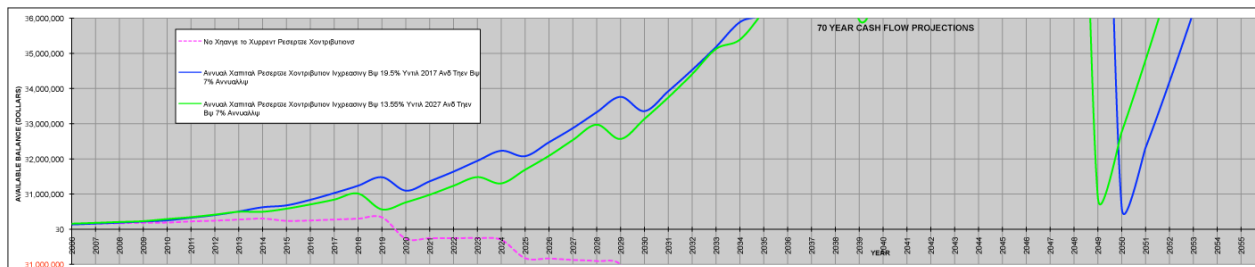
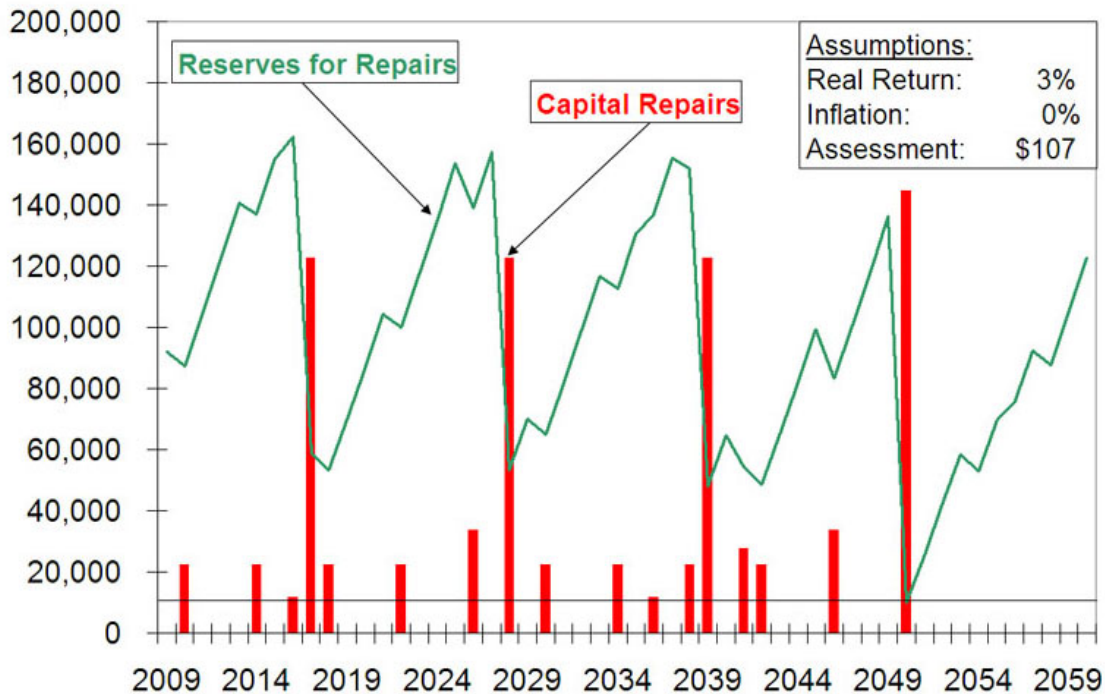


An Excellent Example of a Bad Projection of Reserve Requirements

The top chart below was done by a developer's assistant and given to a homeowner association. He claims that it is based on the real expenses of the condominium in which he lives. The chart below it is from an actual reserve study.

Both are for a 50-year period. The interest projections are different but the important difference is the radically different pattern of required savings to prepare for the expenses in year 50 when the roof and many other infrastructure items will have to be replaced.

Reserves for Major Repairs



The lower chart is from the reserve study example from Takoma Village Cohousing in Washington DC based on an actual study.