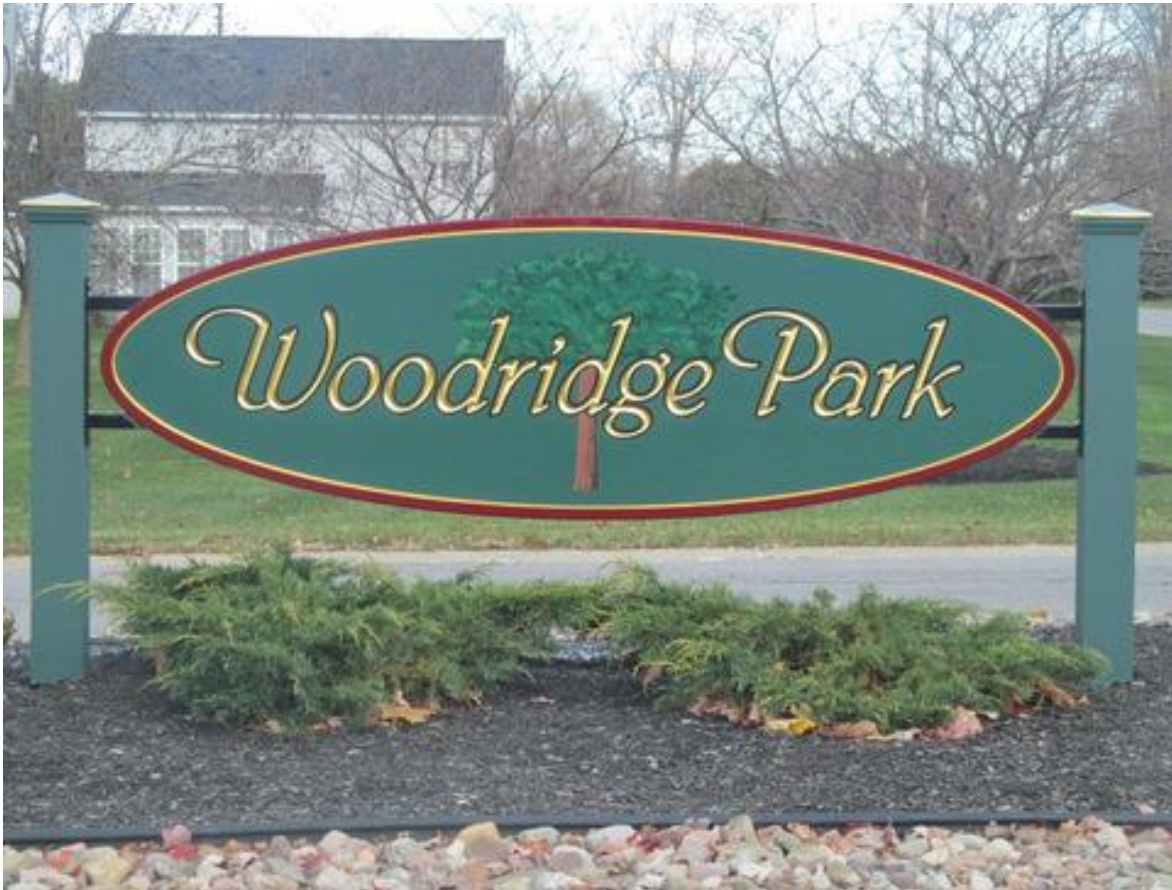


FULL RESERVE STUDY

Woodridge Park Homeowners' Association, Ltd.



Orchard Park, New York
November 10, 2017



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Woodridge Park Homeowners' Association, Ltd.
Orchard Park, New York

Dear Board of Directors of Woodridge Park Homeowners' Association, Ltd.:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Full Reserve Study* of Woodridge Park Homeowners' Association, Ltd. in Orchard Park, New York and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, November 10, 2017.

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 years. We look forward to continuing to help Woodridge Park Homeowners' Association, Ltd. 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 November 30, 2017 by

Reserve Advisors, Inc.

Visual Inspection and Report by: Matthew P. Ksionzyk, PRA¹, RS²
Review by: Alan M. Ebert, PRA, RS, Director of Quality Assurance



¹ 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>.

² 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.



Long-term thinking. Everyday commitment.

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1. RESERVE STUDY EXECUTIVE SUMMARY

Client: Woodridge Park Homeowners' Association, Ltd. (Woodridge Park)

Location: Orchard Park, New York

Reference: 98220

Property Basics: Woodridge Park Homeowners' Association, Ltd. is a townhome style development of 136 units in 38 buildings. The buildings were built from 1988 to 1993.

Reserve Components Identified: 15 Reserve Components.

Inspection Date: November 10, 2017. We conducted previous Reserve Studies on April 14, 1999, November 19, 2007, August 16, 2010, and August 22, 2014.

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 2028 due to replacement of the remaining asphalt shingle roofs and replacement of the vinyl siding, and in 2046 due to subsequent replacement of the remaining asphalt shingle roofs.

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
- 1.2% annual rate of return on invested reserves
- 1.8% 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.

Cash Status of Reserve Fund:

- \$1,150,024 as of October 31, 2017¹
- 2018 budgeted Reserve Contributions of \$179,136

Project Prioritization: We recommend the Association prioritize the following projects in the next five years based on the conditions identified:

- Continued replacements of the remaining original electrical panels and meters.
- An inspection and repairs to the masonry walls.
- Seal coat applications to the asphalt pavement.
- An inspection and capital repairs to the drainage swales.
- Partial erosion control at the pond shoreline.

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

- Inflationary increases from 2019 through 2028

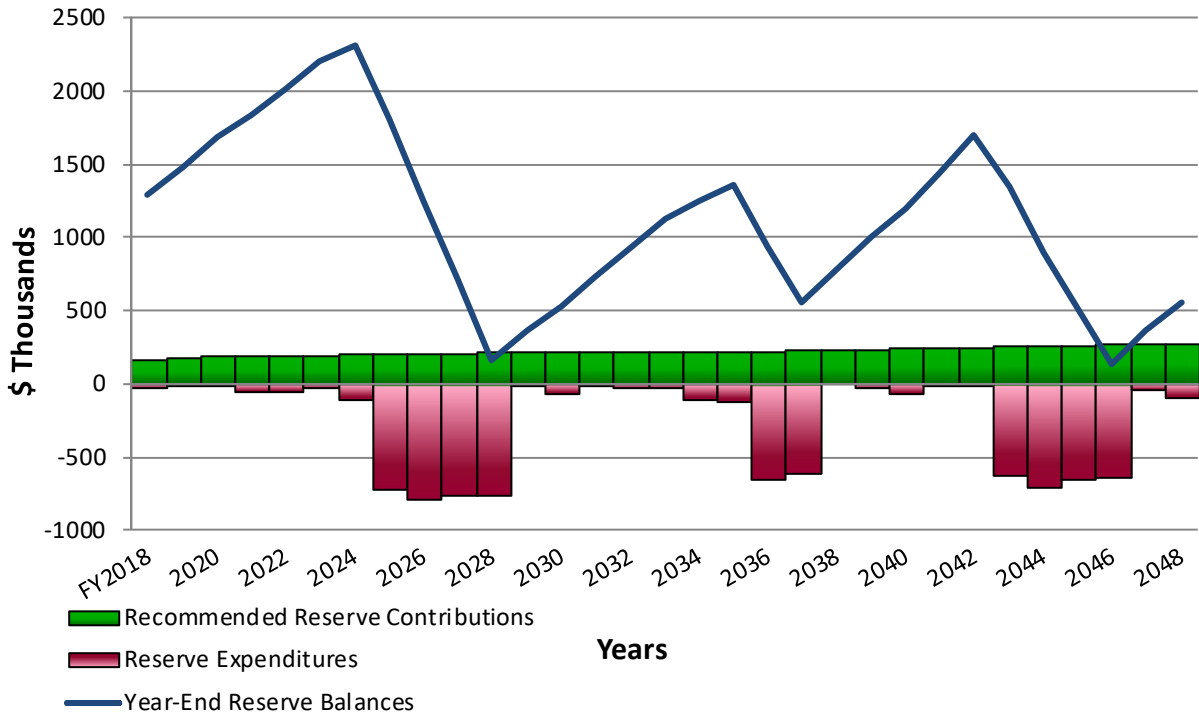
¹ The Fiscal Year (FY 2018) for Woodridge Park began October 1, 2017 and ends September 30, 2018. For brevity, we refer to the Fiscal Year by its ending year, i.e. Fiscal Year 2017-18 is FY 2018 or simply 2018.

