

Richmond Square Condominium Association

New Albany, OH • February 2, 2023

RESERVE STUDY



Richmond Square Condominium Association
New Albany, Ohio

Dear Board of Directors of Richmond Square Condominium Association:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Reserve Study* of Richmond Square Condominium Association in New Albany, Ohio and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, February 2, 2023.

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 Richmond Square Condominium 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 March 10, 2023 by

Reserve Advisors, LLC

Visual Inspection and Report by: Patrick R. Older

Review by: Nicole L. Lowery, RS¹, PRA², Associate 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: Richmond Square Condominium Association (Richmond Square)

Location: New Albany, Ohio

Reference: 131080

Property Basics: Richmond Square Condominium Association is a townhome style development consisting of 13 units in three buildings. Two buildings containing nine units were constructed from 2006 through 2008, the remaining building was constructed in 2016. Each unit possesses an asphalt pavement driveway and balcony with pergola. The buildings comprise fiber cement siding, masonry facades and asphalt shingle roofs.

Reserve Components Identified: 24 Reserve Components.

Inspection Date: February 2, 2023. We conducted the original inspection on October 28, 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 these threshold funding years in 2025 and 2026 due to replacement of roofing assemblies at Units 1-9. In addition, the Reserve Funding Plan recommends 2053 year end accumulated reserves of approximately \$588,700. We judge this amount of accumulated reserves in 2053 necessary to fund the likely replacement of the fiber cement siding and subsequent roof assemblies after 2053. Future replacement costs beyond the next 30 years for the replacement of these components are likely to more than double the current cost of replacement. These future needs, although beyond the limit of the Cash Flow Analysis of this Reserve Study, are reflected in the amount of accumulated 2053 year end reserves.

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

- Current and future local costs of replacement
- 1.3% anticipated 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:

- \$10,904 projected as of December 31, 2022
- 2023 budgeted Reserve Contributions of \$35,000
- A potential deficit in reserves might occur by 2025 based upon continuation of the most recent annual reserve contribution of \$35,000 and the identified Reserve Expenditures.

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

- Replacement of the roofs as deferral may result in increased water infiltration and cost
- Repaving as deferral will result in dangerous road conditions and vehicle damage
- Systematic preventative maintenance to the masonry to minimize the potential for water infiltration

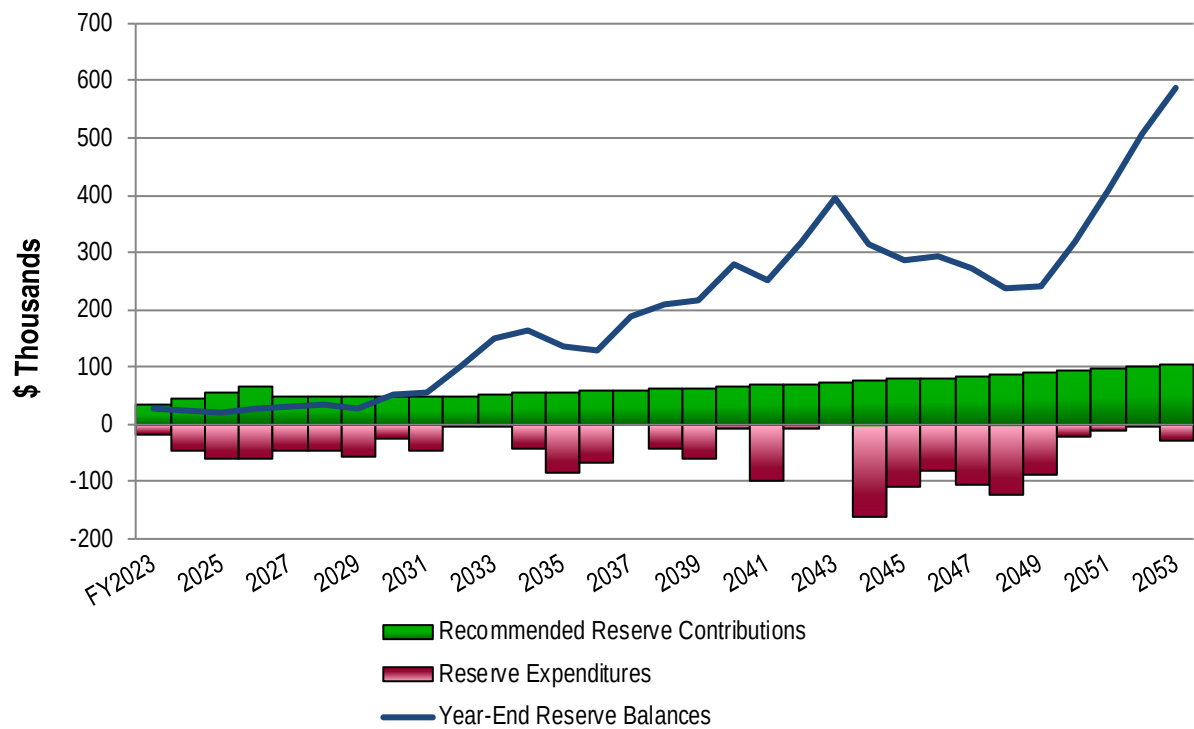


Recommended Reserve Funding: We recommend the following in order to achieve a stable and equitable Cash Flow Methodology Funding Plan:

- Phased increases of \$10,000 from 2024 through 2026
- Stable contributions of \$50,000 from 2027 through 2032
- Inflationary increases thereafter through 2053, the limit of this study's Cash Flow Analysis
- These recommended Reserve Contributions ensure that each owner funds their use of the Association maintained elements annually. The actual Reserve Contributions approved by the Board may vary based on factors external to the Reserve Study such as the financial impact on unit owners, desire to utilize funding mechanisms other than reserves and the market value of the units. We include stepped or phased annual increases in the Reserve Contribution based on the current financial conditions of the Association, significant recommended Reserve Contributions and the critical Reserve Balances. Any phase in the required Reserve Contribution increase defers the cost burden to future owners. We therefore limit the number of phased increases to limit the deferred cost burden to future owners. We opine this funding method adheres to APRA Standards of Practice which state in part "... any Funding Plan shall meet the Following Funding Principles: Sufficient funds when required, stable contribution rate over the years, evenly distributed contributions over the years, and fiscally responsible."
- 2024 Reserve Contribution of \$45,000 is equivalent to an average monthly contribution of \$288.46 per homeowner.

Richmond Square
Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2024	45,000	24,961	2034	53,600	164,028	2044	75,700	314,940
2025	55,000	21,143	2035	55,500	137,344	2045	78,300	287,893
2026	65,000	25,558	2036	57,400	127,743	2046	81,000	291,794
2027	50,000	29,323	2037	59,400	189,190	2047	83,800	272,837
2028	50,000	34,790	2038	61,500	210,551	2048	86,700	239,031
2029	50,000	27,726	2039	63,700	216,144	2049	89,700	241,948
2030	50,000	51,776	2040	65,900	277,913	2050	92,800	316,839
2031	50,000	56,784	2041	68,200	250,624	2051	96,000	407,033
2032	50,000	102,251	2042	70,600	317,201	2052	99,400	506,803
2033	51,800	150,038	2043	73,100	394,900	2053	102,900	588,710





