

CHFA Capital Needs Assessment and Replacement Reserve Analysis

Prepared for:

Connecticut Housing Finance Authority
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Rocky Hill, CT 06067

and

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South Main Street Cooperative

CHFA # 96054D

Essex Property Management, LLC
New Britain, CT

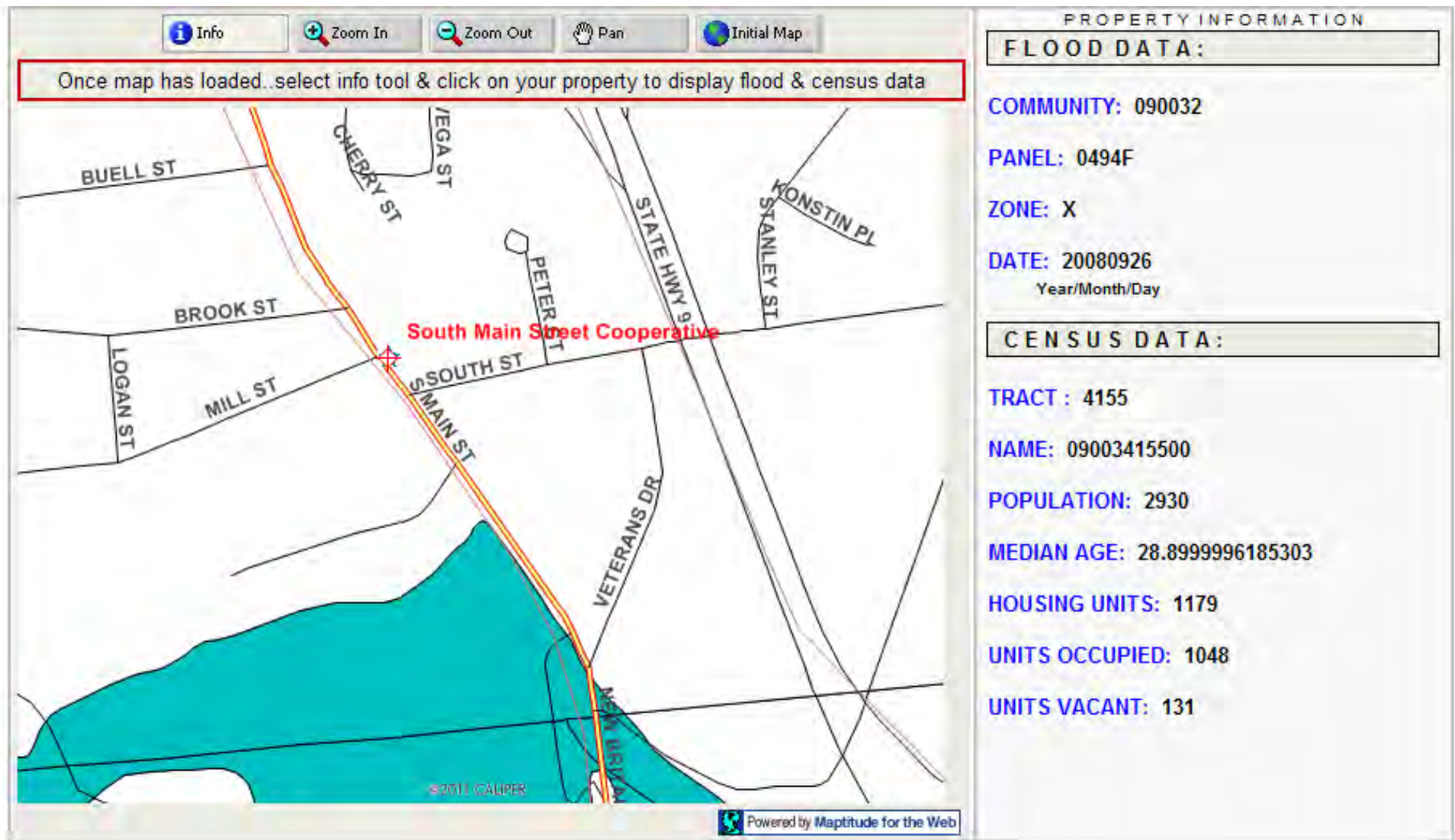
July 26, 2013

Final Report



South Main Street Cooperative

472 South Main Street
New Britain, CT 06051



South Main Street Cooperative

472 South Main Street
New Britain, CT 06051

Zone X = Outside the 500-year floodplain and
Outside the 1% and 0.2% annual chance floodplains

Executive Summary

South Main Street Cooperative

New Britain, CT

South Main Street Cooperative is a residential development for families that is comprised of one residential building, located on 0.53 acres. The development includes 10 two-bedroom units that are associated with the cooperative (out of a total of 16 two-bedroom units in the building). Original construction of the development dates to 1988, and no building-wide rehabilitation projects have taken place since the original development of the property.

