Depreciation & Reserve Fund Study Consultation Appraisal Report

Covering the Property Located At:

Strata Plan VIS 4577

Farrell Drive, Smith Place, Davis Avenue
Parksville BC, V9P 2V4

as of fiscal year start date: June 1, 2023

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June 9, 2023

Strata Plan VIS 4577,
Farrell Drive, Smith Place, Davis Avenue
Parksville BC, V9P 2V4

Attn: Owners of Strata Plan VIS 4577

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

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

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

Yours very truly,

Keith Bell

Bell Real Estate Consultants Ltd.

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Summary of Facts and Conclusions

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

Contact: **Donald Bower – Strata Representative**
Marjorie Picard – Strata Representative

Client: **Owners of Strata Plan VIS 4577**

Date of Study: **Fiscal Year Start Date: June 1, 2023**
Analysis Date: April 23, 2023

Property: **Strata Plan VIS 4577**
Farrell Drive, Smith Place, Davis Avenue
Parksville BC, V9P 2V4

Number of Units: **52 Bare Land Strata Lots**

Real Property Type: Bare Land Strata Subdivision

Improvement Description:

The subject property is a bare land strata subdivision located in Parksville and comprising of 52 bare land strata lots over two phases on Farrell Drive, Davis Avenue, and Smith Place. This analysis considers only the commonly owned assets of the Strata Corporation and does not include any of the residential buildings or associated improvements.

Commonly owned assets include a wood outbuilding with composite shingle roof and cement board siding that houses the common "Square D" 100-amp panel and 60-amp shutoff for common electrical systems (lighting, pump station, etc.), mail kiosk constructed of wood frame with composite shingle roof and cement board siding that houses 10 sets of "CMC" flush-mounted mailboxes for a total of 60 mailboxes, 11 good quality street lights with underground wiring, concrete sidewalks and curbs, asphalt roadway, underground services including electrical, storm and sewer, gas, water, etc., underground sprinkler system in common areas, sewage lift pump station with two installed pumps and one spare reconditioned pump, two signs located at the entrance to Farrell Drive and Davis Avenue, and three fire hydrants. There is also some common soft landscaping including trees at the base of Farrell Drive however these are not considered within the scope of this report.

Phase one of the development including site improvements for Farrell Drive up to and including Smith Place were installed in circa 1997 with phase two site improvements being installed in circa 2005.

Please note that the Strata Corporation is responsible for all common areas and improvements as listed in the Component Analysis Breakdown however in some cases improvements may be owner responsibility and / or the Strata Corporation may have elected to fund future cost requirements from sources other than the Contingency Reserve Fund. In these instances, funding may not be accumulating within the Contingency Reserve Fund and reader is advised to review this document in full to ascertain and understand future funding requirements.

The project, when constructed, is assumed to have been constructed in accordance with applicable building codes, fire codes, city bylaws, and construction practices in existence at that time. The quality of construction, materials, and workmanship is considered to be average.

Summary of Facts and Conclusions:

A reserve fund analysis was performed for **Strata Plan VIS 4577**, ("property") located at **Farrell Drive, Smith Place, Davis Avenue, Parksville BC, V9P 2V4.** The property has **52 Bare Land Strata** units. The reserve study is for the fiscal year starting **June 1, 2023**, and ending **May 31, 2026**.

As of the fiscal year start date of **June 1, 2023**, the estimated reserve fund balance is **$195,975.70**. With an annual compounded inflation rate of **3.25%** the future estimated replacement or maintenance allowance costs of all considered components is **$725,491.92**.

Recent analysis from Statistics Canada shows that the current construction rate of inflation is **+/- 8.50%** however we recognize that this rate of inflation is unlikely over the 30-year forecast period of this report. As such, we have applied an inflation rate of **3.25%** for forecasting / estimating purposes. This rate, and all component cost estimates, are effective only as of the analysis date of **April 23, 2023.**

Reader is advised that future cost estimates and forecasts are likely to change if / when the rate of inflation changes, resulting in either increased or decreased cost estimates and future funding / modeling forecasts.

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

Calculations and projections are based upon the following financial assumptions:

Annual Contribution Increase – 0.00% **OR** 3.25% **OR** 5.00%
Interest Earned – 2.64**%**
Taxes on Interest Earned - 0.00%
Inflation on Reserve Items – 3.25%

Funding Models - Summary

Plan A - $699.17 Per Month Year One Increased @ 0.00% Each Year Thereafter

This plan assumes the strata corporation contributes **$699.17** per month to the Contingency Reserve Fund and then further increases this amount by **0.00%** each year thereafter.

Plan A:

Beginning Balance	**$195,975.70**
Annual Assessment Year 1	**$8,390.07**
Special assessment Year 1	**$0.00**
Annual Assessment Year 1 Monthly	**$699.17**
Annual Increase	**0.00%**

Analysis:

This plan assumes that the strata corporation contributes $699.17 per month to the Contingency Reserve Fund in the first year and then increases this amount by 0.00% each year thereafter.

Should the strata corporation adopt this funding plan it is estimated that the following special levies may occur (Please cross-reference to Component Analysis Breakdown & Estimated Annual Expenditures Breakdown for additional information):

2032 - $25,000.00 **2037 - $50,000.00** **2047 - $200,000.00**

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

Please also note that models are based on "worst case scenarios" (i.e. - significant / structural / electrical / plumbing repairs, etc.) and estimated special levies may or may not occur in these amounts if "worst case scenarios" do not occur.

Plan B - $699.17 Per Month Year One Increased @ 3.25% Each Year Thereafter

This plan assumes the strata corporation contributes **$699.17** per month to the Contingency Reserve Fund and then further increases this amount by **3.25%** each year thereafter.

Plan B:

Beginning Balance	**$195,975.70**
Annual Assessment Year 1	**$8,390.07**
Special assessment Year 1	**$0.00**
Annual Assessment Year 1 Monthly	**$699.17**
Annual Increase	**3.25%**

Analysis:

This plan assumes that the strata corporation contributes $699.17 per month to the Contingency Reserve Fund in the first year and then increases this amount by 3.25% each year thereafter.

Should the strata corporation adopt this funding plan it is estimated that the following special levies may occur (Please cross-reference to Component Analysis Breakdown & Estimated Annual Expenditures Breakdown for additional information):

2035 - $40,000.00 2047 - $70,000.00

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

Please also note that models are based on "worst case scenarios" (i.e. - significant / structural / electrical / plumbing repairs, etc.) and estimated special levies may or may not occur in these amounts if "worst case scenarios" do not occur.

Plan C - $699.17 Per Month Year One Increased @ 5.00% Each Year Thereafter

This plan assumes the strata corporation contributes **$699.17** per month to the Contingency Reserve Fund and then further increases this amount by **5.00%** each year thereafter.

Plan C:

Beginning Balance	**$195,975.70**
Annual Assessment Year 1	**$8,390.07**
Special assessment Year 1	**$0.00**
Annual Assessment Year 1 Monthly	**$699.17**
Annual Increase	**5.00%**

Analysis:

This plan assumes that the strata corporation contributes $699.17 per month to the Contingency Reserve Fund in the first year and then increases this amount by 5.00% each year thereafter.

Should the strata corporation adopt this funding plan it is estimated that the following special levies may occur (Please cross-reference to Component Analysis Breakdown & Estimated Annual Expenditures Breakdown for additional information):

2037 - $25,000.00

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

Please also note that models are based on "worst case scenarios" (i.e. - significant / structural / electrical / plumbing repairs, etc.) and estimated special levies may or may not occur in these amounts if "worst case scenarios" do not occur.

