

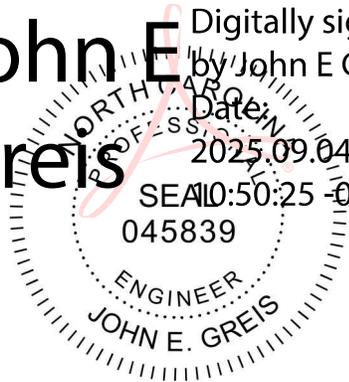
**PREPARED FOR:**

**COLE MILL TOWNES HOMEOWNERS  
ASSOCIATION  
DURHAM, NC**

**MANAGED BY:  
ALLENTON MANAGEMENT**

**DATE:  
SEPTEMBER 4, 2025**

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**FULL RESERVE STUDY**

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**GILES & FLYTHE**  
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## INTRODUCTIONS

The Cole Mill Townes Homeowners Association authorized Giles Flythe Engineers to perform a Reserve Study for the Cole Mill Townes community located in Durham, NC. The purpose of the reserve study update is to assist the association in planning for future capital repair expenses. A reserve study is an important tool for an association to adequately fund capital reserve accounts through regular annual reserve contributions. Adequately funded capital reserve accounts reduce the need to defer capital repairs, collect special assessments or borrow funds for capital repair projects.

A community association typically has certain responsibilities as described in the association governing documents. These responsibilities often include maintaining common areas and other components. An association, as a non-profit organization, will typically have two general asset cash accounts including an operating account and a reserve account. The operating account is funded from regular budgeted assessments and is used to fund routine operating expenses that occur on a predictable cycle, typically monthly or up to annually. The reserve account is funded from regular contributions and is primarily used to fund non-annual capital repair expenses.

The focus of the reserve study is on the reserve account. We have projected capital repair expenses over a term of thirty years. The capital repair expenses are limited to those components for which the association is responsible for maintaining. Capital repair expense estimates include an expected useful life and remaining useful life of the components to develop a projected schedule for capital repairs over the term. After developing a schedule of capital repairs over the term, we completed a cash flow analysis forecasting reserve account balances over the term and provided funding recommendations as needed. Capital repair expense estimates and funding estimates are most reliable in the first portion of the term. Updating a reserve study every three to five years will mitigate the impacts of variation in repair costs, component wear, inflation and reserve funding over time.

Capital reserve funding recommendations are provided to address funding principles such as providing a sufficient amount of funds, a stable reserve contribution rate over the term, an equitable contribution rate over the term, and a fiscally responsible approach to funding. The reserve study is intended to assist the association in developing budgeted reserve contributions.

The report includes a narrative section which describes the scope of the reserve study, a discussion of observations and capital repair allocations, a general description of capital repairs and a description of our cash flow analysis and funding recommendations. The report appendices include the capital reserve analysis with tables detailing an itemized list of capital repair expenses, an itemized list of expenses by year and our cash flow analysis. A photo log is provided and includes a representative sample of our observations. The report includes multiple sections with information presented in various forms and should, therefore, be read in its entirety.

## EXECUTIVE SUMMARY

Cole Mill Townes is a private residential townhome community situated off Rose of Sharon Road in Durham, NC. According to county real estate tax records and historical aerial imagery, development began in the late 1990s with construction of the townhome buildings occurring between 1998 and 2000. The community consists of 23 townhome units across seven (7) buildings.

The Association has responsibility for the common area site improvements including the private asphalt-paved streets, concrete curbing and sidewalks along the private streets and through the common areas, entrance signage, mailboxes, and common area drainage systems. The Association is also responsible for the building façade, roof, and gutter systems.

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The buildings, common areas, and site improvements are generally in good to fair condition. Note that based on our cash flow analysis, maintaining the current funding level is not projected to maintain a positive balance over the term. We have provided alternative recommendations for annual reserve contribution schedules that provide a healthy balance to meet capital expenditure requirements in the next thirty years, in summary as follows:

- **Alternative 1:** Beginning in 2026, increase the annual reserve contribution by 4% every year for six (6) years. This alternative is projected to maintain a positive balance through the term of this study.
- **Alternative 2:** Beginning in 2026, increase the annual reserve contribution by \$3,000 every other year for seven (7) years. This alternative is projected to maintain a positive balance through the term of this study.

A more detailed analysis of the reserve fund has been provided in Appendix A.

Some significant expenditures are expected over the term of the study. Some of the more notable examples are listed below:

- Replace building roofs
- Paint/repair exterior building surfaces
- Resurface asphalt paved streets

Additional, less significant, capital expenditures are anticipated over the term of this study. Those items that will require repair or replacement are discussed later in this report.

## PURPOSE & SCOPE

We have completed this study to estimate capital repair expenses the association is responsible for over the term of the study and provide a cash flow analysis and capital reserve funding plan. This study is intended to assist the association in determining the allocation requirements into the reserve fund which are projected to meet future anticipated capital expenditures for the community.

This report estimates capital repair expenses for the community thirty years into the future. Variations in capital repair expense forecasts due to the quality of maintenance, weather and other events may occur. Over time, age, premature deterioration, or other factors may necessitate the addition of assets into the reserve study. Additionally, fluctuations in material and labor costs beyond assumed inflation rates may also affect the accuracy of the forecasts. Therefore, a reserve study should be routinely updated, typically on a three to five-year cycle to provide the most accurate assessment of needs and financial obligations of the community.

This study has been performed according to the scope as generally defined by Cole Mill Townes Homeowners Association, Giles Flythe Engineers Inc., and the standards of the Community Associations Institute. The findings and recommendations are based on interviews with the community's management personnel; a review of available documents; and a limited visual inspection of the components maintained by the association.

The Cash Flow Method of calculating reserves has been utilized, whereby contributions to the reserve fund are designed to offset the variable annual expenditures. Funding alternates are recommended which are designed to achieve at minimum a Baseline Funding goal by maintaining a positive balance for the term of the study. We have also included a threshold funding goal which provides a minimum reserve account balance over the term. The minimum balance is typically calculated by determining the total over term forecasted expenses and dividing by the length of the term in years. This minimum threshold balance will help offset the risk of fluctuations in labor and material costs and component wear.

To determine which components should be included in this analysis, we used the following guidelines:

- The component must be maintained by the association.
- The component must have an estimated remaining useful life within the term of this study.
- The funding for the repair should be from the reserve account, not through an annual operating budget or other maintenance contracts.
- The cost of the capital repair must be significant enough to not be reasonably funded from an annual operating budget.

### What is a reserve study?

A reserve study is a long-term capital budget planning tool which compares the current reserve fund of an organization to future capital repairs and replacements.

A reserve study is a tool to help identify and prepare for major repair and replacement projects for a community.

It is recommended that a reserve study be performed every five years to ensure that communities are saving the necessary funds for capital repairs and improvements.

Our process for completing the reserve study includes:

1. Reviewing information provided including governing documents, association financial statements, and information on previous or planned capital repairs.
2. Reviewing available information on the property as needed. This may include plat maps, tax records, historical aerial photographs, available site, and building plans.
3. Conducting a visual inspection of the property. This may include interviewing association representatives during the inspection.
4. Developing an inventory of components to be included in the reserve study.
5. Predicting their remaining service life and approximating how frequently they will require repair or replacement.
6. Estimating repair or replacement costs (in 2025 dollars) for each capital item.
7. Develop a cash flow analysis adjusting for inflation and return on invested monies to determine the adequacy of current reserve funding plans.
8. Develop funding recommendations with specific reserve contribution recommendations for each year of the term.

