

RESERVE FUND STUDY

**BROOKVIEW COMMUNITY ASSOCIATION
EDMONTON, ALBERTA**

CanWest Reserve Planners &
Insurance Appraisers



RESERVE FUND STUDY

**BROOKVIEW COMMUNITY ASSOCIATION
EDMONTON, ALBERTA**

PREPARED FOR

BROOKVIEW COMMUNITY ASSOCIATION

BY

**GORDON J. DUNDAS, CRP
CERTIFIED RESERVE PLANNER**

AND

**ED JACKSON, B.SC., AACI, CRP
CERTIFIED RESERVE PLANNER**

SEPTEMBER 2007



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CanWest Reserve Planners Ltd.

Quality Reserve Plans



OUR FILE: RP-2748-08
April 3rd, 2008

Brookview Community Association
c/of John Anderson - Treasurer
407 Buchanan Road
Edmonton, Alberta T6R 1Z6

Attention: John Anderson

RE: Reserve Fund Study
Brookview Community Association
Edmonton, Alberta

Pursuant to your request for a reserve fund study of the within described community association I have prepared the attached report.

The Reserve Fund Study describes the reserve fund concepts and major reserve fund items. It provides current and future replacement reserve estimates and recommends reserve fund actions.

The Reserve Fund Study is a complex document and should be reviewed both in detail and overall.


In my opinion, the current reserve fund position of Brookview Community Association is moderately deficient, a shortfall which should be eliminated over time.


It is recommended that a reserve fund plan and strategy be adopted and implemented and that the recommended annual contributions to the reserve fund be maintained until the reserve fund deficiency has been eliminated.

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Edmonton, Alberta T5J 3H1
Telephone: (780) 423-5383 • Fax: (780) 426-7673
E-mail: admin@gccanwest.com

CanWest Reserve Planners Ltd. would be pleased to provide you with complete review and updating services for the reserve fund evaluation of Brookview Community Association as required in the future. We appreciate the opportunity of performing this reserve fund study for you. If you have any questions, please do not hesitate to contact the undersigned.

Respectfully submitted,
CanWest Reserve Planners and
Insurance Appraisals

For: 
Gordon J. Dundas, CRP
Certified Reserve Planner


Ed Jackson, B.Sc., AACI, CRP
Certified Reserve Planner

GJD:dms

TABLE OF CONTENTS

Title Page	i
Letter of Transmittal	ii
Table of Contents	iii
Executive Summary of Facts & Conclusions	iv
Certification	v
Limiting Conditions	vi

DEFINITIONS, CONDITIONS & ASSUMPTIONS

Purpose of Reserve Fund Study	1
Reserve Fund Study	1
Reserve Fund Definitions and Concepts	2
Reserve Fund Projection Factors	7

PROPERTY DESCRIPTION

Building Plans & Project Data	9
Basic Construction	11

COMPONENT, PRINCIPLES & CONCEPTS

Reserve Component Estimate Definitions	10
Reserve Component Classification	11

COMPONENT DESCRIPTION & ANALYSIS

Reserve Fund Component Descriptions	12
(1) Concrete Sidewalks	
(2) Tennis Court Fence	
(3) Tennis Court Membrane	
(4) Walkway Lighting	
(5) Trees	
(6) Parking Lot - Asphalt	
(7) Parking Lot - Curbs	
(8) Hockey Rink	

RESERVE FUND ESTIMATES

Benchmark Analysis	20
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RESERVE FUND ANALYSIS & RECOMMENDATIONS

Historical Analysis of Reserve Fund Operation	24
Reserve Fund Deficiency Analysis	25
Recommendations for Reserve Fund Planning	26

CASH FLOW PROJECTIONS

25 Year Cash Flow Projections	27
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ADDENDA

Addenda Section	32
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CERTIFICATION

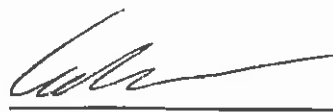
I hereby certify that I have personally inspected the within described property, and that I have personally examined the documents as identified herein.

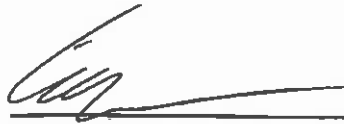
To the best of my knowledge and belief, the information and data used herein are true and correct.

I have no interest, present or prospective, in the property or its management. Neither the employment to prepare this Reserve Fund Study nor the compensation is contingent on the amount of reserve fund estimates reported. Moreover, I am solely responsible for the reserve fund estimates reported herein.

This Reserve Fund Study was prepared in conformity with accepted practices for reserve fund studies, and it conforms to the standards for reserve fund studies, published by the Real Estate Institute of Canada.

CanWest Reserve Planners &
Insurance Appraisals


For: Gordon J. Dundas, CRP
Certified Reserve Planner


Ed Jackson, B.Sc., AACI, CRP
Certified Reserve Planner

April 3rd, 2008

LIMITING CONDITIONS

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

The architectural, structural, mechanical, electrical and other plans and specifications of the building or buildings and improvements are assumed to be correct. Furthermore, all buildings and improvements are deemed to have been constructed and finished in accordance with such plans and specifications, unless otherwise noted.

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

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

The utilization of the cost estimates is valid only within the context of this report. The estimates herein must not be used in conjunction with any other appraisal or reserve fund study and may be invalid if so used.

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

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

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

EXECUTIVE SUMMARY OF FACTS AND CONCLUSIONS

This executive summary has been prepared as a quick reference of pertinent facts and estimates of this Reserve Fund Study, and it is provided as convenience only. Readers are advised to refer to the full text of this Reserve Fund Study for detailed information.

