

FULL RESERVE STUDY

The Hamlet Homeowners Association, Inc.



Williston, Vermont

May 5, 2020



This Report contains intellectual property developed by Reserve Advisors, LLC and cannot be reproduced or distributed to those who conduct reserve studies without their written consent.

The Hamlet Homeowners Association, Inc.
Williston, Vermont

Dear Board of Directors of The Hamlet Homeowners Association, Inc.:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Full Reserve Study* of The Hamlet Homeowners Association, Inc. in Williston, Vermont and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, May 5, 2020.

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 The Hamlet Homeowners Association, Inc. 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 May 29, 2020 by

Reserve Advisors, LLC

Visual Inspection and Report by: Matthew D. Casey

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>.



Long-term thinking. Everyday commitment.

Table of Contents

1. RESERVE STUDY EXECUTIVE SUMMARY	1.1
2. RESERVE STUDY REPORT	2.1
3. RESERVE EXPENDITURES and FUNDING PLAN.....	3.1
4. RESERVE COMPONENT DETAIL.....	4.1
Exterior Building Elements.....	4.1
Decks and Porches, Composite	4.1
Doors, Entrances.....	4.3
Doors, Garage	4.4
Gutters and Downspouts, Aluminum	4.5
Light Fixtures	4.6
Roofs, Asphalt Shingles	4.7
Soffit and Fascia, Vinyl	4.10
Walls, Fiber Cement Siding, Paint Finishes.....	4.11
Windows and Doors, Vinyl Frames.....	4.13
Property Site Elements	4.14
Asphalt Pavement, Driveways, Repaving.....	4.14
Concrete Sidewalks.....	4.16
Gazebo.....	4.17
Light Fixtures, Bollard.....	4.18
Mailbox Stations	4.18
Patios, Masonry Pavers.....	4.19
Retaining Walls, Window Well Egresses	4.20
Reserve Study Update.....	4.21
5. METHODOLOGY	5.1
6. CREDENTIALS	6.1
7. DEFINITIONS	7.1
8. PROFESSIONAL SERVICE CONDITIONS	8.1



1. RESERVE STUDY EXECUTIVE SUMMARY

Client: The Hamlet Homeowners Association, Inc. (The Hamlet)

Location: Williston, Vermont

Reference: 191005

Property Basics: The Hamlet Homeowners Association, Inc. is a homeowners association which is responsible for the common elements shared by 43 single family homes. The community was built from 2006 to 2020.

Reserve Components Identified: 16 Reserve Components.

Inspection Date: May 5, 2020.

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 does not recognize a critical year.

Rather, the **Reserve Funding Plan** recommends 2050 year end accumulated reserves of approximately \$485,700. We judge this amount of accumulated reserves in 2050 necessary to fund the likely replacement of the fiber cement siding after 2050. Future replacement costs beyond the next 30 years for the fiber cement siding are likely to more than double the current cost of replacement, now estimated at approximately \$596,400 (85,200 square feet times \$7.00 per square foot). These future needs, although beyond the limit of the Cash Flow Analysis of this Reserve Study, are reflected in the amount of accumulated 2050 year end reserves.

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
- 2.2% anticipated annual rate of return on invested reserves
- 2.3% 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:

- \$21,316 projected by Management as of January 1, 2021
- 2020 budgeted Reserve Contributions of \$11,365

Project Prioritization: We note anticipated Reserve Expenditures for the next 30 years in the **Reserve Expenditures** tables and include a **Five-Year Outlook** table following the **Reserve Funding Plan** in Section 3. We recommend the Association prioritize the following projects in the next five years based on the conditions identified:

- Replacement of the first phase of the composite decks and porches
- Replacement of the first phase of asphalt shingle roofs
- Paint finishes at the fiber cement siding and trim