Estimated Annual Expenditures Breakdown

Year	Description	Life Span	Future Cost
2023	Road Signage / Markings	15	$1,000.00
2023 Total		**15**	**$1,000.00**
2025	Soft Landscaping / Underground Sprinkler System	5	$7,995.42
	Replacement Cost New Appraisal	3	$692.94
2025 Total		**4**	**$8,688.36**
2026	Depreciation Report	3	$2,751.76
2026 Total		**3**	**$2,751.76**
2028	Replacement Cost New Appraisal	3	$762.72
	Asphalt Paving / Overlay	10	$41,089.93
2028 Total		**7**	**$41,852.65**
2029	Depreciation Report	3	$3,028.87
2029 Total		**3**	**$3,028.87**
2030	Soft Landscaping / Underground Sprinkler System	5	$9,381.92
	Lift Station - Ventilation Fan / Blower	15	$1,688.75
2030 Total		**10**	**$11,070.66**
2031	Lift Station - Floats	15	$1,252.83
	Replacement Cost New Appraisal	3	$839.53
2031 Total		**9**	**$2,092.36**
2032	Depreciation Report	3	$3,333.88
2032 Total		**3**	**$3,333.88**
2033	Utility Services - Electrical	20	$29,454.52
	Utility Services - Water	20	$39,302.07
	Utility Services - Natural Gas	20	$12,936.20
	Utility Services - Sewer	20	$27,868.34
	Utility Services - Storm Water	20	$99,239.66
	Utility Services - Cable / Telco	20	$7,864.82
	Utility Services - Fire Protection / Hydrants	20	$18,329.91
	Lift Station - Electrical Service	20	$15,834.28
	Mailbox Structure / Detached Shed	10	$2,065.34
	Concrete Paving / Curbing	15	$22,054.40
	Brick Paver Paving	30	$1,136.97
	Asphalt Shingle Roofing	25	$3,123.83
2033 Total		**20**	**$279,210.34**
2034	Replacement Cost New Appraisal	3	$924.07
2034 Total		**3**	**$924.07**
2035	Soft Landscaping / Underground Sprinkler System	5	$11,008.85
	Depreciation Report	3	$3,669.62
2035 Total		**4**	**$14,678.47**
2036	Lift Station - Pumps	15	$30,689.92
2036 Total		**15**	**$30,689.92**

2037	Replacement Cost New Appraisal	3	$1,017.12
2037 Total		**3**	**$1,017.12**
2038	Road Signage / Markings	15	$1,615.66
	Depreciation Report	3	$4,039.16
	Asphalt Paving / Overlay	10	$56,576.50
2038 Total		**9**	**$62,231.32**
2040	Soft Landscaping / Underground Sprinkler System	5	$12,917.91
	Replacement Cost New Appraisal	3	$1,119.55
2040 Total		**4**	**$14,037.46**
2041	Depreciation Report	3	$4,445.91
2041 Total		**3**	**$4,445.91**
2043	Replacement Cost New Appraisal	3	$1,232.29
	Mailbox Structure / Detached Shed	10	$2,843.76
2043 Total		**7**	**$4,076.05**
2044	Depreciation Report	3	$4,893.63
2044 Total		**3**	**$4,893.63**
2045	Soft Landscaping / Underground Sprinkler System	5	$15,158.02
	Lift Station - Ventilation Fan / Blower	15	$2,728.44
2045 Total		**10**	**$17,886.47**
2046	Lift Station - Floats	15	$2,024.15
	Replacement Cost New Appraisal	3	$1,356.39
2046 Total		**9**	**$3,380.54**
2047	Depreciation Report	3	$5,386.44
2047 Total		**3**	**$5,386.44**
2048	Street Lighting	30	$70,074.83
	Asphalt Paving / Overlay	10	$77,899.85
	Concrete Paving / Curbing	15	$35,632.50
2048 Total		**18**	**$183,607.18**
2049	Replacement Cost New Appraisal	3	$1,492.98
2049 Total		**3**	**$1,492.98**
2050	Soft Landscaping / Underground Sprinkler System	5	$17,786.60
	Depreciation Report	3	$5,928.87
2050 Total		**4**	**$23,715.46**
Grand Total		**10**	**$725,491.92**

Part 1 ~ Depreciation & Reserve Fund Study Consultation Appraisal Report

Date: **June 9, 2023**

Client: **Owners of Strata Plan VIS 4577**
Farrell Drive, Smith Place, Davis Avenue
Parksville BC, V9P 2V4

Effective date: **Fiscal Year Start Date: June 1, 2023**

File # **VIS4577-2023-DR**

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

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

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

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

The consultant has personally viewed the common areas of the subject improvements and site on **March 26, 2023**. The consultant has gathered and analyzed all the data deemed necessary from this viewing, from the supplied strata plans and documents, from the representative of the subject strata council, and from other available, appropriate, and applicable sources. The consultant has further completed a depreciation analysis and a reserve fund analysis.

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

THIS REPORT CONTAINS AND IS SUBJECT TO: Specific terminology descriptions, conditions, and special limitations which affect the stated opinions of value, the use, and the intended user of the report. **PLEASE CAREFULLY READ, AND PAY PARTICULAR ATTENTION TO** all of these descriptions, consultant certifications, conditions, and special limitations.

Yours truly;

1.1 Intended User:

This report has been completed for the exclusive use of the Strata Council of **Strata Plan VIS 4577**. No other party may rely on the report without specific written approval of Council. Any party who does not comply with the procedure to become entitled to rely on this report shall not be entitled to rely on any aspect of it and should proceed at their own risk. Possession of this report, or a copy thereof, does not carry with it the right to reproduction or publication in any manner, in whole or in part. (SEE SPECIAL LIMITATIONS AND CERTIFICATIONS)

1.2 Scope of Work:

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

The viewing of the improvements and site included:

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

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

1.3 Highest & Best Use Analysis:

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

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

This Depreciation & Reserve Fund Study Consultation Appraisal Report defines that:

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

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

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

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

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

1.4 Purpose of Reserve Fund Study

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

This report presents the findings of the Reserve Fund Study, the qualifications of the analyst as well as a physical inventory of common property and assessment of the present condition and estimated life expectancy. A minimum of three funding models are provided with the intent of establishing one model that the strata corporation can vote into budget.

1.5 Strata Property Amendment Act 2009 – Depreciation Report

Section 6.2

(1) For the purpose of section 94 of the Act, a depreciation report must include the following:

- **(a)** a physical component inventory and evaluation that complies with subsection (2);
- **(b)** a summary of repairs and maintenance work for common expenses respecting the items listed in subsection (2) (b) that usually occur less often than once a year or that do not usually occur;
- **(c)** a financial forecasting section that complies with subsection (3);
- **(d)** the name of the person from whom the depreciation report was obtained and a description of
  - **(i)** that person's qualifications,
  - **(ii)** the error and omissions insurance, if any, carried by that person, and
  - **(iii)** the relationship between that person and the strata corporation;
- **(e)** the date of the report;
- **(f)** any other information or analysis that the strata corporation or the person providing the depreciation report considers appropriate.

(2) For the purposes of subsection (1) (a) and (b) of this section, the physical component inventory and evaluation must

- **(a)** be based on an on-site visual inspection of the site and, where practicable, of the items listed in paragraph (b) conducted by the person preparing the depreciation report,
- **(b)** include a description and estimated service life over 30 years of those items that comprise of common property, or both, that the strata corporation is responsible to maintain or repair under the Act, the strata corporation's bylaws, or an agreement with an owner, including, but not limited to, the following items:
  - **(i)** the building's structure
  - **(ii)** the building's exterior, including roofs, roof decks, doors, windows, and skylights;
  - **(iii)** the building's systems, including the electrical, heating, plumbing, fire protection and security systems;
  - **(iv)** common amenities and facilities;
  - **(v)** parking facilities and roadways;
  - **(vi)** utilities, including water and sewage
  - **(vii)** landscaping, including paths, sidewalks, fencing and irrigation;
  - **(viii)** interior finishes, including floor covering and furnishings;
  - **(ix)** green building components;
  - **(x)** balconies and patios, and
- **(c)** identify common property and limited common property that the strata lot owner, and not the strata corporation, is responsible to maintain and repair.

(3) For the purposes of subsection (1)(c), the financial forecasting section must include

- **(a)** the anticipated maintenance, repair and replacement costs for the common expenses that usually occur less often than once a year or that do not usually occur, projected over 30 years, beginning with the current or previous fiscal year of the strata corporation, of the items listed in subsection (2)(b),
- **(b)** a description of the factors and assumptions, including interest rates and rates of inflation, used to calculate the costs referred to in paragraph (a).
- **(c)** a description of how the contingency reserve fund is currently being funded,
- **(d)** the current balance of the contingency reserve fund minus any expenditures that have been approved but not yet taken from the fund, and
- **(e)** at least 3 cash-flow funding models for the contingency reserve fund relating to the maintenance, repair, and replacement over 30 years, beginning with the current or previous fiscal year of the strata corporation, of the items listed in subsection (2)(b).

(4) For the purposes of subsection (3)(e), the cash-flow funding models may include any one or more of the following:

- **(a)** balances of, contributions to and withdrawals from the contingency reserve fund;
- **(b)** special levies;
- **(c)** borrowings.

(5) If a strata corporation contributes to the contingency reserve fund based on a depreciation report, the contributions in respect of an item become part of the contingency reserve fund and may be spent for any purpose permitted under section 96 of the Act.

