

USI COMMERCIAL

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Funding Reserve Analysis

for

Waterside Property Owners Association

Master Association

Frankford, DE

September 16, 2014



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September 16, 2014

Mr. Chris Nichols
Waterside Property Owners Association
33850 Waterside Drive
Frankford, DE 19945

Subject: Reserve Study for Waterside Property Owners Association - UQ41702L

Mr. Nichols,

USI Commercial is pleased to present to Chris Nichols and the Waterside Property Owners Association the requested reserve funding study. We believe that you will find the attached study to be thorough and complete. After you have had an opportunity to review the report you may have questions. Please do not hesitate to contact us - we would be pleased to answer any questions you may have.

Project Description

Waterside Property Owners Association is a master community located in Frankford, DE. The master association of Waterside encompasses 33 single family homes and six townhome buildings, each a part of their own separate sub-association. Some of the common components of Waterside Property Owners Association include the asphalt streets, the concrete flatwork, general signage, pond equipment, an irrigation system and its components, and a swimming pool and pool house. The community of Waterside was established approximately 15 years ago.

Site Visit

The site visit for Waterside Property Owners Association was conducted by Reserve Analyst David A. Moir, Sr. of USI Commercial on May 08, 2014. Mr. Moir was met on site by Mr. Chris Nichols, who provided pertinent information used in this report.

Summary of Financial Assumptions

The below table contains a partial summary of information provided to USI Commercial for the Waterside Property Owners Association - Master funding study.

<i>Reserve Study by Calendar Year Starting</i>	<i>January 1, 2015</i>
<i>Funding Study Length</i>	<i>30 Years</i>
<i>Number of Dues Paying Members</i>	<i>80</i>
<i>Reserve Balance as of January 1, 2015¹</i>	<i>\$ 64,418</i>
<i>Annual Inflation Rate</i>	<i>1.47%</i>
<i>Tax Rate on Reserve Interest ²</i>	<i>30.00%</i>
<i>Minimum Reserve Account Balance</i>	<i>\$ 0</i>
<i>Dues Change Period</i>	<i>30 Years</i>
<i>Annual Operating Budget</i>	<i>\$ 0</i>

¹ See "Financial Condition of Association" in this report.

² Taxed as an IRS exempt association

Depth of Study

A field inspection was made to verify the existing condition of the various reserve study components and to verify component quantities. In place testing, laboratory testing, and non-destructive testing of the reserve study components were not performed. Field measurements of component quantities were made to either verify improvement plan take offs or determine directly the quantities of various components. Photographs were taken of the site improvements.

Reserve Study Assumptions

The below listed assumptions are implicit in this reserve study.

- Cost estimates and financial information provided to USI Commercial are accurate and current.
- No unforeseen circumstances will cause a significant reduction of reserves.
- Sufficient comprehensive property insurance exists to protect from insurable risks.
- The association plans to continue to maintain the existing common areas and amenities.
- Reserve payments occur at the end of every calendar month.
- Expenses occur at the end of the expense year.

Governing Documents

The Conditions, Covenants, and Restrictions for Waterside Property Owners Association were not provided to USI Commercial for review prior to report generation.

Impact of Component Life

The projected life expectancy of the major components and the reserve funding needs of the association are closely tied. Performing the appropriate routine maintenance for each major component generally increases the component useful life, effectively moving the component expense into the future which reduces the reserve funding payments of the association. Failure to perform such maintenance can shorten the remaining useful life of the major components, bringing the replacement expense closer to the present which increases the reserve funding payments of the association.

Inflation Estimate

Inflation for the last year has been reviewed and a best fit regression analysis for the last 12 months is 1.47 percent. An inflation multiplier of 1.47 percent per annum has been applied to all future expenses.

Initial Reserves

Initial reserves for this Reserve Study were projected by the client to be \$ 64,418.00 on January 1, 2015. Per client directive, an interest rate of 1.5 percent has been factored into this reserve study report.

The implicit assumption has been made that the reserve accounts were not drawn down between the date of the known reserve balance and the study start date.

Financial Condition of Association

The capital expenditures for this study period are projected to be \$468,500.00. The recommended annual reserve payment is \$14,450.00, which calculates to \$15.05 per month, per member. Please see the Cash Flow Analysis and Dues Summary reports for details.

Special Assessments

Special Assessments are not required for this reserve study.

Reserve Funding Goal

The reserve fund is set to be as close to Fully Funded as possible on an annual basis.

Study Method

Reserve studies may be done in several ways, but we believe that the value of a reserve study lies in the details. In this study, we have used the "Component" method because it is the only method which allows scrutiny of the funding details. The method is pragmatic, and allows human judgement and experience to enter into the equation.

Whenever possible, the known costs of reserve items have been factored into this report. Known costs are provided to USI Commercial in the form of invoices, qualified contractor proposals, or directly from the client. If exact known costs are not available, present costs have been estimated by the Reserve Analyst's observations and experience; USI Commercial's proprietary internal database of costs; and industry recognized cost reference guides such as the National Construction Estimator, RS Means, and the Engineering News-Record Cost Book. In addition, every reserve item has been given an estimated remaining useful life, an estimated useful life when new, and has been cast into the future to determine future costs.

Equal annual payments are calculated for each reserve item based upon a payment starting year and a payment ending year using the end of period payment method. If applicable, interest earned on accumulated reserve funds and taxes on the reserve interest are also calculated. Initial reserve funds are consumed as expenses occur until fully depleted, reducing annual reserve payments to a minimum. As you review this report, we are certain that you will appreciate the level of detail provided, allowing you to review each reserve item in detail.

Summary of Findings

USI Commercial has estimated future projected expenses for Waterside Property Owners Association based upon preservation of existing improvements. The attached funding study is limited in scope to those expense items listed in the attached "Waterside Property Owners Association - Master Reserve Study Expense Items". Expense items which have an expected life of more than 30 Years are not included in this reserve study unless payment for these long lived items overlaps the 30 Years reserve study envelope. The primary concern is the preservation of a positive funding balance with funds sufficient to meet projected expenses throughout the study life. Based upon the attached funding study, it is our professional opinion that the recommended annual reserve fund contribution will realize this goal.

It is implied that the information provided to USI Commercial by the client, including but not limited to that information contained in the attached Reserve Study Information Summary, and the maintenance records, are complete and accurate, and that USI Commercial may rely upon such information and documents without further verification or corroboration. Where the age of a particular reserve item (as listed in the reserve study) is unknown, the best-estimated age of that item has been used. If the association is unable to provide an estimate of a reserve item's age, USI Commercial shall make its own estimate of age of the reserve item. The reserve study is created for the association's use, and is a reflection of information provided to USI Commercial. This information is not for the purpose of performing an audit, historical records, quality or forensic analyses. The on-site reserve study inspection is not considered to be a project audit, quality inspection, or property condition assessment.

Percent Funded

Many reserve studies use the concept of "Percent Funded" to measure the reserve account balance against a theoretically perfect value. Percent Funded is often used as a measure of the "Financial Health" of an association. The assumption is, the higher the percentage, the greater the "Financial Health". The question of substance is simply: "How much is enough?"

To answer the question, some understanding of Percent Funded is required. Percent Funded is the ratio of current cash reserves divided by the depreciated value of the association improvements. Percent Funded is then, the current reserve balance divided by the Fully Funded value multiplied by 100 (to give a percentage). The concept is useful when the reserve study is comprehensive, but misleading when the reserve study is superficial or constrained. As a result, we recommend that the statement "Percent Funded" be used with caution.

Waterside Property Owners Association - Master Funding Study Summary - Continued

Keeping Your Reserve Study Current

USI Commercial believes that funding studies are an essential part of property management. People and property are constantly changing and evolving. As a result, the useful life of a funding study is not more than five years.

It is recommended that this reserve study should be updated on an annual basis or when one of the following events occur: changes in interest rates, changes in inflation rates, changes in the number of dues paying members, before starting new improvements, before making changes to the property, after a flood or fire, after the change of ownership or management, or after Annexation or Incorporation.

