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Strata NW 1505
Lincoln's Gate
Depreciation Report

Presented to:

The Owners, Strata NW 1505

Lincoln's Gate

10620 150th Street

Surrey, BC

c/o Mr. Tyson Wheeler, Property Manager

Davin Management Ltd.

208 – 6846 King George Highway

Surrey, BC, V3W 5A1

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May 15, 2014

The Owners, Strata NW 1505
Lincoln's Gate
10620 150th Street
Surrey, BC

C/o Tyson Wheeler, Property Manager
Davin Management Ltd.
208 – 6846 King George Highway
Surrey, BC, V3W 5A1

Thank you for the opportunity to produce your Strata's Depreciation Report (the "Report" or "DR"). The Report was prepared at the request of Tyson Wheeler, on behalf of the Owners, Strata NW 1505—Lincoln's Gate ("Strata").

The purpose of the Report is to help the Strata make informed decisions about managing the renewal of common property assets. The Report describes the reserve fund concepts and major reserve fund items. It provides current and future replacement costs and provides alternative funding plans. The financial model is a complex document and should be reviewed in detail and within the context of this report. A list of definitions is included in the appendices.

A draft financial model report was presented to members of the Strata Council and updates were made based on the feedback provided.

We recommend that a review of the Reserve Fund capital spending, income and funding assumptions be carried out annually by the Strata Corporation to monitor the Reserve Fund balance at or near the time of the Annual Budget meetings.

As the physical and financial state of the commonly owned assets change, the Report will require updating. We recommend that a new Report be carried out every 3 years as per the Strata Property Act. Normac Appraisals Ltd. would be pleased to continue as your provider in the future.

We appreciate the opportunity to prepare this report for you.

Respectfully submitted,

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1.0 INTRODUCTION

Normac Appraisals Ltd was retained by the owners of the Strata NW 1505 or their representative to prepare a Depreciation Report (the "Report"). The Strata constructed circa 1980, consists of 69 townhouse suites in five (5) on-grade buildings, two storage buildings, and various site improvements.

The purpose of the Report is to help the Strata make informed decisions about managing the renewal of common property assets. We inspected the complex, discussed the complex with a representative of the owners and reviewed the documents made available to us. From these interviews, documents and visual review we prepared this report. A list of definitions is included in the appendices.

The report is prepared to meet the requirements of the BC legislation and follows established Reserve Fund Planning Standards of the Real Estate Institute of Canada that exceed the regulatory requirements. These standards, presented throughout this Report, consist of investigations, analyses and calculations that provide realistic and supportable reserve fund estimates.

This report outlines our review of the common assets and our estimates of the assets' life-cycle as well as the cost to replace these assets. AS the common assets change and age, the Report will require updating.

1.1 STRATA OVERVIEW

All components are subject to physical deterioration as a result of exposure to elements, general usage, impact damage, or due to technological advancements. This deterioration results in the requirement for maintenance and/or renewal strategies over time.

This report identifies the common asset components and assesses their quality, normal life span, and present condition. To further help with planning a time schedule for repairs and/or replacement is presented.

In preparing this report we noted that the Strata takes pride in the property and is quite active in its management and maintenance. The table below provides a summary of the key property information

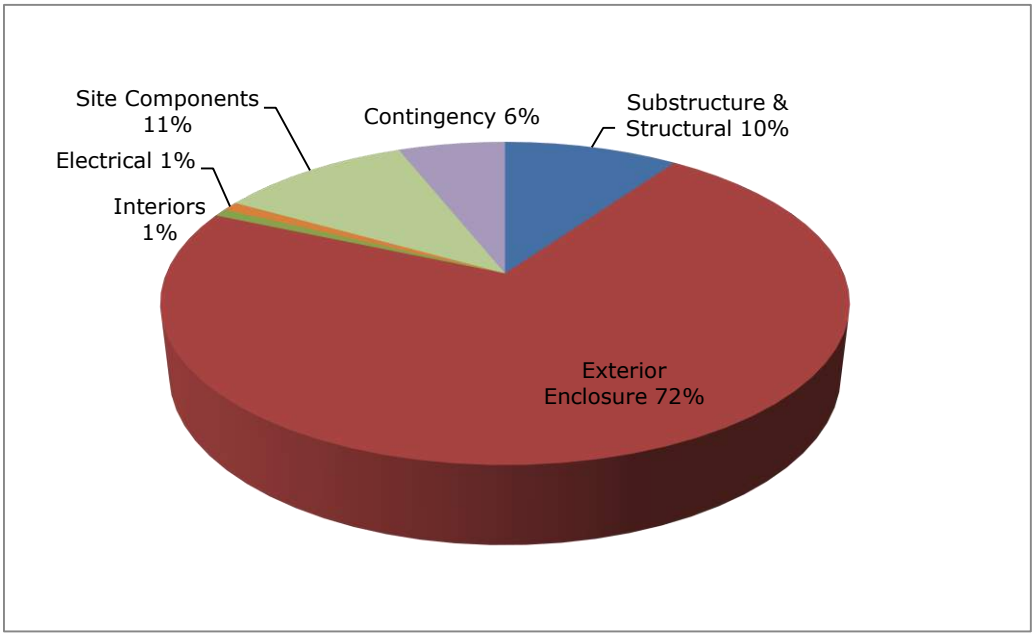
Property Overview	
Strata type	Residential
Usage	Residential Townhomes
Date of construction	1980
Number of buildings	5
Number of strata lots	69
Number of stories above grade	2
Total site area (square feet)	166,002
Combined building area with garages/parkade (square feet)	66,750

1.2 MAJOR RENEWAL AND REPAIR PLANNING

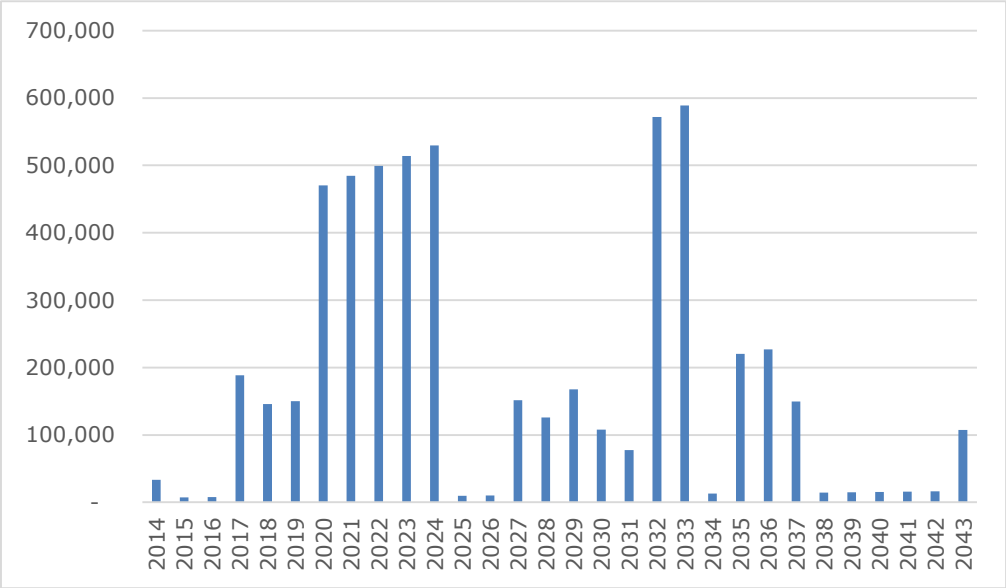
It is estimated that over the next 30 years, there will need to be an investment in renewing assets. Estimated costs have been calculated using cost guides, contractor quotations, historical repair costs, and our own programs and databases. The breakdown of expenditures by major component is listed below.

Major Expenditures	Replacement Costs in Current $
Substructure and Structural	282,900
Exterior Enclosure	2,755,000
Interiors	26,300
Electrical	25,000
Site Components	401,000
Contingency	6,900
	3,497,100

The graph below shows the breakdown of expenditures by major component type over 30 years.



The chart below shows the value of expenditures by year



1.3 FINANCIAL REVIEW

A key part of preparing a Depreciation Report is the financial planning and review. We reviewed the documents available to determine the starting position of the Strata's operating and renewal planning and historical expenditures.

Below are key financial figures that form the starting point for the financial model.

Financial Overview		
Last complete fiscal year end		Dec. 31
Budgeted total strata fees	$	192,913
Budgeted fees for operating expenses/maintenance	$	177,913
Average maintenance fees per unit per month	$	215
Budgeted fees for contingency reserve fund contributions	$	15,000
Average CRF fees per unit per month	$	18
Reserve balance at end of last fiscal year	$	90,961
Material threshold	$	8,896

1.4 BENCHMARK

After physically reviewing the components, reviewing the documents, assessing the lifespan of the components a Benchmark Analysis was prepared. The Benchmark Analysis shows the reserve components, including the life cycle analysis and the cost estimates on a single spreadsheet. The Benchmark Analysis can be found in Section 7.0 of the report.

The estimates represent the optimum reserve fund contributions without regard to the current financial position of the Strata Corporation or the current reserve fund contributions by unit owners. Actual costs may vary depending on the time of tendering, the scope of work and the economic climate. However costs used assume quality construction and current standards.

A summary of the Benchmark Analysis figures is shown below:

Summary Benchmark Analysis Data	
Current replacement costs	$ 3,497,100
Future replacement costs	$ 4,714,185
Current reserve fund requirements	$ 2,314,723
Future reserve fund accumulation	$ 2,722,916
Future reserve fund requirements	$ 1,998,170
Annual optimal reserve fund contributions	$ 180,508
Average annual optimal reserve contribution per month per unit	$ 218
Interest rate	2%
Inflation rate	3%

1.5 FUNDING OPTIONS

After reviewing the components, estimating costs and renewal dates for major building components, three funding scenarios are developed and presented. These variations of funding can help the Strata make informed decisions about funding levels, timing of funding, and different types of funding.

We noted that the Strata is currently meeting the statutory minimum balance required under the legislation. However the current legislation does not optimally determine the amount of funding required to maintain and renew assets in an optimal condition or present methods to avoid, minimize or plan for special levies.

The three funding scenarios presented are described in more detail starting in Sections 8 – 10 but can be summarized as follows.

- **Adequacy—**this is a minimally funded model. The bottom line for this funding model is that sufficient funds are available for expenditures just as needed but no more.
- **Full Funding—**as the name describes this is a maximum funding model. Monthly CRF are increased early and there are minimal special levies.

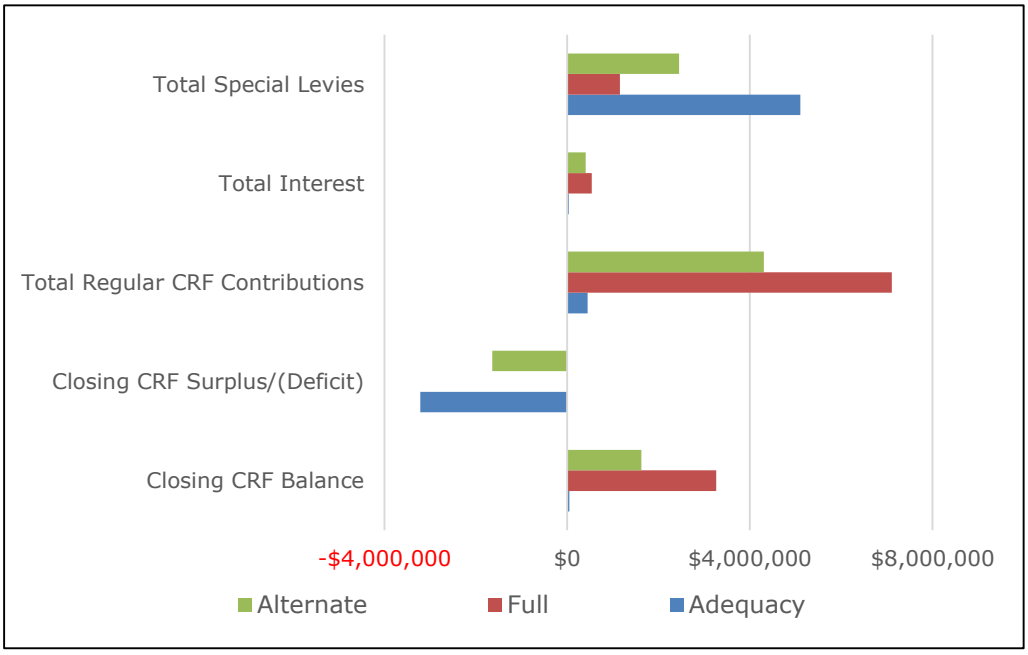
- **Alternate Funding—**this funding model is a hybrid between the minimum and fully funded models. Monthly contributions are increased over time with a varying amount of special levies.

There are many different variations of funding that can be prepared. The table below shows a summary of the three funding options presented.

3 Funding Models, Comparison of Contributions over 30 Years

	Funding Type		
	Adequacy	**Full**	**Alternate**
Average annual CRF contributions	$ 15,000	$ 237,034	$ 143,681
Average CRF contributions per month per unit	$ 18	$ 286	$ 174
Average annual special levies	$ 170,267	$ 38,500	$ 81,833
Average annual special levies per month per unit	$ 206	$ 46	$ 99
Average CRF and special levies per month per unit	$ 224	$ 333	$ 272
Percent of full funding value	1%	100%	50%

The graph below shows a summary of the results of the three funding options, over 30 years.



2.0 RECOMMENDATIONS

Due to its past performance, the reserve fund for the Strata, with proper funding, will be in a good position.

Normac's recommendations, set out below and detailed in this report, will assist the Strata to achieve and maintain an appropriate Reserve Fund. The sufficiency of a reserve fund not only requires the test of an estimated fully funded reserve fund, but also requires a test as to 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 sufficient.

In our opinion, the current reserve fund balance, recommended annual contributions and earned investment income will sufficiently fund immediate and future reserve fund expenditures.

1. The Strata should continue to review and execute a long-term contingency reserve fund strategy.

2. Major repairs and replacements should be recorded in, and funded from, a separate reserve fund account.

3. The reserve fund should be fully invested in guaranteed securities, yielding at least 2.0% per annum.

4. The Strata Corporation should make such expenditures as necessary to maintain the property in optimum condition.

5. The Strata may wish to consider forming a sub-committee to the Strata Council for contingency reserve fund planning.

6. The Reserve Fund should be reviewed every year to ensure that the underlying assumptions are still valid and that the estimates remain current.

7. The Strata should update the Depreciation Report Plan every three (3) years.

8. Estimates from contractors should be obtained for repairs within 1-2 years of the component's expected major repair or replacement.

9. Approval for Reserve Fund spending is required. The accumulated funds in the Reserve Fund are available for any major repairs or replacements of a common asset, so long as prior Strata Corporation approval has been granted.