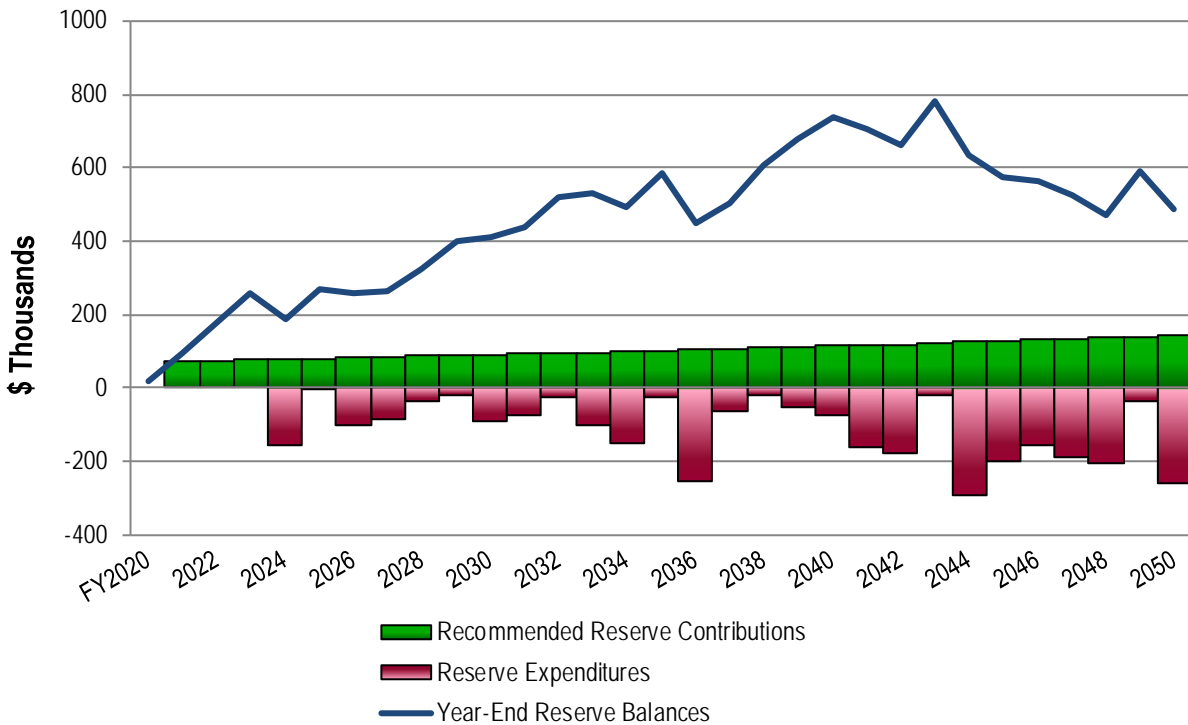
Recommended Reserve Funding: We recommend the following in order to achieve a stable and equitable Funding Plan:

- Increase to \$74,300 in 2021

- Inflationary increases through 2050, the limit of this study's Cash Flow Analysis
- 2021 Reserve Contribution of \$74,800 is equivalent to an average monthly contribution of \$144.96 per homeowner.

The Hamlet
Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2021	74,300	96,902	2031	93,200	437,609	2041	116,900	705,258
2022	76,000	175,870	2032	95,300	520,762	2042	119,600	663,350
2023	77,700	258,294	2033	97,500	531,380	2043	122,400	780,847
2024	79,500	189,538	2034	99,700	493,581	2044	125,200	632,143
2025	81,300	270,731	2035	102,000	584,177	2045	128,100	576,480
2026	83,200	261,136	2036	104,300	446,765	2046	131,000	564,547
2027	85,100	266,184	2037	106,700	502,755	2047	134,000	523,841
2028	87,100	324,626	2038	109,200	606,131	2048	137,100	469,564
2029	89,100	400,530	2039	111,700	679,759	2049	140,300	588,144
2030	91,100	408,587	2040	114,300	735,440	2050	143,500	485,747





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

The Hamlet Homeowners Association, Inc.

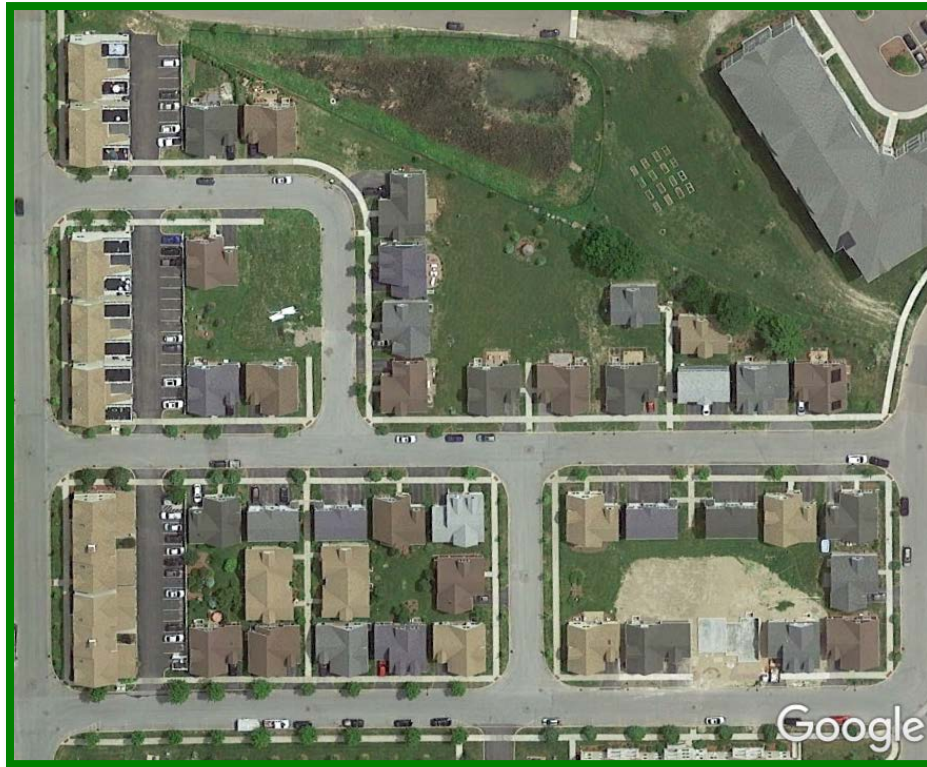
Williston, Vermont

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, May 5, 2020.