Items Beyond the Scope of this Report

- Building or land appraisals for any purpose.
- State or local zoning ordinance violations.
- Building code violations.
- Soils conditions, soils contamination or geological stability of site.
- Engineering analysis or structural stability of site.
- Air quality, asbestos, electromagnetic radiation, formaldehyde, lead, mercury, or radon.
- Water quality or other environmental hazards.
- Invasions by termites and any or all other destroying organisms or insects.
- Damage or destruction due to birds, bats or animals to buildings or site.
- This study is not a pest inspection.
- Adequacy or efficiency of any system or component on site.
- Specifically excluded reserve items.
- Septic systems and septic tanks.
- Buried or concealed portions of swimming pools, pool liners, Jacuzzis and spas or similar items.
- Items concealed by signs, carpets or other things.
- Missing or omitted information supplied by Waterside Property Owners Association.
- Hidden improvements such as sewer lines, water lines, or other buried or concealed items.

Items Maintained by Others

Items Maintained by Others are those items that are not maintained by the specific association for which the study is conducted. These items are not included in the reserve study. The "Other" responsible parties may include the county, the utility company, the homeowner, or a separate association.

For the purposes of this study, examples of Items Maintained by Others include:

- The single family and townhomes, which are maintained by the homeowners and their sub-associations.
- All street lights are maintained by the local utility, with the exception of the six 12' lights at the Waterside

Dr. bridge.

- The water supply piping, which is maintained by the local utility.

Long Lived Items

Long Lived Items are considered to be those items that have remaining life expectancies that are unpredictable and/or beyond the study period. These items are not included in the reserve study. These items may require periodic maintenance or repairs which would typically be funded from the operating budget.

For the purpose of this study, examples of Long Lived Items are:

- The three masonry and stone bridges on site.
- The pavers at the entrance on on the bridges.
- The storm water management system.

Although concrete surfaces are considered to be Long Lived Items, a repair and replacement allowance has been factored into this analysis. Routine maintenance of these items will not only enhance the look of the community, it may extend the useful expected life of these items.

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Waterside Property Owners Association - Master Funding Study Summary - Continued

Operating Budget Items

Operating Budget Items are those items that have a relatively low cost - typically less than \$1,000 - and/or are considered to be short-term maintenance. These items are not included in the Reserve Study.

For the purposes of this study, examples of Operating Budget Items include:

- The general landscaping.
- The pool maintenance contract.
- The pet waste stations throughout the property.
- The replacement of the electric water heater at the pool house.
- The exterior light fixtures at the pool house.

Additional Observations

Reserve Analyst David A. Moir, Sr. made note of the following items while performing the site visit:

- A small leak was observed at the pool house utility sink; recommend repair by a licensed plumber.
- A damaged section of concrete flatwork was noted at the pool parking lot.
- Per information discussed on site between Mr. Moir and Mr. Nichols, portions of Waterside Dr. and Canal Dr. are cracking prematurely. The premature cracking is most likely due to a poor base. It is the opinion of the client and USI Commercial that the roads will not reach their expected useful life of 25 years. For this reason, USI Commercial has made a recommendation of a complete mill and overlay of the asphalt surfaces.

Tax Considerations

Certain items that may be included in this reserve study, such as painting and reserve study fees, may not be tax deductible per IRS guidelines. Consultation with a tax advisor is recommended.

Statement of Qualifications

David Rothbart, Director of Reserve Study Services for USI Commercial, is a CAI designated Reserve Specialist. Mr. Rothbart has been a professional in the inspection industry for over 13 years, performing over 5,000 commercial and residential building inspections, as well as completing numerous Reserve Studies. Mr. Rothbart earned a BA from Fairleigh Dickinson University, and is a Certified Environmental Professional, completing his studies through the Lincoln Graduate Center. Having successfully owned and sold several businesses, Mr. Rothbart is familiar with construction practices, construction costs, and contracting practices. Currently he is a NAHI Certified Home Inspector, a Radon Technician certified with the National Environmental Health Association, and a licensed WDI Inspector. Mr. Rothbart was formerly an EMT in a trauma center in New Jersey.

Conflict of Interest

As the preparer of this reserve study report, USI Commercial certifies that we do not have any vested interests, financial interests, or other interests that would cause a conflict of interest in the preparation of this reserve study report.

USI Commercial would like to thank Waterside Property Owners Association for the opportunity to be of service in the preparation of the attached reserve study report. Again, please feel free to contact us if you have any questions.

This report was prepared by:

David Moir Sr.
Reserve Analyst

David Rothbart, RS
Director of Reserve Study Services

Michael Frick
Technical Report Writer

Prepared by USI Commercial

Waterside Property Owners Association - Master Funding Study Summary - Continued

Enclosures:

5 Pages of Photographs Attached

Category Photograph of Asphalt Surfaces

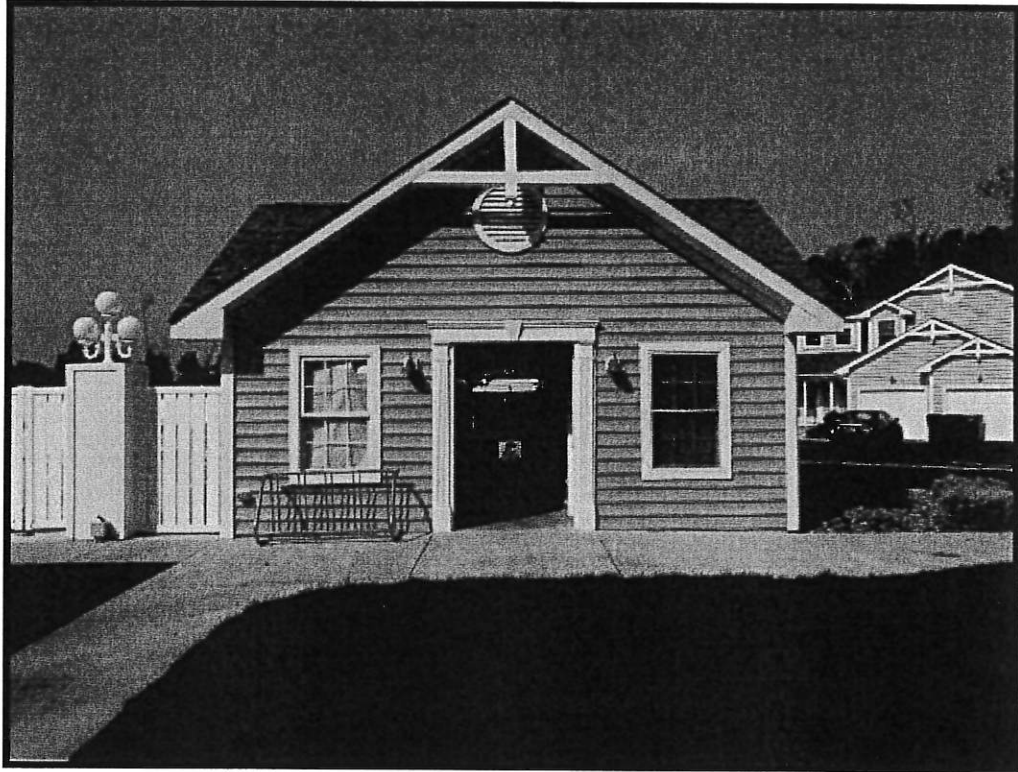
Category Photograph of Site

Category Photograph of Pool Area

Category Photograph of Pond & Irrigation System Components

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Waterside Property Owners Association - Master Funding Study Summary - Continued