- Stable contributions of \$214,200 from 2029 through 2034 due to fully funding for replacement of the remaining asphalt shingle roofs and replacement of the vinyl siding
- Inflationary increases from 2035 through 2048, the limit of this study's Cash Flow Analysis
- Initial adjustment in Reserve Contributions of \$3,264 represents an average monthly increase of \$2.00 per homeowner and less than one percent (0.6%) adjustment in the 2018 total Operating Budget of \$528,764.

Our revised findings reflect both external market and internal property changes. The result is an overall *decrease* in the recommended ***Reserve Funding Plan*** since our last Reserve Study on August 22, 2014. The overall decrease relates primarily to a lower than anticipated project cost for the recent mill and overlayment at the asphalt pavement.

Woodridge Park Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2019	182,400	1,487,618	2029	214,200	371,713	2039	234,200	1,012,359
2020	185,700	1,682,067	2030	214,200	523,848	2040	238,400	1,196,475
2021	189,000	1,841,334	2031	214,200	734,879	2041	242,700	1,442,150
2022	192,400	2,007,761	2032	214,200	927,413	2042	247,100	1,694,368
2023	195,900	2,200,172	2033	214,200	1,131,254	2043	251,500	1,341,299
2024	199,400	2,314,246	2034	214,200	1,250,999	2044	256,000	902,229
2025	203,000	1,814,475	2035	218,100	1,356,948	2045	260,600	511,635
2026	206,700	1,256,218	2036	222,000	933,279	2046	265,300	137,854
2027	210,400	714,155	2037	226,000	554,455	2047	270,100	367,103
2028	214,200	164,616	2038	230,100	792,589	2048	275,000	554,670



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

Woodridge Park Homeowners' Association, Ltd.

Orchard Park, New York

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, November 10, 2017. We conducted previous Reserve Studies on April 14, 1999, November 19, 2007, August 16, 2010, and August 22, 2014.

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
- **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:

- Woodridge Park 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 reserve funding at this time.

- Drainage Culverts
- Pipes, Subsurface Utilities, Sanitary Sewer, Laterals, From Residential Buildings to Lift Station
- Pipes, Subsurface Utilities, Water, Laterals, From Meter Pits to Residential Buildings
- Pond, Concrete Inlet and Outlet Structures

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 \$5,000 (These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.)
- Catch Basins, Landscape
- Concrete Sidewalks, Mudjacking
- Electrical Panels, Exterior Mounted, Maintenance and Repairs
- Electrical Systems, Common, Repairs
- Fences, Wire Mesh, Pond
- Gutters and Downspouts, Aluminum, Interim Repairs and Partial Replacements (included at the direction of Management and the Board)
- Landscape
- Paint Finishes, Touch Up
- Pavers, Masonry, Crabapple Court



Masonry pavers at Crabapple Court (note site furniture)

- Pond, Aerators (included at the direction of Management and the Board)
- Pipes, Subsurface Utilities, Stormwater, Inspections, Repairs and Partial Replacements
- Signage, Paint Finishes and Repairs
- Site Furniture
- Walls, Masonry, Interim Repairs
- 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:

- Awnings
- Chimney Caps, Metal



Typical metal chimney cap

- Deck Assemblies, Wood
- Doors, Front Entrances

- Doors, Garage
- Electrical Systems (includes circuit protection panels)
- Foundations
- Heating, Ventilating and Air Conditioning (HVAC) Units
- Interiors
- Light Fixtures, Exterior
- Patios
- Pipes, Interior Building, Domestic Water, Sanitary Waste and Vent
- Porch Assemblies, Wood



Typical wood porch assembly

- Radon Mitigation Systems
- Skylights
- Structural Frames
- Windows and Deck/Patio Doors
- Window Wells

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

- Asphalt Pavement System, Streets (includes pavement, concrete gutters and catch basins) (Municipality)



Asphalt pavement system overview at street

- Electrical System, Transformers to Meters (Utility Company)
- Lift Station, Sanitary Sewer (Municipality)



Lift station overview

- Light Poles and Fixtures (Municipality)



Typical light pole and fixture

- Pipes, Subsurface Utilities, Sanitary Sewer, Main, From Lift Station to Baker Road (Municipality)
- Pipes, Subsurface Utilities, Water, Mains, From Baker Road to Meter Pits (Utility Company)

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
- 2018 local cost of replacement
 - Per unit
 - Per phase
 - Replacement of total quantity
- Total future costs of replacement 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

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

**Woodridge Park
Homeowners' Association, Ltd.**
Orchard Park, New York

Explanatory Notes:

- 1) **1.8%** is the estimated future Inflation Rate for estimating Future Replacement Costs.
- 2) FY2018 is Fiscal Year beginning October 1, 2017 and ending September 30, 2018.

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Costs, \$			RUL = 0 FY2018	1 2019	2 2020	3 2021	4 2022	5 2023	6 2024	7 2025	8 2026	9 2027	10 2028	11 2029	12 2030	13 2031	14 2032	15 2033											
						Useful	Remaining	Unit (2018)	Per Phase (2018)	Total (2018)																	30-Year Total (Inflated)										
Exterior Building Elements																																					
1.211	43	3	Units	Electrical Panels and Meters, Exterior Mounted, Remaining, Phased	2019	to 35+	1 to 29	2,950.00	8,467	126,850	167,941	8,619	8,932	9,256	9,593	9,941	10,302	10,676	11,064																		
1.240	23,600	5,900	Linear Feet	Gutters and Downspouts, Aluminum, Phased	2025	15 to 20	7 to 10	9.50	56,050	224,200	620,743				63,505	64,648	65,812	66,997																			
1.280	84	84	Squares	Roof, Asphalt Shingles, Building 2 (2016)	2034	15 to 20	16	430.00	36,120	36,120	48,052																										
1.282	3,108	777	Squares	Roofs, Asphalt Shingles, Remaining, Phased (2005)	2025	15 to 20	7 to 10	430.00	334,110	1,336,440	3,700,206				378,551	385,364	392,301	399,362																			
1.820	34,200	34,200	Square Feet	Walls, Masonry, Inspections and Repairs	2021	12 to 18	3	0.90	30,780	30,780	74,907			32,472																							
1.920	165,000	41,250	Square Feet	Walls, Vinyl Siding, Phased (incl. soffit, fascia and gable vents)	2025	to 40	7 to 10	5.90	243,375	973,500	1,133,127				275,747	280,710	285,763	290,907																			
Property Site Elements																																					
4.020	26,800	26,800	Square Yards	Asphalt Pavement, Crack Repair, Patch and Seal Coat (2018 is budgeted)	2018	3 to 5	0	1.70	45,560	45,560	466,629	30,390		48,930		52,549						56,436															
4.045	26,800	13,400	Square Yards	Asphalt Pavement, Total Replacement, Phased	2036	15 to 20	18 to 19	32.00	428,800	857,600	1,192,987																										
4.091	1	1	Allowance	Backflow Preventers, Installation	2024	n/a	6	92,000.00	92,000	92,000	102,394					102,394																					
4.140	11,700	820	Square Feet	Concrete Sidewalks, Partial (incl. mailbox station pads)	2021	to 65	3 to 30+	10.80	8,856	126,360	120,280			9,343		9,857		10,398			10,970				11,573												
4.190	1,000	1,000	Linear Feet	Drainage Swales, Inspections and Capital Repairs	2020	5 to 10	2	9.80	9,800	9,800	50,965		10,156							11,714																	
4.600	11	11	Each	Mailbox Stations	2032	to 25	14	1,900.00	20,900	20,900	26,830														26,830												
4.710	1,300	260	Linear Feet	Pond, Erosion Control, Partial	2023	10 to 15	5	68.00	17,680	88,400	72,934				19,330																						
4.730	4,700	2,350	Square Yards	Pond, Sediment Removal, Partial	2035	to 25	17	29.00	68,150	136,300	92,295																										
4.810	1	1	Allowance	Signage, Community Identification	2032	15 to 20	14	3,700.00	3,700	3,700	4,750														4,750												
Anticipated Expenditures, By Year											\$7,875,040	30,390	8,619	10,156	50,747	48,930	28,586	112,251	727,396	783,271	764,215	768,980	10,302	67,406	10,676	31,580	22,637										