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:

- The Hamlet 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:

- Electrical Systems, Common
- Foundations
- Structural Frames
- Walls, Siding, Fiber Cement, Replacement

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 \$2,500 (These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.)
- Driveways, Asphalt Pavement, Crack Repair and Patch
- Irrigation System, Abandoned
- Landscape
- Paint Finishes, Touch Up
- Recessed Light Fixtures, Exterior



Recessed light fixture at porch soffit



- Vents, Furnace Exhaust and Intake
- 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:

- Electrical Systems (Including Circuit Protection Panels)
- Heating, Ventilating and Air Conditioning (HVAC) Units
- Interiors
- Pipes (Within Units)
- Storm Doors

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

- Drainage System including Catch Basins and Subsurface Drains (Town of Williston)
- Electrical Equipment and Meters (Utility Company)
- Fences, Chain Link, East Perimeter (Neighboring Property)
- Fences, Vinyl, North Perimeter (Neighboring Property)
- Light Poles and Fixtures (Town of Williston)
- Retention Pond (Neighboring Property)
- Sidewalks (Town of Williston)
- Street Systems (Town of Williston)

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
- 2020 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

The Hamlet
Homeowners Association, Inc.
Williston, Vermont

Explanatory Notes:

- 1) **2.3%** is the estimated Inflation Rate for estimating Future Replacement Costs.
- 2) **FY2020 is Fiscal Year beginning January 1, 2020 and ending December 31, 2020.**

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Costs, \$			Percentage of Future Expenditures	RUL = 0 FY2020	1 2021	2 2022	3 2023	4 2024	5 2025	6 2026	7 2027	8 2028	9 2029	10 2030	11 2031	12 2032	13 2033	14 2034	15 2035													
						Useful	Remaining	Unit (2020)	Per Phase (2020)	Total (2020)																														
Exterior Building Elements																																								
1.153	5,850	1,170	Square Feet	Decks and Porches, Composite (Incl. Vinyl Railings), Phased	2028	20 to 25	8 to 20	25.00	29,250	146,250	8.7%									35,086			37,563				40,215													
1.180	43	9	Each	Doors, Entrances, Phased	2036	to 30	16 to 28	930.00	7,998	39,990	2.2%																													
1.200	47	9	Each	Doors, Garage, Phased	2031	to 25	11 to 23	1,300.00	12,220	61,100	3.0%												15,693				16,801													
1.240	4,450	890	Linear Feet	Gutters and Downspouts, Aluminum, Phased	2024	15 to 20	4 to 16	8.50	7,565	37,825	2.9%				8,285				8,870			9,497			10,167															
1.260	87	29	Each	Light Fixtures, Phased	2026	to 20	6 to 16	75.00	2,175	6,525	0.4%							2,493					2,793																	
1.280	800	160	Squares	Roofs, Asphalt Shingles, Phased	2024	15 to 20	4 to 16	410.00	65,600	328,000	25.4%				71,847				76,919			82,349			88,163															
1.590	11,700	2,340	Square Feet	Soffit and Fascia, Vinyl, Phased	2041	to 35	21 to 30+	6.00	14,040	70,200	3.4%																													
1.840	43	22	Units	Walls, Siding, Fiber Cement, Paint Finishes, Phased	2024	8 to 10	4 to 6	3,100.00	66,650	133,300	19.1%				72,997			76,393									91,635													
1.980	10,600	2,120	Square Feet	Windows and Doors, Vinyl Frames, Phased	2041	to 35	21 to 30+	41.00	86,920	434,600	20.8%																													
Property Site Elements																																								
4.045	1,800	360	Square Yards	Asphalt Pavement, Driveways, Total Replacement, Phased	2026	15 to 20	6 to 18	33.00	11,880	59,400	4.1%							13,617			14,578			15,607			16,709													
4.140	3,100	415	Square Feet	Concrete Sidewalks, Partial	2025	to 65	5 to 30+	11.00	4,565	34,100	0.7%						5,115										6,421													
4.360	1	1	Each	Gazebo	2040	to 25	20	5,500.00	5,500	5,500	0.3%																													
4.560	9	9	Each	Light Fixtures, Bollard	2031	to 25	11	800.00	7,200	7,200	0.3%												9,246																	
4.600	3	3	Each	Mailbox Stations	2031	to 25	11	2,100.00	6,300	6,300	0.3%												8,090																	
4.620	860	287	Square Feet	Patios, Masonry Pavers, Phased	2026	to 25	6 to 12	18.50	5,303	15,910	1.3%							6,079			6,508			6,967																
4.745	43	9	Each	Retaining Walls, Window Well Egresses, Phased	2036	25 to 30	16 to 28	3,000.00	25,800	129,000	7.1%																													
Anticipated Expenditures, By Year (\$2,995,496 over 30 years)																																								
												0	0	0	0	153,129	5,115	98,582	85,789	35,086	21,086	91,846	73,385	22,574	98,330	148,651	23,130													

