

Reserve Report
Council of Unit Owners of Cloister at Charles III, Inc.

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RESERVE STUDY

The Cloisters at Charles III, A Condominium



Baltimore, Maryland

March 2, 2022



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The Cloisters at Charles III, A Condominium
Baltimore, Maryland

Dear Board of Directors of The Cloisters at Charles III, A Condominium:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Reserve Study* of The Cloisters at Charles III, A Condominium in Baltimore, Maryland and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, March 2, 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 The Cloisters at Charles III, A Condominium plan for a successful future.

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

Respectfully submitted on March 11, 2022 by

Reserve Advisors, LLC

Visual Inspection and Report by: Jon R. Walker, RS¹

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



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

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



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1. RESERVE STUDY EXECUTIVE SUMMARY

Client: The Cloisters at Charles III, A Condominium (The Cloisters)

Location: Baltimore, Maryland

Reference: 121715

Property Basics: The Cloisters at Charles III, A Condominium is a townhome style development which consists of 26 units in seven buildings. The community was built in 2007.

Reserve Components Identified: 13 Reserve Components.

Inspection Date: March 2, 2022. We conducted previous inspections in 2019, 2016 and 2013.

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 2049 due to subsequent repaving of the asphalt pavement street and parking areas.

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

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

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

Unaudited Cash Status of Reserve Fund:

- \$251,345 as of February 28, 2022
- 2022 budgeted Reserve Contributions of \$13,896

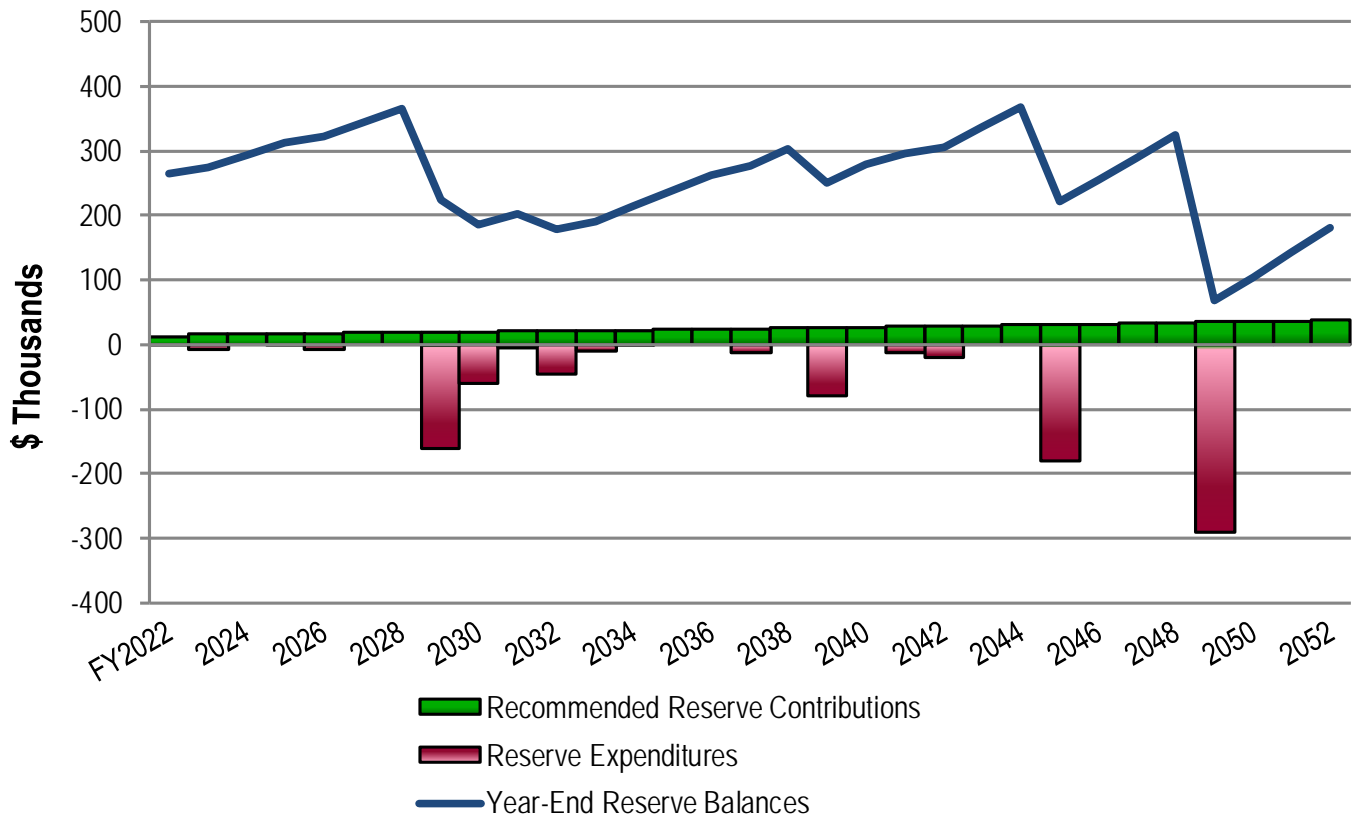
Recommended Reserve Funding: We recommend the following in order to achieve a stable and equitable Funding Plan:

- Increase to \$15,900 in 2023
- Inflationary increases through 2052, the limit of this study's Cash Flow Analysis
- Initial adjustment in Reserve Contributions of \$2,004 represents an average monthly increase of \$6.42 per unit owner and about a two percent (1.5%) adjustment in the 2022 total Operating Budget of \$135,096.



The Cloisters
Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2023	15,900	274,417	2033	21,400	189,600	2043	28,700	335,305
2024	16,400	292,795	2034	22,000	213,004	2044	29,600	367,356
2025	16,900	311,804	2035	22,700	237,274	2045	30,500	220,785
2026	17,400	322,909	2036	23,400	262,417	2046	31,400	253,840
2027	17,900	343,132	2037	24,100	276,619	2047	32,300	288,030
2028	18,400	363,998	2038	24,800	303,442	2048	33,300	323,463
2029	19,000	224,302	2039	25,500	250,624	2049	34,300	68,803
2030	19,600	185,032	2040	26,300	278,770	2050	35,300	104,708
2031	20,200	201,361	2041	27,100	294,613	2051	36,400	141,968
2032	20,800	177,385	2042	27,900	304,374	2052	37,500	180,593





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

The Cloisters At Charles III, A Condominium

Baltimore, Maryland

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, March 2, 2022. We conducted previous inspections in 2019, 2016 and 2013.

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

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

IDENTIFICATION OF PROPERTY



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

Our process of identification helps assure that future boards and the management team understand whether reserves, the operating budget or 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. These classes of property include:

- Reserve Components
- Long-Lived Property Elements
- Operating Budget Funded Repairs and Replacements
- Property Maintained by Unit Owners
- 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 Cloisters 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:

- Inlet/Outlet Structures, Concrete, Storm Water Management System, Detention Basin
- Pipes, Subsurface Utilities

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 \$3,000 (These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.)
- Catch Basins, Landscape
- Fences, Wood, Split Rail, Interim Replacements and Repairs
- Gutters and Downspouts, Cleaning
- Landscape, General Maintenance Including Detention Basin
- Paint Finishes, Touch Up
- Signage, Miscellaneous
- Walls, Masonry, Accent, Driveways, Mortar-Set and Stone, Interim Repairs
- Other Repairs normally funded through the Operating Budget



**Storm water management detention basin
overview**



Signage overview



Landscape catch basin overview

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:

- Interiors and Exteriors, Townhomes Including Balconies, Stoops, Electrical Systems, HVAC, Irrigation Systems, Patios and Pipes

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

- Fence, Chain Link, North Perimeter (Towson University)
- Light Poles and Fixtures (Baltimore Gas and Electric)



Light pole and fixture overview



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

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**.

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RESERVE EXPENDITURES

The Cloisters
at Charles III, A Condominium
Baltimore, Maryland

Explanatory Notes:

- 1) **3.0%** 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		Costs, \$			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	
						Useful	Remaining	Unit (2022)	Per Phase (2022)	Total (2022)																		
4.020	4,200	4,200	Square Yards	Asphalt Pavement, Crack Repair, Patch, and Seal Coat	2023	3 to 5	1	1.80	7,560	7,560	7.5%		7,787			8,509							10,465				11,778	
4.040	3,900	3,900	Square Yards	Asphalt Pavement, Mill and Overlay, Abbey View Way	2029	15 to 20	7	16.50	64,350	64,350	24.8%								79,142									
4.046	300	300	Square Yards	Asphalt Pavement, Total Replacement, Parking Pads	2029	15 to 20	7	34.00	10,200	10,200	3.9%								12,545									
4.100	8	8	Each	Catch Basins, Inspections and Capital Repairs	2029	15 to 20	7	950.00	7,600	7,600	2.9%								9,347									
4.110	3,400	455	Linear Feet	Concrete Curbs and Gutters, Partial	2029	to 65	7 to 30+	35.50	16,153	120,700	9.2%								19,866									
4.120	16,200	2,160	Square Feet	Concrete Driveways and Sidewalks, Partial	2029	to 65	7 to 30+	15.00	32,400	243,000	18.5%								39,848									
4.200	280	280	Linear Feet	Fence, Aluminum, Perimeter	2045	to 25	23	45.00	12,600	12,600	2.8%																	
4.286	920	920	Linear Feet	Fences, Wood, Split Rail, 2020 Replaced	2045	to 25	23	25.00	23,000	23,000	5.1%																	
4.287	1,180	1,180	Linear Feet	Fence, Wood, Split Rail, Original	2032	to 25	10	25.00	29,500	29,500	4.4%									39,646								
4.291	320	320	Linear Feet	Guardrail, Metal	2042	to 35	20	35.00	11,200	11,200	2.3%																	
4.600	2	2	Each	Mailbox Stations	2031	to 25	9	2,000.00	4,000	4,000	0.6%								5,219									
4.731	80	80	Linear Feet	Railings, Aluminum, Driveway Masonry Walls (Incl. Masonry Repairs)	2032	to 25	10	60.00	4,800	4,800	0.7%									6,451								
4.740	6,800	6,800	Square Feet	Retaining Walls, Masonry, Inspection and Capital Repairs	2030	10 to 15	8	7.00	47,600	47,600	17.3%								60,298									
Anticipated Expenditures, By Year (\$894,086 over 30 years)												0	7,787	0	0	8,509	0	0	160,748	60,298	5,219	46,097	10,465	0	0	0	11,778	

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RESERVE EXPENDITURES

The Cloisters
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Baltimore, Maryland

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 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	
						Useful	Remaining	Unit (2022)	Per Phase (2022)	Total (2022)																	
4.020	4,200	4,200	Square Yards	Asphalt Pavement, Crack Repair, Patch, and Seal Coat	2023	3 to 5	1	1.80	7,560	7,560	7.5%				13,257				14,920								
4.040	3,900	3,900	Square Yards	Asphalt Pavement, Mill and Overlay, Abbey View Way	2029	15 to 20	7	16.50	64,350	64,350	24.8%																142,940
4.046	300	300	Square Yards	Asphalt Pavement, Total Replacement, Parking Pads	2029	15 to 20	7	34.00	10,200	10,200	3.9%																22,657
4.100	8	8	Each	Catch Basins, Inspections and Capital Repairs	2029	15 to 20	7	950.00	7,600	7,600	2.9%																16,882
4.110	3,400	455	Linear Feet	Concrete Curbs and Gutters, Partial	2029	to 65	7 to 30+	35.50	16,153	120,700	9.2%		26,698														35,879
4.120	16,200	2,160	Square Feet	Concrete Driveways and Sidewalks, Partial	2029	to 65	7 to 30+	15.00	32,400	243,000	18.5%		53,552														71,970
4.200	280	280	Linear Feet	Fence, Aluminum, Perimeter	2045	to 25	23	45.00	12,600	12,600	2.8%									24,867							
4.286	920	920	Linear Feet	Fences, Wood, Split Rail, 2020 Replaced	2045	to 25	23	25.00	23,000	23,000	5.1%									45,392							
4.287	1,180	1,180	Linear Feet	Fence, Wood, Split Rail, Original	2032	to 25	10	25.00	29,500	29,500	4.4%																
4.291	320	320	Linear Feet	Guardrail, Metal	2042	to 35	20	35.00	11,200	11,200	2.3%					20,228											
4.600	2	2	Each	Mailbox Stations	2031	to 25	9	2,000.00	4,000	4,000	0.6%																
4.731	80	80	Linear Feet	Railings, Aluminum, Driveway Masonry Walls (Incl. Masonry Repairs)	2032	to 25	10	60.00	4,800	4,800	0.7%																
4.740	6,800	6,800	Square Feet	Retaining Walls, Masonry, Inspection and Capital Repairs	2030	10 to 15	8	7.00	47,600	47,600	17.3%									93,943							
Anticipated Expenditures, By Year (\$894,086 over 30 years)												0	80,250	0	13,257	20,228	0	0	179,122	0	0	0	290,328	0	0	0	