RESERVE EXPENDITURES

**Woodridge Park
Homeowners' Association, Ltd.**
Orchard Park, New York

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Costs, \$				16 2034	17 2035	18 2036	19 2037	20 2038	21 2039	22 2040	23 2041	24 2042	25 2043	26 2044	27 2045	28 2046	29 2047	30 2048	
						Useful	Remaining	Unit (2018)	Per Phase (2018)	Total (2018)	30-Year Total (Inflated)																
Exterior Building Elements																											
1.211	43	3	Units	Electrical Panels and Meters, Exterior Mounted, Remaining, Phased	2019	to 35+	1 to 29	2,950.00	8,467	126,850	167,941	11,466	11,883	12,314	12,762	13,225	13,705	14,203									
1.240	23,600	5,900	Linear Feet	Gutters and Downspouts, Aluminum, Phased	2025	15 to 20	7 to 10	9.50	56,050	224,200	620,743					87,553	89,129	90,733	92,366								
1.280	84	84	Squares	Roof, Asphalt Shingles, Building 2 (2016)	2034	15 to 20	16	430.00	36,120	36,120	48,052	48,052															
1.282	3,108	777	Squares	Roofs, Asphalt Shingles, Remaining, Phased (2005)	2025	15 to 20	7 to 10	430.00	334,110	1,336,440	3,700,206					521,896	531,290	540,853	550,589								
1.820	34,200	34,200	Square Feet	Walls, Masonry, Inspections and Repairs	2021	12 to 18	3	0.90	30,780	30,780	74,907		42,435														
1.920	165,000	41,250	Square Feet	Walls, Vinyl Siding, Phased (incl. soffit, fascia and gable vents)	2025	to 40	7 to 10	5.90	243,375	973,500	1,133,127																
Property Site Elements																											
4.020	26,800	26,800	Square Yards	Asphalt Pavement, Crack Repair, Patch and Seal Coat (2018 is budgeted)	2018	3 to 5	0	1.70	45,560	45,560	466,629	60,611			67,458		72,448										77,807
4.045	26,800	13,400	Square Yards	Asphalt Pavement, Total Replacement, Phased	2036	15 to 20	18 to 19	32.00	428,800	857,600	1,192,987		591,173	601,814													
4.091	1	1	Allowance	Backflow Preventers, Installation	2024	n/a	6	92,000.00	92,000	92,000	102,394																
4.140	11,700	820	Square Feet	Concrete Sidewalks, Partial (incl. mailbox station pads)	2021	to 65	3 to 30+	10.80	8,856	126,360	120,280		12,209		12,881		13,589		14,336							15,124	
4.190	1,000	1,000	Linear Feet	Drainage Swales, Inspections and Capital Repairs	2020	5 to 10	2	9.80	9,800	9,800	50,965		13,511				15,584										
4.600	11	11	Each	Mailbox Stations	2032	to 25	14	1,900.00	20,900	20,900	26,830																
4.710	1,300	260	Linear Feet	Pond, Erosion Control, Partial	2023	10 to 15	5	68.00	17,680	88,400	72,934	23,944														29,660	
4.730	4,700	2,350	Square Yards	Pond, Sediment Removal, Partial	2035	to 25	17	29.00	68,150	136,300	92,295	92,295															
4.810	1	1	Allowance	Signage, Community Identification	2032	15 to 20	14	3,700.00	3,700	3,700	4,750																
Anticipated Expenditures, By Year											\$7,875,040	108,663	127,705	659,328	613,697	0	25,195	67,458	12,762	13,589	622,674	708,451	659,627	642,955	43,863	92,931	

RESERVE FUNDING PLAN

CASH FLOW ANALYSIS

Woodridge Park

Homeowners' Association, Ltd.

Orchard Park, New York

Individual Reserve Budgets & Cash Flows for the Next 30 Years

	FY2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Reserves at Beginning of Year (Note 1)	1,150,024	1,297,228	1,487,618	1,682,067	1,841,334	2,007,761	2,200,172	2,314,246	1,814,475	1,256,218	714,155	164,616	371,713	523,848	734,879	927,413
Total Recommended Reserve Contributions (Note 2)	164,208	182,400	185,700	189,000	192,400	195,900	199,400	203,000	206,700	210,400	214,200	214,200	214,200	214,200	214,200	214,200
Plus Estimated Interest Earned, During Year (Note 3)	13,386	16,609	18,905	21,014	22,957	25,097	26,925	24,625	18,314	11,752	5,241	3,199	5,341	7,507	9,914	12,278
Less Anticipated Expenditures, By Year	(30,390)	(8,619)	(10,156)	(50,747)	(48,930)	(28,586)	(112,251)	(727,396)	(783,271)	(764,215)	(768,980)	(10,302)	(67,406)	(10,676)	(31,580)	(22,637)
Anticipated Reserves at Year End	<u>\$1,297,228</u>	<u>\$1,487,618</u>	<u>\$1,682,067</u>	<u>\$1,841,334</u>	<u>\$2,007,761</u>	<u>\$2,200,172</u>	<u>\$2,314,246</u>	<u>\$1,814,475</u>	<u>\$1,256,218</u>	<u>\$714,155</u>	<u>\$164,616</u>	<u>\$371,713</u>	<u>\$523,848</u>	<u>\$734,879</u>	<u>\$927,413</u>	<u>\$1,131,254</u>

(NOTE 5)

(continued)

Individual Reserve Budgets & Cash Flows for the Next 30 Years, Continued

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
Reserves at Beginning of Year	1,131,254	1,250,999	1,356,948	933,279	554,455	792,589	1,012,359	1,196,475	1,442,150	1,694,368	1,341,299	902,229	511,635	137,854	367,103
Total Recommended Reserve Contributions	214,200	218,100	222,000	226,000	230,100	234,200	238,400	242,700	247,100	251,500	256,000	260,600	265,300	270,100	275,000
Plus Estimated Interest Earned, During Year	14,208	15,554	13,659	8,873	8,034	10,765	13,174	15,737	18,707	18,105	13,381	8,433	3,874	3,012	5,498
Less Anticipated Expenditures, By Year	(108,663)	(127,705)	(659,328)	(613,697)	0	(25,195)	(67,458)	(12,762)	(13,589)	(622,674)	(708,451)	(659,627)	(642,955)	(43,863)	(92,931)
Anticipated Reserves at Year End	<u>\$1,250,999</u>	<u>\$1,356,948</u>	<u>\$933,279</u>	<u>\$554,455</u>	<u>\$792,589</u>	<u>\$1,012,359</u>	<u>\$1,196,475</u>	<u>\$1,442,150</u>	<u>\$1,694,368</u>	<u>\$1,341,299</u>	<u>\$902,229</u>	<u>\$511,635</u>	<u>\$137,854</u>	<u>\$367,103</u>	<u>\$554,670</u>

(NOTE 5)

(NOTE 4)

Explanatory Notes:

- 1) Year 2018 starting reserves are as of October 31, 2017; FY2018 starts October 1, 2017 and ends September 30, 2018.
- 2) Reserve Contributions for 2018 are the remaining budgeted 11 months; 2019 is the first year of recommended contributions.
- 3) 1.2% is the estimated annual rate of return on invested reserves; 2018 is a partial year of interest earned.
- 4) Accumulated year 2048 ending reserves consider the age, size, overall condition and complexity of the property.
- 5) Threshold Funding Years (reserve balance at critical point).