The statements in this report are opinions about the present condition of the areas inspected within the community. Our inspection is limited to a visual ground level inspection and we did not remove any surface materials, perform any testing, or move any furnishings. This study is not an exhaustive technical evaluation or building code compliance review. For additional limitations, see Conclusion and Limitations.

## **Standards of Reference**

The following definitions are provided as a standard of reference:

*Excellent:* Component or system is in “as new” condition, requiring no rehabilitation and should perform in accordance with expected performance.

*Good:* Component or system is sound and performing its function, although it may show signs of normal wear and tear. Some minor rehabilitation work may be required.

*Fair:* Component or system falls into one or more of the following categories: a) Evidence of previous repairs not in compliance with commonly accepted practice, b) Workmanship not in compliance with commonly accepted standards, c) Component or system is obsolete, d) Component or system approaching the end of expected performance. Repair or replacement is required to prevent further deterioration or to prolong expected life.

*Poor:* Component or system has either failed or cannot be relied upon to continue performing its original function as a result of having exceeded its expected performance, excessive deferred maintenance, or state of disrepair. The present condition could contribute to or cause the deterioration of other adjoining elements or systems. Repair or replacement is required.

*Adequate:* A component or system is of a capacity that is defined as enough for what is required, sufficient, suitable, and/or conforms to standard construction practices.

# SOURCES OF INFORMATION

## Date of Inspection

Onsite inspection of the property occurred on July 22, 2025.

## Persons Interviewed

The following persons were interviewed in connection with this study:

- Arnold Spell | Community Manager – Allenton Management
- Bruce Lewis | President of the Board

## Documents

The following documents were made available to us and reviewed:

- County Tax Records
- Association governing documents
- Association financial statements
- Historical aerial photographs

## Cost Estimates

- Our internal data files on similar projects
- Local contractor estimates for similar projects
- R.S. Means Construction Cost Estimating Data

## DESCRIPTION

Cole Mill Townes is a private residential townhome community situated off Rose of Sharon Road in Durham, NC. According to county real estate tax records and historical aerial imagery, development began in the late 1990s with construction of the townhome buildings occurring between 1998 and 2000. The community consists of 23 townhome units across seven (7) buildings.

The Association has responsibility for the common area site improvements including the private asphalt-paved streets, concrete curbing and sidewalks along the private streets and through the common areas, entrance signage, mailboxes, and common area drainage systems. The Association is also responsible for the building façade, roof, and gutter systems.

The community is accessed by an entrance at Culpepper Court off Rose of Sharon Road. The entrance is flanked by brick veneer masonry monument structures with a composite sign bearing the community's name.

The townhome buildings are typically of wood frame construction on crawl space foundations. The roofs of the buildings are primarily comprised of asphaltic fiberglass shingles. Exterior walls are primarily clad with painted fiber cement siding, wood trim, brick veneer, and other accent components.

## OBSERVATIONS

The following key observations were made about the current condition of the more significant and costly common elements of the property.

### Site Improvements

We understand that the maintenance of the private asphalt paved streets is the responsibility of the Association. The asphalt paving generally appeared to be in fair condition at the time of inspection. Minor longitudinal and transverse cracking, fatigue cracking, surface oxidation, and exposed aggregate were noted. Typically, we recommend the application of an oil-resistant sealant to asphalt paved surfaces on an approximately 5-year cycle. At this same time, all cracks should be properly filled, patched, and sealed. We have allocated funds to reseal the pavement on a 5-year cycle beginning in 2026.

Assuming sealing and crack repairs occur in the interim, we anticipate the asphalt paving in the private streets and parking areas to have a total estimated useful life of approximately 20 to 25 years prior to resurfacing. We have allocated funds to resurface the current asphalt paving in 2031. This would include milling and removing the top 2” of asphalt paving throughout all paved areas, repairing base course as needed, and installing a new 2” thick layer of asphalt over all paved surfaces.

We have included funds to make full depth asphalt repairs over the term. This type of repair includes sawcutting and removing the damaged/deteriorated asphalt, re-compacting the subgrade, and installing new asphalt surface materials. We have allocated funds for full depth repairs of the asphalt pavement on a 15-year cycle beginning with the seal coat project in 2026.

The Association is responsible for maintaining the concrete walkways, brick pavers, driveways, and curbing around the private streets. The concrete flatwork and pavers generally appear to be in good to fair condition with minor cracking and settlement noted in limited areas. Over time, it is likely that cracking and/or settlement will continue to develop and worsen in the surfaces. As cracking develops, it is likely that sections of the flatwork will require repairs. We have allocated funds for repair/replacement of portions of the concrete surfaces (hardscape and curbing) around the private streets and community pathways, as needed, on an 8-year cycle beginning in 2031. Repairs may include grinding to reduce unevenness at cracking or saw-cutting, removing and replacing sections of the concrete and pavers. We have assumed isolated areas of upheaval or possible trip hazards would be repaired through an annual maintenance budget in the interim.

Storm water on the site drains via surface flow or via landscaped swales toward catch basins in the paved and landscaped areas. Inlet grates in the roadway and the grassed areas collect stormwater that flows offsite via an underground piping system. The drainage systems were in generally good condition at the time of the inspection.

As the community ages, drainage concerns will likely continue to develop and require periodic repairs or improvements to ensure the drainage systems are appropriately functioning to discharge stormwater towards the appropriate control devices and management systems. Landscaped swales tend to accumulate sediment

that settles out during storm events and will need to be periodically removed and re-graded. Erosion concerns are likely to develop in steeper slopes which would require stabilization repair. In addition, over time, small landscape drainage systems will likely need to be installed in flat areas of the community to address ponding concerns. As the community ages, we would also recommend having portions of the private drainage infrastructure inspected with a video camera system, flushed, and repaired as necessary.

We have allocated funds for drainage system repairs and improvements every 5 years beginning in 2028. Drainage improvements would likely include retrenching of swales to improve flow, inspection/maintenance of underground systems, installation and repair of riprap or turf reinforcement at inlets/outlets and on steep slopes, and installing French drains or other types of subsurface drainage systems. These types of repairs can be moderate (re-trenching swales, flushing pipes), to very expensive (new underground pipe systems). We have included a moderate budget to help cover these costs.

Entrance monuments are located at the entrance to the community and generally consists of brick veneer masonry monument structures with a composite sign bearing the community's name. The entrance signage appeared to be in fair condition with discoloration noted. We do not anticipate a large-scale replacement project of the monument; however, refurbishment may be periodically required. Refurbishment may include replacement/repairs of the signage and repairs to the brick veneer structures. We have included an allocation of funds for repairs to the entrance monuments every 15 years beginning in 2029.

Standard mailboxes are centrally located and fastened to wood beams between two brick veneer masonry piers. The mailboxes generally appeared to be in good condition and have a useful life of approximately 20 years prior to replacement. We have included funds to replace the mailbox kiosks beginning in 2036. We have assumed repairs to the wood framing and piers would be performed as needed and funded through the annual maintenance budget.

Mature trees are present on Association maintained property which may occasionally require removal based on the health of the tree and/or the proximity of the trunk/canopy to the townhome buildings. Typically, landscaping maintenance and small-scale tree removal projects are funded from the annual maintenance budget. Costs for large-scale removal and landscape renovation projects can vary widely, and it is difficult to predict what expenses may be required depending on the scope of the project. However, we have included a contingency for large-scale tree removal and landscape renovation projects on a 4-year cycle beginning in 2026.