<i>Applicant</i>	The Owners: Brookview Community Association C/O John Anderson - Treasurer 407 Buchanan Road Edmonton, Alberta T6R 1Z6
<i>Date of Inspection</i>	May 29 th , 2007
<i>Effective Date of Report</i>	December 31 st , 2007
<i>Property/Location</i>	Brookview Community Association Bulyea Road and Burton Road Edmonton, Alberta
<i>Property Legal Description</i>	Lot 7, Block 128, Plan 9121686 Lot 92, Block 129, Plan 9320905 Lot 61, Block 118, Plan 8922014 Lot 144, Block 118, Plan 9121686 Lot 145, Block 118, Plan 9121686 Lot 146, Block 118, Plan 9121686 Lot 1, Block 133, Plan 9322869 Lot 26, Block 126, Plan 8821882 Lot 61, Block 126, Plan 8920492 Lot 112, Block 126, Plan 8923294 Lot 36, Block 126, Plan 8923294 Lot 1MR, Block 122, Plan 8621816
<i>Property Type</i>	Community Association improved with walkways And recreational facilities
<i>Reserve Fund Items</i>	8 Reserve Components

Significant Reserve Fund Estimates

Current Replacement Costs	\$ 679,680
Future Replacement Costs	\$ 1,109,593
Current Reserve Fund Requirements	\$ 238,014
Future Reserve Fund Accumulation	\$ 686,704
Future Reserve Fund Requirements	\$ 422,889
Annual Stabilized Reserve Fund Contributions	\$ 9,948

Deficiency Analysis

Actual Reserve Fund Balance	January 31, 2007	\$ 128,654.00
Reserve Fund Requirements		\$ <u>238,014.00</u>
Reserve Fund Deficiency		\$ (109,360.00)

Major Recommendations

- Reserve Fund Contributions:
 - 2008 - 2013 \$27,000 per annum
 - 2014 \$12,471 per annum
 - 2015 - 2025 (stabilized) \$9,948 per annum
- The deficiency is manageable and is projected to be eliminated by Year 7 of the analysis, 2014.

PURPOSE OF THE RESERVE FUND STUDY

This Reserve Fund Study is a financial document, which provides the basis for funding major repairs and replacement of the common elements and assets of the community association. It is a practical guide to planning budgets and maintenance programs, and unlike a technical audit, it deals not in detailed technical matters but rather takes a business approach to reserve fund management.

The Reserve Fund Study has been completed in accordance with the reserve fund study standards, published by the Real Estate Institute of Canada (Technical Bulletin No. 1).

ELEMENTS OF THE RESERVE FUND STUDY

This Reserve Fund Study comprises the following elements:

- it identifies the reserve components, their quality, normal life span and present condition;
- it provides current replacement cost estimates including the cost of removing worn-out items and special safety provision;
- it provides observed condition estimates of components in terms of years effluxed and accrued reserve costs;
- it projects the useful life of reserve components in terms of remaining serviceable years;
- it projects current replacement costs at an appropriate and compounded inflation rate;
- it projects the value of current reserve funds compounded at a long term interest rate;
- it calculates current reserve fund contributions required and to be invested in interest bearing securities.

The salient estimates and conclusions of this Reserve Fund Study are contained in the various schedules hereinafter. Any recommendations are for guidance to management and the board of directors.

RESERVE FUND DEFINITIONS AND CONCEPTS

In estimating reserves required for maintaining the building components and improvements at desired standards and conditions, one must quantify the various reserve components, estimate replacement costs and project cost estimates in accordance with anticipated life spans. Therefore, it is essential that the terminology and methodology are clearly understood.

Reserve Component or Item	Identification and description of the building component or improvement.
Replacement or Repair Cost	The estimated cost of repairing or replacing a reserve component at current prices including the cost of demolition and disposal.
Expected or Normal Life Span	The estimated life expectancy of a reserve component in terms of years under normal conditions.
Actual Age	The chronological age of the building components, expressed in years.
Effective Age	The observed condition estimate of building components and improvements not necessarily the actual age, expressed in years.
Remaining Life Span	The difference between the expected or normal life span and the effective age of the reserve component.
Projected Inflation	An estimated long-term inflation factor, used in projecting cost estimates.
Projected Interest Rate	An averaged long-term interest rate, used in calculating interest earned from the investment of reserve funds.
Unit Cost Estimate	This is the current replacement cost estimate of the reserve component on a per unit basis.

Future Replacement Costs	The estimated costs of replacing or repairing reserve components at future prices.
Current Reserve Requirements	Reserve funds required today, considering the effective age of the components or improvements.
Future Reserve Accumulation	The current reserve requirements invested at the projected interest rate over the relevant time period.
Future Reserve Requirements	The shortfall between the future replacement cost estimate and the future reserve fund accumulation.
Annual Stabilized Reserve Assessment	Annual amount required to be paid into the reserve fund once the deficit is eliminated, and to be invested at the projected interest rate to fund the future reserve requirements.
Life Span Analysis	<p>This is the life cycle analysis of each reserve component based on the observed condition estimate involving:</p> <ul style="list-style-type: none">➤ Life Span estimate of the reserve component in terms of years;➤ Effective Age estimate, which is an observed condition judgment in terms of years; and➤ Remaining Life estimate, which is the useful life of the reserve remaining from the date of the condition estimate.

METHODOLOGY

The methodology of a reserve fund study includes the examination of the condominium documentation, financial statements, budgets and existing reserve funds, the physical inspection of common elements, etc. Building plans, specifications and reports, field notes and other information are analyzed in preparation of various estimates and value judgments.

In estimating replacement reserves, the component method of valuation is used. Reserve items consist of site components such as pavement and sidewalks, lighting, trees, etc, each of which is deemed to have a limited lifespan, and therefore, they must be repaired, replaced or periodically upgraded to maintain the property in excellent condition.

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

In estimating the life span of the various components, physical deterioration, functional obsolescence and environmental factors are all contemplated. In measuring the reserve requirements, I have considered depreciation tables and normal life span experience records. Finally, I relied on my own judgment and experience of estimating the current condition and remaining life spans of reserve components.

SCOPE OF INVESTIGATION

I have examined the community association documents and available financial statements and/or budgets.

The building and improvements have been inspected and photographed. Various construction details, facilities, equipment installations and improvements have been noted for consideration in the component estimates herein.

Cost data have been investigated, using construction cost services, modified as to time, location and quality of construction.

Date of Inspection May 29, 2007

Effective Date of Report December 31, 2007

CONDITIONS AND ASSUMPTIONS

In estimating various reserve items, certain assumptions are made in respect to structural repairs and replacements of improvements. For example, reserves for pavement, sidewalks, etc are difficult to predict and/or quantify. Therefore, the only reasonable approach is to provide contingency estimates.

The underlying assumptions and quantification of contingency reserves should be reviewed from time to time, particularly, in the context of repair experience and problem investigations, such as water damage, cracks in walls and concrete structures, noticeable deterioration, etc.