RESERVE EXPENDITURES

The Hamlet
Homeowners Association, Inc.
Williston, Vermont

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Costs, \$			Percentage of Future Expenditures	16 2036	17 2037	18 2038	19 2039	20 2040	21 2041	22 2042	23 2043	24 2044	25 2045	26 2046	27 2047	28 2048	29 2049	30 2050
						Useful	Remaining	Unit (2020)	Per Phase (2020)	Total (2020)																
Exterior Building Elements																										
1.153	5,850	1,170	Square Feet	Decks and Porches, Composite (Incl. Vinyl Railings), Phased	2028	20 to 25	8 to 20	25.00	29,250	146,250	8.7%		43,054			46,093										57,862
1.180	43	9	Each	Doors, Entrances, Phased	2036	to 30	16 to 28	930.00	7,998	39,990	2.2%	11,508			12,320		13,190			14,121				15,118		
1.200	47	9	Each	Doors, Garage, Phased	2031	to 25	11 to 23	1,300.00	12,220	61,100	3.0%		17,987			19,257		20,616								
1.240	4,450	890	Linear Feet	Gutters and Downspouts, Aluminum, Phased	2024	15 to 20	4 to 16	8.50	7,565	37,825	2.9%	10,885					12,476			13,357				14,300		
1.260	87	29	Each	Light Fixtures, Phased	2026	to 20	6 to 16	75.00	2,175	6,525	0.4%	3,129											3,928			
1.280	800	160	Squares	Roofs, Asphalt Shingles, Phased	2024	15 to 20	4 to 16	410.00	65,600	328,000	25.4%	94,387					108,185			115,823				124,000		
1.590	11,700	2,340	Square Feet	Soffit and Fascia, Vinyl, Phased	2041	to 35	21 to 30+	6.00	14,040	70,200	3.4%					22,634			24,232				25,942		27,774	
1.840	43	22	Units	Walls, Siding, Fiber Cement, Paint Finishes, Phased	2024	8 to 10	4 to 6	3,100.00	66,650	133,300	19.1%	95,898								115,031			120,383			
1.980	10,600	2,120	Square Feet	Windows and Doors, Vinyl Frames, Phased	2041	to 35	21 to 30+	41.00	86,920	434,600	20.8%						140,123			150,015			160,606			171,945
Property Site Elements																										
4.045	1,800	360	Square Yards	Asphalt Pavement, Driveways, Total Replacement, Phased	2026	15 to 20	6 to 18	33.00	11,880	59,400	4.1%			17,889									21,458		22,973	
4.140	3,100	415	Square Feet	Concrete Sidewalks, Partial	2025	to 65	5 to 30+	11.00	4,565	34,100	0.7%									8,060						
4.360	1	1	Each	Gazebo	2040	to 25	20	5,500.00	5,500	5,500	0.3%					8,667										
4.560	9	9	Each	Light Fixtures, Bollard	2031	to 25	11	800.00	7,200	7,200	0.3%															
4.600	3	3	Each	Mailbox Stations	2031	to 25	11	2,100.00	6,300	6,300	0.3%															
4.620	860	287	Square Feet	Patios, Masonry Pavers, Phased	2026	to 25	6 to 12	18.50	5,303	15,910	1.3%												9,579		10,255	
4.745	43	9	Each	Retaining Walls, Window Well Egresses, Phased	2036	25 to 30	16 to 28	3,000.00	25,800	129,000	7.1%	37,122			39,743			42,548			45,552			48,768		
Anticipated Expenditures, By Year (\$2,995,496 over 30 years)												252,929	61,041	17,889	52,063	74,017	162,757	176,399	20,616	289,278	196,913	155,348	186,548	202,186	33,228	257,581

RESERVE FUNDING PLAN

CASH FLOW ANALYSIS

The Hamlet

Homeowners Association, Inc.

