RESERVE STUDY

Forest Glen
Townhome Owner Association

Carol Stream, Illinois
May 19, 2022

RESERVE™ ADVISORS
Long-term thinking. Everyday commitment.

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Corporate Office
Reserve Advisors, LLC
735 N. Water Street, Suite 175
Milwaukee, WI 53202

Forest Glen Townhome Owner Association
Carol Stream, Illinois

Dear Board of Directors of Forest Glen Townhome Owner Association:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Reserve Study* of Forest Glen Townhome Owner Association in Carol Stream, Illinois and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, May 19, 2022.

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

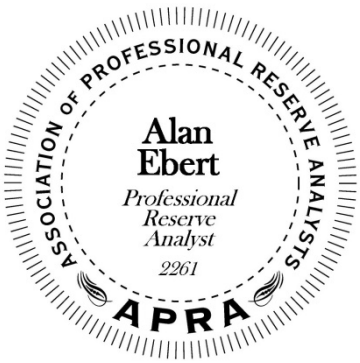
An ongoing review by the Board and an Update of this Reserve Study are necessary to ensure an equitable funding plan since a Reserve Study is a snapshot in time. We recommend the Board budget for an Update to this Reserve Study in two- to three-years. We look forward to continuing to help Forest Glen Townhome Owner Association 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 June 22, 2022 by

Reserve Advisors, LLC

Visual Inspection and Report by: Reid M. Nelson
Review by: Alan M. Ebert, RS[1], PRA[2], Director of Quality Assurance



[1] RS (Reserve Specialist) is the reserve provider professional designation of the Community Associations Institute (CAI) representing America's more than 300,000 condominium, cooperative and homeowners associations.
[2] PRA (Professional Reserve Analyst) is the professional designation of the Association of Professional Reserve Analysts. Learn more about APRA at http://www.apra-usa.com.

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1. RESERVE STUDY EXECUTIVE SUMMARY

Client: Forest Glen Townhome Owner Association (Forest Glen)
Location: Carol Stream, Illinois
Reference: 040171

Property Basics: Forest Glen Townhome Owner Association consists of 60 units in 14 buildings. The community was built from 2001 to 2003.

Reserve Components Identified: 25 Reserve Components.

Inspection Date: May 19, 2022. We conducted previous inspections in 2004, 2005, 2008, 2013 and 2015.

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 this threshold funding year in 2052 due to replacement of the fiber cement siding.

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

- Current and future local costs of replacement
- 0.1% average current annual rate of return on invested reserves
- 3.5% future Inflation Rate for estimating Future Replacement Costs

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

Unaudited Cash Status of Reserve Fund:

- $716,130 as of January 31, 2022
- 2022 budgeted Reserve Contributions of $105,000.

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:

- Concrete repairs based on conversations with the Association
- Replacement of the trellises due to noted deterioration
- Replacement of the gazebo due to noted deterioration
- Replacement of the privacy fences due to noted deterioration
- Replacement of the chimney caps due to noted deterioration and based on conversations with the Association

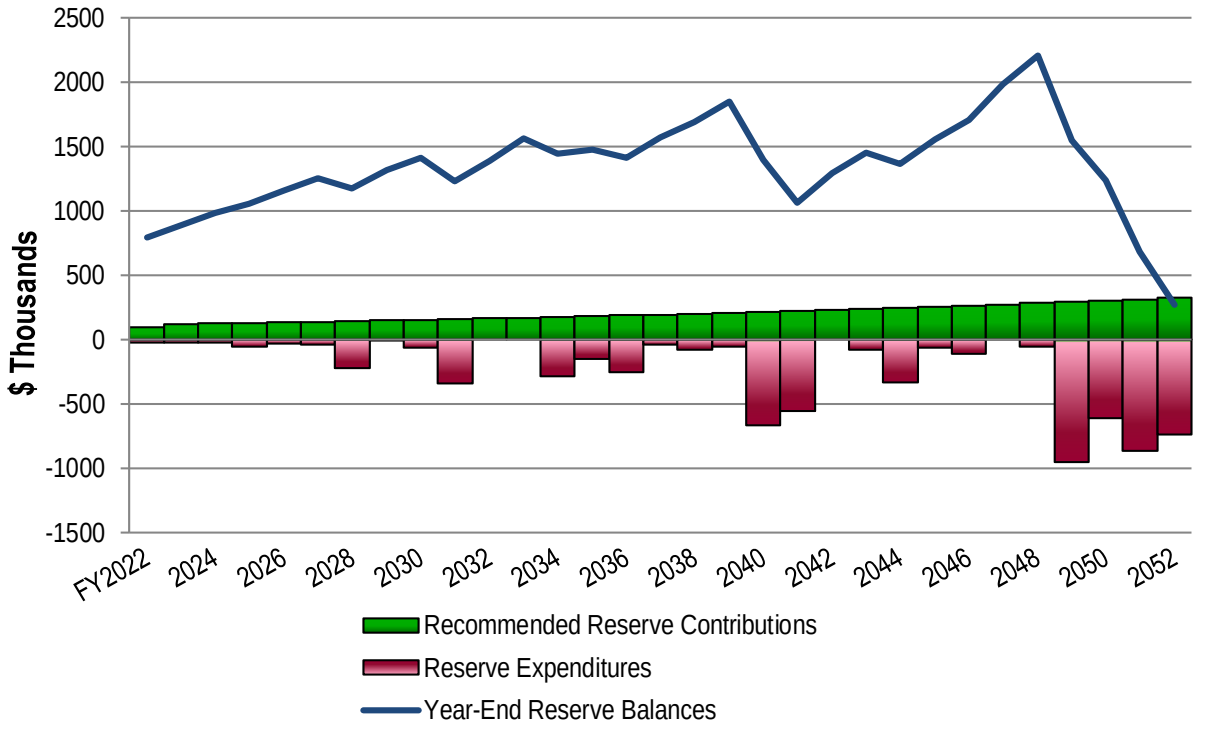
Recommended Reserve Funding: We recommend the following in order to achieve a stable and equitable Funding Plan:

- Increase to $119,000 in 2023
- Inflationary increases through 2052, the limit of this study's Cash Flow Analysis
- Initial adjustment in Reserve Contributions of $14,000 represents an average monthly increase of $19.44 per unit owner and about a six percent (5.6%) adjustment in the 2022 total Operating Budget of $251,951.

- The Association may ascribe the actual contributions and assessments per owner based upon percent ownership, as defined by the Association's governing documents.