The Strata Property Act provides that the Strata Corporation prepares their own plan for future funding of the contingency reserve fund and that the Strata is not bound by the recommendations of the reserve fund planner. Subject to the requirements set out in the strata Property Regulation, the Strata must determine the amount of the annual contribution to the contingency reserve fund.

3.0 CERTIFICATION

We hereby certify that we are prescribed persons empowered to conduct Depreciation Reports, as stipulated in Section 94 of the Strata Property Act, Revision 2009 and that Alfred Lam personally reviewed the property on August 22, 2013. Alfred and Cameron Carter personally examined the building plans and/or documents as identified herein. Also assisting in the report was Gina Arsens. To the best of our knowledge and belief, the information and data used herein are true and correct.

We have no interest, present or prospective, in the property or its management. Neither the employment to prepare this Depreciation Report Plan nor the compensation is contingent on the amount of the Reserve Fund estimates reported. Moreover, we are solely responsible for the Reserve Fund estimates reported herein. Those signing the report are covered by the Errors & Omissions Insurance of Normac.

The Depreciation Report Plan was prepared in conformity with the Reserve Fund Study Standards, published by the Real Estate Institute of Canada, and it complies with the Strata Property Act 1998, Regulation 238/2011 (please refer to Appendix—C).

Cameron Carter, B.Comm., RIBC, CRP | President

Gina Arsens, CA, CBV, CRP | Vice President

Alfred H Y Lam, BASc in Civil Engineering | Depreciation Report Planner

4.0 DEPRECIATION REPORT PROCESS

PURPOSE AND METHODOLOGY

A Depreciation Report is a financial planning tool used to establish long term planning for common property and common assets—and to establish a Contingency Reserve Fund ("CRF") schedule for these assets.

The Report is comprised of the following elements:

1. it identifies the common reserve components and assesses their quality, normal life span, and present condition;
2. it estimates the remaining serviceable years for each of the common reserve components and proposes a time schedule for repairs and/or replacement;
3. it provides current replacement cost estimates including the cost of removing worn-out items and special safety provisions;
4. it projects the future value of current replacement costs at an appropriate and compounded inflation rate;
5. it projects the future value of current reserve funds compounded at a long term interest rate;
6. it calculates current reserve fund contributions required, along with investment interest projected, in order to fund future reserve fund expenditures.

The Depreciation Report is a practical guide to assist the Strata Council in planning budgets, maintenance programs, and major repairs and replacements of assets.

REPORT ASSUMPTIONS

The Report is not intended to accurately predict the failure of building systems. The scheduling provided for capital projects is based on a number of factors—both technical and non-technical in nature—which may be interdependent with other work. The actual year during which the various items of work are carried out will depend on a number of factors that may not exist or be apparent at the time the Report was prepared.

Reviews in the Report are based on random sampling and a visual review of the surface conditions. Estimating reserves for major structural repairs, major mechanical components such as sewage, or common components not visible, are difficult to predict or quantify. As a result, the report provides estimates for these components.

This Report covers common expenses that usually occur less often than once a year or that do not usually occur. Expenses that usually recur are assumed to be covered by the Operating Fund and are not included in this report. There is also a material threshold test for common reserve expenses which is the greater of $5,000 or 5% of the current operating budget. Items less than the material threshold are not included in the financial model for practical purposes. In some cases, an aggregate for an asset will be included in the report even though the individual components that form the assets have a replacement cost of less than the material threshold.

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

NORMAC PLANNING STANDARDS

Regulation 238/2011 under the Strata Property Act, 1998, requires that a Depreciation Report Plan consist of a physical analysis of the building components and a financial analysis of the Strata's Contingency Reserve Fund (please refer to Appendix—C).

Normac Appraisals Ltd. follows established Reserve Fund Planning Standards of the Real Estate Institute of Canada that exceed the regulatory requirements and are now recognized and emulated across Canada. These standards, presented throughout this Report, consist of investigations, analyses and calculations that provide realistic and supportable reserve fund estimates.

REVIEW OF RECORDS

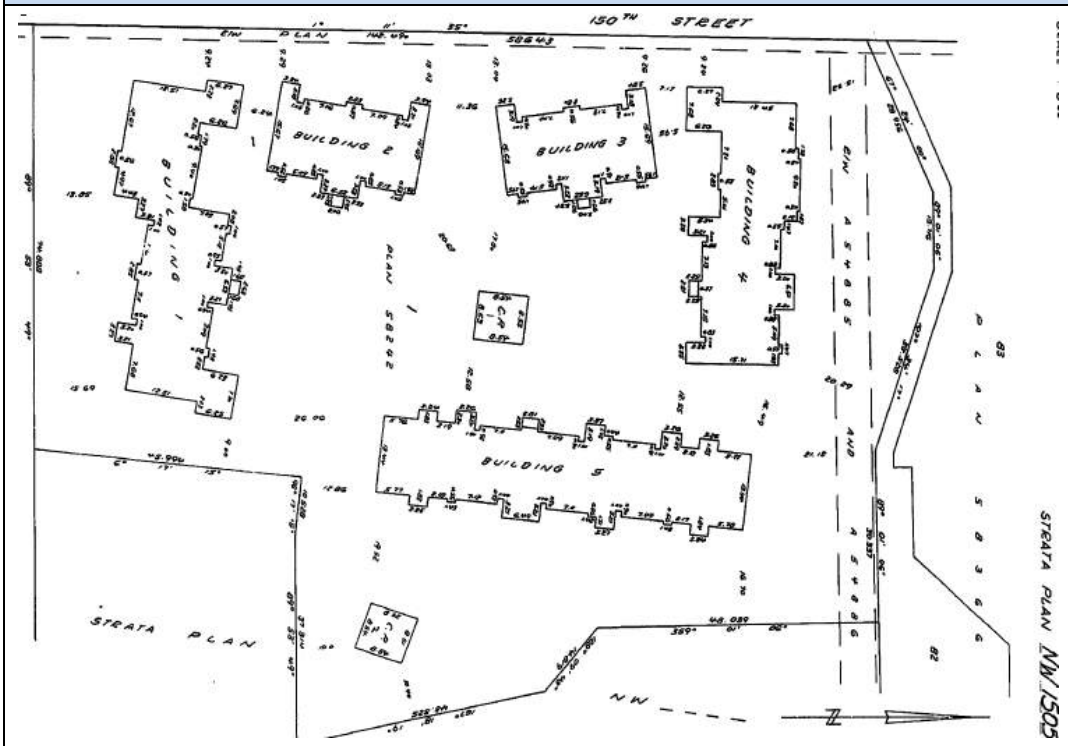
Our review and analysis on the Strata's common assets is based on the complex statistics detailed above as well as on a review of the documents the Property Manager and Strata provided to Normac. These records may include:

1. Strata Plans and Architectural Drawings
2. Financial Records
3. Maintenance records
4. Past remediation work performed
5. Insurance appraisals
6. Bylaws

5.0 PROPERTY DESCRIPTION AND BUILDING COMPONENTS

The Strata constructed circa 1980, consists of 69 townhouse suites in five (5) on-grade buildings, two storage buildings, and various site improvements.

Site plan



5.1 SUBSTRUCTURE & STRUCTURAL COMPONENTS

S 1 — Foundation & Structure

Year Installed	1980
Expected Life Span	60+
Observed Condition	33
Repair or Replace	1

Description: The buildings sit on poured cast-in-place concrete foundations. The main floor of the suites are wood frame construction over concrete slab.

The sloped roofs are constructed of engineered wood trusses and rafters and the floors of wood joists that are supported on wood framed exterior and interior load bearing walls.

Financial Review: We understand that the foundation is part of the original construction. Over the years there have been relatively small, localized repair jobs on this component, often as part of drain tile replacements.

Visual Review: Generally most of the structural components of the buildings are concealed by exterior cladding. The framing and foundation out-of-sight is assumed to be in satisfactory condition. There is likely a waterproofing or damp-proofing material installed on the exterior side of the foundation walls. We saw evidence of some foundation cracks and spalling, however the structural components of the buildings where viewed appear to be in decent condition. We did note areas where ground cover and foliage is touching the foundation, a situation which can lead to water ingress

Recommendations: Foundations typically last the life of the building; however periodic repairs will be required during the term of this DR. There are few exposed wood beams and columns on the building, so we do not anticipate any major repairs in this regard.

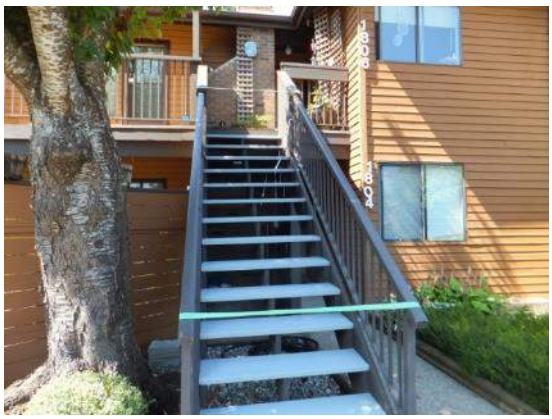
We recommend that the Strata continue to monitor the foundations carefully for any leaks, preferably with the assistance of a professional. The foliage or ground cover that is touching the foundation should be cut back, to reduce the possibility of water ingress.

In the plan we have included a repair allowance every 15 years starting in the year 2014. Costs incurred in between these repairs are assumed to be less than the Report threshold and be funded from Operating Funds. The repair project allows for excavation around the walls, concrete repairs and replacement of localized areas of the foundation waterproofing. We assume that the concealed structural components of the buildings will last the life of the structures; therefore we have not allowed for major structural replacement within the Report term.

S 2 — Wood Stairs

Year Installed	1980
Expected Life Span	20-30
Observed Condition	6
Repair or Replace	14

Description: Some of the suites have wood framed staircases constructed of painted wood treads and stringers. The stairs, which rest on concrete slabs at the bottom, lead up to balconies and suite entry landings.



Financial Review: We understand that periodic repairs to this component are done, as part of general maintenance.

Visual Review: As expected, some of the staircases appeared to be new or recently repaired. Many appeared to have been painted in the past few years. We did note some signs of deterioration such as cracks, warping or missing paint, but overall the stairs are in reasonably good condition.

Recommendations: Issues related to wood staircases include UV ray damage, moisture, freeze/thaw cycles, mold, mildew, algae, poor installation, warping, and rot.

The expected life for this type of component in our climate is about 20-30 years before major repairs or replacements are required. The general repair projects (including painting) by the Strata have extended the lifespan of this component significantly. We assume that repair projects will continue into the future, but we believe that a full replacement will be required eventually.

Starting in the year 2027 we have reserved for replacement of the stairs, spread over 5 years on 25 year cycles. Only the wooden part of the stairs has been considered for this component, the guards are included in S4 – Balcony & Staircase Guards. To take advantage of economies of scale as well as access considerations, this project has been timed to coincide with the exterior cladding, balcony, and window projects.

For maintenance we would recommend annual cleanings and painting touch-ups where needed. Any loose treads should be repaired immediately. In addition, any ground cover should be cut back to minimize water ingress.

S 3 — Balconies

Year Installed	Varies
Expected Life Span	20-30
Observed Condition	6
Repair or Replace	14

Description: There are wood framed balconies and entrance landings, which are constructed of wood framed flooring that is extended past the second floor walls. The flooring is protected with a liquid applied membrane over single ply substrate. There is metal flashing that extends down over the outer edges at the fascia. Adjacent balconies and landings are separated by painted wood dividers. Drainage is accomplished by sloping of the flooring to the exterior, and some balconies have gutters installed at the fascia

Financial Review: We understand that periodic repairs to this component are done, as part of general maintenance. At the time of our site inspection one of the balconies was being refinished.

Visual Review: We did not view all balconies, so we assume that the ones we did see are a fair representation of this component. As expected, some of the staircases appeared to be new or recently repaired. We did note some signs of deterioration but considering their age the balconies are in reasonably good condition.

Recommendations: Issues related to wood balconies include UV ray damage, moisture, freeze/thaw cycles, mold, mildew, algae, poor installation, warping, and rot.

The expected life for this type of component in our climate is about 20-30 years before major repairs are required. The Strata Corporation's proactive stance with respect to general maintenance has extended the lifespan of this component significantly. We assume that repair projects will continue into the future, but we believe that a full replacement will be required eventually.

Starting in the year 2027 we have reserved for major repairs to the balconies, spread over 5 years on 25 year cycles. The project includes costs for removal and replacement of the membrane, as well as the fascia and flashing. A percentage is assumed for repairs and replacement of underlying wood and structural components. Only the balconies & landings have been considered for this component, the guards are included in S4 – Balcony & Staircase Guards. To take advantage of economies of scale as well as access considerations, this project has been timed to coincide with the exterior cladding, staircases, and window projects.

For maintenance we would recommend annual cleanings and touch-ups where needed. Any loose or missing flashing/fascia should be repaired as soon as possible.

S 4 — Balcony & Staircase Guards

Year Installed	1980
Expected Life Span	40-50
Observed Condition	33
Repair or Replace	14

Description: The balcony and staircase guard assemblies consist of aluminum pickets. At their base they are attached to the outer edge of the balconies, and at the sides they connect to the building, posts, or upstand walls. Below the top rail of the balcony guards painted fascia boards are attached. At the top of the staircases and between adjacent balconies painted wood framed and clad upstand walls are mounted.

Financial Review: We understand the balcony guards are original to the building construction. We are not aware of any major repairs or replacements.

Visual Review: Our observations from grade and the roof along with review of the drawings led us to assume that all guards are similar. We noted cracks and general deterioration on the attached wood fascia, but most faces were fully painted.

Where checked the aluminum guards appeared to be intact and secured. No cracks or excessive corrosion was noted.

The upstand walls, including the posts showed evidence of cracks, missing paint, and some rot, but overall they appear to have been well maintained over the years.

Recommendations: Aluminum guard assemblies have a typical life expectancy of 40-50 years. We recommend that along with the annual inspection of the balcony assemblies the Strata take note and monitor the condition of the guards as well. Ensure that they are well secured, and no cracks are evident.

Due to their age, the guards are believed to be approaching the end of their typical lifespans. However, considering their satisfactory condition, the guards are planned for replacement at the same time as major balcony repairs to take advantage of economies of scale and other efficiencies.

The plan allows for removal and replacement of the guards to coincide with the balcony repair projects (which also coincides with the cladding project), and spread over 5 years. The first instance of the guard replacement will commence in the year 2027 starting with the guards in the worst condition. We planned for future guard replacements to occur with every other major balcony repair.