Williston, Vermont

Individual Reserve Budgets & Cash Flows for the Next 30 Years

	FY2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Reserves at Beginning of Year (Note 1)	N/A	21,316	96,902	175,870	258,294	189,538	270,731	261,136	266,184	324,626	400,530	408,587	437,609	520,762	531,380	493,581
Total Recommended Reserve Contributions (Note 2)	N/A	74,300	76,000	77,700	79,500	81,300	83,200	85,100	87,100	89,100	91,100	93,200	95,300	97,500	99,700	102,000
Plus Estimated Interest Earned, During Year (Note 3)	N/A	1,286	2,968	4,724	4,873	5,008	5,787	5,737	6,428	7,890	8,803	9,207	10,427	11,448	11,152	11,726
Less Anticipated Expenditures, By Year	N/A	0	0	0	(153,129)	(5,115)	(98,582)	(85,789)	(35,086)	(21,086)	(91,846)	(73,385)	(22,574)	(98,330)	(148,651)	(23,130)
Anticipated Reserves at Year End	<u>\$21,316</u>	<u>\$96,902</u>	<u>\$175,870</u>	<u>\$258,294</u>	<u>\$189,538</u>	<u>\$270,731</u>	<u>\$261,136</u>	<u>\$266,184</u>	<u>\$324,626</u>	<u>\$400,530</u>	<u>\$408,587</u>	<u>\$437,609</u>	<u>\$520,762</u>	<u>\$531,380</u>	<u>\$493,581</u>	<u>\$584,177</u>

(continued)

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

	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050
Reserves at Beginning of Year	584,177	446,765	502,755	606,131	679,759	735,440	705,258	663,350	780,847	632,143	576,480	564,547	523,841	469,564	588,144
Total Recommended Reserve Contributions	104,300	106,700	109,200	111,700	114,300	116,900	119,600	122,400	125,200	128,100	131,000	134,000	137,100	140,300	143,500
Plus Estimated Interest Earned, During Year	11,217	10,331	12,065	13,991	15,398	15,675	14,891	15,713	15,374	13,150	12,415	11,842	10,809	11,508	11,684
Less Anticipated Expenditures, By Year	(252,929)	(61,041)	(17,889)	(52,063)	(74,017)	(162,757)	(176,399)	(20,616)	(289,278)	(196,913)	(155,348)	(186,548)	(202,186)	(33,228)	(257,581)
Anticipated Reserves at Year End	<u>\$446,765</u>	<u>\$502,755</u>	<u>\$606,131</u>	<u>\$679,759</u>	<u>\$735,440</u>	<u>\$705,258</u>	<u>\$663,350</u>	<u>\$780,847</u>	<u>\$632,143</u>	<u>\$576,480</u>	<u>\$564,547</u>	<u>\$523,841</u>	<u>\$469,564</u>	<u>\$588,144</u>	<u>\$485,747</u>

(NOTE 4)

Explanatory Notes:

- 1) Year 2020 ending reserves are projected by Management as of January 1, 2021; FY2020 starts January 1, 2020 and ends December 31, 2020.
- 2) 2021 is the first year of recommended contributions.
- 3) 2.2% is the estimated annual rate of return on invested reserves
- 4) Accumulated year 2050 ending reserves consider the need to fund for replacement of the fiber cement siding shortly after 2050, and the age, size, overall condition and complexity of the property.

FIVE-YEAR OUTLOOK

**The Hamlet
Homeowners Association, Inc.**
Williston, Vermont

Line Item	Reserve Component Inventory	RUL = 0 FY2020	1 2021	2 2022	3 2023	4 2024	5 2025
<u>Exterior Building Elements</u>							
1.240	Gutters and Downspouts, Aluminum, Phased					8,285	
1.280	Roofs, Asphalt Shingles, Phased					71,847	
1.840	Walls, Siding, Fiber Cement, Paint Finishes, Phased					72,997	
<u>Property Site Elements</u>							
4.140	Concrete Sidewalks, Partial						5,115
Anticipated Expenditures, By Year (\$2,995,496 over 30 years)		0	0	0	0	153,129	5,115

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



Side elevation



Rear elevation

Decks and Porches, Composite

Line Item: 1.153

Quantity: 43 composite deck porches and 43 composite decks with wood frames which comprise a total of 5,850 square feet with 630 linear feet of vinyl railings

History: Original

Condition: Good to fair overall with isolated minor deterioration evident



Typical composite deck porch



Vinyl railing at porch



Deck boards at porch



Typical deck at rear of unit



Larger style of rear deck

Useful Life: 20- to 25-years

Component Detail Notes: Deck construction includes deck boards fastened with screws and vinyl railings with vertical pickets.

The wood components in the composite material will absorb moisture. When dispelled, black mold spots can appear that will require chemical cleaning. However, these spots will reappear resulting in the need for cleaning every other month as needed during humid months. The Association should fund these expenses 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.

