

REPAIR & REPLACEMENT RESERVE REPORT

THE PORTER, INC.
3600 Connecticut Avenue, N.W.
Washington, D.C. 20008



Prepared For:
Board of Directors
The Porter, Inc.
c/o: Ms. Rebecca Clark
EJF Real Estate Services
1428 U Street, N.W.
Washington, D.C. 20009

Project #313007

DATE OF DRAFT REPORT: FEBRUARY 7, 2013

Prepared by:

PROPERTY DIAGNOSTICS, INC.
P.O. Box 3453
Crofton, Maryland 21114

THE PORTER, INC.

EXECUTIVE STATEMENT

This Repair and Replacement Reserve Schedule Report has been developed for The Porter, Inc., Board of Directors, for the specific purpose of reviewing the major components and developing a Repair and Replacement Reserve Schedule based on our research and observation of the property. Our report contains two different methods of reserve analysis. The first section presents the Component Method and the second section presents the Cash Flow Method.

The difference between the component method and cash flow method, the component method list all features of the property that will require repair or replacement over the normal useful life. The component annual contribution is based on the property's requirement to fund repairs or replacements at the time of the site analysis. This may result in short term higher contributions in an effort to catch up short falls in the reserve account. The component method has no means of readjusting the annual contribution after a component is repaired or replaced. For example, a roof requiring to be replaced within the next ten years will require an annual contribution of 10% for each year. After replaced a normal useful life of a roof system is 20 years, which results in an annual contribution of 5%. The cash flow method takes into account the activities on the property and the expenditures expected over the next 30 years. Thereby, allowing an adjustment to the annual contribution rather than over funding the reserve account.

The analysis for both methods involved visits to the property with a walk-through of all accessible common areas of the site. Specific areas included the grounds, walkways, roofing, building exterior, mechanical, plumbing and electrical equipment, and interior common spaces.

The examination was made following generally accepted visual inspection standards and did not include testing of any equipment or physical conditions, unless specific reference is made to such testing. Unless otherwise stated, we have reported only on those items that we were able to observe visually. The inspection did not include removing portions of construction in order to expose concealed conditions. The report is intended to fairly present our professional opinion of the condition of the facility and the component parts to which reference is made in the report, as of the date of this inspection. The report is based upon the visual observations and information provided to us of the age, materials, equipment, and construction techniques that were used subject to the qualifications expressed in this report.

Based on the findings in each of the specific areas reviewed, professional judgment was used in forecasting the remaining life expectancy of the systems and components scheduled in the body of this report. The estimated cost of each component has been identified. The same basis and judgment was used in describing any existing conditions based on estimated cost of all necessary or recommended repairs. This report, therefore, does not constitute or represent a warranty of the property's condition and should not be viewed as such. Rather, the report reflects our professional opinion based on the methodology specified above.

PROPERTY DIAGNOSTICS, INC.

William D. Grimes



William D. Grimes
President

TABLE OF CONTENTS

I.	COMPONENT METHOD.....	3
	A. Architectural Grounds	6
	B Building Envelope	8
	C. Building Interior.....	11
	D. Mechanical / Plumbing.....	13
	E. Electrical.....	15
II.	CASH FLOW METHOD.....	17
III.	INSPECTION OBSERVATION.....	29
IV.	PHOTOGRAPHS.....	31

I. COMPONENT METHOD

The Chart of Repair & Replacement Reserves is a compilation of architectural, structural, mechanical, and electrical elements, which represent estimated replacement and/or major repair items and their present day dollar value.

The charting of items identifies and quantifies the component items, the estimated cost to repair or replace those items, and the target date with which those repairs or replacements are projected to take place. The annual contribution is the total cost for repair or replacement, divided by the repair cycle or target date. This cost has been presented in today's dollars and has not been extrapolated to a future date. *Note: Monies escrowed for future repairs or replacement earns interest, which offsets additional costs caused by inflation.*

The chart delineates Reserve/Replacement items. Some items of work or systems must be totally replaced in a given year. However, many of the items, in practice, will be repaired or replaced in phases. An example would be a reserve figure to replace concrete walls shown as a total amount to be spent in ten years; in reality sectional replacement is likely.

Items listed in the Reserve/Replacement column are intended solely as conceptual estimates and overview of the project's physical facilities, and do not represent detailed estimates of system(s) based upon bid documents or other detailed engineering or architectural analysis or physical surveys.

Column #1, entitled "Item", is a brief identification of site components. For a more detailed explanation of the work task, see the narrative description of work items that follows each categorical chart. The description is an explanation of the logic involved in the preparation of the estimated costs for repair or replacement.

Column #2, entitled "Quantity", refers to the quantity of a material or system furnished and installed. Following the quantity is a unit's abbreviation, which is as follows:

Ea = Each or portion of total system.

SQ = Square of roof or 100 S.F.

SF = Square Foot

LF = Linear Foot

SY = Square Yard

LS = Lump Sum-Total costs of those items required to make the description (task) operational when finite quantities are not defined.

Lot = Entire system where quantities are not defined or are inter-dependent.

Unit = Each or portion of total system.

Sys = Mechanical system complete, including attendant mechanical work to make system function.

LOB = Life of Building

Column #3, entitled "Normal Useful Life", this figure represents a conceptual number of years, which a given item or system can be expected to last at the time of installation. This figure is derived by using professional judgment and through observations made in the field.

Column #4, entitled "Estimated Remaining Life", this figure represents the estimated time that an existing item or system can be expected to remain useful. This figure is derived by using professional judgment where items or systems show unusual wear or unusual preservation, or if the items are new by subtracting actual age of the existing item or system from the "Normal Useful Life".