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.*

Exterior Building Elements



Typical front elevation of three-unit building



Typical side elevation of three-unit building



Typical rear elevation of three-unit building



Typical front elevation of four-unit building



Typical side elevation of four-unit building



Typical rear elevation of four-unit building

Electrical Panels and Meters

Line Item: 1.211

Quantity: 136 electrical meters with panels mounted to the exteriors of the buildings

History: Management and the Board apprise us that the Association replaced electrical meters and panels at 93 units from 2010 to 2017. We consider these meters and panels long-lived and do not anticipate their replacement during the next 30 years. The remaining 43 panels and meters are original. The panels are typically grouped together with sets of two, three, or four meters at each of the 38 buildings and provide individual metered electrical distribution to each of the units.

Condition: The recently replaced panels and meters are reported in good overall condition. The remaining 43 panels are in fair or fair to poor condition with rust and deterioration evident. Electrical wiring from the panels to the interior circuit breaker boxes is typically mounted at the foundation walls of the buildings. Management and the Board inform us that water infiltrates the metal panel boxes and external wiring, which causes electrical components to malfunction and fail.



**Recently replaced electrical panels and meters
(note good condition)**



**Recently replaced electrical panels and meters
(note good condition)**



**Recently replaced electrical panels and meters
at Building 27 (note the Association should
remove original, abandoned meters and panel)**



**Rust and deterioration at electrical meters and
panel of Building 15**



Rust and deterioration at electrical meters and panel of Building 27

Useful Life: Due to the exposed nature of these electrical elements, the panels and meters have a useful life of up to and sometimes beyond 35 years.

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 advise the Association budget for replacement of the remaining original panels and meters in a phased manner beginning by 2019 and concluding by 2047. We base our cost estimate information on historical data provided by Management and the Board. The cost information includes allowances for replacement of the exterior wiring, rerouting wiring through unit basements to reduce weathering, installation of carbon monoxide (CO) detectors and vinyl siding and sealant repairs at wiring entrance points into basements.

Gutters and Downspouts, Aluminum

Line Item: 1.240

Quantity: Approximately 23,600 linear feet of aluminum five-inch gutters and two-inch by three-inch downspouts

History: Original

Condition: Fair overall with downspout discharge directly onto lower roof sections, displacement, previous repairs and partial replacements, damaged downspout connectors and deterioration evident



Aluminum gutter and downspout overview



Typical downspout discharge directly onto lower asphalt shingle roof



Displaced and deteriorated aluminum gutter at Building 18



Displaced and deteriorated aluminum gutter at Building 37



Broken, damaged and deterioration downspout connector at 32 Southwick Drive

Useful Life: 15- to 20-years

Component Detail Notes: Downspouts that discharge directly onto roofs cause premature deterioration of the roofs due to the high concentration of storm water. We recommend either routing these downspouts directly to the ground, connecting the downspouts to the gutters of the lower roof or distributing the storm water discharge over a large area.

The useful life of gutters and downspouts coincides with that of the asphalt shingle roofs. Coordinated replacement will result in the most economical unit price and minimize the possibility of damage to other roof components as compared to separate replacements.

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. At the direction of Management and the Board, we include phased replacement beginning by 2025 and concluding by 2028. *Based on their age and condition, we advise the Association conduct aggressive, interim repairs and partial replacements of the gutters and downspouts through the operating budget prior to the initial phased replacement project.* A subsequent phased replacement is likely beginning by 2043 and concluding by 2046.

Roofs, Asphalt Shingles

Line Items: 1.280 and 1.282

Quantity: 3,192 squares¹

History: 84 squares of roofing atop Building 2 were replaced in 2016 due to a fire; 3,108 squares of roofing at the remaining 37 buildings date from 2005 to 2008

Condition: The roof at Building 2 is in good overall condition with no visible deterioration. The remaining roofs are in good to fair overall condition with shingle lift, stains and deterioration evident from our visual inspection from the ground. Management and the Board inform us of a history of isolated leaks and ice dams due to a large storm in 2014; however, none are currently active.

¹ We quantify the roof area in squares where one square is equal to 100 square feet of surface area.



Asphalt shingle roof overview at Building 2



Asphalt shingle roof overview at remaining buildings



Typical ridge and square hood box hood vents, and typical rubber seal with metal base boot flashing at waste pipe penetration at asphalt shingle roof



Typical enclosed half weaved valley at asphalt shingle roof



Shingle lift and deterioration at asphalt shingle roof of Building 26



Shingle lift, stains and deterioration at asphalt shingle roof of Building 12



Shingle lift and deterioration at asphalt shingle roof of Building 15



Shingle lift and deterioration at asphalt shingle roof of Building 22



Shingle lift and deterioration at asphalt shingle roof of Building 5

Useful Life: 15- to 20-years

Component Detail Notes: The existing roof assembly comprises the following:

- Laminate shingles
- Boston style ridge caps
- Rubber seal with metal base boot flashing at waste pipes
- Soffit, gable, square hood box and ridge vents
- Metal drip edge
- Enclosed half weaved valleys

Insulation and ventilation are two major components of a sloped roof system. Together, proper insulation and ventilation help to control attic moisture and maintain an energy efficient building. Both insulation and ventilation prevent moisture buildup which can cause wood rot, mold and mildew growth, warp sheathing, deteriorate shingles, and eventually damage building interiors. Sufficient insulation helps to minimize the quantity of moisture that enters the attic spaces and adequate ventilation helps to remove any moisture that enters the attic spaces. These two roof system components also help to reduce the amount of energy that is required to heat and cool a building. Proper attic insulation minimizes heat gain and heat loss between the residential living spaces and attic spaces. This reduces energy consumption year-round. Proper attic ventilation removes excessive heat from attic spaces that can radiate into residential living spaces and cause air conditioners to work harder. Properly installed attic insulation and ventilation work together to maximize the useful life of sloped roof systems.

In addition to moisture control and energy conservation, proper attic insulation and ventilation are essential components to prevent the formation of ice dams. Ice dams occur when warm air accumulates at the peak of an attic while the roof eaves remain cold. Warm air from the attic melts the snow at the ridge of the roof and the water runs down the slope of the roof. At the cold roof eaves, the water refreezes and forms a buildup of snow and ice. This buildup often traps water that can prematurely deteriorate asphalt shingles and ultimately seep under the shingles and cause water damage to the roof deck and building interiors. Proper insulation minimizes the amount of heat that enters attic spaces in the winter and adequate ventilation helps to remove any heat that enters the attic spaces. Together, these components prevent ice dams with a cold roof deck that melts snow and ice evenly.