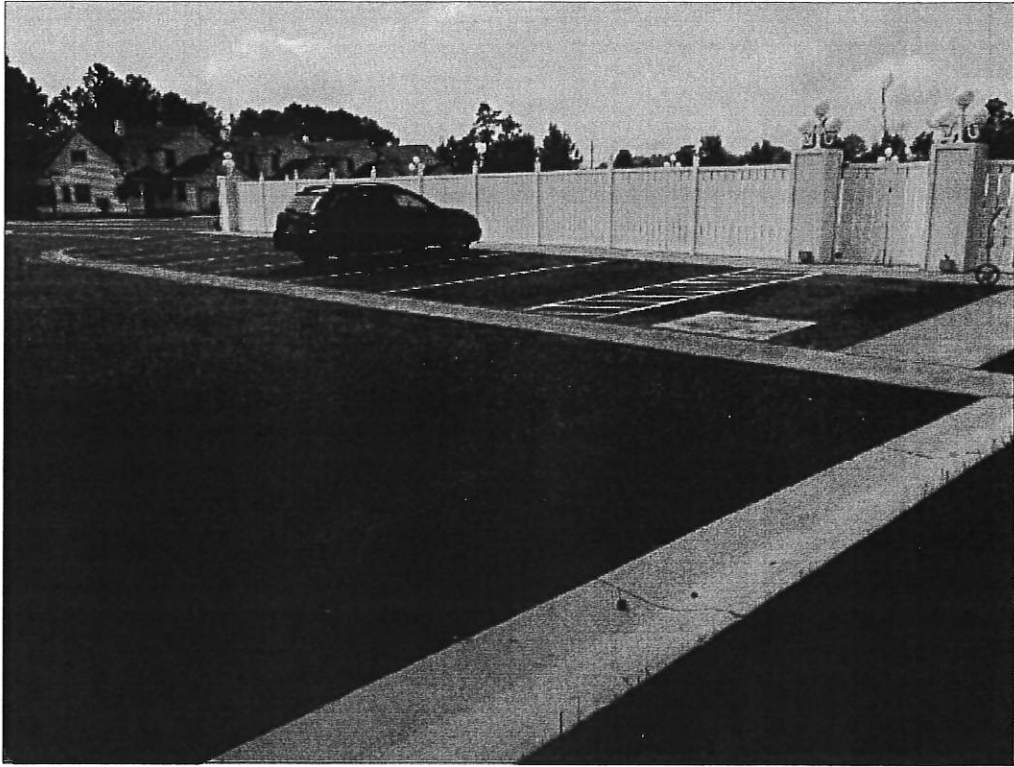
Pool House - Front



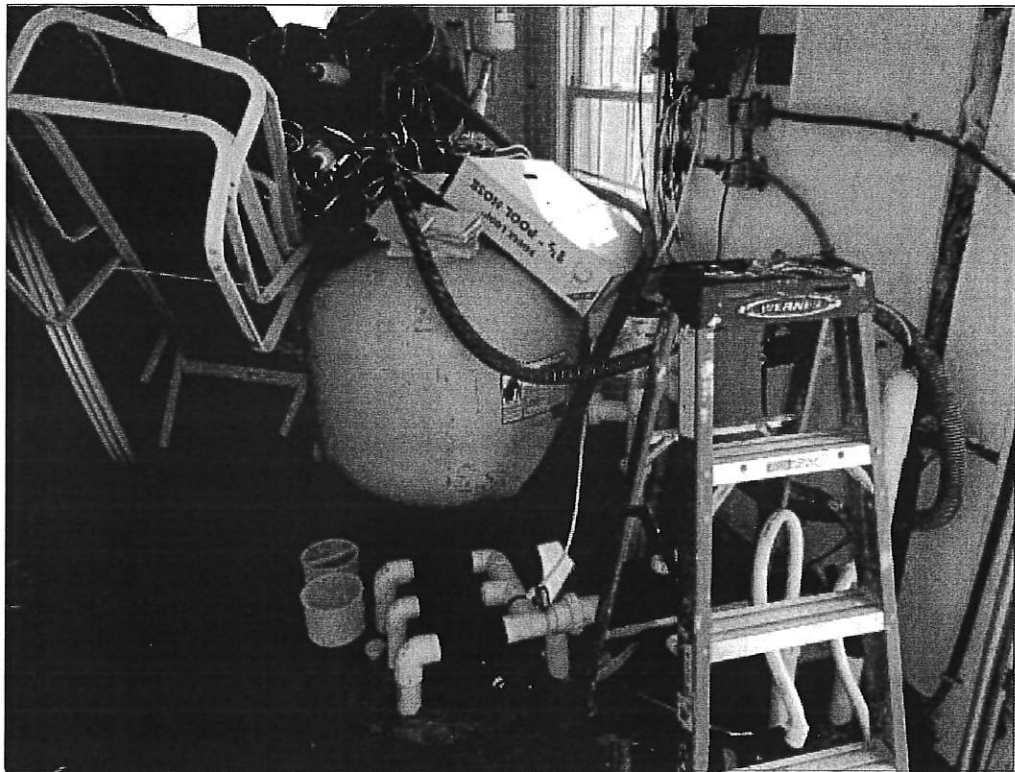
Pool House - Rear

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Waterside Property Owners Association - Master Funding Study Summary - Continued



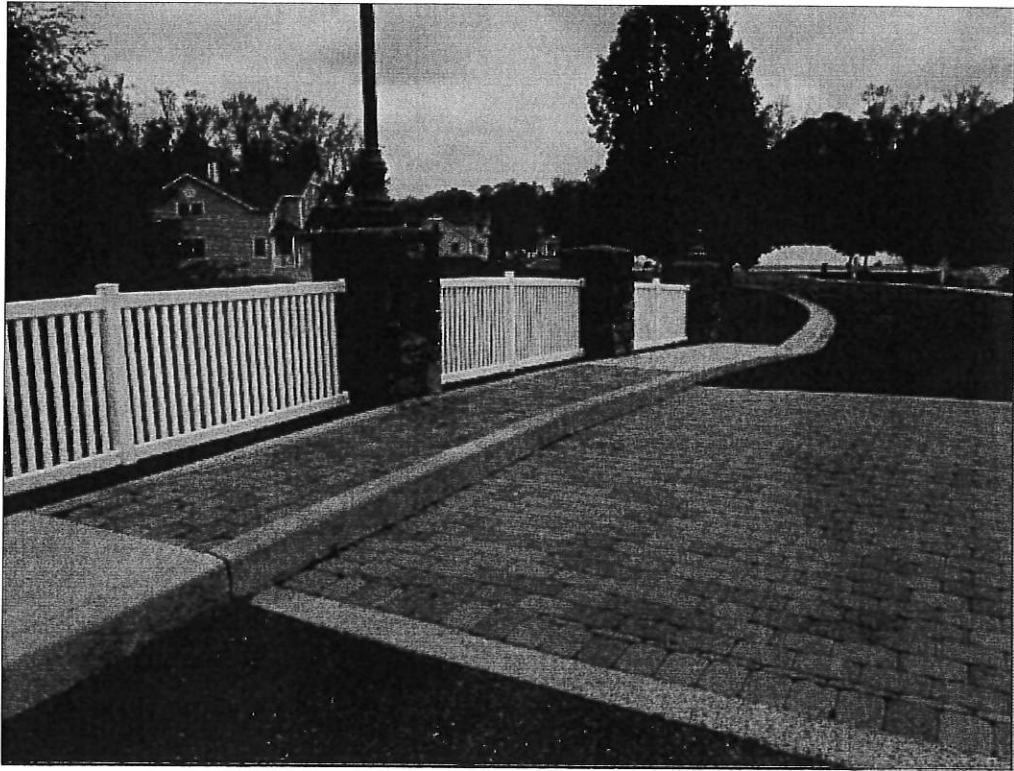
Pool House Parking Lot



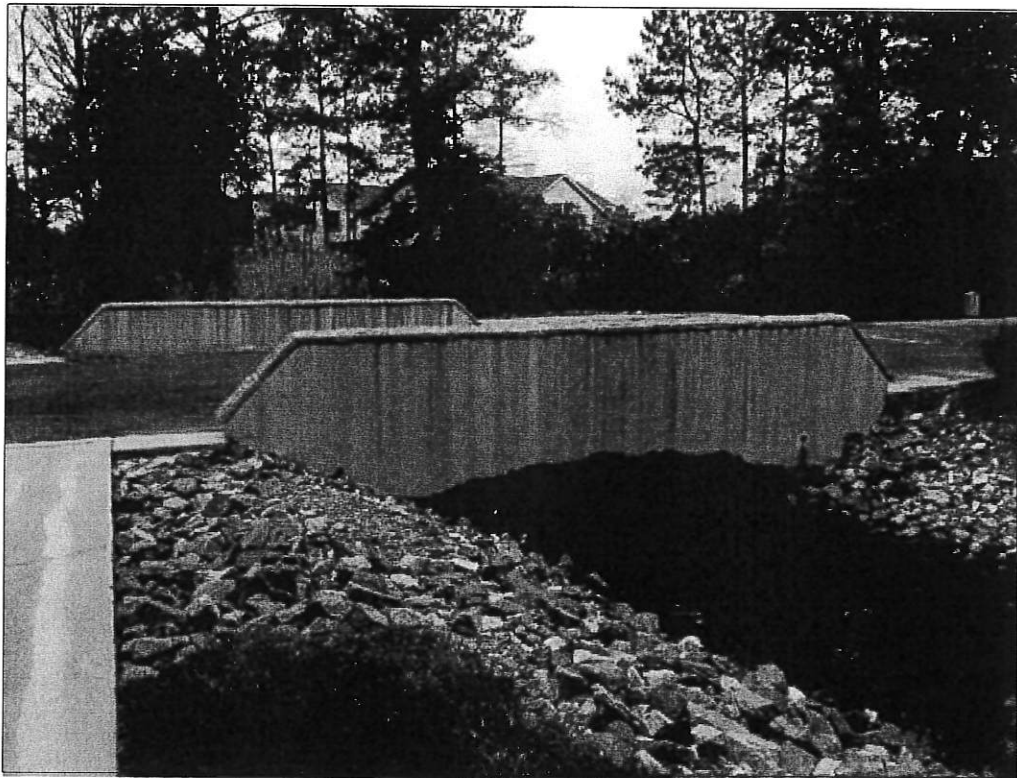
Pool Filtration Equipment

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Waterside Property Owners Association - Master Funding Study Summary - Continued