(6) For the purposes of section 94 (1) of the Act, “qualified person” means any person who has the knowledge and expertise to understand the individual components, scope and complexity of the strata corporation’s common property, common assets and those parts of a strata lot or limited property, or both, that the strata corporation is responsible to maintain or repair under the Act, the strata corporation’s bylaws or an agreement with an owner and to prepare a depreciation report that complies with subsections (1) to (4).

(7) The following periods are prescribed

- **(a)** for the purposes of section 94(2)(b) of the Act, 3 years:
- **(b)** for the purposes of section 94(2)(c) of the Act, 18 months;
- **(c)** for the purposes of section 94 (3)(a) of the Act, the one-year period immediately preceding the date on or before which the depreciation report is required to be obtained.

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

Part 2 ~ Methodology

2.1 Reserve Fund Study

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

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

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

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

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

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

This Reserve Fund Study comprises the following elements:

COMPONENT INVENTORY: The task of identifying and quantifying reserve Components. This task can be accomplished through on-site visual observations, review of the Corp.'s design and organizational documents, a review of established Corp. precedents, and discussion with appropriate Corp. representative(s).
CONDITION ASSESSMENT: The task of evaluating the current condition of the component based on observed or reported characteristics.
LIFE SPAN AND VALUATION ESTIMATES: The task of estimating Useful Life, Remaining Useful Life, and repair or Replacement Costs for the Reserve Components.
FUNDING PLAN: A strata Corp.'s plan to provide contributions to a reserve fund to offset anticipated expenditures from that fund.

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

2.2 Reserve Fund Planning Standards

This Depreciation & Reserve Fund Study Consultation Appraisal report follows established Reserve Fund Planning Standards utilized by the consultant. These standards, presented throughout this Report, consist of investigations, analyses and calculations that provide realistic and supportable reserve fund estimates.

2.3 Reserve Fund Projection Factors

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

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

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

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

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

Inflation Factors

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

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

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

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

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

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

Recent analysis from Statistics Canada shows that the current construction rate of inflation is **8.50%** however we recognize that this rate of inflation is unlikely over the 30-year forecast period of this report. As such, we have applied an inflation rate of **3.25%** for forecasting / estimating purposes. This rate, and all component cost estimates, are effective only as of the analysis date of **April 23, 2023.**

Reader is advised that future cost estimates and forecasts are likely to change if / when the rate of inflation changes, resulting in either increased or decreased cost estimates and future funding / modeling forecasts.

Interest Rates

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

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

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

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

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

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

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

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

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

Considering the investment opportunities available in the subject instance, and a recommended management policy of investing in secured guaranteed investments, we have selected a **2.64%** interest rate in calculating the future investment performance of the Corporation’s reserve fund.

2.4 General Conditions and Assumptions

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

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

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

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

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

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

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

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

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

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

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

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

Part 3 ~ Property Information

3.1 Property Description

A reserve fund analysis was performed for **Strata Plan VIS 4577**, ("property") located at **Farrell Drive, Smith Place, Davis Avenue, Parksville BC, V9P 2V4.** The property has **52 Bare Land Strata** units. The reserve study is for the fiscal year starting **June 1, 2023**, and ending **May 31, 2026**.

The subject property is a bare land strata subdivision located in Parksville and comprising of 52 bare land strata lots over two phases on Farrell Drive, Davis Avenue, and Smith Place. This analysis considers only the commonly owned assets of the Strata Corporation and does not include any of the residential buildings or associated improvements.

Commonly owned assets include a wood outbuilding with composite shingle roof and cement board siding that houses the common "Square D" 100-amp panel and 60-amp shutoff for common electrical systems (lighting, pump station, etc.), mail kiosk constructed of wood frame with composite shingle roof and cement board siding that houses 10 sets of "CMC" flush-mounted mailboxes for a total of 60 mailboxes, 11 good quality street lights with underground wiring, concrete sidewalks and curbs, asphalt roadway, underground services including electrical, storm and sewer, gas, water, etc., underground sprinkler system in common areas, sewage lift pump station with two installed pumps and one spare reconditioned pump, two signs located at the entrance to Farrell Drive and Davis Avenue, and three fire hydrants. There is also some common soft landscaping including trees at the base of Farrell Drive however these are not considered within the scope of this report.

Phase one of the development including site improvements for Farrell Drive up to and including Smith Place were installed in circa 1997 with phase two site improvements being installed in circa 2005.

Please note that the Strata Corporation is responsible for all common areas and improvements as listed in the Component Analysis Breakdown however in some cases improvements may be owner responsibility and / or the Strata Corporation may have elected to fund future cost requirements from sources other than the Contingency Reserve Fund. In these instances, funding may not be accumulating within the Contingency Reserve Fund and reader is advised to review this document in full to ascertain and understand future funding requirements.

The project, when constructed, is assumed to have been constructed in accordance with applicable building codes, fire codes, city bylaws, and construction practices in existence at that time. The quality of construction, materials, and workmanship is considered to be average.

3.2 Building / Strata Plans

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

Strata Plans provided by the strata corporation.
Building Plans provided by the strata corporation.
Strata Meeting minutes & financial statements provided by the strata corporation.
Marshall & Swift Replacement Cost manual

Plans were used for quantifying building components and other improvements as well as on site measurements. The buildings and site improvements were visited on **March 26, 2023**. Various construction details, facilities, equipment installations and improvements have been noted for consideration in the cost estimates herein.

Part 4 ~ Reserve Component Analysis & Estimated Costs

4.1 Property Inspection

The property was visited for the purposes of preparing this report on **March 26, 2023**, by Keith Bell, Reserve Fund Planning Consultant / Appraisal Consultant.

4.2 Reserve Fund Studies

Previous Depreciation & Reserve Fund Study Consultation Appraisal Reports prepared by Bell Appraisals / Bell Real Estate Consultants were reviewed and relied upon in the preparation of this report.

4.3 Component Classification

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

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

4.4 Life Span Analysis

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

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

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

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

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

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

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

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

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

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

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

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

Normal Life Span

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

Observed Condition Analysis

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

Remaining Life Span

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

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

4.5 Current Cost Estimates

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

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

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

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

Quality of Construction

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

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

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

Demolition and Disposal Costs

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

Goods & Services Sales Tax

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

Contingency Reserves

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

4.6 Reserve Component Descriptions and Analyses

See Attached – Component Analysis Breakdown - which lists each reserve fund components and provides the following information:

- Description
- Reserve Fund expenditure history
- Potential Deterioration
- Life Span Analysis
- Current Repair or Replacement Costs
- Financial Analysis

Part 5~ Reserve Fund Component Estimates

5.1 Financial Analysis and Funding Models

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

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

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

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

Optimizing the Analysis Results:

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

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

FUNDING PRINCIPLES:

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

5.2 Schedule Reserve Fund Component Estimates

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

Long-term inflation rate: **3.25%**
Long-term interest rate: **2.64%**

5.3 Summary of Reserve Fund Analysis

The Reserve Fund position and estimated requirements of **Strata Plan VIS 4577**, are as follows:

Significant Reserve Fund Estimates:

Future Cost of Replacements	$725,491.92
Current Fund Balance	$195,975.70

Part 6 ~ Analysis of Reserve Fund Operations

6.1 Corporation's Financial Statements

Adequacy of Reserve Fund

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

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

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

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

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

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

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

Part 7 ~ Reserve Fund Management – 30 Year Projections

7.1 30 Year Projected Cash Flow and Deficiency/Surplus Analysis

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

Beginning Balance

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

Contributions

These are the regular reserve fund contributions and special assessments.

Interest Earned

This is the interest income based on **100**% of the opening balance.

Opening Cash Funds

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

Expenditures

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

Ending Balance

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

Part 8 ~ Conclusions

FUNDING MODELS

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

8.1 Plan A - $699.17 Per Month Year One Increased @ 0.00% Each Year Thereafter

This plan assumes the strata corporation contributes **$699.17** per month to the Contingency Reserve Fund and then further increases this amount by **0.00%** each year thereafter.

Plan A:

Beginning Balance	**$195,975.70**
Annual Assessment Year 1	**$8,390.07**
Special assessment Year 1	**$0.00**
Annual Assessment Year 1 Monthly	**$699.17**
Annual Increase	**0.00%**

Analysis:

This plan assumes that the strata corporation contributes $699.17 per month to the Contingency Reserve Fund in the first year and then increases this amount by 0.00% each year thereafter.

Should the strata corporation adopt this funding plan it is estimated that the following special levies may occur (Please cross-reference to Component Analysis Breakdown & Estimated Annual Expenditures Breakdown for additional information):

2032 - $25,000.00 2037 - $50,000.00 2047 - $200,000.00

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

Please also note that models are based on "worst case scenarios" (i.e. - significant / structural / electrical / plumbing repairs, etc.) and estimated special levies may or may not occur in these amounts if "worst case scenarios" do not occur.

