

# Functional Replacement Method Cost Compounding Technique

Client name \_\_\_\_\_ Date \_\_\_\_\_ Case # \_\_\_\_\_

Phone \_\_\_\_\_ E-mail \_\_\_\_\_

Address \_\_\_\_\_

## Subject tree

Species \_\_\_\_\_

1. Trunk diameter\* (D) \_\_\_\_\_ @ \_\_\_\_\_
2. Condition rating \_\_\_\_\_ %  
 Health \_\_\_\_\_  
 Structure \_\_\_\_\_  
 Form \_\_\_\_\_
3. Functional limitations \_\_\_\_\_ %
4. External limitations \_\_\_\_\_ %

## Functional replacement tree

Utility or benefit to be replaced \_\_\_\_\_

Replacement plan \_\_\_\_\_

Species \_\_\_\_\_

5. Diameter (D) \_\_\_\_\_ @ \_\_\_\_\_
6. Replacement tree and installation cost (Source: \_\_\_\_\_) \$ \_\_\_\_\_
7. Site preparation (if any) and present value of aftercare (if any) \_\_\_\_\_ \$ \_\_\_\_\_
8. Total replacement tree cost \$ \_\_\_\_\_

## Computations

9. Years to parity (appraiser's judgment)\*\* \_\_\_\_\_ yrs
10. Interest rate (Source: \_\_\_\_\_) \_\_\_\_\_ %
11. Basic compounded cost (line 8 × [1 + line 10]<sup>line 9</sup>) \$ \_\_\_\_\_
12. Depreciated compounded cost<sup>^</sup> (line 11 × line 2 × line 3 × line 4) \$ \_\_\_\_\_
13. Additional cleanup cost \$ \_\_\_\_\_
14. Total (line 12 + line 13) \$ \_\_\_\_\_
15. Rounded \$ \_\_\_\_\_

\* Diameter and cross-sectional area may be replaced with plant area, volume, or height as appropriate.

\*\* The age and cross-sectional area of the subject tree are not necessarily relevant. Its size (diameter, volume, and/or height) is relevant. Years to parity should reflect the appraiser's best estimate of the time for a healthy specimen to reach a size where it provides equal utility or benefits.

<sup>^</sup> Apply depreciation if it is appropriate for the assignment.