Column #5, entitled "Current Replacement Cost", reflects the estimated cost to replace and install an item or system or to perform the described work task. This figure is calculated using industry-accepted standards, comparing various industry sources and using professional judgment. Property Diagnostics, Inc. refers to Means price guides, Dodge price guides, and our in-house database. These figures are for conceptual purposes only and are not based upon detailed engineering or architectural analysis, bid documents, or detailed physical surveys.

Column #6, entitled "Current Fund", reflects monies presently assigned to replacement of the indicated system or item in the Replacement Reserve Fund. This figure is derived by those parties responsible for allocating funds or by Property Diagnostics, Inc. as directed by those responsible parties.

Column #7, entitled "Required Fund", represents those funds required to reach the Current Replacement Cost. The figure is calculated using the "Current Replacement Cost" less the "Current Fund".

Column #8, entitled "Annual Contribution", reflects those monies that should be set aside on an annual basis in order to have the item or system fully funded at completion of the expected useful life period. This figure is calculated by dividing the "Required Fund" by the "Estimated Remaining Life".

THE PORTER, INC. CONDOMINIUM REPAIR AND REPLACEMENT RESERVE - SUMMARY PROPERTY DIAGNOSTICS, INC.				
ITEM	CURRENT REPLACEMENT COST	CURRENT FUND	REQUIRED FUND	ANNUAL CONTRIBUTION
A. Architectural Grounds	\$20,506.00	\$7,788.00	\$12,718.00	\$1,336.48
B. Building Envelope	593,860.00	119,840.00	474,020.00	52,889.44
C. Building Interior	52,200.00	0.00	52,200.00	4,880.04
D. Mechanical/Plumbing	184,500.00	0.00	184,500.00	7,995.68
E. Electrical	246,140.00	99,641.93	146,498.07	114,097.55
TOTAL:	\$1,097,206.00	\$227,269.93	\$869,936.07	\$181,199.18

THE PORTER, INC. CONDOMINIUM A. ARCHITECTURAL GROUNDS PROPERTY DIAGNOSTICS, INC.							
ITEM	QUANTITY	NORMAL USEFUL LIFE (Years)	ESTIMATED REMAINING LIFE (Years)	CURRENT REPLACEMENT COST	CURRENT FUND	REQUIRED FUND	ANNUAL CONTRIBUTION
1. Concrete Curb	421 LF	50	1	\$7,788.00	\$7,788.00	\$0.00	\$0.00
2. Concrete Walk	439 SF	50	13	5,268.00	0.00	5,268.00	405.23
3. Front Porch	1 EA	50	8	5,800.00	0.00	5,800.00	725.00
4. Slate Stone	21 SF	25	8	1,650.00	0.00	1,650.00	206.25
TOTAL:				\$20,506.00	\$7,788.00	\$12,718.00	\$1,336.48

A. REPAIR & REPLACEMENT RESERVE - ARCHITECTURAL GROUNDS

Item Number	Description
1. Concrete Curb	The estimated replacement cost for concrete curbs includes removal of the existing concrete and replacement of new concrete. The concrete line item replacement fund should be considered a draw fund. Concrete never requires full replacement at one time. However, it does require sectional replacement. Over the life span of the concrete, it is anticipated that all concrete will be renewed at least once.
2. Concrete Walk	The estimated replacement cost for concrete walks includes removal of the existing concrete and replacement of new concrete. New concrete will be reinforced with a rebar material and rated for 3,000 psi. The concrete line item replacement fund should be considered a draw fund. Concrete never requires full replacement at one time. However, it does require sectional replacement. Over the life span of the concrete, it is anticipated that all concrete will be renewed at least once.
3. Front Porch	Although porches are considered life of building, they will require normal maintenance. Cracking and damage of the concrete is anticipated, and the estimated replacement cost is for restoration of porch entries as needed.
4. Slate Stone	The estimated replacement cost for slate entry is for the replacement of damaged walk materials and re-grouting of material when needed.

THE PORTER, INC. CONDOMINIUM B. BUILDING ENVELOPE PROPERTY DIAGNOSTICS, INC.							
ITEM	QUANTITY	NORMAL USEFUL LIFE (Years)	ESTIMATED REMAINING LIFE (Years)	CURRENT REPLACEMENT COST	CURRENT FUND	REQUIRED FUND	ANNUAL CONTRIBUTION
1. Pointing	6,076 SF	40	20	\$91,140.00	\$0.00	\$91,140.00	\$4,557.00
2. Caulking	LOT	15	8	28,500.00	0.00	28,500.00	3,562.50
3. Stucco & Parging	5,614 SF	20	2	38,000.00	0.00	38,000.00	19,000.00
4. Windowsills	157 EA	60	44	86,350.00	0.00	86,350.00	1,962.50
5. Exterior Painting	LOT	10	3	18,000.00	0.00	18,000.00	6,000.00
6. Flat Roof	5,392 SF	20	1	107,840.00	107,840.00	0.00	0.00
7. Tile Roof	581 SF	50	13	17,430.00	0.00	17,430.00	1,340.77
8. Skylights	4 EA	30	1	12,000.00	12,000.00	0.00	0.00
9. Windows	157 EA	30	12	185,600.00	0.00	185,600.00	15,466.67
10. Front Stonework	LOT	20	9	9,000.00	0.00	9,000.00	1,000.00
TOTAL:				\$593,860.00	\$119,840.00	\$474,020.00	\$52,889.44