Funding Model Plan A – 30-Year Cash Flow Forecast

Plan A: $699.17 Per Month Year One Increased @ 0% Each Year Thereafter

Annual Cash Flow Analysis

	Period	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
1	6/2023 - 5/2024	$195,975.70	$8,390.04	$5,163.96	$1,000.00	$208,529.70
2	6/2024 - 5/2025	$208,529.70	$8,390.04	$5,494.76	$0.00	$222,414.50
3	6/2025 - 5/2026	$222,414.50	$8,390.04	$5,860.62	$8,688.36	$227,976.80
4	6/2026 - 5/2027	$227,976.80	$8,390.04	$6,007.19	$2,751.76	$239,622.27
5	6/2027 - 5/2028	$239,622.27	$8,390.04	$6,314.05	$0.00	$254,326.36
6	6/2028 - 5/2029	$254,326.36	$8,390.04	$6,701.50	$41,852.65	$227,565.25
7	6/2029 - 5/2030	$227,565.25	$8,390.04	$5,996.34	$3,028.87	$238,922.76
8	6/2030 - 5/2031	$238,922.76	$8,390.04	$6,295.61	$11,070.66	$242,537.75
9	6/2031 - 5/2032	$242,537.75	$8,390.04	$6,390.87	$2,092.36	$255,226.31
10	6/2032 - 5/2033	$255,226.31	$33,390.04	$6,725.21	$3,333.88	$292,007.68
11	6/2033 - 5/2034	$292,007.68	$8,390.04	$7,694.40	$279,210.34	$28,881.77
12	6/2034 - 5/2035	$28,881.77	$8,390.04	$761.03	$924.07	$37,108.78
13	6/2035 - 5/2036	$37,108.78	$8,390.04	$977.82	$14,678.47	$31,798.17
14	6/2036 - 5/2037	$31,798.17	$8,390.04	$837.88	$30,689.92	$10,336.17
15	6/2037 - 5/2038	$10,336.17	$58,390.04	$272.36	$1,017.12	$67,981.44
16	6/2038 - 5/2039	$67,981.44	$8,390.04	$1,791.31	$62,231.32	$15,931.47
17	6/2039 - 5/2040	$15,931.47	$8,390.04	$419.79	$0.00	$24,741.31
18	6/2040 - 5/2041	$24,741.31	$8,390.04	$651.93	$14,037.46	$19,745.82
19	6/2041 - 5/2042	$19,745.82	$8,390.04	$520.30	$4,445.91	$24,210.25
20	6/2042 - 5/2043	$24,210.25	$8,390.04	$637.94	$0.00	$33,238.23
21	6/2043 - 5/2044	$33,238.23	$8,390.04	$875.83	$4,076.05	$38,428.04
22	6/2044 - 5/2045	$38,428.04	$8,390.04	$1,012.58	$4,893.63	$42,937.03
23	6/2045 - 5/2046	$42,937.03	$8,390.04	$1,131.39	$17,886.47	$34,571.99
24	6/2046 - 5/2047	$34,571.99	$8,390.04	$910.97	$3,380.54	$40,492.46
25	6/2047 - 5/2048	$40,492.46	$208,390.04	$1,066.98	$5,386.44	$244,563.04
26	6/2048 - 5/2049	$244,563.04	$8,390.04	$6,444.24	$183,607.18	$75,790.14
27	6/2049 - 5/2050	$75,790.14	$8,390.04	$1,997.07	$1,492.98	$84,684.26
28	6/2050 - 5/2051	$84,684.26	$8,390.04	$2,231.43	$23,715.46	$71,590.27
29	6/2051 - 5/2052	$71,590.27	$8,390.04	$1,886.40	$49,584.59	$32,282.12
30	6/2052 - 5/2053	$32,282.12	$8,390.04	$850.63	$1,643.33	$39,879.47

8.2 Plan B - $699.17 Per Month Year One Increased @ 3.25% Each Year Thereafter

This plan assumes the strata corporation contributes **$699.17** per month to the Contingency Reserve Fund and then further increases this amount by **3.25%** each year thereafter.

Plan B:

Beginning Balance	**$195,975.70**
Annual Assessment Year 1	**$8,390.07**
Special assessment Year 1	**$0.00**
Annual Assessment Year 1 Monthly	**$699.17**
Annual Increase	**3.25%**

Analysis:

This plan assumes that the strata corporation contributes $699.17 per month to the Contingency Reserve Fund in the first year and then increases this amount by 3.25% each year thereafter.

Should the strata corporation adopt this funding plan it is estimated that the following special levies may occur (Please cross-reference to Component Analysis Breakdown & Estimated Annual Expenditures Breakdown for additional information):

2035 - $40,000.00 2047 - $70,000.00

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

Please also note that models are based on "worst case scenarios" (i.e. - significant / structural / electrical / plumbing repairs, etc.) and estimated special levies may or may not occur in these amounts if "worst case scenarios" do not occur.

Funding Model Plan B – 30-Year Cash Flow Forecast

Plan B: $699.17 Per Month Year One Increased @ 3.25% Each Year Thereafter

Annual Cash Flow Analysis

	Period	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
1	6/2023 - 5/2024	$195,975.70	$8,390.04	$5,173.76	$1,000.00	$208,539.50
2	6/2024 - 5/2025	$208,539.50	$8,662.72	$5,505.44	$0.00	$222,707.66
3	6/2025 - 5/2026	$222,707.66	$8,944.25	$5,879.48	$8,688.36	$228,843.04
4	6/2026 - 5/2027	$228,843.04	$9,234.94	$6,041.46	$2,751.76	$241,367.68
5	6/2027 - 5/2028	$241,367.68	$9,535.08	$6,372.11	$0.00	$257,274.86
6	6/2028 - 5/2029	$257,274.86	$9,844.97	$6,792.06	$41,852.65	$232,059.24
7	6/2029 - 5/2030	$232,059.24	$10,164.93	$6,126.36	$3,028.87	$245,321.66
8	6/2030 - 5/2031	$245,321.66	$10,495.29	$6,476.49	$11,070.66	$251,222.78
9	6/2031 - 5/2032	$251,222.78	$10,836.39	$6,632.28	$2,092.36	$266,599.09
10	6/2032 - 5/2033	$266,599.09	$11,188.57	$7,038.22	$3,333.88	$281,491.99
11	6/2033 - 5/2034	$281,491.99	$11,552.20	$7,431.39	$279,210.34	$21,265.24
12	6/2034 - 5/2035	$21,265.24	$11,927.64	$561.40	$924.07	$32,830.21
13	6/2035 - 5/2036	$32,830.21	$52,315.29	$866.72	$14,678.47	$71,333.76
14	6/2036 - 5/2037	$71,333.76	$12,715.54	$1,883.21	$30,689.92	$55,242.59
15	6/2037 - 5/2038	$55,242.59	$13,128.80	$1,458.40	$1,017.12	$68,812.66
16	6/2038 - 5/2039	$68,812.66	$13,555.48	$1,816.65	$62,231.32	$21,953.48
17	6/2039 - 5/2040	$21,953.48	$13,996.03	$579.57	$0.00	$36,529.08
18	6/2040 - 5/2041	$36,529.08	$14,450.91	$964.37	$14,037.46	$37,906.89
19	6/2041 - 5/2042	$37,906.89	$14,920.56	$1,000.74	$4,445.91	$49,382.28
20	6/2042 - 5/2043	$49,382.28	$15,405.48	$1,303.69	$0.00	$66,091.45
21	6/2043 - 5/2044	$66,091.45	$15,906.16	$1,744.81	$4,076.05	$79,666.37
22	6/2044 - 5/2045	$79,666.37	$16,423.11	$2,103.19	$4,893.63	$93,299.04
23	6/2045 - 5/2046	$93,299.04	$16,956.86	$2,463.09	$17,886.47	$94,832.52
24	6/2046 - 5/2047	$94,832.52	$17,507.95	$2,503.58	$3,380.54	$111,463.51
25	6/2047 - 5/2048	$111,463.51	$88,076.96	$2,942.64	$5,386.44	$197,096.68
26	6/2048 - 5/2049	$197,096.68	$18,664.46	$5,203.35	$183,607.18	$37,357.31
27	6/2049 - 5/2050	$37,357.31	$19,271.06	$986.23	$1,492.98	$56,121.62
28	6/2050 - 5/2051	$56,121.62	$19,897.37	$1,481.61	$23,715.46	$53,785.14
29	6/2051 - 5/2052	$53,785.14	$20,544.03	$1,419.93	$49,584.59	$26,164.51
30	6/2052 - 5/2053	$26,164.51	$21,211.71	$690.74	$1,643.33	$46,423.64

8.3 Plan C - $699.17 Per Month Year One Increased @ 5.00% Each Year Thereafter

This plan assumes the strata corporation contributes **$699.17** per month to the Contingency Reserve Fund and then further increases this amount by **5.00%** each year thereafter.

