

Element Replacement Schedule (Inflation Rate = 5.0%)
Chestnut on the Green Phase II
WEC Project No: 13C-438
Version #: 1.0

ELEMENT NAME	1	2	3	4	5
	2015	2016	2017	2018	2019
Asphalt Pavement	$13,650	$14,333	$15,049	$15,802	
Concrete Walks		$4,498			
Concrete Stoops		$3,749			
Mailboxes					$7,658
Retaining Walls	$5,985				$7,275
Roofing					
Gutters & Downspouts					
Soffit					
Fascia					
Siding					
Fiberboard Trim Replacement Allowance		$5,513			
Brick Tuckpointing			$10,233		
Site Lighting					
Building Lighting					$29,354
Balcony & Deck Railings					
Balcony & Deck Structures					
Fire Alarms					$57,433
ANNUAL TOTALS	$19,635	$28,092	$25,283	$15,802	$101,720

EXHIBIT 2B

Element Replacement Schedule (Inflation Rate = 5.0%)
Chestnut on the Green Phase II
WEC Project No: 13C-438
Version #: 1.0

ELEMENT NAME	6	7	8	9	10
	2020	2021	2022	2023	2024
Asphalt Pavement					
Concrete Walks	$5,468				$6,646
Concrete Stoops	$4,556				$5,538
Mailboxes					
Retaining Walls				$8,843	
Roofing					
Gutters & Downspouts					
Soffit					
Fascia					
Siding					
Fiberboard Trim Replacement Allowance		$7,036			
Brick Tuckpointing			$13,061		
Site Lighting					
Building Lighting					
Balcony & Deck Railings					
Balcony & Deck Structures					
Fire Alarms					
ANNUAL TOTALS	$10,024	$7,036	$13,061	$8,843	$12,184

EXHIBIT 2B

Element Replacement Schedule (Inflation Rate = 5.0%)
Chestnut on the Green Phase II
WEC Project No: 13C-438
Version #: 1.0

ELEMENT NAME	11	12	13	14	15
	2025	2026	2027	2028	2029
Asphalt Pavement			$12,257	$12,870	$27,026
Concrete Walks				$8,078	
Concrete Stoops				$6,732	
Mailboxes					
Retaining Walls			$10,748		
Roofing					
Gutters & Downspouts					$39,500
Soffit					$42,098
Fascia					$31,184
Siding					$124,736
Fiberboard Trim Replacement Allowance		$8,979			
Brick Tuckpointing			$20,836		
Site Lighting				$15,839	
Building Lighting					
Balcony & Deck Railings					$19,750
Balcony & Deck Structures					$36,381
Fire Alarms					
ANNUAL TOTALS		$8,979	$43,841	$43,519	$320,675

EXHIBIT 2B

Element Replacement Schedule (Inflation Rate = 5.0%)
Chestnut on the Green Phase II
WEC Project No: 13C-438
Version #: 1.0

ELEMENT NAME	16	17	18	19	20
	2030	2031	2032	2033	2034
Asphalt Pavement	$28,377	$29,796	$31,286		
Concrete Walks			$11,456		
Concrete Stoops			$8,183		
Mailboxes					
Retaining Walls		$13,065			
Roofing					
Gutters & Downspouts	$41,475	$43,548	$45,726		
Soffit	$44,203	$46,413	$48,734		
Fascia	$32,743	$34,380	$36,099		
Siding	$130,972	$137,521	$144,397		
Fiberboard Trim Replacement Allowance		$11,460			
Brick Tuckpointing			$26,593		
Site Lighting					
Building Lighting					
Balcony & Deck Railings	$20,737	$21,774	$22,863		
Balcony & Deck Structures	$38,200	$40,110	$42,116		
Fire Alarms					
ANNUAL TOTALS	$336,708	$378,068	$417,452		

EXHIBIT 2B

Element Replacement Schedule (Inflation Rate = 5.0%)
Chestnut on the Green Phase II
WEC Project No: 13C-438
Version #: 1.0