The Association is responsible for buried sanitary sewer and drainage piping in common areas and the privately-owned streets. It is likely that sectional repairs of buried piping will be required through the term of the study due to tree root growth and other concerns. We have provided an allocation of funds for repairs to underground sanitary sewer and drainage piping on a 10-year cycle beginning in 2033.

## **Common Building Exteriors**

The pitched roof surfaces over the buildings are covered in architectural grade asphaltic fiberglass shingles. Gutters and downspouts are installed and discharge stormwater to grade or to pipe extensions. Roof surfacing

is applied over plywood roof sheathing and appears to be in good condition. Assuming minor repairs are performed in the interim, we estimate the shingled roofing surfaces to have an expected useful life of approximately 20 to 25 years. We have included funds to replace the townhome roofs every 20 years beginning in 2043.

We strongly recommend that any re-roofing project closely follow procedures outlined by the latest edition of the National Roofing Contractors Association's *Roofing and Waterproofing Manual*. A re-roofing sequence should include removal of the existing roofing material, replacement of any inadequate roof sheathing, replacement of any damaged flashing, and replacement of drip edge components. Periodic minor repairs to the vent boots, flashing and gutters will likely be required in the interim prior to full roof replacement. Minor repairs to correct roof leaks in the interim will also likely be required on an annual basis.

Gutters and downspouts are installed on the townhome buildings. The gutter systems generally appeared to be in good condition, and we anticipate any minor repairs to these components would be funded from an annual maintenance budget as needed. This component is typically replaced at the time of the second roof replacement and provides approximately 40 years of relatively trouble-free service. We have allocated funds to replace the gutters and downspouts on the buildings in 2043.

The painted siding and trim components on the exterior of the buildings generally appeared to be in good condition. Note that painting of the townhome buildings was being performed during the inspection. To maintain a clean, bright appearance and protect the exterior finishes, we recommend re-painting the siding, trim, and accent components on an approximate 8-year cycle. During each painting project, any damaged components should be repaired and the transitions in the materials and any seams should be re-caulked. We have allocated funds to paint, repair and re-caulk the painted exterior components every 8 years beginning in 2033.

Fabric awnings on metal frames are installed over some of the front entrances and one tent awning was noted between a detached garage and the townhome building. The awnings appeared in serviceable but aging condition; however, we understand the Board intends to replace the awnings this year. We have included funds to replace the fabric awnings every 12 years beginning in 2037. The metal frames will not likely require replacement during the term, and we assume that any minor repairs would be performed as an annual maintenance task when needed.

Note that our analysis also includes funding to perform a reserve study update every 4 years beginning in 2029.

## PREVENTATIVE MAINTENANCE

Preventative maintenance is a critical aspect affecting a property's life cycle costs and structural safety. It is encouraged that every property owner have a preventative maintenance plan in place. The reserve study is not to be considered a preventative maintenance plan. A preventative maintenance plan should incorporate all applicable common elements, not just those components included within the reserve study.

Any information provided by the client regarding ongoing maintenance or repair being performed with any component has been noted within the notes for that component. We can only be aware of preventative maintenance plans or programs that have been disclosed by the client. Note that an audit or evaluation of any maintenance plan or maintenance contract is outside the scope of the services of this project.

In some states and municipalities, periodic structural inspection reports are required for certain types of buildings. This periodic inspection report is critical to assist the reserve study provider in incorporating necessary corrective maintenance costs and timing. We recommend the association complete any and all required structural inspections and reports and have assumed these reports would be made available for our review during the reserve study.

We have assumed repairs under a dollar value of approximately \$1,000 would be funded as part of an annual maintenance budget. These repairs were not included in the funding allocations of this reserve study unless otherwise noted. We have assumed other component repairs/replacements would be funded from an annual maintenance budget as noted in the report.

## RESERVE FUND ANALYSIS

We have performed a cash flow analysis projecting balances in the reserve account over the term of this study. We have included estimated capital repair expenses detailed in the first several pages of Appendix A. We have included tables and graphs depicting current funding levels along with recommended funding alternatives.

The financial projections include an assumed inflation rate and an assumed average return on invested funds as noted on the Project Summary page in the Appendix. The inflation rate adjustment is noted at the bottom of the annual expense page and the return on invested funds is noted in the existing funding level and funding alternative cash flow tables.

The software utilized to analyze the reserve funds was developed by Giles Flythe Engineers, Inc. in cooperation with a technology consultancy. The software and our analysis system have been extensively reviewed by leading community association and non-profit certified public accountants.

The capital repairs listed were derived from the initial request for proposal, discussions with association representatives, our informal review of governing documents and our site inspection. The association should confirm that the items listed are, in fact, the responsibility of the association and appropriate to fund from the reserve account.

Appendix A includes the following:

1. The Project Summary page that lists pertinent details specific to the association, the terms of the analysis and summarizes total over term expenses and recommended threshold balance.
2. The Expense Projection page that itemizes the capital repairs by category, illustrates our cost estimating by unit and provides estimated useful life and remaining useful life of each item.
3. The Annual Expense Projection pages that populate the capital repairs over the term of the study. This page includes a total adjusted for inflation at the bottom of the pages.
4. The Itemized Funding Analysis page provides a summary of the capital expenditures over the term and a graph breaking down the portion of the capital repairs into each category – Site Improvements, Building Exterior, Building Interior, Mechanical/Electrical/Plumbing Systems and Amenities.
5. The Current Funding Projection page provides a table and graph illustrating our cash flow analysis assuming the association maintains the current level of reserve contributions over the term of this study. The table includes projected reserve account balances, contributions, return on invested funds and capital repair expenses for each year of the term of this study.
6. The Funding Alternative pages each provide a table and graph illustrating our cash flow analysis assuming the association implements one of our funding recommendations detailed below.

**Current Reserve Funding Rate: \$42,005 per year**

**Current Reserve Balance: \$0 (assumed 2026 starting balance)**

Note that based on our cash flow analysis, maintaining the current funding level is **not** projected to maintain a positive/healthy balance over the term. We have included recommended funding alternatives to your current reserve-funding program and recommend that the board adopt an alternative that best reflects the objectives of the community. Our funding recommendations are as follows:

- **Alternative 1**: Beginning in 2026, increase the annual reserve contribution by 4% every year for six (6) years. This alternative is projected to maintain a positive balance through the term of this study.
- **Alternative 2**: Beginning in 2026, increase the annual reserve contribution by \$3,000 every other year for seven (7) years. This alternative is projected to maintain a positive balance through the term of this study.

The reserve study is focused on the capital reserve account and budgeted contributions to reserves. The recommendations above are solely attributed to the annual reserve contributions. The association likely has many line items in the annual operating budget that should also be periodically adjusted as part of an annual budgeting process.

The capital repair/replacement cost estimates we have developed are based on 2025 dollars. Our reserve study does include an adjustment for inflation and an assumed rate of return on invested funds.

## CONCLUSION & LIMITATIONS

We have provided reserve funding recommendations based on our analysis of the association-maintained components, estimated capital repair costs over the term and the current funding levels. Further detail of the reserve fund analysis is provided in Appendix A.

The physical analysis portion of this reserve study was completed through a limited visual inspection. The visual inspection was completed from ground level unless otherwise specified. The visual inspection is generally limited to readily accessible and visible common areas that would likely require capital repair activities over the term. However, in some instances a representative sample inspection may be performed. Measurement of components is completed by a combination of field measurements, aerial imagery measuring tools and take-offs from construction drawings as available. Unless specifically noted, the components included in this study have an anticipated remaining useful life within thirty years from the time the field observations used in preparing the study were performed.