Overall the development is in generally good condition. As shown on the attached capital needs worksheets, the development faces significant capital needs in the near term. Based on these projections and limited available information from the client (who was absent from the assessment due to a conflicting business meeting, but did provide limited telephone consultation) regarding existing reserves and annual reserve deposits, the development is seen as requiring an adjustment to its current funding scenario and/or an infusion of additional capital.

Due to the percentage of the cooperative units in the building (62.5%), the current replacement costs for the Site and Building Exterior components contained in this report are based on the percentage of responsibility attributed to the cooperative organization. Current replacement costs for the Units are based solely on the ten cooperative units.

Key findings identified as part of this assessment include the following:

- An allowance for replacement of the parking area asphalt and curbing is shown in Year 1. Future maintenance cycles for asphalt crack-filling, seal-coating, and striping are shown in Years 5, 11, and 17.

- Allowances for repairs/replacement of the concrete walkways are shown beginning in Year 1, over a four year period.
- Replacement of the chain link fencing is shown in Year 1. Repairs to the wood post/rail fencing are shown in Year 1. Allowances for maintenance repairs to the wood and concrete retaining wall systems are shown in Year 1.
- The site storm drainage system is exposed in numerous areas and several sections are disconnected from the downspout terminus points. An allowance for repairs to the site system drainage system is shown in Year 1.
- Landscaping upgrades/improvements and replacement of the mail kiosk are shown in Year 1.
- The majority of the building exterior finish components exhibit age deterioration and impact wear. The building unit entry doors, garage overhead doors, and building mounted light fixtures are shown for replacement in Year 1. Replacement of the windows is shown in Year 3. Allowances for replacement of the balcony doors, siding, soffit, fascia, gutter, and downspouts are shown in Year 6. Refurbishment of the entrance canopies and maintenance/repairs/replacement of unit balcony and railing components are also shown in Year 6.
- The roof shingles are in good condition and appear to be four to five years in age. Future replacement of the roof shingles is shown in Year 16.
- In-unit door upgrades, floor coverings replacement, bathroom fixtures, kitchen cabinet, and kitchen appliance replacement are shown beginning in Years 1 and 3, and continue throughout the plan with the majority of the improvements beginning in Year 5, over a two year period.
- Moisture damage to the kitchen ceiling areas was observed during the assessment. Several of the residents expressed concern that this ceiling moisture damage is due to plumbing leaks from water supply piping. This condition should be further investigated by management and appropriate repair actions funded through operating accounts.
- Allowances for replacement of the unit gas-fired domestic hot water tanks are shown in Years 6 and 8, over a three year period.
- Replacement of the unit boilers is shown beginning in Year 8, over a two year period.
- Due to the design and construction of the property and building, none of the cooperative units are handicap accessible. Existing construction hampers practical remodeling efforts to obtain conformance with accessibility standards.

Additional Notes:

1. The Physical Assessment of the property was conducted on July 10th, 2013. Additional information was provided to ON-SITE INSIGHT by site staff and others. OSI was represented on this assignment by Jerome Hagerty. We would like to thank site Mr. Tom Shelto and cooperative residents for their assistance.
2. Cost estimates used in this assessment are based on data from *RS Means Facilities and Construction Cost Data*. These cost estimates have been applied uniformly across the entire study portfolio to help ensure consistency of future projections. Actual owner and/or site pricing could vary significantly.
3. Unless required by fire, safety, or accessibility codes, items are typically shown being replaced in kind and do not include any planned upgrades or potential upgrade opportunities.
4. Regular updates of this plan are recommended to ensure careful monitoring of major building systems and to adjust the program to accommodate unanticipated circumstances surrounding the buildings, operations, and/or occupants.
5. This report is delivered subject to the conditions on Appendix A, *Statement of Delivery*.