ELEMENT NAME	21	22	23	24	25
	2035	2036	2037	2038	2039
Asphalt Pavement					
Concrete Walks		$13,924			
Concrete Stoops		$9,946			
Mailboxes			$18,429		
Retaining Walls	$15,880				$19,302
Roofing	$271,631	$285,213	$299,474	$314,447	
Gutters & Downspouts					
Soffit					
Fascia					
Siding					
Fiberboard Trim Replacement Allowance		$14,626			
Brick Tuckpointing			$33,940		
Site Lighting					
Building Lighting		$67,281			
Balcony & Deck Railings					
Balcony & Deck Structures					
Fire Alarms		$131,637			
ANNUAL TOTALS	$287,511	$522,627	$351,843	$314,447	$19,302

EXHIBIT 2B

Element Replacement Schedule (Inflation Rate = 5.0%)
Chestnut on the Green Phase II
WEC Project No: 13C-438
Version #: 1.0

ELEMENT NAME	26	27	28	29	30	TOTAL
	2040	2041	2042	2043	2044	EXPENSES
Asphalt Pavement			$25,481	$26,755	$56,185	$308,866
Concrete Walks	$16,925				$20,572	$87,567
Concrete Stoops	$12,089				$14,695	$65,487
Mailboxes						$26,087
Retaining Walls				$23,462		$104,559
Roofing						$1,170,765
Gutters & Downspouts					$197,081	$367,329
Soffit					$210,046	$391,495
Fascia					$155,590	$289,997
Siding					$622,360	$1,159,986
Fiberboard Trim Replacement Allowance		$18,667				$66,281
Brick Tuckpointing			$43,317			$147,981
Site Lighting						$15,839
Building Lighting					$49,702	$146,338
Balcony & Deck Railings						$85,124
Balcony & Deck Structures						$156,808
Fire Alarms					$97,244	$286,313
ANNUAL TOTALS	$29,014	$18,667	$68,798	$50,217	$1,423,475	$4,876,823