Forest Glen
Recommended Reserve Funding Table and Graph

Year	Reserve Contributions ($)	Reserve Balances ($)	Year	Reserve Contributions ($)	Reserve Balances ($)	Year	Reserve Contributions ($)	Reserve Balances ($)
2023	119,000	884,558	2033	167,900	1,558,757	2043	236,800	1,449,165
2024	123,200	981,174	2034	173,800	1,445,490	2044	245,100	1,363,014
2025	127,500	1,052,415	2035	179,900	1,476,799	2045	253,700	1,554,931
2026	132,000	1,155,803	2036	186,200	1,411,782	2046	262,600	1,704,904
2027	136,600	1,253,403	2037	192,700	1,567,343	2047	271,800	1,978,361
2028	141,400	1,175,898	2038	199,400	1,691,740	2048	281,300	2,203,817
2029	146,300	1,317,595	2039	206,400	1,845,891	2049	291,100	1,544,682
2030	151,400	1,408,067	2040	213,600	1,393,697	2050	301,300	1,233,326
2031	156,700	1,226,154	2041	221,100	1,058,853	2051	311,800	680,525
2032	162,200	1,389,531	2042	228,800	1,288,709	2052	322,700	267,099



2. RESERVE STUDY REPORT

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

Forest Glen Townhome Owner Association

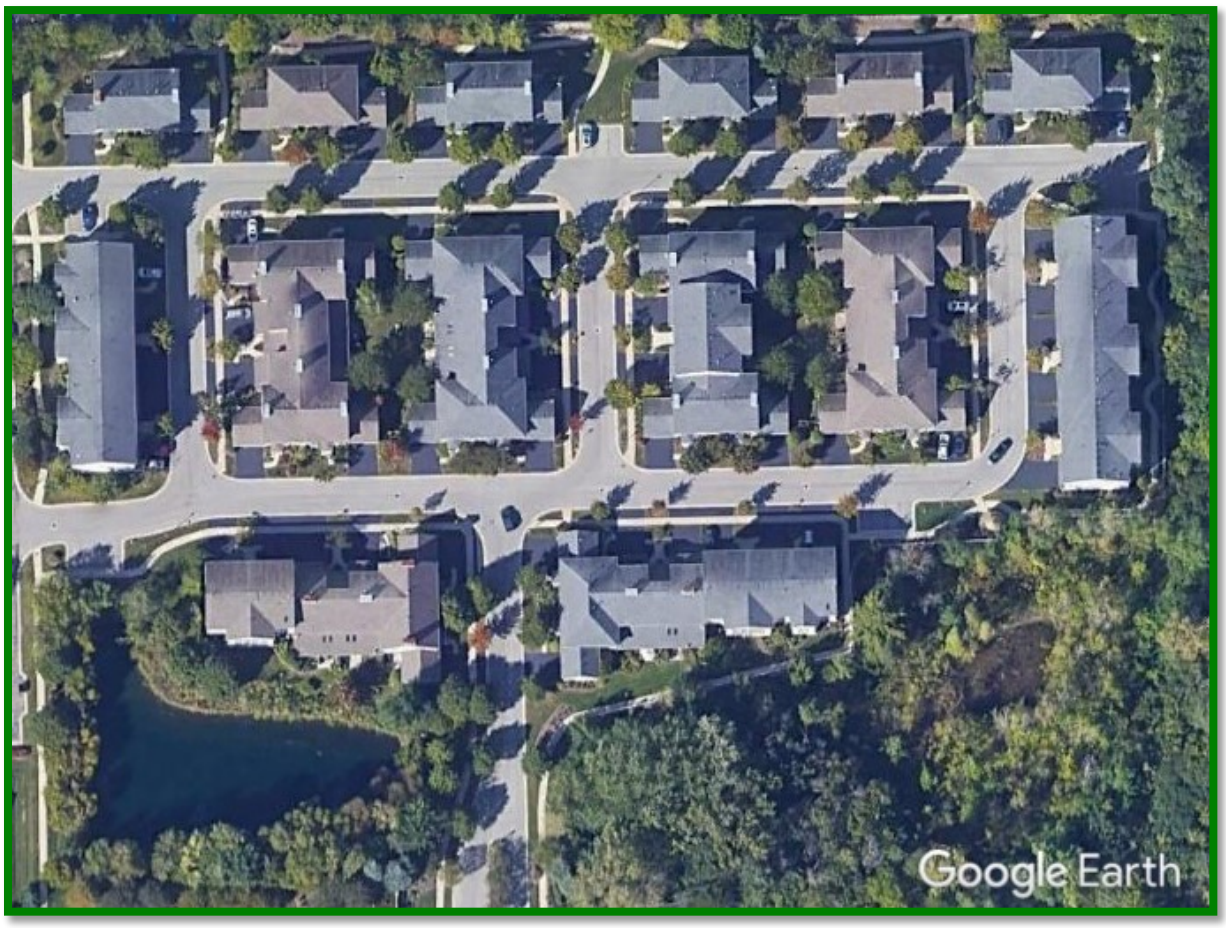
Carol Stream, Illinois

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, May 19, 2022. We conducted previous inspections in 2004, 2005, 2008, 2013 and 2015.

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 Unit Owners 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 Unit Owners

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:

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

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

- Electrical Systems, Common
- Foundations
- Inlet/Outlet Structures, Concrete, Storm Water Management System
- Structural Frames

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

- General Maintenance to the Common Elements
- Expenditures less than $4,000 (These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.)
- Asphalt Pavement, Crack Repair, Patch and Seal Coat (Per Management and based on historical practices.)
- Catch Basins, Landscape
- Electrical Outlets
- Landscape
- Paint Finishes, Touch Up
- Pond, Maintenance and Shoreline (Based on historical practices)
- Site Furniture
- Signage, Informational

Typical information signage

- Spigots
- Wetlands
- Other Repairs normally funded through the Operating Budget

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

- Balconies
- Electrical Systems (Including Circuit Protection Panels)
- Heating, Ventilating and Air Conditioning (HVAC) Units
- Interiors
- Irrigation Systems
- Pipes (Within Units)
- Windows and Doors (Including Garage Doors and Openers)

3. RESERVE EXPENDITURES and FUNDING PLAN

The tables following this introduction present:

Reserve Expenditures

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

Reserve Funding Plan

- Reserves at the beginning of each year
- Total recommended reserve contributions
- Estimated interest earned from invested reserves
- Anticipated expenditures by year
- Anticipated reserves at year end

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***.

Years 2022 to 2037

RESERVE EXPENDITURES

Forest Glen
Townhome Owner Association
Carol Stream, Illinois

Explanatory Notes:

1) 3.5% is the estimated Inflation Rate for estimating Future Replacement Costs.
2) FY2022 is Fiscal Year beginning January 1, 2022 and ending December 31, 2022.