5.2 EXTERIOR ENCLOSURE COMPONENTS

EE 1 — Roofing – Sloped Roofing System		
Year Installed	2008	**Description:** The sloped roofs are protected with asphalt shingles over underlayment. There are aluminum diverter and vertical penetration flashings.
Expected Life Span	20-25	
Observed Condition	5	
Repair or Replace	19	

Financial Review: We were advised by Council that the sloped roof, including gutters, downspouts, and fascia, was replaced approximately 5 years ago by Langley Roofing and was funded through special levies. We did not see the work contract, however, and are not aware of the costs involved.

Visual Review: The sloped roof areas were viewed from grade and second floor balconies.

Where checked, the roofs were generally clear of debris and organic growth. There were a few locations were we noted the edges of some shingles have started to lift, but overall the shingles are consistent with their chronological age.

Recommendations: Asphalt shingles typically last 20-25 years with regular maintenance. Periodic washing and clearing of leaves and other organic growth is the best way to maximize the life of the roofing. The Strata should also ensure that all flashings are installed at proper locations.

The plan allows for replacement of the sloped asphalt shingled roof areas to be completed in approximately 19 years. We have split the replacement over 2 years.

EE 2 — Exterior Cladding

Year Installed	1980
Expected Life Span	30-40
Observed Condition	31
Repair or Replace	7

Description: The exterior walls typically consist of wood framed back up walls with assumed batt insulation and vapour barrier. The walls are primarily clad with painted cedar siding. The chimneys are brick.

The wood clad siding is designed as a face-sealed system, and does not incorporate a drainage cavity or rainscreen technology.

Financial Review: We understand that the exterior walls and cladding are part of the original construction. We understand that periodic repairs to this component are done as part of general maintenance.

Visual Review: As expected, some of the cladding appears to be new or recently repaired. We did note some signs of deterioration such as cracks and missing paint but considering its age the cladding appears to be in reasonable shape. The brick chimneys also appear to be in reasonable shape.

It is possible, because the assembly is face-sealed, that there may be concealed deterioration of some components of the cladding (i.e. exterior wood stud wall framing).

Recommendations: Face-sealed wall assemblies are not consistent with today's building standards. The current code requires that all exterior walls incorporate a rainscreen system with a drainage cavity between the exterior cladding material and structure of the exterior walls of the building. Although the assembly of the exterior walls is not a currently acceptable by current codes and practices, we did not note any major defects that would indicate urgent concern.

The expected life for this type of component in our climate is about 30-40 years before replacement is required. The high level of general maintenance by the Strata, especially painting has extended the lifespan of this component significantly. We assume that repair projects will continue into the future, but we believe that a full replacement will be required eventually.

Assuming proper maintenance, we planned for phased replacement of the exterior cladding starting in 2020, timed to coincide with the window replacements. We have included allowances for the removal and replacement of the wood cladding and installation of a rainscreen system incorporating a drainage cavity. An allowance has been included in the budget for localized repair of the masonry chimneys. We recommend the assembly be designed and the installation be monitored by a qualified engineering consultant.

EE 3 — Windows & Sliding Doors

Year Installed	1980
Expected Life Span	35-45
Observed Condition	33
Repair or Replace	7

Description: The windows consist of double-glazed units in aluminum frames. There is an assortment of fixed, sliding, and awning style window assemblies. Some of the patios and balconies are accessed by aluminum framed sliding glass door assemblies.

Metal flashing is provided at the head of the windows. Weep holes are provided at the base of the windows to allow for drainage.

Financial Review: We understand that the majority of the windows and sliding doors are part of the original construction. We were advised by Council that a number of Owners have replaced their windows over the years with more energy-efficient windows at their own expense.

Visual Review: We are not aware of any reported window issues. From our visual review from grade and the accessed suites we did not observe any major defects such as condensation, or cracks in the panels.

Recommendations: Aluminum window frame assemblies typically have a life expectancy of 35-45 years, but they are often changed earlier to take advantage of energy efficiencies built into modern-day window assemblies. As the systems age and with exposure to the wet BC climate, seals may fail, operable windows are susceptible to premature frame twisting as well as damaged or broken hardware and hinges. Over time the weather-stripping becomes brittle and starts to deteriorate. We assume that periodic replacement of some IGUs will occur prior to full replacement of the window assemblies, at a cost below the threshold of this DR.

We planned for full replacement of the windows and sliding doors in 2020, spread over 5 years, and timed to match exterior cladding project. While the windows replaced by individual Owners may be salvaged and replaced during the window and cladding replacement project, there is typically minimal saving. Moreover, the uniformity of the appearance and close connectivity with the cladding system throughout the Strata complex should also be considered.

EE 4 — Exterior Doors, Major Repairs

Year Installed	1980
Expected Life Span	30-50
Observed Condition	33
Repair or Replace	15

Description: The exterior swing doors comprise of painted metal skinned units with hollow wood core in wood frames, and having an aluminum threshold. Some of the doors have a glass panel.

Financial Review: We understand that the majority of the exterior doors are part of the original construction. We were advised by Council that doors with glass panels were upgrades by individual Owners and are their own responsibility; they are therefore excluded from the Report.

Visual Review: We are not aware of any performance issues with the exterior doors.

The exterior doors are generally located in sheltered areas protecting them from most elements. Where checked, the doors (including window sections) operated smoothly and did not show any evidence of condensation. As expected we did note some deterioration such as faded paint, cracked frames, and worn thresholds; however the doors remain in reasonably good condition.

Recommendations: Exterior doors of these types typically have a life expectancy of 30-50 years. Since the exterior doors at this property are generally sheltered we have assumed that a full replacement during the term of this DR will not be required.

The plan allows for the replacement of 25% of the exterior swing doors every 20 years, the first instance of which is planned for 2028. Minor repairs and replacements are assumed to be done on an as needed basis at a cost less than the Report threshold and have been excluded from the Report.

EE 5 — Painting & Caulking

Year Installed	Varies
Expected Life Span	10-15
Observed Condition	3
Repair or Replace	22

Description: Paint is applied to the wood cladding, soffits, fascia, and doors.

Sealants are applied at window and door perimeters, as well as at any transition joints between the siding and other building components.

Financial Review: We understand that many painting projects have been completed over the years, the most recent of which was $6,174 in 2013. Other painting jobs have been completed as part of general maintenance work.

Visual Review: Although it was not checked at all locations, we assume that sealant is applied at all window and door perimeters. Where checked the sealant is not consistently applied; it is cracked or missing in some places, and excessively applied in other spots.

Although not consistently applied everywhere, we found that the painting coverage and quality is good overall. It appears that the Strata has taken a pro-active view of painting for the structures, and this has, in our opinion, extended the life of the painted components.

Recommendations: Regular wall maintenance including cleaning and sealing will generally assist in mitigating premature deterioration and failure of the exterior cladding concrete walls. The paint will assist in mitigating water penetration at the exterior walls. Over time with weathering and aging the coating and sealants will begin to crack and break down requiring eventual replacement.

The plan allows for recoating the walls and replacement of the sealants to occur in 22 years on a 15 year cycle. The project is spread over two years. We have not included a painting project during the years 2020 - 2024 because repainting is assumed to be done as part of the recladding project at that time. We suggest annual cleaning and spot repainting to maximize the lifespan of the paint and sealants. We assume that localized repainting or caulking jobs will continue, and will be funded from the operating account.

Engineering costs have been included along with associated costs for specification and tendering. The total repair cost also includes a 20% allowance for mobilization and site access (suspended access and ground protection).

EE 6 — Soffits, Gutters, Downspouts & Fascia

Year Installed	Varies
Expected Life Span	30-40
Observed Condition	28
Repair or Replace	19

Description: The underside of the eaves are painted structure (joists and boards). The underside of balconies were originally covered with stucco but over time some of the balcony stucco has been replaced with vented aluminum soffits. Aluminum gutters are attached to the lowest outer edge of the roofs. Aluminum downspouts are connected with the gutters to drain water away into the perimeter drainage system. Fascia is constructed of painted wooden boards and is found at all roof edges, and around the perimeter of all balconies.

Financial Review: We were advised by Council that the gutters, downspouts, and fascia were replaced at the same time as the roof replacement in 2008. We cannot confirm the costs involved through a work contract. We understand that the soffits are part of the original construction. There have been minor repairs over the years including replacement of some of the stucco soffits with aluminum, and cleaning of the gutters and downspouts.

Visual Review: From our visual review we noted a few locations where we observed dents, discolouration and possibly algae build-up. The gutter sloping appeared appropriate for proper drainage towards the downspouts. Where viewed the downspouts appear to be securely fastened to exterior of the buildings, but in places they drain directly on to the soil. The fascia was cracked and deteriorated in places but is properly covered in paint in most locations. The aluminum soffits appeared to be in good condition, but the stucco soffits look worn.

Recommendations: Over time, damaged or clogged soffits can lead to moisture damage within the covered spaces due to insufficient ventilation. Gutters and downspouts can often suffer mechanical damage due to ladders, tree limbs, and etc. Clogged, cracked or insufficiently sloped gutters may cause an overflow of water into the walls directly underneath and accelerate their deterioration. Fascia edges can rot, and over time the boards will warp and crack.

We recommend periodic inspection of all components for loose connections, stains, cracks, clogs, and bulges. Downspouts that drain onto the soil should be re-configured and connected with the perimeter drains; alternatively, they should drain onto a splash pan to direct water away from the foundation. Localized sections, if clogged or damaged, should be replaced in a timely manner. Consistent repainting when needed of the gutters, downspouts and fascia will help to ensure that the maximum lifespan is reached. These localized repairs are expected to be below the threshold of the DR and are therefore assumed to be funded through the operating budget.

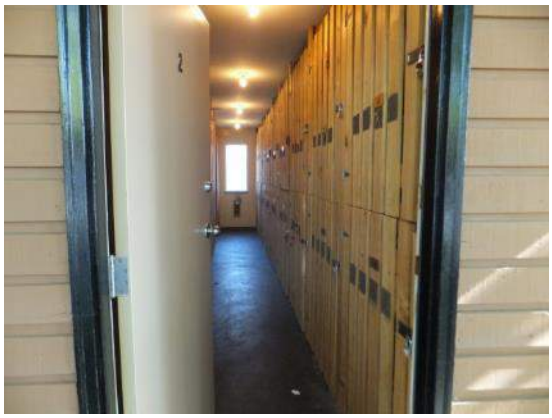
Soffits, gutters, downspouts & fascia can outlast the life of the roof shingles, provided they are well-maintained, however it is not uncommon for them to be replaced at the same time as the roofing. As a result, we have reserved for their replacement to coincide with the roof replacement starting in 2032, phased over 2 years.

5.3 INTERIOR COMPONENTS

I 1 — Storage Rooms

Year Installed	1980
Expected Life Span	30-50
Observed Condition	33
Repair or Replace	17

Description: The two storage buildings were originally utilized as laundry structures. In their current configuration they comprise storage rooms, a meeting/office room, as well as two 2-piece washrooms. The flooring consists of epoxy and exposed concrete, the walls & ceilings are painted drywall. Heating is provided by electric baseboards, and there is a mix of incandescent and fluorescent light fixtures. Wood storage units are built into the storage rooms, and there are various contents including tables, chairs, office equipment and artwork.



Financial Review: We assume that the storage/office buildings were finished as part of the original construction. We are not aware of any replacements or significant repairs to this component.

Visual Review: We have only considered the interior finishes, equipment and contents within the buildings; all exterior common assets would have been included in other components. We have assumed that all contents are wholly owned by the Strata and not leased. We did not test any equipment or plumbing fixtures, but assume they are functioning satisfactorily.

Although the interior finishes (flooring, wall paint, ceiling paint), furniture and equipment are starting to look a little aged, they were generally free of visual damage and did not have excessive scratches, or fading. All electrical fixtures appear to be in good working order.

Recommendations: A component such as the Storage Rooms includes several different types of assets. These assets may need replacements at different times depending upon quality of original materials, quality of installation, and in general terms how much they are used. A common space like this also may be updated purely for aesthetic reasons, before the asset physically needs replacement. We do anticipate a fairly significant refurbishment to this asset in the future.

We have reserved for a refurbishment allowance every 30 years to cover replacements and refurbishments that the Strata deem most appropriate, starting in the year 2030.

5.4 ELECTRICAL COMPONENTS

EL 1 — Electrical Systems		
Year Installed	1980	**Description:** The electrical service is supplied to electrical rooms via buried cables. Based on what we could determine on site and from the plans, there are 5 electrical closets. We assume that the rooms are similar. A typical electrical room has a main switch that is rated 400A, 3-phase, 4 wire. A 70A house panel and meter center is also located in each electrical room. Any telephone and cable equipment is assumed to be the responsibility of the provider. We assume that any meter centres in the electrical closets are the responsibility of B.C. Hydro.
Expected Life Span	50+	
Observed Condition	33	
Repair or Replace	24	

Financial Review: We understand that the electrical systems are part of the original construction. We are not aware of any replacements or significant repairs to this component.

Visual Review: The meters are assumed to be the responsibility of the service provider and have not been considered. Where visible, the equipment appeared to be operating well at the time of our visit. We are unaware of any electrical issues at the building.

Recommendations: Major electrical equipment has an average service life of 50 years or more.

Although we do not anticipate replacing all of the electrical closet components at one time, the Strata should plan for the eventual replacement of the main switches, and distribution panels at the end of their expected operable life terms. We have planned for replacement of the main switches, plus an allowance for miscellaneous repairs in the year 2037, and then every 25 years thereafter.

5.5 SITE SERVICES COMPONENTS

SRV 1 — Buried Site Services

Year Installed	1980
Expected Life Span	60
Observed Condition	33
Repair or Replace	N/A

Description: Site services include domestic cold water, sanitary and storm piping, gas piping, and electrical wiring. They are supplied to the building via buried conduits and piping fed from main municipal lines below the adjacent roads.

Site drainage is accomplished with natural sloping of the hard and soft landscaping components to various catch basins throughout the site. Immediate drainage from the buildings is accomplished with buried drain tiles that are located next to the foundations and attached to downspouts. Assumed domestic water, storm and sanitary piping are connected to the buildings. Gas meters are located beside the buildings at grade.

Financial Review: We were advised by Council that two of the water supply lines were replaced in 2008 after an underground leak. However, we cannot confirm the costs involved through a work contract. We also understand that in 2013 drainage work on Buildings 2100, 2200, & 2300 has been done and includes cleaning of drain tiles, new drain tiles, and sump pumps. We are not aware of any other major repairs or replacements to this component.

Visual Review: Buried site services were not visually inspected due to their concealed locations. Review of these systems was done by studying the available information from building plans in combination with the limited amount seen. The sanitary drainage systems within the building, including the risers to the suites, are expected to last beyond the scope of the DR so they have not been included.

Where checked, there are some signs of pooling water, and soil erosion especially near catch basin grates. We noted various catch basins throughout the site and they appear to be properly placed to serve the building site.