Note that this inspection does not include removing surface materials, excavation or any testing. The inspection does not include riparian buffers or other protected common areas. Buried utility components and other concealed components were not inspected as part of this analysis and we cannot be responsible for the condition of components not inspected.

The observations described in this study are valid on the date of the investigation and have been made under the conditions noted in the report. We prepared this study for the exclusive use of Cole Mill Townes Homeowners Association. No other party should rely on the information in this report without consent. If another individual or party relies on this study, they shall indemnify and hold Giles Flythe Engineers Inc. harmless for any damages, losses, or expenses they may incur as a result of its use. This study is not to be considered a warranty of condition, and no warranty is implied. The appendices are an integral part of this report and must be included in any review. The Reserve Specialist shall incur no civil liability for performing the physical or financial portions of a reserve study performed in accordance with CAI standards.

Members of the Giles Flythe Engineers team working on this reserve study are not members of, or otherwise associated with, the association. Giles Flythe Engineers has disclosed any other involvement with the association that could result in conflicts of interest.

Information provided by the representatives of the association regarding financial, physical, quantity, or historical issues, will be deemed reliable by Giles Flythe Engineers. The reserve balance presented in the Reserve Study is based upon information provided and was not audited. Information provided about reserve projects will be considered reliable. Any on-site inspection should not be considered a project audit or quality inspection. Giles Flythe Engineers is not aware of any additional material issues which, if not disclosed, would cause a distortion of the association's situation.

This reserve study is partially a reflection of information provided to us. The reserve study is assembled for the association's use and is not intended to be used for the purpose of performing an audit, quality/forensic analyses or background checks of historical records. Structural integrity evaluations are not included in the

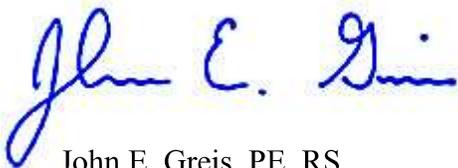
reserve study unless otherwise noted. The financial information provided, including starting balances and budgeted contribution rates are deemed reliable and have not been audited. Further, this study should not be considered a building code compliance analysis. The purpose of this study is to provide the association with a financial tool and is not to be considered an exhaustive technical or engineering evaluation which would consist of a broader scope of work. Except as noted in the report, we have not relied on the validity of prior reserve studies performed by other firms.

We have provided estimated costs of capital repairs. These costs are based on our general knowledge of the construction industry. We have relied on standard sources as needed, such as Means Building Construction Cost Data and estimates reviewed by Giles Flythe Engineers on similar projects. We have performed no design work or other engineering analysis as part of this study, nor have we obtained competitive quotations or estimates from contractors. Actual repair costs can vary due to a variety of factors. We cannot be responsible for the specific cost estimates provided.

This report has been prepared and reviewed by a professional engineer (PE) and reserve specialist (RS) on our staff.

If you have any questions about this reserve study, please feel free to contact us. Thank you for the opportunity to serve you.

Respectfully submitted,



John E. Greis, PE, RS  
Project Manager  
Giles Flythe Engineers, Inc.

**APPENDIX A: RESERVE FUND PROJECTIONS**

# 2025 Reserve Study

<b>Client Name:</b>	Cole Mill Townes Homeowners Association
<b>Service:</b>	2025 Reserve Study
<b>Number of Units:</b>	23
<b>Location:</b>	Durham, NC
<b>Date of Inspection:</b>	July 22, 2025
<b>Term of Study in Years:</b>	30
<b>Beginning Year:</b>	2026
<b>Estimated Starting Reserve:</b>	\$0
<b>Current Annual Contribution:</b>	\$42,005
<b>Annual Inflation Rate:</b>	4.25%
<b>Assumed Rate of Return on Reserve Funds:</b>	1.50%
<b>Total Over Term Capital Expenditure with Inflation:</b>	\$1,518,984
<b>Recommended Threshold Reserve Balance: (Average Annual Capital Expenditure with Inflation)</b>	\$50,633



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# Expense Estimates

Description	Quantity	Unit of Measure	Unit Cost	Total Cost per Cycle	Years of Useful Life	Years Remaining	Notes
<b>Site Improvements</b>							
Crack fill, seal coat, stripe asphalt paving	1,420	SY	\$3.25	\$4,615	5	0	
Resurface asphalt paving	1,420	SY	\$35.00	\$49,700	20	5	
Full depth repairs to asphalt paving	100	SY	\$65.00	\$6,500	15	0	
Repair sections of concrete curb and gutter	60	LF	\$60.00	\$3,600	8	5	Approx. 5% every 8 years
Repair sections of concrete flatwork	50	SY	\$150.00	\$7,500	8	5	Approx. 5% every 8 years
Common area drainage system repairs/improvements	1	LS	\$7,500.00	\$7,500	5	2	
Refurbish entrance monument and signage	1	LS	\$7,500.00	\$7,500	15	3	
Replace mailboxes	23	EA	\$150.00	\$3,450	20	10	
Allocation for landscape overhaul / tree removal	1	LS	\$7,500.00	\$7,500	4	3	
Allocation for repairs to underground utilities	1	LS	\$20,000.00	\$20,000	10	7	
<b>Building Exteriors</b>							
Replace building roofs	510	SQ	\$400.00	\$204,000	20	17	
Replace gutters and downspouts	1	LS	\$25,000.00	\$25,000	40	17	
Paint/repair exterior building components	23	EA	\$2,100.00	\$48,300	8	7	
Replace awnings	1	LS	\$7,350.00	\$7,350	12	11	bid price
Reserve study update	1	LS	\$3,300.00	\$3,300	4	3	

**SY:** Square Yard, **SF:** Square Feet, **LF:** Linear Feet, **SQ:** Roofing Square, **EA:** Each, **LS:** Lump Sum, **SYS:** System

# Annual Expense By Year With Inflation

Description	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
<b>Site Improvements</b>										
Crack fill, seal coat, stripe asphalt paving	\$4,615					\$0				
Resurface asphalt paving						\$61,198				
Full depth repairs to asphalt paving	\$6,500									
Repair sections of concrete curb and gutter						\$4,433				
Repair sections of concrete flatwork						\$9,235				
Common area drainage system repairs/improvements			\$8,151					\$10,037		
Refurbish entrance monument and signage				\$8,497						
Replace mailboxes										
Allocation for landscape overhaul / tree removal				\$8,497				\$10,037		
Allocation for repairs to underground utilities								\$26,765		
<b>Building Exteriors</b>										
Replace building roofs										
Replace gutters and downspouts										
Paint/repair exterior building components								\$64,637		
Replace awnings										
Reserve study update				\$3,739				\$4,416		
<b>Total</b>	<b>\$11,115</b>	<b>\$0</b>	<b>\$8,151</b>	<b>\$20,734</b>	<b>\$0</b>	<b>\$74,866</b>	<b>\$0</b>	<b>\$115,891</b>	<b>\$0</b>	<b>\$0</b>

# Annual Expense By Year With Inflation

Description	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
<b>Site Improvements</b>										
Crack fill, seal coat, stripe asphalt paving	\$6,997					\$8,616				
Resurface asphalt paving						\$12,135				
Full depth repairs to asphalt paving										
Repair sections of concrete curb and gutter				\$6,184						
Repair sections of concrete flatwork				\$12,884						
Common area drainage system repairs/improvements			\$12,359					\$15,218		
Refurbish entrance monument and signage									\$15,865	
Replace mailboxes	\$5,231									
Allocation for landscape overhaul / tree removal		\$11,855				\$14,002				\$16,539
Allocation for repairs to underground utilities								\$40,581		
<b>Building Exteriors</b>										
Replace building roofs								\$413,927		
Replace gutters and downspouts								\$50,726		
Paint/repair exterior building components						\$90,175				
Replace awnings		\$11,618								
Reserve study update		\$5,216				\$6,161				\$7,277
<b>Total</b>	<b>\$12,228</b>	<b>\$28,689</b>	<b>\$12,359</b>	<b>\$19,068</b>	<b>\$0</b>	<b>\$131,090</b>	<b>\$0</b>	<b>\$520,452</b>	<b>\$15,865</b>	<b>\$23,816</b>

