

FULL RESERVE STUDY

Greythorne by Marrano Condominium



Williamsville, New York
March 25, 2022



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Long-term thinking. Everyday commitment.

Corporate Office

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Greythorne by Marrano Condominium
Williamsville, New York

Dear Board of Directors of Greythorne by Marrano Condominium:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Full Reserve Study* of Greythorne by Marrano Condominium in Williamsville, New York and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, March 25, 2022.

This *Full Reserve Study* exceeds the Association of Professional Reserve Analysts (APRA) standards fulfilling the requirements of a "Level I Full Reserve Study."

An ongoing review by the Board and an Update of this Reserve Study are necessary to ensure an equitable funding plan since a Reserve Study is a snapshot in time. We recommend the Board budget for an Update to this Reserve Study in two- to three-years. We look forward to continuing to help Greythorne by Marrano Condominium plan for a successful future.

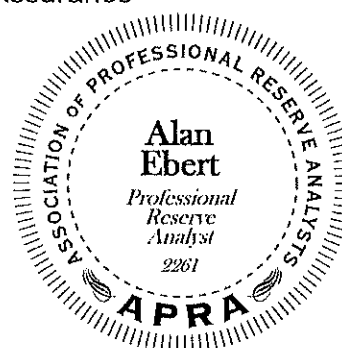
As part of our long-term thinking and everyday commitment to our clients, we are available to answer any questions you may have regarding this study.

Respectfully submitted on April 6, 2022 by

Reserve Advisors, LLC

Visual Inspection and Report by: Joseph Coffee

Review by: Alan M. Ebert, RS¹, PRA², Director of Quality Assurance



¹ RS (Reserve Specialist) is the reserve provider professional designation of the Community Associations Institute (CAI) representing America's more than 300,000 condominium, cooperative and homeowners associations.

² PRA (Professional Reserve Analyst) is the professional designation of the Association of Professional Reserve Analysts. Learn more about APRA at <http://www.apra-usa.com>.



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1. RESERVE STUDY EXECUTIVE SUMMARY

Client: Greythorne by Marrano Condominium (Greythorne)

Location: Williamsville, New York

Reference: 192700

Property Basics: Greythorne by Marrano Condominium is a homeowners association which is responsible for the common elements shared by 117 single family homes. The community was built in 2008.

Reserve Components Identified: 12 Reserve Components.

Inspection Date: March 25, 2022.

Funding Goal: The Funding Goal of this Reserve Study is to maintain reserves above an adequate, not excessive threshold during one or more years of significant expenditures. Our recommended Funding Plan recognizes these threshold funding years in 2033 and 2049 due to replacement of aluminum fences and light poles in 2033, and due to repaving in 2049.

Cash Flow Method: We use the Cash Flow Method to compute the Reserve Funding Plan. This method offsets future variable Reserve Expenditures with existing and future stable levels of reserve funding. Our application of this method also considers:

- Current and future local costs of replacement
- 0.7% anticipated annual rate of return on invested reserves
- 3.0% future Inflation Rate for estimating Future Replacement Costs

Sources for Local Costs of Replacement: Our proprietary database, historical costs and published sources, i.e., R.S. Means, Incorporated.

Unaudited Cash Status of Reserve Fund:

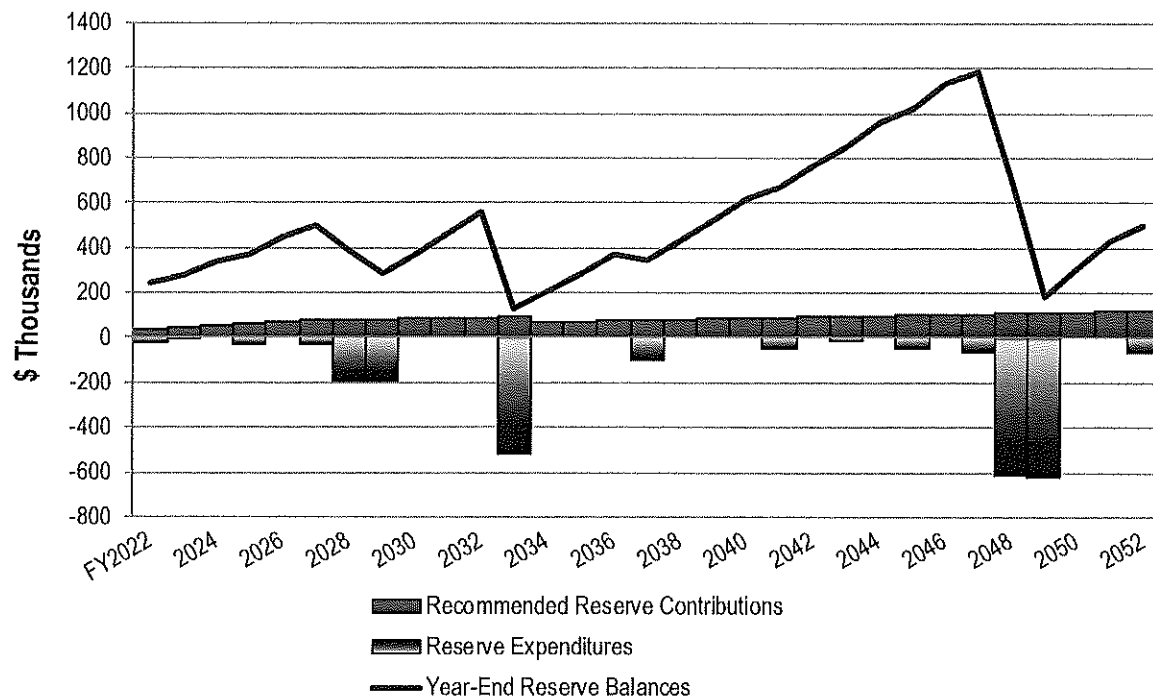
- \$227,885 as of January 31, 2022
- 2022 budgeted Reserve Contributions of \$38,839
- A potential deficit in reserves might occur by 2033 based upon continuation of the most recent annual reserve contribution of \$38,839 and the identified Reserve Expenditures.

Recommended Reserve Funding: We recommend the following in order to achieve a stable and equitable Funding Plan:

- Phased increases of approximately \$8,000 from 2023 through 2027
- Inflationary increases from 2028 through 2033
- Decrease to \$74,000 by 2034 due to fully funding for replacement of aluminum fences and street lights
- Inflationary increases through 2052, the limit of this study's Cash Flow Analysis
- Initial adjustment in Reserve Contributions of \$7,961 represents an average monthly increase of \$5.67 per homeowner and about an one percent (1.2%) adjustment in the 2022 total Operating Budget of \$645,889.
- 2023 Reserve Contribution of \$46,800 is equivalent to an average monthly contribution of \$33.33 per homeowner.

Greythorne
Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2023	46,800	279,634	2033	94,100	133,994	2043	96,600	852,566
2024	54,800	336,583	2034	74,000	209,191	2044	99,500	958,382
2025	62,800	374,523	2035	76,200	287,122	2045	102,500	1,018,398
2026	70,800	448,192	2036	78,500	367,907	2046	105,600	1,131,496
2027	78,800	496,437	2037	80,900	348,450	2047	108,800	1,187,245
2028	81,200	389,874	2038	83,300	434,481	2048	112,100	691,403
2029	83,600	284,782	2039	85,800	523,623	2049	115,500	187,034
2030	86,100	373,177	2040	88,400	615,998	2050	119,000	307,760
2031	88,700	464,800	2041	91,100	667,702	2051	122,600	432,943
2032	91,400	559,774	2042	93,800	766,504	2052	126,300	501,821





2. RESERVE STUDY REPORT

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Full Reserve Study* of

Greythorne by Marrano Condominium

Williamsville, New York

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, March 25, 2022.