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

Richmond Square Condominium Association

New Albany, Ohio

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, February 2, 2023. We conducted the original inspection on October 28, 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
- **Five-Year Outlook** - Identifies reserve components and anticipated reserve expenditures during the first five years
- **Reserve Component Detail** - Describes the reserve components, includes photographic documentation of the condition of various property elements, describes our recommendations for repairs or replacement, and includes detailed solutions and procedures for replacements for the benefit of current and future board members
- **Methodology** - Lists the national standards, methods and procedures used to develop the Reserve Study
- **Definitions** - Contains definitions of terms used in the Reserve Study, consistent with national standards
- **Professional Service Conditions** - Describes Assumptions and Professional Service Conditions
- **Credentials and Resources**

IDENTIFICATION OF PROPERTY



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

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

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

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

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

Long-Lived Property Elements – These 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
- Pipes, Subsurface Utilities
- Soffit and Fascia
- Structural Frames
- Walls, Siding, Fiber Cement, Full Replacement



Siding deflection

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

- General Maintenance to the Common Elements
- Expenditures less than \$2,000 (Excluding Light Fixtures) (These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.)
- Buried Downspouts, Maintenance
- Catch Basins, Landscape
- Ceiling Fans
- Irrigation System, Controls and Maintenance

- Landscape, Maintenance
- Paint Finishes (At the request of Management)
- Signage
- Other Repairs normally funded through the Operating Budget



Ceiling fan at balcony



Paint finish deterioration



Landscape catch basin

Homeowners' Responsibility - Items designated as the responsibility of the homeowners to repair or replace at their cost. Property Maintained by Homeowners, including items billed back to Homeowners, relates to unit:

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



Others' Responsibility - Items designated as the responsibility of others to repair or replace. Property Maintained by Others relates to:

- Street System (Master Associations)
- Park Landscape (Master Association)
- Sidewalks Not Adjacent to Buildings (Master Association)

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
- 2023 local cost of replacement
 - Per unit
 - Per phase
 - Replacement of total quantity
- Percentage of future expenditures anticipated during the next 30 years
- Schedule of estimated future costs for each reserve component including inflation

Reserve Funding Plan

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

Five-Year Outlook

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

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

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

RESERVE EXPENDITURES

Richmond Square
Condominium Association
New Albany, Ohio

Explanatory Notes:

- 1) 3.5% is the estimated Inflation Rate for estimating Future Replacement Costs.
2) FY2023 is Fiscal Year beginning January 1, 2023 and ending December 31, 2023.

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 FY2023	1 2024	2 2025	3 2026	4 2027	5 2028	6 2029	7 2030	8 2031	9 2032	10 2033	11 2034	12 2035	13 2036	14 2037	15 2038	
						Useful	Remaining	Unit (2023)	Per Phase (2023)																		Total (2023)
Exterior Building Elements																											
1.060	3,400	1,700	Square Feet	Balconies, Concrete, Repairs and Waterproof Coating Applications, Phased	2028	8 to 12	5 to 6	15.00	25,500	51,000	17.3%					30,286	31,346									42,721	
1.240	2,200	1,100	Linear Feet	Gutters and Downspouts, Aluminum, Units 1-9	2025	15 to 20	2 to 3	10.50	11,550	23,100	4.7%		12,373	12,806													
1.241	750	750	Linear Feet	Gutters and Downspouts, Aluminum, Units 10-13	2035	15 to 20	12	10.50	7,875	7,875	0.8%											11,900					
1.260	9	9	Each	Light Fixtures, Units 1-9	2031	to 25	8	200.00	1,800	1,800	0.2%								2,370								
1.261	4	4	Each	Light Fixtures, Units 10-13	2041	to 25	18	250.00	1,000	1,000	0.1%																
1.271	13	4	Each	Pergolas and Railings, Partial Replacements, Phased	2036	to 35	13 to 23	6,500.00	28,145	84,500	10.1%												44,018				
1.280	140	70	Squares	Roofs, Asphalt Shingles, Units 1-9	2025	15 to 20	2 to 3	510.00	35,700	71,400	14.5%		38,243	39,581													
1.281	60	60	Squares	Roofs, Asphalt Shingles, Units 10-13	2035	15 to 20	12	510.00	30,600	30,600	3.0%											46,239					
1.400	1,500	750	Square Feet	Roofs, Flat, Units 1-9, Phased	2028	15 to 20	5 to 6	15.00	11,250	22,500	5.2%					13,361	13,829										
1.401	650	650	Square Feet	Roofs, Flat, Units 10-13	2036	15 to 20	13	15.00	9,750	9,750	1.0%												15,249				
1.820	18,400	18,400	Square Feet	Walls, Masonry, Inspections and Partial Repairs (Incl. Retaining Walls)	2024	8 to 12	1	1.55	28,520	28,520	8.3%		29,518									41,638					
Property Site Elements																											
4.020	1,200	1,200	Square Yards	Asphalt Pavement, Crack Repair, Patch, and Seal Coat (2024, 2028, 2048 are Adjusted)	2024	3 to 5	1	1.70	2,040	2,040	1.7%		2,750			1,300			2,780				3,190				
4.045	600	600	Square Yards	Asphalt Pavement, Access Drive, Total Replacement	2027	15 to 20	4	34.00	20,400	20,400	4.5%				23,409												
4.046	9	9	Each	Asphalt Pavement, Driveways, Total Replacement, Units 1-9	2027	15 to 20	4	1,800.00	16,200	16,200	3.5%				18,590												
4.047	4	4	Each	Asphalt Pavement, Driveways, Total Replacement, Units 10-13	2035	15 to 20	12	1,800.00	7,200	7,200	0.7%											10,880					
4.096	1	1	Allowance	Brick Stairs, Inspection, Resetting and Partial Replacements	2024	to 3	1	4,000.00	4,000	4,000	4.4%		4,140		4,590		5,089			5,642			6,256				
4.140	1,800	170	Square Feet	Concrete Sidewalks, Partial	2024	to 65	1 to 30+	12.00	2,040	21,600	0.9%		2,111					2,780									
4.420	3	1	Allowance	Irrigation System, Phased	2046	to 40+	23 to 27	8,500.00	8,500	25,500	3.9%																
4.500	1	1	Allowance	Landscape, Partial Replacements (2023 is Budgeted)	2023	to 6	0	10,000.00	10,000	10,000	6.7%	8,000				12,293						15,111					
4.560	14	14	Each	Light Poles and Fixtures, Units 1-9 (Incl. Mailboxes)	2031	to 25	8	2,350.00	32,900	32,900	2.8%								43,323								
4.561	6	6	Each	Light Poles and Fixtures, Units 10-13 (Incl. Mailboxes)	2041	to 25	18	2,350.00	14,100	14,100	1.7%																
4.733	300	300	Linear Feet	Railings, Metal, Units 1-9 and Retaining Wall	2030	to 25	7	56.00	16,800	16,800	1.4%							21,374									
4.734	100	100	Linear Feet	Railings, Metal, Units 10-13	2039	to 25	16	56.00	5,600	5,600	0.6%																
		1	Allowance	Loan Payments	2023	N/A	0 to 3	8,500	8,500	34,000	2.2%	8,500	8,500	8,500	8,500												
		1	Allowance	Reserve Study	2023	N/A	0	3,000	3,000	3,000	0.2%	3,000															
Anticipated Expenditures, By Year (\$1,566,893 over 30 years)												19,500	47,019	59,116	60,887	46,589	44,947	57,468	26,463	45,693	5,560	5,642	41,638	84,130	68,713	0	42,721