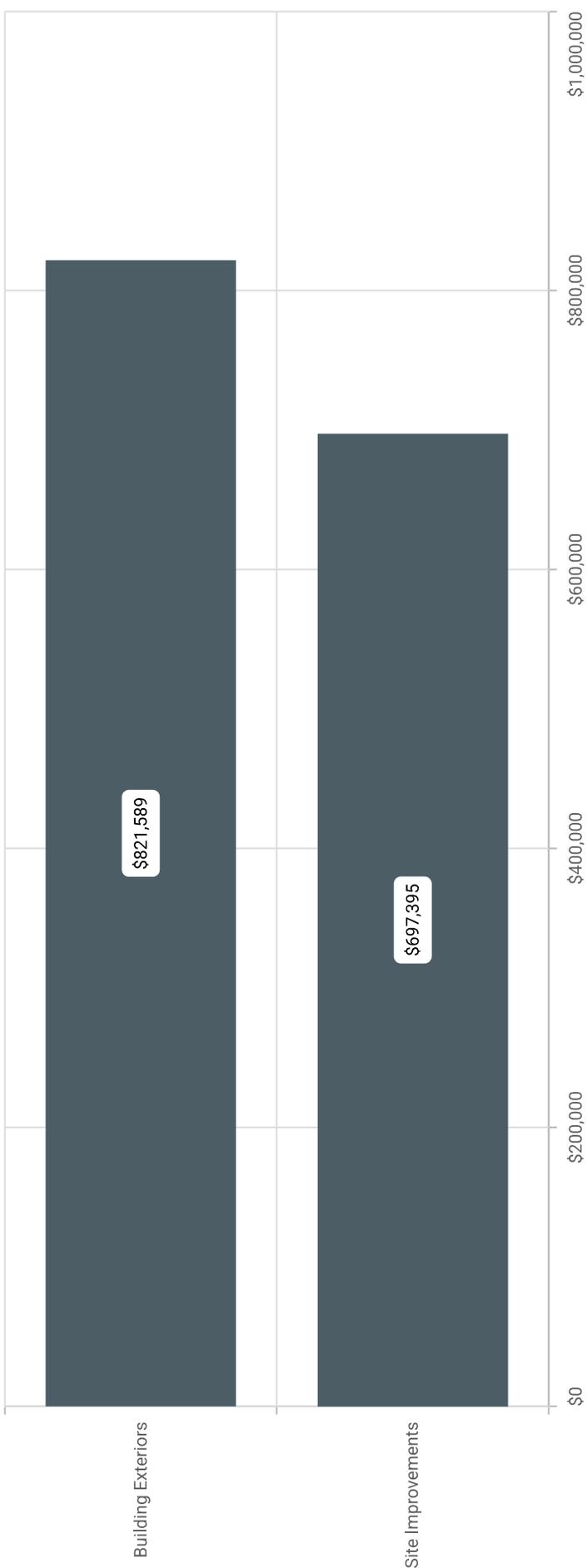
# Annual Expense By Year With Inflation

Description	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055
<b>Site Improvements</b>										
Crack fill, seal coat, stripe asphalt paving	\$10,609					\$0				
Resurface asphalt paving						\$140,688				
Full depth repairs to asphalt paving										
Repair sections of concrete curb and gutter		\$8,628								\$12,037
Repair sections of concrete flatwork		\$17,975								\$25,077
Common area drainage system repairs/improvements			\$18,738					\$23,074		
Refurbish entrance monument and signage										
Replace mailboxes										
Allocation for landscape overhaul / tree removal				\$19,535				\$23,074		
Allocation for repairs to underground utilities								\$61,530		
<b>Building Exteriors</b>										
Replace building roofs										
Replace gutters and downspouts										
Paint/repair exterior building components				\$125,805						
Replace awnings				\$19,144						
Reserve study update				\$8,595				\$10,152		
<b>Total</b>	<b>\$10,609</b>	<b>\$26,602</b>	<b>\$18,738</b>	<b>\$173,079</b>	<b>\$0</b>	<b>\$140,688</b>	<b>\$0</b>	<b>\$117,829</b>	<b>\$0</b>	<b>\$37,113</b>

# Expense Summary

Total Over Term Capital Expenditure with Inflation:	\$1,518,984
Average Estimated Annual Capital Expenditure with Inflation:	\$50,633
Current Reserve Account Balance:	\$0
Full Funding Balance:	\$125,102
Percent Funded:	0.00%