We present our findings and recommendations in the following report sections and spreadsheets:

- **Identification of Property** - Segregates all property into several areas of responsibility for repair or replacement
- **Reserve Expenditures** - Identifies reserve components and related quantities, useful lives, remaining useful lives and future reserve expenditures during the next 30 years
- **Reserve Funding Plan** - Presents the recommended Reserve Contributions and year-end Reserve Balances for the next 30 years
- **Five-Year Outlook** - Identifies reserve components and anticipated reserve expenditures during the first five years
- **Reserve Component Detail** - Describes the reserve components, includes photographic documentation of the condition of various property elements, describes our recommendations for repairs or replacement, and includes detailed solutions and procedures for replacements for the benefit of current and future board members
- **Methodology** - Lists the national standards, methods and procedures used to develop the Reserve Study
- **Definitions** - Contains definitions of terms used in the Reserve Study, consistent with national standards
- **Professional Service Conditions** - Describes Assumptions and Professional Service Conditions
- **Credentials and Resources**

IDENTIFICATION OF PROPERTY



Our investigation includes Reserve Components or property elements as set forth in your Declaration. The Expenditure tables in Section 3 list the elements contained in this study. Our analysis begins by segregating the property elements into several areas of responsibility for repair and replacement.



Our process of identification helps assure that future boards and the management team understand whether reserves, the operating budget or Homeowners fund certain replacements and assists in preparation of the annual budget. We derive these segregated classes of property from our review of the information provided by the Association and through conversations with Management and the Board. These classes of property include:

- Reserve Components
- Long-Lived Property Elements
- Operating Budget Funded Repairs and Replacements
- Property Maintained by Homeowners
- Property Maintained by Others

We advise the Board conduct an annual review of these classes of property to confirm its policy concerning the manner of funding, i.e., from reserves or the operating budget. The Reserve Study identifies Reserve Components as set forth in your Declaration or which were identified as part of your request for proposed services. Reserve Components are defined by CAI as property elements with:

- Greythorne responsibility
- Limited useful life expectancies
- Predictable remaining useful life expectancies
- Replacement cost above a minimum threshold

Long-Lived Property Elements may not have predictable Remaining Useful Lives or their replacement may occur beyond the 30-year scope of the study. The operating budget should fund infrequent repairs. Funding untimely or unexpected replacements from reserves will necessitate increases to Reserve Contributions. Periodic updates of this Reserve Study will help determine the merits of adjusting the Reserve Funding Plan. We identify the following Long-Lived Property Elements as excluded from the 30-year Reserve Expenditures at this time.

- Electrical Systems, Common
- Inlet/Outlet Structures, Concrete, Storm Water Management System
- Pipes, Subsurface Utilities, Mains

The operating budget provides money for the repair and replacement of certain Reserve Components. The Association may develop independent criteria for use of operating and reserve funds. For purposes of calculating appropriate Reserve Contributions, we identify the following list of Operating Budget Funded Repairs and Replacements:

- General Maintenance to the Common Elements
- Expenditures less than \$4,500 (These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.)
- Catch Basins, Landscape
- Detention Ponds, Inspections and Maintenance
- Landscape



- Other Repairs normally funded through the Operating Budget

Certain items have been designated as the responsibility of the homeowners to repair or replace at their cost. Property Maintained by Homeowners, including items billed back to Homeowners, relates to unit:

- Driveways and Sidewalks
- Homes and Lots
- Irrigation Systems
- Mailboxes
- Pipes, Subsurface Utilities, Laterals

Certain items have been designated as the responsibility of others to repair or replace. Property Maintained by Others relates to:

- Asphalt Pavement Street Systems, East of Stonham Way (Separate Entity)
- Asphalt Pavement Street Systems, South of Perimeter Wall (Separate Entity)
- Golf Course (Separate Entity)

3. RESERVE EXPENDITURES and FUNDING PLAN

The tables following this introduction present:

Reserve Expenditures

- Line item numbers
- Total quantities
- Quantities replaced per phase (in a single year)
- Reserve component inventory
- Estimated first year of event (i.e., replacement, application, etc.)
- Life analysis showing
 - useful life
 - remaining useful life
- 2022 local cost of replacement
 - Per unit
 - Per phase
 - Replacement of total quantity
- Percentage of future expenditures anticipated during the next 30 years
- Schedule of estimated future costs for each reserve component including inflation

Reserve Funding Plan

- Reserves at the beginning of each year
- Total recommended reserve contributions
- Estimated interest earned from invested reserves
- Anticipated expenditures by year
- Anticipated reserves at year end
- Predicted reserves based on current funding level

Five-Year Outlook

- Line item numbers
- Reserve component inventory of only the expenditures anticipated to occur within the first five years
- Schedule of estimated future costs for each reserve component anticipated to occur within the first five years

The purpose of a Reserve Study is to provide an opinion of reasonable annual Reserve Contributions. Prediction of exact timing and costs of minor Reserve Expenditures typically will not significantly affect the 30-year cash flow analysis. Adjustments to the times and/or costs of expenditures may not always result in an adjustment in the recommended Reserve Contributions.

Financial statements prepared by your association, by you or others might rely in part on information contained in this section. For your convenience, we have provided an electronic data file containing the tables of ***Reserve Expenditures*** and ***Reserve Funding Plan***.

RESERVE EXPENDITURES

Greythorne
by Marrano Condominium
Williamsville, New York

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	1st Year of Event	Years		Unit (2022)	Per Phase (2022)	Total (2022)	RUL = 0 Expenditures FY2022	FY2022 is Fiscal Year beginning January 1, 2022 and ending December 31, 2022.																
						Useful	Remaining					1 2023	2 2024	3 2025	4 2026	5 2027	6 2028	7 2029	8 2030	9 2031	10 2032	11 2033	12 2034	13 2035	14 2036	15 2037		
Procedural Site Elements																												
4.020	13,900	13,900	Square Yards	Asphalt Pavement, Crack Repair, Patch, and Seal Coat	2025	3 to 5	3	1.80	25,020	25,020	7.5%				27,340				148,376	153,857			34,534				38,880	
4.040	13,900	6,950	Square Yards	Asphalt Pavement, Mill and Overlay, Streets, Phased	2026	15 to 20	6 to 7	18.00	125,100	250,200	11.8%																	
4.065	13,900	6,950	Square Yards	Asphalt Pavement, Total Replacement, Streets, Phased	2048	15 to 20	25 to 27	36.00	250,200	500,400	42.6%																	
4.100	50	25	Each	Catch Basins, Inspections and Capital Repairs, Phased	2026	15 to 20	6 to 7	600.00	15,000	30,000	4.0%								17,911	18,448								
4.110	11,500	575	Linear Feet	Concrete Gutters, Partial	2028	to 65	6 to 30+	26.50	15,238	304,750	4.0%								18,194	18,740								
4.200	2,900	2,900	Linear Feet	Fences, Aluminum	2033	to 25	11	44.00	127,600	127,600	6.9%											176,628						
4.310	1	1	Allowance	Gate Entry System	2022	10 to 15	0	25,000.00	25,000	25,000	4.8%	25,000																
4.320	4	4	Each	Gate Operators	2027	to 10	5	4,000.00	16,000	16,000	3.0%						18,548									38,949		
4.330	4	4	Each	Gates	2027	to 20	5	3,300.00	13,200	13,200	1.7%						15,302									24,927		
4.550	120	120	Each	Light Poles and Fixtures	2033	to 25	11	1,800.00	216,000	216,000	11.8%											288,995						
4.640	5,800	5,800	Square Feet	Perimeter Walls, Stucco with Masonry Columns, Inspections and Capital Repairs	2023	8 to 12	1	1.50	8,700	8,700	1.4%	8,561											12,043					
4.810	1	1	Allowance	Signage, Street and Traffic	2028	15 to 20	6	4,500.00	4,500	4,500	0.6%							5,373										
Anticipated Expenditures, By Year (\$2,570,880 over 30 years)												25,000	8,961	0	27,340	0	33,850	180,854	191,045	0	0	0	522,300	0	0	0	102,850	