1. Asphalt parking area with potholes



2. Asphalt curbing; damaged



3. Chain link fence leaning



4. Wood fence at parking area



5. Wood retaining wall



6. Minor damage to wood retaining wall



7. Concrete retaining wall needs repair



8. Concrete walkway; deteriorated



9. Landscaping improvements needed



10. Mail kiosk leaning



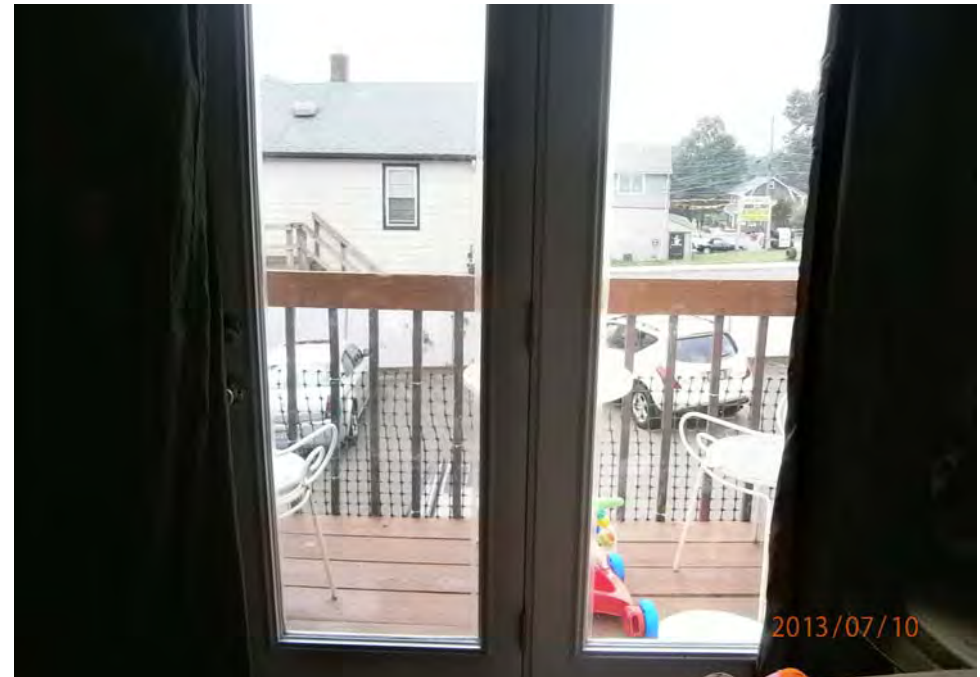
11. Storm drain lines; damaged



12. Trash dumpster



13. Unit entry door



14. Unit balcony door



15. Unit garage door



16. Building light fixture



17. Unit balcony



18. Siding; damaged



19. Typical double hung windows



20. Typical casement window



21. Basement hopper window; note broken glass



22. Unit entry canopy



23. Unit entry light fixture



24. Typical unit carpet



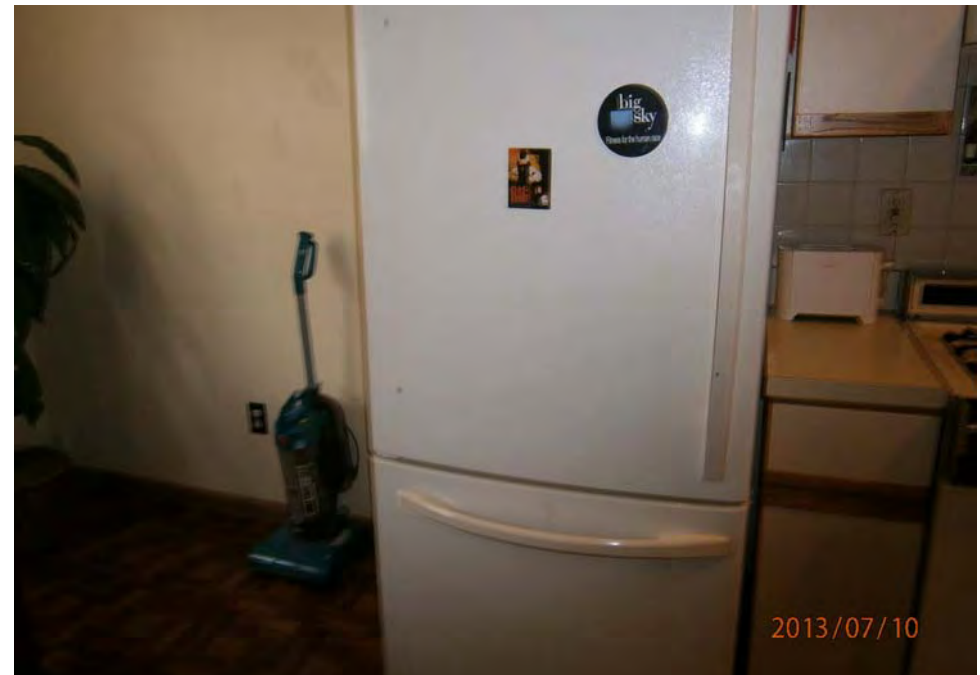
25. Typical unit living area



26. Typical unit kitchen



27. Typical unit range and rangehood



28. Typical unit refrigerator



29. Typical unit dishwasher



30. Unit closet doors



31. Unit interior door



32. Typical unit bathroom



33. Typical unit DHW tank



34. Typical unit boiler



35. Unit circuit breaker panel



36. Unit ceiling moisture damage

Comprehensive Capital Needs Assessment Schedule

Summary

Owner Sponsor Name:	Essex Property Management, LLC
Project Name:	South Main Street Cooperative
Project City / Town:	New Britain, CT

Current Year:	2013
Budget Effective Date:	January 1st, 2013
Report Date:	July 17th, 2013

Number of Units:	10
Total Square Feet:	8,810
Default Inflation Rate:	3.0%

Beginning Replacement Reserve Balance:	\$7,641
Annual Replacement Reserve Contribution:	
Additional Misc. Contribution:	\$2,004

	Component	Total Planned Expenditures by Year																						
		Emergency	Deferred	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	Revitalization
				2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	
1	Site Improvements	0	0	28,389	358	369	380	1,883	0	0	0	0	0	2,248	0	0	0	0	0	2,685	0	0	0	0
2	Building Exterior	0	0	14,095	0	0	0	35,164	97,879	0	0	0	0	2,137	0	0	0	0	0	0	0	0	0	0
3	Roofing	0	0	0	0	0	0	0	6,173	0	0	0	0	0	0	0	0	0	58,424	0	0	0	0	0