Recommendations: We assume that the underground services and drainage have a remaining life that extends beyond the scope of this DR, so full replacements have not yet been considered. Over time it is expected that repairs and localized replacement of sections of the piping will be required due to unplanned damage from occurrences such as natural settlement above and below the buried piping, soil erosion, and seismic activity.

Allowances to adjust settled areas around the catch basins and some buried piping are budgeted in the repair projects of the paving section.

5.6 SITE COMPONENTS

Site 1 — Paving & Curbing		
Year Installed	1980	**Description:** Paving and surface parking stalls consist of asphalt over crushed gravel. Curbing is cast-in-place concrete roll-over construction.
Expected Life Span	30-40	
Observed Condition	33	
Repair or Replace	4	

Financial Review We understand that the paving and curbing are part of the original construction. With the exception of some minor repairs we are not aware of any replacements or major repairs to this component.

Visual Review: We noted areas of cracking and spalling, and saw evidence of patch work. The top coat is worn off in most places. Sections of the curbing are cracked and spalling.

Recommendations: The paved areas and curbing are susceptible to damage including cracking, spalling, and physical damage due to settlement, soil erosion or frequent traffic. If well maintained the areas are expected to last 30-40 years.

We assume that patch work will continue to be done as a way to maximize the lifespan of the asset, but due to the significant erosion the paving and curbing should be replaced soon. Localized repair of cracking settled and damaged areas of the asphalt and concrete paved areas may be required soon but is not included because it is below the Report threshold.

An allowance for repaving all areas of the asphalt as well as 75% of the curbing has been included in the plan to occur in 4 years on a 35 year cycle. The project is spread over 3 years. It should be noted that whenever possible, the Strata Council intends to pay for some expenditures through the yearly maintenance budget as recurring items. This may include some of this component. The plan assumes that all of the major items listed will be paid from the Contingency Reserve Fund or through a Special Levy.

Site 2 — Walkways & Patios		
Year Installed	1980-2013	**Description:** The walkways consist of cast-in-place concrete slab over compacted fill. The patios are also concrete slab, but some of them are covered with wood decks.
Expected Life Span	30-40	
Observed Condition	33	
Repair or Replace	4	

Financial Review: It is clear that some of the walkways have been replaced since the original date of construction. We are not aware of the specific costs, but assume that the work was paid for from the operating fund. We were advised by Council that patio wood decks are upgrades by individual Owners and are their own responsibility; they are therefore excluded from the Report.

Visual Review: The newer sections of walkways remain in good condition. For the original walkways, we noted cracking, spalling, and some settlement. Taken as a whole the walkways and patios are in fair to good condition.

Recommendations: Typically concrete cast-in-place walkways and patios have an expected life of between 30 and 40 years. Based on the current repairs to date, we assume that the Strata would likely wish to extend of the asset as long as possible, however we feel a major replacement should be undertaken soon. We have allowed for replacement of about 75% of the walkways & patios, starting in 4 years, and spread over 3 years on a 35 year cycle to match the paving project. Doing both jobs at the same time will create economies of scale and other logistical efficiencies

Smaller, localized repair jobs are assumed to be paid for using operating funds as part of regular maintenance, and have not been considered. It should be noted that whenever possible, the Strata Council intends to pay for some expenditures through the yearly maintenance budget as recurring items. This may include some of this component. The plan assumes that all of the major items listed will be paid from the Contingency Reserve Fund or through a Special Levy.

Site 3 — Landscaping

Year Installed	1980
Expected Life Span	30+
Observed Condition	25
Repair or Replace	4

Description: Site landscaping consists of various hard and soft landscaping components. Trees, shrubbery, flowerbeds and sodded areas are incorporated throughout the site.

Hard landscaping includes the garbage shelters, signage, street lights, landscaping lights, fire hydrants, and retaining walls.

Financial Review We understand that the landscaping is part of the original construction, and is currently maintained by an independent landscaping contractor. We are not aware of any replacements or significant repairs to this component, although we know that several localized repair jobs have been done over the years as part of general site maintenance projects.

Visual Review: The site landscaping is showing signs of their age. The grass is burned out in many places and sparse in other areas. The lights, although still functioning well are due for some more paint.

The garbage structures appear to be in reasonably good condition.

Recommendations: Although landscaping is typically maintained by the landscape contractor, as some components age they will require removal and replacement.

We have reserved for a landscape allowance in 2017 and repeating every 10 years to address more major upgrades that extend above the regular maintenance of components such as the periodic removal and replacement of site vegetation (trees and shrubbery) as well as repairs to miscellaneous structures.

It should be noted that whenever possible, the Strata Council intends to pay for some expenditures through the yearly maintenance budget as recurring items. This may include some of this component. The plan assumes that all of the items listed will be paid from the Contingency Reserve Fund or through a Special Levy.

Site 4 — Privacy Fencing		
Year Installed	Varies	**Description:** The privacy fencing consists of painted wood boards in a horizontal orientation attached to wood posts.
Expected Life Span	20-30	
Observed Condition	Varies	
Repair or Replace	N/A	

Financial Review: We were advised by Council that the privacy fencing and included gates were installed by individual Owners over the years at their own expense.

Visual Review: Despite its age, we noted no major deterioration along the wood fencing, where checked. While there were sections that were cracked and well worn, the top rails were securely fastened and the gates moved smoothly. The base of the fencing support posts were typically in direct contact with the ground. The paint appeared to be applied well, in a consistent fashion. Shrubs and other ground cover was in direct contact with the wood in several locations, a situation that can lead to water ingress.

Recommendations: As the materials age and are exposed to the elements they will begin to deteriorate. Areas of concern are at the base of the wood support posts where the wood is in direct contact with the soil and where metal hinges at gates and locks begin to rust. Periodic monitoring and maintenance including painting and treating the wood components and replacement of corroded metal hinges will assist in premature replacement.

As the fences were upgraded by individual Owners and remain their own responsibility, they are excluded from the Report.

6.0 FINANCIAL ANALYSIS

6.1 BENCHMARK ANALYSIS, OVERVIEW AND EXPLANATION

We have prepared a Benchmark Analysis, found in Section 6.0, which forms the foundation for the financial part of the Report. The Benchmark shows the reserve components, including the life cycle and cost estimates. The estimates follow reserve fund practices, which provide for inflationary cost increases over time and interest income from reserve fund investments.

COMPONENT CLASSIFICATION

Reserve fund components are classified in terms of building groups, common element facilities and site improvements.

LIFESPAN ANALYSIS

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

1. Type of Component
2. Utilization
3. Material
4. Workmanship
5. Quality
6. Exposure to Weather Conditions
7. Functional Obsolescence
8. Environmental Factors
9. Regular Maintenance
10. Preventive Maintenance
11. Observed Condition

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

1. Actual age of the component
2. Maintenance of the component
3. Observed deficiencies of the component
4. Repair and replacement experience
5. Probability of hidden conditions

The Lifespan analysis culminates in component life span estimates, as follows:

1. **Expected Life Span—**each reserve component is analyzed in terms of component type, quality of construction, statistical records and normal life experience.

2. **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 of the Depreciation Report planner or analyst, as this is a subjective estimate rather than an objective assessment.

3. **Repair or Replacement Analysis—**this refers to an estimate of the number of years before the first instance of major repair or full replacement. When the first instance is a full replacement the number years is simply the expected lifespan minus the observed condition. In the event of a repair, the number presented indicates the estimated remaining life before a major repair should be done. Reserve expenditures should and must be made during the remaining life span to maintain building components and facilities in good condition.

A lifespan analysis is a subjective, or empirical, assessment of the life cycle status of a reserve component. The lifespan of a reserve component is subject to change due to numerous factors. The actual date of repair or replacement can only be viewed as an approximation; we believe that the larger goal is to understand that funds should be reserved for these components so that they can be maintained in optimum condition, thereby maximizing their lifespan.

COST ESTIMATES

Reserve fund component assessments and current cost estimates are based on our investigation, observation, analyses and our experience.

Estimated costs have been calculated using construction cost services including RS Means, National Construction Estimator, Get-A-Quote, Marshall & Swift Valuation System, modified as to time, location and quality of construction. We also verified estimates by quotations from contractors, fabricators and suppliers. Moreover, we have used our own programs and cost compilations and databases.

All costs are estimates and are subject to confirmation at the time competitive bids are obtained from contractors specializing in the repair or replacement work required. Actual costs may vary depending on the time of tendering, the scope of work and the economic climate. Major repair and replacement of components requires detailed design, preparation of tender documents as well as tendering and quality assurance during construction.

Reducing standards of renewal/repairs for Contingency Reserve Fund items or deferring items would result in lower required annual contributions, but may also result in collateral deterioration and/or damage— which may end up inflating remedial costs considerably.

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

1. **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.

2. **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.

3. **Taxes—**the Goods and Services Tax ("GST") and where applicable the Provincial Sales Tax ("PST") applies to all repairs and replacements including disposal costs. Therefore, these costs are included in the reserve fund estimates hereinafter.

RENEWAL STRATEGIES

In implementing a renewal of an asset, the Strata can consider different implementation strategies namely:

Localized Renewal—these are projects that are localized to a particular part of the building or property. Different areas of the building or property may be subject to accelerated wear and tear due to different weather exposure or different usage.

Phased Repairs—these are projects where a repair or a renewal of a component is undertaken in a phased approach. They are carried out over multiple periods. The financial toll, in a particular year, on Owners is reduced when the work occurs, but overall, due to remobilization costs and the fluctuations of inflation and market conditions the total completion costs may be higher.

Complete Replacements—these are projects that are implemented as one complete repair. Owners can leverage economies of scale and thereby reduce the overall cost but the financial burden for a particular year is often high.

Co-ordinating—this is when more than one project is completed all at once to take advantage of economies of scale or favorable market conditions. The Owners shorten the duration of the burden as well as lowering their overall costs.

6.2 FINANCIAL ASSUMPTIONS

LONG TERM INFLATION RATE

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 service providing periodic cost indices is Statistics Canada.

Overall Average Annual Cost Changes , last 23 years (1989 – 2012)	2.93%
Average Annual Cost Changes, last 10 years (2003 – 2012)	4.04%
Average Annual Cost Changes, last 5 years (2006-2011)	-0.5%
Annual Change Data, 4th quarter 2011 to 4th quarter 2012	3.1%
Source: Statistics Canada	

We have selected an inflation rate of **3.0%** for calculating the future major repairs and replacement of assets' cost for the Strata Corporation's Reserve Fund.

LONG TERM INTEREST RATE

Investment income can be a significant source of reserve fund revenue and it is important 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 principal and interest. Of note, British Columbia Credit Unions have no limits on amounts insured in their regular accounts.

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

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

Investment opportunities are widely advertised, ranging from bank deposits, term deposits and guaranteed investment certificates (GICs) to money market instruments and government bonds. The following are investment returns achievable for Strata Corporations, given various reserve fund balances:

GIC's, up to $99,999 balance		**Gov. Canada Bonds Yield**	
Term (years):		**Term (years):**	
1 – 1.5	1.13%	1 – 3	1.25%
1.5 – 2	1.28%	3 – 5	1.77%
5	2.08%	5 – 10	2.38%
10	2.30%	10+	3.03%
Source: RBC, BoM, TD Canada Trust, Bank of Canada			

Considering the investment opportunities available, a policy of investing in secured guaranteed investments, and having examined the historical rate of return, we have selected a **2.0%** interest rate in the Report. Actual rates of return will vary according to minimum balances, term, and financial instruments chosen.

ROUNDING

Due to rounding of calculations, there may be minor discrepancies in the data, which are not deemed significant.

6.3 CASH FLOW FUNDING MODELS AND PROJECTIONS

CASH FLOW MODELS

Three cash flow models along with their respective graphs, cash-flow tables, and projections are presented for review as detailed below. The Cash Flow Models are similar to the projections except that they only present cash inflows and outflows by year. The three different funding scenarios run for the Strata are described as follows:

Adequacy—this is a minimum financial model. It is a summary of the cash flow and projections if minimum efforts are made. Any shortfalls in the Contingency Reserve Fund against needed expenditures are funded with one yearly contribution increase and the rest via special levies. The bottom line for this funding model is that sufficient funds are available for expenditures as needed but no more.

Full Funding—this financial model works towards getting the Strata to a full funding position by the end of 30 years whereby the amount of asset that's depreciated is reflected the Contingency Reserve Fund balance. Monthly contributions to the Contingency Reserve Fund are increased at the beginning of the cycle and then level off over time with minimal special levies.

Alternative Funding—this financial model works towards getting the Strata to 50% of the Full Funding model position by the end of 30 years, whereby the amount of asset that's depreciated is reflected the Contingency Reserve Fund balance. Monthly contributions to the Contingency Reserve Fund are increased over time and level off over time with a varying amount of special levies.

PROJECTIONS

The projections are similar to the cash flow models except they show additional detail. In particular the projections show the reserve fund requirement relative to the reserve fund balance and determines a surplus or a deficit. Like the cash flow models, the projections show cash positions, cash inflows, cash available, cash expenditures and a calculated reserve deficiency or surplus. You will find the following terms in the projections:

Reserve Fund – Opening Balance—this is the reserve fund position at the beginning of each and year which consist of 1) bank deposits, 2) qualified investments, and 3) accrued interest earned.

Annual CRF Contributions—these are total regular reserve fund contributions.

Annual Special Levies—these are total special levies raised in that particular year.

Annual Reserve Fund Interest Income—this is calculate interest on the opening cash balance.

Total Cash Resource—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 Depreciation Report.

Reserve Fund Closing Balance—this is the reserve fund position at the end of each and every fiscal year, which is carried forward to the next year.

Reserve Fund Requirement— this is the amount required to be in the reserve fund assuming full funding as adjusted and calculated each year.

Reserve Surplus (Deficiency)—this figure shows the difference between the actual Reserve Fund Closing Balance and the Reserve Fund Requirements, as calculate from year to year.

THE RESERVE SURPLUS (DEFICIENCY) EXPLAINED

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

The most direct and stringent measure of the sufficiency of the reserve fund is the Reserve fund deficiency analysis, whereby the actual Reserve Fund Closing Balance is compared with the Reserve Fund Requirement. The most lenient measure of the sufficiency is that sufficient funds are available for an expenditure just before its needed but no more without regard to the deficiency analysis.

Any significant difference between the actual reserve fund balance and the required balance will show as a surplus or 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 too quickly. A reserve fund deficit indicates that owners have not contributed enough to a fully

funded reserve fund, causing the difference between a fully funded reserve fund and the actual reserve fund balance.

Therefore the sufficiency of a reserve fund not only requires the test of an estimated fully funded reserve fund, but also requires a test as to sufficient cash resources to fund 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 sufficient.