Pavers at Waterside Drive Bridge



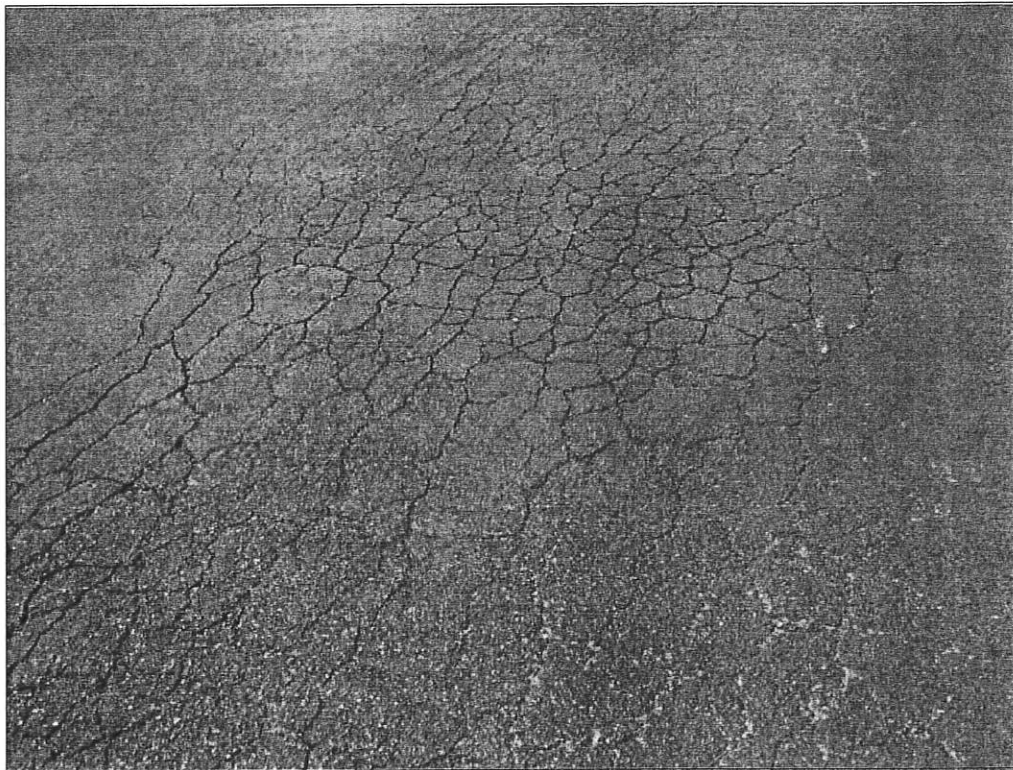
Canal Woods Drive Bridge

Prepared by USI Commercial

Waterside Property Owners Association - Master Funding Study Summary - Continued



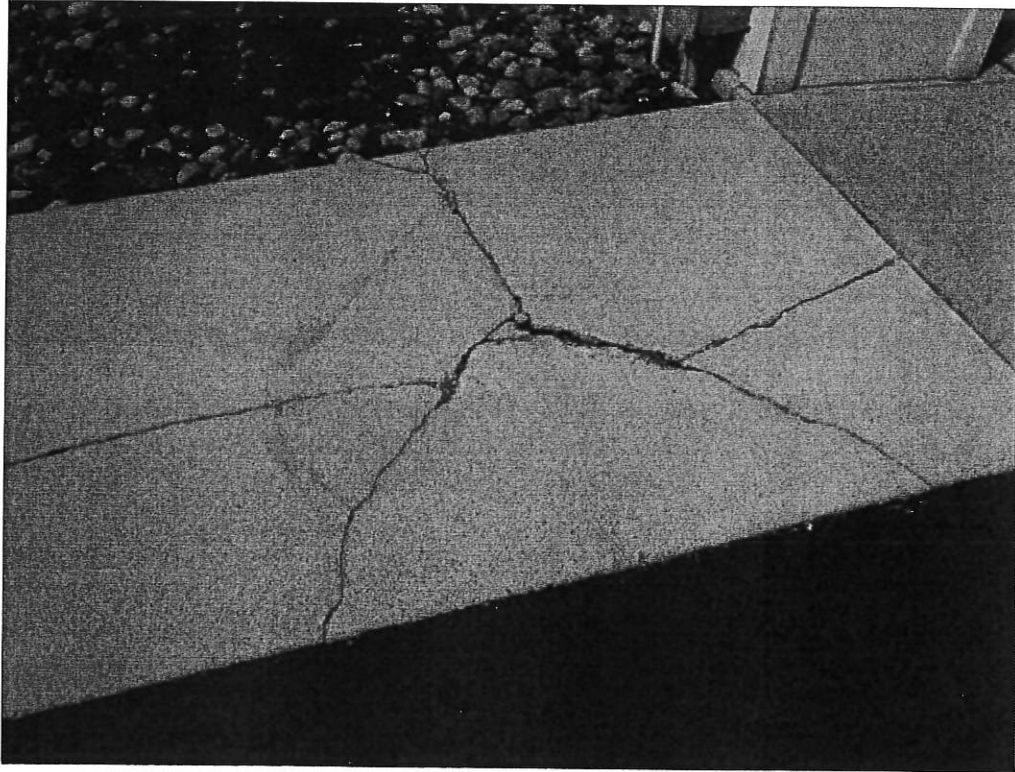
Fountain at Entrance



Typical Condition of Asphalt Roadways

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Waterside Property Owners Association - Master Funding Study Summary - Continued



Damaged Concrete at Pool House



Example of General Signage

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Waterside Property Owners Association - Master Funding Study Summary - Continued

Reserve Category - Asphalt Surfaces



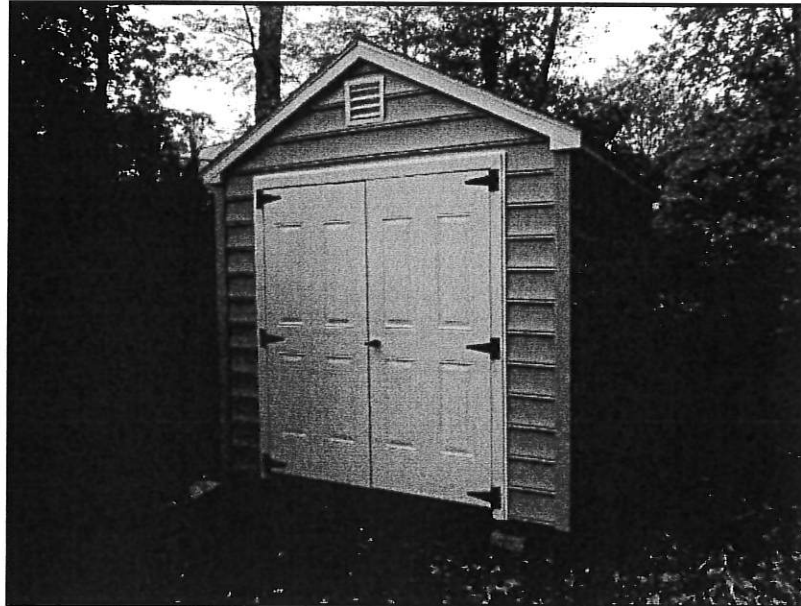
Category Photograph with Reserve Items in the Category: Asphalt Surfaces