B. REPAIR & REPLACEMENT RESERVE – BUILDING ENVELOPE

Item Number	Description
1. Pointing	Over a normal useful life span, it is recommended that defective mortar joints be renewed as needed. This replacement reserve cost category has considered removal of defective mortar and installation of new mortar as needed.
2. Caulking	The estimated replacement cost for caulking is for replacement of caulking around windows, doors and building joints. The caulking replacement cost anticipates full removal of the existing caulking, removal of backer rod material, and installation of new materials.
3. Stucco & Parging	The estimated replacement cost for stucco and parging is for the replacement of the materials as needed.
4. Windowsills	The building has masonry windowsills. The reserve figure is for the reconstruction of these masonry units when needed as anticipated on our reserve. New sills will be concrete. Full replacement is not anticipated.
5. Exterior Painting	The estimated replacement cost for exterior painting is based on replacement of the existing paint and finish on the exterior windows, building trim and metalwork with a single coat of exterior paint.
6. Flat Roof	By the end of the normal useful life span, the building will consider major renewal of the flat roof system. The scope of work includes removal of the existing materials and installation of a new roof system.
7. Tile Roof	The estimated replacement cost is for damaged or deteriorated terracotta tile as needed when at the end of the estimated life. It is usual for the entire system to be replaced at one time; however, extensive repairs may require the majority of tile to be removed.
8. Skylights	The estimated replacement cost for skylights is to maintain the skylights in good order, replacing the gasketing material when needed.

B. REPAIR & REPLACEMENT RESERVE – BUILDING ENVELOPE

Item Number	Description
9. Windows	The estimated replacement cost of windows is for replacement of the existing windows with new windows of similar design and quality.
10. Front Stonework	The stonework will deteriorate and require replacement. The replacement cost is for the replacement of the stone with new stone of similar style and quality.

THE PORTER, INC. CONDOMINIUM C. BUILDING INTERIOR PROPERTY DIAGNOSTICS, INC.							
ITEM	QUANTITY	NORMAL USEFUL LIFE (Years)	ESTIMATED REMAINING LIFE (Years)	CURRENT REPLACEMENT COST	CURRENT FUND	REQUIRED FUND	ANNUAL CONTRIBUTION
1. Interior Painting	LOT	19	14	\$19,500.00	\$0.00	\$19,500.00	\$1,392.86
2. Stair Painting	LOT	19	14	9,800.00	0.00	9,800.00	700.00
3. Tile Floor (Hall)	1,112 SF	40	13	18,900.00	0.00	18,900.00	1,453.85
4. Tile Floor (Lobby)	149 SF	30	3	4,000.00	0.00	4,000.00	1,333.33
TOTAL:				\$52,200.00	\$0.00	\$52,200.00	\$4,880.04

C. REPAIR & REPLACEMENT RESERVE – BUILDING INTERIOR

Item Number	Description
1. Interior Painting	Interior painting includes the interior finish areas. The estimated cost reflects the cost to replace the existing finish with a new single coat of paint.
2. Stair Painting	Stair painting includes the finished areas. The estimated cost reflects the cost to replace the existing finish with a new single coat of paint.
3. Tile Floor (Hall)	The estimated replacement cost is for replacement of the existing tile floor with new decorative materials of similar style and quality.
4. Tile Floor (Lobby)	The estimated replacement cost is for replacement of the existing tile floor with new decorative materials of similar style and quality.

THE PORTER, INC. CONDOMINIUM D. MECHANICAL/PLUMBING PROPERTY DIAGNOSTICS, INC.							
ITEM	QUANTITY	NORMAL USEFUL LIFE (Years)	ESTIMATED REMAINING LIFE (Years)	CURRENT REPLACEMENT COST	CURRENT FUND	REQUIRED FUND	ANNUAL CONTRIBUTION
1. Boiler	1 EA	45	22	\$48,000.00	\$0.00	\$48,000.00	\$2,181.82
2. Hot Water Heaters	2 EA	18	16	16,500.00	0.00	16,500.00	1,031.25
3. Domestic Piping	LOT	40	23	64,000.00	0.00	64,000.00	2,782.61
4. Waste Piping	LOT	60	28	56,000.00	0.00	56,000.00	2,000.00
TOTAL:				\$184,500.00	\$0.00	\$184,500.00	\$7,995.68

D. REPAIR & REPLACEMENT RESERVE – MECHANICAL/PLUMBING

Item Number	Description
1. Boiler	The estimated replacement cost is for replacement of the existing boiler with a new boiler of similar design capable of carrying the building load. The estimated cost includes the related piping, valve and flue work necessary to install the boiler.
2. Hot Water Heaters	The estimated replacement cost for the hot water heaters is based on the anticipated cost required to update the hot water heating system with a new system to properly handle the building load.
3. Domestic Piping	The estimated replacement cost of the domestic piping is based on replacement of the existing piping with new piping.
4. Waste Piping	The estimated replacement cost of the waste piping is based on replacement of the existing piping with new piping.

THE PORTER, INC. CONDOMINIUM E. ELECTRICAL PROPERTY DIAGNOSTICS, INC.							
ITEM	QUANTITY	NORMAL USEFUL LIFE (Years)	ESTIMATED REMAINING LIFE (Years)	CURRENT REPLACEMENT COST	CURRENT FUND	REQUIRED FUND	ANNUAL CONTRIBUTION
1. Interior Lighting	44 EA	30	23	\$7,040.00	\$0.00	\$7,040.00	\$306.09
2. Exterior Lighting	5 EA	25	1	1,250.00	1,250.00	0.00	0.00
3. Emergency Lights	9 EA	25	18	1,350.00	0.00	1,350.00	75.00
4. Entry System	1 EA	18	11	5,000.00	0.00	5,000.00	454.55
5. Main Switchgear	LOT	45	13	21,500.00	0.00	21,500.00	1,653.85
6. Elevator	1 EA	40	1	210,000.00	98,391.93	111,608.07	111,608.07
TOTAL:				\$246,140.00	\$99,641.93	\$146,498.07	\$114,097.55