Doors, Entrances

Line Item: 1.180

Quantity: 43 doors

History: Original

Condition: Good overall



Typical entrance door
Note: Storm doors are the responsibility of the unit owner.

Useful Life: Up to 30 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.

Doors, Garage

Line Item: 1.200

Quantity: 47 single and double garage doors

History: Original

Condition: Good overall



Single garage door



Double garage door

Useful Life: Up to 25 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.

Gutters and Downspouts, Aluminum

Line Item: 1.240

Quantity: Approximately 4,450 linear feet of aluminum five-inch seamless gutters and two-inch by three-inch downspouts

History: Original

Condition: Good to fair overall with isolated downspout damage evident



Isolated downspout damage

Useful Life: 15- to 20-years

Component Detail Notes: 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.

Light Fixtures

Line Item: 1.260

Quantity: 87 exterior wall mounted light fixtures accent the garages and decks

History: Original

Condition: Good overall



Typical accent light fixture

Useful Life: Up to 20 years

Priority/Criticality: Per Board discretion

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

Roofs, Asphalt Shingles

Line Item: 1.280

Quantity: Approximately 800 squares¹

History: Original

Condition: Good to fair overall. Management and the Board report a limited history of leaks.



Asphalt shingle roof overview



Asphalt shingle roof overview



Asphalt shingle roof overview



Asphalt shingle roof overview

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



Asphalt shingle roof overview

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 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.

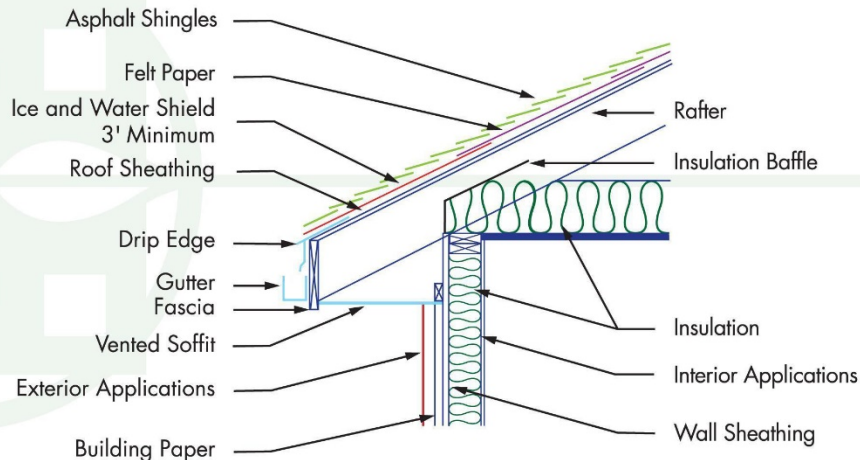
The vents should be clear of debris and not blocked from above by attic insulation. If the soffit vents are blocked from above, installation of polystyrene vent spaces or baffles between the roof joists at these locations can ensure proper ventilation.

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 The Hamlet:

ROOF SCHEMATIC



© Reserve Advisors

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.

Soffit and Fascia, Vinyl

Line Item: 1.590

Quantity: Approximately 11,700 square feet

History: Original

Condition: Good overall



Soffit at porch



Soffit and fascia at gable

Useful Life: Up to 35 years

Component Detail Notes: Consideration of appearance largely governs the decision to replace the aluminum soffits and fascia, in whole or partially, prior to the end of their useful life. Maintenance and partial replacements of the soffits and fascia may extend the useful life. Normal deterioration mainly relates to fading of the exterior finish from exposure to sunlight, weathering and air pollutants. The lack of replacement pieces matching the color and profile of the existing soffits and fascia may result in the need for a premature replacement.

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.

Walls, Fiber Cement Siding, Paint Finishes

Line Item: 1.840

Quantity: Approximately 85,200 square feet of trim and siding

History: Original

Condition: Good to fair overall isolated paint finish deterioration, previous repairs, siding gaps and siding damage evident



Paint finish deterioration at gable



Unpainted fill at nails



Paint finish deterioration



Siding damage and previous repairs



Gap between boards beneath window



Damage along ground

Useful Life: 8- to 10-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 assume the following activities per event:

- Paint finish applications
- Replacement of 700 square feet, or up to one percent (1%), of the siding and trim (The exact amount of material in need of replacement will depend on the actual future conditions and desired appearance. We recommend replacement wherever holes, cracks and deterioration impair the ability of the material to prevent water infiltration.)
- Replacement of up to fifty percent (50%) of the sealants at the windows and doors

Windows and Doors, Vinyl Frames

Line Item: 1.980

Quantity: Approximately 10,600 square feet at the windows, rear entry doors, and rear/side doors to garages