RESERVE EXPENDITURES

Richmond Square Condominium Association New Albany, Ohio																										
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 2039	17 2040	18 2041	19 2042	20 2043	21 2044	22 2045	23 2046	24 2047	25 2048	26 2049	27 2050	28 2051	29 2052	30 2053
						Useful	Remaining	Unit (2023)	Per Phase (2023)	Total (2023)																
Exterior Building Elements																										
1.060	3,400	1,700	Square Feet	Balconies, Concrete, Repairs and Waterproof Coating Applications, Phased	2028	8 to 12	5 to 6	15.00	25,500	51,000	17.3%	44,217									60,263	62,372				
1.240	2,200	1,100	Linear Feet	Gutters and Downspouts, Aluminum, Units 1-9	2025	15 to 20	2 to 3	10.50	11,550	23,100	4.7%						23,786	24,619								
1.241	750	750	Linear Feet	Gutters and Downspouts, Aluminum, Units 10-13	2035	15 to 20	12	10.50	7,875	7,875	0.8%															
1.260	9	9	Each	Light Fixtures, Units 1-9	2031	to 25	8	200.00	1,800	1,800	0.2%															
1.261	4	4	Each	Light Fixtures, Units 10-13	2041	to 25	18	250.00	1,000	1,000	0.1%			1,857												
1.271	13	4	Each	Pergolas and Railings, Partial Replacements, Phased	2036	to 35	13 to 23	6,500.00	28,145	84,500	10.1%			52,279					62,091							
1.280	140	70	Squares	Roofs, Asphalt Shingles, Units 1-9	2025	15 to 20	2 to 3	510.00	35,700	71,400	14.5%						73,522	76,095								
1.281	60	60	Squares	Roofs, Asphalt Shingles, Units 10-13	2035	15 to 20	12	510.00	30,600	30,600	3.0%															
1.400	1,500	750	Square Feet	Roofs, Flat, Units 1-9, Phased	2028	15 to 20	5 to 6	15.00	11,250	22,500	5.2%									26,587	27,517					
1.401	650	650	Square Feet	Roofs, Flat, Units 10-13	2036	15 to 20	13	15.00	9,750	9,750	1.0%															
1.820	18,400	18,400	Square Feet	Walls, Masonry, Inspections and Partial Repairs (Incl. Retaining Walls)	2024	8 to 12	1	1.55	28,520	28,520	8.3%						58,735									
Property Site Elements																										
4.020	1,200	1,200	Square Yards	Asphalt Pavement, Crack Repair, Patch, and Seal Coat (2024, 2028, 2048 are Adjusted)	2024	3 to 5	1	1.70	2,040	2,040	1.7%		3,661				4,201				2,600			5,532		
4.045	600	600	Square Yards	Asphalt Pavement, Access Drive, Total Replacement	2027	15 to 20	4	34.00	20,400	20,400	4.5%								46,580							
4.046	9	9	Each	Asphalt Pavement, Driveways, Total Replacement, Units 1-9	2027	15 to 20	4	1,800.00	16,200	16,200	3.5%								36,990							
4.047	4	4	Each	Asphalt Pavement, Driveways, Total Replacement, Units 10-13	2035	15 to 20	12	1,800.00	7,200	7,200	0.7%															
4.096	1	1	Allowance	Brick Stairs, Inspection, Resetting and Partial Replacements	2024	to 3	1	4,000.00	4,000	4,000	4.4%	6,936			7,690			8,526			9,453			10,481		
4.140	1,800	170	Square Feet	Concrete Sidewalks, Partial	2024	to 65	1 to 30+	12.00	2,040	21,600	0.9%		3,661							4,821						
4.420	3	1	Allowance	Irrigation System, Phased	2046	to 40+	23 to 27	8,500.00	8,500	25,500	3.9%							18,752			20,088		21,518			
4.500	1	1	Allowance	Landscape, Partial Replacements (2023 is Budgeted)	2023	to 6	0	10,000.00	10,000	10,000	6.7%			18,575					22,833						28,068	
4.560	14	14	Each	Light Poles and Fixtures, Units 1-9 (Incl. Mailboxes)	2031	to 25	8	2,350.00	32,900	32,900	2.8%															
4.561	6	6	Each	Light Poles and Fixtures, Units 10-13 (Incl. Mailboxes)	2041	to 25	18	2,350.00	14,100	14,100	1.7%			26,191												
4.733	300	300	Linear Feet	Railings, Metal, Units 1-9 and Retaining Wall	2030	to 25	7	56.00	16,800	16,800	1.4%															
4.734	100	100	Linear Feet	Railings, Metal, Units 10-13	2039	to 25	16	56.00	5,600	5,600	0.6%	9,710														
		1	Allowance	Loan Payments	2023	N/A	0 to 3	8,500	8,500	34,000	2.2%															
		1	Allowance	Reserve Study	2023	N/A	0	3,000	3,000	3,000	0.2%															
Anticipated Expenditures, By Year (\$1,566,893 over 30 years)												60,863	7,322	98,902	7,690	0	160,244	109,240	80,843	106,403	123,812	89,889	21,518	10,481	5,532	28,068

RESERVE FUNDING PLAN

CASH FLOW ANALYSIS		Individual Reserve Budgets & Cash Flows for the Next 30 Years															
Richmond Square																	
Condominium Association																	
New Albany, Ohio		FY2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
Reserves at Beginning of Year	(Note 1)	10,904	26,647	24,961	21,143	25,558	29,323	34,790	27,726	51,776	56,784	102,251	150,038	164,028	137,344	127,743	189,190
Total Recommended Reserve Contributions	(Note 2)	35,000	45,000	55,000	65,000	50,000	50,000	50,000	50,000	50,000	50,000	51,800	53,600	55,500	57,400	59,400	61,500
Estimated Interest Earned, During Year	(Note 3)	243	333	298	302	354	414	404	513	701	1,027	1,629	2,028	1,946	1,712	2,047	2,582
Anticipated Expenditures, By Year		(19,500)	(47,019)	(59,116)	(60,887)	(46,589)	(44,947)	(57,468)	(26,463)	(45,693)	(5,560)	(5,642)	(41,638)	(84,130)	(68,713)	0	(42,721)
Anticipated Reserves at Year End		<u>\$26,647</u>	<u>\$24,961</u>	<u>\$21,143</u>	<u>\$25,558</u>	<u>\$29,323</u>	<u>\$34,790</u>	<u>\$27,726</u>	<u>\$51,776</u>	<u>\$56,784</u>	<u>\$102,251</u>	<u>\$150,038</u>	<u>\$164,028</u>	<u>\$137,344</u>	<u>\$127,743</u>	<u>\$189,190</u>	<u>\$210,551</u>
Predicted Reserves based on 2023 funding level of:	\$35,000	26,647	14,896	(9,183)	(35,358)												

(continued)		Individual Reserve Budgets & Cash Flows for the Next 30 Years, Continued														
		2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
Reserves at Beginning of Year		210,551	216,144	277,913	250,624	317,201	394,900	314,940	287,893	291,794	272,837	239,031	241,948	316,839	407,033	506,803
Total Recommended Reserve Contributions		63,700	65,900	68,200	70,600	73,100	75,700	78,300	81,000	83,800	86,700	89,700	92,800	96,000	99,400	102,900
Estimated Interest Earned, During Year		2,756	3,191	3,413	3,667	4,599	4,584	3,893	3,744	3,646	3,306	3,106	3,609	4,675	5,902	7,075
Anticipated Expenditures, By Year		(60,863)	(7,322)	(98,902)	(7,690)	0	(160,244)	(109,240)	(80,843)	(106,403)	(123,812)	(89,889)	(21,518)	(10,481)	(5,532)	(28,068)
Anticipated Reserves at Year End		<u>\$216,144</u>	<u>\$277,913</u>	<u>\$250,624</u>	<u>\$317,201</u>	<u>\$394,900</u>	<u>\$314,940</u>	<u>\$287,893</u>	<u>\$291,794</u>	<u>\$272,837</u>	<u>\$239,031</u>	<u>\$241,948</u>	<u>\$316,839</u>	<u>\$407,033</u>	<u>\$506,803</u>	<u>\$588,710</u>
																(Note 4)

- Explanatory Notes:**
- 1) Year 2023 starting reserves are projected as of December 31, 2022; FY2023 starts January 1, 2023 and ends December 31, 2023.
 - 2) Reserve Contributions for 2023 are budgeted; 2024 is the first year of recommended contributions.
 - 3) 1.3% is the estimated annual rate of return on invested reserves.
 - 4) Accumulated year 2053 ending reserves consider the age, size, overall condition and complexity of the property.
 - 5) Threshold Funding Years (reserve balance at critical point).