6.4 STATUTORY MINIMUM FUNDING

We have reviewed the statutory minimum funding reserve requirements of the Strata Regulation en. B.C. Reg. 238/2011, Sch. 1, s. 2., which states that:

> *6.1 For the purposes of section 93 of the Act, the amount of the annual contribution to the contingency reserve fund for a fiscal year, other than the fiscal year following the first annual general meeting, must be determined as follows:*
>
> > *(a) if the amount of money in the contingency reserve fund at the end of any fiscal year after the first annual general meeting is less than 25% of the total amount budgeted for the contribution to the operating fund for the fiscal year that has just ended, the annual contribution to the contingency reserve fund for the current fiscal year must be at least the lesser of*
> >
> > > *(i) 10% of the total amount budgeted for the contribution to the operating fund for the current fiscal year, and*
> > >
> > > *(ii) the amount required to bring the contingency reserve fund to at least 25% of the total amount budgeted for the contribution to the operating fund for the current fiscal year;*
> >
> > *(b) if the amount of money in the contingency reserve fund at the end of any fiscal year after the first annual general meeting is equal to or greater than 25% of the total amount budgeted for the contribution to the operating fund for the fiscal year that has just ended, additional contributions to the contingency reserve fund may be made as part of the annual budget approval process after consideration of the depreciation report, if any, obtained under section 94 of the Act.*

We have assumed 25% of the current operating budget to be the minimum statutory funding balance.

7.0 THE BENCHMARK ANALYSIS

Benchmark Analysis									
Strata NW 1505		69							
Inflation Rate		3.00%							
Interest Rate		2.00%							
				Replacement Cost		Reserve Fund			
Reserve Components		Origin	Years To Repair/ Replace	Current	Future	Current Requirement	Future Accumulation	Future Requirement	Annual Requirement
S1	Foundations - Repair Allowance	1980	1	25,600	26,368	23,893	24,371	1,997	1,997
S2	Wood Stairs, Re/re	1980	14	57,700	87,276	25,388	33,499	53,778	3,367
S3	Balconies, Major Repairs	1980	14	128,800	194,822	56,672	74,778	120,044	7,515
S4	Balcony & Staircase Guards	1980	14	70,800	107,091	46,020	60,722	46,369	2,903
EE1	Sloped Roofing	2008	19	538,800	944,789	129,312	188,383	756,406	33,117
EE2	Exterior Cladding	1980	7	1,630,600	2,005,432	1,345,245	1,545,264	460,169	61,898
EE3	Windows and Sliding Doors	1980	7	247,700	304,640	204,353	234,737	69,903	9,403
EE4	Exterior Doors	1980	15	22,400	34,898	5,600	7,537	27,362	1,582
EE5	Painting & Caulking	1980	9	215,900	281,701	86,360	103,208	178,492	18,298
EE6	Soffits, Gutters, Downspouts & Fascia	2008	19	99,600	174,649	36,520	53,203	121,446	5,317
I1	Storage Rooms	1980	17	26,300	43,470	17,358	24,305	19,165	958
EL1	Electrical Systems	1980	24	25,000	50,820	14,474	23,280	27,540	905
Site 1	Paving & Curbing, Re/re	1980	4	266,100	299,498	235,689	255,117	44,381	10,768
Site 2	Walkways & Patios, Re/re	1980	4	93,300	105,010	55,980	60,595	44,415	10,776
Site 3	Landscaping	1980	4	41,600	46,821	24,960	27,018	19,804	4,805
	Contingency		0	6,900	6,900	6,900	6,900	6,900	6,900
	Totals			**$ 3,497,100**	**$ 4,714,185**	**$ 2,314,723**	**$ 2,722,916**	**$ 1,998,170**	**$ 180,508**

8.0 CASH FLOW SUMMARIES

8.1 ADEQUACY CASH FLOW

Adequacy-Cash flow Summary												
Strata NW 1505												
		Total Reserve Fund Contributions Collected										
		Total for the Strata				Avg per Unit per Month						
Year	Reserve Fund Opening Balance	Regular Annual	% Change	Special Levy	Total	Regular	Special Levy	Total**	Interest Earned	Total Cash Inflow	Estimated Expenses	Reserve Fund Closing Balance
2014	$ 90,961	$ 15,000	n/a	$ -	$ 15,000	$ 18	$ -	$ 18	$ 1,819	$ 16,819	$ 33,475	$ 74,305
2015	74,305	15,000	0%	-	15,000	18	-	18	1,486	16,486	7,320	83,471
2016	83,471	15,000	0%	-	15,000	18	-	18	1,669	16,669	7,540	92,601
2017	92,601	15,000	0%	125,000	140,000	18	151	169	1,852	141,852	188,410	46,043
2018	46,043	15,000	0%	130,000	145,000	18	157	175	921	145,921	145,837	46,127
2019	46,127	15,000	0%	134,000	149,000	18	162	180	923	149,923	150,212	45,837
2020	45,837	15,000	0%	455,000	470,000	18	550	568	917	470,917	470,427	46,327
2021	46,327	15,000	0%	469,000	484,000	18	566	585	927	484,927	484,540	46,714
2022	46,714	15,000	0%	483,000	498,000	18	583	601	934	498,934	499,076	46,573
2023	46,573	15,000	0%	498,000	513,000	18	601	620	931	513,931	514,048	46,456
2024	46,456	15,000	0%	513,000	528,000	18	620	638	929	528,929	529,469	45,916
2025	45,916	15,000	0%	-	15,000	18	-	18	918	15,918	9,838	51,997
2026	51,997	15,000	0%	-	15,000	18	-	18	1,040	16,040	10,133	57,904
2027	57,904	15,000	0%	123,000	138,000	18	149	167	1,158	139,158	151,259	45,803
2028	45,803	15,000	0%	110,000	125,000	18	133	151	916	125,916	125,884	45,835
2029	45,835	15,000	0%	152,000	167,000	18	184	202	917	167,917	167,698	46,054
2030	46,054	15,000	0%	92,000	107,000	18	111	129	921	107,921	107,901	46,074
2031	46,074	15,000	0%	62,000	77,000	18	75	93	921	77,921	77,559	46,437
2032	46,437	15,000	0%	556,000	571,000	18	671	690	929	571,929	571,818	46,547
2033	46,547	15,000	0%	573,000	588,000	18	692	710	931	588,931	588,973	46,506
2034	46,506	15,000	0%	-	15,000	18	-	18	930	15,930	12,836	49,600
2035	49,600	15,000	0%	201,000	216,000	18	243	261	992	216,992	220,160	46,431
2036	46,431	15,000	0%	211,000	226,000	18	255	273	929	226,929	226,765	46,595
2037	46,595	15,000	0%	133,000	148,000	18	161	179	932	148,932	149,410	46,116
2038	46,116	15,000	0%	-	15,000	18	-	18	922	15,922	14,447	47,592
2039	47,592	15,000	0%	-	15,000	18	-	18	952	15,952	14,880	48,663
2040	48,663	15,000	0%	-	15,000	18	-	18	973	15,973	15,327	49,309
2041	49,309	15,000	0%	-	15,000	18	-	18	986	15,986	15,787	49,509
2042	49,509	15,000	0%	-	15,000	18	-	18	990	15,990	16,260	49,239
2043	49,239	15,000	0%	88,000	103,000	18	106	124	985	103,985	107,285	45,938
** Note: figures presented are rounded.*												
***Note: Avg per Unit per Month is calculated as the total divided by the number of units. Entitlement unit calculations will differ.*												

8.2 FULL FUNDING CASH FLOW

Full Funding-Cash flow Summary												
Strata NW 1505												
		Total Reserve Fund Contributions Collected										
		Total for the Strata				Avg per Unit per Month						
Year	Reserve Fund Opening Balance	Regular Annual	% Change	Special Levy	Total	Regular	Special Levy	Total**	Interest Earned	Total Cash Inflow	Estimated Expenses	Reserve Fund Closing Balance
2014	$ 90,961	$ 15,000	n/a	$ -	$ 15,000	$ 18	$ -	$ 18	$ 1,819	$ 16,819	$ 33,475	$ 74,305
2015	74,305	52,500	250%	-	52,500	63	-	63	1,486	53,986	7,320	120,971
2016	120,971	78,750	50%	-	78,750	95	-	95	2,419	81,169	7,540	194,601
2017	194,601	118,125	50%	-	118,125	143	-	143	3,892	122,017	188,410	128,208
2018	128,208	147,656	25%	-	147,656	178	-	178	2,564	150,220	145,837	132,591
2019	132,591	184,570	25%	-	184,570	223	-	223	2,652	187,222	150,212	169,602
2020	169,602	230,482	25%	605,000	835,482	278	731	1,009	3,392	838,874	470,427	538,049
2021	538,049	235,092	2%	-	235,092	284	-	284	10,761	245,853	484,540	299,363
2022	299,363	239,794	2%	-	239,794	290	-	290	5,987	245,781	499,076	46,068
2023	46,068	244,590	2%	550,000	794,590	295	664	960	921	795,511	514,048	327,531
2024	327,531	249,481	2%	-	249,481	301	-	301	6,551	256,032	529,469	54,094
2025	54,094	254,471	2%	-	254,471	307	-	307	1,082	255,553	9,838	299,809
2026	299,809	259,561	2%	-	259,561	313	-	313	5,996	265,557	10,133	555,233
2027	555,233	265,256	2%	-	265,256	320	-	320	11,105	276,360	151,259	680,334
2028	680,334	270,561	2%	-	270,561	327	-	327	13,607	284,167	125,884	838,618
2029	838,618	275,972	2%	-	275,972	333	-	333	16,772	292,744	167,698	963,664
2030	963,664	281,491	2%	-	281,491	340	-	340	19,273	300,765	107,901	1,156,528
2031	1,156,528	285,206	1%	-	285,206	344	-	344	23,131	308,336	77,559	1,387,306
2032	1,387,306	285,206	0%	-	285,206	344	-	344	27,746	312,952	571,818	1,128,439
2033	1,128,439	285,206	0%	-	285,206	344	-	344	22,569	307,775	588,973	847,241
2034	847,241	285,206	0%	-	285,206	344	-	344	16,945	302,151	12,836	1,136,556
2035	1,136,556	285,206	0%	-	285,206	344	-	344	22,731	307,937	220,160	1,224,333
2036	1,224,333	285,206	0%	-	285,206	344	-	344	24,487	309,693	226,765	1,307,260
2037	1,307,260	285,206	0%	-	285,206	344	-	344	26,145	311,351	149,410	1,469,201
2038	1,469,201	285,206	0%	-	285,206	344	-	344	29,384	314,590	14,447	1,769,344
2039	1,769,344	285,206	0%	-	285,206	344	-	344	35,387	320,593	14,880	2,075,056
2040	2,075,056	285,206	0%	-	285,206	344	-	344	41,501	326,707	15,327	2,386,436
2041	2,386,436	285,206	0%	-	285,206	344	-	344	47,729	332,935	15,787	2,703,584
2042	2,703,584	285,206	0%	-	285,206	344	-	344	54,072	339,278	16,260	3,026,602
2043	3,026,602	285,206	0%	-	285,206	344	-	344	60,532	345,738	107,285	3,265,055

** Note: figures presented are rounded.*

***Note: Avg per Unit per Month is the result of dividing the total by the number of units. Entitlement unit calculations will differ.*

8.3 ALTERNATIVE CASH FLOW

Alternate -Cash flow Summary												
Strata NW 1505												
		Total Reserve Fund Contributions Collected										
		Total for the Strata				Avg per Unit per Month						
Year	Reserve Fund Opening Balance	Regular Annual	% Change	Special Levy	Total	Regular	Special Levy	Total**	Interest Earned	Total Cash Inflow	Estimated Expenses	Reserve Fund Closing Balance
2014	$ 90,961	$ 15,000	n/a	$ -	$ 15,000	$ 18	$ -	$ 18	$ 1,819	$ 16,819	$ 33,475	$ 74,305
2015	74,305	30,000	100%	-	30,000	36	-	36	1,486	31,486	7,320	98,471
2016	98,471	52,500	75%	-	52,500	63	-	63	1,969	54,469	7,540	145,401
2017	145,401	86,625	65%	-	86,625	105	-	105	2,908	89,533	188,410	46,524
2018	46,524	103,950	20%	125,000	228,950	126	151	277	930	229,880	145,837	130,567
2019	130,567	124,740	20%	-	124,740	151	-	151	2,611	127,351	150,212	107,707
2020	107,707	149,688	20%	260,000	409,688	181	314	495	2,154	411,842	470,427	49,122
2021	49,122	154,179	3%	690,000	844,179	186	833	1,020	982	845,161	484,540	409,744
2022	409,744	158,804	3%	-	158,804	192	-	192	8,195	166,999	499,076	77,667
2023	77,667	163,568	3%	690,000	853,568	198	833	1,031	1,553	855,121	514,048	418,740
2024	418,740	163,568	0%	-	163,568	198	-	198	8,375	171,943	529,469	61,214
2025	61,214	163,568	0%	690,000	853,568	198	833	1,031	1,224	854,792	9,838	906,169
2026	906,169	163,568	0%	-	163,568	198	-	198	18,123	181,691	10,133	1,077,727
2027	1,077,727	163,568	0%	-	163,568	198	-	198	21,555	185,123	151,259	1,111,591
2028	1,111,591	163,568	0%	-	163,568	198	-	198	22,232	185,800	125,884	1,171,507
2029	1,171,507	163,568	0%	-	163,568	198	-	198	23,430	186,998	167,698	1,190,808
2030	1,190,808	163,568	0%	-	163,568	198	-	198	23,816	187,384	107,901	1,270,291
2031	1,270,291	163,568	0%	-	163,568	198	-	198	25,406	188,974	77,559	1,381,706
2032	1,381,706	163,568	0%	-	163,568	198	-	198	27,634	191,202	571,818	1,001,090
2033	1,001,090	163,568	0%	-	163,568	198	-	198	20,022	183,590	588,973	595,707
2034	595,707	163,568	0%	-	163,568	198	-	198	11,914	175,482	12,836	758,353
2035	758,353	163,568	0%	-	163,568	198	-	198	15,167	178,735	220,160	716,928
2036	716,928	163,568	0%	-	163,568	198	-	198	14,339	177,907	226,765	668,070
2037	668,070	163,568	0%	-	163,568	198	-	198	13,361	176,930	149,410	695,589
2038	695,589	163,568	0%	-	163,568	198	-	198	13,912	177,480	14,447	858,622
2039	858,622	163,568	0%	-	163,568	198	-	198	17,172	180,741	14,880	1,024,482
2040	1,024,482	163,568	0%	-	163,568	198	-	198	20,490	184,058	15,327	1,193,213
2041	1,193,213	163,568	0%	-	163,568	198	-	198	23,864	187,432	15,787	1,364,858
2042	1,364,858	163,568	0%	-	163,568	198	-	198	27,297	190,865	16,260	1,539,463
2043	1,539,463	163,568	0%	-	163,568	198	-	198	30,789	194,357	107,285	1,626,536