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years Useful	Remaining	Costs, $ Unit (2022)	Per Phase (2022)	Total (2022)	Percentage of Future Expenditures	RUL = 0 FY2022	1 2023	2 2024	3 2025	4 2026	5 2027	6 2028	7 2029	8 2030	9 2031	10 2032	11 2033	12 2034	13 2035	14 2036	15 2037
				Exterior Building Elements																							
1.140	26	26	Each	Chimney Caps, Metal	2024	to 25	2	600.00	15,600	15,600	0.8%			16,711													
1.240	9,795	4,898	Linear Feet	Gutters and Downspouts, Aluminum, Phased	2040	15 to 20	18 to 19	9.50	46,526	93,053	2.6%																
1.260	294	294	Each	Light Fixtures	2038	to 25	16	150.00	44,100	44,100	1.1%																
1.280	1,035	518	Squares	Roofs, Asphalt Shingles, Phased	2040	15 to 20	18 to 19	470.00	243,225	486,450	13.7%																
1.560	225	225	Pairs	Shutters, Vinyl	2027	to 25	5	150.00	33,750	33,750	2.0%						40,084										
1.820	44,000	22,000	Square Feet	Walls, Masonry, Inspections and Repairs, Phased	2025	8 to 12	3 to 8	1.30	28,600	57,200	4.5%				31,709					37,661				44,729		
1.840	60	60	Units	Walls, Siding, Fiber Cement, Paint Finishes	2028	8 to 10	6	2,600.00	156,000	156,000	11.5%							191,764							252,516		
1.845	74,800	18,700	Square Feet	Walls, Siding, Fiber Cement, Replacement, Phased	2049	to 50	27 to 30	11.00	205,700	822,800	32.6%																
				Property Site Elements																							
4.044	3,000	3,000	Square Yards	Asphalt Pavement, Driveways, Total Replacement	2034	15 to 20	12	50.00	150,000	150,000	3.4%													226,660			
4.045	6,000	6,000	Square Yards	Asphalt Pavement, Streets and Parking Areas, Mill and Overlay	2049	15 to 20	27	16.50	99,000	99,000	3.7%																
4.046	6,000	6,000	Square Yards	Asphalt Pavement, Streets and Parking Areas, Total Replacement	2031	15 to 20	9	33.00	198,000	198,000	4.0%										269,854						
4.100	11	11	Each	Catch Basins, Inspections and Capital Repairs	2031	15 to 20	9	950.00	10,450	10,450	0.6%										14,242						
4.110	4,500	385	Linear Feet	Concrete Curbs and Gutters, Partial	2031	to 65	9 to 30+	46.50	17,903	209,250	1.9%										24,399			27,052			
4.125	31,900	1,276	Square Feet	Concrete, Flatwork, Partial (2022 is Budgeted)	2022	to 65	0 to 30+	18.00	22,968	574,200	6.6%	23,200			25,465			28,234			31,303			34,706			38,479
4.260	900	900	Linear Feet	Fences, Vinyl (Near Term is Adjusted)	2026	15 to 20	4	30.00	27,000	27,000	1.4%					29,606											
4.285	750	750	Linear Feet	Fence, Wood, North Perimeter	2035	15 to 20	13	55.00	41,250	41,250	1.0%														64,513		
4.286	245	245	Linear Feet	Fences, Wood, Patio Privacy	2023	15 to 20	1	60.00	14,700	14,700	0.7%		15,214														
4.360	1	1	Each	Gazebo	2024	to 25	2	10,000.00	10,000	10,000	0.5%			10,712													
4.560	10	10	Each	Light Poles and Fixtures	2035	to 35	13	2,600.00	26,000	26,000	0.6%														40,663		
4.600	60	60	Each	Mailboxes	2039	to 25	17	500.00	30,000	30,000	0.8%																
4.650	1	1	Allowance	Pipes, Subsurface Utilities, Partial	2049	to 85+	27	10,000.00	10,000	10,000	0.4%																
4.730	2,000	600	Square Yards	Pond, Sediment Removal, Partial	2030	to 30	8	31.00	18,600	62,000	0.4%									24,493							
4.745	6,050	1,513	Square Feet	Retaining Walls, Masonry, Partial	2051	to 50+	29 to 30+	75.00	113,438	453,750	4.6%																
4.800	1	1	Allowance	Signage, Entrance Monument	2029	to 25	7	4,500.00	4,500	4,500	0.1%								5,725								
4.844	4	4	Each	Trellises	2023	to 25	1	2,000.00	8,000	8,000	0.4%		8,280														
		1	Allowance	2022 Reserve Study	2022	N/A	0	1,500	1,500	1,500	0.0%	1,500															
				Anticipated Expenditures, By Year ($6,726,926 over 30 years)								24,700	23,494	27,423	57,174	29,606	40,084	219,998	5,725	62,154	339,798	0	0	288,418	149,905	252,516	38,479

RESERVE EXPENDITURES

Forest Glen
Townhome Owner Association
Carol Stream, Illinois

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years Useful	Remaining	Costs, $ Unit (2022)	Per Phase (2022)	Total (2022)	Percentage of Future Expenditures	16 2038	17 2039	18 2040	19 2041	20 2042	21 2043	22 2044	23 2045	24 2046	25 2047	26 2048	27 2049	28 2050	29 2051	30 2052
				Exterior Building Elements																						
1.140	26	26	Each	Chimney Caps, Metal	2024	to 25	2	600.00	15,600	15,600	0.8%											38,157				
1.240	9,795	4,898	Linear Feet	Gutters and Downspouts, Aluminum, Phased	2040	15 to 20	18 to 19	9.50	46,526	93,053	2.6%			86,422	89,447											
1.260	294	294	Each	Light Fixtures	2038	to 25	16	150.00	44,100	44,100	1.1%	76,469														
1.280	1,035	518	Squares	Roofs, Asphalt Shingles, Phased	2040	15 to 20	18 to 19	470.00	243,225	486,450	13.7%			451,788	467,600											
1.560	225	225	Pairs	Shutters, Vinyl	2027	to 25	5	150.00	33,750	33,750	2.0%															94,729
1.820	44,000	22,000	Square Feet	Walls, Masonry, Inspections and Repairs, Phased	2025	8 to 12	3 to 8	1.30	28,600	57,200	4.5%			53,124					63,095					74,937		
1.840	60	60	Units	Walls, Siding, Fiber Cement, Paint Finishes	2028	8 to 10	6	2,600.00	156,000	156,000	11.5%							332,516								
1.845	74,800	18,700	Square Feet	Walls, Siding, Fiber Cement, Replacement, Phased	2049	to 50	27 to 30	11.00	205,700	822,800	32.6%												520,743	538,969	557,833	577,357
				Property Site Elements																						
4.044	3,000	3,000	Square Yards	Asphalt Pavement, Driveways, Total Replacement	2034	15 to 20	12	50.00	150,000	150,000	3.4%															
4.045	6,000	6,000	Square Yards	Asphalt Pavement, Streets and Parking Areas, Mill and Overlay	2049	15 to 20	27	16.50	99,000	99,000	3.7%												250,625			
4.046	6,000	6,000	Square Yards	Asphalt Pavement, Streets and Parking Areas, Total Replacement	2031	15 to 20	9	33.00	198,000	198,000	4.0%															
4.100	11	11	Each	Catch Basins, Inspections and Capital Repairs	2031	15 to 20	9	950.00	10,450	10,450	0.6%												26,455			
4.110	4,500	385	Linear Feet	Concrete Curbs and Gutters, Partial	2031	to 65	9 to 30+	46.50	17,903	209,250	1.9%			33,254									45,321			
4.125	31,900	1,276	Square Feet	Concrete, Flatwork, Partial (2022 is Budgeted)	2022	to 65	0 to 30+	18.00	22,968	574,200	6.6%			42,663			47,301			52,443			58,145			64,466
4.260	900	900	Linear Feet	Fences, Vinyl (Near Term is Adjusted)	2026	15 to 20	4	30.00	27,000	27,000	1.4%									61,650						
4.285	750	750	Linear Feet	Fence, Wood, North Perimeter	2035	15 to 20	13	55.00	41,250	41,250	1.0%															
4.286	245	245	Linear Feet	Fences, Wood, Patio Privacy	2023	15 to 20	1	60.00	14,700	14,700	0.7%						30,274									
4.360	1	1	Each	Gazebo	2024	to 25	2	10,000.00	10,000	10,000	0.5%												25,316			
4.560	10	10	Each	Light Poles and Fixtures	2035	to 35	13	2,600.00	26,000	26,000	0.6%															
4.600	60	60	Each	Mailboxes	2039	to 25	17	500.00	30,000	30,000	0.8%		53,840													
4.650	1	1	Allowance	Pipes, Subsurface Utilities, Partial	2049	to 85+	27	10,000.00	10,000	10,000	0.4%												25,316			
4.730	2,000	600	Square Yards	Pond, Sediment Removal, Partial	2030	to 30	8	31.00	18,600	62,000	0.4%															
4.745	6,050	1,513	Square Feet	Retaining Walls, Masonry, Partial	2051	to 50+	29 to 30+	75.00	113,438	453,750	4.6%														307,629	
4.800	1	1	Allowance	Signage, Entrance Monument	2029	to 25	7	4,500.00	4,500	4,500	0.1%															
4.844	4	4	Each	Trellises	2023	to 25	1	2,000.00	8,000	8,000	0.4%											19,568				
		1	Allowance	2022 Reserve Study	2022	N/A	0	1,500	1,500	1,500	0.0%															
				Anticipated Expenditures, By Year ($6,726,926 over 30 years)								76,469	53,840	667,251	557,047	0	77,575	332,516	63,095	114,093	0	57,725	951,921	613,906	865,462	736,552