Item Name	Present Cost	Remaining Life	Expected Life	First Expense Year	First Expense	Repeating Item?
Waterside Drive - Mill & Overlay	\$ 31,771.20	4 Yrs	25 Yrs	2019	\$ 34,192.80	Yes
Canal Drive - Mill & Overlay	\$ 7,315.20	4 Yrs	25 Yrs	2019	\$ 7,872.77	Yes
Canal Woods Drive - Mill & Overlay	\$ 15,480.00	8 Yrs	25 Yrs	2023	\$ 17,668.23	Yes
Waterside Drive - Sealcoat	\$ 2,912.36	9 Yrs	5 Yrs	2024	\$ 3,373.24	Yes
Canal Drive - Sealcoat	\$ 670.56	9 Yrs	5 Yrs	2024	\$ 776.68	Yes
Canal Woods Drive - Sealcoat	\$ 1,419.00	13 Yrs	5 Yrs	2028	\$ 1,743.03	Yes

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Waterside Property Owners Association - Master Funding Study Summary - Continued

Reserve Category - Site



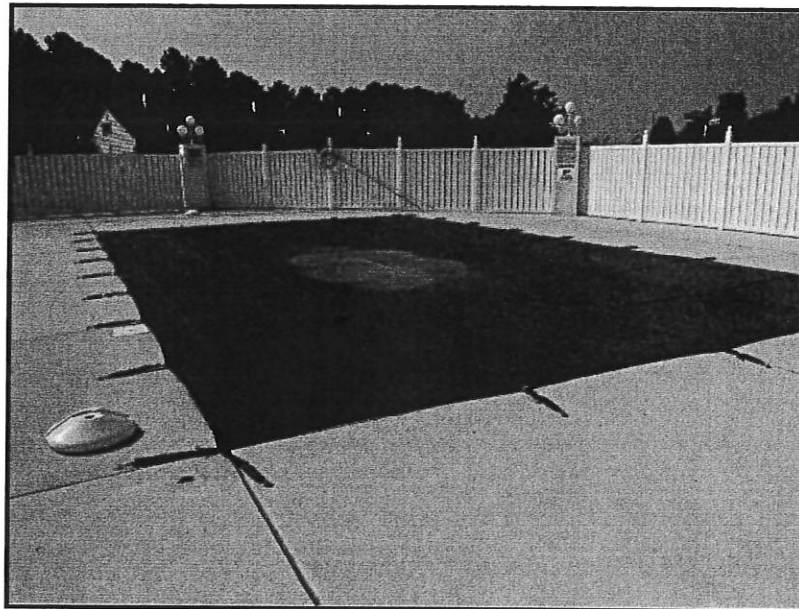
Category Photograph with Reserve Items in the Category: Site

Item Name	Present Cost	Remaining Life	Expected Life	First Expense Year	First Expense	Repeating Item?
Concrete Walkways - 3% Repair or Replacement Allowance	\$ 5,256.00	0 Yrs	10 Yrs	2015	\$ 5,333.79	Yes
Vinyl Fence - Waterside Drive Bridge - 3'	\$ 1,176.00	12 Yrs	25 Yrs	2027	\$ 1,423.48	Yes
General Signage at Canal Woods - Allowance	\$ 2,500.00	2 Yrs	10 Yrs	2017	\$ 2,612.65	Yes
Shed for Water Conditioner Equipment	\$ 2,500.00	16 Yrs	20 Yrs	2031	\$ 3,209.25	Yes
Low Voltage Lighting at Canal Dr.	\$ 1,500.00	3 Yrs	5 Yrs	2018	\$ 1,590.79	Yes

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Waterside Property Owners Association - Master Funding Study Summary - Continued

Reserve Category - Pool Area



Category Photograph with Reserve Items in the Category: Pool Area

Item Name	Present Cost	Remaining Life	Expected Life	First Expense Year	First Expense	Repeating Item?
Concrete Pool Decking - 5% Repair or Replacement Allowance	\$ 2,076.00	8 Yrs	20 Yrs	2023	\$ 2,369.46	Yes
PVC Trim Board Piers at Pool Fence	\$ 2,000.00	12 Yrs	25 Yrs	2027	\$ 2,420.88	Yes
Lighting at Pool Fence Piers	\$ 1,200.00	12 Yrs	25 Yrs	2027	\$ 1,452.53	Yes
Pool House - Asphalt Shingle Roof	\$ 2,000.00	9 Yrs	22 Yrs	2024	\$ 2,316.50	Yes
Pool House - Windows	\$ 2,100.00	22 Yrs	35 Yrs	2037	\$ 2,944.18	No
Pool House - Interior Painting - Allowance	\$ 500.00	1 Yr	12 Yrs	2016	\$ 514.91	Yes
Pool House - Heat Pump System	\$ 2,500.00	9 Yrs	20 Yrs	2024	\$ 2,895.62	Yes
Pool House - Bathroom Refurbish	\$ 2,500.00	10 Yrs	25 Yrs	2025	\$ 2,938.48	Yes
Pool House - Card Access Entry System	\$ 5,500.00	2 Yrs	15 Yrs	2017	\$ 5,747.82	Yes
Pool House - Security System & Camera	\$ 3,500.00	14 Yrs	15 Yrs	2029	\$ 4,362.86	Yes
Resurface Swimming Pool	\$ 12,000.00	5 Yrs	15 Yrs	2020	\$ 13,105.77	Yes
Pool Coping & Waterline Tile	\$ 6,000.00	10 Yrs	20 Yrs	2025	\$ 7,052.35	Yes

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Waterside Property Owners Association - Master Funding Study Summary - Continued

Item Name	Present Cost	Remaining Life	Expected Life	First Expense Year	First Expense	Repeating Item?
Pool Pump - Hayward Super Pump	\$ 575.00	2 Yrs	7 Yrs	2017	\$ 600.91	Yes
Pool Filter - Triton II High Rate Sand Filter	\$ 700.00	8 Yrs	12 Yrs	2023	\$ 798.95	Yes
Pool Sweep Booster Pump	\$ 400.00	2 Yrs	12 Yrs	2017	\$ 418.02	Yes
Pool Chlorinator - Polaris Watermatic Controller	\$ 1,200.00	2 Yrs	12 Yrs	2017	\$ 1,254.07	Yes
Pool Cover	\$ 7,500.00	4 Yrs	20 Yrs	2019	\$ 8,071.65	Yes
Pool Furniture Allowance	\$ 5,000.00	5 Yrs	5 Yrs	2020	\$ 5,460.74	Yes

Pool bathroom refurbish costs were provided by the client. The pool was covered at the time of the site visit; limiting a visual evaluation.

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Waterside Property Owners Association - Master Funding Study Summary - Continued

Reserve Category - Pond & Irrigation System Components



Category Photograph with Reserve Items in the Category: Pond & Irrigation System Components

Item Name	Present Cost	Remaining Life	Expected Life	First Expense Year	First Expense	Repeating Item?
Pond Aerator Control - Side of Unit 33791	\$ 4,500.00	13 Yrs	15 Yrs	2028	\$ 5,527.59	Yes
Pond Aerator Control - Rear of Unit 33835	\$ 4,615.00	12 Yrs	15 Yrs	2027	\$ 5,586.18	Yes
Pond Aerator Control - Bay Point Lane Townhomes	\$ 2,580.00	14 Yrs	15 Yrs	2029	\$ 3,216.05	Yes
Pond Aerator Control - Waterside Dr. & Pond View Ct. Townhomes	\$ 6,500.00	13 Yrs	15 Yrs	2028	\$ 7,984.29	Yes
Pond Maintenance & Dredging Allowance	\$ 5,000.00	1 Yr	10 Yrs	2016	\$ 5,149.09	Yes
Submersible Well Pump - Main	\$ 5,000.00	5 Yrs	10 Yrs	2020	\$ 5,460.74	Yes
Submersible Well Pump - 2 Ponds	\$ 3,000.00	5 Yrs	10 Yrs	2020	\$ 3,276.44	Yes

Pond dredging costs were provided by the client.