History: Original

Condition: Good overall



Windows at gable



Windows at rear elevation

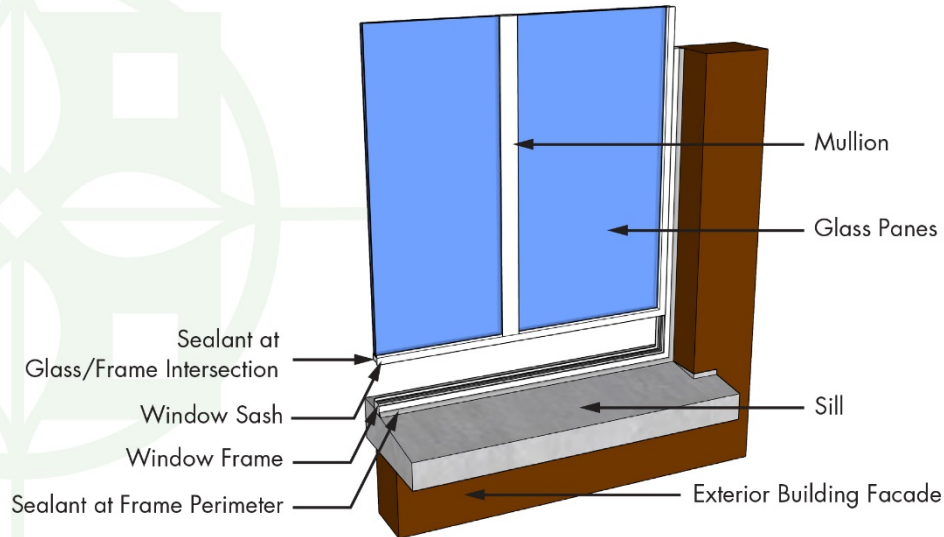
Useful Life: Up to 35 years

Component Detail Notes: Construction includes the following:

- Vinyl frames
- Dual pane glass
- Casement windows with screens
- Hinged doors

The following schematic depicts the typical components of a window system although it may not reflect the actual configuration at The Hamlet:

WINDOW DETAIL



© Reserve Advisors

Properly designed window and door assemblies anticipate the penetration of some storm water beyond the gaskets. This infiltrated storm water collects in an internal drainage system and drains, or exits, the frames through weep holes. These weep holes can become clogged with dirt or if a sealant is applied, resulting in trapped storm water. We recommend The Hamlet periodically verify that weep holes are unobstructed as normal maintenance. However, as window frames, gaskets and sealants deteriorate, leaks into the interior can result. The windows and doors will eventually need replacement or major capital repairs to prevent water infiltration and damage from wind driven rain.

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.

Property Site Elements

Asphalt Pavement, Driveways, Repaving

Line Items: 4.040

Quantity: Approximately 1,800 square yards at the driveways

History: Original

Condition: Good overall



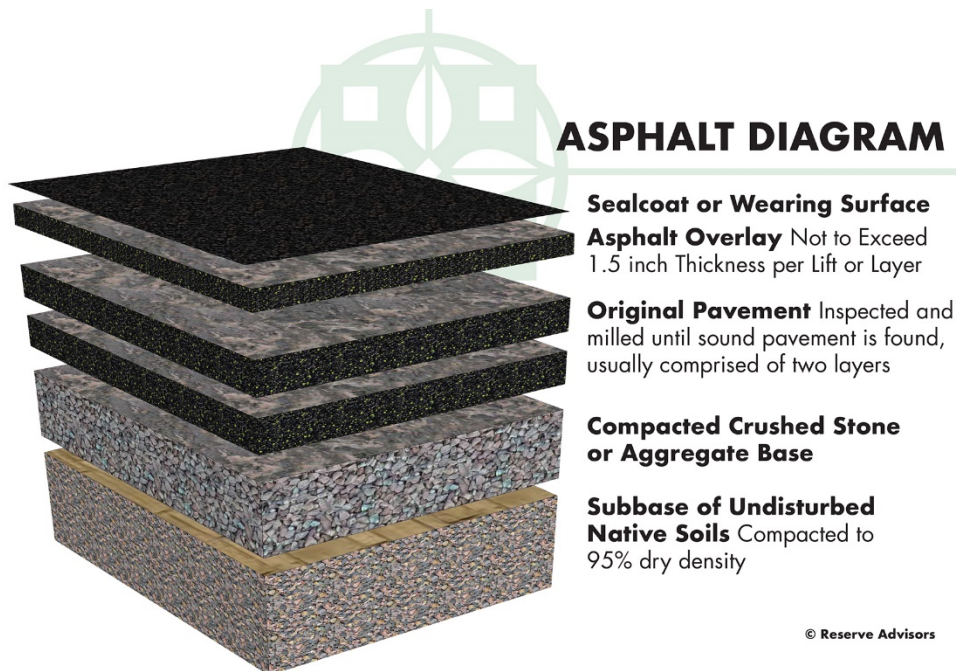
Driveway at single garage



Driveway at double garage

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 The Hamlet:



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 total replacement method of repaving at The Hamlet.