RESERVE FUNDING PLAN

CASH FLOW ANALYSIS
Forest Glen
Townhome Owner Association
Carol Stream, Illinois

Individual Reserve Budgets & Cash Flows for the Next 30 Years

		FY2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Reserves at Beginning of Year	*(Note 1)*	716,130	788,300	884,558	981,174	1,052,415	1,155,803	1,253,403	1,175,898	1,317,595	1,408,067	1,226,154	1,389,531	1,558,757	1,445,490	1,476,799	1,411,782
Total Recommended Reserve Contributions	*(Note 2)*	96,250	119,000	123,200	127,500	132,000	136,600	141,400	146,300	151,400	156,700	162,200	167,900	173,800	179,900	186,200	192,700
Estimated Interest Earned, During Year	*(Note 3)*	620	752	839	915	993	1,084	1,093	1,122	1,226	1,185	1,177	1,326	1,351	1,314	1,299	1,340
Anticipated Expenditures, By Year		(24,700)	(23,494)	(27,423)	(57,174)	(29,606)	(40,084)	(219,998)	(5,725)	(62,154)	(339,798)	0	0	(288,418)	(149,905)	(252,516)	(38,479)
Anticipated Reserves at Year End		$788,300	$884,558	$981,174	$1,052,415	$1,155,803	$1,253,403	$1,175,898	$1,317,595	$1,408,067	$1,226,154	$1,389,531	$1,558,757	$1,445,490	$1,476,799	$1,411,782	$1,567,343

(continued)

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

	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Reserves at Beginning of Year	1,567,343	1,691,740	1,845,891	1,393,697	1,058,853	1,288,709	1,449,165	1,363,014	1,554,931	1,704,904	1,978,361	2,203,817	1,544,682	1,233,326	680,525
Total Recommended Reserve Contributions	199,400	206,400	213,600	221,100	228,800	236,800	245,100	253,700	262,600	271,800	281,300	291,100	301,300	311,800	322,700
Estimated Interest Earned, During Year	1,466	1,591	1,457	1,103	1,056	1,231	1,265	1,312	1,466	1,657	1,881	1,686	1,250	861	426
Anticipated Expenditures, By Year	(76,469)	(53,840)	(667,251)	(557,047)	0	(77,575)	(332,516)	(63,095)	(114,093)	0	(57,725)	(951,921)	(613,906)	(865,462)	(736,552)
Anticipated Reserves at Year End	$1,691,740	$1,845,891	$1,393,697	$1,058,853	$1,288,709	$1,449,165	$1,363,014	$1,554,931	$1,704,904	$1,978,361	$2,203,817	$1,544,682	$1,233,326	$680,525	$267,099

(NOTES 4&5)

Explanatory Notes:

1) Year 2022 starting reserves are as of January 31, 2022; FY2022 starts January 1, 2022 and ends December 31, 2022.
2) Reserve Contributions for 2022 are the remaining budgeted 11 months; 2023 is the first year of recommended contributions.
3) 0.1% is the estimated annual rate of return on invested reserves; 2022 is a partial year of interest earned.
4) Accumulated year 2052 ending reserves consider the age, size, overall condition and complexity of the property.
5) Threshold Funding Year (reserve balance at critical point).

*Refer to the Reserve Expenditures pages for the full list of reserve elements

FIVE-YEAR OUTLOOK

Forest Glen
Townhome Owner Association
Carol Stream, Illinois

Line Item	Reserve Component Inventory	RUL = 0 FY2022	1 2023	2 2024	3 2025	4 2026	5 2027
	Exterior Building Elements						
1.140	Chimney Caps, Metal			16,711			
1.560	Shutters, Vinyl						40,084
1.820	Walls, Masonry, Inspections and Repairs, Phased				31,709		
	Property Site Elements						
4.125	Concrete, Flatwork, Partial (2022 is Budgeted)	23,200			25,465		
4.260	Fences, Vinyl (Near Term is Adjusted)					29,606	
4.286	Fences, Wood, Patio Privacy		15,214				
4.360	Gazebo			10,712			
4.844	Trellises		8,280				
	2022 Reserve Study	1,500					
	Anticipated Expenditures, By Year ($6,726,926 over 30 years)	24,700	23,494	27,423	57,174	29,606	40,084

4. RESERVE COMPONENT DETAIL

The Reserve Component Detail of this *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

Front elevation

Alternate front elevation

Rear elevation

Alternate rear elevation

Chimney Caps, Metal

Line Item: 1.140

Quantity: 26 metal chimney caps

History: Original

Condition: Fair overall, based on our visual inspection from the ground, with periodic rust evident.

Chimney cap rust

Chimney cap rust

Chimney cap rust

Chimney cap overview

Useful Life: Up to 25 years

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

- As-needed:
    - Clean flues

- With roof inspection, inspect for wildlife damage, corrosion, sealant deterioration and water infiltration

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 9,795 linear feet of aluminum six-inch seamless gutters and three-inch by four-inch downspouts

History: Replaced in 2021 in conjunction with the roofs.

Condition: Good overall with downspouts that discharge directly to roofs evident.

Downspout discharges directly to roof

Typical gutter and downspout configuration

Typical gutter and downspout configuration

Typical gutter and downspout configuration – note downspout discharges directly to roof

Useful Life: 15- to 20-years

Component Detail Notes: The size of the gutter is determined by the roof's watershed area, a roof pitch factor and the rainfall intensity number of the Association's region. We recommend sloping gutters 1/16 inch per linear foot and providing fasteners a maximum of every three feet.