FIVE-YEAR OUTLOOK**Richmond Square
Condominium Association**
New Albany, Ohio

Line Item	Reserve Component Inventory	RUL = 0 FY2023	1 2024	2 2025	3 2026	4 2027	5 2028
<u>Exterior Building Elements</u>							
1.060	Balconies, Concrete, Repairs and Waterproof Coating Applications, Phased						30,286
1.240	Gutters and Downspouts, Aluminum, Units 1-9			12,373	12,806		
1.280	Roofs, Asphalt Shingles, Units 1-9			38,243	39,581		
1.400	Roofs, Flat, Units 1-9, Phased						13,361
1.820	Walls, Masonry, Inspections and Partial Repairs (Incl. Retaining Walls)		29,518				
<u>Property Site Elements</u>							
4.020	Asphalt Pavement, Crack Repair, Patch, and Seal Coat (2024, 2028, 2048 are Adjusted)		2,750				1,300
4.045	Asphalt Pavement, Access Drive, Total Replacement					23,409	
4.046	Asphalt Pavement, Driveways, Total Replacement, Units 1-9					18,590	
4.096	Brick Stairs, Inspection, Resetting and Partial Replacements		4,140			4,590	
4.140	Concrete Sidewalks, Partial		2,111				
4.500	Landscape, Partial Replacements (2023 is Budgeted)	8,000					
	Loan Payments	8,500	8,500	8,500	8,500		
	Reserve Study	3,000					
Anticipated Expenditures, By Year (\$1,566,893 over 30 years)		19,500	47,019	59,116	60,887	46,589	44,947

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



Rear elevation



Side elevation

Balconies, Concrete

Line Item: 1.060

Quantity: 13 concrete balconies comprising approximately 3,400 square feet of horizontal surface area. The balconies comprise reinforced concrete with a waterproof coating application.

History: Original

Condition: Good to fair overall condition with isolated coating deterioration evident



Balcony overview



Balcony surface detail



Deteriorated concrete coating

Useful Life: Capital repairs including a close-up visual inspection, patching of delaminated concrete, routing and filling of cracked concrete, and waterproof coating applications every 8- to 12-years.

Component Detail Notes: A waterproof coating application minimizes storm water penetration into the concrete and therefore minimizes future concrete deterioration. *Failure to maintain a waterproof coating on the balconies will result in increased concrete*

repairs and replacements as the balconies age. Capital repairs may also include replacement of the caulked joint between the balcony and the building, and repair or replacement of the metal railings and railing fastener attachments as needed.

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 per event:

- Partial depth replacement of up to one percent (1%) of the concrete
- Crack repairs as necessary
- Replacement of perimeter sealants as needed
- Application of a waterproof coating (Urethane based elastomeric)

Gutters and Downspouts, Aluminum

Line Items: 1.240 and 1.241

Quantity: Approximately 2,200 linear feet of aluminum six-inch seamless gutters and three-inch by four-inch downspouts at Units 1-9 and 750 linear feet at Units 10-13

History: Original to construction

Condition: Condition varies with respect to age; we note periodic evidence of leakage at the seams, fastener rust and dents. We are informed of ice damming at the gutters at Units 1-5.



Gutters and downspouts overview



Fastener rust



Downspout dent, shown at Unit 9



Misaligned downspout, shown at Unit 10



Evidence of leakage at the seams



Evidence of leakage

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

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

- o Repair and refasten any loose gutter fasteners
- o Repair and seal any leaking seams or end caps
- o 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.

Light Fixtures

Line Items: 1.260 and 1.261

Quantity: 13 exterior metal light fixtures accent the entrances.

History: Original to construction

Condition: Condition varies with respect to age; we note finish deterioration and isolated tilted fixtures at the light fixtures at Units 1-9.



Light fixture at Units 1-9 – note finish deterioration



Light fixture at Units 10-13



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

Pergolas and Railings

Line Item: 1.271

Quantity: 13 wooden pergolas and approximately 450 linear feet of metal and wood railings

History: Original to construction with a limited history of repairs and partial replacements

Condition: Condition varies with respect to age; we note finish deterioration, wood split and damage evident.



Pergola and railings overview



Pergola damage, shown at Unit 3



Finish deterioration, shown at Unit 4



Wood split and finish deterioration, shown at Unit 6



Wood split and finish cracks, shown at Unit 9

Useful Life: Up to 35 years with periodic maintenance

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

- Annually:
 - o Inspect for wood deterioration, and loose or missing fasteners
- Every three years:
 - o Power wash with algaecide and application of sealer/stain

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 estimate of cost assumes replacement of the metal and wood railings, replacement of the wood support posts at the pergolas and partial replacements of the remaining pergola elements as needed.

Roofs, Asphalt Shingles

Line Items: 1.280 and 1.281

Quantity: Approximately 140 squares¹ at Units 1-9 and 60 squares at Units 10-13

History: Original to construction; the Association conducted inspections and partial repairs to the roofs in 2022.

Condition: The roofs at Units 1-9 are in fair to poor condition with weathered shingles, sheathing deflection and shingle lift evident. The roofs at Units 10-13 are in good to fair condition with isolated shingle lift evident.



Roof overview



Shingle lift, shown at Unit 2



Shingle lift and deflection, shown at Unit 3



Sheathing deflection, shown at Unit 4

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



Shingle lift and deflection, shown at Unit 5



Shingle lift, shown at Unit 7



Shingle lift and deflection, shown at Unit 8



Shingle lift, shown at Unit 9



Shingle lift, shown at Unit 12



Shingle lift, shown at Unit 13

Useful Life: 15- to 20-years

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

- Laminate shingles
- Boston style ridge caps
- Rubber seal with plastic base boot flashing at waste pipes
- Soffit and ridge vents
- Metal drip edge

