

THE ASSOCIATION OF APARTMENT OWNERS OF THE PALMS AT WAILEA

7/31/17 la & cr

(A 150-Unit Condominium Property Regime; Built in 1991)

Section I: Statutory Reserve Funding - Estimated Cash Reserve Balances And Unfunded Liability: Effective 10/1/17

Assumpti
Interest Rate
Inflation Rate
Annual Incr.

	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
1 CASH FLOW METHOD:									
2 CASH RECEIPTS									
3 Assessments	303,097	310,674	318,441	326,402	334,562	342,926	351,499	360,287	369,294
4 Special Assessment	0	0	0	0	0	0	0	0	0
5 Interest Earned, Net After Taxes, @ .25%	3,069	3,403	2,979	2,702	3,254	3,786	4,262	4,538	4,880
6 Total Cash Receipts	306,166	314,077	321,420	329,104	337,816	346,712	355,761	364,825	374,174
7 Less: Major Component Costs From Page #4	-131,022	-221,221	-754,309	-117,870	-107,407	-150,628	-170,297	-329,103	-136,115
8 Net Increase (Decrease) In Cash	175,144	92,856	-432,889	211,234	230,409	196,083	185,464	35,721	238,059
9 Cash Reserve Balances At Beginning Of Year (1)	1,141,479	1,316,622	1,409,478	976,589	1,187,823	1,418,232	1,614,315	1,799,779	1,835,501
10 Cash Reserve Balances At The End Of The Year (2)	\$1,316,622	\$1,409,478	\$976,589	\$1,187,823	\$1,418,232	\$1,614,315	\$1,799,779	\$1,835,501	\$2,073,560
11 PERCENTAGE OF LIABILITY METHOD:									
12 Estimated Total Liability	\$1,850,016	\$2,122,143	\$2,319,695	\$1,984,385	\$2,305,147	\$2,657,223	\$2,986,583	\$3,317,141	\$3,505,966
13 Less: Major Components Paid For In Current Year	-131,022	-221,221	-754,309	-117,870	-107,407	-150,628	-170,297	-329,103	-136,115
14 Net Liability	1,718,994	1,900,922	1,565,386	1,866,515	2,197,740	2,506,594	2,816,286	2,988,037	3,369,851
15 Less: Cash Balance at September 30	-1,316,622	-1,409,478	-976,589	-1,187,823	-1,418,232	-1,614,315	-1,799,779	-1,835,501	-2,073,560
16 Estimated Unfunded Liability, September 30	\$402,372	\$491,443	\$588,797	\$678,692	\$779,508	\$892,279	\$1,016,507	\$1,152,537	\$1,296,291
17 Percentage Funded (3)	76.59%	74.15%	62.39%	63.64%	64.53%	64.40%	63.91%	61.43%	61.53%
18 Percentage Unfunded	23.41%	25.85%	37.61%	36.36%	35.47%	35.60%	36.09%	38.57%	38.47%

(1) The Cash Reserve Balance at Beginning of Year is an estimate. This amount may differ significantly due to unforeseen circumstances such as the cost of replacement greater than estimated, emergency expenditures, or actual replacement occurring earlier or later than scheduled.

(2) Under the "Cash-Flow Method", the Association must have cash balances at the end of each accounting year. This means that for a 20-year funding period, the Association must have sufficient cash on hand to pay for the replacement items each fiscal year. This must be done without relying on loans or special assessments.

(3) Under the "Percentage of Liability Method", the Association must be funded at least 50%. However, there is no limitation on loans or special assessments.

For the coming year the Association will use the "Cash Flow Method" for funding its Replacement Reserves.

This information is being provided as a supplementary schedule to the Association's operating budget. It is based upon information provided by the Association and/or by an independent appraisal company.

We have not verified, nor do we place any form of assurance on the accuracy of the replacement costs, estimated useful lives, and estimated remaining lives - DMI.

THE ASSOCIATION OF APARTMENT OWNERS OF THE PALMS AT WAILEA
 Section II: Statutory Reserve Funding - Estimated Cost of Replacement In Scheduled Year

	Major Component	Estimated Useful Life	Estimated Remaining Life	Estimated Current Cost to Replace	2017-	2018-	2019-	2020-	2021-	2022-	2023-	2024-	2025-
					2018	2019	2020	2021	2022	2023	2024	2025	2026
43	Roof, Built Up Recoat Full System	20	16	1,043,347	-	-	-	-	-	-	-	-	-
44	Roof, Built Up Full Removal & Repair	40	36	2,251,018	-	-	-	-	-	-	-	-	-
45	Roof, Clay Tile	35	8	135,340	-	-	-	-	-	-	-	166,451	-
46	Roof, Shake - Replacement Bldg 20	20	13	64,585	-	-	-	-	-	-	-	-	-
47	Security Monitors	3	2	2,484	-	2,558	-	-	2,795	-	-	3,055	-
48	Sewage Line Repairs	5	2	109,273	-	112,551	-	-	-	-	130,477	-	-
49	Sidewalk & Curb Repairs	5	1	17,911	17,911	-	-	-	-	20,764	-	-	-
50	Sidewalk ADA Entry	50	35	6,507	-	-	-	-	-	-	-	-	-
51	Signage	20	5	17,911	-	-	-	-	20,159	-	-	-	-
52	Unscheduled Reserves	1	1	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
53	Walkway Railings	30	14	7,230	-	-	-	-	-	-	-	-	-
54	Walkway & Balcony Railing Repairs	15	3	9,832	-	-	10,431	-	-	-	-	-	-
55	Water Feature, Main - Equipment	15	13	34,967	-	-	-	-	-	-	-	-	-
56	Water Feature, Main - Filters	20	15	6,073	-	-	-	-	-	-	-	-	-
57	Water Feature, Small - Mechanicals	10	9	1,511	-	-	-	-	-	-	-	-	1,914
58	Water Feature - pump bskt/ph conv. brng	1	1	0	-	-	-	-	-	-	-	-	-
59	Photovoltaic System	20	18	76,649	-	-	-	-	-	-	-	-	-
60	Water Lines, Common Element	10	2	11,605	-	11,779	-	-	-	-	-	-	-
61	Building 20 Foundation/Siding Repairs	30	23	114,339	-	-	-	-	-	-	-	-	-
Cost				\$5,735,058									
Estimated Replacement Cost In Scheduled Year					131,022	221,221	754,309	117,870	107,407	150,628	170,297	329,103	136,115