Downspouts can drain 100 square feet of roof area per one square inch of downspout cross sectional area. We recommend the use of downspout extensions and splash blocks at the downspout discharge to direct storm water away from the foundations. 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 sloped 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.

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

- Semi-annually:
  - Clean out debris and leaves that collect in the gutters
  - Repair and refasten any loose gutter fasteners
  - Repair and seal any leaking seams or end caps
  - Verify downspouts discharge away from foundations

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 is based in part information provided by the Association.

Light Fixtures

Line Item: 1.260

Quantity: 294 exterior metal light fixtures accent the garages, front entries, rear entries and patios.

History: Replaced in 2014 and 2015.

Condition: Good overall with no significant deterioration evident.

Garage light fixture

Front entry light fixture

Patio light fixture

Useful Life: Up to 25 years

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

- As-needed:
    - Replace burned out bulbs at common fixtures as needed
    - Inspect and repair broken or dislodged fixtures

- Ensure a waterproof seal between the fixture and building exists

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

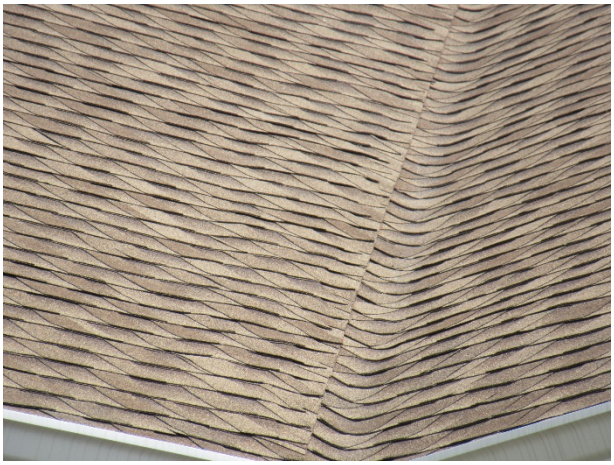
Line Item: 1.280

Quantity: Approximately 1,035 *squares*[1]

History: Replaced in 2021.

Condition: Good overall with no significant deterioration evident from our visual inspection from the ground.

Typical shingles



Typical half weaved valley

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

Roof overview – note square hood box vents

Typical shingles

Typical shingles

Typical skylights

Useful Life: 15- to 20-years

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

- Laminate architectural shingles
- Boston style ridge caps
- Lead boot flashing at waste pipes
- Soffit, 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.

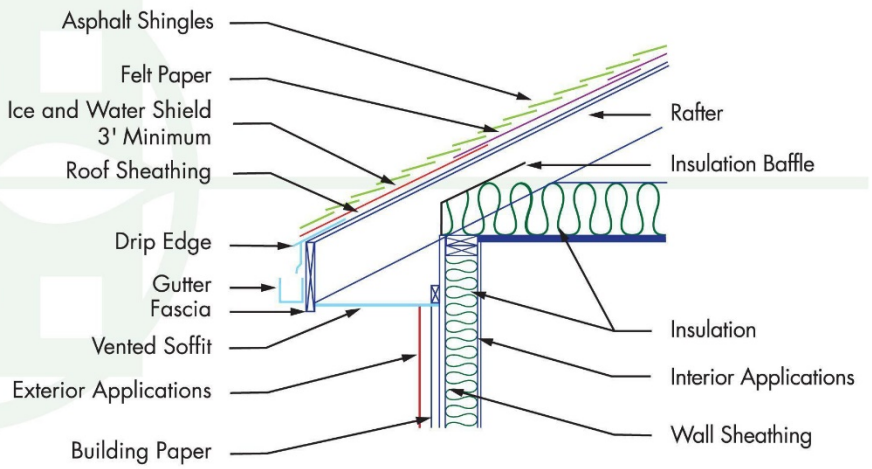
The vents should be clear of debris and not blocked from above by attic insulation. If the soffit vents are blocked from above, installation of polystyrene vent spaces or baffles between the roof joists at these locations can ensure proper ventilation.

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 Forest Glen:

ROOF SCHEMATIC



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.

Preventative Maintenance Notes: We recommend the Association maintain a service and inspection contract with a qualified professional and record all documentation of repairs conducted. We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
    - Record any areas of water infiltration, flashing deterioration, damage or loose shingles
    - Implement repairs as needed if issues are reoccurring
    - Trim tree branches that are near or in contact with roof
- As-needed:

- Ensure proper ventilation and verify vents are clear of debris and not blocked from attic insulation

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 is based on information provided by the Association and includes the replacement skylights.

Shutters, Vinyl

Line Item: 1.560

Quantity: Approximately 225 pairs of decorative vinyl shutters

History: Original

Condition: Fair overall condition with no significant deterioration evident at the time of our inspection.

Typical vinyl shutters

Vinyl shutters overview

Useful Life: Up to 25 years

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

- As-needed:
  - Inspect and repair loose fasteners and damaged shutters

Priority/Criticality: Per Board discretion

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

Walls, Masonry

Line Item: 1.820

Quantity: Approximately 44,000 square feet of masonry comprises the exterior walls

History: Original

Condition: Good to fair overall with isolated efflorescence and lintel rust evident at the time of our inspection.