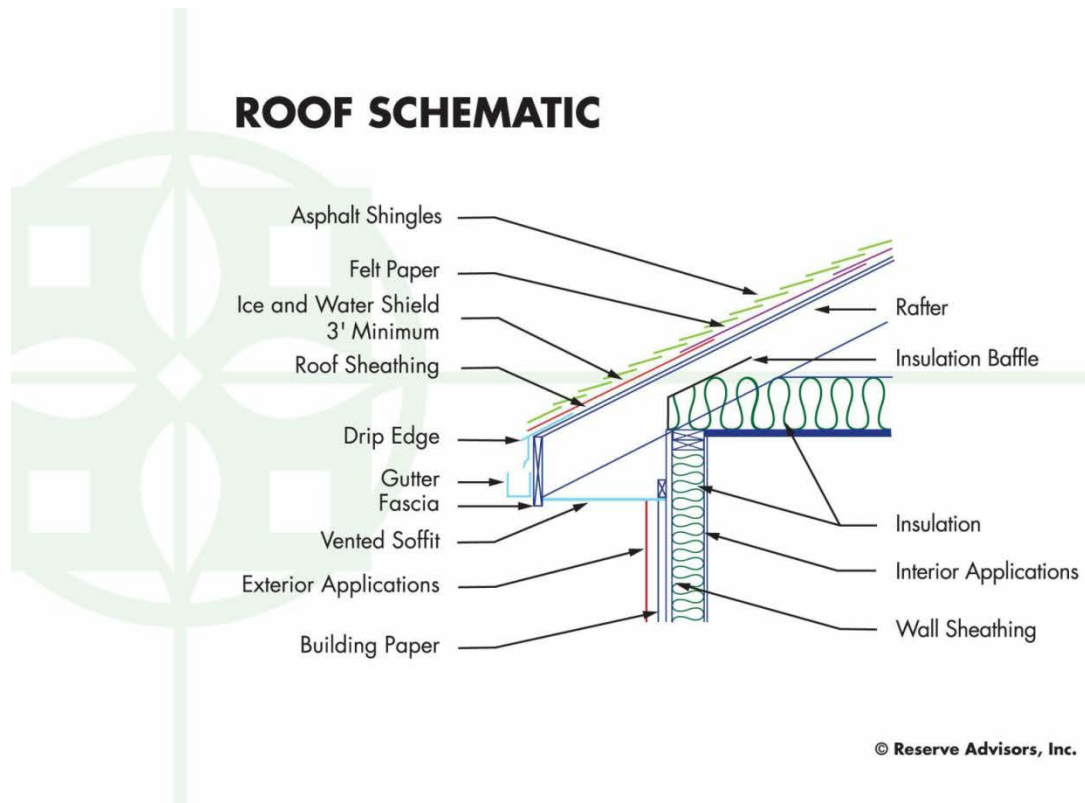
The Association should periodically ensure that the vents are clear of debris and are not blocked from above by attic insulation. If the soffit vents are blocked from above, the Association should install polystyrene vent spaces or baffles between the roof joists at these locations to ensure proper ventilation. Woodridge Park should fund this ongoing maintenance through the operating budget.

Certain characteristics of condition govern the times of replacement. Replacement of an asphalt shingle roof becomes necessary when there are multiple or recurring leaks and when the shingles begin to cup, curl and lift. These conditions are indications that the asphalt shingle roof is near the end of its useful life. Even if the shingles are largely watertight, the infiltration of water in one area can lead to permanent damage to the underlying roof sheathing. This type of deterioration requires replacement of saturated

sections of sheathing and greatly increases the cost of roof replacement. Roof leaks may occur from interrelated roof system components, i.e., flashings. Therefore, the warranty period, if any, on the asphalt shingles, may exceed the useful life of the roof system.

Warranties are an indication of product quality and are not a product guarantee. Asphalt shingle product warranties vary from 20- to 50-years and beyond. However, the scope is usually limited to only the material cost of the shingles as caused by manufacturing defects. Warranties may cover defects such as thermal splitting, granule loss, cupping, and curling. Labor cost is rarely included in the remedy so if roof materials fail, the labor to tear off and install new shingles is extra. Other limitations of warranties are exclusions for "incidental and consequential" damages resulting from age, hurricanes, hail storms, ice dams, severe winds, tornadoes, earthquakes, etc. There are some warranties which offer no dollar limit for replacement at an additional cost (effectively an insurance policy) but again these warranties also have limits and may not cover all damages other than a product defect. We recommend a review of the manufacturers' warranties as part of the evaluation of competing proposals to replace a roof system. This evaluation should identify the current costs of remedy if the roof were to fail in the near future. A comparison of the costs of remedy to the total replacement cost will assist in judging the merits of the warranties.

The following cross-sectional schematic illustrates a typical asphalt shingle roof system although it may not reflect the actual configuration at Woodridge Park:



Contractors use one of two methods for replacement of sloped roofs, either an overlayment or a tear-off. Overlayment is the application of new shingles over an existing roof. However, there are many disadvantages to overlayment including hidden defects of the underlying roof system, absorption of more heat resulting in accelerated deterioration of the new and old shingles, and an uneven visual appearance. Therefore, we recommend only the tear-off method of replacement. The tear-off method of replacement includes removal of the existing shingles, flashings if required and underlayments.

The Association should plan to coordinate the replacement of gutters and downspouts with the adjacent roofs. This will result in the most economical unit price and minimize the possibility of damage to other roof components as compared to separate replacements.

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 anticipate replacement of the roof atop Building 2 by 2034. We also advise the Association budget for a phased replacement of the remaining roofs beginning by 2025 and concluding by 2028. A subsequent phased replacement of the remaining roofs is likely beginning by 2043 and concluding by 2046. We base our cost on replacement with standard laminate Class A 240-260-pounds per square shingles.

Walls, Masonry

Line Item: 1.820

Quantity: Approximately 34,200 square feet of the exterior walls

History: Repairs were last conducted in periodically over the last 10 years.

Condition: Good overall with the following evident:

- Extensive previous repairs and realignment of masonry sills
- Efflorescence is not visible
- Masonry exhibits isolated areas of minor cracks
- Masonry exhibits localized areas of minor spalls
- Minor mortar deterioration is evident
- Mortar joints are tooled



Masonry wall overview (note masonry sill)



Isolated area of minor spalling at masonry wall of Building 2

Useful Life: We advise a complete inspection of the masonry and related masonry repairs every 12- to 18-years to forestall deterioration.

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 includes the following activities:

- Complete inspection of the masonry
- Repointing of up to three percent (2.5%) of the masonry
- Replacement of a limited amount of the masonry
- Replacement of up to two percent (2%) of the masonry sills (to include complete replacement of joint sealant)

Walls, Vinyl Siding

Line Item: 1.920

Quantity: Approximately 165,000 square feet of the exterior walls (note this quantity includes the aluminum soffit and fascia)

History: Original, with the exception of Building 2; a portion of the siding at building 2 (front elevation and side elevation of Unit 24) was replaced in 2016 due to a fire

Condition: Fair overall with areas of brittle siding, gaps, stains, organic growth, loose siding, warping, damage, previous partial replacements and deterioration evident