RESERVE EXPENDITURES

Greythorne
by Marcano Condominium
Williamsport, New York

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Unit (2022)	Costs, \$		Percentage of Future Expenditures	Years 2033 to 2052														
						Useful	Remaining		Per Phase (2022)	Total (2022)		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
Exterior Site Elements																										
4.020	13,500	13,500	Square Yards	Asphalt Pavement, Crack Repair, Patch, and Seal Coat	2025	3 to 5	3	1.50	20,000	20,000	7.5%				43,379											
4.040	13,500	6,500	Square Yards	Asphalt Pavement, Mill and Overlay, Streets Phased	2028	15 to 20	6 to 7	18.00	125,100	250,200	11.8%															
4.045	13,500	6,500	Square Yards	Asphalt Pavement, Trail Replacement, Streets Phased	2046	15 to 20	26 to 27	35.00	250,200	500,400	42.6%												535,579	555,787		
4.100	50	25	Each	Catch Basins, Inspections and Capital Repairs, Phased	2028	15 to 20	6 to 7	600.00	15,000	30,000	4.0%												32,349	33,319		
4.110	11,500	575	Linear Feet	Concrete Gutters, Partial	2028	to 65	6 to 30+	25.50	15,238	304,750	4.0%												32,861	33,847		
4.200	2,500	2,500	Linear Feet	Fences, Aluminum	2033	to 25	11	44.00	127,600	127,600	6.9%															
4.310	1	1	Allowance	Gate Entry System	2022	10 to 15	0	25,000.00	25,000	25,000	4.9%															
4.320	4	4	Each	Gate Operators	2027	to 10	5	4,000.00	16,000	16,000	3.0%															
4.330	4	4	Each	Gates	2027	to 20	5	3,300.00	13,200	13,200	1.7%															
4.350	120	120	Each	Light Poles and Fixtures	2033	to 25	11	1,800.00	216,000	216,000	11.5%															
4.540	5,500	5,500	Square Feet	Penetrator Walls, Stucco with Masonry Columns, Inspections and Capital Repairs	2023	8 to 12	1	1.50	8,700	8,700	1.4%						16,185									
4.510	1	1	Allowance	Signage, Street and Traffic	2028	15 to 20	5	4,500.00	4,500	4,500	0.8%											9,705				
Anticipated Expenditures, By Year (10,270,890 over 30 years)												0	0	0	43,379	0	16,185	0	49,379	0	51,138	614,494	622,933	0	0	60,682

RESERVE FUNDING PLAN**CASH FLOW ANALYSIS**

Greythorne
by Marrano Condominium
Williamsville, New York

by Marrano Condominium Williamsville, New York		Individual Reserve Budgets & Cash Flows for the Next 30 Years																
		FY2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	
Reserves at Beginning of Year	(Note 1)	227,885	239,983	279,634	336,583	374,523	448,192	496,437	389,874	284,782	373,177	464,800	559,774	133,994	209,191	287,122	367,907	
Total Recommended Reserve Contributions	(Note 2)	35,602	46,800	54,800	62,800	70,800	78,800	81,200	83,600	86,100	88,700	91,400	94,100	74,000	76,200	78,500	80,900	
Estimated Interest Earned, During Year	(Note 3)	1,496	1,812	2,149	2,480	2,869	3,295	3,091	2,353	2,295	2,923	3,574	2,420	1,197	1,731	2,285	2,499	
Anticipated Expenditures, By Year		(25,000)	(8,961)	0	(27,340)	0	(33,850)	(190,854)	(191,045)	0	0	0	(522,300)	0	0	0	(102,856)	
Anticipated Reserves at Year End		<u>\$239,983</u>	<u>\$279,634</u>	<u>\$336,583</u>	<u>\$374,523</u>	<u>\$448,192</u>	<u>\$496,437</u>	<u>\$389,874</u>	<u>\$284,782</u>	<u>\$373,177</u>	<u>\$464,800</u>	<u>\$559,774</u>	<u>\$133,994</u>	<u>\$209,191</u>	<u>\$287,122</u>	<u>\$367,907</u>	<u>\$348,450</u>	
Predicted Reserves based on 2022 funding level of:	\$38,839	239,983	271,645	312,521	326,248	367,507	375,086	225,165	74,002	113,495	153,264	193,312	(290,488)	(253,546)				

(continued)

Individual Reserve Budgets & Cash Flows for the Next 30 Years, Continued																
	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	
Reserves at Beginning of Year	348,450	434,481	523,623	615,998	667,702	766,504	852,566	958,382	1,018,398	1,131,496	1,187,245	691,403	187,034	307,760	432,943	
Total Recommended Reserve Contributions	83,300	85,800	88,400	91,100	93,800	96,600	99,500	102,500	105,600	108,800	112,100	115,500	119,000	122,600	126,300	
Estimated Interest Earned, During Year	2,731	3,342	3,975	4,477	5,002	5,647	6,316	6,895	7,498	8,087	8,582	3,064	1,726	2,563	3,260	
Anticipated Expenditures, By Year	0	0	0	(43,873)	0	(16,185)	0	(49,379)	0	(61,138)	(614,494)	(622,933)	0	0	(60,682)	
Anticipated Reserves at Year End	\$434,481	\$523,623	\$615,998	\$667,702	\$766,504	\$852,566	\$958,382	\$1,018,398	\$1,131,496	\$1,187,245	\$691,403	\$187,034	\$307,760	\$432,943	\$501,821	(NOTE 4)

Explanatory Notes:

- 1) Year 2022 starting reserves are as of January 31, 2022; FY2022 starts January 1, 2022 and ends December 31, 2022.
- 2) Reserve Contributions for 2022 are the remaining budgeted 11 months; 2023 is the first year of recommended contributions.
- 3) 0.7% is the estimated annual rate of return on invested reserves; 2022 is a partial year of interest earned.
- 4) Accumulated year 2052 ending reserves consider the age, size, overall condition and complexity of the property.
- 5) Threshold Funding Years (reserve balance at critical point).