** Note: figures presented are rounded.*

***Note: Avg per Unit per Month is the result of dividing the total by the number of units. Entitlement unit calculations will differ.*

9.0 EXPENDITURE TABLE

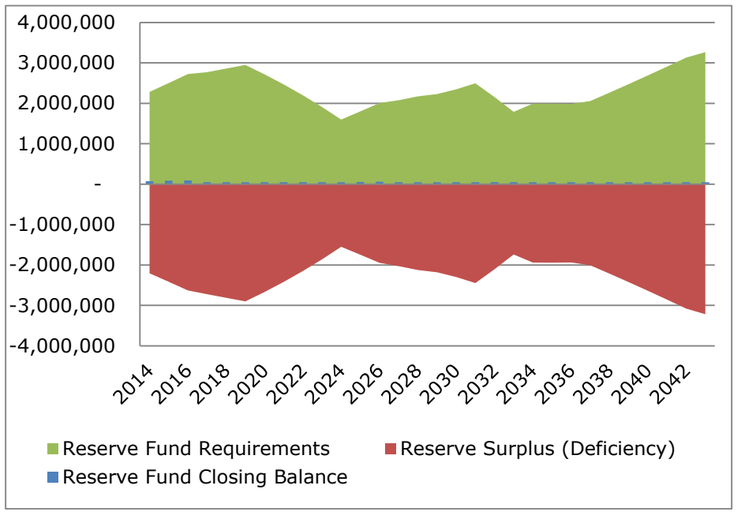
Strata NW 1505		69	Units																												
Current Year		2013	Inflation Rate		3%																										
Fiscal Period End Date		Dec.31	Interest Rate		2%																										
				2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Expenditures		First Yr	Repeat X Yrs																												
S1	Foundations - Repair Allowance	2014	15	26,368	-	-	-	-	-	-	-	-	-	-	-	-	-	-	41,080	-	-	-	-	-	-	-	-	-	-	-	-	-
S2	Wood Stairs, Re/re	2027	25	-	-	-	-	-	-	-	-	-	-	-	-	-	17,395	17,917	18,454	19,008	19,578	-	-	-	-	-	-	-	-	-	-	27,914
S3	Balconies, Major Repairs	2027	25	-	-	-	-	-	-	-	-	-	-	-	-	-	39,025	40,196	62,623	18,763	25,500	-	-	-	-	-	-	-	-	-	-	62,623
S4	Balcony & Staircase Guards	2027	40	-	-	-	-	-	-	-	-	-	-	-	-	-	21,479	22,123	34,467	15,256	20,734	-	-	-	-	-	-	-	-	-	-	-
EE1	Sloped Roofing	2032	25	-	-	-	-	-	-	-	-	-	-	-			-	-	-	-	-	472,395	486,566	-	-	-	-	-	-	-	-	-
EE2	Exterior Cladding	2020	40	-	-	-	-	-	-	401,062	413,094	425,487	438,251	451,399	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EE3	Windows and Sliding Doors	2020	40	-	-	-	-	-	-	60,879	62,705	64,586	66,524	68,520	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EE4	Exterior Doors	2028	20	-	-	-	-	-	-	-	-	-	-	-	-	-	-	34,898	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EE5	Painting & Caulking	2022	15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	206,939	213,147	-	-	-	-	-	-
EE6	Soffits, Gutters, Downspouts & Fascia	2032	40	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	87,325	89,944	-	-	-	-	-	-	-	-	-
I1	Storage Rooms	2030	50	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	43,470	-	-	-	-	-	-	-	-	-	-	-	-
EL1	Electrical Systems	2037	25	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	50,820	-	-	-	-	-
Site 1	Paving & Curbing, Re/re	2017	35	-	-	-	98,820	101,784	104,838	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Site 2	Walkways & Patios, Re/re	2017	35	-	-	-	35,003	36,053	37,135	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Site 3	Landscaping	2017	10	-	-	-	46,821	-	-	-	-	-	-	-	-	-	62,924	-	-	-	-	-	-	-	-	-	84,564	-	-	-	-	-
	Contingency	n/a	n/a	7,107	7,320	7,540	7,766	7,999	8,239	8,486	8,741	9,003	9,273	9,551	9,838	10,133	10,437	10,750	11,072	11,405	11,747	12,099	12,462	12,836	13,221	13,618	14,026	14,447	14,880	15,327	15,787	16,260	16,748
	Total Expenditures			$ 33,475	$ 7,320	$ 7,540	$ 188,410	$ 145,837	$ 150,212	$ 470,427	$ 484,540	$ 499,076	$ 514,048	$ 529,469	$ 9,838	$ 10,133	$ 151,259	$ 125,884	$ 167,698	$ 107,901	$ 77,559	$ 571,818	$ 588,973	$ 12,836	$ 220,160	$ 226,765	$ 149,410	$ 14,447	$ 14,880	$ 15,327	$ 15,787	$ 16,260	$ 107,285

10.0 PROJECTION SUMMARIES

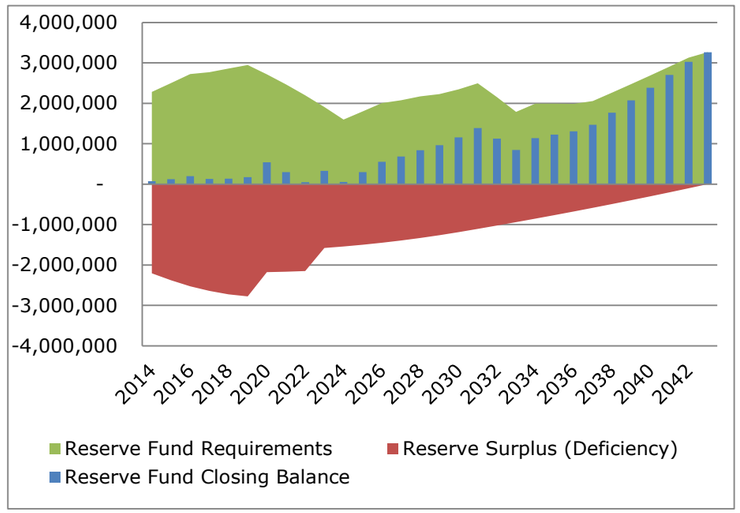
Strata NW 1505	**69**	**Inflation Rate**		**3%**																								
Current Year	**2013**	**Interest Rate**		**2%**																								
Fiscal Period End Date	**Dec.31**																											
	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**	**2037**	**2038**	**2039**	**2040**	**2041**	**2042**	**2043**
Adequacy																														
Reserve Fund - Opening Balance	$90,961	$74,305	$83,471	$92,601	$46,043	$46,127	$45,837	$46,327	$46,714	$46,573	$46,456	$45,916	$51,997	$57,904	$45,803	$45,835	$46,054	$46,074	$46,437	$46,547	$46,506	$49,600	$46,431	$46,595	$46,116	$47,592	$48,663	$49,309	$49,509	$49,239
Change in Monthly Contributions	n/a	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Annual CRF Contributions	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Annual Special Levies	-	-	-	125,000	130,000	134,000	455,000	469,000	483,000	498,000	513,000	-	-	123,000	110,000	152,000	92,000	62,000	556,000	573,000	-	201,000	211,000	133,000	-	-	-	-	-	88,000
Annual Reserve Fund Interest Income	1,819	1,486	1,669	1,852	921	923	917	927	934	931	929	918	1,040	1,158	916	917	921	921	929	931	930	992	929	932	922	952	973	986	990	985
Total Cash Resources	107,780	90,791	100,141	234,453	191,963	196,049	516,754	531,254	545,649	560,504	575,386	61,834	68,037	197,062	171,719	213,752	153,975	123,996	618,366	635,478	62,436	266,592	273,360	195,527	62,039	63,543	64,636	65,296	65,499	153,224
Total Expenditures	33,475	7,320	7,540	188,410	145,837	150,212	470,427	484,540	499,076	514,048	529,469	9,838	10,133	151,259	125,884	167,698	107,901	77,559	571,818	588,973	12,836	220,160	226,765	149,410	14,447	14,880	15,327	15,787	16,260	107,285
Reserve Fund Closing Balance	74,305	83,471	92,601	46,043	46,127	45,837	46,327	46,714	46,573	46,456	45,916	51,997	57,904	45,803	45,835	46,054	46,074	46,437	46,547	46,506	49,600	46,431	46,595	46,116	47,592	48,663	49,309	49,509	49,239	45,938
Reserve Fund Requirements	2,281,248	2,500,061	2,723,031	2,769,590	2,859,653	2,947,143	2,716,167	2,466,459	2,197,221	1,907,626	1,596,817	1,799,424	2,005,788	2,075,153	2,171,281	2,227,517	2,344,675	2,494,518	2,153,099	1,787,696	1,991,122	1,991,293	1,984,862	2,055,657	2,262,832	2,473,716	2,688,372	2,906,861	3,129,246	3,265,054
Reserve Surplus (Deficiency)	($2,206,943)	($2,416,590)	($2,630,430)	($2,723,547)	($2,813,526)	($2,901,305)	($2,669,840)	($2,419,745)	($2,150,648)	($1,861,170)	($1,550,901)	($1,747,428)	($1,947,885)	($2,029,351)	($2,125,446)	($2,181,463)	($2,298,601)	($2,448,081)	($2,106,551)	($1,741,191)	($1,941,523)	($1,944,861)	($1,938,267)	($2,009,541)	($2,215,240)	($2,425,053)	($2,639,062)	($2,857,352)	($3,080,007)	($3,219,116)
Full																														
Reserve Fund - Opening Balance	$90,961	$74,305	$120,971	$194,601	$128,208	$132,591	$169,602	$538,049	$299,363	$46,068	$327,531	$54,094	$299,809	$555,233	$680,334	$838,618	$963,664	$1,156,528	$1,387,306	$1,128,439	$847,241	$1,136,556	$1,224,333	$1,307,260	$1,469,201	$1,769,344	$2,075,056	$2,386,436	$2,703,584	$3,026,602
Change in Monthly Contributions	n/a	250%	50%	50%	25%	25%	25%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	1.3%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Annual CRF Contributions	15,000	52,500	78,750	118,125	147,656	184,570	230,482	235,092	239,794	244,590	249,481	254,471	259,561	265,256	270,561	275,972	281,491	285,206	285,206	285,206	285,206	285,206	285,206	285,206	285,206	285,206	285,206	285,206	285,206	285,206
Annual Special Levies	-	-	-	-	-	-	605,000	-	-	550,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Annual Reserve Fund Interest Income	1,819	1,486	2,419	3,892	2,564	2,652	3,392	10,761	5,987	921	6,551	1,082	5,996	11,105	13,607	16,772	19,273	23,131	27,746	22,569	16,945	22,731	24,487	26,145	29,384	35,387	41,501	47,729	54,072	60,532
Total Cash Resources	107,780	128,291	202,141	316,618	278,428	319,813	1,008,476	783,902	545,144	841,579	583,563	309,647	565,366	831,593	964,501	1,131,362	1,264,429	1,464,864	1,700,258	1,436,214	1,149,392	1,444,493	1,534,025	1,618,611	1,783,791	2,089,937	2,401,763	2,719,371	3,042,862	3,372,340
Total Expenditures	33,475	7,320	7,540	188,410	145,837	150,212	470,427	484,540	499,076	514,048	529,469	9,838	10,133	151,259	125,884	167,698	107,901	77,559	571,818	588,973	12,836	220,160	226,765	149,410	14,447	14,880	15,327	15,787	16,260	107,285
Reserve Fund Closing Balance	74,305	120,971	194,601	128,208	132,591	169,602	538,049	299,363	46,068	327,531	54,094	299,809	555,233	680,334	838,618	963,664	1,156,528	1,387,306	1,128,439	847,241	1,136,556	1,224,333	1,307,260	1,469,201	1,769,344	2,075,056	2,386,436	2,703,584	3,026,602	3,265,055
Reserve Fund Requirements	2,281,248	2,500,061	2,723,031	2,769,590	2,859,653	2,947,143	2,716,167	2,466,459	2,197,221	1,907,626	1,596,817	1,799,424	2,005,788	2,075,153	2,171,281	2,227,517	2,344,675	2,494,518	2,153,099	1,787,696	1,991,122	1,991,293	1,984,862	2,055,657	2,262,832	2,473,716	2,688,372	2,906,861	3,129,246	3,265,054
Reserve Surplus (Deficiency)	($2,206,943)	($2,379,090)	($2,528,430)	($2,641,382)	($2,727,062)	($2,777,541)	($2,178,118)	($2,167,097)	($2,151,153)	($1,580,095)	($1,542,724)	($1,499,615)	($1,450,555)	($1,394,819)	($1,332,663)	($1,263,853)	($1,188,147)	($1,107,213)	($1,024,659)	($940,455)	($854,566)	($766,960)	($677,602)	($586,456)	($493,488)	($398,660)	($301,935)	($203,277)	($102,645)	$0
Alternate																														
Reserve Fund - Opening Balance	$90,961	$74,305	$98,471	$145,401	$46,524	$130,567	$107,707	$49,122	$409,744	$77,667	$418,740	$61,214	$906,169	$1,077,727	$1,111,591	$1,171,507	$1,190,808	$1,270,291	$1,381,706	$1,001,090	$595,707	$758,353	$716,928	$668,070	$695,589	$858,622	$1,024,482	$1,193,213	$1,364,858	$1,539,463
Change in Monthly Contributions	n/a	100%	75%	65%	20%	20%	20%	3%	3%	3%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Annual CRF Contributions	15,000	30,000	52,500	86,625	103,950	124,740	149,688	154,179	158,804	163,568	163,568	163,568	163,568	163,568	163,568	163,568	163,568	163,568	163,568	163,568	163,568	163,568	163,568	163,568	163,568	163,568	163,568	163,568	163,568	163,568
Annual Special Levies	-	-	-	-	125,000	-	260,000	690,000	-	690,000	-	690,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Annual Reserve Fund Interest Income	1,819	1,486	1,969	2,908	930	2,611	2,154	982	8,195	1,553	8,375	1,224	18,123	21,555	22,232	23,430	23,816	25,406	27,634	20,022	11,914	15,167	14,339	13,361	13,912	17,172	20,490	23,864	27,297	30,789
Total Cash Resources	107,780	105,791	152,941	234,934	276,404	257,919	519,549	894,283	576,743	932,788	590,683	916,006	1,087,860	1,262,850	1,297,391	1,358,505	1,378,192	1,459,265	1,572,908	1,184,680	771,189	937,088	894,835	844,999	873,069	1,039,362	1,208,540	1,380,645	1,555,724	1,733,821
Total Expenditures	33,475	7,320	7,540	188,410	145,837	150,212	470,427	484,540	499,076	514,048	529,469	9,838	10,133	151,259	125,884	167,698	107,901	77,559	571,818	588,973	12,836	220,160	226,765	149,410	14,447	14,880	15,327	15,787	16,260	107,285
Reserve Fund Closing Balance	74,305	98,471	145,401	46,524	130,567	107,707	49,122	409,744	77,667	418,740	61,214	906,169	1,077,727	1,111,591	1,171,507	1,190,808	1,270,291	1,381,706	1,001,090	595,707	758,353	716,928	668,070	695,589	858,622	1,024,482	1,193,213	1,364,858	1,539,463	1,626,536
Reserve Fund Requirements	2,281,248	2,500,061	2,723,031	2,769,590	2,859,653	2,947,143	2,716,167	2,466,459	2,197,221	1,907,626	1,596,817	1,799,424	2,005,788	2,075,153	2,171,281	2,227,517	2,344,675	2,494,518	2,153,099	1,787,696	1,991,122	1,991,293	1,984,862	2,055,657	2,262,832	2,473,716	2,688,372	2,906,861	3,129,246	3,265,054
Reserve Surplus (Deficiency)	($2,206,943)	($2,401,590)	($2,577,630)	($2,723,066)	($2,729,086)	($2,839,436)	($2,667,045)	($2,056,716)	($2,119,554)	($1,488,886)	($1,535,604)	($893,256)	($928,061)	($963,563)	($999,774)	($1,036,710)	($1,074,384)	($1,112,812)	($1,152,009)	($1,191,989)	($1,232,769)	($1,274,365)	($1,316,792)	($1,360,068)	($1,404,210)	($1,449,234)	($1,495,159)	($1,542,003)	($1,589,783)	($1,638,519)