4	Lobby - Mail Area	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	Community Room	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6	Common Hallways	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	Common Stairways	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	Common Laundry	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9	Common Area Restrooms	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	Building Boilers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11	Building Mechanical	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12	Building Electrical	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	Building Elevator	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14	Building Structural	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15	Unit Living	0	0	0	0	10,999	11,329	7,260	7,478	7,702	7,932	0	0	0	0	14,782	15,226	0	0	0	0	0	0	0
16	Unit Kitchens	0	0	0	4,378	4,509	0	30,389	31,300	0	0	12,732	13,111	0	0	0	6,241	10,589	4,284	0	0	0	0	0
17	Unit Bathrooms	0	0	1,000	1,030	0	0	20,455	21,100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18	Unit Electrical	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19	Unit Mechanical	0	0	0	0	0	0	0	3,768	3,881	11,582	7,812	8,047	0	0	0	0	0	0	0	5,372	5,533	5,699	0
20	Annual Planned Expenditures	0	0	43,484	5,766	15,877	11,709	95,151	167,698	11,583	19,514	20,544	21,158	4,385	0	14,782	21,467	10,589	62,708	2,685	5,372	5,533	5,699	0
21	Annual Provision (indexed at 3%)			2,004	2,064	2,126	2,190	2,256	2,323	2,393	2,465	2,539	2,615	2,693	2,774	2,857	2,943	3,031	3,122	3,216	3,312	3,412	3,514	
22	Outside Capital			515,000																				
23	Cumulative Reserve Balance	7,641	7,641	481,161	477,459	463,708	454,189	361,294	195,919	186,729	169,679	151,674	133,131	131,439	134,213	122,288	103,764	96,207	36,621	37,152	35,092	32,971	30,786	

Site Improvements

Number of Units:	10
Total Square Feet:	8,810
Default Inflation Rate:	3.0%

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Building Exterior

Owner Sponsor Name:	Essex Property Management, LLC
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Roofing

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[illegible]

Lobby / Mail Area

Owner Sponsor Name:	Essex Property Management, LLC
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[illegible]