E. REPAIR & REPLACEMENT RESERVE - ELECTRICAL

Item Number	Description
1. Interior Lighting	The estimated replacement cost for interior lighting is based on replacement of the existing lighting fixtures with similar fixtures.
2. Exterior Lighting	The estimated replacement cost for exterior lighting is based on replacement of the existing lighting fixtures with similar fixtures.
3. Emergency Lights	The estimated replacement cost for emergency lighting anticipates the replacement requirement of the existing lighting units after the normal useful life. The replacement will include removal of the existing units and installation of newer similar units as required.
4. Entry System	The estimated replacement cost for entry system is for replacement of the building electronic entries with a system of similar design and quality.
5. Main Switchgear	The estimated replacement cost is for replacement of the existing main switchgear with new switchgear of equal ratings and load capacity.
6. Elevator	The estimated replacement cost for the elevators includes the restoration of the elevator cabs to include car and floor buttons, as well as the guide rollers, control cabinet and motor system.

II. CASH FLOW METHOD

The Cash Flow Method incorporates the repair and replacement needs of the property over the next thirty years, to include anticipated repair/replacement of components and materials that are performed sectionally. A percentage of these items are ascribed to the Cash Flow Chart throughout the thirty-year chart. The Cash Flow Method allows the property owners to reserve funds to maintain the property based on the limited estimated requirements over the next thirty years.

The Cash Flow Section of the report extrapolates requirements stated in the Component Method section of the report.

The Cash Flow Breakdown chart outlines the first column in years, the second column shows total expenditures for each year, column three shows the property's yearly contribution, column four shows cash on hand or total property reserve, column five shows Property Diagnostics, Inc.'s annual contribution recommendation, and column six shows cash on hand or total property reserve based on Property Diagnostics, Inc.'s recommendation. The first year of column three shows the reported current property reserve balance.

The current reserve fund provided to Property Diagnostics, Inc. as of January 2013 is \$227,269.93. The property's annual contribution is \$32,400. The amount of funding does not meet the needs for this property. Therefore, we recommend the property increase the yearly contribution to \$44,000 per year. Based on our calculations, the property will have \$299,224 at the end of thirty years.

The second cash flow chart on page 19 shows the replacement cost and yearly contribution inflated by 1.25% every year. If the property does not increase the yearly contribution by the end of thirty years, the property will be in the negative by (\$57,349).

The third cash flow chart on page 20 shows the yearly contribution and reserve fund contribution with an interest rate of 2%, per year. At the end of thirty years, the property will have an amount of \$264,145.

We recommend the property update the reserve study every three to five years. This update would readjust the reserve requirements for the property based on actual experiences and conditions.

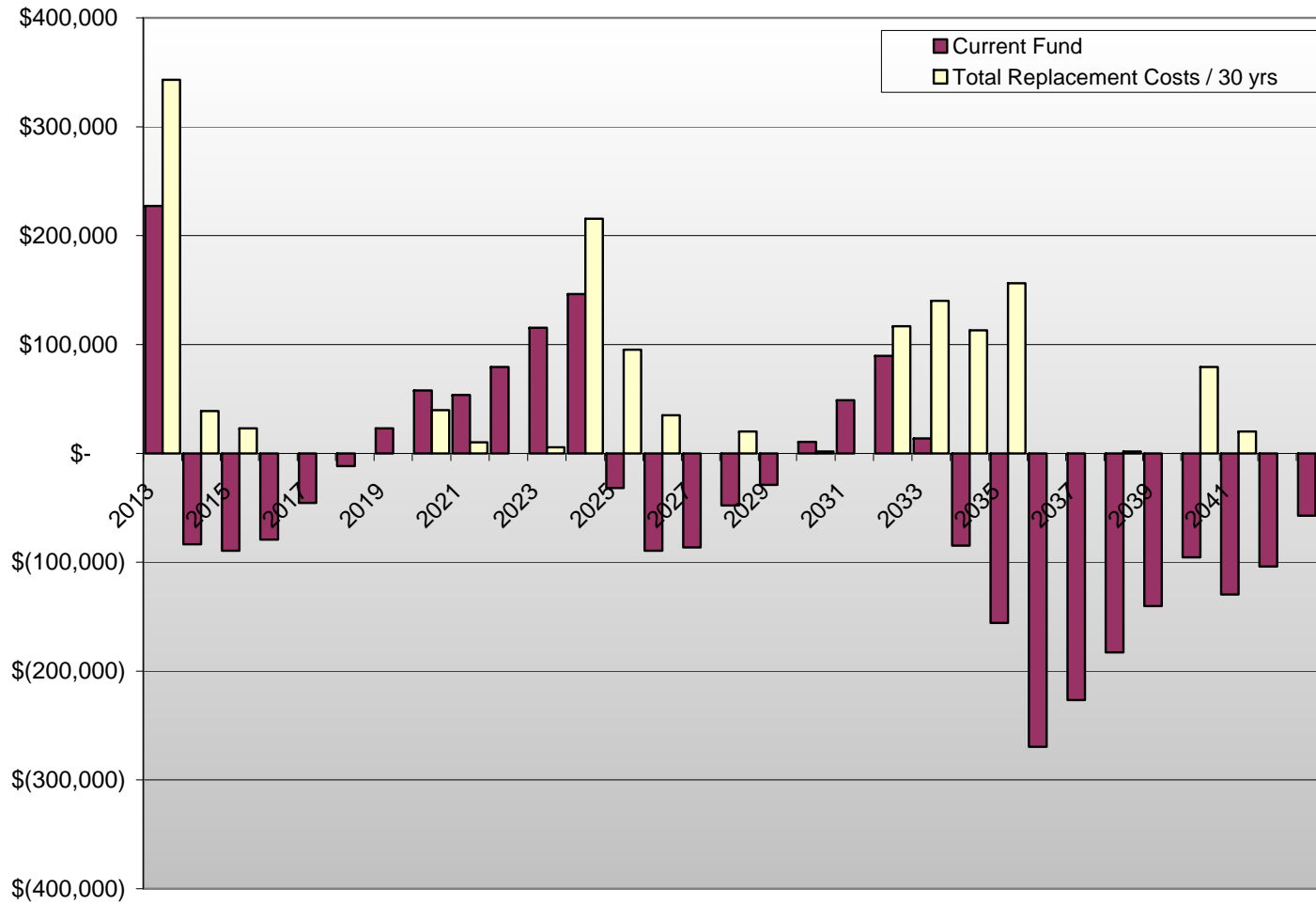
The first bar chart shows graphically the cash expenditures and cash on hand based on property's yearly contribution. The second bar chart shows graphically the cash expenditures and cash on hand based on Property Diagnostics, Inc.'s recommendation. The following section of the report identifies specifically items to be repaired/replaced for each year and the method or component, which is specified.