11.0 GRAPHS AND ILLUSTRATIONS

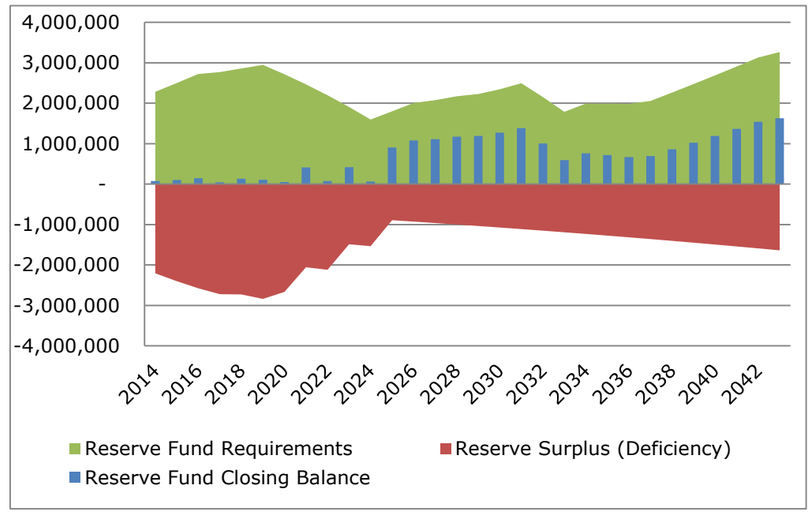
ADEQUACY – RESERVE REQUIREMENTS, SURPLUS (DEFICIT) AND FUND BALANCE



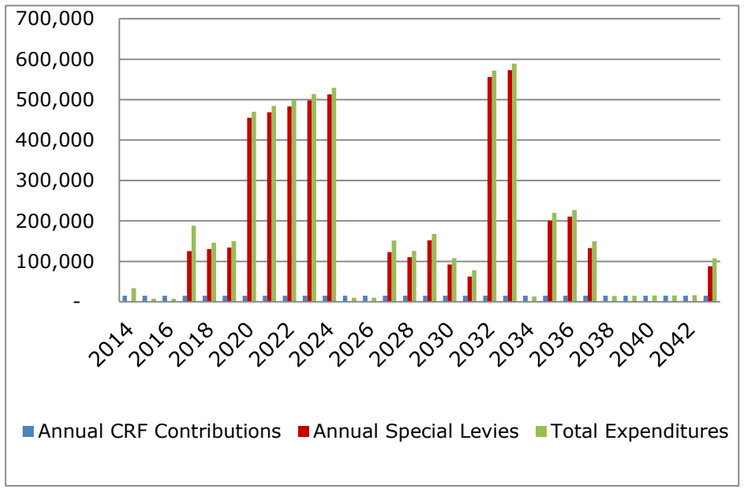
FULL FUNDING – RESERVE REQUIREMENTS, SURPLUS (DEFICIT) AND FUND BALANCE



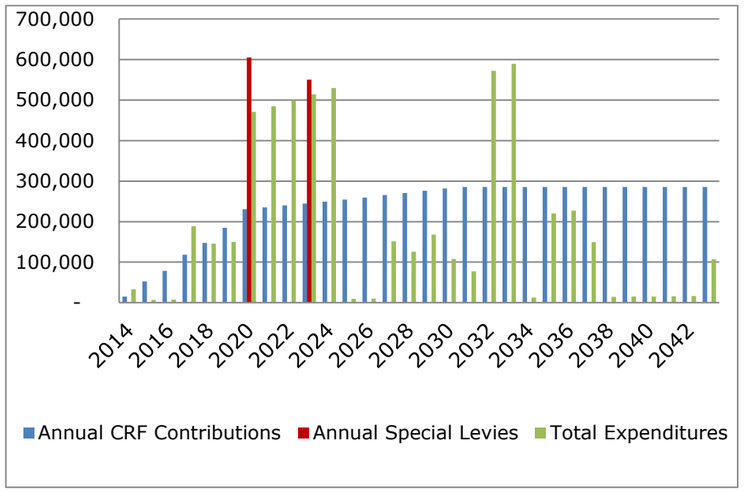
ALTERNATIVE – RESERVE REQUIREMENTS, SURPLUS (DEFICIT) AND FUND BALANCE



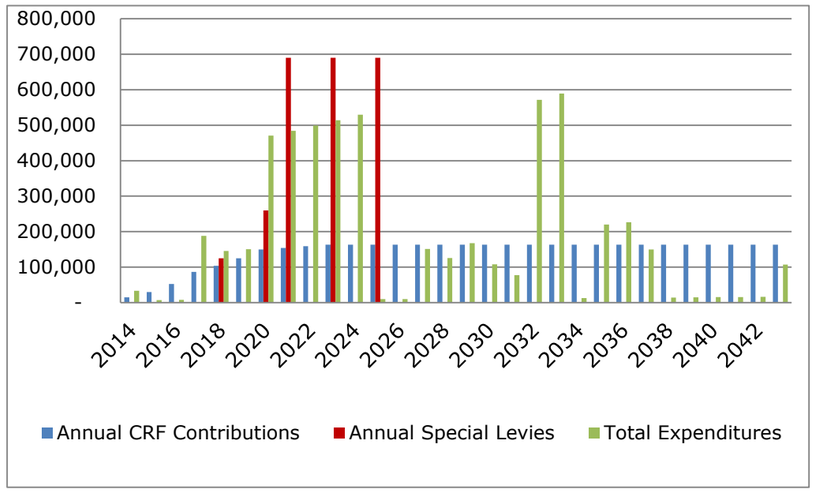
ADEQUACY – CONTRIBUTIONS COMPARED TO EXPENDITURES



FULL FUNDING – CONTRIBUTIONS COMPARED TO EXPENDITURES



ALTERNATIVE – CONTRIBUTIONS COMPARED TO EXPENDITURES



12.0 APPENDIX A — TERMS OF REFERENCE

The Client to whom this Depreciation Report is addressed may use it in deliberations affecting the subject property only, and in doing so, the report must not be extracted—it must be read and used in its entirety for the specific property.

We assumed that the subject property is structurally sound, complies with all environmental standards, and is void of any condition that may affect this report. We provided sufficient information to aid the Strata in selecting suitable renewal and maintenance strategies while endeavouring to limit the cost of obtaining this information.

Conclusions are based on a visual review of a sample of each component. No permanent finish or fixture will be removed for the purpose of inspecting components. No building envelope condition assessment, exploratory openings, testing, structural audit, destructive testing, moisture-test, legal survey, soil tests, environment assessment, detailed quantity survey compilations, engineering or exhaustive physical examinations were conducted as these are not within the Scope of the Report.

The condition of visible components was observed and the status of maintenance in general was reported, but there was no comment on functional operation. Our employees were not required to operate any shut down heating or air conditioning system or operate any such system during periods of weather which could possibly damage that system. They were not required to clear snow or ice, foliage, furniture or any other obstacle which prevents visual inspection of any component, finish or fixture. Our employees may report on, but were not obligated to report hazardous substances or other contaminants.

Our employees were not required to light or extinguish any gas pilot light or solid fuel fire. Our employees were not required to enter any area of the building: 1. where head room is less than three (3) feet, 2. where the access opening is less than thirty (30) inches square, 3. where access could possibly cause damage to the structure or finish and 4. where there is a possible threat of personal injury.

We prepared the Depreciation Report using our best efforts with the information and practices that are available to us at the time of preparing the report. We further used our best efforts to make assumptions as to future costs and interest rates to predict future funding however these assumptions are based on future events that may not be foreseeable at the time of the report.

This report is considered a Restricted Report. The use of this document is restricted to the Strata named in this proposal for the assessment and planning their capital funding. It cannot be used for any other purpose. Possession of this report, or a copy thereof, does not carry with it the right of publication. Notwithstanding the foregoing, the applicant herein has permission to reproduce the report in whole or in part for the legitimate purposes of providing information to the Strata Council or unit owners such as attaching the report to a Form B. The Client agrees that Normac Appraisals Ltd. ("Normac") does not assume any responsibility or liability for any losses suffered by the Strata or any other parties as a result of any use of this report contrary to the provisions of this paragraph. This report is not intended to be used for mortgage nor for insurance purposes or for use as a pre-purchase inspection for potential buyers.

We reserve the right, but will be under no obligation, to review our calculations referred to in the report and, if we consider it necessary, to revise our conclusions in the light of any information existing at the date of the report which becomes known to us after the date of the report.

The Client agrees that any and all claims, whether such claims sound in contract or tort, which the Client has or hereafter may have against Normac (including all staff), in any way arising out of or related to Normac's duties and responsibilities pursuant to this Contract, shall be limited to three times the fee charged under this Contract. In addition to the limitation of liability listed above, Normac will not assume any liability for any consequential loss, injury or damages suffered by the client, including, but not limited to, loss of use, earnings and business interruption.

The Client expressly agrees that Normac's officers, directors, employees, agents and sub-consultants shall have no personal liability to the client in respect of a claim, whether in contract, or tort. The Strata expressly agrees that it will bring no proceedings and take no action in any court of law against any of Normac's officers, directors, employees, agents, and sub-consultants in their personal capacity.

Information used in the creation of the report furnished by others such as explanations, surveys, building plans, and strata plans are assumed to be correct. However, Normac assumes no liability for the accuracy of such information. Reference to a sketch, blueprint, or strata plan appearing in the report is only for the purpose of assisting the reader to visualize the property.

The Report does not intend to record all existing deficiencies. It is likely that these deficiencies—or conditions not uncovered during the Report—may affect the costs, timing or effectiveness of the provided recommendations.

The recommendations in this Report are based on our experience and on generally accepted practise. The long-term effectiveness of these recommendations cannot be assessed beyond present knowledge and experience. A detailed assessment of previous financial records, studies and reports has not been made to substantiate the Strata Corporation's current financial position. The recommendations in this Report are based on the information available at the time of carrying out the DR. Should associated repair/restoration/renewal work reveal additional information; the recommendations may have to be revisited.

Cost estimates presented in this Report are based on approximate quantities and our judgement and experience with similar projects. The cost estimates are to be interpreted as an order of magnitude budget estimate, subject to confirmation by competitive tendering. The cost estimates are also subject to change and are dependent upon some factors over which we have no control, namely market condition, contractor availability, methods and bidding practices, and the cost of labour, materials, and equipment etc.

In issuing this Report, Normac Appraisals Ltd. does not assume any of the duties or liabilities of the designers, builders or past or present owners of the subject property. Owners, prospective purchasers, tenants or others who use or reply on the contents of the report do so with the understanding as to the limitations of the cursory field review undertaken and the understanding that the Consultant cannot be held liable for damages they may suffer in respect to the purchases, ownership, or use of the subject property.

13.0 APPENDIX B—STRATA FEEDBACK

Strata Comments	
Council advised that all exterior doors with glass panels are Owner upgrades and remain their own responsibility.	Normac documented the doors with glass panels as Owner responsibility in EE 4 – Exterior Doors.
Council advised that the gutters, downspouts, and fascia were replaced at the same time as the roof replacement in 2007/2008.	Normac documented the replacement in EE 1 – Sloped Roofing and EE 6 – Soffits, Gutters, Downspouts, and Fascia.
Council advised that two of the buried water lines were replaced in 2008 following an underground leak.	Normac documented the replacement in SRV 1 – Buried Site Services.
Council advised that the privacy fencing are not included with the original construction. These fences and gates were installed by Owners at their own expense and they remain the Owners' own responsibility.	Normac documented the fences as Owner responsibility in Site 4 – Privacy Fencing and excluded them from the Report. The financial models were adjusted accordingly.