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Waterside Property Owners Association - Master Reserve Study Expense Item Listing

Reserve Items	Unit Cost	No Units	Current Cost When New	Estimated Remaining Life	Expected Life When New	Calendar Year	Estimated Future Cost	Raw Annual Payment
Asphalt Surfaces								
Waterside Drive - Mill & Overlay	\$ 1.20 / Sqft.	26476 Sqft.	\$ 31,771	4 Years 25 Years	25 Years	2019 2044	\$ 34,193 \$ 49,367	\$ 6,589.59 \$ 1,628.75
Canal Drive - Mill & Overlay	\$ 1.20 / Sqft.	6096 Sqft.	\$ 7,315	4 Years 25 Years	25 Years	2019 2044	\$ 7,873 \$ 11,367	\$ 1,517.23 \$ 375.01
Canal Woods Drive - Mill & Overlay	\$ 1.20 / Sqft.	12900 Sqft.	\$ 15,480	8 Years 25 Years	25 Years	2023 2048	\$ 17,668 \$ 25,509	\$ 1,834.83 \$ 841.61
Waterside Drive - Sealcoat	\$ 0.11 / Sqft.	26476 Sqft.	\$ 2,912	9 Years 5 Years	5 Years	2024 2029 2034 2039 2044	\$ 3,373 \$ 3,630 \$ 3,907 \$ 4,205 \$ 4,525	\$ 312.87 \$ 699.64 \$ 752.96 \$ 810.35 \$ 872.12
Canal Drive - Sealcoat	\$ 0.11 / Sqft.	6096 Sqft.	\$ 671	9 Years 5 Years	5 Years	2024 2029 2034 2039 2044	\$ 777 \$ 836 \$ 900 \$ 968 \$ 1,042	\$ 72.04 \$ 161.09 \$ 173.37 \$ 186.58 \$ 200.80
Canal Woods Drive - Sealcoat	\$ 0.11 / Sqft.	12900 Sqft.	\$ 1,419	13 Years 5 Years	5 Years	2028 2033 2038 2043 2048	\$ 1,743 \$ 1,876 \$ 2,019 \$ 2,173 \$ 2,338	\$ 111.96 \$ 361.52 \$ 389.07 \$ 418.73 \$ 450.64
Pool Area								
Concrete Pool Decking - 5% Repair or Replacement Allowance	\$ 12.00 / Sqft.	173 Sqft.	\$ 2,076	8 Years 20 Years	20 Years	2023 2043 2063	\$ 2,369 \$ 3,179 \$ 4,264	\$ 246.07 \$ 136.38 \$ 182.97
PVC Trim Board Piers at Pool Fence	\$ 2,000 / Lump Sum	1 Lump Sum	\$ 2,000	12 Years 25 Years	25 Years	2027 2052	\$ 2,421 \$ 3,495	\$ 168.77 \$ 115.32
Lighting at Pool Fence Piers	\$ 150 / Each	8 Each	\$ 1,200	12 Years 25 Years	25 Years	2027 2052	\$ 1,453 \$ 2,097	\$ 101.26 \$ 69.19
Pool House - Asphalt Shingle Roof	\$ 2,000 / Lump Sum	1 Lump Sum	\$ 2,000	9 Years 22 Years	22 Years	2024 2046	\$ 2,316 \$ 3,200	\$ 214.86 \$ 122.88
Pool House - Windows	\$ 300 / Each	7 Each	\$ 2,100	22 Years	35 Years	2037	\$ 2,944	\$ 107.27
Pool House - Interior Painting - Allowance	\$ 500 / Lump Sum	1 Lump Sum	\$ 500	1 Year 12 Year	12 Years	2016 2028 2040	\$ 515 \$ 614 \$ 733	\$ 253.77 \$ 46.74 \$ 55.76

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Waterside Property Owners Association - Master Reserve Study Expense Item Listing - Continued

Reserve Items	Unit Cost	No Units	Current Cost When New	Estimated Remaining Life	Expected Life When New	Calendar Year	Estimated Future Cost	Raw Annual Payment
Pool House -	\$ 500 / Lump Sum	1 Lump Sum	\$ 500	12 Year	12 Years	2052	\$ 874	\$ 66.51
Pool House - Heat Pump System	\$ 2,500 / Each	1 Each	\$ 2,500	9 Years	20 Years	2024	\$ 2,896	\$ 268.57
				20 Years		2044	\$ 3,885	\$ 166.67
Pool House - Bathroom Refurbish	\$ 1,250 / Each	2 Each	\$ 2,500	10 Years	25 Years	2025	\$ 2,938	\$ 245.87
				25 Years		2050	\$ 4,243	\$ 139.97
Pool House - Card Access Entry System	\$ 5,500 / Each	1 Each	\$ 5,500	2 Years	15 Years	2017	\$ 5,748	\$ 1,874.35
				15 Years		2032	\$ 7,165	\$ 426.23
						2047	\$ 8,931	\$ 531.31
Pool House - Security System & Camera	\$ 3,500 / Lump Sum	1 Lump Sum	\$ 3,500	14 Years	15 Years	2029	\$ 4,363	\$ 259.54
				15 Years		2044	\$ 5,438	\$ 323.53
Resurface Swimming Pool	\$ 12,000 / Lump Sum	1 Lump Sum	\$ 12,000	5 Years	15 Years	2020	\$ 13,106	\$ 2,088.84
				15 Years		2035	\$ 16,337	\$ 971.86
						2050	\$ 20,364	\$ 1,211.45
Pool Coping & Waterline Tile	\$ 50.00 / Lnf.	120 Lnf.	\$ 6,000	10 Years	20 Years	2025	\$ 7,052	\$ 590
				20 Years		2045	\$ 9,461	\$ 405.93
Pool Pump - Hayward Super Pump	\$ 575 / Each	1 Each	\$ 575	2 Years	7 Years	2017	\$ 601	\$ 195.96
						2024	\$ 666	\$ 90.29
						2031	\$ 738	\$ 100.07
						2038	\$ 818	\$ 110.91
						2045	\$ 907	\$ 122.93
Pool Filter - Triton II High Rate Sand Filter	\$ 700 / Each	1 Each	\$ 700	8 Years	12 Years	2023	\$ 799	\$ 82.97
				12 Years		2035	\$ 953	\$ 72.53
						2047	\$ 1,137	\$ 86.51
Pool Sweep Booster Pump	\$ 400 / Each	1 Each	\$ 400	2 Years	12 Years	2017	\$ 418	\$ 136.32
						2029	\$ 499	\$ 37.95
				12 Years		2041	\$ 595	\$ 45.27
						2053	\$ 709	\$ 53.99
Pool Chlorinator - Polaris Watermatic Controller	\$ 1,200 / Each	1 Each	\$ 1,200	2 Years	12 Years	2017	\$ 1,254	\$ 408.95
						2029	\$ 1,496	\$ 113.85
				12 Years		2041	\$ 1,784	\$ 135.80
						2053	\$ 2,128	\$ 161.98
Pool Cover	\$ 7,500 / Each	1 Each	\$ 7,500	4 Years	20 Years	2019	\$ 8,072	\$ 1,555.56
						2039	\$ 10,828	\$ 464.60
				20 Years		2059	\$ 14,527	\$ 623.50
Pool Furniture Allowance	\$ 5,000 / Lump Sum	1 Lump Sum	\$ 5,000		5 Years	2020	\$ 5,461	\$ 870.50
						2025	\$ 5,877	\$ 1,132.60
						2030	\$ 6,325	\$ 1,218.93
						2035	\$ 6,807	\$ 1,311.83

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Waterside Property Owners Association - Master Reserve Study Expense Item Listing - Continued