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RESERVE FUNDING PLAN

CASH FLOW ANALYSIS

The Cloisters
at Charles III, A Condominium
Baltimore, Maryland

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)	251,345	264,425	274,417	292,795	311,804	322,909	343,132	363,998	224,302	185,032	201,361	177,385	189,600	213,004	237,274	262,417
Total Recommended Reserve Contributions	(Note 2)	11,580	15,900	16,400	16,900	17,400	17,900	18,400	19,000	19,600	20,200	20,800	21,400	22,000	22,700	23,400	24,100
Estimated Interest Earned, During Year	(Note 3)	1,500	1,879	1,978	2,109	2,214	2,323	2,466	2,052	1,428	1,348	1,321	1,280	1,404	1,570	1,743	1,880
Anticipated Expenditures, By Year		0	(7,787)	0	0	(8,509)	0	0	(160,748)	(60,298)	(5,219)	(46,097)	(10,465)	0	0	0	(11,778)
Anticipated Reserves at Year End		<u>\$264,425</u>	<u>\$274,417</u>	<u>\$292,795</u>	<u>\$311,804</u>	<u>\$322,909</u>	<u>\$343,132</u>	<u>\$363,998</u>	<u>\$224,302</u>	<u>\$185,032</u>	<u>\$201,361</u>	<u>\$177,385</u>	<u>\$189,600</u>	<u>\$213,004</u>	<u>\$237,274</u>	<u>\$262,417</u>	<u>\$276,619</u>

(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		276,619	303,442	250,624	278,770	294,613	304,374	335,305	367,356	220,785	253,840	288,030	323,463	68,803	104,708	141,968
Total Recommended Reserve Contributions		24,800	25,500	26,300	27,100	27,900	28,700	29,600	30,500	31,400	32,300	33,300	34,300	35,300	36,400	37,500
Estimated Interest Earned, During Year		2,023	1,932	1,846	2,000	2,089	2,231	2,451	2,051	1,655	1,890	2,133	1,368	605	860	1,125
Anticipated Expenditures, By Year		0	(80,250)	0	(13,257)	(20,228)	0	0	(179,122)	0	0	0	(290,328)	0	0	0
Anticipated Reserves at Year End		<u>\$303,442</u>	<u>\$250,624</u>	<u>\$278,770</u>	<u>\$294,613</u>	<u>\$304,374</u>	<u>\$335,305</u>	<u>\$367,356</u>	<u>\$220,785</u>	<u>\$253,840</u>	<u>\$288,030</u>	<u>\$323,463</u>	<u>\$68,803</u>	<u>\$104,708</u>	<u>\$141,968</u>	<u>\$180,593</u>

Explanatory Notes:

- 1) Year 2022 starting reserves are as of February 28, 2022; FY2022 starts January 1, 2022 and ends December 31, 2022.
- 2) Reserve Contributions for 2022 are the remaining budgeted 10 months; 2023 is the first year of recommended contributions.
- 3) 0.7% is the estimated annual rate of return on invested reserves; 2022 is a partial year of interest earned.
- 4) Accumulated year 2052 ending reserves consider the age, size, overall condition and complexity of the property.
- 5) Threshold Funding Year (reserve balance at critical point).

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.*

Asphalt Pavement, Crack Repair, Patch, and Seal Coat

Line Item: 4.020

Quantity: Approximately 3,900 square yards of asphalt pavement comprising The Cloister's portion of Abbey View Way streets and approximately 300 square yards of asphalt pavement comprising the six parking pads.

History: Repaired and seal coated in 2016

Condition: Good to fair overall with previous repairs, wear and minor cracks evident

Useful Life: Three- to five-years

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

Priority/Criticality: Per Board discretion

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

Asphalt Pavement, Repaving

Line Items: 4.040 and 4.046

Quantity: Approximately 3,900 square yards of asphalt pavement comprising The Cloister's portion of Abbey View Way streets and approximately 300 square yards of asphalt pavement comprising the six parking pads.