Reserve fund estimates are necessarily in part subjective, and those given here are based on my understanding of the life cycle of building components and my experience. It must be appreciated that reserve fund budgeting and projections are not exact sciences. They are, at best, prudent provisions for all possible contingencies, if, as and when they arise. Reserve fund requirements are subject to change and should be reviewed and modified over time, not less than every three years.

In essence, the corporation should adopt a long-term policy regarding reserve fund allocations, which must be flexible to accommodate changes in reserve fund requirements in the future.

The following assumptions underlie the reserve fund estimates hereinafter and are based on my investigation, observation and analysis of the various reserve components and my experience in real estate inspections, acquisitions, marketing and appraisal since 1993.

Quality of Construction

The community began development in 1986. The quality of construction, materials and workmanship generally is considered to be good.

The reserve fund estimates hereinafter are affected by observed conditions, the current program of renovations and preventive maintenance, and an analysis of building components, which reflect the quality of construction and finishing.

Demolition and Disposal Costs

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

Goods and Services Tax

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

Contingency Reserves

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

Structural Deficiencies

There have not been any reports of any serious structural deficiencies. An inspection of the building showed no significant structural problems. It is noted however that the planner is not a structural engineer and is not expressing an opinion on the structural integrity of the building but is reporting on observed conditions.

Environmental Conditions

The planner is not qualified to comment on environmental issues that may affect this analysis, including but not limited to pollution or contamination of land, buildings, water, groundwater or air. Unless expressly stated, the property is assumed to be free and clear of pollutants and contaminants, including but not limited to moulds or mildews or the conditions that might give rise to either, and in compliance with all regulatory environmental requirements, government or otherwise, and free of any environmental condition, past, present or future, that might affect this Reserve Fund Study. If the party relying on this report requires information about environmental issues, that party is cautioned to retain an expert qualified in such issues. We expressly deny any legal liability relating to the effect of environmental issues on the Reserve Fund Study.

Insurance Repairs

Insurance should cover the buildings and improvements against numerous perils, but it is not intended to be a maintenance program. The difference between an insurance claim and maintenance repairs is not always clear, and it can result in prolonged disputes.

For example, an unexpected sewer cave-in and resulting back-up is a legitimate insurance claim, and as such, it should be covered by the insurance policy subject to the stated deductible, whereas the deterioration of a catch basin and sewer connection, which caused a cave-in resulting into a sewer back-up is a building repair expense.

Management Policy

It is assumed that the subject property will continue to operate under professional property management. This would usually entail the following:

- Operating and reserve fund expenditures are kept separate in the financial accounting and budgeting.
- Routine maintenance and repairs are deemed to be operating expenses.
- In general, any repair or replacement under \$1,000.00 is considered an operating expense. Major repairs and replacements over \$1,000.00 are charged to the Reserve Fund.

RESERVE FUND PROJECTION FACTORS

Historically, building costs have been rising at various rates from year to year, depending on business cycles, economic conditions, interest rates, etc. In boom periods, cost increases were fairly pronounced, whereas in recessionary times, cost increases were only nominal or costs even declined.

Analyzing long term cost increases, I examined construction cost indices rather than consumer price indices, since reserve cost estimates are related to building activities rather than consumer goods and service pricing.

The most recently available data are from the R.S. Means Construction Cost Index, as follows:

4.43% for 50 years from 1950 to 2000
3.27% for 20 years from 1980 to 2000
2.41% for 10 years from 1990 to 2000

Analyzing these cost increases one may conclude that the rate of building inflation has slowed in recent years. In relating this to Edmonton cost indices the rate has increased by 1.74% over the last ten years.

Long term cost increases in the future are not expected to be impacted by extreme inflationary pressures, and therefore, I expect the long-term average cost factor will level out at about 2%. For the purpose of this study, the long-term inflation rate is assumed to be 2.0%.

Similarly, interest rates have fluctuated from period to period, and they have been impacted by the high rates of inflation as well as government policies. The current trend in interest rates has been declining for short term investment bonds and G.I.C. while remaining higher for longer term investments. A review of government and corporate rates indicates a range from 4.2% to 5.3%. It is noted that short term rates are low and that the recent trend is to lower rates. The indicated range of approximately 4.0 to 5.0% is reasonable and attainable at least in the long term however, considering the subject property a 4.75% rate will be used.

Hence, in projecting replacement cost estimates and reserve fund requirements, I used the following factors:

Inflation Rate	2.00%
Interest Rate	4.75%

Reserve fund projections should be regularly reviewed to adjust for changes in inflationary trends and investment returns, as they significantly impact reserve fund requirements.

PROJECT DATA

The following data and information have been compiled by CanWest Reserve Planners Ltd. from the available maps and the inspection of the improvements. .

Site Statistics

Concrete Sidewalks	27,585 sq.ft.
Tennis Court Fence	117 Feet.
Walkway Lighting	34 Lights (approximate 17 Feet high)
Trees	284 (approximate)
Asphalt parking Area	21,000 sq.ft.
Hockey Rink	84 Ft. x 184 Ft.



RESERVE COMPONENT ESTIMATE DEFINITIONS

Various estimates in respect to reserve fund budgeting include:

Current Replacement Costs

These are the current replacement cost or repair cost estimates of the various reserve components.

Future Replacement Costs

These are the future replacement cost or repair cost estimates of the reserve components based on long term inflationary trends.

Current Reserve Fund Requirements

These are the current reserve fund requirements (or obligation) which consists of the amount of reserve funding required today based on the effective age analysis of each reserve component.

Future Reserve Fund Accumulation

This is the estimated future reserve fund accumulation, which is the current amount in the reserve fund invested at a long term, stable interest rate, at the end of the life span of each reserve component.

Future Reserve Fund Requirements

These are the estimated future reserve fund requirements, which consist of the estimated amount required for the repair or replacement of the reserve component which must be funded by adequate reserve fund contributions over the estimated remaining life span of the reserve component.

Annual Stabilized Reserve Fund Assessment

This is the required reserve fund contribution, once the deficit is eliminated, expressed in annual payments invested at a long term, stable interest rate over the remaining life of the reserve component.

Deficiency Analysis

This is a brief description of any observed condition which requires remedial action.

RESERVE COMPONENT CLASSIFICATION

The reserve component classification used herein is based on the Unifomat System, developed by the US Government, and has been modified for reserve fund planning purposes.