FIVE-YEAR OUTLOOK**Greythorne
by Marrano Condominium
Williamsville, New York**

Line Item	Reserve Component Inventory	RUL = 0 FY2022	1 2023	2 2024	3 2025	4 2026	5 2027
<u>Property Site Elements</u>							
4.020	Asphalt Pavement, Crack Repair, Patch, and Seal Coat				27,340		
4.310	Gate Entry System	25,000					
4.320	Gate Operators						18,548
4.330	Gates						15,302
4.640	Perimeter Walls, Stucco with Masonry Columns, Inspections and Capital Repairs		8,961				
Anticipated Expenditures, By Year (\$2,570,890 over 30 years)		25,000	8,961	0	27,340	0	33,850

4. RESERVE COMPONENT DETAIL

The Reserve Component Detail of this *Full Reserve Study* includes enhanced solutions and procedures for select significant components. This section describes the Reserve Components, documents specific problems and condition assessments, and may include detailed solutions and procedures for necessary capital repairs and replacements for the benefit of current and future board members. We advise the Board use this information to help define the scope and procedures for repair or replacement when soliciting bids or proposals from contractors. *However, the Report in whole or part is not and should not be used as a design specification or design engineering service.*

Property Site Elements

Asphalt Pavement, Crack Repair, Patch, and Seal Coat

Line Item: 4.020

Quantity: Approximately 13,900 square yards at the streets

History: Crack repairs have been conducted with no history of seal coat applications.

Condition: Good to fair overall

Useful Life: Three- to five-years

Component Detail Notes: Proposals should include mechanically routing and filling all cracks with hot emulsion. Repairs should also include patching at areas exhibiting settlement, potholes, or excessive cracking. The contractor should only apply seal coat applications after repairs are completed. A seal coat does not bridge or close cracks, therefore, unrepaired cracks render the seal coat applications useless. These activities minimize the damaging effects of vehicle fluids, maintain a uniform and positive appearance, and maximize the useful life of the pavement.

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our cost includes an allowance for crack repairs and patching of up to two percent (2%) of the pavement.

Asphalt Pavement, Repaving

Line Items: 4.040 and 4.045

Quantity: Approximately 13,900 square yards at the streets

History: Original. Management informs us that the wear course was installed prematurely by the developer and that the Association may seek compensation. For the

purpose of this study we assume that the Association will not receive any such compensation from the developer.

Condition: Good to fair overall with crack repairs evident.



Asphalt pavement street overview



Asphalt pavement street overview



Crack repair



Crack repair



Asphalt pavement street overview



Construction ongoing



Asphalt pavement street overview



Crack repair

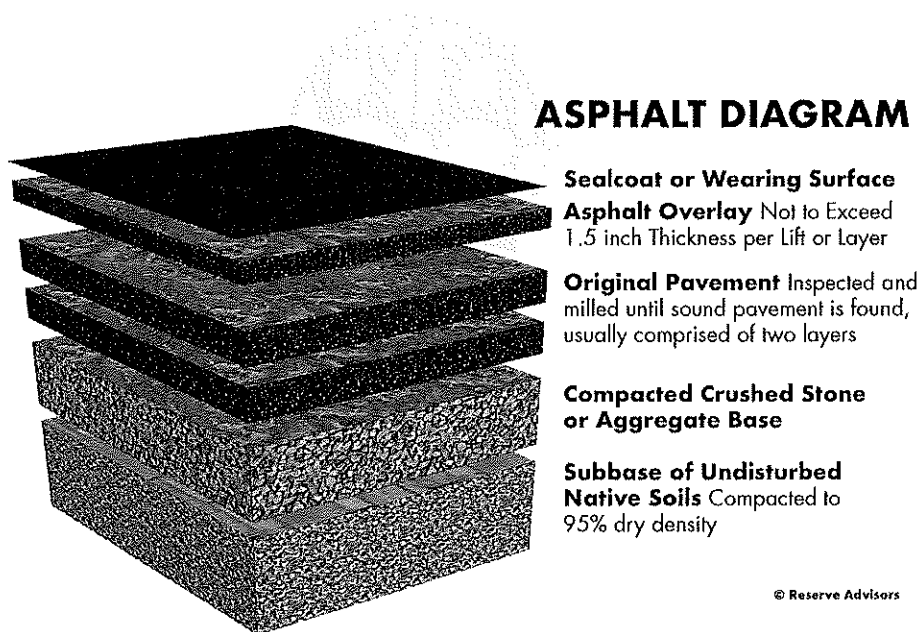


Asphalt pavement street overview

Useful Life: 15- to 20-years with the benefit of timely crack repairs and patching

Component Detail Notes: The initial installation of asphalt uses at least two lifts, or two separate applications of asphalt, over the base course. The first lift is the binder course.

The second lift is the wearing course. The wearing course comprises a finer aggregate for a smoother more watertight finish. The following diagram depicts the typical components although it may not reflect the actual configuration at Greythorne:



The manner of repaving is either a mill and overlay or total replacement. A mill and overlay is a method of repaving where cracked, worn and failed pavement is mechanically removed or milled until sound pavement is found. A new layer of asphalt is overlaid atop the remaining base course of pavement. Total replacement includes the removal of all existing asphalt down to the base course of aggregate and native soil followed by the application of two or more new lifts of asphalt. We recommend mill and overlayment on asphalt pavement that exhibits normal deterioration and wear. We recommend total replacement of asphalt pavement that exhibits severe deterioration, inadequate drainage, pavement that has been overlaid multiple times in the past or where the configuration makes overlayment not possible. Based on the apparent visual condition and configuration of the asphalt pavement, we recommend the mill and overlay method for initial repaving followed by the total replacement method for subsequent repaving at Greythorne.

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
 - Inspect for settlement, large cracks and trip hazards, and ensure proper drainage
 - Repair areas which could cause vehicular damage such as potholes
- As needed:
 - Perform crack repairs and patching

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our cost for milling and overlayment includes area patching of up to ten percent (10%).

Catch Basins

Line Item: 4.100

Quantity: Approximately 50 catch basins¹

History: Original

Condition: Good overall



Catch basin



Catch basin

Useful Life: The useful life of catch basins is up to 65 years. However, achieving this useful life usually requires interim capital repairs or partial replacements every 15- to 20-years.

Component Detail Notes: Erosion causes settlement around the collar of catch basins. Left unrepaired, the entire catch basin will shift and need replacement.

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
 - Inspect and repair any settlement and collar cracks
 - Ensure proper drainage and inlets are free of debris
 - If property drainage is not adequate in heavy rainfall events, typically bi-annual cleaning of the catch basins is recommended

¹ We utilize the terminology catch basin to refer to all storm water collection structures including curb inlets.

Priority/Criticality: Defer only upon opinion of independent professional or engineer

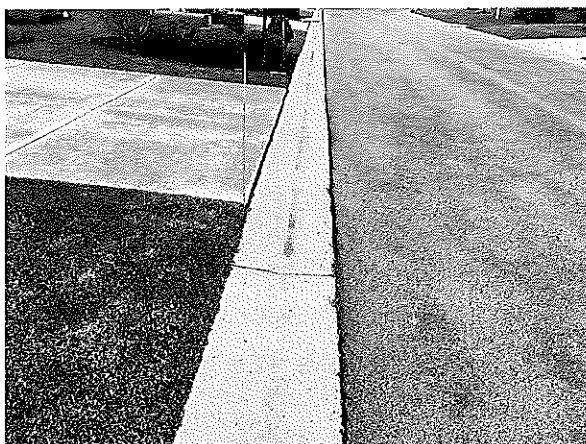
Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We recommend the Association plan for inspections and capital repairs to the catch basins in conjunction with repaving.