Plan C:

Beginning Balance	**$195,975.70**
Annual Assessment Year 1	**$8,390.07**
Special assessment Year 1	**$0.00**
Annual Assessment Year 1 Monthly	**$699.17**
Annual Increase	**5.00%**

Analysis:

This plan assumes that the strata corporation contributes $699.17 per month to the Contingency Reserve Fund in the first year and then increases this amount by 5.00% each year thereafter.

Should the strata corporation adopt this funding plan it is estimated that the following special levies may occur (Please cross-reference to Component Analysis Breakdown & Estimated Annual Expenditures Breakdown for additional information):

2037 - $25,000.00

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

Please also note that models are based on "worst case scenarios" (i.e. - significant / structural / electrical / plumbing repairs, etc.) and estimated special levies may or may not occur in these amounts if "worst case scenarios" do not occur.

Funding Model Plan C – 30-Year Cash Flow Forecast

Plan C:	$699.17 Per Month Year One Increased @ 5% Each Year Thereafter Annual Cash Flow Analysis				
Period	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
1 6/2023 - 5/2024	$195,975.70	$8,390.04	$5,173.76	$1,000.00	$208,539.50
2 6/2024 - 5/2025	$208,539.50	$8,809.54	$5,505.44	$0.00	$222,854.48
3 6/2025 - 5/2026	$222,854.48	$9,250.02	$5,883.36	$8,688.36	$229,299.50
4 6/2026 - 5/2027	$229,299.50	$9,712.52	$6,053.51	$2,751.76	$242,313.77
5 6/2027 - 5/2028	$242,313.77	$10,198.15	$6,397.08	$0.00	$258,909.00
6 6/2028 - 5/2029	$258,909.00	$10,708.05	$6,835.20	$41,852.65	$234,599.60
7 6/2029 - 5/2030	$234,599.60	$11,243.46	$6,193.43	$3,028.87	$249,007.62
8 6/2030 - 5/2031	$249,007.62	$11,805.63	$6,573.80	$11,070.66	$256,316.38
9 6/2031 - 5/2032	$256,316.38	$12,395.91	$6,766.75	$2,092.36	$273,386.69
10 6/2032 - 5/2033	$273,386.69	$13,015.71	$7,217.41	$3,333.88	$290,285.92
11 6/2033 - 5/2034	$290,285.92	$13,666.49	$7,663.55	$279,210.34	$32,405.62
12 6/2034 - 5/2035	$32,405.62	$14,349.82	$855.51	$924.07	$46,686.87
13 6/2035 - 5/2036	$46,686.87	$15,067.31	$1,232.53	$14,678.47	$48,308.24
14 6/2036 - 5/2037	$48,308.24	$15,820.67	$1,275.34	$30,689.92	$34,714.33
15 6/2037 - 5/2038	$34,714.33	$41,611.71	$916.46	$1,017.12	$76,225.37
16 6/2038 - 5/2039	$76,225.37	$17,442.29	$2,012.35	$62,231.32	$33,448.69
17 6/2039 - 5/2040	$33,448.69	$18,314.41	$883.05	$0.00	$52,646.14
18 6/2040 - 5/2041	$52,646.14	$19,230.13	$1,389.86	$14,037.46	$59,228.66
19 6/2041 - 5/2042	$59,228.66	$20,191.63	$1,563.64	$4,445.91	$76,538.02
20 6/2042 - 5/2043	$76,538.02	$21,201.21	$2,020.60	$0.00	$99,759.83
21 6/2043 - 5/2044	$99,759.83	$22,261.27	$2,633.66	$4,076.05	$120,578.71
22 6/2044 - 5/2045	$120,578.71	$23,374.34	$3,183.28	$4,893.63	$142,242.70
23 6/2045 - 5/2046	$142,242.70	$24,543.05	$3,755.21	$17,886.47	$152,654.49
24 6/2046 - 5/2047	$152,654.49	$25,770.21	$4,030.08	$3,380.54	$179,074.23
25 6/2047 - 5/2048	$179,074.23	$27,058.72	$4,727.56	$5,386.44	$205,474.08
26 6/2048 - 5/2049	$205,474.08	$28,411.65	$5,424.52	$183,607.18	$55,703.06
27 6/2049 - 5/2050	$55,703.06	$29,832.24	$1,470.56	$1,492.98	$85,512.88
28 6/2050 - 5/2051	$85,512.88	$31,323.85	$2,257.54	$23,715.46	$95,378.80
29 6/2051 - 5/2052	$95,378.80	$32,890.04	$2,518.00	$49,584.59	$81,202.25
30 6/2052 - 5/2053	$81,202.25	$34,534.54	$2,143.74	$1,643.33	$116,237.20

Part 9 – Component Analysis

Asphalt Paving / Overlay

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Asphalt Paving / Overlay	10	5	$10.50	3335	2028	$35,018	$41,090

Comments

This component considers asphalt paving at the subject property, +/- 33,350 Square Feet between Farrell Drive, Davis Avenue, and Smith Place.
Please note that, as the likelihood of full replacement of this component is very low, an allowance of 10% (+/- 3,335 Square Feet) has been applied every 10 years, with the next occurrence in 5 years, as an allowance to be accumulating towards any unanticipated repairs / maintenance. Please also note that if maintenance or replacement timing changes, conditional assessment changes, the strata corporation is required to complete full replacement, or any unanticipated repairs exceed any accumulated funds, then additional funding may be required from other sources.

Life Span Estimates:

Estimated Service Life	**10 Years**
Estimated Effective Age	**5 Years**
Estimated Remaining Life Span	**5 Years**

Potential Deterioration:

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

Deficiency Analysis:

Asphalt paving shows to be in average / good condition with past repairs and maintenance visually noted at the time of inspection. The strata corporation advises that they inspect asphalt paving annually and repair as needed.
Remediation of any subsurface work (grading / subsurface base / tree roots, etc.), should be considered as necessary, as failure to address any underlying issues will not fully resolve any component deficiencies / failures. Any cost associated with subsurface work cannot be analyzed / considered within this analysis as these areas have not been / cannot be inspected so are beyond the scope of this analysis.



Concrete Paving / Curbing

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Concrete Paving / Curbing	15	5	$21.50	745	2033	$16,018	$22,054

Comments

This component considers the +/- 4,900 Square Feet of concrete sidewalk and the +/- 2560 Linear Feet of concrete curb located at the subject property, +/- 7,460 Square Feet / Linear Feet total.

Please note that, as the likelihood of full replacement of this component is very low, an allowance of 10% (+/- 745 Square Feet) has been applied every 15 years, with the next occurrence in 10 years, as an allowance to be accumulating towards any unanticipated repairs / maintenance.

Please also note that if maintenance or replacement timing changes, conditional assessment changes, the strata corporation is required to complete full replacement, or any unanticipated repairs exceed any accumulated funds, then additional funding may be required from other sources.

Life Span Estimates:

Estimated Service Life	**15 Years**
Estimated Effective Age	**5 Years**
Estimated Remaining Life Span	**10 Years**

Potential Deterioration:

Regular maintenance is important to lengthen the estimated useful life of concrete paving and curbing. It can be maintained longer with routine maintenance which may include cleaning, sealing, crack pouring, surface treatments, milling and overlays of nominal aggregate size.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation.

Remediation of any subsurface work (grading / subsurface base / tree roots, etc.), should be considered as necessary, as failure to address any underlying issues will not fully resolve any component deficiencies / failures. Any cost associated with subsurface work cannot be analyzed / considered within this analysis as these areas have not been / cannot be inspected so are beyond the scope of this analysis.

Brick Paver Paving

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Brick Paver Paving	30	20	$18.35	45	2033	$826	$1,137

Comments

This component considers the minimal +/- 45 Square Feet of brick pavers in sand located at the subject property.

Life Span Estimates:

Estimated Service Life	**30 Years**
Estimated Effective Age	**20 Years**
Estimated Remaining Life Span	**10 Years**

Potential Deterioration:

With proper installation and drainage brick pavers can be a low maintenance item. Joints should be inspected periodically to ensure that the filler is intact. Cracked pavers should be replaced immediately. Areas may settle or shift and should be repaired immediately to avoid future potential deterioration.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation.