EXHIBIT 3B

Recommended Funding Plan

Interest Rate - 2.00% Inflation Rate - 5.00%

Chestnut on the Green Phase II

WEC Project No: 13C-438

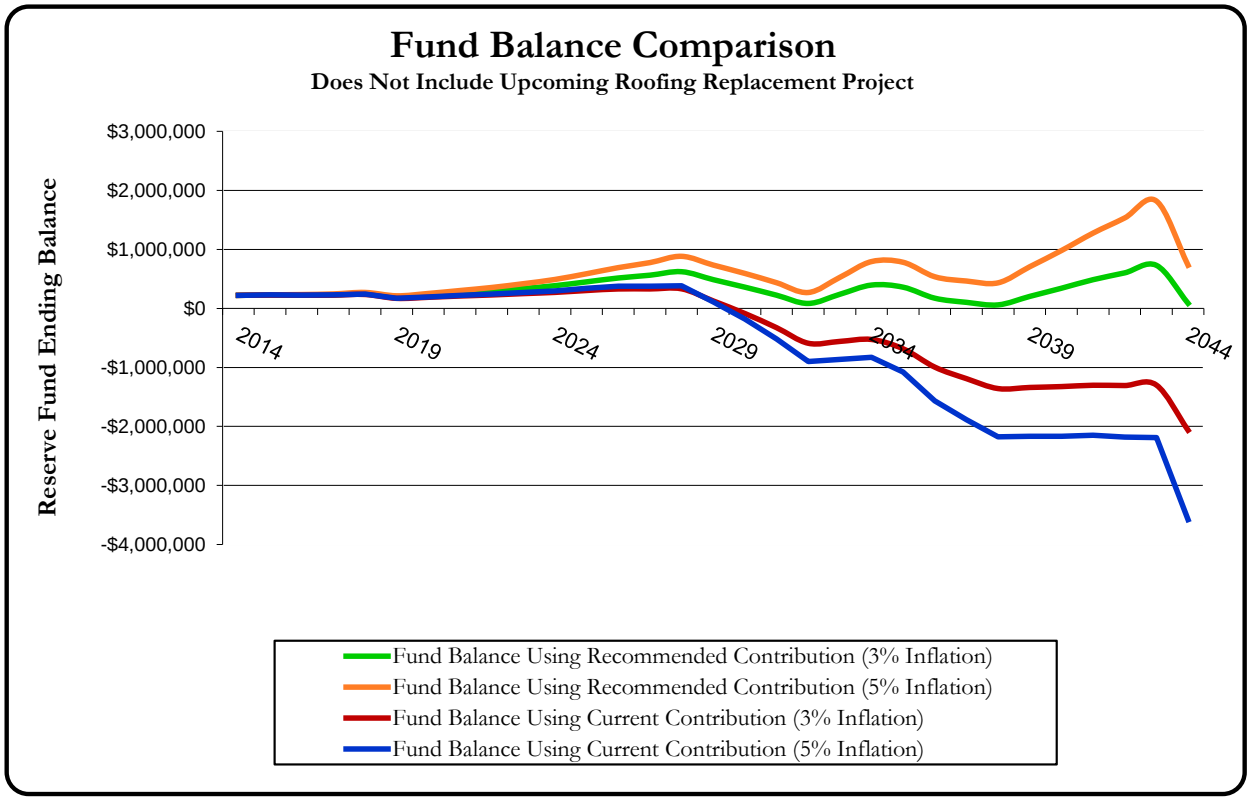
Version # : 1.0

STUDY YEAR	CALENDAR YEAR	RECOMMENDED CONTRIBUTION	PERCENTAGE OF INCREASE	PROJECTED EXPENSES	INTEREST RECEIVED	RESERVE FUND ENDING BALANCE
0	2014					$220,657
1	2015	$24,598	13.00%	$19,635	$4,463	$230,083
2	2016	$27,796	13.00%	$28,092	$4,599	$234,386
3	2017	$31,409	13.00%	$25,283	$4,749	$245,261
4	2018	$35,492	13.00%	$15,802	$5,102	$270,054
5	2019	$40,106	13.00%	$101,720	$4,785	$213,226
6	2020	$45,320	13.00%	$10,024	$4,617	$253,140
7	2021	$51,212	13.00%	$7,036	$5,505	$302,820
8	2022	$57,869	13.00%	$13,061	$6,504	$354,134
9	2023	$65,392	13.00%	$8,843	$7,648	$418,332
10	2024	$75,201	15.00%	$12,184	$8,997	$490,346
11	2025	$86,481	15.00%		$10,672	$587,499
12	2026	$99,454	15.00%	$8,979	$12,655	$690,628
13	2027	$114,372	15.00%	$43,841	$14,518	$775,676
14	2028	$133,815	17.00%	$43,519	$16,416	$882,389
15	2029	$156,563	17.00%	$320,675	$16,007	$734,284
16	2030	$181,614	16.00%	$336,708	$13,135	$592,324
17	2031	$210,672	16.00%	$378,068	$10,173	$435,100
18	2032	$244,379	16.00%	$417,452	$6,971	$268,998
19	2033	$249,267	2.00%		$7,873	$526,138
20	2034	$254,252	2.00%		$13,065	$793,455
21	2035	$259,337	2.00%	$287,511	$15,587	$780,869
22	2036	$264,524	2.00%	$522,627	$13,036	$535,802
23	2037	$269,814	2.00%	$351,843	$9,896	$463,669
24	2038	$275,211	2.00%	$314,447	$8,881	$433,314
25	2039	$280,715	2.00%	$19,302	$11,280	$706,007
26	2040	$286,329	2.00%	$29,014	$16,693	$980,015
27	2041	$292,056	2.00%	$18,667	$22,334	$1,275,738
28	2042	$297,897	2.00%	$68,798	$27,806	$1,532,642
29	2043	$303,855	2.00%	$50,217	$33,189	$1,819,470
30	2044	$309,932	2.00%	$1,423,475	$25,254	$731,181
	Totals	**$5,024,937**		**$4,876,823**	**$362,410**	

Printed by WEC on May 21, 2014

EXHIBIT 4

Fund Balance Comparison
Chestnut on the Green Phase II
WEC Project No: 13C-438
Version # : 1.0



Note: Fund balance using current contribution is calculated using annual funding increases equal to the inflation rates of 3% and 5%.

Printed by WEC on May 21, 2014