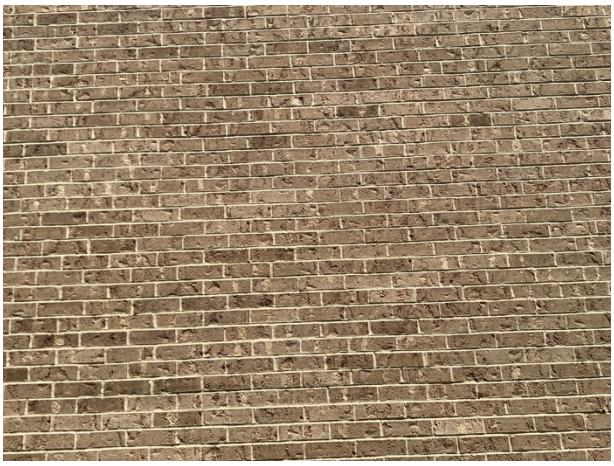
Slight lintel rust

Masonry walls overview

Efflorescence

Efflorescence

Masonry walls overview – note slight efflorescence



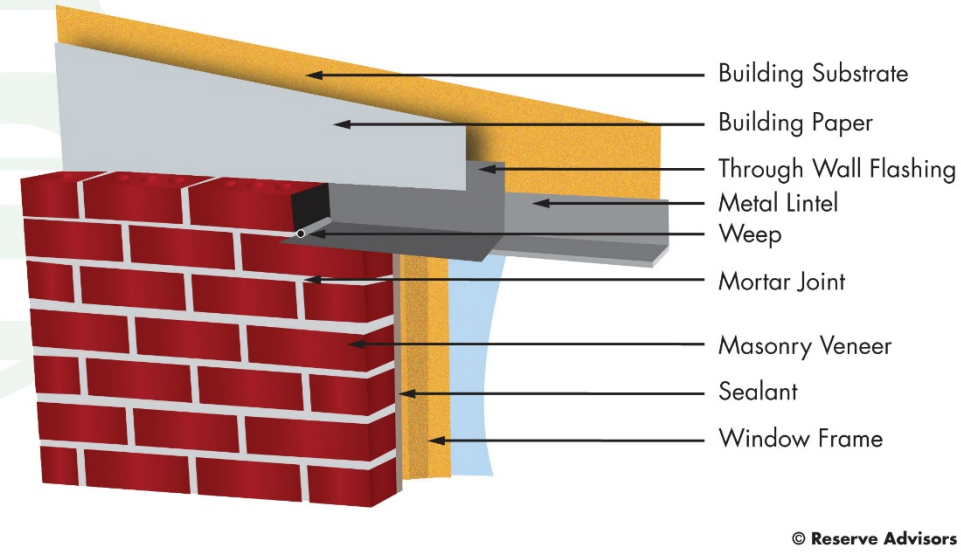
Masonry walls overview

Useful Life: We advise a complete inspection of the masonry and related masonry repairs every 8- to 12-years to forestall deterioration.

Component Detail Notes: Common types of masonry deterioration include efflorescence, spalling, joint deterioration and cracking. The primary cause of efflorescence, cracks and face spall is water infiltration, therefore prevention of water infiltration is the principal concern for the maintenance of masonry applications.

Repointing is a process of raking and cutting out defective mortar to a depth of not less than ½ inch nor more than ¾ inch and replacing it with new mortar. Face grouting is the process of placing mortar over top of the existing mortar. We advise against face grouting because the existing, often deteriorated mortar does not provide a solid base for the new mortar. New mortar spalls at face grouted areas will likely occur. One purpose of a mortar joint is to protect the masonry by relieving stresses within the wall caused by expansion, contraction, moisture migration and settlement. Repointed mortar joints are more effective if the mortar is softer and more permeable than the masonry units, and no harder or less permeable than the existing mortar. The masonry contractor should address these issues within the proposed scope of work.

The following diagram details a typical masonry façade system and may not reflect the actual configuration at the Association:



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 (3%) of the masonry
- Replacement of a limited amount of the masonry (The exact amount of area in need of replacement will be discretionary based on the actual future conditions and the desired appearance.)
- Paint applications to the metal lintels

Walls, Siding, Fiber Cement

Line Items: 1.840 and 1.845

Quantity: Approximately 74,800 square feet of fiber cement siding comprises the exterior walls. This quantity includes the soffit and fascia and the composite trim.

History:

- Siding: Original
- Paint finishes: Last conducted in 2020.

Condition: The siding is in good to fair overall condition and the paint finishes are in good overall condition with isolated finish deterioration, loose sections and deflection evident.

Loose siding

Siding deflection (479 Norwich shown)

Soffit and fascia overview

Fiber cement siding overview

Finish deterioration

Siding deflection (640 Belmont shown)

Trim overview

Typical trim

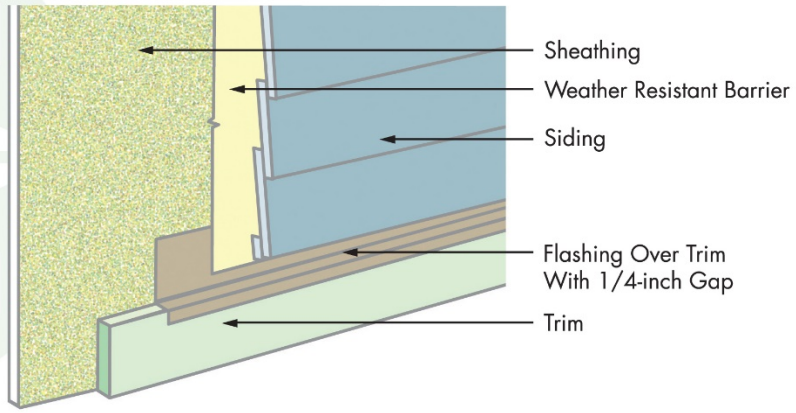
Useful Life: With the benefit of periodic maintenance, applications of this type of material can have a useful life of up to 50 years. This useful life is based on a high grade pre-finish applied in the factory. This useful life is also dependent upon paint applications and partial replacements up to every 8- to 10-years.

Component Detail Notes: Fiber cement siding is made from a combination of cement, sand and cellulose fiber. Manufacturing of the siding utilizes a steam curing process to increase strength and dimensional stability. The siding is also manufactured in layers forming a sheet of desired thickness. A wood grain imprint is typically applied to the exposed surface. Fiber cement siding offers many advantages over other types of siding. These advantages include:

- Capable of withstanding salt spray and ultraviolet rays
- Dimensional stability (will not buckle or warp as easily as other materials)
- Paint applications last longer compared to wood siding
- Resistant to insects, birds and fire

The following diagram details a typical fiber cement siding system at the interface with other building components although it may not reflect the actual configuration at Forest Glen:

FIBER CEMENT SIDING DETAIL



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

- Annually:
    - Inspect and repair damage, loose boards and finish stains
    - Periodic pressure cleaning at areas with organic growth
    - Touch-up paint finish applications as needed and sealing of butt joints and field cut end joints

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 is based in part on information provided by the Association. We anticipate the following during each paint application cycle:

- Paint finish application
- Replacement of up to five percent (5%), 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 cracks, delamination and deterioration impair the ability of the material to prevent water infiltration.)
- Replacement of the sealants as needed

Property Site Elements

Asphalt Pavement, Repaving

Line Items: 4.044 through 4.046

Quantity and Condition: The Association maintains the following approximate quantities of asphalt pavement:

- 3,000 square yards at the driveways in good to fair overall condition with isolated cracks evident.
- 6,000 square yards at the streets and parking areas in fair overall condition with periodic cracks and centerline deterioration evident. We note the streets utilize centerline drainage configurations that can lead to premature deterioration of the pavement, particularly at the centerlines.

History: Repaved in 2014.

Driveway overview

Driveway crack

Typical driveway

Street overview – note centerline cracks

Centerline deterioration

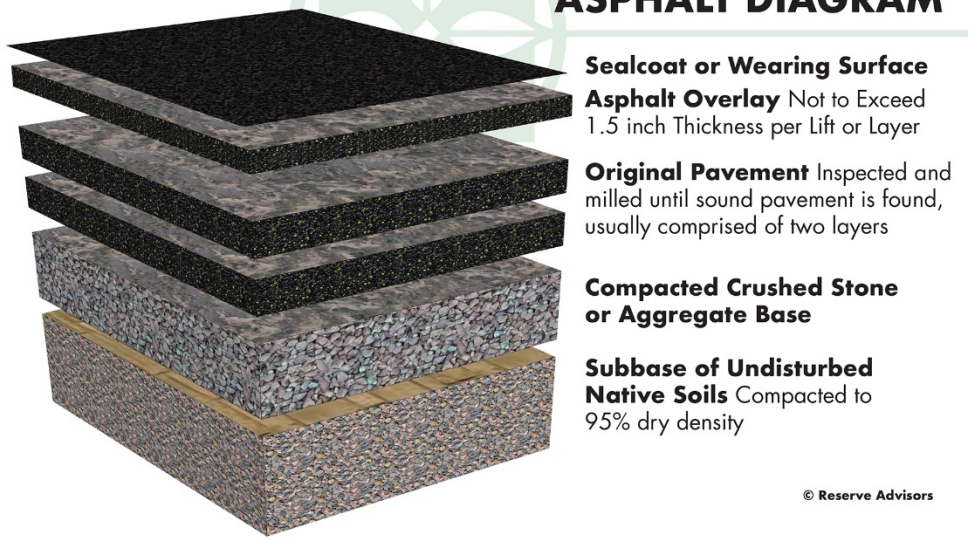
Pavement cracks

Street centerline cracks

Street cracks

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 Forest Glen:



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 for repaving at the driveways and total replacement method for initial repaving followed by the mill and overlay method for subsequent repaving of the streets and parking areas at Forest Glen.