Typical J-channel and vinyl siding/window interface



Organic stains and deterioration at Building 6



Loose siding and deterioration at vinyl siding of Building 4



Gaps and deterioration at vinyl siding of Building 1



Loose cladding and deterioration at fascia of Building 20



Organic stains and deterioration at vinyl siding of Building 20



Warping and deterioration at vinyl siding of Building 19



Organic stains and deterioration at vinyl siding of Building 18



Gaps and deterioration at vinyl siding of Building 17



Previous partial fascia cladding replacement at Building 17



Gaps and deterioration at vinyl siding of Building 15



Loose siding and deterioration at vinyl siding of Building 10



Previous partial vinyl siding replacement at Building 5



Loose siding and deterioration at vinyl siding of Building 32



Stains and deterioration at vinyl siding of Building 30 due to chimney cap rust



Damage and deterioration at vinyl siding of Building 24



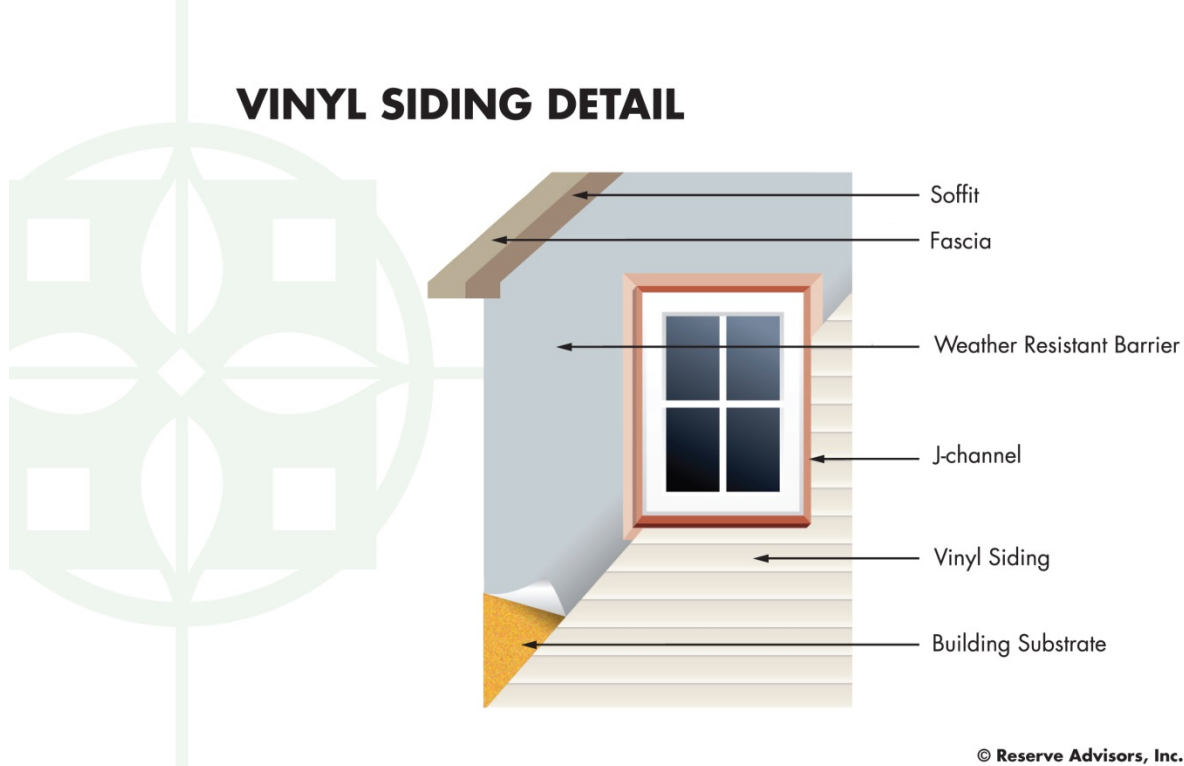
Stains, organic growth and deterioration at vinyl siding of 146 Southwick Drive

Useful Life: Up to 40 years

Component Detail Notes: The siding at Woodridge Park consists of the following:

- Clapboard double four-inch profile
- J-channel trim at window and door perimeters, and other penetrations
- Water-vapor permeable building paper protects the buildings

The following diagram details the use of building wrap in a vinyl siding system:



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 advise the Association budget for a phased replacement beginning by 2025 and concluding by 2028. For continuity and aesthetic purposes, this replacement includes all siding at Building 2.

Management and the Board inform us that several homeowners request that the Association paint the vinyl siding in the near term. Although painting vinyl siding is possible, there is no long-term cost savings when painting, paint will not extend the remaining useful life of the vinyl siding and paint will not protect siding from ongoing wear, damage and deterioration. In addition, once the vinyl siding has been painted, it will require paint finish applications every four- to six-years thereafter.

The following table includes alternatives utilizing vinyl siding and vinyl siding with a paint finish as a cost savings comparison. Our replacement costs for each siding material include removal of the existing vinyl siding, minimal plywood sheathing and structural framing repairs/partial replacements, installation of building paper and installation of the

new siding. Our maintenance costs include a paint finish application to the siding with a paint finish.

Siding Material	Vinyl	Vinyl with Paint Finish
Cost in 2018 Dollars	\$973,500	\$973,500
Divided by its Useful Life (Years)	40	40
Equals Cost of Ownership ¹ Relating to Eventual Replacement, in 2018 Dollars	\$24,338	\$24,338
Total Life-Cycle Maintenance Costs, in 2018 Dollars	\$0	\$198,000
Divided by Life-Cycle of Each Maintenance Event (Years)	N/A	5
Cost of Ownership for Maintenance During Remaining Useful Life, in 2018 Dollars	\$0	\$39,600
Total Annual Cost of Ownership (2018 dollars)	\$24,338	\$63,938

¹ Cost of Ownership is a method to describe the direct and indirect costs to purchase and maintain an element through its entire useful life.

The 2018 annual cost of ownership to replace and maintain the siding alternatives are:

- Vinyl siding: \$25,293
- Vinyl siding with paint finish application: \$63,938

Based on our life cycle cost analysis, we determine that the vinyl siding *without* a paint finish is the most cost effective, rather than applying and then continuing to apply paint finishes to the existing vinyl siding. The vinyl siding cost of ownership savings results primarily from routine pressure washing, cleaning, repairs and partial replacements funded regularly through the operating budget, rather than ongoing paint finish applications funded as capital expenses. We advise the Association consider the aesthetic advantages and disadvantages, in addition to the financial feasibility of possible, ongoing paint finish applications.

Property Site Elements

Asphalt Pavement, Crack Repair, Patch and Seal Coat

Line Item: 4.020

Quantity: Approximately 26,800 square yards

History: Dates to 2016

Condition: Good overall

Useful Life: Three- to five-years

Component Detail Notes: Proposals for seal coat applications should include crack repairs and patching. 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.

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Management and the Board apprise us that the Association intends to expend \$30,390 in 2018 to seal coat the pavement. This cost does not include crack repairs and patching. Our subsequent costs include allowances for crack repairs and patching of up to two percent (2%) of the pavement.

Asphalt Pavement, Repaving

Line Item: 4.045

Quantity: Approximately 26,800 square yards of access drives and driveways

History: The Association milled and overlaid the asphalt pavement from 2016 to 2017.

Condition: Good overall with localized areas of vehicle fluid stains, lateral and edge cracks, and deterioration evident



Asphalt access drive overview



Asphalt access drive overview



Asphalt driveway overview



Typical catch basin at asphalt pavement



Isolated vehicle fluid stain and deterioration at asphalt driveway of 130 Southwick Drive



Lateral cracks and deterioration at asphalt access drive near of 130 Southwick Drive



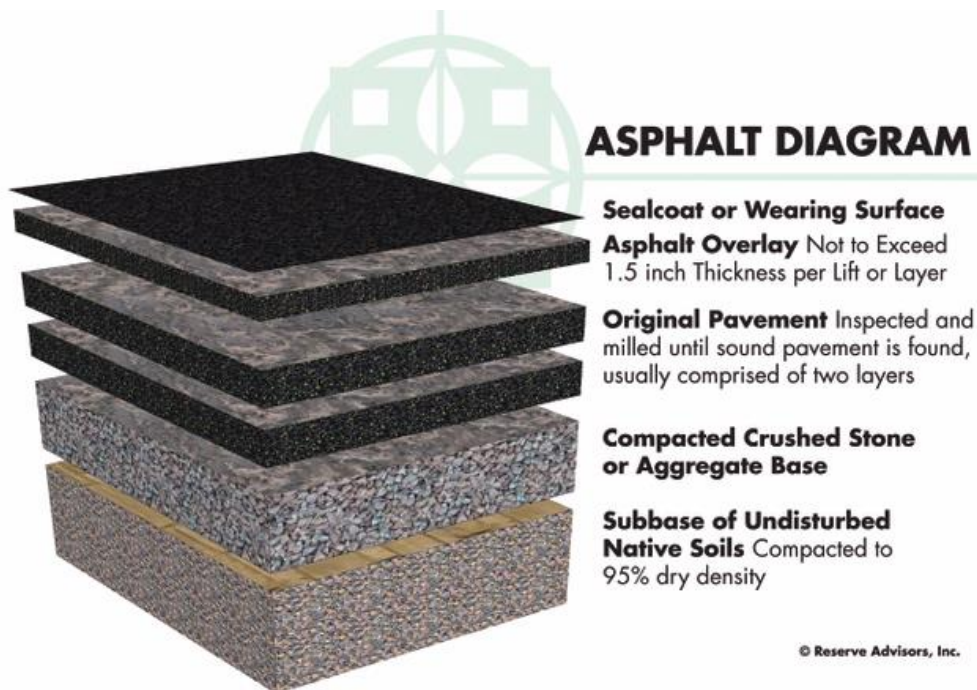
Edge cracks and deterioration at asphalt access drive near Building 6



Edge cracks and deterioration at asphalt driveway of 146 Southwick Drive

Useful Life: 15- to 20-years

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 Woodridge Park:



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 overlay 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 total replacement method of repaving at Woodridge Park.

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 advise the Association budget for a phased total replacement beginning by 2036 and concluding by 2037. Our cost estimate includes an

allowance for an inspection and capital repairs to the limited amount of catch basins located at the Association maintained pavement.