Concrete Gutters

Line Item: 4.110

Quantity: Approximately 11,500 linear feet throughout the community

History and Condition: Good overall with no history of significant repairs



Concrete gutter



Concrete gutter

Useful Life: Up to 65 years although interim deterioration of areas is common

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
 - Inspect and repair major cracks, spalls and trip hazards
 - Mark with orange safety paint prior to replacement or repair
 - Repair or perform concrete leveling in areas in immediate need of repair or possible safety hazard

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We estimate that up to 2,300 linear feet of gutters, or twenty percent (20%) of the total, will require replacement during the next 30 years.

Fences, Aluminum

Line Item: 4.200

Quantity: Approximately 2,900 linear feet located at the west and northeast perimeters

History: Original to 2008

Condition: Good to fair overall with areas of bent pickets and damaged sections.



Aluminum fence



Fence picket damage



Fence damage



Fence picket damage



Aluminum fence overview



Fence damage

Useful Life: Up to 25 years (The useful life of the finish is indeterminate. Future updates of this Reserve Study will again consider the need to refinish the railings based on condition.)

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
 - Inspect and repair loose fasteners or sections, and damage
 - Repair leaning sections and clear vegetation from fence areas which could cause damage

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3.

Gate Entry System

Line Item: 4.310

Quantity: One panel at the main entrance and a clicker system at each of the two entrances.

History: Replacement planned in 2022

Condition: Reported in unsatisfactory overall condition



Gate entry keypad

Useful Life: 10- to 15-years

Preventative Maintenance Notes: We recommend the Association obtain and adhere to the manufacturer's recommended maintenance plan. The required preventative maintenance may vary in frequency and scope based on the unit's age, operational condition, or changes in technology. We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Monthly:
 - Inspect panel for damage and ensure the panel is mounted securely, tighten or replace any loose or damaged fasteners.
 - Inspect panel for proper operation of buttons, displays, microphone and speaker.
- Annually:
 - Check power connections, and if applicable, functionality of battery power supply systems

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our estimate of cost is based on information provided by Management.

Gates and Operators

Line Items: 4.320 and 4.330

Quantity: Four gates and four operators

History:

- Gates: Original
- Operators: Unknown

Condition:

- Gates: Good overall
- Operators: Reported in satisfactory overall condition



Aluminum gates



Gate operator



Aluminum gate



Gate operator

Useful Life: Up to 10 years for the operators and up to 20 years for the gates

Preventative Maintenance Notes: We recommend the Association obtain and adhere to the manufacturer's recommended maintenance plan. The required preventative maintenance may vary in frequency and scope based on the unit's age, operational condition, or changes in technology. We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Semi-annually:
 - Ensure gates operate freely
 - Inspect for any wear, rust and loose fasteners
 - Inspect and correct tension in belts and chains, and lubricate hinges and chains as necessary
 - Check alignment of pulleys
 - Check for no oil leakage at the gear box

- Check the control board for water damage. Clean and remove insects and other pests as needed.
- Check all wiring for insulation damage and loose connections. If applicable, check functionality of battery power supply systems

Priority/Criticality: Not recommended to defer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3.

Light Poles and Fixtures

Line Item: 4.560

Quantity: Approximately 120 poles with light fixtures

History: Original

Condition: Good overall



Light pole and fixture



Light pole and fixture

Useful Life: Up to 25 years

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- As-needed:
 - Inspect and repair broken or dislodged fixtures, and leaning or damaged poles
 - Replaced burned out bulbs as needed

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3.

Perimeter Walls, Stucco with Masonry Columns

Line Item: 4.640

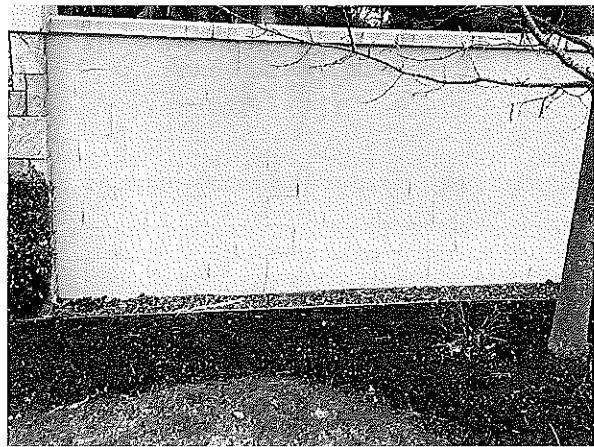
Quantity: Approximately 5,800 square feet of surface area including both sides of the wall and the entrance monuments

History: Repairs to the wall were conducted in 2021

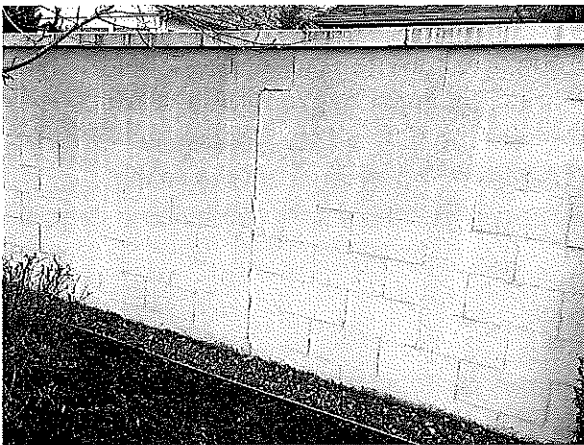
Condition: The walls are in good to fair overall condition and the paint finishes are in poor overall condition with visible CMU lines, color fade, and stains.



Perimeter wall overview



Wall paint finish deterioration



Wall cracks



Perimeter wall overview



Entrance sign and masonry



Entrance sign and masonry

Useful Life: Indefinitely long with periodic finish applications and proper maintenance every 8- to 12-years

Component Detail Notes: Stucco is Portland cement plaster that is applied directly to a solid base such as masonry or concrete. Periodic paint finish applications and repairs to stucco help prevent water infiltration and spalling from weather exposure, maintain a good appearance and maximize the useful life of the system.

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- As-needed:
 - Inspect for significant stucco damage, cracks and paint finish deterioration. If these conditions exist, perform near term repairs and remediation, utilizing reserve funds if project scope warrants.
 - Ensure irrigation heads are directed away from the walls
 - Pressure clean as necessary at areas of finish stains and organic growth

Priority/Criticality: Not recommended to defer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our cost includes for complete inspection and paint finish applications to the wall, repairs to the masonry, and renovations to the entrance signs.

Signage

Line Item: 4.810

Quantity: The Association maintains street and traffic signs throughout the community.

History: Original with a history of paint finish applications, funded through the operating budget.

Condition: Good overall



Traffic management signage



Traffic management signage

Useful Life: 15- to 20-years

Component Detail Notes: The community signs contribute to the overall aesthetic appearance of the property to owners and potential buyers. Replacement of community signs is often predicated upon the desire to "update" the perceived identity of the community rather than for utilitarian concerns. Therefore, the specific time for replacement of the signs is discretionary.