Reserve fund components are grouped into functional classifications, such as architectural, structural, interior design, mechanical, electrical and special facilities. This classification system is consistently applied for quick analysis and data base applications.

In this reserve fund study, there are 8 major reserve components.

The cost estimates are taken from the 2007 and 2008 Means Repair & Remodeling Cost Data, 21st Edition, Cost Data for the Canadian Construction Industry as well as local contractor's pricing for various items. The life span estimates herein are based on experience records and our observation of conditions.

COMPONENT DESCRIPTION & ANALYSIS

(1) Concrete Sidewalks

This reserve provision covers three walkway areas, "Buchanan Walkway", "Burton Walkway", and "Butterworth Walkway". These walkways were constructed in different phases from 1987 to approximately 2003.

The overall effective age of the sidewalks is 10 years old and in average condition. The reserve allowance is essentially a replacement reserve which must be periodically reviewed as the sidewalks age.

Replacement or Repair Cost Estimate: \$ 400,000

Life Span Estimates

Estimated Life Span	40 years
Effective Age	10 years
Remaining Life Span	30 years

Reserve Estimates

➤ Current Replace/Repair Costs	\$ 400,000
➤ Future Replace/Repair Costs	\$ 724,545
➤ Current Reserve Requirements	\$ 100,000
➤ Future Reserve Accumulation	\$ 402,366
➤ Future Reserve Requirements	\$ 322,179
➤ Annual Reserve Assessment	\$ 5,061

Deficiency Analysis

Some areas are experiencing cracking and will need to be replaced in approximately 20 years with the majority in years 25 and 30.

(2) Tennis Court Fence

This is a long lived item which will require replacement is approximately 30 years. This reserve is a replacement provision. The fence consists of a 10 foot chain link perimeter enclosure with gates.

Replacement or Repair Cost Estimate: \$ 4,680

Life Span Estimates

Normal Life Span	50 years
Effective Age	20 years
Remaining Life Span	30 years

Reserve Estimates

➤ Current Replace/Repair Costs	\$ 4,680
➤ Future Replace/Repair Costs	\$ 8,477
➤ Current Reserve Requirements	\$ 1,872
➤ Future Reserve Accumulation	\$ 7,532
➤ Future Reserve Requirements	\$ 945
➤ Annual Reserve Assessment	\$ 15

Deficiency Analysis

None noted.

(3) Tennis Court Membrane

The tennis court membrane is a rubberized membrane over asphalt surface. This reserve is a replacement provision.

Replacement or Repair Cost Estimate: \$ 3,500

Life Span Estimates

Estimated Life Span	20 years
Effective Age	10 years
Remaining Life Span	10 years

Reserve Estimates

➤ Current Replace/Repair Costs	\$ 3,500
➤ Future Replace/Repair Costs	\$ 4,266
➤ Current Reserve Requirements	\$ 1,750
➤ Future Reserve Accumulation	\$ 2,783
➤ Future Reserve Requirements	\$ 1,483
➤ Annual Reserve Assessment	\$ 119

Deficiency Analysis

The membrane is toward the end of its effective life with an estimated 10 years remaining..

(4) Walkway Lighting

There are 34 walkway lights along the three walkway areas which are approximately 17 feet in height. This reserve is a replacement provision.

Replacement or Repair Cost Estimate: \$ 51,000

Life Span Estimates

Estimated Life Span	30 years
Effective Age	15 years
Remaining Life Span	15 years

Reserve Estimates

➤ Current Replace/Repair Costs	\$ 51,000
➤ Future Replace/Repair Costs	\$ 68,639
➤ Current Reserve Requirements	\$ 25,500
➤ Future Reserve Accumulation	\$ 51,151
➤ Future Reserve Requirements	\$ 17,489
➤ Annual Reserve Assessment	\$ 826

Deficiency Analysis

None noted. Poles appear to be maintained with no rust or significant deterioration.

(5) Trees

The three walkways are landscaped with a mixture of coniferous and deciduous trees. This reserve is a replacement provision.

Replacement or Repair Cost Estimate: \$ 71,000

Life Span Estimates

Normal Life Span	40 years
Effective Age	15 years
Remaining Life Span	25 years

Reserve Estimates

➤ Current Replace/Repair Costs	\$ 71,000
➤ Future Replace/Repair Costs	\$ 116,483
➤ Current Reserve Requirements	\$ 26,625
➤ Future Reserve Accumulation	\$ 84,946
➤ Future Reserve Requirements	\$ 31,538
➤ Annual Reserve Assessment	\$ 684

Deficiency Analysis

As the trees mature replacements will be required due to die offs from disease or age.

(6) Parking Lot - Asphalt

This reserve portion covers the asphalt parking area beside the playground, hockey rink, and tennis courts. The reserve includes repairs as well as replacement of asphalt paving.

Replacement or Repair Cost Estimate: \$ 54,000

Life Span Estimates

Normal Life Span	20 years
Effective Age	8 years
Remaining Life Span	12 years

Reserve Estimates

➤ Current Replace/Repair Costs	\$ 54,000
➤ Future Replace/Repair Costs	\$ 68,485
➤ Current Reserve Requirements	\$ 21,600
➤ Future Reserve Accumulation	\$ 37,697
➤ Future Reserve Requirements	\$ 30,788
➤ Annual Reserve Assessment	\$ 1,962

Deficiency Analysis

None noted. The parking area is aging as expected but will require periodic maintenance for any cracks and potholes that develop.

(7) Parking Lot - Curbs

This reserve portion covers the curbs surround the asphalt parking area. This reserve is a replacement provision.

Replacement or Repair Cost Estimate: \$ 18,000

Life Span Estimates

Normal Life Span	30 years
Effective Age	15 years
Remaining Life Span	15 years

Reserve Estimates

➤ Current Replace/Repair Costs	\$ 18,000
➤ Future Replace/Repair Costs	\$ 24,226
➤ Current Reserve Requirements	\$ 9,000
➤ Future Reserve Accumulation	\$ 18,053
➤ Future Reserve Requirements	\$ 6,172
➤ Annual Reserve Assessment	\$ 291

Deficiency Analysis

No broken or chipped concrete curbs or wheel stops were evident.