Asphalt Shingle Roof

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Asphalt Shingle Roofing	25	15	$13.75	165	2033	$2,269	$3,124

Comments

This component considers the asphalt shingle roofing on both the mailbox kiosk structure as well as the detached electrical building / shed.

Asphalt roof shingles are a roof covering consisting of individual overlapping elements. These elements are typically flat rectangular shapes laid in rows from the bottom edge of the roof up, with each successive higher row overlapping the joints in the row below.

Life Span Estimates:

Estimated Effective Life Span **25 Years**
Estimated Effective Age **15 Years**
Estimated Remaining Life Span **10 Years**

Potential Deterioration:

The protective nature of composite shingles primarily comes from the long-chain petroleum hydrocarbons. Over time in the hot sun, these oils soften and when rain falls the oils are gradually washed out of the shingles. During rain, more water is channeled along eaves and complex rooflines, and these are subsequently more prone to erosion than other areas. Eventually the loss of the oils causes composite shingle fibers to shrink, exposing the nail heads under the shingles. Once the nail heads are exposed, water running down the roof can seep into the building around the nail shank, resulting in rotting of underlying roof building materials and causing moisture damage to ceilings and paint inside. In addition, high winds can lift and / or damage shingles, requiring these to be replaced.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation.


Mailbox Structure / Detached Shed

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Mailbox Structure / Detached Shed	10	0	$1,500.00	1	2033	$1,500	$2,065

Comments

This component considers a maintenance allowance for the subject property mailbox structure and the detached building / shed.

Although the mailbox structure no longer contains a mailbox set as this was converted to Canada Post mailboxes, and the detached shed experiences minimal use, primarily as storage, periodic maintenance to each of these structures will be required, including exterior paint, siding / trim / fascia repairs, etc.

Although these structures may eventually require replacement, the likelihood within the foreseeable future is quite low. As such, this component includes an allowance of $1,500.00 every 10 years, with the next occurrence in 10 years, for periodic maintenance / repair to these structures.

Life Span Estimates:

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

Potential Deterioration:

Structural elements should experience minimal deterioration assuming that their exterior elements (roofing / siding) are properly protected.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation. The strata corporation advises that both the shed and mailbox structure were painted in 2023.






Soft Landscaping / Underground Sprinkler System

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Soft Landscaping / Underground Sprinkler System	5	3	$7,500.00	Allowance	2025	$7,500	$7,995

Comments

This component considers an allowance for maintenance / upkeep of all soft landscaping located at the subject property, primarily around sidewalks and common / limited common areas, as well as an allowance for the underground sprinkler system located at the property, however excludes all landscaping and underground sprinkler systems on owners' fee simple lots.

It is not possible to plan for significant landscape / irrigation system upgrades / replacements, as this would depend on health of trees, shrubs, etc., and sprinkler systems would not normally require upgrading except due to unplanned failure / damage.

As such, this analysis includes an additional $7,500.00 every five years with the first occurrence in two years if needed, for any unanticipated repairs / maintenance to this component.

Life Span Estimates:

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

Potential Deterioration:

If not maintained, landscaping may lose its visual appeal / aesthetic. Plants and trees can become diseased. Large tree root structures may damage other site improvement components. Sprinkler systems should be maintained at least twice annually, including fall / winterization and spring start-up.

Deficiency Analysis:

Strata records indicate ongoing maintenance / repair to both landscaping as well as underground sprinkler system, including +/- $10,600.00 in irrigation system repairs and maintenance since 2020 and an additional +/- $3,740.00 since 2020 in soft landscape work, including the removal of 16 trees on Farrell Drive.

Street Lighting

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Street Lighting	30	5	$2,625.00	12	2048	$31,500	$70,075

Comments

This component considers the 12 x street lighting posts and associated underground wiring.

Life Span Estimates:

Estimated Service Life	**30 Years**
Estimated Effective Age	**5 Years**
Estimated Remaining Life Span	**25 Years**

Potential Deterioration:

Exterior light posts and fixtures require a weather-resistant paint to reduce metal components exposure to the elements. Similar to metal fencing, if left exposed the metal components may rust and deteriorate. Ballasts / bulbs may require eventual replacement however LED lighting has a long estimated service life.

Deficiency Analysis:

Strata records indicate that all subject property lamps have been replaced / upgraded to LED in early 2023 at a cost of +/- $3,975.00 and this included the removal and replacement of a damaged post on Farrell Drive. Posts were also painted at that time.

Road Signage / Marking

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Road Signage / Markings	15	15	$1,000.00	Allowance	2023	$1,000	$1,000

Comments

This component considers common signage throughout the property including directional, street name, stop signs, etc. It also includes an allowance for the minimal road markings including stop lines, etc.

The likelihood of signage being fully replaced is very low, and directional markings should only require a periodic reapplication, as such an allowance of $1,000.00 every 15 years, with the next occurrence in the next fiscal year (see deficiency analysis) has been included in this component.

Life Span Estimates:

Estimated Service Life	**15 Years**
Estimated Effective Age	**15 Years**
Estimated Remaining Life Span	**0 Years**

Potential Deterioration:

Road signage is made of stamped metal so should experience minimal deterioration. Road markings are made of environmentally sensitive paint and have a life span of +/- 5 years.

Deficiency Analysis:

All street signage shows to be in good condition, road markings are showing as fading and should be painted in the next fiscal year.



Utility Services - Electrical

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Utility Services - Electrical	20	10	$66.85	320	2033	$21,392	$29,455

Comments

This component considers underground electrical lines and associated junction / systems boxes at the subject property, running along the common street and to each detached bare land strata lot, +/- 2,120 Linear Feet.

Estimated replacement cost of underground electrical lines in conduit is $66.85 / Linear Foot however, as the likelihood of complete replacement is very low and it is considered unreasonable to plan for complete replacement of this component, an allowance of 15% / +/- 320 Linear Feet, has been applied to this component for periodic maintenance / repairs every 20 years, with the next occurrence in 10 years if needed.

Life Span Estimates:

Estimated Service Life	**20 Years**
Estimated Effective Age	**10 Years**
Estimated Remaining Life Span	**10 Years**

Potential Deterioration:

Piping and underground utility lines should experience minimal deterioration however may degrade over time. More immediate damage can be caused by invasive tree roots, digging, natural causes, etc.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation. The strata corporation advises that they have recently replaced electrical box landscape borders with pressure treated wood.

Remediation of any subsurface work (grading / subsurface base / tree roots, etc.), should be considered as necessary, as failure to address any underlying issues will not fully resolve any component deficiencies / failures. Any cost associated with subsurface work cannot be analyzed / considered within this analysis as these areas have not been / cannot be inspected so are beyond the scope of this analysis.

Utility Services - Water

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Utility Services - Water	20	10	$89.20	320	2033	$28,544	$39,302

Comments

This component considers underground water supply lines and allows for a 6” main line running down the center of the street and 1” feed lines to each bare land strata lot, +/- 2,400 Linear Feet.

Estimated replacement cost of underground water lines is $89.20 / Linear Foot however, as the likelihood of complete replacement is very low and it is considered unreasonable to plan for complete replacement of this component, an allowance of 15% / +/- 320 Linear Feet, has been applied to this component for periodic maintenance / repairs every 20 years, with the next occurrence in 10 years if needed.

Life Span Estimates:

Estimated Service Life	**20 Years**
Estimated Effective Age	**10 Years**
Estimated Remaining Life Span	**10 Years**

Potential Deterioration:

Piping and underground utility lines should experience minimal deterioration however may degrade over time. More immediate damage can be caused by invasive tree roots, digging, natural causes, etc.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation.

Remediation of any subsurface work (grading / subsurface base / tree roots, etc.), should be considered as necessary, as failure to address any underlying issues will not fully resolve any component deficiencies / failures. Any cost associated with subsurface work cannot be analyzed / considered within this analysis as these areas have not been / cannot be inspected so are beyond the scope of this analysis.

Utility Services – Natural Gas

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Utility Services - Natural Gas	20	10	$29.36	320	2033	$9,395	$12,936

Comments

This component considers underground natural gas lines at the subject property, running along the common street and to each detached bare land strata lot, +/- 2,400 Linear Feet.

Estimated replacement cost of underground natural gas lines is $29.36 / Linear Foot however, as the likelihood of complete replacement is very low and it is considered unreasonable to plan for complete replacement of this component, an allowance of 15% / +/- 320 Linear Feet, has been applied to this component for periodic maintenance / repairs every 20 years, with the next occurrence in 10 years if needed.