History: The pavement is original to construction; repaired and seal coated in 2016

Condition: Good to fair overall with previous repairs, wear and minor cracks evident



Asphalt pavement street overview



Asphalt pavement street overview



Asphalt pavement street overview - Note previous repairs



Asphalt pavement parking pad overview



Asphalt pavement street overview - Note minor wear and previous cracks sealed



Asphalt pavement parking pad overview



Asphalt pavement street overview

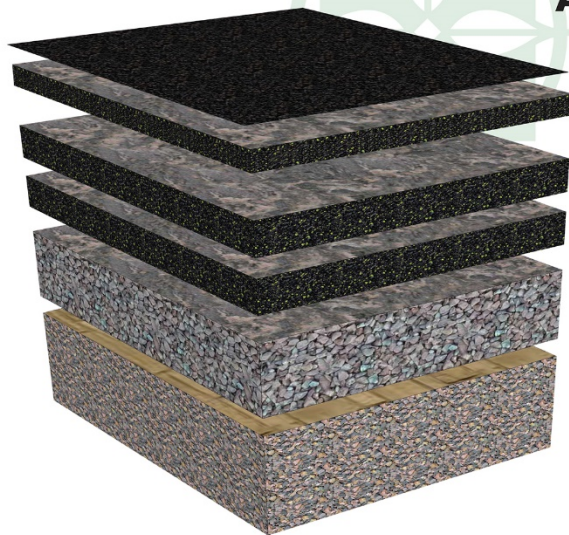


Asphalt pavement street overview - Note minor wear

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 Cloisters:



ASPHALT DIAGRAM

Sealcoat or Wearing Surface

Asphalt Overlay Not to Exceed 1.5 inch Thickness per Lift or Layer

Original Pavement Inspected and milled until sound pavement is found, usually comprised of two layers

Compacted Crushed Stone or Aggregate Base

Subbase of Undisturbed Native Soils Compacted to 95% dry density

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

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

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

Catch Basins

Line Item: 4.100

Quantity: Eight catch basins¹

History: Original

Condition: Good to fair overall



Catch basin



Catch basin

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

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

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

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

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

¹ 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 3,400 linear feet of concrete curbs and gutters located throughout the community.

Condition: Good to fair overall with isolated cracks, previous repairs and spalled concrete evident.



Minor spalls



Concrete curb and gutter



Concrete cracks



Previous repairs evident



Concrete curb and gutter

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

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

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

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We estimate that up to 1,365 linear feet of curbs and gutters, or forty percent (40.1%) of the total, will require replacement during the next 30 years.

Concrete Driveways and Sidewalks

Line Item: 4.120

Quantity: Approximately 15,200 square feet of concrete driveways and approximately 1,000 square feet of concrete sidewalks throughout the community.

Condition: Good to fair overall with stains and minor cracks evident



Concrete driveways



Concrete driveway



Concrete driveway

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 6,480 square feet of concrete driveways and sidewalks, or forty percent (40%) of the total, will require replacement during the next 30 years.

Fence, Aluminum

Line Item: 4.200

Quantity: 280 linear feet located at the southeast perimeter of the community

History: Installed in 2020.

Condition: Good overall



Aluminum fence



Aluminum fence



Aluminum fence



Aluminum fence overview

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

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

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

Priority/Criticality: Per Board discretion

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

Fences, Wood, Split Rail

Line Items: 4.286 and 4.287

Quantity: The Association maintains approximately 920 linear feet of split rail wood fences at the retaining walls and an additional 1,180 linear feet at the storm water management area.

History: The split rail wood fences located at the retaining walls were replaced in 2020. The split rail wood fences located at the storm water management area are original to community construction in approximately 2007.

Condition: The split rail fences that were replaced in 2020 are in good overall condition. The split rail fences that are original are in good to fair condition overall with minor wear, deterioration and previous repairs evident.



Wood split rail fence



Wood split rail fence - Original



Wood split rail fence



Wood split rail fence



Wood split rail fence – Original: Note minor wear and deterioration



Wood split rail fence

Useful Life: Up to 25 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, 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 funded through the operating budget due to the non-uniform nature of wood deterioration.

Guardrail, Metal

Line Item: 4.291

Quantity: The Association maintains approximately 320 linear feet of metal guardrail along Abbey View Way.

History: Original

Condition: Good to fair overall



Metal guardrail overview



Metal guardrail overview



Metal guardrail overview

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.

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Mailbox Stations

Line Item: 4.600

Quantity: Two stations

History: Original

Condition: Good to fair overall



Mailbox stations



Mailbox stations

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.