(8) Hockey Rink

This reserve portion covers the hockey rink. It is approximately 84 feet x 184 feet. This reserve is a replacement provision of boards and flood lighting. It has been reported that the community association would be responsible for half of the total cost. The cost estimate below reflects the association's portion of the total cost.

Replacement or Repair Cost Estimate: \$ 77,500

Life Span Estimates

Normal Life Span	30 years
Effective Age	20 years
Remaining Life Span	10 years

Reserve Estimates

➤ Current Replace/Repair Costs	\$ 77,500
➤ Future Replace/Repair Costs	\$ 94,472
➤ Current Reserve Requirements	\$ 51,667
➤ Future Reserve Accumulation	\$ 82,177
➤ Future Reserve Requirements	\$ 12,295
➤ Annual Reserve Assessment	\$ 989

Deficiency Analysis

The present rink is becoming somewhat obsolete in it's function for the community. Notwithstanding it's physical condition the community could anticipate replacement in approximately 10 years.

BENCHMARK ANALYSIS

The various reserve fund estimates in the Component Description & Analysis are further expanded and summarized in Schedule A, Reserve Fund Estimates (Benchmark Analysis), which reflects prudent reserve fund practices, providing for inflationary cost increases over time and interest income from reserve fund investments. In this Schedule of Reserve Fund Estimates:

- Reserve fund estimates are grouped into categories which can readily be used for reserve fund budget preparation and accounting.
- The reserve fund components are identified, and current replacement reserves are estimated.
- Future replacement reserves are estimated by applying a long-term inflationary factor to the current replacement reserve estimates.
- Current reserve requirements are calculated by applying the effective age to the current replacement reserve estimates.
- Current reserve fund requirements when invested over time will grow at the compound rate of interest selected, and hence, they become future reserve accumulations.
- Subtracting future reserve accumulations from future replacement costs, the difference is the amount of reserves to be funded by reserve fund contributions, or future reserve requirements.
- Since reserve fund contributions are continually invested, the payments of such contributions represent discounted payments, which must be assessed by the condominium corporation.

The foregoing program represents the practical application of reserve fund budget planning and management. When applied, as outlined, the reserve fund will cover anticipated reserve fund expenditures and any contingencies. Moreover, unit owners at all times will contribute their fair share to the reserve fund.

Schedule A shows detailed computations of various reserve items using the inflationary factor of 2.0% and a long-term interest rate of 4.75%. Due to rounding automatically executed by computer, there may be minor discrepancies in the data, which are not deemed significant.

The Benchmark estimates herein have been prepared without regard to the current financial position of the corporation or the current reserve fund contributions by unit owners, and as such, they represent the optimum reserve fund operation, which assumes that the corporation has continuously assessed adequate reserve funding from the beginning.

The Reserve Fund position and requirements of The Brookview Community Association as estimated in Schedule A are as follows:

Current Replacement or Repair Reserves or Costs

which are provisions for all major repairs and replacements at current prices: \$ 679,680

Future Replacement or Repair Reserves or Costs

which are provisions for all major repair and replacement costs in the future at the end of the expected lifespan: \$ 1,109,593

Current Reserve Fund Requirements

which are reserve fund estimates based on the notion of effective age and should have been contributed by unit owners: \$ 238,014

Future Reserve Fund Accumulations

which are the current reserve fund requirements together with interest compounded over the remaining lifespan: \$ 686,704

Future Reserve Fund Requirements

which are to be funded by unit owners' payments to the reserve fund plus any interest earned: \$ 422,889

Annual Stabilized Reserve Fund Assessments

which are the stabilized annual reserve fund payments to be made by unit owners once the deficit has been eliminated: \$ 9,948

In accordance with these Benchmark estimates, Brookview Community Association, if collecting the annual assessment and incurring normal expenditures as discussed, should have \$ 238,014 in its reserve fund at the end of its current financial year, and the assessed annual payments or contributions to the reserve fund should be \$ 9,848 based on the stated assumptions.

Schedule C
Brookview Community Association
Benchmark Analysis

BROOKVIEW COMMUNITY ASSOCIATION

H	I	J	K	L
CURRENT	FUTURE	FUTURE	ANNUAL	RESERVE FUND
RESERVE FUND	RESERVE FUND	RESERVE FUND	RESERVE FUND	ASSESSMENT
REQUIREMENTS	ACCUMULATION	REQUIREMENTS	ASSESSMENT	ALLOCATION
$PV \cdot EA/NL$	$FV = PV(1+i)^n$	$FRC - FRFA$	$PMT = FV \cdot i / ((1+i)^n - 1)$	$ARFA/Sum$
$F7 \cdot D7/C7$	$FV = H7(1+0.05)^{E7}$	$G7-I7$	$PMT = J7 \cdot 0.05 / (1.05^{E7} - 1)$	$K7/K39$
100,000	402,366	322,179	5,061	0.5088
1,872	7,532	945	15	0.0015
1,750	2,783	1,483	119	0.0120
25,500	51,151	17,489	826	0.0830
26,625	84,946	31,538	684	0.0687
21,600	37,697	30,788	1,962	0.1973
9,000	18,053	6,172	291	0.0293
51,667	82,177	12,295	989	0.0994
238,014	686,704	422,889	9,948	1

HISTORICAL ANALYSIS OF RESERVE FUND OPERATION

The reserve fund for the subject property shows a balance of \$ 97,044 as of December 31st, 2006. Historically reserve fund contributions have been allocated in the amounts of \$26,880 in 2005 and 2006.

From a review of the Financial Statement it appears that the reserve fund allocations each year are a budget item approved from surplus funds. Initially no set amount is budgeted for each year.

From an examination of the Benchmark Analysis annual contributions are estimated at \$ 16,646 to provide sufficient funding for future capital replacement expenditures. The initial contributions to the reserve fund by the subject property, while insufficient, are relatively minor considering the time frame before expenditures are anticipated to be incurred.

RESERVE FUND DEFICIENCY ANALYSIS

This is a comparative analysis showing the amounts which should be in the reserve fund according to the Benchmark analysis (Schedule A) and the actual amount of the reserve fund (Schedule B), providing an indication as to the shortfall or deficiency of the reserve fund. It is shown in the following format:

Actual Reserve Fund Balance	January 31, 2007	\$ 128,654.00
Reserve Fund Requirements		\$ <u>238,014.00</u>
Reserve Fund Deficiency		\$ (109,360.00)

The shortfall in the reserve fund is due to insufficient contributions over the previous years prior to 2005. A review of the Benchmark Analysis indicates that no major expenditures will be required for some time. This provides sufficient time to project adequate contributions in the future to overcome the minor deficiency over time.