THE PORTER, INC. CONDOMINIUM					
UNINFLATED CASH FLOW BREAKDOWN					
Year	Total Replacement Costs / 30yrs	The Porter, Inc.'s Yearly Contribution	Current Fund based on The Porter, Inc.'s Contribution	PDI's Yearly Contribution Recommendation	Current Fund based on PDI's Recommendation
			\$ 227,270		\$ 227,270
2013	\$ 338,878	\$ 32,400	\$ (79,208)	\$ 32,400	\$ (79,208)
2014	\$ 38,000	\$ 32,400	\$ (84,808)	\$ 44,000	\$ (73,208)
2015	\$ 22,000	\$ 32,400	\$ (74,408)	\$ 44,000	\$ (51,208)
2016	\$ -	\$ 32,400	\$ (42,008)	\$ 44,000	\$ (7,208)
2017	\$ -	\$ 32,400	\$ (9,608)	\$ 44,000	\$ 36,792
2018	\$ -	\$ 32,400	\$ 22,792	\$ 44,000	\$ 80,792
2019	\$ -	\$ 32,400	\$ 55,192	\$ 44,000	\$ 124,792
2020	\$ 35,950	\$ 32,400	\$ 51,642	\$ 44,000	\$ 132,842
2021	\$ 9,000	\$ 32,400	\$ 75,042	\$ 44,000	\$ 167,842
2022	\$ -	\$ 32,400	\$ 107,442	\$ 44,000	\$ 211,842
2023	\$ 5,000	\$ 32,400	\$ 134,842	\$ 44,000	\$ 250,842
2024	\$ 185,600	\$ 32,400	\$ (18,358)	\$ 44,000	\$ 109,242
2025	\$ 81,098	\$ 32,400	\$ (67,056)	\$ 44,000	\$ 72,144
2026	\$ 29,300	\$ 32,400	\$ (63,956)	\$ 44,000	\$ 86,844
2027	\$ -	\$ 32,400	\$ (31,556)	\$ 44,000	\$ 130,844
2028	\$ 16,500	\$ 32,400	\$ (15,656)	\$ 44,000	\$ 158,344
2029	\$ -	\$ 32,400	\$ 16,744	\$ 44,000	\$ 202,344
2030	\$ 1,350	\$ 32,400	\$ 47,794	\$ 44,000	\$ 244,994
2031	\$ -	\$ 32,400	\$ 80,194	\$ 44,000	\$ 288,994
2032	\$ 91,140	\$ 32,400	\$ 21,454	\$ 44,000	\$ 241,854
2033	\$ 107,840	\$ 32,400	\$ (53,986)	\$ 44,000	\$ 178,014
2034	\$ 86,000	\$ 32,400	\$ (107,586)	\$ 44,000	\$ 136,014
2035	\$ 117,540	\$ 32,400	\$ (192,726)	\$ 44,000	\$ 62,474
2036	\$ -	\$ 32,400	\$ (160,326)	\$ 44,000	\$ 106,474
2037	\$ -	\$ 32,400	\$ (127,926)	\$ 44,000	\$ 150,474
2038	\$ 1,250	\$ 32,400	\$ (96,776)	\$ 44,000	\$ 193,224
2039	\$ -	\$ 32,400	\$ (64,376)	\$ 44,000	\$ 237,224
2040	\$ 56,000	\$ 32,400	\$ (87,976)	\$ 44,000	\$ 225,224
2041	\$ 14,000	\$ 32,400	\$ (69,576)	\$ 44,000	\$ 255,224
2042	\$ -	\$ 32,400	\$ (37,176)	\$ 44,000	\$ 299,224