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
 - Inspect and repair damage, vandalism and loose components
 - Verify lighting is working properly if applicable
 - Touch-up paint finish applications if applicable

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3.

Reserve Study Update

An ongoing review by the Board and an Update of this Reserve Study are necessary to ensure an equitable funding plan since a Reserve Study is a snapshot in time. Many variables change after the study is conducted that may result in significant overfunding or underfunding the reserve account. Variables that may affect the Reserve Funding Plan include, but are not limited to:



- Deferred or accelerated capital projects based on Board discretion
- Changes in the interest rates on reserve investments
- Changes in the *local* construction inflation rate
- Additions and deletions to the Reserve Component Inventory
- The presence or absence of maintenance programs
- Unusually mild or extreme weather conditions
- Technological advancements

Periodic updates incorporate these variable changes since the last Reserve Study or Update. We recommend the Board budget for an Update to this Reserve Study in two-to three-years. Budgeting for an Update demonstrates the Board's objective to continue fulfilling its fiduciary responsibility to maintain the commonly owned property and to fund reserves appropriately.

5.METHODOLOGY

Reserves for replacement are the amounts of money required for future expenditures to repair or replace Reserve Components that wear out before the entire facility or project wears out. Reserving funds for future repair or replacement of the Reserve Components is also one of the most reliable ways of protecting the value of the property's infrastructure and marketability.

Greythorne can fund capital repairs and replacements in any combination of the following:

1. Increases in the operating budget during years when the shortages occur
2. Loans using borrowed capital for major replacement projects
3. Level monthly reserve assessments annually adjusted upward for inflation to increase reserves to fund the expected major future expenditures
4. Special assessments

We do not advocate special assessments or loans unless near term circumstances dictate otherwise. Although loans provide a gradual method of funding a replacement, the costs are higher than if the Association were to accumulate reserves ahead of the actual replacement. Interest earnings on reserves also accumulate in this process of saving or reserving for future replacements, thereby defraying the amount of gradual reserve collections. We advocate the third method of *Level Monthly Reserve Assessments* with relatively minor annual adjustments. The method ensures that Homeowners pay their "fair share" of the weathering and aging of the commonly owned property each year. Level reserve assessments preserve the property and enhance the resale value of the homes.

This Reserve Study is in compliance with and exceeds the National standards¹ set forth by the Association of Professional Reserve Analysts (APRA) fulfilling the requirements of a "Level I Full Reserve Study." These standards require a Reserve Component to have a "predictable remaining Useful Life." Estimating Remaining Useful Lives and Reserve Expenditures beyond 30 years is often indeterminate. Long-Lived Property Elements are necessarily excluded from this analysis. We considered the following factors in our analysis:

- The Cash Flow Method to compute, project and illustrate the 30-year Reserve Funding Plan
- Local² costs of material, equipment and labor
- Current and future costs of replacement for the Reserve Components
- Costs of demolition as part of the cost of replacement
- Local economic conditions and a historical perspective to arrive at our estimate of long-term future inflation for construction costs in Williamsville, New York at an annual inflation rate³. Isolated or regional markets of

¹ Identified in the APRA "Standards - Terms and Definitions" and the CAI "Terms and Definitions".

² See Credentials for additional information on our use of published sources of cost data.

³ Derived from Marshall & Swift, historical costs and the Bureau of Labor Statistics.

greater construction (development) activity may experience slightly greater rates of inflation for both construction materials and labor.

- The past and current maintenance practices of Greythorne and their effects on remaining useful lives
- Financial information provided by the Association pertaining to the cash status of the reserve fund and budgeted reserve contribution
- The anticipated effects of appreciation of the reserves over time in accord with a return or yield on investment of your cash equivalent assets. (We did not consider the costs, if any, of Federal and State Taxes on income derived from interest and/or dividend income).
- The Funding Plan excludes necessary operating budget expenditures. It is our understanding that future operating budgets will provide for the ongoing normal maintenance of Reserve Components.

Updates to this Reserve Study will continue to monitor historical facts and trends concerning the external market conditions.



6. CREDENTIALS

HISTORY AND DEPTH OF SERVICE

Founded in 1991, Reserve Advisors is the leading provider of reserve studies, insurance appraisals, developer turnover transition studies, expert witness services, and other engineering consulting services. Clients include community associations, resort properties, hotels, clubs, non-profit organizations, apartment building owners, religious and educational institutions, and office/commercial building owners in 48 states, Canada and throughout the world.

The **architectural engineering consulting firm** was formed to take a leadership role in helping fiduciaries, boards, and property managers manage their property like a business with a long-range master plan known as a Reserve Study.

Reserve Advisors employs the **largest staff of Reserve Specialists** with bachelor's degrees in engineering dedicated to Reserve Study services. Our founders are also founders of Community Associations Institute's (CAI) Reserve Committee that developed national standards for reserve study providers. One of our founders is a Past President of the Association of Professional Reserve Analysts (APRA). Our vast experience with a variety of building types and ages, on-site examination and historical analyses are keys to determining accurate remaining useful life estimates of building components.

No Conflict of Interest - As consulting specialists, our **independent opinion** eliminates any real or perceived conflict of interest because we do not conduct or manage capital projects.

TOTAL STAFF INVOLVEMENT

Several staff members participate in each assignment. The responsible advisor involves the staff through a Team Review, exclusive to Reserve Advisors, and by utilizing the experience of other staff members, each of whom has served hundreds of clients. We conduct Team Reviews, an internal quality assurance review of each assignment, including: the inspection; building component costing; lifing; and technical report phases of the assignment. Due to our extensive experience with building components, we do not have a need to utilize subcontractors.

OUR GOAL

To help our clients fulfill their fiduciary responsibilities to maintain property in good condition.

VAST EXPERIENCE WITH A VARIETY OF BUILDINGS

Reserve Advisors has conducted reserve studies for a multitude of different communities and building types. We've analyzed thousands of buildings, from as small as a 3,500-square foot day care center to a 2,600,000-square foot 98-story highrise. We also routinely inspect buildings with various types of mechanical systems such as simple electric heat, to complex systems with air handlers, chillers, boilers, elevators, and life safety and security systems.

We're familiar with all types of building exteriors as well. Our well-versed staff regularly identifies optimal repair and replacement solutions for such building exterior surfaces such as adobe, brick, stone, concrete, stucco, EIFS, wood products, stained glass and aluminum siding, and window wall systems.

OLD TO NEW

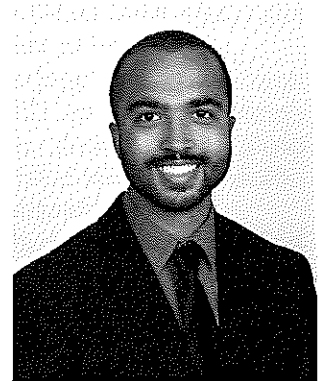
Reserve Advisors' experience includes ornate and vintage buildings as well as modern structures. Our specialists are no strangers to older buildings. We're accustomed to addressing the unique challenges posed by buildings that date to the 1800's. We recognize and consider the methods of construction employed into our analysis. We recommend appropriate replacement programs that apply cost effective technologies while maintaining a building's character and appeal.