Railings, Aluminum

Line Item: 4.731

Quantity: 80 linear feet atop the stone and mortar set walls at the unit driveways

History: Original

Condition: Good to fair overall

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 Address: 6507 Abbey View Way
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Aluminum railing overview



Aluminum railing overview



Aluminum railing overview



Aluminum railing 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:

- Annually:
 - Inspect for damage, and excessive finish deterioration or corrosion
 - Test security of railings and inspect connection fasteners

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We include repairs and repointing, where applicable, to a limited quantity of the masonry walls in coordination with replacement of the aluminum railings. As mentioned previously, we recommend the Association fund for any additional repairs as needed through the operating budget.

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Address: 6507 Abbey View Way
Order Date: 02-05-2025
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Retaining Walls, Masonry

Line Item: 4.740

Quantity: 6,800 square feet comprising the tiered masonry walls throughout the community.

History: Original

Condition: Good to fair overall with normal stains evident.



Masonry retaining walls overview - Note minor stains



Masonry retaining wall



Masonry retaining wall

Useful Life: Masonry retaining walls have indeterminate useful lives. However, we recommend the Association plan for inspections and capital repairs every 10- to 15-years to forestall deterioration.

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

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Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our cost includes an allowance for an inspection, partial resetting and replacement of up to ten percent (10%). Updates of this Reserve Study will continue to monitor the rate of deterioration and incorporate any available inspection reports.

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 Cloisters 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 standards¹ 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
- 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 Baltimore, Maryland at an annual inflation rate³. Isolated or regional markets of

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

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

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

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

- The past and current maintenance practices of The Cloisters 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.

JON R. WALKER, RS
Engineer, Northeast Region
Responsible Advisor

CURRENT CLIENT SERVICES

Jon R. Walker, an Engineer, is an Advisor for Reserve Advisors. Mr. Walker is responsible for the inspection and analysis of the condition of clients' properties, and recommending engineering solutions to prolong the lives of the components. He also forecasts capital expenditures for the repair and/or replacement of the property components and prepares technical reports on assignments. He is responsible for conducting Life Cycle Cost Analyses and Capital Replacement Forecast services and the preparation of Reserve Study Reports for condominiums, townhomes, planned unit developments and homeowner associations.



The following is a partial list of clients served by Jon Walker demonstrating the breadth of experiential knowledge of community associations in construction and related systems.

Jefferson Chase Condominium is a four-building condominium-style community located in Frederick Maryland that features construction elements that date back to 1955. Jefferson Chase utilizes a variety of unique amenities including a fitness center, outdoor picnic and grilling area, and playground. The community also features a wide-ranging collection of exterior building elements including modified bitumen and EPDM flat roofs, concrete balconies, and masonry.

The Ponds at Chesterbrook are located in the Northwest suburbs of Philadelphia, Pennsylvania. The community is home to 48 units across 15 buildings that range in styles from condominiums and townhomes to lofts and single family homes. Constructed in 1983, The Ponds contain a variety of stone masonry chimneys in addition to two ponds.

Parker House – Located in downtown Washington, D.C., this well-known six-story midrise dates back to 1928. Converted to condominiums in 1978, Parker House now services 55 units and lay in the heart of the Wakefield neighborhood. The mid-rise features a unique blend of masonry and limestone exteriors and decorative terrazzo interior lobby floor coverings.

Quaker Hill Condominium – Built in 1991, Quaker Hill is located within the Taylor Run neighborhood in Alexandria, Virginia. The large midrise contains various unique elements including elevated and on-grade breezeways, hydraulic elevators, balconies, terraces, and large concrete retaining walls.

King James Landing is a waterfront community built in 1987 and located in Annapolis, Maryland. Residents enjoy a marina that backs up to Back Creek Harbor, a service waterway to the Chesapeake Bay. King James Landing represents a wide range of exterior styles and time periods within the attached-home style community. Features of King James Landing include a gate entry system, retaining walls, wood decks, bulkheads, and docks.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, Mr. Walker attended Virginia Tech University in Blacksburg, Virginia where he attained his Bachelor of Science degree in Aerospace Engineering. His studies largely focused on application of the principles of science and mathematics to develop cost-effective solutions to technical problems.

EDUCATION

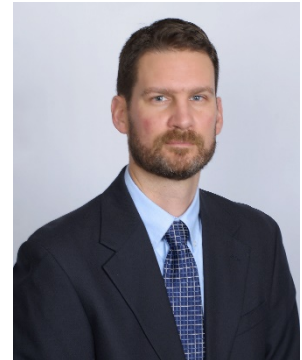
Virginia Tech University – B.S. Aerospace Engineering



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

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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 Cloisters 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 Cloisters 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.

Order Date: 02-05-2025

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