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

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

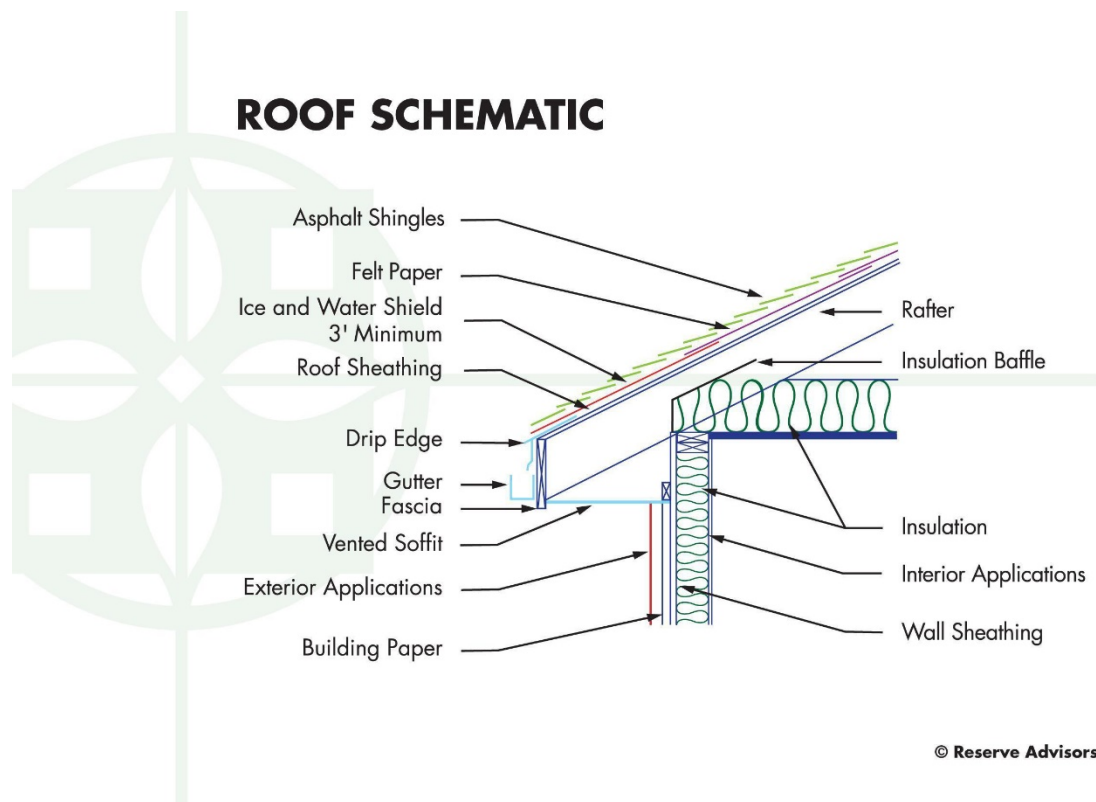
The vents should be clear of debris and not blocked from above by attic insulation. If the soffit vents are blocked from above, installation of polystyrene vent spaces or baffles between the roof joists at these locations can ensure proper ventilation.

Certain characteristics of condition govern the times of replacement. Replacement of an asphalt shingle roof becomes necessary when there are multiple or recurring leaks and when the shingles begin to cup, curl and lift. These conditions are indications that the asphalt shingle roof is near the end of its useful life. Even if the shingles are largely watertight, the infiltration of water in one area can lead to permanent damage to the underlying roof sheathing. This type of deterioration requires replacement of saturated sections of sheathing and greatly increases the cost of roof replacement. Roof leaks may occur from interrelated roof system components, i.e., flashings. Therefore, the warranty period, if any, on the asphalt shingles, may exceed the useful life of the roof system.

Warranties are an indication of product quality and are not a product guarantee. Asphalt shingle product warranties vary from 20- to 50-years and beyond. However, the scope is

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

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



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:
 - o Record any areas of water infiltration, flashing deterioration, damage or loose shingles
 - o Inspect for ice dams and implement repairs as needed if issues are reoccurring
 - o Trim tree branches that are near or in contact with roof
- As-needed:
 - o 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.

Roofs, Flat

Line Items: 1.400 and 1.401

Quantity: Approximately 2,150 square feet comprise the flat roofs at the balconies

History: Original to construction

Condition: We were unable to inspect the flat roofs during the time of our inspection; Management does not report a history of leaks at the flat roofs.

Useful Life: 15- to 20-years

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:

- Semi-annually:
 - o Note drainage issues with water ponding after 48 hours of rainfall event.
 - o Inspect perimeter flashing for loose fasteners, deflections, and sealant damage

- o Verify membrane surface is free of ruptures or damage, and areas of extensive blistering or bubbling
- o If frequency of leaks increase or location of water infiltration is unknown, we recommend the consideration of a thermal image inspection

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

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

Walls, Masonry

Line Item: 1.820

Quantity: Approximately 18,400 square feet of masonry comprises the exterior walls, the privacy walls and the retaining walls.

History: Original with a history of repairs

Condition: Fair to poor overall with the following evident:

- Previous repairs are evident
- Efflorescence is visible (Efflorescence is not a safety concern. However, it can be an indication of water infiltration, masonry saturation, improper drainage behind the façade or another underlying issue.)
- Lintels exhibit rust
- Masonry exhibits isolated cracks
- Masonry exhibits spalls
- Excessive mortar deterioration is evident
- Weeps and flashing at lintels are visible



Organic growth and mortar loss at retaining wall



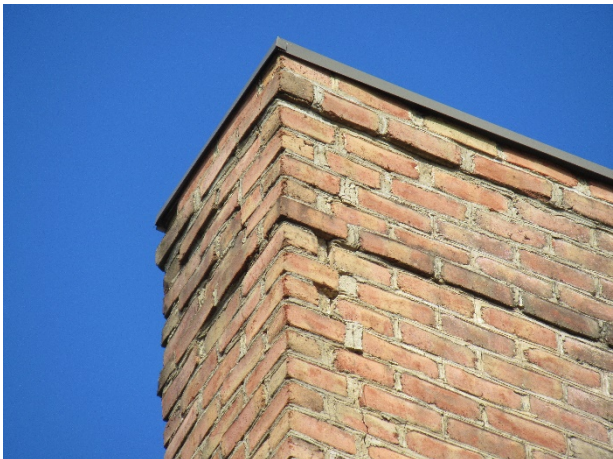
Mortar loss, shown at Unit 3



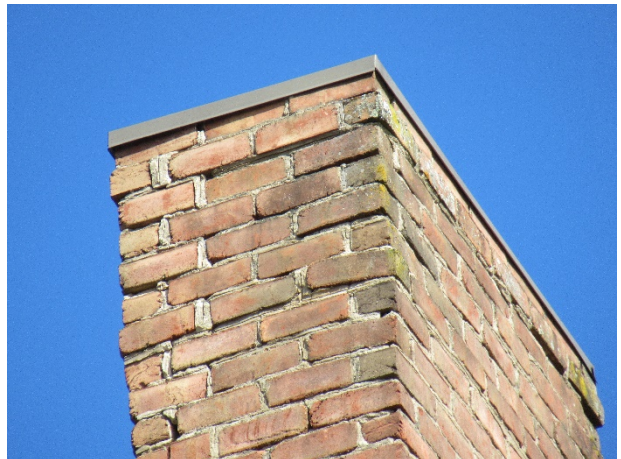
Mortar loss at privacy wall between Units 2 and 3