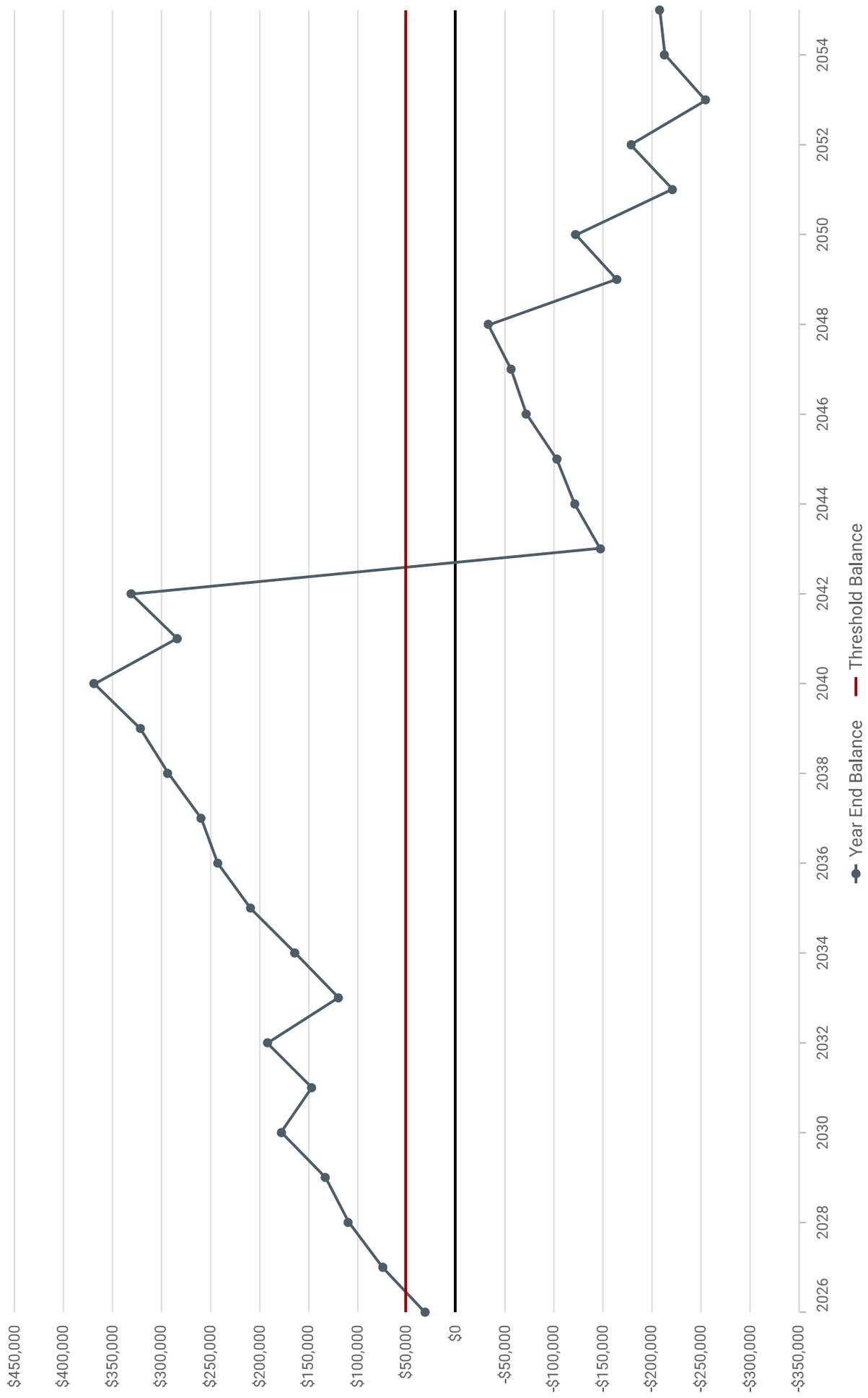
## Breakdown of Total Costs by Type



# Current Funding: Year End Balance Projection

Year	Starting Balance	Reserve Contribution	Average Per Unit Per Month	Return on Investment	Repair Expenses	Special Assessments	Year End Balance
2026	\$0	\$42,005	\$152.19	\$463	\$11,115		\$31,353
2027	\$31,353	\$42,005	\$152.19	\$1,100	\$0		\$74,459
2028	\$74,459	\$42,005	\$152.19	\$1,625	\$8,151		\$109,937
2029	\$109,937	\$42,005	\$152.19	\$1,968	\$20,734		\$133,177
2030	\$133,177	\$42,005	\$152.19	\$2,628	\$0		\$177,809
2031	\$177,809	\$42,005	\$152.19	\$2,174	\$74,866		\$147,123
2032	\$147,123	\$42,005	\$152.19	\$2,837	\$0		\$191,965
2033	\$191,965	\$42,005	\$152.19	\$1,771	\$115,891		\$119,850
2034	\$119,850	\$42,005	\$152.19	\$2,428	\$0		\$164,283
2035	\$164,283	\$42,005	\$152.19	\$3,094	\$0		\$209,382
2036	\$209,382	\$42,005	\$152.19	\$3,587	\$12,228		\$242,746
2037	\$242,746	\$42,005	\$152.19	\$3,841	\$28,689		\$259,903
2038	\$259,903	\$42,005	\$152.19	\$4,343	\$12,359		\$293,892
2039	\$293,892	\$42,005	\$152.19	\$4,752	\$19,068		\$321,582
2040	\$321,582	\$42,005	\$152.19	\$5,454	\$0		\$369,040
2041	\$369,040	\$42,005	\$152.19	\$4,199	\$131,090		\$284,154
2042	\$284,154	\$42,005	\$152.19	\$4,892	\$0		\$331,052
2043	\$331,052	\$42,005	\$152.19	\$0	\$520,452		-\$147,395
2044	-\$147,395	\$42,005	\$152.19	\$0	\$15,865		-\$121,255
2045	-\$121,255	\$42,005	\$152.19	\$0	\$23,816		-\$103,066
2046	-\$103,066	\$42,005	\$152.19	\$0	\$10,609		-\$71,670
2047	-\$71,670	\$42,005	\$152.19	\$0	\$26,602		-\$56,267
2048	-\$56,267	\$42,005	\$152.19	\$0	\$18,738		-\$33,001
2049	-\$33,001	\$42,005	\$152.19	\$0	\$173,079		-\$164,075
2050	-\$164,075	\$42,005	\$152.19	\$0	\$0		-\$122,070
2051	-\$122,070	\$42,005	\$152.19	\$0	\$140,688		-\$220,753
2052	-\$220,753	\$42,005	\$152.19	\$0	\$0		-\$178,748
2053	-\$178,748	\$42,005	\$152.19	\$0	\$117,829		-\$254,572
2054	-\$254,572	\$42,005	\$152.19	\$0	\$0		-\$212,567
2055	-\$212,567	\$42,005	\$152.19	\$0	\$37,113		-\$207,676

# Current Funding: Year End Balance Projection

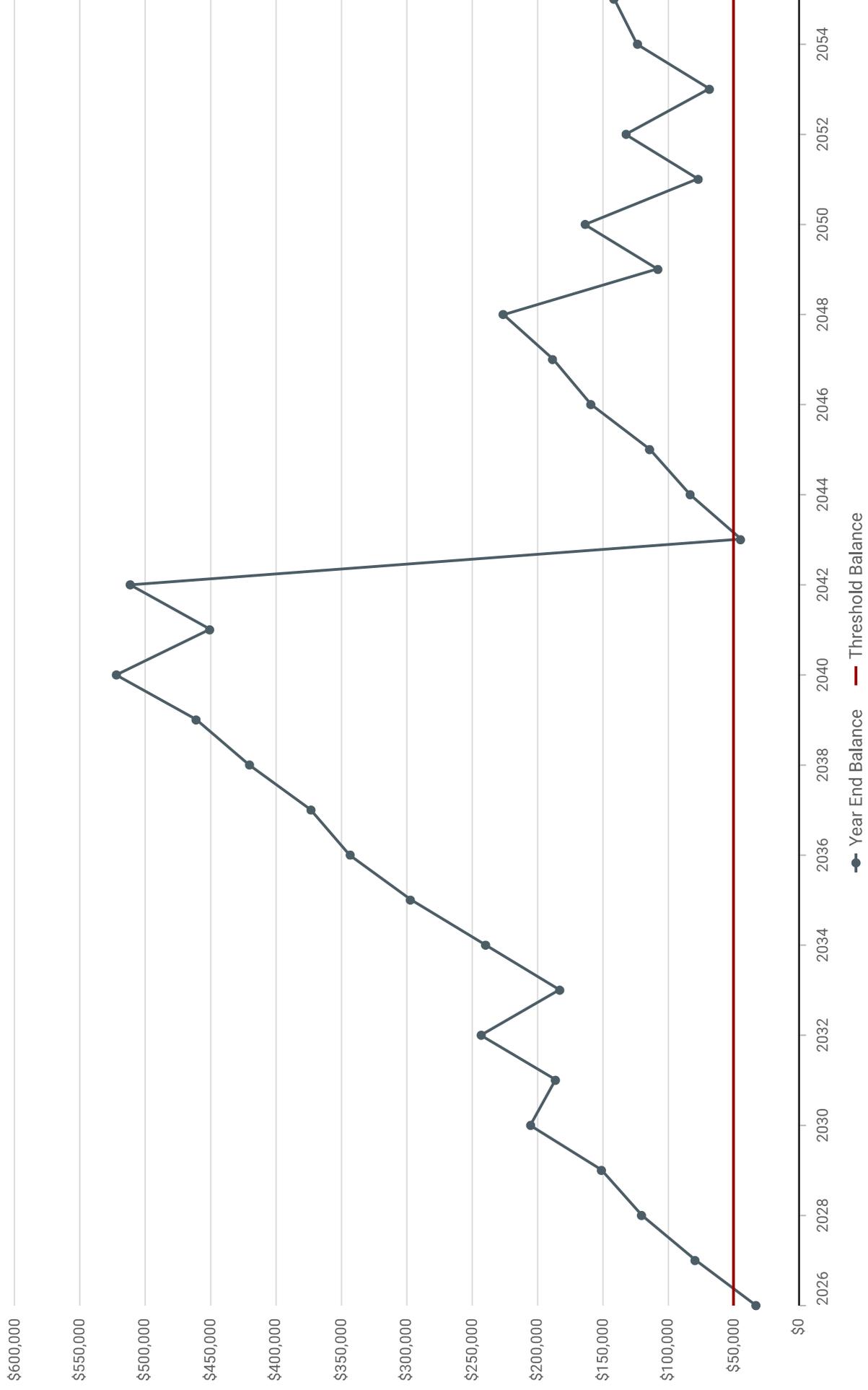


# Funding Alternative 1: Year End Balance Projection

Beginning in 2026, increase contribution by 4% every year for 6 years.