Community Room

Number of Units:	10
Total Square Feet:	8,810
Default Inflation Rate:	3.0%

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Common Hallways

Number of Units:	10
Total Square Feet:	8,810
Default Inflation Rate:	3.0%

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Comprehensive Capital Needs Assessment Schedule

Common Stairways

Owner Sponsor Name:	Essex Property Management, LLC
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							Code	Emergency	Code	Deferred	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	Revitalization					
											2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032						
1	Walls					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0						
2	Ceilings					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0						
3	Floors					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0						
4	Doors					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0						
5	Railings					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0						
6	Other					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0						
7	Other					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0						
8	Other					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0						
9	Other					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0						
10	Other					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0						
11	Other					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0						
12	Other					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0						
13	Other					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0						
14	Other					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0						
15	Other					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0						
16	Other					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0						
17																																				
18																																				
19																																				
20																																				
21																																				
22																																				
23																																				
24																																				
25																																				
26																																				
27	Annual Planned Expenditures						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					
28	Cumulative Reserve Balance						7,641	7,641	481,161	477,459	463,708	454,189	361,294	195,919	186,729	169,679	151,674	133,131	131,439	134,213	122,288	103,764	96,207	36,621	37,152	35,092	32,971	30,786								

Common Laundry

Number of Units:	10
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Common Area Restrooms

Number of Units:	10
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[illegible]

Building Boilers

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[illegible]

Building Mechanical

Number of Units:	10
Total Square Feet:	8,810
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13469 - South Main Street Coop - SS 7/18/2013

Building Electrical

Number of Units:	10
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Building Elevator

Owner Sponsor Name:	Essex Property Management, LLC
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[illegible]

Building Structural

Number of Units:	10
Total Square Feet:	8,810
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13469 - South Main Street Coop - SS 7/18/2013

Unit Living

Number of Units:	10
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Unit Bathrooms

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							Code	Emergency	Code	Deferred	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	Revitalization				
											2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032					
1	Walls					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
2	Ceiling					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
3	Lavatory / Vanity					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
4	Toilet					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
5	Tub / Surround					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
6	Floor					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
7	Accessories					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
8	Lighting Features					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
9	Exhaust Fan					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
10	GFI Outlet					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
11	Other					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
12	Other					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
13	Other					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
14	Other					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
15	Other					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
16	Other					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
17	Sheet Vinyl	2,000		25	20	2013				1,000	1,030	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
18	Tubs and Surround Walls	17,200		25	30	2017				0	0	0	0	9,679	9,970	0	0	0	0	0	0	0	0	0	0	0	0	0							
19	Vanity Cabinets and Sinks	9,950		25	30	2017				0	0	0	0	5,599	5,797	0	0	0	0	0	0	0	0	0	0	0	0	0							
20	Toilets	5,500		25	30	2017				0	0	0	0	3,095	3,188	0	0	0	0	0	0	0	0	0	0	0	0	0							
21	Medicine Cabinets, Exhaust Fans, and Wall Accessories	3,700		25	30	2017				0	0	0	0	2,082	2,145	0	0	0	0	0	0	0	0	0	0	0	0	0							
22																																			
23																																			
24																																			
25																																			
26																																			
27	Annual Planned Expenditures						0	0	1,000	1,030	0	0	20,455	21,100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0						
28	Cumulative Reserve Balance						7,641	7,641	481,161	477,459	463,708	454,189	361,294	195,919	186,729	169,679	151,674	133,131	131,439	134,213	122,288	103,764	96,207	36,621	37,152	35,092	32,971	30,786							