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

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

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Our cost for milling and overlayment includes area patching of up to ten percent (15%).

Catch Basins

Line Item: 4.100

Quantity: 11 catch basins[2]

History: The Association repaired the catch basins in conjunction with repaving in 2014.

Condition: Fair overall with evidence of previous repairs.

Catch basin

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

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

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

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

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

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

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

Concrete Curbs and Gutters

Line Item: 4.110

Quantity: Approximately 4,500 linear feet

Condition: Fair overall with isolated cracks evident.

Curb and gutter crack

Curb and gutter crack

Curb and gutter crack

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

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

- Annually:

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

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We estimate that up to 1,540 linear feet of curbs and gutters, or thirty-four percent (34.2%) of the total, will require replacement during the next 30 years.

Concrete Flatwork

Line Item: 4.125

Quantity: Approximately 31,900 square feet of concrete flatwork throughout the community that includes the concrete patios, sidewalks and stoops

Condition: Fair overall with isolated cracks and trip hazards evident.

Concrete patio

Patio crack

Sidewalk trip hazard

Sidewalk trip hazard

Sidewalk cracks

Sidewalk crack

Concrete stoop

Stoop crack

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

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

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

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We estimate that up to 14,036 square feet of concrete flatwork, or forty-four percent (44.0%) of the total, will require replacement during the next 30 years. Our cost in 2022 is budgeted and is based on information provided by Association.

Fences, Vinyl

Line Item: 4.260

Quantity: Approximately 900 linear feet of vinyl fences throughout the property. We note approximately 40 linear feet of vinyl fences were added in 2020.

History: Original with the exception of the approximately 40 linear feet added in 2020.

Condition: Fair overall with isolated leaning sections evident.

Vinyl fence overview

Vinyl fence overview – note slight lean

Fence leaning section

Fence leaning section

Useful Life: 15- to 20-years

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

- Annually:
  - Inspect and repair loose panels, and damage
  - Repair leaning sections and clear vegetation from fence areas which could cause damage
  - Periodically clean vinyl fence as needed

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Our costs are based in part on information provided by the Association. Our near term cost is adjusted to omit the fences added in 2020.

Fences, Wood

Line Items: 4.285 and 4.286

Quantity, History and Condition: The Association maintains the following approximate quantities of wood fences:

- 750 linear feet located at the north perimeter of the property replaced in approximately 2017 in fair overall condition with isolated panel warp and areas of replaced sections due to damage from construction at the neighboring property. The Association informs us they may desire to upgrade the fence to improve privacy.
- 240 linear feet of patio privacy fences in fair to poor overall condition with systemic lean evident.

Wood fence overview

Replaced panel

Panel warp

Replaced section

Privacy fence

Privacy fence lean

Useful Life: 15- to 20-years

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

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

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. The Association should anticipate periodic partial replacements due to the non-uniform nature of wood deterioration.

Gazebo

Line Item: 4.360

Quantity: One each

History: Original

Condition: Fair to poor overall with isolated missing shingles and periodic organic growth, wood rot and deterioration evident.

Missing shingles

Railing – note organic growth

Concrete deck cracks

Railing wood split

Wood deterioration

Wood rot and damage

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 paint applications and repairs through the operating budget. Our cost includes an allowance for replacement of the structure and repairs to the concrete.

Light Poles and Fixtures

Line Item: 4.560

Quantity: 10 concrete poles with light fixtures

History: The poles are original and the light fixtures were replaced in 2014.

Condition: Good to fair overall

Light pole and fixture

Light pole and fixture

Useful Life: Up to 35 years

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

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

Priority/Criticality: Per Board discretion

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

Mailboxes

Line Item: 4.600

Quantity: 60 mailboxes

History: Replaced in 2014.

Condition: Good to fair overall

Typical mailbox

Useful Life: Up to 25 years

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

- As-needed:
    - Inspect and repair damage, vandalism, and finish deterioration
    - Verify posts are anchored properly

Priority/Criticality: Per Board discretion

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

Pipes, Subsurface Utilities

Line Item: 4.650

Condition: Reported satisfactory

Useful Life: Up to and likely beyond 85 years

Component Detail Notes: The Association maintains the subsurface utility pipes throughout the property. The exact amounts and locations of the subsurface utility pipes were not ascertained due to the nature of the underground construction and the non-invasive nature of the inspection.

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

- As-needed:
    - Video inspect waste pipes for breaks and damaged piping
    - Monitor for water and gas leaks through pressure losses and present odors
    - Partially replace damaged section of pipes

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 this time, we do not anticipate replacement of continuous lengths of subsurface utility pipes. Rather we recommend the Association budget for repairs to isolated occurrences of breached utilities. Although it is likely that the times of replacement and extent of repair costs may vary from the budgetary allowance, Forest Glen could budget sufficient reserves for these utility repairs and have the opportunity to adjust its future reserves up or down to meet any changes to these budgetary estimates. Updates of this Reserve Study would incorporate changes to budgetary costs through a continued historical analysis of the rate of deterioration and actual repairs to budget sufficient reserves.

Pond, Sediment Removal

Line Item: 4.730

Quantity: Approximately 2,000 square yards of water surface area

History: Original

Condition: Fair overall with isolated sediment accumulation evident.

Pond overview

Pond shoreline

Pond overview

Sediment accumulation

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 30 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. Excavation equipment used for sediment removal includes clamshells, draglines and suction pipe lines. Sediment removal can also include shoreline regrading. Regrading includes removal of collapsed and eroded soil, and redefining the shoreline.

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

- Annually:
    - Inspect and remediate shoreline erosion and areas of sediment accumulation
    - Clear and remove debris and vegetation overgrowth at pond edges, and inlet and outlet structures
    - Inspect for algae blooms and remedy as needed through a chemical treatment program or aeration

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 an average depth of one yard from approximately thirty percent (30%) of the surface area. 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 Forest Glen 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.