Year	Starting Balance	Reserve Contribution	Average Per Unit Per Month	Return on Investment	Repair Expenses	Special Assessments	Year End Balance
2026	\$0	\$43,685	\$158.28	\$489	\$11,115		\$33,059
2027	\$33,059	\$45,433	\$164.61	\$1,177	\$0		\$79,669
2028	\$79,669	\$47,250	\$171.20	\$1,782	\$8,151		\$120,549
2029	\$120,549	\$49,140	\$178.04	\$2,234	\$20,734		\$151,190
2030	\$151,190	\$51,106	\$185.16	\$3,034	\$0		\$205,329
2031	\$205,329	\$53,150	\$192.57	\$2,754	\$74,866		\$186,368
2032	\$186,368	\$53,150	\$192.57	\$3,593	\$0		\$243,110
2033	\$243,110	\$53,150	\$192.57	\$2,706	\$115,891		\$183,074
2034	\$183,074	\$53,150	\$192.57	\$3,543	\$0		\$239,767
2035	\$239,767	\$53,150	\$192.57	\$4,394	\$0		\$297,311
2036	\$297,311	\$53,150	\$192.57	\$5,073	\$12,228		\$343,306
2037	\$343,306	\$53,150	\$192.57	\$5,516	\$28,689		\$373,283
2038	\$373,283	\$53,150	\$192.57	\$6,211	\$12,359		\$420,285
2039	\$420,285	\$53,150	\$192.57	\$6,815	\$19,068		\$461,182
2040	\$461,182	\$53,150	\$192.57	\$7,715	\$0		\$522,047
2041	\$522,047	\$53,150	\$192.57	\$6,662	\$131,090		\$450,768
2042	\$450,768	\$53,150	\$192.57	\$7,559	\$0		\$511,476
2043	\$511,476	\$53,150	\$192.57	\$663	\$520,452		\$44,837
2044	\$44,837	\$53,150	\$192.57	\$1,232	\$15,865		\$83,354
2045	\$83,354	\$53,150	\$192.57	\$1,690	\$23,816		\$114,378
2046	\$114,378	\$53,150	\$192.57	\$2,354	\$10,609		\$159,272
2047	\$159,272	\$53,150	\$192.57	\$2,787	\$26,602		\$188,606
2048	\$188,606	\$53,150	\$192.57	\$3,345	\$18,738		\$226,363
2049	\$226,363	\$53,150	\$192.57	\$1,597	\$173,079		\$108,030
2050	\$108,030	\$53,150	\$192.57	\$2,418	\$0		\$163,597
2051	\$163,597	\$53,150	\$192.57	\$1,141	\$140,688		\$77,200
2052	\$77,200	\$53,150	\$192.57	\$1,955	\$0		\$132,305
2053	\$132,305	\$53,150	\$192.57	\$1,014	\$117,829		\$68,640
2054	\$68,640	\$53,150	\$192.57	\$1,827	\$0		\$123,616
2055	\$123,616	\$53,150	\$192.57	\$2,095	\$37,113		\$141,748

# Funding Alternative 1: Year End Balance Projection

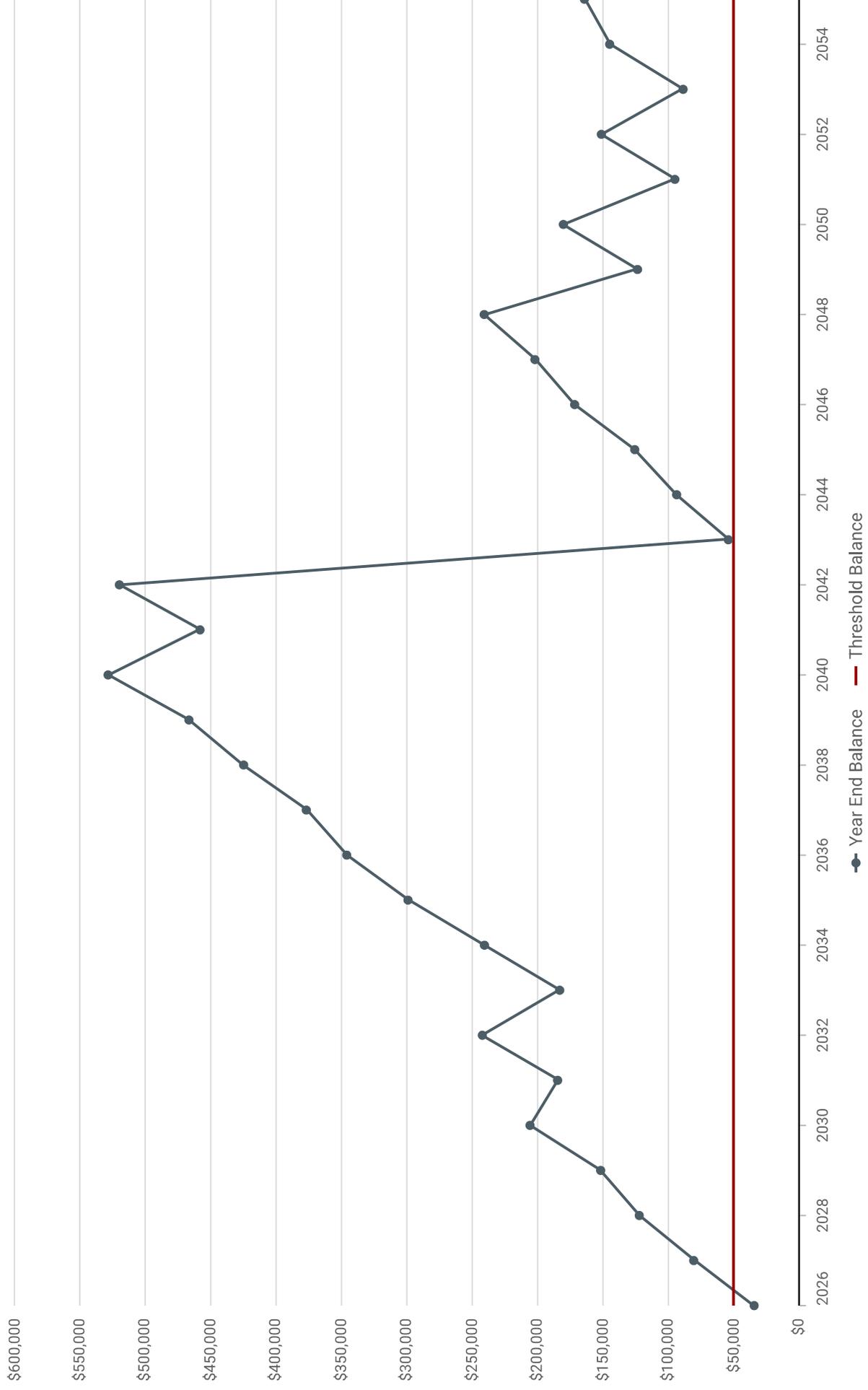


# Funding Alternative 2: Year End Balance Projection

Beginning in 2026, increase contribution by \$3,000 every other year for 7 years.