JOSEPH W. COFFEE
Responsible Advisor

CURRENT CLIENT SERVICES

Joseph Coffee is an Engineer for Reserve Advisors. Mr. Coffee is responsible for the inspection and analysis of the condition of clients' property, and recommending engineering solutions to prolong the lives of the components. He also forecasts capital expenditures for the repair and/or replacement of the property components and prepares technical reports on assignments. He is responsible for conducting Life Cycle Cost Analysis and Capital Replacement Forecast services and the preparation of Reserve Studies for condominiums, townhomes and homeowners associations.



The following is a partial list of clients served by Joseph Coffee demonstrating his breadth of experiential knowledge of community associations in construction and related buildings systems.

Trails West Homeowners Association, Inc. - Located adjacent to Lake Mamie in Deland, Florida, this community consists of 353 single family homes that were constructed in 1985. In addition to the single family homes, the property contains a swimming pool, pool house, clubhouse, playground, tennis courts, ponds, guard house, and dock.

Woodland Lakes Preserve Homeowners Association, Inc. - This homeowners association is located in Orlando, Florida and features 546 single family homes, numerous ponds, a guard house, a large playground, and a swimming pool with a pool house located at the entrance of the community.

The Palms at Marsh Landing Condominium Association – This condominium association located in Jacksonville Beach, Florida was constructed from 1995-1998. The community is comprised of 419 units in 34 buildings. The buildings are comprised of painted stucco exterior walls, asphalt shingle roofs, exterior staircases, and breezeways located on the front and centers of the buildings. Additionally the property has a clubhouse, a pool house, multiple ponds with bulkheads, and two swimming pools.

Coach Homes at Errol Condominium Association, Inc. – Located in Apopka, Florida, this community is comprised of manor style condos, constructed from 1991-1999, that feature vinyl and masonry veneer siding, enclosed balconies, and attached garages. The community shares the responsibility of some of the common areas of the community with a master association.

Glenmuir Homeowners Association, Inc. - Located in Windermere, Florida, this property is comprised of 220 single family homes that were constructed in 2005. In addition to the single family homes, the property contains a playground with basketball court, ponds, and an extensive masonry perimeter wall.

The Towns at Oak Terrace Preserve Homeowners Association, Inc. – Located in North Charleston, South Carolina, this property is comprised of 70 townhome style units in 26 buildings that were constructed in 2010. The buildings are comprised of asphalt shingle roofs, fiber cement siding, and contain balconies and porches.

The Anchor Property Owners Association, Inc. - Located in Vero Beach, Florida, this property is comprised of 149 single family homes that were constructed in 1980. In addition to the single family homes, this water front property contains a tennis court, guard house, and a system of seawalls.

EDUCATION

Embry-Riddle Aeronautical University - B.S. Civil Engineering

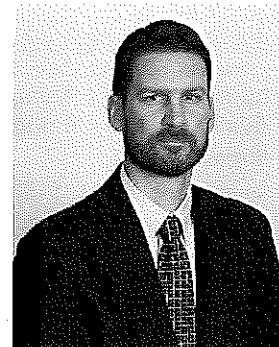


ALAN M. EBERT, P.E., PRA, RS
Director of Quality Assurance

CURRENT CLIENT SERVICES

Alan M. Ebert, a Professional Engineer, is the Director of Quality Assurance for Reserve Advisors. Mr. Ebert is responsible for the management, review and quality assurance of reserve studies. In this role, he assumes the responsibility of stringent report review analysis to assure report accuracy and the best solution for Reserve Advisors' clients.

Mr. Ebert has been involved with thousands of Reserve Study assignments. The following is a partial list of clients served by Alan Ebert demonstrating his breadth of experiential knowledge of community associations in construction and related buildings systems.



Brownsville Winter Haven Located in Brownsville, Texas, this unique homeowners association contains 525 units. The Association maintains three pools and pool houses, a community and management office, landscape and maintenance equipment, and nine irrigation canals with associated infrastructure.

Rosemont Condominiums This unique condominium is located in Alexandria, Virginia and dates to the 1940's. The two mid-rise buildings utilize decorative stone and brick masonry. The development features common interior spaces, multi-level wood balconies and common asphalt parking areas.

Stillwater Homeowners Association Located in Naperville, Illinois, Stillwater Homeowners Association maintains four tennis courts, an Olympic sized pool and an upscale ballroom with commercial-grade kitchen. The community also maintains three storm water retention ponds and a detention basin.

Birchfield Community Services Association This extensive Association comprises seven separate parcels which include 505 townhome and single family homes. This Community Services Association is located in Mt. Laurel, New Jersey. Three lakes, a pool, a clubhouse and management office, wood carports, aluminum siding, and asphalt shingle roofs are a few of the elements maintained by the Association.

Oakridge Manor Condominium Association Located in Londonderry, New Hampshire, this Association includes 104 units at 13 buildings. In addition to extensive roads and parking areas, the Association maintains a large septic system and significant concrete retaining walls.

Memorial Lofts Homeowners Association This upscale high rise is located in Houston, Texas. The 20 luxury units include large balconies and decorative interior hallways. The 10-story building utilizes a painted stucco facade and TPO roof, while an on-grade garage serves residents and guests.

PRIOR RELEVANT EXPERIENCE

Mr. Ebert earned his Bachelor of Science degree in Geological Engineering from the University of Wisconsin-Madison. His relevant course work includes foundations, retaining walls, and slope stability. Before joining Reserve Advisors, Mr. Ebert was an oilfield engineer and tested and evaluated hundreds of oil and gas wells throughout North America.

EDUCATION

University of Wisconsin-Madison - B.S. Geological Engineering

PROFESSIONAL AFFILIATIONS/DESIGNATIONS

Professional Engineering License – Wisconsin, North Carolina, Illinois, Colorado

Reserve Specialist (RS) - Community Associations Institute

Professional Reserve Analyst (PRA) - Association of Professional Reserve Analysts



RESOURCES

Reserve Advisors utilizes numerous resources of national and local data to conduct its Professional Services. A concise list of several of these resources follows:

Association of Construction Inspectors, (ACI) the largest professional organization for those involved in construction inspection and construction project management. ACI is also the leading association providing standards, guidelines, regulations, education, training, and professional recognition in a field that has quickly become important procedure for both residential and commercial construction, found on the web at www.iami.org.

American Society of Heating, Refrigerating and Air-Conditioning Engineers, Inc., (ASHRAE) the American Society of Heating, Refrigerating and Air-Conditioning Engineers, Inc., devoted to the arts and sciences of heating, ventilation, air conditioning and refrigeration; recognized as the foremost, authoritative, timely and responsive source of technical and educational information, standards and guidelines, found on the web at www.ashrae.org. Reserve Advisors actively participates in its local chapter and holds individual memberships.

Community Associations Institute, (CAI) America's leading advocate for responsible communities noted as the only national organization dedicated to fostering vibrant, responsive, competent community associations. Their mission is to assist community associations in promoting harmony, community, and responsible leadership.

Marshall & Swift / Boeckh, (MS/B) the worldwide provider of building cost data, co-sourcing solutions, and estimating technology for the property and casualty insurance industry found on the web at www.marshallswift.com.

R.S. Means CostWorks, North America's leading supplier of construction cost information. As a member of the Construction Market Data Group, Means provides accurate and up-to-date cost information that helps owners, developers, architects, engineers, contractors and others to carefully and precisely project and control the cost of both new building construction and renovation projects found on the web at www.rsmeans.com.