14.0 APPENDIX C—B.C.'S STRATA PROPERTY ACT—DEPRECIATION REPORT

With respect to the Strata Property Act, [SBC 1998] CHAPTER 43, Part 1 — Definitions and Interpretation

"**bare land strata plan**" means
(a) a strata plan on which the boundaries of the strata lots are defined on a horizontal plane by reference to survey markers and not by reference to the floors, walls or ceilings of a building, or

(b) any other strata plan defined by regulation to be a bare land strata plan;

"**common property**" means
(a) that part of the land and buildings shown on a strata plan that is not part of a strata lot, and

(b) pipes, wires, cables, chutes, ducts and other facilities for the passage or provision of water, sewage, drainage, gas, oil, electricity, telephone, radio, television, garbage, heating and cooling systems, or other similar services, if they are located

(i) within a floor, wall or ceiling that forms a boundary
  (A) between a strata lot and another strata lot,
  (B) between a strata lot and the common property, or
  (C) between a strata lot or common property and another parcel of land, or

(ii) wholly or partially within a strata lot, if they are capable of being and intended to be used in connection with the enjoyment of another strata lot or the common property;

For the purposes of section 94 of the Act, a depreciation report must include all of the following:

1.0 A physical component inventory and evaluation that complies with section 2 and includes:
  1.1 A summary of repairs and maintenance work for common expenses respecting the items listed in section 2.2 that usually occur less often than once a year or that do not usually occur
  1.2 A financial forecasting section that complies with section 3
  1.3 The name of the person from whom the depreciation report was obtained and include:
    1.3.1 That person's qualifications
    1.3.2 The error and omission insurance, if any, carried by that person
    1.3.3 The relationship between that person and the strata corporation
  1.4 The date of the report
  1.5 Any other information or analysis that the strata corporation or the person providing the depreciation report considers appropriate
2.0 For the purposes of sections 1.1 and 1.2, the physical component inventory and evaluation must:
  2.1 Be based on an on-site visual inspection of the site and, where practicable, of the items listed in section 2.2
  2.2 Include a description and estimated service life over 30 years of those items that comprise the common property, the common assets and those parts of a strata lot or limited 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:
    2.2.1 The building's structure
    2.2.2 The building's exterior, including roofs, roof decks, doors, windows and skylights
    2.2.3 The building's systems, including the electrical, heating, plumbing, fire protection and security systems
    2.2.4 Common amenities and facilities
    2.2.5 Parking facilities and roadways
    2.2.6 Utilities, including water and sewage
    2.2.7 Landscaping, including paths, sidewalks, fencing and irrigation

2.2.8 Interior finishes, including floor covering and furnishings
2.2.9 Green building components
2.2.10 Balconies and patios

2.3 Identify common property and limited common property that the strata lot owner, and not the strata corporation, is responsible to maintain and repair

3.0 For the purposes of subsection 1.2 the financial forecasting section must include:
3.1 The anticipated maintenance, repair and replacement costs for 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
3.2 A description of the factors and assumptions, including interest rates and rates of inflation, used to calculate the costs referred to in 3.1
3.3 A description of how the contingency reserve fund is currently being funded
3.4 The current balance of the contingency reserve fund minus any expenditures that have been approved but not yet taken from the fund
3.5 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 2.2

4.0 For the purposes of section 3.5, the cash-flow funding models may include any one or more of the following:
4.1 Balances of, contributions to and withdrawals from the contingency reserve fund
4.2 Special levies
4.3 Borrowings

5.0 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

6.0 A qualified person is:
6.1 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 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 and to prepare a depreciation report that complies with sections 1.0 to 4.0.

7.0 The following periods are prescribed to obtain a Depreciation Report:
7.1 3 years after the strata corporation has obtained a Depreciation Report
7.2 18 months after the strata corporation has waived the requirement with a ¾ resolution passed at an AGM or special general meeting
7.3 12 months within the prescribed period after the strata corporation, by a ¾ resolution passed at an AGM or special general meeting has waived the requirement

Strata Property Regulation:
http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/12_43_2000#section6.2

Strata Property Act:
http://www.bclaws.ca/EPLibraries/bclaws_new/document/LOC/freeside/--%20S%20--/Strata%20Property%20Act%20SBC%201998%20c.%2043/00_Act/98043_06.xml

15.0 APPENDIX D—DEFINITIONS

Adequacy—refers to a term used to describe one of the financial models presented. It is a summary of the cash flow and projections if current funding levels continue and minimum efforts are made. Any shortfalls in the Contingency Reserve Fund against needed expenditures are funded with one yearly contribution increase and the rest via special levies. The bottom line for this funding model is that sufficient funds are available for expenditures as needed but no more.

Alternative Funding— refers to one of the financial models presented. This financial model works towards getting the Strata to an alternative funding position by the end of 30 years. Annual Contingency Reserve Fund Contributions to the Contingency Reserve Fund are increased early in the cycle and level off over time with minimal special levies.

Annual Contingency Reserve Fund Contributions— refers to the annual payments made by owners towards the contingency reserve fund.

Annual Reserve Fund Requirement—refers to the hypothetical ideal amount of annual Contingency Reserve Fund Contributions made by the owners to fund major repair or replacement of the Building Component at the end of their life.

Building Component—refers to the various parts of the Strata's assets under discussion. For example the Strata's roof, exterior cladding or domestic hot water system is a building component.

Change in Monthly Contributions—refers to the percentage rate at which the Annual Contingency Reserve Fund Contribution is increased or decreased when compared to the prior year.

Complete Replacements—refers to projects that are implemented as one complete repair. Owners can leverage economies of scale and thereby reduce the overall cost but the financial burden for a particular year is often high.

Co-ordinating—refers to projects when more than one repair is completed all at once to take advantage of economies of scale or favorable market conditions. The Owners thus shorten the duration of the burden as well as lowering their overall costs.

Current Replacement Costs—refers to the total amount for all major repairs and replacements for all building components at current prices.

Current Reserve Fund Requirements—refers to a hypothetical ideal balance of the Contingency Reserve Fund at the current date, if full funding of the Contingency Reserve Fund had taken place since the first day of the Strata's inception. It is a notion of a "pay a portion for usage" contribution to the Contingency Reserve Fund, based on the effective age of building components and their repair or replace date. This is used in the Benchmark as part of the calculation to determine a hypothetical ideal annual Contingency Reserve funding amount.

Expected Lifespan—refers to the anticipated life span of a Building Component, starting from the date of original construction/installation until the date of replacement of the component. The life-cycle is usually discussed in terms of frequency.

Full Funding—refers to one of the financial models presented. This financial model works towards getting the Strata to a full funding position by the end of 30 years whereby the Contingency Reserve Balance equals the Reserve Fund Requirements. Regular contributions to

the Contingency Reserve Fund are increased at the beginning of the cycle and then level off over time with minimal special levies.

Future Replacement Cost—refers to the amount for major repair and replacement of a Building Component in the future at the end of its expected life span.

Future Reserve Fund Accumulation—refers to the hypothetical amount that would be in the future Contingency Reserve Fund at the end of the components' life, by adding the Current Reserve Fund Requirement plus compound interest on the Current Reserve Fund Requirement. This is used in the Benchmark as part of the calculation to determine a hypothetical ideal annual Contingency Reserve funding amount.

Future Reserve Fund Requirements—refers to the amount of future funding of the Contingency Reserve Fund required to pay for major repair or replacements of Building Components at the end of their life, assuming the current Contingency Reserve Fund balance equalled the Current Reserve Fund Requirement or the hypothetical ideal contributions was made. It is the mathematical difference between the Future Replacement Cost and the Future Reserve Fund Accumulation. This is used in the Benchmark as part of the calculation to determine an ideal annual Contingency Reserve contribution.

Inflation Rate—refers to the annual inflation rate, used to reflect assumed increases to current cost estimates, and used to arrive at future expenditure predictions. For this Report we use Statistics Canada's Construction Price Index as it reflects more closely construction materials and services fluctuations.

Interest Rate—refers to the assumed annual interest earned on the Contingency Reserve Fund Balance. Any interest gained is added to the Contingency Reserve Fund.

Localized Renewal—refers to repair or replacement projects that are localized to a particular part of the building or property. Different areas of the building or property may be subject to accelerated wear and tear due to different weather exposure or different usage.

Minimum Contingency Reserve Balance—refers to statutory minimum required Contingency Reserve Fund balance.

Operating Fund—refers to a Strata's regular annual budget where regular annual repair and maintenance costs are funded and where we assume costs of repairs of less than $5,000 are funded.

Phased Repairs—refers to projects that present a repair or a renewal of a component in a phased approach. They are carried out over multiple periods. The financial toll in a particular year to Owners is reduced when the work occurs, but overall, due to remobilization costs and fluctuations in inflation and market conditions, the total completion costs may be higher.

Reserve Fund Opening Balance—refers to the balance in the Reserve Fund at the start of the Strata's fiscal year.

Years Remaining Until Repair or Replacement—refers to the anticipated life span of a component, starting from the date of original construction/installation until major repair or full replacement of the component is required. This estimate is based on apparent conditions and not limited to the time remaining for the component's "standard" expected life. The actual service life achieved of a building component is dependent on a number of factors and assumes that regular maintenance is carried out.

16.0 APPENDIX E—TEAM BIOGRAPHIES (PROVIDED AS REQUIRED BY THE STRATA ACT)

Cameron Carter, B. Comm., RI (BC), CRP

President, Normac Appraisals Ltd.

Cameron Carter is a seasoned professional in the real estate industry. He is the founder and president of Normac and has been successfully serving Strata Corporation clients for 15 years, having completed thousands of replacement cost appraisals. His knowledge and experience with strata construction costs, building code upgrades, and municipal bylaws is significant. A member of the Real Estate Institute of Canada (REIC), Cameron is a designated Certified Reserve Planner (CRP).

Gina Arsens, CA, CBV, CRP

Vice President, Normac Appraisals Ltd.

Gina Arsens has 20 years of business and financial experience. She has prepared and reviewed hundreds of financial plans and models during her career. She's held various financial and leadership roles in her career starting with a successful articling period with PricewaterhouseCoopers where she became a Chartered Accountant (CA) and a Chartered Business Valuator (CBV). She has significant experience as a CFO and a CEO. In 2009, Gina had the distinction of being named one of BC's Top 40 under 40 by Business in Vancouver. A member of the REIC, she is a designated CRP.

Aaron Wittstock, BBA, PGCV, CRP

Insurance Appraiser and Depreciation Report Planner

After completing his Post-Graduate Certificate in Real Property Valuation (PGCV) at the Sauder School of Business at UBC, Aaron started his appraisal career at the BC Assessment Authority in their Vancouver-North Shore office where he was an integral team member of a pilot GIS-based appraisal initiative. He joined Normac at the beginning of 2011 carrying out numerous property inspections, municipal bylaw research, and replacement cost estimates for both residential and commercial properties. Aaron is a member of the REIC and is a CRP. He is also a Candidate Member of the Appraisal Institute of Canada working toward the AACI – P.App. Designation.

Alfred HY Lam, BASc in Civil Engineering, IIT, CRP

Depreciation Report Planner

Alfred joined Normac in 2013 with experience designing and inspecting residential and commercial buildings. He started his career in the UBC Department of Civil Engineering in 2003 performing concrete strength tests, compared steel reinforcements. After working in operations and in an engineering firm he joined Normac. He obtained his degree in Civil Engineering from the University of BC in 2005 and completed the Home Inspection Program from BCIT in 2011. Alfred is also a designated CRP with REIC.

Amanda McIntyre, Dipl. Arch. Tech., CRP

Depreciation Report Planner

Amanda McIntyre has a deep level of knowledge of building systems, condition assessments, costing, planning and construction. She has conducted hundreds of building condition assessments and depreciation reports. Hailing from Ontario, Amanda started her career at a well-respected building engineering company. After opening a new office for her engineering firm in BC in 2009 she established a strong reputation in her field by successfully managing high-rise development projects, building inspections, condition surveys, depreciation reports, envelope investigations, and site analyses. In 2013 Amanda joined Normac. She holds a Diploma of Architectural Technology from St. Clair College in Ontario. She is also a designated CRP with REIC.

Herman Kwok, BASc in Materials Engineering, MEng in Building Science

Depreciation Report Coordinator

A recent addition to the Normac team, Herman has assumed the role of Depreciation Report Coordinator. Herman has a Bachelor of Applied Science from UBC with a specialization in Materials Manufacturing and Performance. In 2013, Herman obtained his Master of Engineering degree from BCIT in the field of Building Science. His final dissertation was titled "Experimental Investigation of Moisture Transfer between Concrete Foundation and Sill Plate."

Kelvin Liu, BASc Civil Engineering, MASc. Building Science (Candidate)

Depreciation Report Coordinator

Kelvin is a recent addition to the Normac team having previously worked for Engineering Consultant and Contracting firms both locally and internationally. After completing his Bachelor of Science in Civil Engineering with a Structural Emphasis at Purdue University, Kelvin enrolled in the Master of Applied Science in Building Science program at BCIT where he is in the final stages of obtaining his degree. In addition, Kelvin is a member of the Association of Professional Engineers and Geoscientists of British Columbia as well as the Sustainable Building Advisor Institute Program.

Liam Bailey, BSc. (Hons) in Construction Engineering and Management

Depreciation Report Coordinator

Liam has recently joined the team at Normac as a Depreciation Report Coordinator. Liam is beginning his career here at Normac after recently moving to Vancouver from Ireland. In 2008 he obtained his Diploma in Construction from Southern Regional College and in 2012 a Bachelor of Science Degree in Construction Engineering and Management from the University of Ulster.

Lynda Davies, CRP

Client Services Manager

Lynda joined Normac 10 years ago and has been an integral part of the company's growth ever since. Formerly a successful real estate agent, Lynda joined Normac from GE Capital in 2003. Lynda is responsible for all client service interaction and satisfaction. Lynda is highly skilled and knowledgeable having performed thousands of administrative reviews on cost appraisals. She ensures all processes are followed, reports meet the criteria set by the company, proposals are issued and co-ordinates all office activity. Lynda is a member of the REIC and is a CRP.

17.0 APPENDIX F—MAINTENANCE ACTIVITIES

Below are some maintenance activities that the Strata can undertake to promote longevity of some of the Strata's common assets:

For the outside envelope or enclosure

- Inspect for cracks, leaks, broken items, staining, efflorescence
- Report water ingress
- Regularly undertake sealing & painting, including touch ups
- Remove vegetation or any matter away from the building(s)
- Review downspouts & flashing for water being directed away from the building and there are no clogs or build up
- Watch out that cleaning doesn't affect the quality of the product or sealants or seals
- Review for corrosion of metal fasteners, joints, downspouts & flashing

For the roof

- Inspect for missing granules, shingle quality (curled, broken, cracked or missing), excessive moss growth
- Remove foreign objects from the roof
- Check for missing or damaged flashing, eavestroughs, downpipes, caulking or sealing
- Check for standing or pooling water
- Check for overflowing eavestroughs or downspouts
- Check for staining

For decks, balconies, or terraces

- Remove dirt, leaves, twigs and moss regularly
- Report water ponding
- Keep vents clear of dirt and debris
- Report and inspect for peeling of deck or balcony membrane from the wall
- Report and inspect for seams of the membranes coming apart
- Check strength of guard rails
- Check and report and concrete spalling, cracking and rust marks
- Keep barbeques away from the building's enclosure

Windows and Exterior Doors

- Clean any accumulation of dirt at the window or door sills
- Clean glass regularly with soap and water. Use a professional to wash your windows, be careful of pressure washing as water may be driven into the building envelope
- Report any worn out weather stripping
- Report loose or missing seals
- Report black staining inside walls, in corners
- Report any condensation between the layers of glass
- Keep humidity inside the house to a minimum
- Promote good air circulation and ventilation in each home (use exhaust fans, open windows, humidifiers)

More information can be found on BC Housing, Homeowner Protection Office For more in-depth information of maintenance activities look go to http://www.hpo.bc.ca/homeowners.

Normac Adds Value:

- ✓ Unparalleled Experience
- ✓ Exceptional Service
- ✓ Independent and unbiased
- ✓ Clear reporting
- ✓ Value Added Benefits

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