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.

Concrete Sidewalks

Line Item: 4.140

Quantity: Approximately 3,100 square feet at the entrance walks and common area sidewalks

Condition: Good to fair overall with isolated cracks evident



Typical entrance walk



Common area sidewalk overview



Common area sidewalk overview



Crack at common area sidewalk

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 1,245 square feet of concrete sidewalks, or forty percent (40.2%) of the total, will require replacement during the next 30 years.

Gazebo

Line Item: 4.360

History: Installed in 2015

Condition: Good overall



Gazebo overview

Useful Life: Up to 25 years with periodic maintenance

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We recommend the Association budget for repairs through the operating budget.

Light Fixtures, Bollard

Line Item: 4.560

Quantity: Nine metal bollard light fixtures along the common area walkways

History: Original

Condition: Good overall



Typical bollard light fixture

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.

Mailbox Stations

Line Item: 4.600

Quantity: Three stations

History: Original

Condition: Good overall



Typical mailbox stations

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.

Patios, Masonry Pavers

Line Item: 4.620

Quantity: 860 square feet at the 12 patios

History: Original

Condition: Good to fair overall with minor settlement and organic growth evident



Masonry paver patio

Note: Minor settlement and organic growth.



Masonry paver patio

Useful Life: Up to 25 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. Our cost includes complete replacement of the pavers. We suggest the Association conduct interim resetting and replacement of minor areas of pavers as normal maintenance, funded from the operating budget.

Retaining Walls, Window Well Egresses

Line Item: 4.745

Quantity: 43 retaining walls located at the basement level window wells of each unit

History: Original

Condition: Good overall



Window well retaining wall overview



Window well overview with cover

Useful Life: Up to 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.

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.

The Hamlet 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 Williston,

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.

Vermont at an annual inflation rate³. Isolated or regional markets of greater construction (development) activity may experience slightly greater rates of inflation for both construction materials and labor.

- The past and current maintenance practices of The Hamlet 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.

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



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 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.

MATTHEW D. CASEY
Responsible Advisor

CURRENT CLIENT SERVICES

Matthew D. Casey, a Civil Engineer, is an Advisor for Reserve Advisors. Mr. Casey 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 Study Reports for condominiums, townhomes and homeowner associations.



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

Cameron Station Community Association Cameron Station Community Association is a planned unit development in Alexandria, Virginia which maintains common elements shared by 1,769 homeowners. The development contains over five miles of private roads and an extensive network of masonry paver walkways.

Hudson Harbor I Condominium Located along the Hudson River in Tarrytown, New York, this community was built in 2009 and contains a three-story midrise building comprising 20 residential units and three commercial units as well as 36 townhome style units in five buildings. Residents of the midrise enjoy terraces and covered balconies. Each of the townhomes has a large rooftop terrace.

Old Farm Condominium, Inc. A condominium style development in Frederick, Maryland, this community includes 144 units in 12 three story buildings. This complex includes private balconies and shared stairwells at the entrances to the units.

Bay Crossing Homeowners Association An upscale homeowners association located in Lewes, Delaware comprised of 241 townhomes and single family homes. Residents enjoy amenities such as a bocce court, pool and clubhouse. The site contains asphalt pavement streets and parking areas as well as four ponds.

Palmer Landing This gated condominium community contains 78 units in seven buildings and is located on Long Island Sound in Stamford, Connecticut. The development features hardwood balconies and detached garages. The site is supported by extensive seawalls.

Ronald McDonald House Charities of Southern West Virginia Located on the Elk River in Charleston, West Virginia, this Ronald McDonald House was constructed in 2016 and contains 14 guest suites, an office area, a manager's apartment and common areas.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, Mr. Casey attended the University of Connecticut in Storrs, Connecticut where he attained his Bachelor of Science degree in Civil Engineering. His studies focused on transportation engineering and environmental engineering. Mr. Casey also worked as an intern for Fay, Spofford and Thorndike Engineers where he took part in design of small municipal infrastructure projects in Connecticut and Massachusetts.

EDUCATION

University of Connecticut - B.S. Civil Engineering

PROFESSIONAL AFFILIATIONS

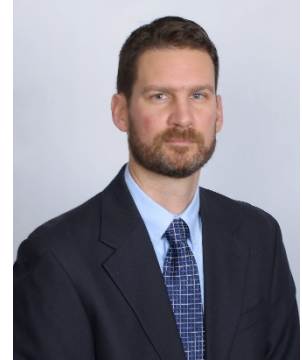
Intern Engineer (I.E.) – New York State Education Department

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 The Hamlet 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) The Hamlet 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.