Backflow Preventers

Line Item: 4.091

Quantity: The Association maintains 23 subsurface pits with water meters that the Erie County Water Authority utilizes as part of the subsurface water supply system.

History: Original

Condition: Reported in satisfactory condition

Component Detail Notes: Management and the Board inform us that the Water Authority will eventually require the Association to install backflow preventers in order to continue water service. Furthermore, we should assume a preventer will be installed at each of the 23 subsurface pits. Although the Association has not been contacted by the Water Authority, precedence has been set as other nearby homeowners associations have had to make this type of upgrade.

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. At the direction of Management and the Board, we include an estimated allowance of \$92,000, plus inflation, to install backflow preventers in 2024.

Concrete Sidewalks

Line Item: 4.140

Quantity: 11,700 square feet of concrete sidewalks throughout the community that lead from the unit driveways to the front porches (note this quantity includes the concrete mailbox station pads)

Condition: Good to fair overall with localized areas of cracks, spalling, previous partial replacements and deterioration evident; Management and the Board apprise us that the Association recently mudjacked and leveled up to 20 locations of sidewalks



Concrete sidewalk overview



Localized crack and deterioration at concrete sidewalk near Building 25



Previous partial concrete sidewalk replacement near Building 29



Isolated spalling and deterioration at concrete sidewalk near 26 Crabapple Court

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

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 8,200 square feet of concrete sidewalks, or approximately seventy percent (70.1%) of the total, will require replacement during the next 30 years.

Drainage Swales

Line Item: 4.190

Quantity: 1,000 linear feet of drainage swales located at the northeast section of the property and near the community's entrance

History: Original

Condition: Good to fair condition with localized areas of erosion, silt and soil buildup at culvert pipes, tree branch obstructions and deterioration evident



Drainage swale overview (northeast section of the property)



Drainage swale overview (near the community's entrance)



Minor erosion and deterioration at wall of drainage swale near Building 1



Tree branch obstruction at drainage swale near Building 1



Silt and soil buildup evident at drainage culvert near Building 1



Silt and soil buildup evident at drainage culverts near Building 22

Useful Life: Indeterminate useful life with inspections and capital repairs every 5- to 10-years

Component Detail Notes: The Association should maintain the drainage swales to prevent erosion to impenetrable material, e.g. bedrock. When this type of erosion occurs, the walls of the drainage swales will begin to erode and expand, causing accelerated deterioration of the adjacent landscape. Capital repairs may vary based on location and the extent of deterioration. Typical capital repairs include, but are not limited to, regrading and/or augmenting topsoil at swale beds and walls, installing rip-rap and modifying landscaping along the drainage swales. These erosion control measures may not completely eliminate drainage swale deterioration. Therefore, the Association may anticipate less significant, interim repairs to the drainage swales in the future and should fund these activities through the operating budget.

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 estimate includes allowances for a complete inspection and capital repairs of up to three percent (3%), or 30 linear feet, of swales.

Mailbox Stations

Line Item: 4.600

Quantity: 11 stations

History: Date from 2010 to 2012

Condition: Good overall



Typical mailbox station

Useful Life: Up to 25 years

Priority/Criticality: Per Board discretion

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

Pond, Erosion Control

Line Item: 4.710

Quantity: 1,300 linear feet of natural vegetation at the pond's shoreline

Condition: The shoreline is in good to fair overall condition with isolated areas of erosion and deterioration evident.



Isolated shoreline erosion and deterioration along east portion of pond shoreline



Localized shoreline erosion and deterioration along west portion of pond shoreline

Useful Life: Shorelines are subject to fluctuations in water levels, increased plant growth and migrating storm and ground water resulting in the need for erosion control measures 10- to 15-years.

Component Detail Notes: The steep shoreline embankments are likely to exacerbate soil movement and erosion. The use and maintenance of landscape, natural vegetation and/or stone rip rap along the pond shoreline will help maintain an attractive appearance and prevent soil erosion.

Shoreline plantings are referred to as buffer zones. Buffer zones provide the following advantages:

- Control insects naturally
- Create an aesthetically pleasing shoreline
- Enhance water infiltration and storage
- Filter nutrients and pollutants
- Increase fish and wildlife habitat
- Reduce lawn maintenance
- Stabilize shoreline and reduce erosion
- Trap sediments

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 to install plantings and remove all invasive vegetation along 260 linear feet, or approximately twenty percent (20%), of the shoreline.

Pond, Sediment Removal

Line Item: 4.730

Quantity: 4,700 square yards of water surface area at the pond located at the northwest section of the community

Condition: The pond is in good to fair condition with isolated areas of natural debris present.



Pond overview



Isolated area of natural debris at the west section of the pond



Isolated area of natural debris at the east section of the pond

Useful Life: Based on the visual condition, construction, adjacent deciduous trees and visibly apparent erosion, we recommend the Association anticipate the need to remove pond sediment up to every 25 years.

Component Detail Notes: The gradual build-up of natural debris, including tree leaves, branches and silt, may eventually change the topography of areas of the pond. Silt typically accumulates at inlets, outlets and areas of shoreline erosion. Sediment removal of ponds becomes necessary if this accumulation alters the quality of pond water or the functionality of the ponds as storm water management structures. Sediment removal is the optimal but also the most capital intensive method of pond management.

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. For reserve budgeting purposes, we estimate the

need to remove fifty percent (50%), or 2,350 square yards of the surface area an average depth of one yard. However, the actual volume of material to remove may vary dependent upon an invasive analysis at the time of removal. A visual inspection of a body of water cannot reveal the amount of accumulated silt. This is especially true on larger bodies of water. It is therefore inaccurate to assume an entire body of water will require sediment removal. It is more cost effective to spot remove in areas of intense silt accumulation as noted through bathymetric surveys. The amount or depth of silt is determined through prodding into the silt until a relatively solid base is found or through bathymetric surveys. A bathymetric survey establishes a base of data about the depth of the body of water over many locations against which the data of future surveys is compared. These invasive procedures are beyond the scope of a Reserve Study and require multiple visits to the site. We recommend Woodridge Park contract with a local engineer for periodic bathymetric surveys. Future updates of the Reserve Study can incorporate future anticipated expenditures based on the results of the bathymetric surveys.

Unit costs per cubic yard to remove can vary significantly based on the type of equipment used, quantity of removed material and disposal of removed material. Sediment removal costs must also include mobilization, or getting the equipment to and from the site. Also, the portion of the overall cost to remove associated with mobilization varies based on the volume removed. Costs for sediment disposal also vary depending on the site. Compact sites will require hauling and in some cases disposal fees.

Signage, Community Identification

Line Item: 4.810

Quantity: One wood sign

History: Dates to 2015

Condition: Good overall



Community identification signage overview

Useful Life: 15- to 20-years

Component Detail Notes: The community sign contributes to the overall aesthetic appearance of the property to owners and potential buyers. Replacement of community sign 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.

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.

Woodridge Park 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 Community Associations Institute (CAI) and the Association of Professional Reserve Analysts (APRA) fulfilling the requirements of a "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 Orchard Park, New York at an annual inflation rate. Isolated or regional markets of

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

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

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

- The past and current maintenance practices of Woodridge Park 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, Inc. 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 principals are founders of Community Associations Institute's (CAI) Reserve Committee that developed national standards for reserve study providers. One of our principals 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 the 2,600,000-square foot 98-story Trump International Hotel and Tower in Chicago. 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.

QUALIFICATIONS

THEODORE J. SALGADO

Principal Owner

CURRENT CLIENT SERVICES

Theodore J. Salgado is a co-founder of Reserve Advisors, Inc., which is dedicated to serving community associations, city and country clubs, religious organizations, educational facilities, and public and private entities throughout the United States. He is responsible for the production, management, review, and quality assurance of all reserve studies, property inspection services and consulting services for a nationwide portfolio of more than 6,000 clients. Under his direction, the firm conducts reserve study services for community associations, apartment complexes, churches, hotels, resorts, office towers and vintage architecturally ornate buildings.