Mortar loss and staining



Mortar loss and evidence of previous repairs



Mortar loss and evidence of previous repairs



Masonry staining



Evidence of previous repairs



Lintel finish deterioration, shown at Unit 3



Lintel finish deterioration, shown at Unit 9

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

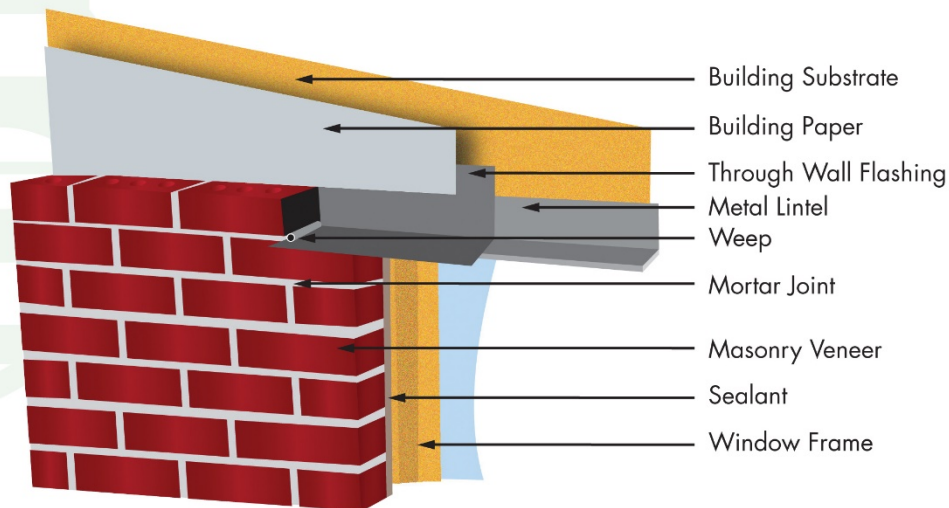
Component Detail Notes: Common types of masonry deterioration include efflorescence, spalling, joint deterioration and cracking. The primary cause of efflorescence, cracks and face spall is water infiltration; therefore, prevention of water infiltration is the principal concern for the maintenance of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

Repointing is a process of raking and cutting out defective mortar to a depth of not less than $\frac{1}{2}$ inch nor more than $\frac{3}{4}$ 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.

We recommend an inspection, repair and replacement of the steel lintels. Lintels are structural supports or beams above windows and doors. Fatigued lintels also allow the direct penetration of storm water into the wall assembly. These inspections should locate areas of rust on the lintels and cracks or other structural damage to the walls around lintels. The contractor should remove any areas of rust, prime and paint these lintels. Paint protects and maximizes the remaining useful life of the lintels and therefore the exterior wall systems. Structural damage can eventually lead to costly replacements of lintels and surrounding wall systems.

The following diagram details a typical metal lintel and weep system and may not reflect the actual configuration at the Association:

MASONRY WALL, METAL LINTEL AND WEEP SYSTEM DETAIL



© Reserve Advisors

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 up to one percent (1.0%) (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 (approximately 800 linear feet)

Property Site Elements

Asphalt Pavement, Repaving and Repairs

Line Items: 4.020 through 4.047

Quantity, History and Condition:

- **Access Drive:** Approximately 600 square yards, installed in 2006, seal coat applications conducted in 2019, fair to poor overall condition with systemic alligator cracks and periodic surface wear and deterioration evident

- **Driveways, Units 1-9:** 400 square yards, installed from 2006 through 2008, seal coat applications conducted in 2019, fair overall condition with periodic surface wear, cracks, settlement and isolated evidence of previous patching repairs evident
- **Driveways, Units 10-13:** 200 square yards, installed in 2016, seal coat applications conducted in 2021, good to fair overall condition with cracks and settlement evident

For the purposes of this study, we recommend the deferral of repaving until 2027 based on the anticipation of near term roof expenditures at Units 1-9. We include a budgetary allowance for repairs to the access drive pavement at an increased unit cost in the interim to account for this deferral.



Access drive overview



Access drive overview



Alligator cracks and surface deterioration



Alligator cracks



Alligator cracks



Driveway overview



Driveway overview



Settlement and cracks at Unit 7 driveway



**Cracks, surface wear and previous patching at
Unit 9 driveway**



Cracks at Unit 12 driveway

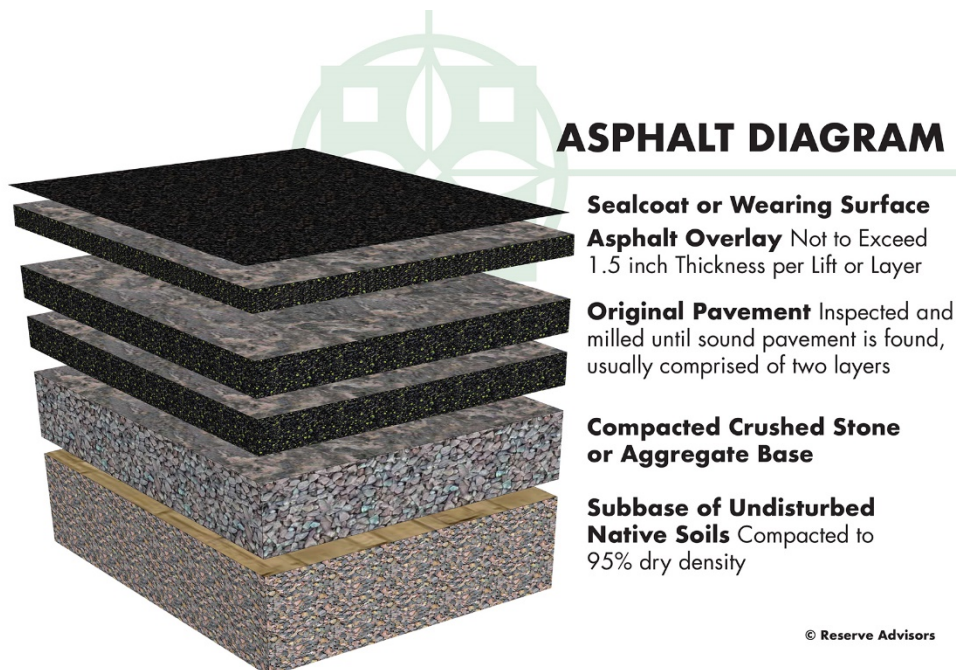


Catch basin – note settlement

Useful Life: 15- to 20-years with the benefit of crack repair and patch events every three- to five-years

Component Detail Notes: Proposals for seal coat applications should include crack repairs and patching. The contractor should only apply seal coat applications after repairs are completed. A seal coat does not bridge or close cracks; therefore, unrepaired cracks render the seal coat applications useless.

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 Richmond Square:



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

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

- Annually:
 - o Inspect for settlement, large cracks and trip hazards, and ensure proper drainage
 - o Repair areas which could cause vehicular damage such as potholes
- As needed:
 - o 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 initial cost for the 2024 crack repair, patch and seal coat event includes an allowance for crack repairs and patching of up to twenty percent (20%) of the access drive. Our subsequent costs include an allowance for crack repairs and patching of up to two percent (2%) of the pavement and adjusted based on anticipated repaving. Our cost for repaving of the access drive includes inspection and capital repairs of the catch basin.

Brick Stairs

Line Item: 4.096

Quantity: 13 sets of concrete stairs with brick pavers at the entrances

History: The Association conducted inspections and significant repairs to the brick stairs in 2021, including reassembling the stairs at Units 1-5.

Condition: Good to fair overall with isolated damage, settlement, efflorescence, evidence of previous repairs and organic growth evident.



Brick stairs overview



Evidence of previous repairs, shown at Unit 9



Damaged brick



Damaged bricks, shown at Unit 7



Paver settlement



Efflorescence and organic growth, shown at Unit 5

Useful Life: At the request of Management, we include a budgetary allowance for inspections, brick resetting and partial replacements every three 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.

Concrete Sidewalks

Line Item: 4.140

Quantity: Approximately 1,800 square feet

Condition: Good to fair overall condition with periodic settlement, damage and cracks evident



Sidewalk overview



Concrete damage



Sidewalk settlement



Cracks and settlement

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:
 - o Inspect and repair major cracks, spalls and trip hazards
 - o Mark with orange safety paint prior to replacement or repair
 - o 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 680 square feet of concrete sidewalks, or thirty-eight percent (37.8%) of the total, will require replacement during the next 30 years.