Reserve Items	Unit Cost	No Units	Current Cost When New	Estimated Remaining Life	Expected Life When New	Calendar Year	Estimated Future Cost	Raw Annual Payment
Pool Furniture Allowance	\$ 5,000 / Lump Sum	1 Lump Sum	\$ 5,000	5 Years	5 Years	2040	\$ 7,326	\$ 1,411.82
						2045	\$ 7,884	\$ 1,519.43
Pond & Irrigation System Components								
Pond Aerator Control - Side of Unit 33791	\$ 4,500 / Each	1 Each	\$ 4,500	13 Years	15 Years	2028	\$ 5,528	\$ 355.07
				15 Years		2043	\$ 6,890	\$ 409.90
						2058	\$ 8,589	\$ 510.95
Pond Aerator Control - Rear of Unit 33835	\$ 4,615 / Each	1 Each	\$ 4,615	12 Years	15 Years	2027	\$ 5,586	\$ 389.44
				15 Years		2042	\$ 6,963	\$ 414.24
						2057	\$ 8,680	\$ 516.37
Pond Aerator Control - Bay Point Lane Townhomes	\$ 2,580 / Each	1 Each	\$ 2,580	14 Years	15 Years	2029	\$ 3,216	\$ 191.32
				15 Years		2044	\$ 4,009	\$ 238.49
Pond Aerator Control - Waterside Dr. & Pond View Ct. Townhomes	\$ 6,500 / Lump Sum	1 Lump Sum	\$ 6,500	13 Years	15 Years	2028	\$ 7,984	\$ 512.87
				15 Years		2043	\$ 9,953	\$ 592.08
						2058	\$ 12,406	\$ 738.04
Pond Maintenance & Dredging Allowance	\$ 5,000 / Lump Sum	1 Lump Sum	\$ 5,000	1 Year	10 Years	2016	\$ 5,149	\$ 2,537.73
				10 Year		2026	\$ 5,964	\$ 553.15
						2036	\$ 6,908	\$ 640.69
						2046	\$ 8,001	\$ 742.08
Submersible Well Pump - Main	\$ 5,000 / Each	1 Each	\$ 5,000	5 Years	10 Years	2020	\$ 5,461	\$ 870.35
				10 Years		2030	\$ 6,325	\$ 586.63
						2040	\$ 7,326	\$ 679.47
						2050	\$ 8,485	\$ 786.99
Submersible Well Pump - 2 Ponds	\$ 1,500 / Each	2 Each	\$ 3,000	5 Years	10 Years	2020	\$ 3,276	\$ 522.21
				10 Years		2030	\$ 3,795	\$ 351.98
						2040	\$ 4,395	\$ 407.68
						2050	\$ 5,091	\$ 472.20
Site								
Concrete Walkways - 3% Repair or Replacement Allowance	\$ 12.00 / Sqft.	438 Sqft.	\$ 5,256	0 Years	10 Years	2015	\$ 5,334	\$ 5,297.22
				10 Years		2025	\$ 6,178	\$ 573.00
						2035	\$ 7,156	\$ 663.67
						2045	\$ 8,288	\$ 768.70
Vinyl Fence - Waterside Drive Bridge - 3'	\$ 12.00 / Lnft.	98 Lnft.	\$ 1,176	12 Years	25 Years	2027	\$ 1,423	\$ 99.24
				25 Years		2052	\$ 2,055	\$ 67.81
General Signage at Canal Woods -	\$ 2,500 / Lump Sum	1 Lump Sum	\$ 2,500	2 Years	10 Years	2017	\$ 2,613	\$ 851.98
				10 Years		2027	\$ 3,026	\$ 280.67

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Waterside Property Owners Association - Master Reserve Study Expense Item Listing - Continued

Reserve Items	Unit Cost	No Units	Current Cost When New	Estimated Remaining Life	Expected Life When New	Calendar Year	Estimated Future Cost	Raw Annual Payment
General Signage at Canal Woods -	\$ 2,500 / Lump Sum	1 Lump Sum	\$ 2,500	10 Years	10 Years	2037	\$ 3,505	\$ 325.09
						2047	\$ 4,060	\$ 376.53
Shed for Water Conditioner Equipment	\$ 2,500 / Lump Sum	1 Lump Sum	\$ 2,500	16 Years	20 Years	2031	\$ 3,209	\$ 165.85
				20 Years		2051	\$ 4,305	\$ 184.72
Low Voltage Lighting at Canal Dr.	\$ 1,500 / Lump SUM	1 Lump SUM	\$ 1,500	3 Years	5 Years	2018	\$ 1,591	\$ 386.13
				5 Years		2023	\$ 1,712	\$ 329.94
				2028		\$ 1,843	\$ 355.09	
				2033		\$ 1,983	\$ 382.15	
				2038		\$ 2,134	\$ 411.28	
				2043		\$ 2,297	\$ 442.63	
2048	\$ 2,472	\$ 476.37						

Raw Annual Payments do not include earned interest, tax adjustments or payments made with initial reserves.

Months Remaining in Calendar Year 2015: 12

Expected annual inflation: 1.47% Interest earned on reserve funds: 1.50% Initial Reserve: \$ 64,418

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Waterside Property Owners Association - Master Funding Study Modified Cash Flow Analysis

Calendar Year	Annual Dues	Annual Interest	Annual Expenses	Annual Income Tax	Net Reserve Funds	% Funded
2015	\$ 14,450	\$ 1,072	\$ 5,334	\$ 322	\$ 74,285	73.2%
2016	\$ 14,450	\$ 1,221	\$ 5,664	\$ 366	\$ 83,926	78.0%
2017	\$ 14,450	\$ 1,367	\$ 10,633	\$ 410	\$ 88,699	78.0%
2018	\$ 14,450	\$ 1,439	\$ 1,591	\$ 432	\$ 102,566	89.2%
2019	\$ 14,450	\$ 1,649	\$ 50,137	\$ 495	\$ 68,033	54.1%
2020	\$ 14,450	\$ 1,127	\$ 27,304	\$ 338	\$ 55,968	64.0%
2021	\$ 14,450	\$ 945		\$ 283	\$ 71,079	98.1%
2022	\$ 14,450	\$ 1,173		\$ 352	\$ 86,351	101.6%
2023	\$ 14,450	\$ 1,404	\$ 22,549	\$ 421	\$ 79,234	80.9%
2024	\$ 14,450	\$ 1,296	\$ 10,028	\$ 389	\$ 84,564	95.6%
2025	\$ 14,450	\$ 1,377	\$ 22,046	\$ 413	\$ 77,932	84.7%
2026	\$ 14,450	\$ 1,277	\$ 5,964	\$ 383	\$ 87,311	104.3%
2027	\$ 14,450	\$ 1,418	\$ 13,909	\$ 425	\$ 88,845	96.7%
2028	\$ 14,450	\$ 1,441	\$ 17,712	\$ 432	\$ 86,592	93.9%
2029	\$ 14,450	\$ 1,407	\$ 14,040	\$ 422	\$ 87,988	98.7%
2030	\$ 14,450	\$ 1,428	\$ 16,445	\$ 429	\$ 86,993	96.6%
2031	\$ 14,450	\$ 1,413	\$ 3,947	\$ 424	\$ 98,485	110.9%
2032	\$ 14,450	\$ 1,587	\$ 7,165	\$ 476	\$ 106,881	106.5%
2033	\$ 14,450	\$ 1,714	\$ 3,859	\$ 514	\$ 118,672	108.9%
2034	\$ 14,450	\$ 1,892	\$ 4,807	\$ 568	\$ 129,639	106.8%
2035	\$ 14,450	\$ 2,057	\$ 31,252	\$ 617	\$ 114,277	85.8%
2036	\$ 14,450	\$ 1,825	\$ 6,908	\$ 548	\$ 123,097	103.8%
2037	\$ 14,450	\$ 1,959	\$ 6,449	\$ 588	\$ 132,469	103.0%
2038	\$ 14,450	\$ 2,100	\$ 4,971	\$ 630	\$ 143,418	102.8%
2039	\$ 14,450	\$ 2,265	\$ 16,001	\$ 680	\$ 143,452	94.2%
2040	\$ 14,450	\$ 2,266	\$ 19,780	\$ 680	\$ 139,709	90.6%
2041	\$ 14,450	\$ 2,209	\$ 2,379	\$ 663	\$ 153,326	100.5%
2042	\$ 14,450	\$ 2,415	\$ 6,963	\$ 724	\$ 162,503	96.3%
2043	\$ 14,450	\$ 2,554	\$ 24,491	\$ 766	\$ 154,250	85.3%
2044	\$ 14,450	\$ 2,429	\$ 79,633	\$ 729	\$ 90,766	51.7%
2045	\$ 14,450	\$ 1,470	\$ 26,540	\$ 441	\$ 79,706	72.3%
Totals :	\$ 447,950	\$ 51,197	\$ 468,500	\$ 15,359		

The cash distribution shown in this table applies to repair and replacement cash reserves only.