Reserve Advisors' library of numerous periodicals relating to reserve studies, condition analyses, chapter community associations, and historical costs from thousands of capital repair and replacement projects, and product literature from manufacturers of building products and building systems.



7. DEFINITIONS

Definitions are derived from the standards set forth by the Community Associations Institute (CAI) representing America's 305,000 condominium and homeowners associations and cooperatives, and the Association of Professional Reserve Analysts, setting the standards of care for reserve study practitioners.

Cash Flow Method - A method of calculating Reserve Contributions where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

Component Method - A method of developing a Reserve Funding Plan with the total contribution is based on the sum of the contributions for individual components.

Current Cost of Replacement - That amount required today derived from the quantity of a *Reserve Component* and its unit cost to replace or repair a Reserve Component using the most current technology and construction materials, duplicating the productive utility of the existing property at current *local* market prices for *materials*, *labor* and manufactured equipment, contractors' overhead, profit and fees, but without provisions for building permits, overtime, bonuses for labor or premiums for material and equipment. We include removal and disposal costs where applicable.

Fully Funded Balance - The Reserve balance that is in direct proportion to the fraction of life "used up" of the current Repair or Replacement cost similar to Total Accrued Depreciation.

Funding Goal (Threshold) - The stated purpose of this Reserve Study is to determine the adequate, not excessive, minimal threshold reserve balances.

Future Cost of Replacement - *Reserve Expenditure* derived from the inflated current cost of replacement or current cost of replacement as defined above, with consideration given to the effects of inflation on local market rates for materials, labor and equipment.

Long-Lived Property Component - Property component of Greythorne responsibility not likely to require capital repair or replacement during the next 30 years with an unpredictable remaining Useful Life beyond the next 30 years.

Percent Funded - The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage.

Remaining Useful Life - The estimated remaining functional or useful time in years of a *Reserve Component* based on its age, condition and maintenance.

Reserve Component - Property elements with: 1) Greythorne responsibility; 2) limited Useful Life expectancies; 3) predictable Remaining Useful Life expectancies; and 4) a replacement cost above a minimum threshold.

Reserve Component Inventory - Line Items in *Reserve Expenditures* that identify a *Reserve Component*.

Reserve Contribution - An amount of money set aside or *Reserve Assessment* contributed to a *Reserve Fund* for future *Reserve Expenditures* to repair or replace *Reserve Components*.

Reserve Expenditure - Future Cost of Replacement of a Reserve Component.

Reserve Fund Status - The accumulated amount of reserves in dollars at a given point in time, i.e., at year end.

Reserve Funding Plan - The portion of the Reserve Study identifying the *Cash Flow Analysis* and containing the recommended Reserve Contributions and projected annual expenditures, interest earned and reserve balances.

Reserve Study - A budget planning tool that identifies the current status of the reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures.

Useful Life - The anticipated total time in years that a *Reserve Component* is expected to serve its intended function in its present application or installation.

8. PROFESSIONAL SERVICE CONDITIONS

Our Services - Reserve Advisors, LLC (RA) performs its services as an independent contractor in accordance with our professional practice standards and its compensation is not contingent upon our conclusions. The purpose of our reserve study is to provide a budget planning tool that identifies the current status of the reserve fund, and an opinion recommending an annual funding plan to create reserves for anticipated future replacement expenditures of the property.

Our inspection and analysis of the subject property is limited to visual observations, is noninvasive and is not meant to nor does it include investigation into statutory, regulatory or code compliance. RA inspects sloped roofs from the ground and inspects flat roofs where safe access (stairs or ladder permanently attached to the structure) is available. The report is based upon a "snapshot in time" at the moment of inspection. RA may note visible physical defects in our report. The inspection is made by employees generally familiar with real estate and building construction but in the absence of invasive testing RA cannot opine on, nor is RA responsible for, the structural integrity of the property including its conformity to specific governmental code requirements for fire, building, earthquake, and occupancy, or any physical defects that were not readily apparent during the inspection.

RA is not responsible for conditions that have changed between the time of inspection and the issuance of the report. RA does not investigate, nor assume any responsibility for any existence or impact of any hazardous materials, such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, environmental mold or other potentially hazardous materials or structural defects that are latent or hidden defects which may or may not be present on or within the property. RA does not make any soil analysis or geological study as part of its services; nor does RA investigate water, oil, gas, coal, or other subsurface mineral and use rights or such hidden conditions. RA assumes no responsibility for any such conditions. The Report contains opinions of estimated costs and remaining useful lives which are neither a guarantee of the actual costs of replacement nor a guarantee of remaining useful lives of any property element.

RA assumes, without independent verification, the accuracy of all data provided to it. You agree to indemnify and hold RA harmless against and from any and all losses, claims, actions, damages, expenses or liabilities, including reasonable attorneys' fees, to which we may become subject in connection with this engagement, because of any false, misleading or incomplete information which we have relied upon supplied by you or others under your direction, or which may result from any improper use or reliance on the Report by you or third parties under your control or direction. Your obligation for indemnification and reimbursement shall extend to any director, officer, employee, affiliate, or agent of RA. Liability of RA and its employees, affiliates, and agents for errors and omissions, if any, in this work is limited to the amount of its compensation for the work performed in this engagement.

Report - RA completes the services in accordance with the Proposal. The Report represents a valid opinion of RA's findings and recommendations and is deemed complete. RA, however, considers any additional information made available to us within 6 months of issuing the Report if a timely request for a revised Report is made. RA retains the right to withhold a revised Report if payment for services was not tendered in a timely manner. All information received by RA and all files, work papers or documents developed by RA during the course of the engagement shall remain the property of RA and may be used for whatever purpose it sees fit.

Your Obligations - You agree to provide us access to the subject property for an on-site visual inspection. You agree to provide RA all available, historical and budgetary information, the governing documents, and other information that we request and deem necessary to complete the Report. You agree to pay actual attorneys' fees and any other costs incurred to collect on any unpaid balance for RA's services.

Use of Our Report and Your Name - Use of this Report is limited to only the purpose stated herein. You hereby acknowledge that any use or reliance by you on the Report for any unauthorized purpose is at your own risk and you shall hold RA harmless from any consequences of such use. Use by any unauthorized third party is unlawful. The Report in whole or in part **is not and cannot be used as a design specification for design engineering purposes or as an appraisal**. You may show our Report in its entirety to the following third parties: members of your organization, your accountant, attorney, financial institution and property manager who need to review the information contained herein. Without the written consent of RA, you shall not disclose the Report to any other third party. The Report contains intellectual property developed by RA and **shall not be reproduced or distributed to any party that conducts reserve studies without the written consent of RA**.

RA will include your name in our client lists. RA reserves the right to use property information to obtain estimates of replacement costs, useful life of property elements or otherwise as RA, in its sole discretion, deems appropriate.

Payment Terms, Due Dates and Interest Charges - Retainer payment is due upon authorization and prior to inspection. The balance is due net 30 days from the report shipment date. Any balance remaining 30 days after delivery of the Report shall accrue an interest charge of 1.5% per month. Any litigation necessary to collect an unpaid balance shall be venued in Milwaukee County Circuit Court for the State of Wisconsin.