THE PORTER, INC. CONDOMINIUM			
INFLATED CASH FLOW BREAKDOWN			
Year	Total Replacement Cost / 30yrs (1.25% Inflation)	The Porter, Inc.'s Yearly Contribution (1.25% Annual Increase)	Current Fund based on The Porter, Inc.'s Contribution
			\$ 227,270
2013	\$ 343,114	\$ 32,400	\$ (83,444)
2014	\$ 38,956	\$ 32,805	\$ (89,595)
2015	\$ 22,835	\$ 33,215	\$ (79,215)
2016	\$ -	\$ 33,630	\$ (45,585)
2017	\$ -	\$ 34,051	\$ (11,534)
2018	\$ -	\$ 34,476	\$ 22,942
2019	\$ -	\$ 34,907	\$ 57,849
2020	\$ 39,706	\$ 35,344	\$ 53,486
2021	\$ 10,065	\$ 35,785	\$ 79,207
2022	\$ -	\$ 36,233	\$ 115,440
2023	\$ 5,732	\$ 36,686	\$ 146,393
2024	\$ 215,436	\$ 37,144	\$ (31,899)
2025	\$ 95,312	\$ 37,608	\$ (89,602)
2026	\$ 34,866	\$ 38,079	\$ (86,389)
2027	\$ -	\$ 38,555	\$ (47,834)
2028	\$ 20,128	\$ 39,036	\$ (28,926)
2029	\$ -	\$ 39,524	\$ 10,598
2030	\$ 1,688	\$ 40,018	\$ 48,929
2031	\$ -	\$ 40,519	\$ 89,447
2032	\$ 116,845	\$ 41,025	\$ 13,628
2033	\$ 139,983	\$ 41,538	\$ (84,818)
2034	\$ 113,029	\$ 42,057	\$ (155,789)
2035	\$ 156,412	\$ 42,583	\$ (269,619)
2036	\$ -	\$ 43,115	\$ (226,503)
2037	\$ -	\$ 43,654	\$ (182,849)
2038	\$ 1,727	\$ 44,200	\$ (140,376)
2039	\$ -	\$ 44,752	\$ (95,624)
2040	\$ 79,296	\$ 45,312	\$ (129,607)
2041	\$ 20,072	\$ 45,878	\$ (103,801)
2042	\$ -	\$ 46,452	\$ (57,349)

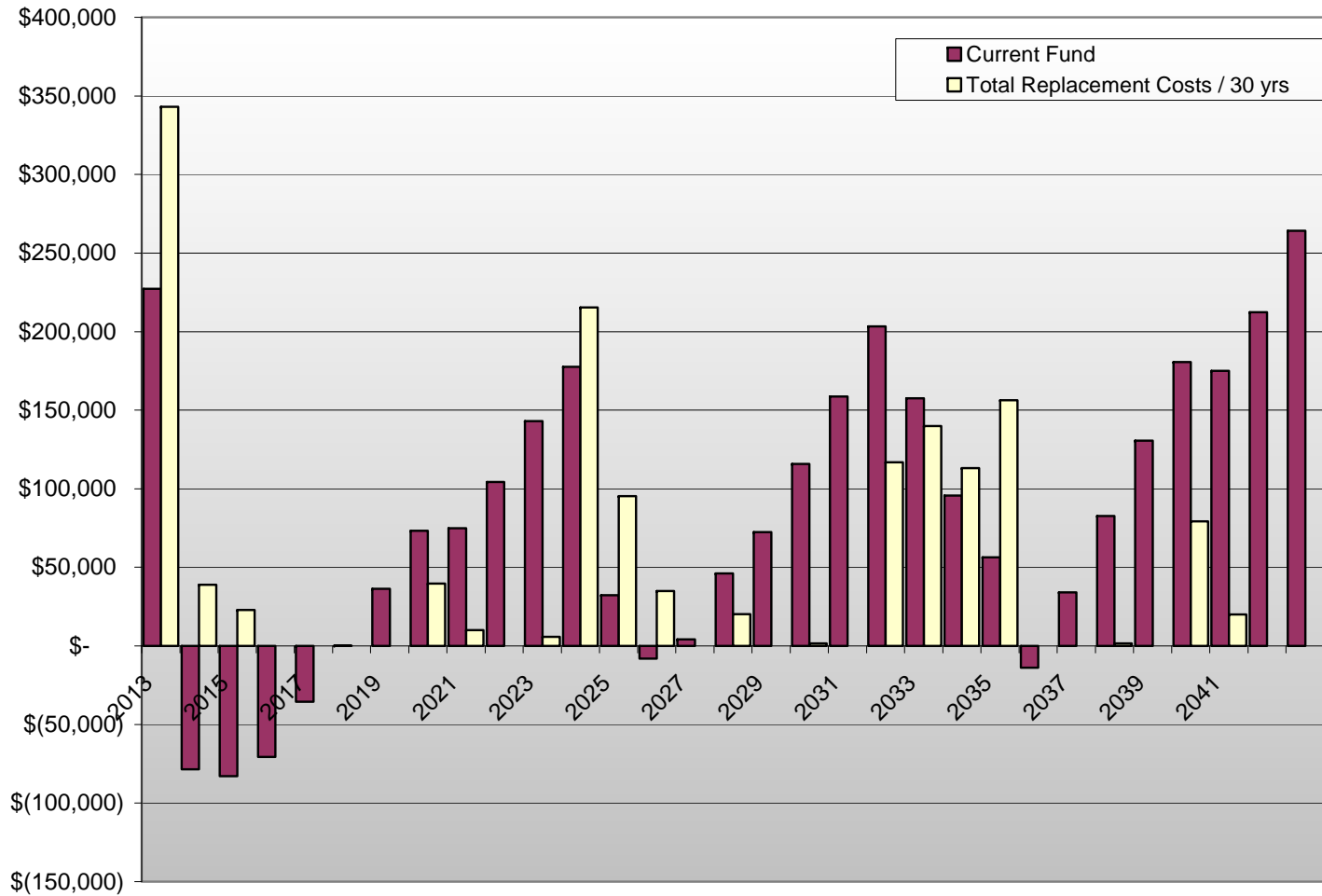
THE PORTER, INC. CONDOMINIUM					
UNINFLATED CASH FLOW BREAKDOWN					
Year	Total Replacement Costs / 30yrs	The Porter, Inc.'s Yearly Contribution	Estimated Interest Rate for Yearly Contribution	Yearly Contribution with 2% Interest	Current Fund based on The Porter, Inc's Contribution
			2%		\$ 227,270
2013	\$ 338,878	\$ 32,400	\$ 648	\$ 33,048	\$ (78,560)
2014	\$ 38,000	\$ 32,400	\$ 1,296	\$ 33,696	\$ (82,864)
2015	\$ 22,000	\$ 32,400	\$ 1,944	\$ 34,344	\$ (70,520)
2016	\$ -	\$ 32,400	\$ 2,592	\$ 34,992	\$ (35,528)
2017	\$ -	\$ 32,400	\$ 3,240	\$ 35,640	\$ 112
2018	\$ -	\$ 32,400	\$ 3,888	\$ 36,288	\$ 36,400
2019	\$ -	\$ 32,400	\$ 4,536	\$ 36,936	\$ 73,336
2020	\$ 35,950	\$ 32,400	\$ 5,184	\$ 37,584	\$ 74,970
2021	\$ 9,000	\$ 32,400	\$ 5,832	\$ 38,232	\$ 104,202
2022	\$ -	\$ 32,400	\$ 6,480	\$ 38,880	\$ 143,082
2023	\$ 5,000	\$ 32,400	\$ 7,128	\$ 39,528	\$ 177,610
2024	\$ 185,600	\$ 32,400	\$ 7,776	\$ 40,176	\$ 32,186
2025	\$ 81,098	\$ 32,400	\$ 8,424	\$ 40,824	\$ (8,088)
2026	\$ 29,300	\$ 32,400	\$ 9,072	\$ 41,472	\$ 4,084
2027	\$ -	\$ 32,400	\$ 9,720	\$ 42,120	\$ 46,204
2028	\$ 16,500	\$ 32,400	\$ 10,368	\$ 42,768	\$ 72,472
2029	\$ -	\$ 32,400	\$ 11,016	\$ 43,416	\$ 115,888
2030	\$ 1,350	\$ 32,400	\$ 11,664	\$ 44,064	\$ 158,602
2031	\$ -	\$ 32,400	\$ 12,312	\$ 44,712	\$ 203,314
2032	\$ 91,140	\$ 32,400	\$ 12,960	\$ 45,360	\$ 157,534
2033	\$ 107,840	\$ 32,400	\$ 13,608	\$ 46,008	\$ 95,702
2034	\$ 86,000	\$ 32,400	\$ 14,256	\$ 46,656	\$ 56,358
2035	\$ 117,540	\$ 32,400	\$ 14,904	\$ 47,304	\$ (13,878)
2036	\$ -	\$ 32,400	\$ 15,552	\$ 47,952	\$ 34,074
2037	\$ -	\$ 32,400	\$ 16,200	\$ 48,600	\$ 82,674
2038	\$ 1,250	\$ 32,400	\$ 16,848	\$ 49,248	\$ 130,672
2039	\$ -	\$ 32,400	\$ 17,496	\$ 49,896	\$ 180,568
2040	\$ 56,000	\$ 32,400	\$ 18,144	\$ 50,544	\$ 175,112
2041	\$ 14,000	\$ 32,400	\$ 18,792	\$ 51,192	\$ 212,305
2042	\$ -	\$ 32,400	\$ 19,440	\$ 51,840	\$ 264,145