Basis of Funding Study - Modified Cash Flow

Cash reserves have been set to a minimum of \$ 0

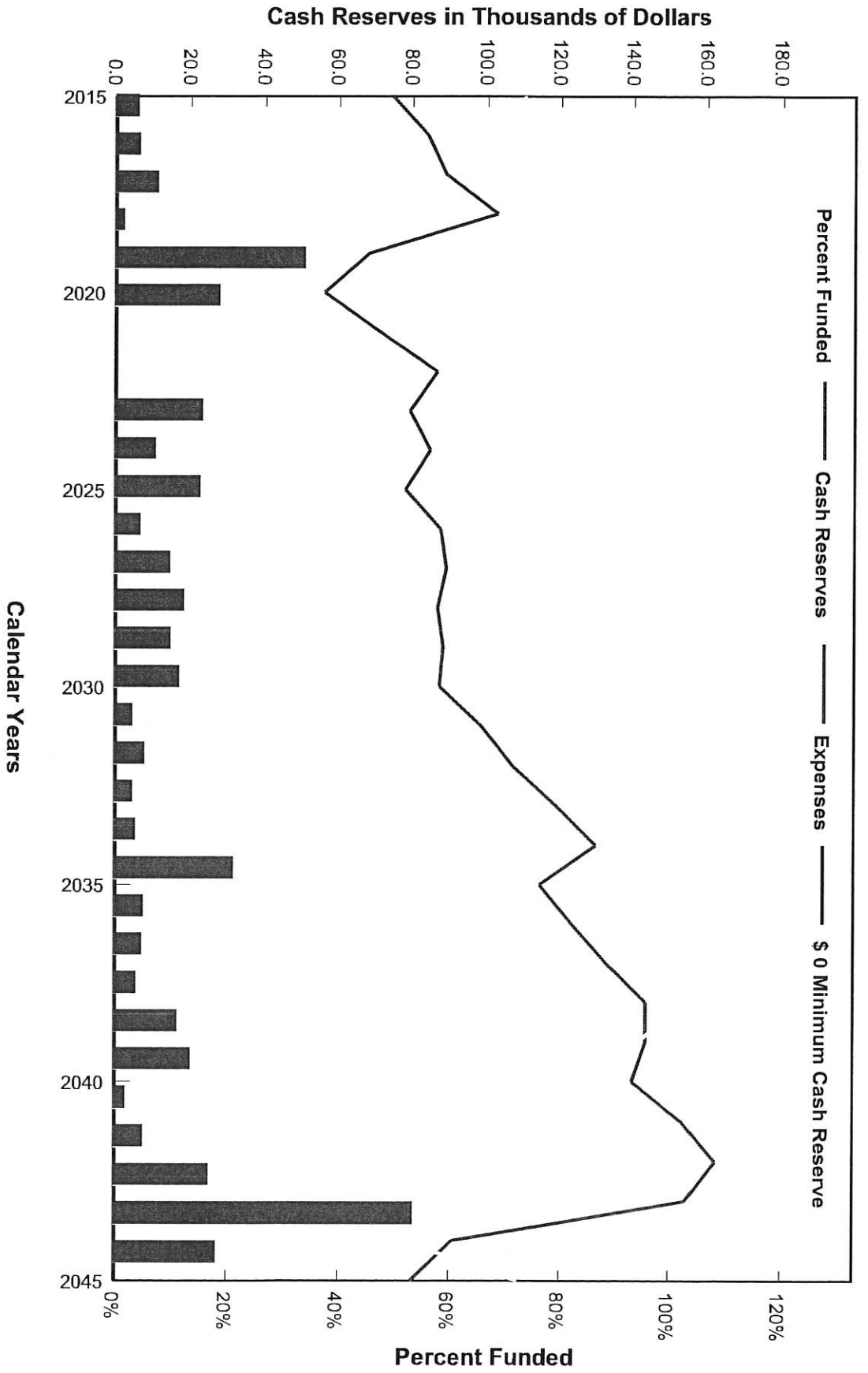
Cash Flow has been modified with the forced Fixed Payments.

Months Remaining in Calendar Year 2015: 12 Inflation = 1.47 % Interest = 1.50 %

Study Life = 30 years Initial Reserve Funds = \$ 64,418.00 Final Reserve Value = \$ 79,705.97

Annual Payments Held Constant for 30 years

Waterside Property Owners Association - Master Funding Study Cash Flow by Calendar Year - Continued



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Waterside Property Owners Association - Master Modified Reserve Dues Summary
Projected Dues by Month and by Calendar Year

Calendar Year	Member Monthly Operations Payment	Member Monthly Reserve Payment	Member Total Monthly Payment	Member Total Annual Payment	Monthly Reserve Payment	Annual Reserve Payment
2015	NA	\$ 15.05	\$ 15.05	\$ 180.63	\$ 1,204	\$ 14,450
2016	NA	\$ 15.05	\$ 15.05	\$ 180.63	\$ 1,204	\$ 14,450
2017	NA	\$ 15.05	\$ 15.05	\$ 180.63	\$ 1,204	\$ 14,450
2018	NA	\$ 15.05	\$ 15.05	\$ 180.63	\$ 1,204	\$ 14,450
2019	NA	\$ 15.05	\$ 15.05	\$ 180.63	\$ 1,204	\$ 14,450
2020	NA	\$ 15.05	\$ 15.05	\$ 180.63	\$ 1,204	\$ 14,450
2021	NA	\$ 15.05	\$ 15.05	\$ 180.63	\$ 1,204	\$ 14,450
2022	NA	\$ 15.05	\$ 15.05	\$ 180.63	\$ 1,204	\$ 14,450
2023	NA	\$ 15.05	\$ 15.05	\$ 180.63	\$ 1,204	\$ 14,450
2024	NA	\$ 15.05	\$ 15.05	\$ 180.63	\$ 1,204	\$ 14,450
2025	NA	\$ 15.05	\$ 15.05	\$ 180.63	\$ 1,204	\$ 14,450
2026	NA	\$ 15.05	\$ 15.05	\$ 180.63	\$ 1,204	\$ 14,450
2027	NA	\$ 15.05	\$ 15.05	\$ 180.63	\$ 1,204	\$ 14,450
2028	NA	\$ 15.05	\$ 15.05	\$ 180.63	\$ 1,204	\$ 14,450
2029	NA	\$ 15.05	\$ 15.05	\$ 180.63	\$ 1,204	\$ 14,450
2030	NA	\$ 15.05	\$ 15.05	\$ 180.63	\$ 1,204	\$ 14,450
2031	NA	\$ 15.05	\$ 15.05	\$ 180.63	\$ 1,204	\$ 14,450
2032	NA	\$ 15.05	\$ 15.05	\$ 180.63	\$ 1,204	\$ 14,450
2033	NA	\$ 15.05	\$ 15.05	\$ 180.63	\$ 1,204	\$ 14,450
2034	NA	\$ 15.05	\$ 15.05	\$ 180.63	\$ 1,204	\$ 14,450
2035	NA	\$ 15.05	\$ 15.05	\$ 180.63	\$ 1,204	\$ 14,450
2036	NA	\$ 15.05	\$ 15.05	\$ 180.63	\$ 1,204	\$ 14,450
2037	NA	\$ 15.05	\$ 15.05	\$ 180.63	\$ 1,204	\$ 14,450
2038	NA	\$ 15.05	\$ 15.05	\$ 180.63	\$ 1,204	\$ 14,450
2039	NA	\$ 15.05	\$ 15.05	\$ 180.63	\$ 1,204	\$ 14,450
2040	NA	\$ 15.05	\$ 15.05	\$ 180.63	\$ 1,204	\$ 14,450
2041	NA	\$ 15.05	\$ 15.05	\$ 180.63	\$ 1,204	\$ 14,450
2042	NA	\$ 15.05	\$ 15.05	\$ 180.63	\$ 1,204	\$ 14,450
2043	NA	\$ 15.05	\$ 15.05	\$ 180.63	\$ 1,204	\$ 14,450
2044	NA	\$ 15.05	\$ 15.05	\$ 180.63	\$ 1,204	\$ 14,450
2045	NA	\$ 15.05	\$ 15.05	\$ 180.63	\$ 1,204	\$ 14,450

Dues Summary has been modified with forced Fixed Payments.

In the context of the Reserve Payment Summary, the "Annual Reserve Payment" corresponds with the "Annual Revenue" in the Cash Flow report.

Number of Payment Months in Calendar Year 2015: 12

Number of Years of Constant Payments: 30

No of Dues Paying Members: 80

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September 16, 2014

Annual Expense Summary Report

Year	Category	Item Name	Expense
2016	Pool Area	Pool House - Interior Painting - Allowance	\$ 515
	Pond & Irrigation System Components	Pond Maintenance & Dredging Allowance	\$ 5,149
2016 Annual Expense Total = \$ 5,664			
2017	Pool Area	Pool House - Card Access Entry System	\$ 5,748
		Pool Pump - Hayward Super Pump	\$ 601
		Pool Sweep Booster Pump	\$ 418
		Pool Chlorinator - Polaris Watermatic Controller	\$ 1,254
	Pool Area Subtotal = \$ 8,021.00		
Site	General Signage at Canal Woods - Allowance	\$ 2,613	
2017 Annual Expense Total = \$ 10,634			
2018	Site	Low Voltage Lighting at Canal Dr.	\$ 1,591
2018 Annual Expense Total = \$ 1,591			