Irrigation System, Replacement

Line Item: 4.420

Quantity: The Association maintains the irrigation system that waters the landscaped areas adjacent to the buildings and access drive.

History: Original to construction

Condition: Reported satisfactory operational condition



Irrigation heads

Useful Life: Up to and sometimes beyond 40 years

Component Detail Notes: Irrigation systems typically include the following components:

- Electronic controls (timer)
- Impact rotors
- Network of supply pipes
- Pop-up heads
- Valves

Richmond Square should anticipate interim and partial replacements of the system network supply pipes and other components as normal maintenance to maximize the useful life of the irrigation system. The Association should fund these ongoing seasonal repairs through the operating budget.

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

- Semi-annually:
 - o Conduct seasonal repairs which includes valve repairs, controller repairs, partial head replacements and pipe repairs
 - o Blow out irrigation water lines and drain building exterior faucets each fall if applicable

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.

Landscape

Line Item: 4.500

Component Detail Notes: The Association contains a large quantity of trees and other landscape elements. The Association removed over 20 trees in 2022 and will be planting four Norway spruce trees and three arborvitae in 2023 at a budgeted cost of \$8,000. Future replacement of these elements will remain an ongoing need. Many associations budget for these replacements as normal maintenance. Other associations fund ongoing replacements from reserves. Large amounts of landscape may need replacement due to disease, drought or other forces of nature. If the cost of removal and replacement is substantial, funding from reserves is logical. The Association may also desire to periodically update the appearance of the community through major improvements to the landscape.



Landscaping at building rear

Useful Life: At the request of Management, we include a landscape allowance for partial replacements every six years.

Priority/Criticality: Per Board discretion

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

Light Poles and Fixtures

Line Items: 4.560 and 4.561

Quantity: 20 poles with light fixtures at the entrances and rears, including the 13 mailboxes at the building rears

History: Original to construction

Condition: Good to fair overall with periodic finish deterioration and isolated leaning poles



Light pole at entrance



Light pole and mailboxes at rear



Light pole lean, shown at Unit 5



Finish deterioration, shown at Unit 7

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:
 - o Inspect and repair broken or dislodged fixtures, and leaning or damaged poles
 - o 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. Our estimate of cost includes replacement of the mailboxes.

Railings, Metal

Line Items: 4.733 and 4.734

Quantity: Approximately 400 linear feet of metal railings at the brick stairs and retaining wall

History: The railings are original to construction.

Condition: The railings are in fair overall condition with finish deterioration, organic growth and isolated damage evident. Additionally, Management informs us that the railings loosen in warm weather and displace the adjacent bricks at the stairs. The Association plans to conduct an invasive inspection at one of the brick stairs in 2023 to evaluate the construction of the hand rails. The results of this inspection can be incorporated in future updates to this Reserve Study.



Railing at retaining wall



Damaged railing, shown at Unit 1



Finish deterioration and organic growth

Useful Life: Up to 25 years for replacement

Component Detail Notes: Metal components at grade and key structural connections are especially prone to failure if not thoroughly maintained. Secure and rust free fasteners and connections will prevent premature deterioration. Preparation of the metal before application of the paint finish is critical to maximize the useful life of the finish.

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

- Annually:
 - o Inspect for damage, and excessive finish deterioration or corrosion
 - o 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. Paint finish applications are funded through the operating budget as needed.

Loan Payments

Line Item: Second to last

Component Detail Notes: The Association is completing loan payments at \$8,500 annually from 2023 through 2026.

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



Reserve Study

Line Item: Last

Component Detail Notes: The Association will expend \$3,000 in 2023 for this 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.

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

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

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

This Reserve Study is in compliance with and exceeds the National standards¹ set forth by the Association of Professional Reserve Analysts (APRA) fulfilling the requirements of a "Level 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 New Albany, Ohio at an annual inflation rate³. Isolated or regional markets of greater

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.

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

- The past and current maintenance practices of Richmond Square 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.

PATRICK R. OLDER
Responsible Advisor

CURRENT CLIENT SERVICES

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



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

Twelve Oaks at Schaumburg Condominium Association – This condominium style development in Schaumburg, Illinois, comprising 156 units in a six-story midrise and 304 units in 32 townhome buildings, was built in 1986 and converted to condominiums in 2007.

Fox Point Homeowners Association, Inc. – Located in Barrington, Illinois, this planned unit development is responsible for the common elements shared by 411 single family homes. The property contains a lake, tennis courts, a pool house and two pools.

Cottages on Hill Condominiums – A townhome style development in Pickerington, Ohio, this community consists of 52 quad-style units in 13 buildings. The buildings comprise vinyl siding and asphalt shingle roofs, and the property contains asphalt pavement streets, driveways and masonry retaining walls.

The Regency at the Woods of South Barrington Association – This homeowners association is responsible for the common elements shared by 156 single family homes. Located in South Barrington, Illinois, residents have access to a well-appointed clubhouse containing an exercise center, several themed rooms and a pool.

Villas at Timber Ridge Condominium Association, Inc. – This townhome style development, situated in Waukesha, Wisconsin, consists of 40 units in 16 buildings. The buildings were constructed in phases from 2006 through 2022 and comprise vinyl siding and asphalt shingle roofs.

Graystone Manor Condominium Association – Developed in 1988 and located in Dublin, Ohio, this townhome style development consists of 68 units in 17 buildings and contains a clubhouse and pool. Plywood siding and masonry comprise the building facades.

Colony Country Townhome Association, Inc. - Located in Mount Prospect, Illinois, and positioned along a golf course, this community consists of 38 units in six buildings. Built from 1987 through 1992, the buildings comprise aluminum siding, asphalt shingle roofs and skylights.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, Mr. Older attended New York City College of Technology in Brooklyn, New York where he attained his Bachelor of Science degree in Mechanical Engineering. His studies focused on material sciences and design engineering. Mr. Older also worked as a project manager and design engineer for La Boit Specialty Vehicles, Inc., where he worked with medical professionals to design custom medical and veterinary mobile clinics in Columbus, Ohio.

EDUCATION

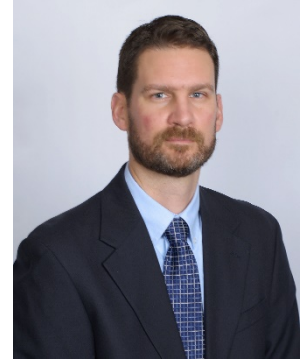
New York City College of Technology, Brooklyn - B.S. Mechanical Engineering

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

NICOLE L. LOWERY, PRA, RS
Associate Director of Quality Assurance

CURRENT CLIENT SERVICES

Nicole L. Lowery, a Civil Engineer, is an Associate Director of Quality Assurance for Reserve Advisors. Ms. Lowery is responsible for the management, review and quality assurance of reserve studies. In this role, she assumes the responsibility of stringent report review analysis to assure report accuracy and the best solution for Reserve Advisors' clients.

Ms. Lowery has been involved with hundreds of Reserve Study assignments. The following is a partial list of clients served by Nicole Lowery demonstrating her breadth of experiential knowledge of community associations in construction and related buildings systems.



Amelia Surf & Racquet Club This oceanfront condominium community comprises 156 units in three mid rise buildings. This Fernandina Beach, Florida development contains amenities such as clay tennis courts, two pools and boardwalks.

Ten Museum Park This boutique, luxury 50-story high rise building in downtown Miami, Florida consists of 200 condominium units. The amenities comprise six pools including resistance and plunge pools, a full-service spa and a state-of-the-art fitness center. The property also contains a multi-level parking garage.