Unit Kitchens

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1	Walls					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
2	Ceilings					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
3	Floors					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
4	Cabinets					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
5	Countertops					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
6	Sink					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
7	Kitchen Exhaust Fan					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
8	GFI Outlet					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
9	Vent Hood					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
10	Refrigerators					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
11	Stove					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
12	Range					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
13	Dishwasher					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
14	Disposal					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
15	Other					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
16	Other					2013				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
17	Sheet Vinyl	8,500		10	12	2013				0	4,378	4,509	0	0	0	0	0	0	0	0	0	0	6,241	6,429	0	0	0	0	0							
18	Cabinets / Countertops/ Sinks	54,000		25	30	2017				0	0	0	0	30,389	31,300	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
19	Countertops-Replacement Cycle	5,500		1	15	2027				0	0	0	0	0	0	0	0	0	0	0	0	0	4,160	4,284	0	0	0	0	0							
20	Refrigerators	6,700		6	15	2021				0	0	0	0	0	0	0	4,244	4,371	0	0	0	0	0	0	0	0	0	0	0							
21	Ranges and Rangehoods	7,150		6	15	2021				0	0	0	0	0	0	0	4,529	4,663	0	0	0	0	0	0	0	0	0	0	0							
22	Diswashers and Disposals	6,250		6	15	2021				0	0	0	0	0	0	0	3,959	4,077	0	0	0	0	0	0	0	0	0	0	0							
23																																				
24																																				
25																																				
26																																				
27	Annual Planned Expenditures						0	0	0	4,378	4,509	0	30,389	31,300	0	0	12,732	13,111	0	0	0	6,241	10,589	4,284	0	0	0	0	0							
28	Cumulative Reserve Balance						7,641	7,641	481,161	477,459	463,708	454,189	361,294	195,919	186,729	169,679	151,674	133,131	131,439	134,213	122,288	103,764	96,207	36,621	37,152	35,092	32,971	30,786								

Unit Electrical

Number of Units:	10
Total Square Feet:	8,810
Default Inflation Rate:	3.0%

[illegible]

Unit Mechanical

Owner Sponsor Name:	Essex Property Management, LLC
Project Name:	South Main Street Cooperative
Project City / Town:	New Britain, CT

Current Year:	2013
Budget Effective Date:	January 1st, 2013
Report Date:	July 17th, 2013

Number of Units:	10
Total Square Feet:	8,810
Default Inflation Rate:	3.0%

[illegible]

Appendix A: Statement of Delivery

Our Capital Needs Assessment (the "CNA" or the "Report") on the subject property is delivered subject to the following terms and conditions:

1. This report and analysis are based upon observations for the visible and apparent condition of the building and its major components on the date of the fieldwork. Although care has been taken in the performance of this assessment, ON-SITE INSIGHT, Inc. (and/or its representatives) makes no representations regarding latent or concealed defects that may exist and no warranty or guarantee is expressed or implied. This report is made only in the best exercise of our ability and judgment.
2. We have undertaken no formal evaluation of environmental concerns, including but not limited to asbestos containing materials (ACMs), lead-based paint, chlorofluorocarbons (CFCs), polychlorinated biphenyls (PCBs), and mildew/mold.
3. Conclusions in this report are based on estimates of the age and normal working life of various items of equipment and/or statistical comparisons. Actual conditions can alter the useful life of any item. When an item needs immediate replacement depends on many factors, including previous use/misuse, irregularity of servicing, faulty manufacture, unfavorable conditions, Acts of God and unforeseen circumstances. Certain components that may be working when we made our inspection might deteriorate or break in the future without notice.
4. To prepare this report, we used historic data on capital activities and costs, blueprints (when available), and current prices for capital actions. We have not independently verified this information, have assumed that it is reliable, but assume no responsibility for its accuracy.
5. Unless otherwise noted in the report, we assume that all building components meet code requirements in force when the property was built.
6. If accessibility issues are referenced in the report, the site elements, common areas, and dwelling units at the development were examined for compliance with the requirements of the Uniform Federal Accessibility Standards (UFAS), and for Massachusetts properties, the Massachusetts Architectural Accessibility Board (AAB). The methodology employed in undertaking this examination is adapted from a Technical Assistance Guide (TAG-88-11) titled "Supplemental Information About the Section 504 Transition Plan Requirements" published by the Coordination and Review section of the U.S. Department of Justice Civil Rights Division, and the AAB Rules and Regulations, 521 CMR effective July 10, 1987. The Guide also incorporates the requirements of UFAS, published April 1, 1988 by the General Services Administration, the Department of Defense, the Department of Housing and Urban Development, and the U.S. Postal Service. Changes in legislation and/or regulations may make some observations moot.
7. Response Actions and estimated costs of responses were developed by ON-SITE INSIGHT, Inc. If additional structural work is necessary, costs for some Response Actions may exceed estimates. Whenever the Response Action is to remove, reposition, or modify walls, a competent structural engineer should be retained before any work is done, because such investigation may disclose that a Response Action is either more costly than estimated, or is not possible.
8. Conclusions reached in this report assume current and continuing responsible ownership and competent property management.
9. Regular updates of this plan are recommended to ensure careful monitoring of major building systems and to adjust the program to accommodate unanticipated circumstances surrounding the buildings, operations, and/or occupants.