CASH FLOW CHART BASED ON THE PORTER, INC.'S YEARLY CONTRIBUTION



This is a graphical representation of annual contributions.

CASH FLOW CHART BASED ON THE PORTER, INC.'S YEARLY CONTRIBUTION WITH INTEREST



This is a graphical representation of annual contributions.

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2013	Concrete Curb	\$7,788
	Flat Roof	107,840
	Skylights	12,000
	Exterior Lighting	1,250
	Elevator	210,000
	Total for 2013	\$338,878

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2014	Stucco & Parging	\$38,000
	Total for 2014	\$38,000

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2015	Exterior Painting	\$18,000
	Tile Floor (Lobby)	4,000
	Total for 2015	\$22,000

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2016		
	Total for 2016	\$0

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2017		
	Total for 2017	\$0

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2018		
	Total for 2018	\$0

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2019		
	Total for 2019	\$0

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2020	Front Porch	\$5,800
	Slate Stone	1,650
	Caulking	28,500
	Total for 2020	\$35,950

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2021	Front Stonework	\$9,000
	Total for 2021	\$9,000

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2022		
	Total for 2022	\$0

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2023	Entry System	\$5,000
	Total for 2023	\$5,000

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2024	Windows	\$185,600
	Total for 2024	\$185,600

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2025	Concrete Walk	\$5,268
	Exterior Painting	18,000
	Tile Roof	17,430
	Tile Floor (Hall)	18,900
	Main Switchgear	21,500
	Total for 2025	\$81,098

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2026	Interior Painting	\$19,500
	Stair Painting	9,800
	Total for 2026	\$29,300

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2027		
	Total for 2027	\$0

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2028	Hot Water Heaters	\$16,500
	Total for 2028	\$16,500

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2029		
	Total for 2029	\$0

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2030	Emergency Lights	\$1,350
	Total for 2030	\$1,350

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2031		
	Total for 2031	\$0

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2032	Pointing	\$91,140
	Total for 2032	\$91,140

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2033	Flat Roof	\$107,840
	Total for 2033	\$107,840

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2034	Stucco & Parging	\$38,000
	Boiler	48,000
	Total for 2034	\$86,000