PRIOR RELEVANT EXPERIENCE

Before founding Reserve Advisors, Inc. with John P. Poehlmann in 1991, Mr. Salgado, a professional engineer registered in the State of Wisconsin, served clients for over 15 years through American Appraisal Associates, the world's largest full service valuation firm. Mr. Salgado conducted facilities analyses of hospitals, steel mills and various other large manufacturing and petrochemical facilities and casinos.

He has served clients throughout the United States and in foreign countries, and frequently acted as project manager on complex valuation, and federal and state tax planning assignments. His valuation studies led to negotiated settlements on property tax disputes between municipalities and property owners.

Mr. Salgado has authored articles on the topic of reserve studies and facilities maintenance. He also co-authored *Reserves*, an educational videotape produced by Reserve Advisors on the subject of Reserve Studies and maintaining appropriate reserves. Mr. Salgado has also written in-house computer applications manuals and taught techniques relating to valuation studies.

EXPERT WITNESS

Mr. Salgado has testified successfully before the Butler County Board of Tax Revisions in Ohio. His depositions in pretrial discovery proceedings relating to reserve studies of Crestview Estates Condominium Association in Wauconda, Illinois, Rivers Point Row Property Owners Association, Inc. in Charleston, South Carolina and the North Shore Club Associations in South Bend, Indiana have successfully assisted the parties in arriving at out of court settlements.

EDUCATION - Milwaukee School of Engineering - B.S. Architectural Engineering

PROFESSIONAL AFFILIATIONS/DESIGNATIONS

American Association of Cost Engineers - Past President, Wisconsin Section

Association of Construction Inspectors - Certified Construction Inspector

Association of Professional Reserve Analysts - Past President & Professional Reserve Analyst (PRA)

Community Associations Institute - Member and Volunteer Leader of multiple chapters

Concordia Seminary, St. Louis - Member, National Steering Committee

Milwaukee School of Engineering - Member, Corporation Board

Professional Engineer, Wisconsin (1982) and North Carolina (2014)

Ted continually maintains his professional skills through American Society of Civil Engineers, ASHRAE, Association of Construction Inspectors, and continuing education to maintain his professional engineer licenses.

**JOHN P. POEHLMANN, RS
Principal**

John P. Poehlmann is a co-founder of Reserve Advisors, Inc. He is responsible for the finance, accounting, marketing, and overall administration of Reserve Advisors, Inc. He also regularly participates in internal Quality Control Team Reviews of Reserve Study reports.



Mr. Poehlmann directs corporate marketing, including business development, advertising, press releases, conference and trade show exhibiting, and electronic marketing campaigns. He frequently speaks throughout the country at seminars and workshops on the benefits of future planning and budgeting for capital repairs and replacements of building components and other assets.

PRIOR RELEVANT EXPERIENCE

Mr. Poehlmann served on the national Board of Trustees of Community Associations Institute. An international organization, Community Associations Institute (CAI) is a nonprofit 501(c)(3) trade association created in 1973 to provide education and resources to America's 335,000 residential condominium, cooperative and homeowner associations and related professionals and service providers.

He is a founding member of the Institute's Reserve Committee. The Reserve Committee developed national standards and the Reserve Specialist (RS) Designation Program for Reserve Study providers. Mr. Poehlmann has authored numerous articles on the topic of Reserve Studies, including Reserve Studies for the First Time Buyer, Minimizing Board Liability, Sound Association Planning Parallels Business Concepts, and Why Have a Professional Reserve Study. He is also a contributing author in Condo/HOA Primer, a book published for the purpose of sharing a wide background of industry knowledge to help boards in making informed decisions about their communities.

INDUSTRY SERVICE AWARDS

- CAI Wisconsin Chapter Award
- CAI National Rising Star Award
- CAI Michigan Chapter Award

EDUCATION

- University of Wisconsin-Milwaukee - Master of Science Management
- University of Wisconsin - Bachelor of Business Administration

PROFESSIONAL AFFILIATIONS

- Community Associations Institute (CAI)** - Founding member of Reserve Committee; former member of National Board of Trustees; Reserve Specialist (RS) designation; Member of multiple chapters
- Association of Condominium, Townhouse, & Homeowners Associations (ACTHA)** – member



MATTHEW P. KSIONZYK, PRA, RS
Responsible Advisor

CURRENT CLIENT SERVICES

Matthew P. Ksionzyk, a Civil engineer, is an Advisor for Reserve Advisors. Mr. Ksionzyk is responsible for the inspection and analysis of the condition of clients' properties, 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 Analyses, Capital Replacement Forecasting and Reserve Study Report Preparation for condominiums/cooperatives (including midrise and high-rise buildings), townhomes, homeowner associations and commercial/institutional facilities. Mr. Ksionzyk frequently serves as the Quality Assurance Review Coordinator for all types of developments.

Four Seasons Place - Located next to Boston Common, this condominium shares many common elements with the Four Seasons Hotel Boston. Built in 1985, this 16-story high-rise building includes 88 unique units with a brick masonry façade, flat roof systems, a health club and a parking garage.

Saint Mary's Catholic Church - This Jesuit parish is located in Lancaster, Pennsylvania and includes church/sacristy, rectory and school/convent buildings. Established in 1741, the present-day buildings were built from the mid-19th - to early 20th-centuries and comprise brick masonry façades and sloped slate and asphalt shingle roofs.

Azure - This 32-story high-rise was constructed from 2004 to 2007 and is located in Dallas, Texas. The building exterior comprises balconies, flat roofs, glass/metal curtain walls and a panelized stone masonry façade. The development includes plaza decks, a pool, water features and a subterranean parking garage.

Skyline Plaza - Located in northern Virginia, this community includes 957 units in twin 27-story buildings. Constructed from 1972 to 1977, the exteriors comprise balconies, flat roofs and masonry façades. The community includes common social/recreation rooms, a plaza deck, a pool and a parking garage.

Ronald McDonald House Toronto - Established in 1981, this Ronald McDonald House provides a "home away from home" for seriously ill children and their families. The current building was constructed from 2009 to 2011 and includes 81 guest suites. The four-story building comprises a flat roof, fiber cement siding, brick masonry, extensive interior common areas, a school and playground equipment.

Linden - This five-story, mixed-use residential/commercial property is located in Hartford, Connecticut, was constructed from 1892 to 1893, and was converted to a condominium from 1979 to 1981. The development includes a brick and brownstone masonry façade, flat roofs, detached garage buildings, asphalt pavement and an elevated garden.

Guard Hill - This townhome-style development is located in Westchester County, New York and consists of 212 units in 45 buildings. The buildings comprise asphalt shingle roofs, wood balconies and wood siding. This community includes private roads, three ponds, tennis and basketball courts, and a pool.

The Village of Kiln Creek - Located in southeast Virginia, this large-scale master association is responsible for the common elements shared by 31 subsidiary associations that comprise 2,918 residences. The community was built from 1988 to 2001 and consists of a clubhouse, pools, recreation facilities, maintenance facilities, an administrative office, asphalt walking paths, an irrigation system and lakes.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, Mr. Ksionzyk attended Clarkson University, in Postdam, New York, where he specialized in Infrastructure Engineering. After college, he was commissioned as an officer in the U.S. Army and served four years on active duty, including a 13-month deployment to Iraq in 2004 and 2005. While in the Army, Mr. Ksionzyk served as a branch detailed infantry officer and a logistical transportation officer. In addition, Mr. Ksionzyk served as an Association Director of Quality Assurance at Reserve Advisors from 2015 to 2016.

EDUCATION

Clarkson University - B.S. Civil Engineering

PROFESSIONAL AFFILIATIONS / DESIGNATIONS

Engineer In Training (E.I.T.) Registration - New York

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

Reserve Specialist (RS) - Community Associations Institute



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

Reserve Specialist (RS) - Community Associations Institute

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

RESOURCES

Reserve Advisors, Inc. 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. Several advisors and a Principal of Reserve Advisors, Inc. hold Senior Memberships with ACI.

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, Inc. 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, Inc., 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 Woodridge Park 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) Woodridge Park 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, Inc. (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 and is noninvasive. 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.