Year	Starting Balance	Reserve Contribution	Average Per Unit Per Month	Return on Investment	Repair Expenses	Special Assessments	Year End Balance
2026	\$0	\$45,005	\$163.06	\$508	\$11,115		\$34,398
2027	\$34,398	\$45,005	\$163.06	\$1,191	\$0		\$80,594
2028	\$80,594	\$48,005	\$173.93	\$1,807	\$8,151		\$122,255
2029	\$122,255	\$48,005	\$173.93	\$2,243	\$20,734		\$151,769
2030	\$151,769	\$51,005	\$184.80	\$3,042	\$0		\$205,816
2031	\$205,816	\$51,005	\$184.80	\$2,729	\$74,866		\$184,684
2032	\$184,684	\$54,005	\$195.67	\$3,580	\$0		\$242,270
2033	\$242,270	\$54,005	\$195.67	\$2,706	\$115,891		\$183,089
2034	\$183,089	\$54,005	\$195.67	\$3,556	\$0		\$240,651
2035	\$240,651	\$54,005	\$195.67	\$4,420	\$0		\$299,075
2036	\$299,075	\$54,005	\$195.67	\$5,113	\$12,228		\$345,965
2037	\$345,965	\$54,005	\$195.67	\$5,569	\$28,689		\$376,850
2038	\$376,850	\$54,005	\$195.67	\$6,277	\$12,359		\$424,774
2039	\$424,774	\$54,005	\$195.67	\$6,896	\$19,068		\$466,606
2040	\$466,606	\$54,005	\$195.67	\$7,809	\$0		\$528,420
2041	\$528,420	\$54,005	\$195.67	\$6,770	\$131,090		\$458,105
2042	\$458,105	\$54,005	\$195.67	\$7,682	\$0		\$519,792
2043	\$519,792	\$54,005	\$195.67	\$800	\$520,452		\$54,145
2044	\$54,145	\$54,005	\$195.67	\$1,384	\$15,865		\$93,670
2045	\$93,670	\$54,005	\$195.67	\$1,858	\$23,816		\$125,717
2046	\$125,717	\$54,005	\$195.67	\$2,537	\$10,609		\$171,649
2047	\$171,649	\$54,005	\$195.67	\$2,986	\$26,602		\$202,037
2048	\$202,037	\$54,005	\$195.67	\$3,560	\$18,738		\$240,863
2049	\$240,863	\$54,005	\$195.67	\$1,827	\$173,079		\$123,616
2050	\$123,616	\$54,005	\$195.67	\$2,664	\$0		\$180,286
2051	\$180,286	\$54,005	\$195.67	\$1,404	\$140,688		\$95,006
2052	\$95,006	\$54,005	\$195.67	\$2,235	\$0		\$151,246
2053	\$151,246	\$54,005	\$195.67	\$1,311	\$117,829		\$88,734
2054	\$88,734	\$54,005	\$195.67	\$2,141	\$0		\$144,880
2055	\$144,880	\$54,005	\$195.67	\$2,427	\$37,113		\$164,198

# Funding Alternative 2: Year End Balance Projection



## APPENDIX B: PROJECT PHOTOGRAPHS

**Description**

Asphalt paved private streets.



**Photo No.**  
**1**

**Description**

Oxidation, exposed aggregate, and minor cracking.



**Photo No.**  
**2**

<p><b>Description</b></p> <p>Fatigue cracking in asphalt pavement.</p>	
<p><b>Photo No.</b></p> <p>3</p>	

<p><b>Description</b></p> <p>Cracking in concrete curbing.</p>	
<p><b>Photo No.</b></p> <p>4</p>	

**Description**

Cracking and spalling in concrete.



**Photo No.**  
5

**Description**

Brick pavers and concrete spalling.



**Photo No.**  
6

<p><b>Description</b></p> <p>Cracking in concrete driveway.</p>	
<p><b>Photo No.</b> 7</p>	

<p><b>Description</b></p> <p>Riprap armored drain outlet pipe.</p>	
<p><b>Photo No.</b> 8</p>	

**Description**

Entrance monument.



**Photo No.**  
9

**Description**

Discoloration of paint on  
entrance sign.



**Photo No.**  
10

**Description**

Community mail center.



**Photo No.**  
**11**

**Description**

Mature tree near building.



**Photo No.**  
**12**

**Description**

Landscaped berm along community boundary.



**Photo No.**  
**13**

**Description**

Typical light pole in community.



**Photo No.**  
**14**

**Description**

Architectural grade  
asphalt shingled roof.



**Photo No.**  
**15**

**Description**

General view of  
townhome building and  
garage.



**Photo No.**  
**16**

**Description**

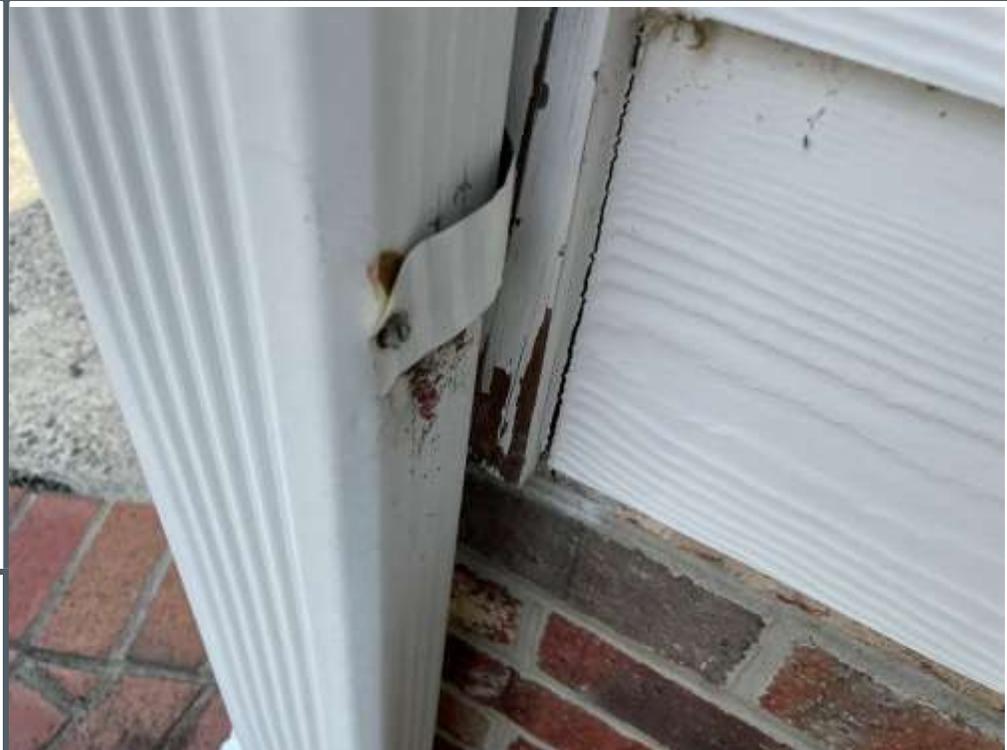
Fiber cement siding.



**Photo No.**  
**17**

**Description**

Flaking paint on wood trim near downspout.



**Photo No.**  
**18**

**Description**

Front door awning.



**Photo No.**  
**19**

**Description**

Tent awning.



**Photo No.**  
**20**