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2035	Caulking	\$28,500
	Exterior Painting	18,000
	Domestic Piping	64,000
	Interior Lighting	7,040
	Total for 2035	\$117,540

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2036		
	Total for 2036	\$0

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2037		
	Total for 2037	\$0

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2038	Exterior Lighting	\$1,250
	Total for 2038	\$1,250

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2039		
	Total for 2039	\$0

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2040	Waste Piping	\$56,000
	Total for 2040	\$56,000

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2041	Front Stonework	\$9,000
	Entry System	5,000
	Total for 2041	\$14,000

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2042		
	Total for 2042	\$0

III. INSPECTION OBSERVATIONS

1. The roof is a built up asphalt system. It has reached the end of its statistical life. It is currently not providing issues. The estimate by the roofing contractor is significantly higher than we would typically expect. We have used this estimate for the study.
2. The elevator shaft is in need of some plaster and paint work to make it more aesthetically pleasing. The elevator is old and is beyond its statistical life expectancy, however, is providing good service and is regularly maintained.
3. The washers and dryers are no longer in the reserve. These units have been replaced by rental units.
4. The emergency lights in the third floor stairway of the "roof" access stair do not work. The second floor emergency light of the "basement" access stairwell does not work. The lower level emergency light is weak and should be replaced. We recommend these lights be repaired or replaced, and tested on a regular basis.
5. The domestic water heating system does not have a recirculation system. This means that the wait for hot water is protracted. Consequently, water is wasted waiting for it to become hot. We recommend a qualified plumbing contractor investigate the potential to retrofit a recirculation system for the heaters.
6. The stucco in the rear of the building has been repaired and painted. The stucco in the front is in need of repair and paint. The front stucco represents approximately 25% of the total stucco on the project.
7. The vinyl siding on the penthouse roof is in need of repair since the latest storm. We recommend this siding be repaired to prevent water intrusion.
8. Some of the main domestic water riser isolation valves are the ball valve type. Some are gate valves. We recommend the riser valves be replaced with ball valves as they are replaced. Ball valves tend to service the isolation more reliably over a longer period of time rather than the gate valves.
9. The Board would like to consider converting a portion of the "basement" stairwell into a bicycle storage facility. We will need to investigate the possibility from a code standpoint. We will contact an architect and send a proposal for this work.

10. The fire alarm system and fire extinguisher services were up to date.
11. Additional items were identified and observed during the property inspection. These additional items are illustrated and described in the images that can be found in the photograph section of this report.

IV. PHOTOGRAPHS



Photo #1: The “roof” access stairwell penthouse is in need of some exterior paint. We recommend this be maintained to prevent the wood from rotting.



Photo #2: This is one of several areas on the stairwell penthouse roof where the vinyl siding needs repair. We recommend this be done to prevent further damage.



Photo #3: Some nails are backing out of the roof tiles. Some roof tiles are cracking. We recommend these be attended to so that tiles do not come loose and harm passersby and to minimize further damage.



Photo #4: Cap tile is cracked. Tile sealant has deteriorated on west side gable cap.



Photo #5: Nails backing out of cap flashings should be secured and caulked to maintain the seal and prevent further damage.



Photo #6: Vent flashing sealant has deteriorated. This can allow water to follow the outside of the piping into the building. We recommend these flashings be sealed.



Photo #7: Point work failing and cracking on chimney. This could be latent earthquake defects. We recommend this be pointed and sealed to prevent further deterioration.



Photo #8: Caulk is failing on vinyl siding of penthouse. We recommend this caulk be replaced.



Photo #9: Typical ball type isolation valve on the domestic water riser in the crawl space. This is the recommended type of valve.



Photo #10: Typical gate type isolation valve on the domestic water riser. These valves tend not to seal for as long.



Photo #11: In the basement storage room directly off the boiler room, there is a crack in the ceiling pan aligns with a crack in the brick wall. We recommend these cracks be investigated and corrective action taken as necessary.



Photo #12: We recommend that the window well be cleared of leaves and debris, and that the drain be cleared so that water will not fill the well and potentially leak into the building through the windows.



Photo #13: Stucco deterioration on south wall of building. This should be corrected to prevent further deterioration.



Photo #14: Deterioration of stucco over window on east side of building. This should be repaired to prevent further deterioration.

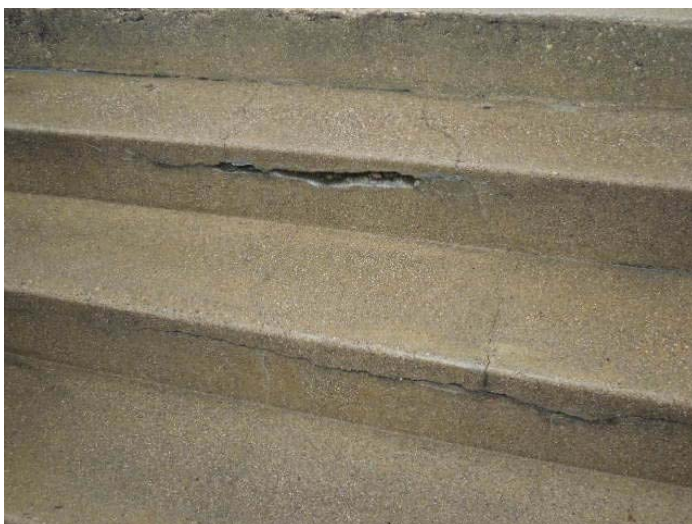


Photo #15: Opening in front steps is not aesthetically pleasing and can allow water to accumulate inside of the opening. This can freeze and cause further deterioration. We recommend this opening be repaired.