RECOMMENDATIONS FOR RESERVE FUND PLANNING

The reserve fund of The Brookview Community Association is only moderately deficient. This deficiency should be eliminated over time, to ensure that the community association is fully funded to affect all major repairs and replacements necessary to maintain the project in excellent condition. My recommendations are as follows:

1. The current reserve fund contributions should be established at \$27,000 per annum for approximately six years, decreased to \$12,471 for one year, and then decreased to a stabilized level in accordance with the following schedule:

- Reserve Fund Contributions:

2008 – 2013	\$27,000 per annum
2014	\$12,471 per annum
2015 – 2025 (stabilized)	\$9,948 per annum

2. We recommend this study be incorporated to the plan.
3. The reserve fund should be reviewed by the board every year to ensure that the underlying assumptions are still valid and that the estimates remain current.
4. The association should have this Reserve Fund Study updated by a Reserve Planner within two (2) to three (3) years.

Failure to implement an appropriate reserve fund strategy will result in large special assessments in the future when major repairs and replacements have to be effected.

25 YEAR CASH FLOW PROJECTIONS

The Reserve Fund - Projected Cash Flow and Deficiency Analysis, Schedule C, presents a 25 year reserve fund projection showing cash positions, cash flows and cash expenditures, in a form and detail, which conforms to the financial statement presentation of reserve fund operations.

Opening Cash Balance

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

Cash Flows

These are the regular reserve fund contributions, special assessments, and interest income based on 4.75% of the opening balance.

Opening Cash Funds

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

Cash Expenditures

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

Closing Cash Fund

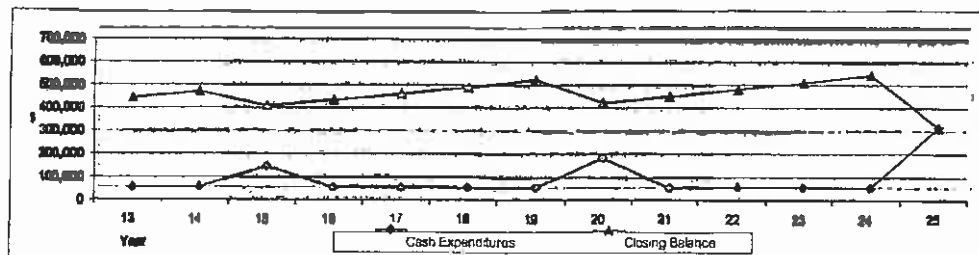
This is the reserve fund position at the end of each and every fiscal year, which is carried forward to the next year.

Deficiency Analysis

The reserve deficiency has been projected by a formula taking into account the inflation factor, interest rates and reserve fund expenditures. Therefore, any reserve fund expenditures will not affect the reserve fund deficiency, because such expenditures will also affect the reserve requirements.

Schedule C
Brookview Community Association
Cash Flow Projections and Deficiency Analysis

Year Ending December 31	Year 2020 13	Year 2021 14	Year 2022 15	Year 2023 16	Year 2024 17	Year 2025 18	Year 2026 19	Year 2027 20	Year 2028 21	Year 2029 22	Year 2030 23	Year 2031 24	Year 2032 25
OPENING BALANCE (Jan 1, 2007)	399,328	386,331	414,525	391,298	377,933	405,833	435,058	465,671	367,738	395,154	423,872	453,954	485,464
Reserve Fund Contributions	9,948	9,948	9,948	9,948	9,948	9,948	9,948	9,948	9,948	9,948	9,948	9,948	9,948
Reserve Fund Interest Income	17,063	18,346	19,690	16,687	17,952	19,277	20,663	22,119	17,468	18,770	20,134	21,563	23,060
Total Cash Resources	386,331	414,525	444,163	377,933	405,833	435,058	465,671	497,738	395,154	413,872	453,954	485,464	518,472
RESERVE FUND EXPENDITURES													
1. Concrete Sidewalks								100,000					200,000
2. Tennis Court Fences													
3. Tennis Court Maintenance													
4. Walkway Lighting			68,479										
5. Trees								30,000					60,000
6. Parking Lot - Asphalt													
7. Parking Lot - Curbs			24,226										
8. Hockey Rink													
TOTAL EXPENDITURES	0	0	92,869	0	0	0	0	130,000	0	0	0	0	260,000
CLOSING BALANCE	386,331	414,525	351,298	377,933	405,833	435,058	465,671	367,738	395,154	423,872	453,954	485,464	518,472
DEFICIENCY ANALYSIS													
Reserve Requirements	386,331	414,525	351,298	377,933	405,833	435,058	465,671	367,738	395,154	423,872	453,954	485,464	518,472
Reserve Fund Surplus	0	0	0	0	0	0	0	0	0	0	0	0	0



Cash Flow Analysis

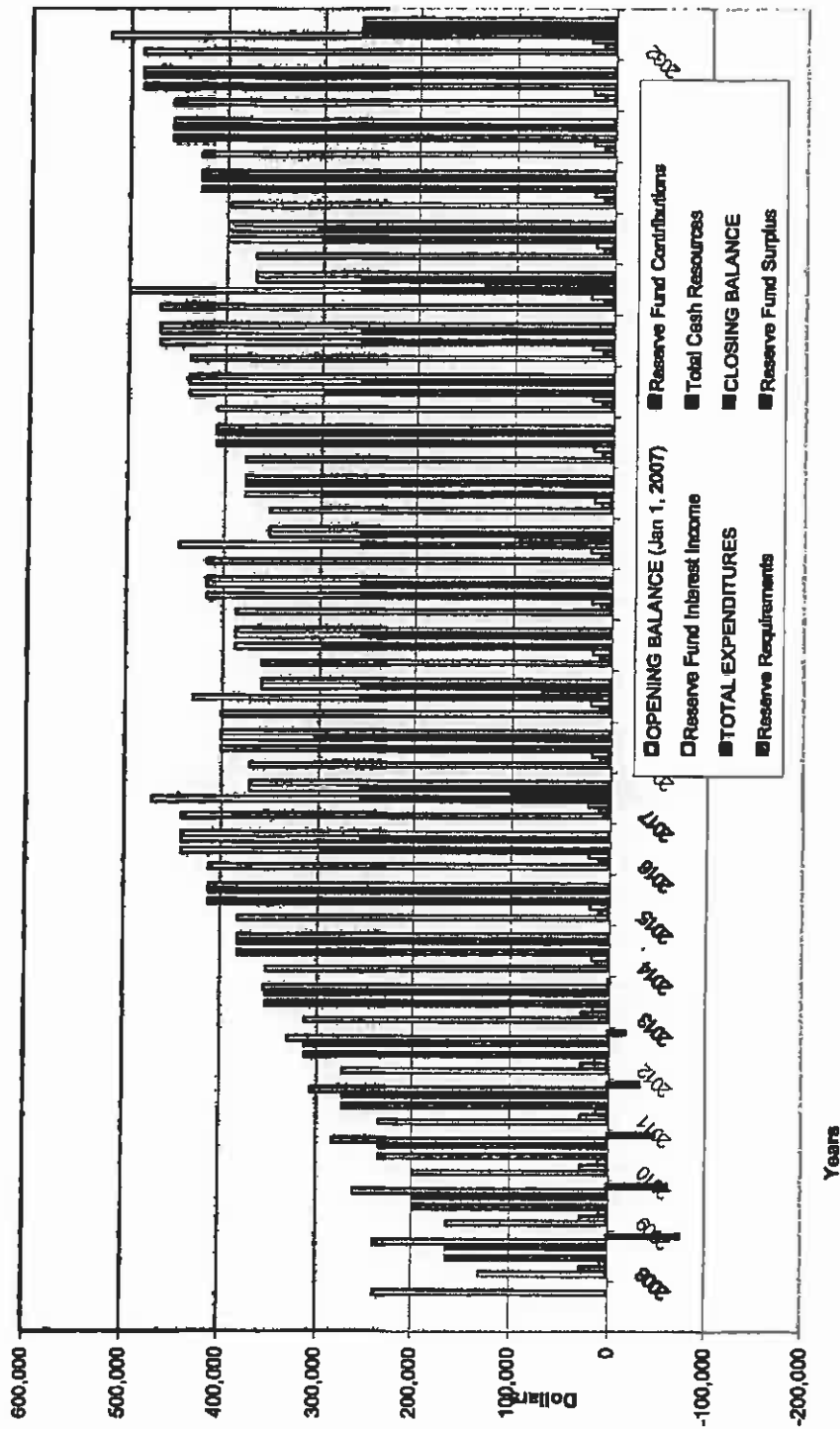
The Brookview Community Association has sufficient cash resources for anticipated expenditures throughout the 25 year projection. Cash resources will become depleted towards 2017 when the hockey rink will likely require replacement, 2019 for parking lot, 2022 for walkway lighting and parking lot – curbs, 2027 and 2032 for concrete sidewalks and trees.

The Cash Flow projections are intended as a planning tool for management as projected and actual expenditures may vary over time. If various components require earlier or later replacement or expenditures spread over several years the Cash Flow table is flexible to accommodate this.

Graphic Projection

The graphical presentation of the Cash Flow Analysis indicates the deficiency (negative Reserve Fund Surplus) being eliminated over approximately seven years. Considering the overall Cash Flow Analysis and initial cash position the Reserve Fund is considered in a relatively good position.

Brookview Community Association Cash Flow Projections and Deficiency Analysis



CanWest Reserve Planners

**EXHIBIT A
PHOTOS**



Exterior Views – Walkways



Exterior Views - Walkways



Exterior Views - Walkways



Exterior Views – Fencing



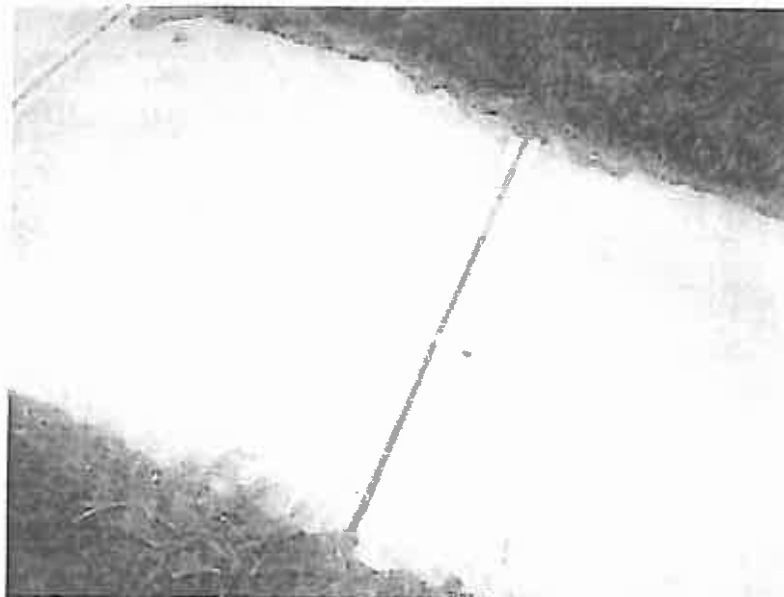
Exterior Views - Lighting



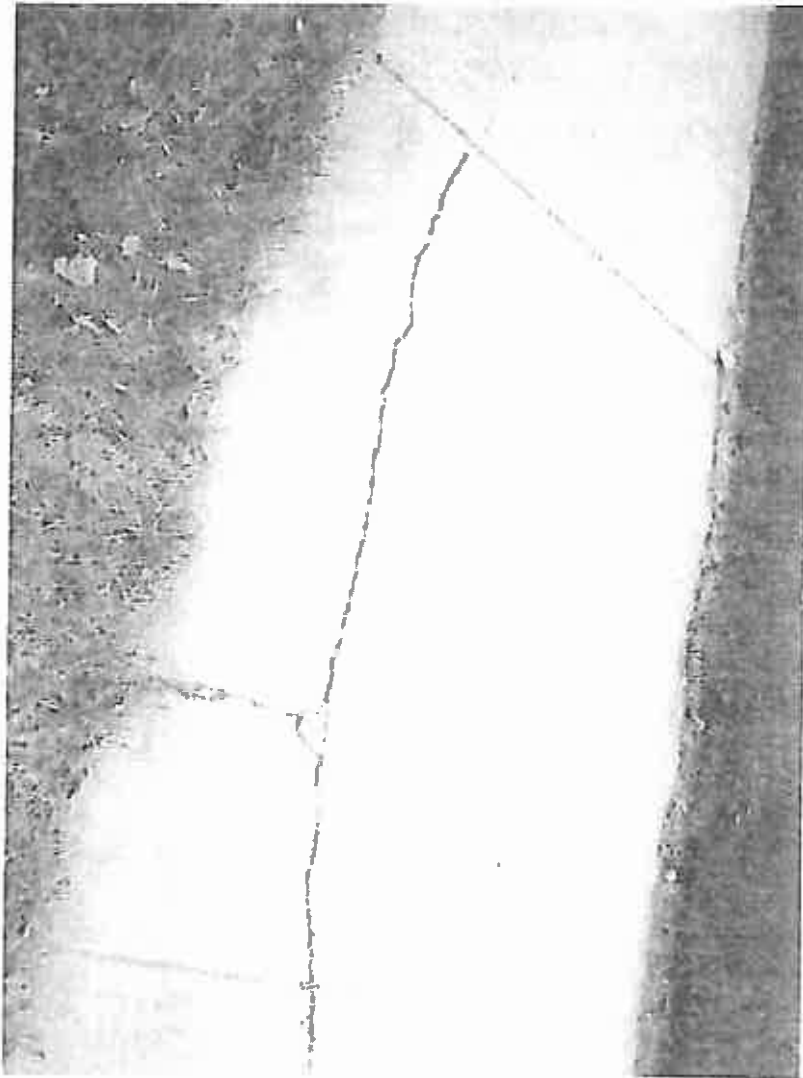
Exterior View - Lighting



Exterior View – Lighting



Exterior Views – Sidewalks

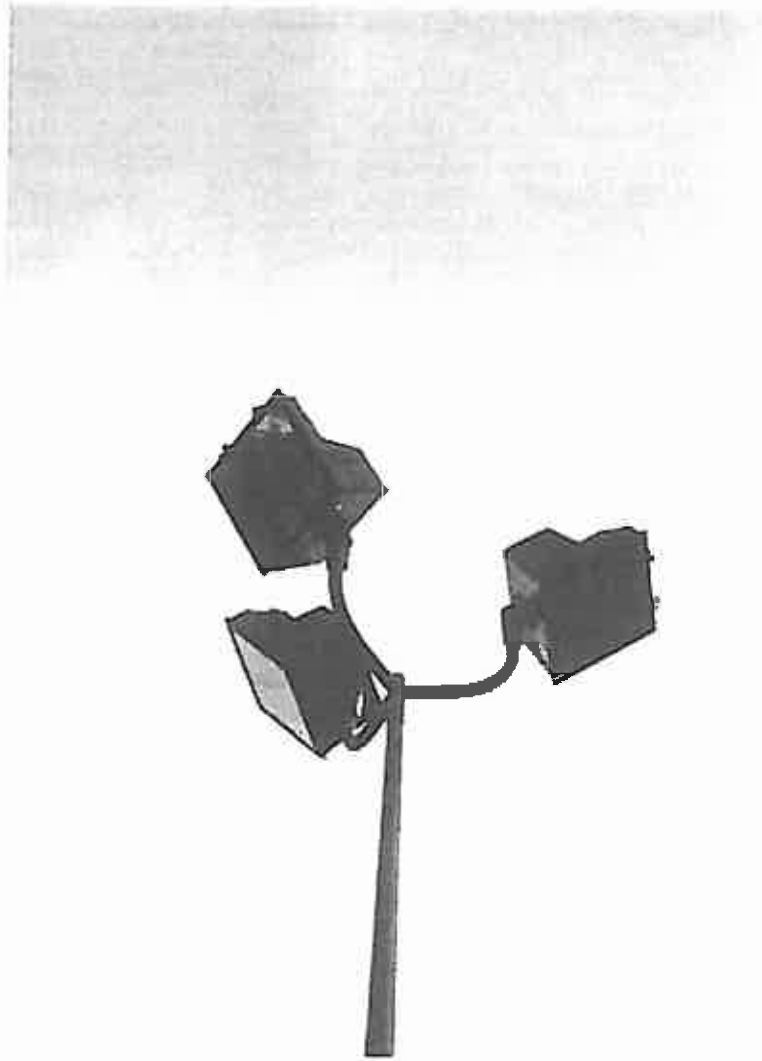


Exterior View - Sidewalk

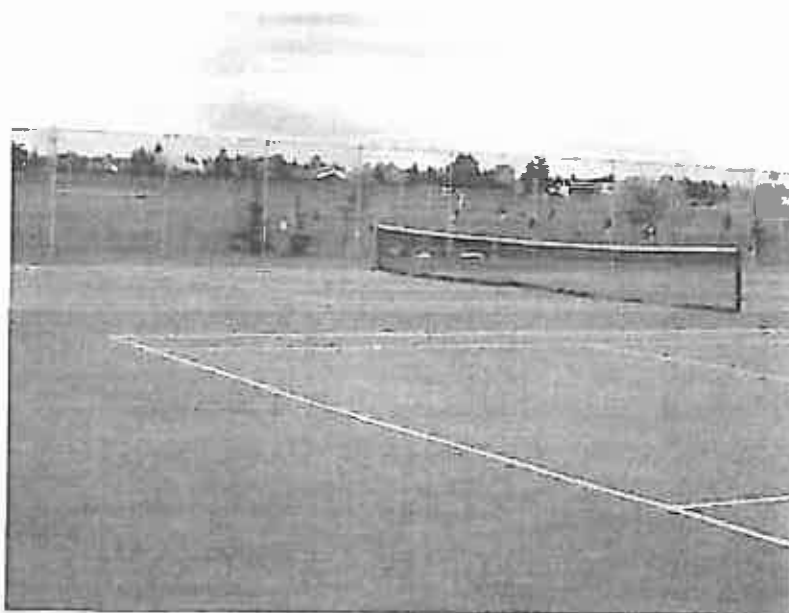
CanWest Reserve Planners



Exterior Views – Outdoor Rink



Exterior View –Outdoor Rink Lighting



Exterior Views – Tennis Courts



Exterior View – Parking Area