Retaining Walls, Masonry

Line Item: 4.745

Quantity: Approximately 6,050 square feet

History: Original

Condition: Good to fair overall with isolated organic growth evident

Retaining wall overview

Tiered retaining wall

Tiered retaining wall

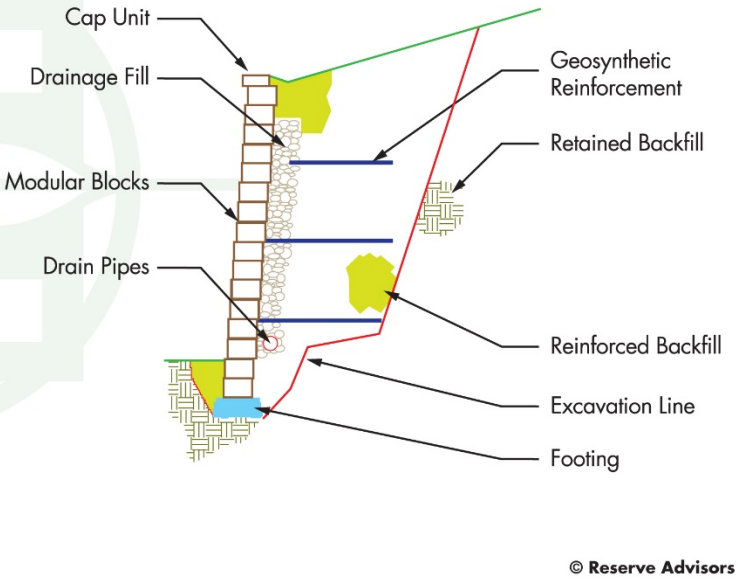
Masonry retaining wall overview

Masonry retaining wall – note organic growth

Useful Life: Up to 50 years and beyond

Component Detail Notes: Properly constructed interlocking masonry retaining walls utilize geosynthetic reinforcement and a drainage system to stabilize the wall and prevent the buildup of hydrostatic pressure behind the wall. Water stains may indicate inadequate drainage or blocked drainage from behind the walls. The following schematic depicts the typical components of a retaining wall system although it may not reflect the actual configuration at Forest Glen:

MASONRY RETAINING WALL DETAIL



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

- Annually:
  - Inspect and repair leaning sections or damaged areas
  - Water stains which may indicate possible blocked drainage should be investigated further
  - Inspect and repair erosion at the wall base and backside

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 conduct inspections and capital repairs as needed and fund this activity through the operating budget.

Signage, Entrance Monument

Line Item: 4.800

Quantity: The property identification signage includes the following elements:

- Light fixtures
- Fences
- Masonry pillars
- Signage

History: Original

Condition: Fair overall

Entrance monument

Sign lighting

Useful Life: Up to 25 years

Component Detail Notes: Community signage contributes to the overall aesthetic appearance of the property to owners and potential buyers. Renovation or replacement of community signs is often predicated upon the desire to "update" the perceived identity of the community rather than for utilitarian concerns. Therefore, the specific times for replacement or renovation are discretionary.

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

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

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Our cost includes repairs of the masonry and replacement of the remaining components listed above.

Trellises

Line Item: 4.844

Quantity: Four wood trellises between buildings

History: Original

Condition: Fair to poor overall with isolated missing pickets and deterioration and periodic organic growth

Missing pickets

Organic growth

Trellis overview – note sag in center

Wood deterioration

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.

2022 Reserve Study

Line Item: Last

Component Detail Notes: Forest Glen will expend $1,500 in reserve expenditures in 2022 for the remaining payment of the Reserve Study.

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.

Forest Glen 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 Unit Owners 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 standards[1] set forth by the Association of Professional Reserve Analysts (APRA) fulfilling the requirements of a "Level II Reserve Study Update." 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
- Local[2] 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 Carol Stream, Illinois at an annual inflation rate[3]. Isolated or regional markets of

[1] Identified in the APRA "Standards - Terms and Definitions" and the CAI "Terms and Definitions".
[2] See Credentials for additional information on our use of published sources of cost data.
[3] Derived from Marshall & Swift, historical costs and the Bureau of Labor Statistics.

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

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

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

6. CREDENTIALS

HISTORY AND DEPTH OF SERVICE

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

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

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

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

TOTAL STAFF INVOLVEMENT

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

OUR GOAL

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

VAST EXPERIENCE WITH A VARIETY OF BUILDINGS

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

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

OLD TO NEW

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

REID M. NELSON
Engineer

CURRENT CLIENT SERVICES

Reid M. Nelson is a Mechanical Engineer and Advisor for ***Reserve Advisors, LLC.*** Mr. Nelson is responsible for the inspection and analysis of the condition of clients' property, recommending engineering solutions to prolong the lives of the components, forecasting capital expenditures for the repair and/or replacement of the property components, and preparation of 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 midrise buildings, condominiums, townhomes and homeowner associations.

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

Adam's Place Townhome Condominium Association is a 43-unit community located in downtown Chicago, Illinois. The buildings are adorned with brick, vinyl, and EIFS. The Association maintains the flat roofs and steel catwalks that accent the rear elevations of these three-story buildings.

Edgewater Lofts Owners' Association is a community constructed in three phases on the shores of Lake Michigan in Traverse City, Michigan. Fiber cement siding and composite balconies highlight the front and rear elevations. Residents enjoy a community area that features a fire pit.

Ghent on the Square Condominium Association is a community in Norfolk, Virginia built in 1989. The three-story brick buildings feature concrete balconies accented with metal staircases. Residents enjoy various site elements such a clubhouse, pool, tennis court, and a playground.

Hillcrest Community Association, Inc. is a homeowners association located in Prospect, Kentucky consisting of 488 homes. The sprawling property features a pool, playground, and tennis courts near the clubhouse to provide residents various amenities for their leisure.

Park Place of Geneva Townhome Owners Association, Inc. is a small community of six buildings and 30 units. The three-story buildings are adorned with brick, fiber cement siding and balconies with waterproof membranes to create a variety of maintenance and replacement needs. Residents enjoy a central courtyard lined with brick pavers and a fire pit.

Stonelake at River's Bend Homeowners Association, Inc. is a development in South Lebanon, Ohio constructed from 2007 to 2013. The Association maintains a clubhouse and various site elements including a pond, asphalt walking paths, and a playground.

Weston Place Homeowners Association, Inc. is located in Carmel, Indiana. The Association maintains three ponds, several fences, and brick entrance monuments. The property includes multiple sport courts and a pool for the community to enjoy.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, Mr. Nelson attended Montana Technological University where he attained his Bachelor of Science degree in Mechanical Engineering with Minors in Business Administration and Mathematics.

EDUCATION

Montana Technological University– B.S. Mechanical Engineering

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

CURRENT CLIENT SERVICES

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

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

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

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

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

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

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

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

PRIOR RELEVANT EXPERIENCE

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

EDUCATION

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

PROFESSIONAL AFFILIATIONS/DESIGNATIONS

Professional Engineering License – Wisconsin, North Carolina, Illinois, Colorado
Reserve Specialist (RS) **-** Community Associations Institute
Professional Reserve Analyst (PRA) **-** Association of Professional Reserve Analysts

RESOURCES

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

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

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

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

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

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

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

7. DEFINITIONS

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

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

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

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

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

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

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

Long-Lived Property Component - Property component of Forest Glen 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) Forest Glen 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.