Life Span Estimates:

Estimated Service Life	**20 Years**
Estimated Effective Age	**10 Years**
Estimated Remaining Life Span	**10 Years**

Potential Deterioration:

Piping and underground utility lines should experience minimal deterioration however may degrade over time. More immediate damage can be caused by invasive tree roots, digging, natural causes, etc.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation. Systems should be cleaned as needed and inspected periodically to confirm no damage / deterioration.

Remediation of any subsurface work (grading / subsurface base / tree roots, etc.), should be considered as necessary, as failure to address any underlying issues will not fully resolve any component deficiencies / failures. Any cost associated with subsurface work cannot be analyzed / considered within this analysis as these areas have not been / cannot be inspected so are beyond the scope of this analysis.

Utility Services – Storm Water

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Utility Services - Storm Water	20	10	$155.00	465	2033	$72,075	$99,240

Comments

This component considers the underground storm water management system, including manhole covers, clean-outs and catch basins, and oil / water separators. It also includes the +/- 3,100 Linear Feet of concrete storm pipe.

Estimated replacement cost of underground storm water lines and associated equipment is $155.00 / Linear Foot however, as the likelihood of complete replacement is very low and it is considered unreasonable to plan for complete replacement of this component, an allowance of 15% / +/- 465 Linear Feet, has been applied to this component for periodic maintenance / repairs every 20 years, with the next occurrence in 10 years if needed.

Life Span Estimates:

Estimated Service Life	**20 Years**
Estimated Effective Age	**10 Years**
Estimated Remaining Life Span	**10 Years**

Potential Deterioration:

Piping and underground utility lines should experience minimal deterioration however may degrade over time. More immediate damage can be caused by invasive tree roots, digging, natural causes, etc.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation. Systems should be cleaned as needed and inspected periodically to confirm no damage / deterioration.

Remediation of any subsurface work (grading / subsurface base / tree roots, etc.), should be considered as necessary, as failure to address any underlying issues will not fully resolve any component deficiencies / failures. Any cost associated with subsurface work cannot be analyzed / considered within this analysis as these areas have not been / cannot be inspected so are beyond the scope of this analysis.

Utility Services - Sewer

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Utility Services - Sewer	20	10	$63.25	320	2033	$20,240	$27,868

Comments

This component considers underground sewer lines running down the center of the street and feed lines to each bare land strata lot, +/- 2,120 Linear Feet.

Estimated replacement cost of underground sewer lines is $63.25 / Linear Foot however, as the likelihood of complete replacement is very low and it is considered unreasonable to plan for complete replacement of this component, an allowance of 15% / +/- 320 Linear Feet, has been applied to this component for periodic maintenance / repairs every 20 years, with the next occurrence in 10 years if needed.

Life Span Estimates:

Estimated Service Life	**20 Years**
Estimated Effective Age	**10 Years**
Estimated Remaining Life Span	**10 Years**

Potential Deterioration:

Piping and underground utility lines should experience minimal deterioration however may degrade over time. More immediate damage can be caused by invasive tree roots, digging, natural causes, etc.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation. Systems should be cleaned as needed and inspected periodically to confirm no damage / deterioration.

Remediation of any subsurface work (grading / subsurface base / tree roots, etc.), should be considered as necessary, as failure to address any underlying issues will not fully resolve any component deficiencies / failures. Any cost associated with subsurface work cannot be analyzed / considered within this analysis as these areas have not been / cannot be inspected so are beyond the scope of this analysis.

Utility Services – Cable / Telco

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Utility Services - Cable / Telco	20	10	$17.85	320	2033	$5,712	$7,865

Comments

This component considers underground cable / telco lines running down the center of the street and feed lines to each bare land strata lot, +/- 2,120 Linear Feet.

Estimated replacement cost of underground sewer lines is $17.85 / Linear Foot however, as the likelihood of complete replacement is very low and it is considered unreasonable to plan for complete replacement of this component, an allowance of 15% / +/- 320 Linear Feet, has been applied to this component for periodic maintenance / repairs every 20 years, with the next occurrence in 10 years if needed.

Life Span Estimates:

Estimated Service Life	**20 Years**
Estimated Effective Age	**10 Years**
Estimated Remaining Life Span	**10 Years**

Potential Deterioration:

Piping and underground utility lines should experience minimal deterioration however may degrade over time. More immediate damage can be caused by invasive tree roots, digging, natural causes, etc.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation. Systems should be cleaned as needed and inspected periodically to confirm no damage / deterioration.

Remediation of any subsurface work (grading / subsurface base / tree roots, etc.), should be considered as necessary, as failure to address any underlying issues will not fully resolve any component deficiencies / failures. Any cost associated with subsurface work cannot be analyzed / considered within this analysis as these areas have not been / cannot be inspected so are beyond the scope of this analysis.

Utility Service – Fire Protection / Hydrants

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Utility Services - Fire Protection / Hydrants	20	10	$88.75	150	2033	$13,313	$18,330

Comments

This component considers the subject property 3 x fire hydrants and associated feed lines (+/- 1,000 Linear Feet of assumed 2" diameter steel pipe) located at the subject property.

Estimated replacement cost of this component is $88.75 / Linear Foot however, as the likelihood of complete replacement is very low and it is considered unreasonable to plan for complete replacement of this component, an allowance of 15% / +/- 150 Linear Feet, has been applied to this component for periodic maintenance / repairs every 20 years, with the next occurrence in 10 years if needed.

Life Span Estimates:

Estimated Service Life	**20 Years**
Estimated Effective Age	**10 Years**
Estimated Remaining Life Span	**10 Years**

Potential Deterioration:

Piping and underground utility lines should experience minimal deterioration however may degrade over time. More immediate damage can be caused by invasive tree roots, digging, natural causes, etc.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation. Systems should be cleaned as needed and inspected periodically to confirm no damage / deterioration.

Remediation of any subsurface work (grading / subsurface base / tree roots, etc.), should be considered as necessary, as failure to address any underlying issues will not fully resolve any component deficiencies / failures. Any cost associated with subsurface work cannot be analyzed / considered within this analysis as these areas have not been / cannot be inspected so are beyond the scope of this analysis.

Utility Services – Sewage Lift Station

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Utility Services Sewage Lift Station	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Comments

This component considers the sanitary sewer lift station located at the North end of Farrell Drive at the intersection with Hamilton Avenue. This system consists of 2 x pumps, 2 x floats, a ventilation fan, and back-flow prevention and isolation valves encased in a concrete chamber.

Each of these components is considered under their own component, this component is a summary only.

Life Span Estimates:

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

Potential Deterioration:

The concrete chamber, as with all utility services access locations / cleanouts, should experience zero depreciation / failure except in the case of an unplanned event. An allowance for replacement of underground chambers / access locations / cleanouts has not been included in this report.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation.

Lift Station - Pumps

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Lift Station - Pumps	15	2	$6,750.00	3	2036	$20,250	$30,690

Comments

This component considers the subject property 3 x 3 horsepower sewage lift station pumps, with the 2 x active pumps being located in the underground concrete chamber and the spare pump being stored in the detached shed.

Life Span Estimates:

Estimated Service Life	**15 Years**
Estimated Effective Age	**2 Years**
Estimated Remaining Life Span	**13 Years**

Potential Deterioration:

Sewage lift pumps have an estimated service life of +/- 15 years however are immersed in very unfavourable conditions and should be inspected / maintained as recommended.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation. The strata corporation advises that the pumps are on an alternating cycle to extend their service lives and that one pump was replaced in October 2021 at a cost of $6,271.33. The strata corporation further advises that both of the remaining pumps are older however repaired / rebuilt as needed, with records indicating another pump was repaired August 2021 at a cost of +/- $2,500.00 and also additional repairs / refurbishment in 2020.

Lift Station - Floats

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Lift Station - Floats	15	7	$485.00	2	2031	$970	$1,253

Comments

This component considers the 2 x floats located at the subject property sewage lift station.

Life Span Estimates:

Estimated Effective Life Span	**15 Years**
Estimated Effective Age	**7 Years**
Estimated Remaining Life Span	**8 Years**

Potential Deterioration:

The effluent floats are immersed in very unfavourable conditions and should be inspected / maintained as recommended.

Deficiency Analysis:

Floats were not readily accessible for viewing so are assumed to be in average condition. This analysis has assumed scheduled timing to coincide with pump replacement.