3 Chisolm Street Homeowners Association This historic Charleston, South Carolina community was constructed in 1929 and 1960 and comprises brick and stucco construction with asphalt shingle and modified bitumen roofs. The unique buildings were originally the Murray Vocational School. The buildings were transformed in 2002 to 27 high-end condominiums. The property includes a courtyard and covered parking garage.

Lakes of Pine Run Condominium Association This condominium community comprises 112 units in 41 buildings of stucco construction with asphalt shingle roofs. Located in Ormond Beach, Florida, it has a domestic water treatment plant and wastewater treatment plant for the residents of the property.

Rivertowne on the Wando Homeowners Association This exclusive river front community is located on the Wando River in Mount Pleasant, South Carolina. This unique Association includes several private docks along the Wando River, a pool and tennis courts for use by its residents.

Biltmore Estates Homeowners Association This private gated community is located in Miramar, Florida, just northwest of Miami, Florida and consists of 128 single family homes. The lake front property maintains a pool, a pool house and private streets.

Bellavista at Miromar Lakes Condominium Association Located in the residential waterfront resort community of Miromar Lakes Beach & Golf Club in Fort Myers, Florida, this property comprises 60 units in 15 buildings. Amenities include a clubhouse and a pool.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, Ms. Lowery was a project manager with Kipcon in New Brunswick, New Jersey and the Washington, D.C. Metro area for eight years, where she was responsible for preparing reserve studies and transition studies for community associations. Ms. Lowery successfully completed the bachelors program in Civil Engineering from West Virginia University in Morgantown, West Virginia.

EDUCATION

West Virginia University - B.S. Civil Engineering

PROFESSIONAL AFFILIATIONS / DESIGNATIONS

Reserve Specialist (RS) - Community Associations Institute

Professional Reserves 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 Richmond Square 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) Richmond Square 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 the Report. The inspection is made by employees generally familiar with real estate and building construction. Except to the extent readily apparent to RA, RA cannot and shall not opine on the structural integrity of or other physical defects in the property under any circumstances. Without limitation to the foregoing, RA cannot and shall not opine on, nor is RA responsible for, the property's conformity to specific governmental code requirements for fire, building, earthquake, and/or occupancy.

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 vapor, water, oil, gas, coal, or other subsurface mineral and use rights or such hidden conditions, and RA assumes no responsibility for any such conditions. The Report contains opinions of estimated replacement costs or deferred maintenance expenses and remaining useful lives, which are neither a guarantee of the actual costs or expenses of replacement or deferred maintenance 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.

RA assumes, without independent verification, the accuracy of all data provided to it. Except to the extent resulting from RA's willful misconduct in connection with the performance of its obligations under this agreement, you agree to indemnify, defend, and hold RA and its affiliates, officers, managers, employees, agents, successors and assigns (each, an "RA Party") harmless from and against (and promptly reimburse each RA Party for) any and all losses, claims, actions, demands, judgments, orders, damages, expenses or liabilities, including, without limitation, reasonable attorneys' fees, asserted against or to which any RA Party may become subject in connection with this engagement, including, without limitation, as a result of any false, misleading or incomplete information which RA relied upon that was 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. NOTWITHSTANDING ANY OTHER PROVISION HEREIN TO THE CONTRARY, THE AGGREGATE LIABILITY (IF ANY) OF RA WITH RESPECT TO THIS AGREEMENT AND RA'S OBLIGATIONS HEREUNDER IS LIMITED TO THE AMOUNT OF THE FEES ACTUALLY RECEIVED BY RA FROM YOU FOR THE SERVICES AND REPORT PERFORMED BY RA UNDER THIS AGREEMENT, WHETHER ARISING IN CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE. YOUR REMEDIES SET FORTH HEREIN ARE EXCLUSIVE AND ARE YOUR SOLE REMEDIES FOR ANY FAILURE OF RA TO COMPLY WITH ITS OBLIGATIONS HEREUNDER OR OTHERWISE. RA SHALL NOT BE LIABLE FOR ANY SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES OF ANY KIND, INCLUDING, BUT NOT LIMITED TO, ANY LOST PROFITS AND LOST SAVINGS, LOSS OF USE OR INTERRUPTION OF BUSINESS, HOWEVER CAUSED, WHETHER ARISING IN CONTRACT, TORT (INCLUDING NEGLIGENCE), BREACH OF WARRANTY, STRICT LIABILITY OR OTHERWISE, EVEN IF RA HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT WILL RA BE LIABLE FOR THE COST OF PROCUREMENT OF SUBSTITUTE GOODS OR SERVICES. RA DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES WHATSOEVER, EXPRESS OR IMPLIED OR OF ANY NATURE, WITH REGARD TO THE SERVICES AND THE REPORT, INCLUDING, WITHOUT LIMITATION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.



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 will consider any additional information made available to RA within 6 months of issuing the Report and issue a revised Report based on such additional information if a timely request for a revised Report is made by you. 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 the Report is limited to only the purpose stated herein. You acknowledge that RA is the exclusive owner of all intellectual property rights in and relating to the Report. You hereby acknowledge that any use or reliance by you on the Report for any unauthorized purpose is at your own risk and that you will be liable for the consequences of any unauthorized use or distribution of the Report. Use or possession of the Report by any unauthorized third party is prohibited. 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 the Report in its entirety to the following third parties: members of your organization (including your directors, officers, tenants and prospective purchasers), your accountants, attorneys, financial institutions and property managers who need to review the information contained herein, and any other third party who has a right to inspect the Report under applicable law. Without the written consent of RA, you shall not disclose the Report to any other third party. By engaging our services, you agree that the Report contains intellectual property developed (and owned solely) by RA and agree that you will not reproduce or distribute the Report ***to any party that conducts reserve studies without the written consent of RA.***

RA will include (and you hereby agree that RA may include) your name in our client lists. RA reserves the right to use (and you hereby agree that RA may 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 - The 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. Unless this agreement is earlier terminated by RA in the event you breach or otherwise fail to comply with your obligations under this agreement, RA's obligations under this agreement shall commence on the date you execute and deliver this agreement and terminate on the date that is 6 months from the date of delivery of the Report by RA. Notwithstanding anything herein to the contrary, each provision that by its context and nature should survive the expiration or early termination of this agreement shall so survive, including, without limitation, any provisions with respect to payment, intellectual property rights, limitations of liability and governing law.

Miscellaneous – Neither party shall be liable for any failures or delays in performance due to fire, flood, strike or other labor difficulty, act of God, act of any governmental authority, riot, embargo, fuel or energy shortage, pandemic, wrecks or delays in transportation, or due to any other cause beyond such party's reasonable control; provided, however, that you shall not be relieved from your obligations to make any payment(s) to RA as and when due hereunder. In the event of a delay in performance due to any such cause, the time for completion or date of delivery will be extended by a period of time reasonably necessary to overcome the effect of such delay. You may not assign or otherwise transfer this agreement, in whole or in part, without the prior written consent of RA. RA may freely assign or otherwise transfer this agreement, in whole or in part, without your prior consent. This agreement shall be governed by the laws of the State of Wisconsin without regard to any principles of conflicts of law that would apply the laws of another jurisdiction. Any dispute with respect to this agreement shall be exclusively venued in Milwaukee County Circuit Court or in the United States District Court for the Eastern District of Wisconsin. Each party hereto agrees and hereby waives the right to a trial by jury in any action, proceeding or claim brought by or on behalf of the parties hereto with respect to any matter related to this agreement.