Lift Station – Ventilation Fan / Blower

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Lift Station - Ventilation Fan / Blower	15	8	$1,350.00	1	2030	$1,350	$1,689

Comments

This component considers the subject property lift station / blower system, which moves air from the enclosed lift station.

Life Span Estimates:

Estimated Service Life	**15 Years**
Estimated Effective Age	**8 Years**
Estimated Remaining Life Span	**7 Years**

Potential Deterioration:

Motors / belts should be inspected and maintained at least annually, oiled and bearings tightened as needed.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation. Strata records indicate that the blower received a new time clock in August 2021 at a cost of $284.39. As evidence by strata records this component, along with all lift station components, is maintained regularly. As such, this analysis assumes an estimated effective age of 8 years to reflect this regular maintenance.

Lift Station – Electrical Service

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Lift Station - Electrical Service	20	10	$11,500.00	1	2033	$11,500	$15,834

Comments

This component considers the subject property electrical service, breakers, and enclosure used to manage the lift station pumps, floats, ventilation blower, etc.

Life Span Estimates:

Estimated Service Life **20 Years**
Estimated Effective Age **10 Years**
Estimated Remaining Life Span **10 Years**

Potential Deterioration:

Electrical systems and metal enclosures will deteriorate and rust with age and exposure to the elements.
Components will eventually be outdated and may become costly to maintain or replace.

Deficiency Analysis:

None visually noted at the time of inspection or advised of by the strata corporation. Records indicate that the electrical panel was last repaired in June 2020 at a cost of $1,374.75. This analysis assumes that this work has brought the electrical panel to a newer state, increasing its estimated remaining life span, however does not bring it to an “as new” state as there are still older components within the overall system.

Replacement Cost New Appraisal

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Replacement Cost New Appraisal	3	1	$650.00	1	2025	$650	$693

Comments

This component considers an allowance for the completion of a Replacement Cost New appraisal every three years, at a quoted fee of $650.00 + GST, completed by Bell Real Estate Consultants Ltd.

Life Span Estimates:

Estimated Service Life **3 Years**
Estimated Effective Age **1 Year**
Estimated Remaining Life Span **2 Years**

Potential Deterioration:

Not Applicable.

Deficiency Analysis:

Not Applicable.

Depreciation Report

Component	Total Est. Lifespan	Est. Eff. Age	Base Cost ($)	Quantity	Replace Year	Current Est. Replace Cost	Future Est. Replace Cost
Depreciation Report	3	0	$2,500.00	1	2026	$2,500	$2,752

Comments

This component considers an allowance for the completion of the depreciation report third year update, at a quoted fee of $2,500.00 + GST, completed by Bell Real Estate Consultants Ltd.

Life Span Estimates:

Estimated Service Life	**3 Years**
Estimated Effective Age	**0 Years**
Estimated Remaining Life Span	**3 Years**

Potential Deterioration:

Not Applicable.

Deficiency Analysis:

Not Applicable.

Part 10 ~ Biography

Keith Bell – Appraisal Consultant
Education:

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

Canadian National Association of Real Estate Appraisers
#1.5 C Introduction to Income Property Appraising
#1.8 Appraisal Practice Procedures
#4.3A Sales Comparison Adjustment Methods
#4.3R Residential Appraisal Report Writing
#5.0A Professional Standards Review (USPAP)
#6.5 Appraiser Ethics
#6.7 The Cost Approach for Residential Properties

Canadian National Association of Real Estate Appraisers
#3.0 Principles of Reserve Fund Planning
#3.1 Reserve Fund Physical Analysis
#3.2 Reserve Fund Financial Analysis
#4.3 Reserve Fund Report Writing
#5.0 Designated Reserve Planner Professional Standards

Professional Experience:
Appraiser and Property Valuation Expert / Depreciation Report / Reserve Fund Study Consultant since 2005, completing thousands of appraisal and Depreciation Report / Reserve Fund Study assignments including single-family residential, acreage properties, rural properties (including acreage), waterfront properties, condominium and town homes, duplex and multi-family properties, vacant land, revenue properties, foreclosures, depreciation reports / reserve fund studies, and replacement cost new insurance reports.

Professional Liability (Errors and Omissions insurance)
$2,000,000.00 Professional Liability Errors & Omissions Insurance

Part 11 ~ Certification & Statement of Limiting Conditions

This appraisal consultation report has been prepared for the exclusive and sole use and benefit of **Strata Plan VIS 4577,** (hereinafter referred to as the client). Any use of the report by anyone other than the client or for any purpose or function other than the original intent, invalidates the findings and voids all results and/or conclusions.

CERTIFICATION: The consultant certifies and agrees that:

1. The appraiser / consultant has no present or contemplated future interest in the real property appraised, and that neither the employment to make the appraisal nor the compensation for it is contingent upon the appraised value of the property.

2. The appraiser / consultant has no personal interest in, or bias with, respect to the subject matter of the appraisal report or in the owners of the subject property. The opinion(s) of value in the appraisal report is not based in whole or in part upon the race, color, or national origin of the prospective owners or occupants of the real property appraised, or upon the race, color, or national origin of the present or future owners or occupants of the properties in the vicinity of the property appraised.

3. The appraiser / consultant has personally viewed the subject improvements. To the best of the appraiser / consultant's knowledge and belief, all related statements and information in this report are true and correct, and the appraiser has not knowingly withheld and significant information.

4. All contingent and limiting conditions are contained herein (imposed by the terms of the assignment or by the undersigned, affecting the analysis, opinions, and conclusions contained in the report).

5. All conclusions and opinions concerning the real property that are set forth in this Depreciation & Reserve Fund Study Consultation Appraisal Report were prepared by the appraiser / consultant whose signature appears on this report, unless otherwise indicated. No change of any item in the appraisal report shall be made by anyone other than the consultant, and the consultant shall have no responsibility for any unauthorized change.

6. The appraiser / consultant assumes no responsibility for matters of a legal nature affecting the real property appraised or the title thereto, nor does the appraiser / consultant render any opinion as to the title, which is assumed to be good and marketable. The real property is appraised as though under responsible ownership.

7. Any sketch in the report may show approximate dimensions and is to assist the reader in visualizing the real property. The appraiser / consultant has made no survey of the real property.

8. The appraiser / consultant is not required to give testimony in court because of having made the appraisal with reference to the real property in question, unless arrangements have been previously made therefore.

9. If indicated in this report, any distribution of the valuation in the report, between land and improvements applies only under the existing program of utilization. If included in this report any separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.

10. The appraiser / consultant assumes that there are no hidden or unapparent conditions of the real property, subsoil, or structures, which would render it more or less valuable. The appraiser / consultant assumes no responsibility for such conditions, or for engineering which might be required to discover such factors.

11. Information, estimates, and opinions furnished to the appraiser / consultant, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished the consultant can be assumed by the consultant.

12. Disclosure of the contents of the Depreciation & Reserve Fund Study Consultation Appraisal Report is governed by the bylaws and regulations of the professional appraisal organizations with which the appraiser / consultant may be affiliated.

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

The statement of facts in this appraiser / consultant report are true and correct.

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

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

The appraiser / consultant has no bias with respect to the property that is the subject of this Depreciation & Reserve Fund Study Consultation Appraisal Report or to the parties involved with this assignment.

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

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

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

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

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

SPECIAL LIMITATIONS

To the fullest extent permitted by law, the total liability, in the aggregate, of Consultant, Consultant's officers, directors, partners, employees, agents, and subconsultants, to Client, and anyone claiming by, through, or under Client for any claims, losses, costs, or damages whatsoever arising out of, resulting from or in any way related to this Project or Agreement from any cause or causes, including but not limited to negligence, professional errors and omissions, strict liability, breach of contract, or breach of warranty, shall not exceed the total compensation received by Consultant.

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

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

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

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

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

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

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

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

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

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

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

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

General Conditions and Assumptions

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

The legal and survey descriptions of the property as stated herein are those which are recorded by the Registrar of the requisite Land Titles Office and are assumed to be correct.
The architectural, structural, mechanical, electrical and other plans and specifications of the building or buildings and improvements were not provided for this study. Furthermore, all buildings and improvements are deemed to have been constructed and finished in accordance with such plans and specifications, unless otherwise noted.

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

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

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

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

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

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

In the event of a legal claim being brought against either the depreciation & reserve fund consultant / appraisal consultant or Bell Real Estate Consultants Ltd., any liability assigned to the depreciation & reserve fund consultant / appraisal consultant or Bell Real Estate Consultants Ltd. shall be limited to no greater than the cost of the Depreciation & Reserve Fund Study Consultation Appraisal report.

Date: June 9, 2023

Keith Bell – Appraisal Consultant: