Revised
FULL RESERVE STUDY
Iverson Village Condominium

Temple Hills, Maryland
Inspected - May 18, 2022
Revised - September 9, 2022

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Iverson Village Condominium
Temple Hills, Maryland

Dear Board of Directors of Iverson Village Condominium:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Full Reserve Study* of Iverson Village Condominium in Temple Hills, Maryland and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, May 18, 2022.

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

An ongoing review by the Board and an Update of this Reserve Study are necessary to ensure an equitable funding plan since a Reserve Study is a snapshot in time. We recommend the Board budget for an Update to this Reserve Study in two- to three-years. We look forward to continuing to help Iverson Village Condominium plan for a successful future.

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

Respectfully submitted on September 9, 2022 by

Reserve Advisors, LLC

Visual Inspection and Report by: Justin B. Klein, RS[1]
Review by: Nicole L. Lowery, RS, PRA[2], 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: Iverson Village Condominium (Iverson Village)
Location: Temple Hills, Maryland
Reference: 212034

Property Basics: Iverson Village Condominium is a condominium style development which consists of 185 units in 47 buildings. The buildings were built in 1940 and were converted to condominiums in 1975.

Reserve Components Identified: 21 Reserve Components.

Inspection Date: May 18, 2022.

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 multiple threshold funding years in 2023 and 2024 due to replacement of flat and sloped roofs, in 2027 and 2051 due to inspections, capital repairs and paint finish applications at the CMU block and masonry facades, and in 2052 due to phased replacement of the domestic water pipes.

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

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

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

Unaudited Cash Status of Reserve Fund:

- $20,000 as of April 30, 2022
- The Association did not budget Reserve Contributions in 2022.

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:

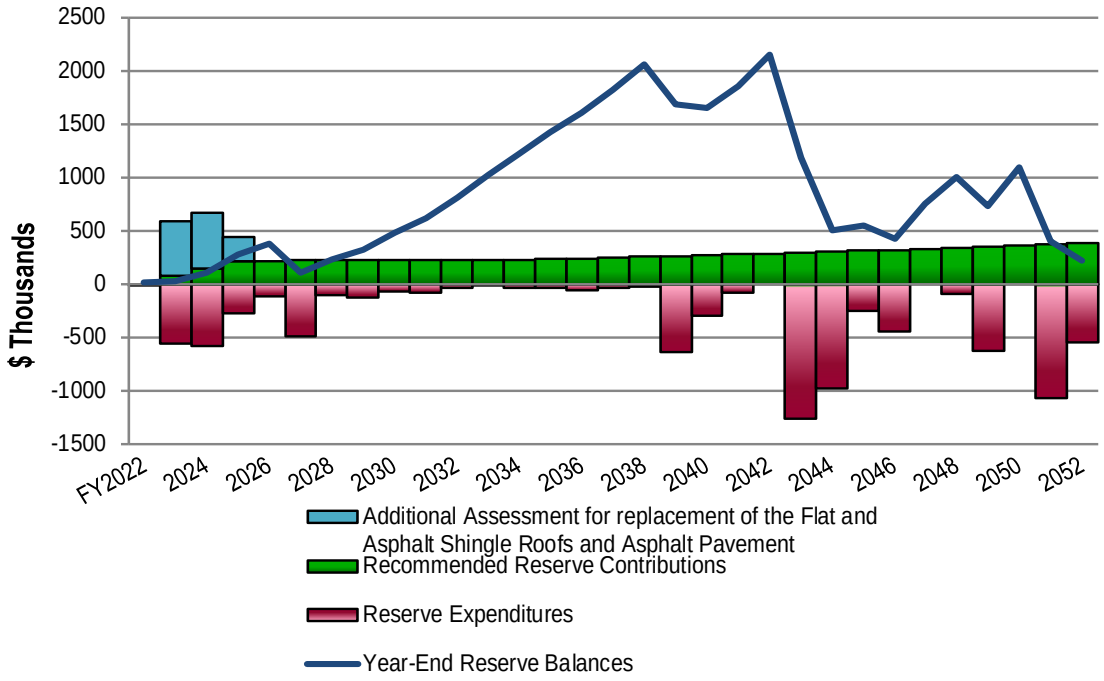
- Phased replacement of the asphalt shingle roofs
- Phased replacement of the flat roofs
- Partial replacement of the subsurface utility pipes
- Phased replacement of the remaining electrical system meter stacks
- Total replacement of the asphalt pavement parking areas
- Paint finishes and capital repairs at the concrete walls
- Inspections and repairs at the masonry walls

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

- Phased increases of $70,000 from 2023 through 2025
- Inflationary increases from 2026 through 2027
- Stable contribution of $222,800 from 2028 through 2034
- Inflationary increases from 2035 through 2052, the limit of this study's Cash Flow Analysis
- Initial adjustment in Reserve Contributions of $70,000 represents an average monthly increase of $31.53 per unit owner and about a fifteen percent (14.7%) adjustment in the 2022 total Operating Budget of $474,880.
- Average additional assessments of $421,659 from 2023 through 2025 are equivalent to an average monthly Additional Assessment of approximately $190 per unit owner

Iverson Village Condominium
Recommended Reserve Funding Table and Graph

Year	Reserve Contributions ($)	Reserve Balances ($)	Year	Reserve Contributions ($)	Reserve Balances ($)	Year	Reserve Contributions ($)	Reserve Balances ($)
2023	580,828	24,106	2033	222,800	1,025,232	2043	290,700	1,178,512
2024	666,153	106,797	2034	222,800	1,221,098	2044	299,400	496,097
2025	437,997	269,444	2035	229,500	1,422,945	2045	308,400	550,129
2026	216,300	373,769	2036	236,400	1,606,163	2046	317,700	422,058
2027	222,800	103,966	2037	243,500	1,819,562	2047	327,200	753,358
2028	222,800	223,728	2038	250,800	2,052,575	2048	337,000	999,857
2029	222,800	320,038	2039	258,300	1,676,942	2049	347,100	723,891
2030	222,800	472,781	2040	266,000	1,650,127	2050	357,500	1,087,709
2031	222,800	618,958	2041	274,000	1,849,298	2051	368,200	393,423
2032	222,800	806,412	2042	282,200	2,145,431	2052	379,200	220,586



2. RESERVE STUDY REPORT

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

Iverson Village Condominium

Temple Hills, Maryland

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, May 18, 2022.

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

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

IDENTIFICATION OF PROPERTY

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

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

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

- Iverson Village responsibility
- Limited useful life expectancies
- Predictable remaining useful life expectancies
- Replacement cost above a minimum threshold

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

- Electrical Systems, Meter Stack (Replaced Stacks)
- Foundations
- Structural Frames

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

- General Maintenance to the Common Elements
- Expenditures less than $5,000 (These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.)
- Irrigation System, Controls and Maintenance
- Landscape, General Maintenance
- Paint Finishes, Touch Up
- Railings, Metal, Paint Finish Applications
- Sump Pumps, (Management and the Board inform us of current issues at the crawl spaces due to reported natural springs underneath multiple buildings and the desire to install sump pumps to alleviate the issue. We recommend the Association fund this activity through the operating budget. Future updates to this reserve study will consider possible changes in the scope and time of component replacements.
- Other Repairs normally funded through the Operating Budget

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

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

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

- Asphalt Pavement Street Systems at Iverson Street, Colebrooke Drive, 25th Avenue and 26th Avenue (Including Catch Basins, Concrete Curbs, Gutters and Sidewalks)

3. RESERVE EXPENDITURES and FUNDING PLAN

The tables following this introduction present:

Reserve Expenditures

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

Reserve Funding Plan

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

Years 2022 to 2037

RESERVE EXPENDITURES

Iverson Village
Condominium
Temple Hills, Maryland

Explanatory Notes:

1) 3.0% is the estimated Inflation Rate for estimating Future Replacement Costs.
2) FY2022 is Fiscal Year beginning January 1, 2022 and ending December 31, 2022.

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years Useful	Remaining	Costs, $ Unit (2022)	Per Phase (2022)	Total (2022)	Percentage of Future Expenditures	RUL = 0 FY2022	1 2023	2 2024	3 2025	4 2026	5 2027	6 2028	7 2029	8 2030	9 2031	10 2032	11 2033	12 2034	13 2035	14 2036	15 2037
				Exterior Building Elements																							
1.240	7,000	7,000	Linear Feet	Gutters, Downspouts and Scuppers, Aluminum	2029	15 to 20	7	13.00	91,000	91,000	3.5%								111,919								
1.251	14	2	Each	Electrical System, Meter Stacks, Remaining, Phased (2022 is Planned)	2022	to 50	0 to 5	15,000.00	34,950	210,000	2.7%	10,000	35,998	37,078	38,191	39,337	40,517	41,732										
1.260	185	185	Each	Light Fixtures, Entrances	2028	to 20	6	80.00	14,800	14,800	0.5%							17,672									
1.261	45	45	Each	Light Fixtures, Security	2035	to 20	13	345.00	15,525	15,525	0.3%													22,799			
1.267	1	1	Allowance	Meeting Room, Renovation	2028	to 15	6	7,500.00	7,500	7,500	0.3%							8,955									
1.276	185	31	Units	Pipes, Domestic Water, Waste and Vent, Phased	2040	to 80+	18 to 30+	5,800.00	178,814	1,073,000	20.3%																
1.280	440	220	Squares	Roofs, Asphalt Shingles, Phased	2023	15 to 20	1 to 2	560.00	123,200	246,400	8.0%		126,896	130,703													
1.400	42,000	21,000	Square Feet	Roofs, Flat, Phased	2023	15 to 20	1 to 2	17.75	372,750	745,500	24.2%		383,932	395,450													
1.560	400	200	Pairs	Shutters, Vinyl, Phased	2028	to 20	6 to 10	150.00	30,000	60,000	2.4%							35,822				40,317					
1.660	58,900	58,900	Square Feet	Walls, CMU Block, Paint Finishes and Capital Repairs	2027	8 to 12	5	4.50	265,050	265,050	15.2%						307,266										
1.820	46,800	46,800	Square Feet	Walls, Masonry, Inspections and Repairs	2027	8 to 12	5	2.70	126,360	126,360	7.2%						146,486										
				Property Site Elements																							
4.020	5,350	5,350	Square Yards	Asphalt Pavement, Crack Repair and Patch	2029	3 to 5	7	1.40	7,490	7,490	0.7%								9,212				10,368				11,669
4.040	5,350	5,350	Square Yards	Asphalt Pavement, Mill and Overlay, Parking Areas (Incl. Catch Basins and Speed Bumps)	2045	15 to 20	23	19.00	101,650	101,650	2.2%																
4.045	5,350	5,350	Square Yards	Asphalt Pavement, Total Replacement, Parking Areas (Incl. Catch Basins and Speed Bumps)	2025	15 to 20	3	39.00	208,650	208,650	2.5%				227,997												
4.110	2,700	270	Linear Feet	Concrete Curbs and Gutters, Partial	2025	to 65	3 to 30+	35.50	9,585	95,850	0.5%				10,474										14,076		
4.140	29,700	2,230	Square Feet	Concrete Sidewalks, Partial	2026	to 65	4 to 30+	10.00	22,300	297,000	2.5%					25,099					29,096					33,731	
4.160	12,900	968	Square Feet	Concrete Stairs and Stoops, Partial	2026	to 65	4 to 30+	20.50	19,844	264,450	2.2%					22,335					25,892					30,016	
4.220	850	850	Linear Feet	Fences, Chain Link	2030	to 25	8	16.00	13,600	13,600	0.2%									17,228							
4.650	2	1	Allowance	Pipes, Subsurface Utilities, Partial	2023	to 85+	1 to 2	19,500.00	19,500	39,000	3.6%		20,085	20,688						24,702	25,443						30,380
4.733	1,240	413	Linear Feet	Railings, Steel, Phased	2026	to 35	4 to 12	59.00	24,386	73,160	1.0%					27,447				30,892				34,769			
4.800	1	1	Allowance	Signage, Entrance Monuments, Renovation	2029	15 to 20	7	5,900.00	5,900	5,900	0.2%								7,256								
				Anticipated Expenditures, By Year ($9,041,183 over 30 years)								10,000	566,911	583,919	276,662	114,218	494,269	104,181	128,387	72,822	80,431	40,317	10,368	34,769	36,875	63,747	42,049

RESERVE EXPENDITURES

Iverson Village
Condominium
Temple Hills, Maryland

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years Useful	Remaining	Unit (2022)	Costs, $ Per Phase (2022)	Total (2022)	Percentage of Future Expenditures	16 2038	17 2039	18 2040	19 2041	20 2042	21 2043	22 2044	23 2045	24 2046	25 2047	26 2048	27 2049	28 2050	29 2051	30 2052
				Exterior Building Elements																						
1.240	7,000	7,000	Linear Feet	Gutters, Downspouts and Scuppers, Aluminum	2029	15 to 20	7	13.00	91,000	91,000	3.5%												202,137			
1.251	14	2	Each	Electrical System, Meter Stacks, Remaining, Phased (2022 is Planned)	2022	to 50	0 to 5	15,000.00	34,950	210,000	2.7%															
1.260	185	185	Each	Light Fixtures, Entrances	2028	to 20	6	80.00	14,800	14,800	0.5%											31,918				
1.261	45	45	Each	Light Fixtures, Security	2035	to 20	13	345.00	15,525	15,525	0.3%															
1.267	1	1	Allowance	Meeting Room, Renovation	2028	to 15	6	7,500.00	7,500	7,500	0.3%						13,952									
1.276	185	31	Units	Pipes, Domestic Water, Waste and Vent, Phased	2040	to 80+	18 to 30+	5,800.00	178,814	1,073,000	20.3%			304,419			332,647			363,492			397,198			434,029
1.280	440	220	Squares	Roofs, Asphalt Shingles, Phased	2023	15 to 20	1 to 2	560.00	123,200	246,400	8.0%						229,188	236,064								
1.400	42,000	21,000	Square Feet	Roofs, Flat, Phased	2023	15 to 20	1 to 2	17.75	372,750	745,500	24.2%						693,425	714,228								
1.560	400	200	Pairs	Shutters, Vinyl, Phased	2028	to 20	6 to 10	150.00	30,000	60,000	2.4%											64,698				72,818
1.660	58,900	58,900	Square Feet	Walls, CMU Block, Paint Finishes and Capital Repairs	2027	8 to 12	5	4.50	265,050	265,050	15.2%		438,087												624,608	
1.820	46,800	46,800	Square Feet	Walls, Masonry, Inspections and Repairs	2027	8 to 12	5	2.70	126,360	126,360	7.2%		208,854												297,776	
				Property Site Elements																						
4.020	5,350	5,350	Square Yards	Asphalt Pavement, Crack Repair and Patch	2029	3 to 5	7	1.40	7,490	7,490	0.7%				13,134								16,637			
4.040	5,350	5,350	Square Yards	Asphalt Pavement, Mill and Overlay, Parking Areas (Incl. Catch Basins and Speed Bumps)	2045	15 to 20	23	19.00	101,650	101,650	2.2%								200,615							
4.045	5,350	5,350	Square Yards	Asphalt Pavement, Total Replacement, Parking Areas (Incl. Catch Basins and Speed Bumps)	2025	15 to 20	3	39.00	208,650	208,650	2.5%															
4.110	2,700	270	Linear Feet	Concrete Curbs and Gutters, Partial	2025	to 65	3 to 30+	35.50	9,585	95,850	0.5%								18,917							
4.140	29,700	2,230	Square Feet	Concrete Sidewalks, Partial	2026	to 65	4 to 30+	10.00	22,300	297,000	2.5%				39,103					45,331					52,551	
4.160	12,900	968	Square Feet	Concrete Stairs and Stoops, Partial	2026	to 65	4 to 30+	20.50	19,844	264,450	2.2%				34,797					40,339					46,764	
4.220	850	850	Linear Feet	Fences, Chain Link	2030	to 25	8	16.00	13,600	13,600	0.2%															
4.650	2	1	Allowance	Pipes, Subsurface Utilities, Partial	2023	to 85+	1 to 2	19,500.00	19,500	39,000	3.6%	31,292						37,364	38,485						45,953	47,332
4.733	1,240	413	Linear Feet	Railings, Steel, Phased	2026	to 35	4 to 12	59.00	24,386	73,160	1.0%															
4.800	1	1	Allowance	Signage, Entrance Monuments, Renovation	2029	15 to 20	7	5,900.00	5,900	5,900	0.2%												13,106			
				Anticipated Expenditures, By Year ($9,041,183 over 30 years)								31,292	646,941	304,419	87,034	0	1,269,212	987,656	258,017	449,162	0	96,616	629,078	0	1,067,652	554,179

RESERVE FUNDING PLAN

CASH FLOW ANALYSIS
Iverson Village
Condominium
Temple Hills, Maryland

Individual Reserve Budgets & Cash Flows for the Next 30 Years

		FY2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Reserves at Beginning of Year	*(Note 1)*	20,000	10,070	24,106	106,797	269,444	373,769	103,966	223,728	320,038	472,781	618,958	806,412	1,025,232	1,221,098	1,422,945	1,606,163
Recommended Reserve Contributions		0	70,000	140,000	210,000	216,300	222,800	222,800	222,800	222,800	222,800	222,800	222,800	222,800	229,500	236,400	243,500
Additional Assessment for replacement of the Flat and Asphalt Shingle Roofs and Asphalt Pavement			510,828	526,153	227,997												
Total Recommended Reserve Contributions	*(Note 2)*	0	580,828	666,153	437,997	216,300	222,800	222,800	222,800	222,800	222,800	222,800	222,800	222,800	229,500	236,400	243,500
Estimated Interest Earned, During Year	*(Note 3)*	70	119	457	1,312	2,243	1,666	1,143	1,897	2,765	3,808	4,971	6,388	7,835	9,222	10,565	11,948
Anticipated Expenditures, By Year		(10,000)	(566,911)	(583,919)	(276,662)	(114,218)	(494,269)	(104,181)	(128,387)	(72,822)	(80,431)	(40,317)	(10,368)	(34,769)	(36,875)	(63,747)	(42,049)
Anticipated Reserves at Year End		$10,070	$24,106 *(NOTE 5)*	$106,797 *(NOTE 5)*	$269,444	$373,769	$103,966 *(NOTE 5)*	$223,728	$320,038	$472,781	$618,958	$806,412	$1,025,232	$1,221,098	$1,422,945	$1,606,163	$1,819,562
Predicted Reserves based on 2022 funding level of:	$0	10,070	(558,755)														

(continued)

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

	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Reserves at Beginning of Year	1,819,562	2,052,575	1,676,942	1,650,127	1,849,298	2,145,431	1,178,512	496,097	550,129	422,058	753,358	999,857	723,891	1,087,709	393,423
Total Recommended Reserve Contributions	250,800	258,300	266,000	274,000	282,200	290,700	299,400	308,400	317,700	327,200	337,000	347,100	357,500	368,200	379,200
Estimated Interest Earned, During Year	13,505	13,008	11,604	12,205	13,933	11,593	5,841	3,649	3,391	4,100	6,115	6,012	6,318	5,166	2,142
Anticipated Expenditures, By Year	(31,292)	(646,941)	(304,419)	(87,034)	0	(1,269,212)	(987,656)	(258,017)	(449,162)	0	(96,616)	(629,078)	0	(1,067,652)	(554,179)
Anticipated Reserves at Year End	$2,052,575	$1,676,942	$1,650,127	$1,849,298	$2,145,431	$1,178,512	$496,097	$550,129	$422,058	$753,358	$999,857	$723,891	$1,087,709	$393,423 *(NOTE 5)*	$220,586 *(NOTES 4&5)*

Explanatory Notes:

1) Year 2022 starting reserves are as of April 30, 2022; FY2022 starts January 1, 2022 and ends December 31, 2022.
2) Reserve Contributions for 2022 are the remaining budgeted 8 months; 2023 is the first year of recommended contributions.
3) 0.7% is the estimated annual rate of return on invested reserves; 2022 is a partial year of interest earned.
4) Accumulated year 2052 ending reserves consider the age, size, overall condition and complexity of the property.
5) Threshold Funding Years (reserve balance at critical point).

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

FIVE-YEAR OUTLOOK

Iverson Village
Condominium
Temple Hills, Maryland

Line Item	Reserve Component Inventory	RUL = 0 FY2022	1 2023	2 2024	3 2025	4 2026	5 2027
	Exterior Building Elements						
1.251	Electrical System, Meter Stacks, Remaining, Phased (2022 is Planned)	10,000	35,998	37,078	38,191	39,337	40,517
1.280	Roofs, Asphalt Shingles, Phased		126,896	130,703			
1.400	Roofs, Flat, Phased		383,932	395,450			
1.660	Walls, CMU Block, Paint Finishes and Capital Repairs						307,266
1.820	Walls, Masonry, Inspections and Repairs						146,486
	Property Site Elements						
4.045	Asphalt Pavement, Total Replacement, Parking Areas (Incl. Catch Basins and Speed Bumps)				227,997		
4.110	Concrete Curbs and Gutters, Partial				10,474		
4.140	Concrete Sidewalks, Partial					25,099	
4.160	Concrete Stairs and Stoops, Partial					22,335	
4.650	Pipes, Subsurface Utilities, Partial		20,085	20,688			
4.733	Railings, Steel, Phased					27,447	
	Anticipated Expenditures, By Year ($9,041,183 over 30 years)	10,000	566,911	583,919	276,662	114,218	494,269

4. RESERVE COMPONENT DETAIL

The Reserve Component Detail of this *Full Reserve Study* includes enhanced solutions and procedures for select significant components. This section describes the Reserve Components, documents specific problems and condition assessments, and may include detailed solutions and procedures for necessary capital repairs and replacements for the benefit of current and future board members. We advise the Board use this information to help define the scope and procedures for repair or replacement when soliciting bids or proposals from contractors. *However, the Report in whole or part is not and should not be used as a design specification or design engineering service*.

Exterior Building Elements

Front and side elevation overview

Front elevation overview

Rear elevation overview

Gutters, Downspouts and Scuppers, Aluminum

Line Item: 1.240

Quantity: Approximately 7,000 linear feet of aluminum five-inch seamless gutters and two-inch by three-inch downspouts; this quantity includes the gutters and downspouts at the entrance porticos

History: Unknown ages

Condition: Fair overall with displaced downspouts, fastener rust, gutter deflection, and improper drainage

Aluminum downspout and scupper overview

Aluminum gutters and downspouts overview

Displaced downspout

Fastener rust

Gutter deflection

Loose fastener and improper drainage

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.

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

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

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

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

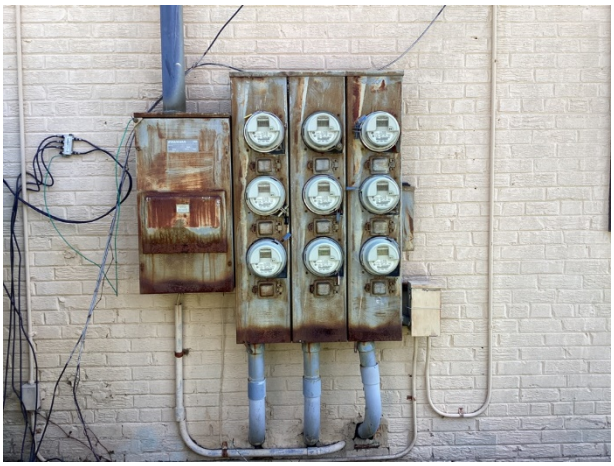
Electrical System, Meter Stacks

Line Item: 1.251

Quantity: The Association is responsible for 15 meter stacks

History: Mostly date to conversion; we note one meter stack set appears to have been replaced recently

Condition: Fair to poor overall with rust evident. Management and the Board do not report any current operational deficiencies.



Meter stack overview with rust

Meter stack overview with rust

Replaced stacks

Meter stack overview with rust

Useful Life: Up to 50 years

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Our estimate of cost is based on information provided by Management and the Board.

Light Fixtures

Line Items: 1.260 and 1.261

Quantity: 185 exterior metal light fixtures accent the entrances and approximately 45 plastic security light fixtures illuminate the buildings and their surroundings

History: The light fixtures at the entrances are of unknown ages and the security light fixtures were installed about five to seven years ago.

Condition: The entrance light fixtures are good to fair overall and the security light fixtures are good overall

Exterior light fixtures

Wall mounted light fixture

Security light fixture

Security light fixture

Useful Life: Up to 20 years

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

- As-needed:

- Replace burned out bulbs at common fixtures as needed
- Inspect and repair broken or dislodged fixtures
- Ensure a waterproof seal between the fixture and building exists

Priority/Criticality: Per Board discretion

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

Meeting Room

Line Item: 1.267

Quantity: The meeting room components include:

- Concrete flooring
- Painted walls and ceilings
- Light fixtures
- Furnishings
- Equipment
- Plumbing fixtures

History: Unknown age

Condition: Fair overall

Meeting room overview

Meeting room rest room

Useful Life: Renovation up to every 15 years

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 for renovation includes concrete

coating applications at the floors, paint finish applications at the walls and ceilings, replacement of the plumbing fixtures and replacement of the furnishings.

Pipes

Line Items: 1.276

Quantity: Based on the layout and configuration of the units, we have estimated the quantity of the interior building plumbing. Future updates of this Reserve Study will incorporate additional information if it becomes available.

History:

- Domestic Water, Supply and Return – Original to conversion in 1975
- Sanitary Waste Disposal and Vent – Original to conversion in 1975

Condition:

- Domestic Water, Supply and Return – Reported satisfactory without operational deficiencies

Component Detail Notes:

Domestic Water - The useful life of domestic supply and return pipes is up to and sometimes beyond 70 years.

Sanitary Waste Disposal and Vent - The pipes typically deteriorate from the inside out as a result of sewer gases, condensation and rust.

Valves - The piping systems include various valves. Identification of a typical useful life and remaining useful life for individual valves is difficult. Associations typically replace valves on an as needed basis in our experience.

Preventative Maintenance Notes: The required preventative maintenance may vary in frequency and scope based on the building's age and demands of the piping systems. We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Quarterly:
  - Inspect all visible piping for corrosion and leaks, including common areas or areas immediately surrounding pipes such as insulation, ceiling tiles or the floor for moisture, water accumulation, mold or mildew
- Annually:
  - Verify system pressure is sufficient (pressurized piping systems)
  - Check accessible valves for proper operation
  - Test backflow prevention devices
  - Inspect and obtain certification for pressure relief valves
  - Test drain line flow rates

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Our cost for a single riser section assumes replacement of all pipes located within each wall opening, associated branch piping, fittings and minimal interior finishes. However, the cost does not include temporary housing for affected residents, pipes within the units or significant interior finishes. Our estimate provides funds to replace the riser sections at 154 units during the next 30 years.

An invasive analysis of the piping systems will provide various replacement options. Replacement of the systems as an aggregate event will likely require the use of special assessments or loans to fund the replacements.

Although it is likely that the times of replacement and extent of repair costs may vary from the budgetary allowance, Iverson Village could budget sufficient reserves for the beginning of these pipe replacements and have the opportunity to adjust its future reserves up or down to meet any changes to these budgetary estimates. Updates of this Reserve Study would incorporate changes to budgetary costs through a continued historical analysis of the rate of deterioration and actual pipe replacements to budget sufficient reserves.

We recommend the Association budget for replacement of the following items through the operating budget:

- Replacement of valves on an as-needed basis
- Minor pipe repairs and replacements
- Invasive investigation of the condition of the piping system prior to beginning more aggregate replacements

Roofs, Asphalt Shingles

Line Item: 1.280

Quantity: Approximately 440 *squares*[1] of sloped, mansard, portico and breezeway roofs

History: Various ages; Management and the Board informs us the Association has performed extensive repairs through the operating budget over the last few years.

Condition: Poor overall with patching, loose shingles, curled shingles, staining, organic growth, and exposed insulation evident. Management and the Board report an extensive history of leaks with on-going leaks reported.

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

Roof overview

Repairs

Roof overview with replacements

Patching

Failed shingles

Shingle failure and exposed insulation

Shingle curl and fascia damage

Loose shingles

Staining and organic growth

Loose and curled shingles

Missing fascia board

Wood fascia deterioration

Portico roof overview

Breezeway roof deterioration

Useful Life: 15- to 20-years

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

- Three tab shingles
- Boston style ridge caps
- Rubber seal with metal base boot flashing at waste pipes
- Soffit, gable, and ridge vents
- Lack metal drip edge at the roof perimeters (this condition increases the likelihood of water infiltration)

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

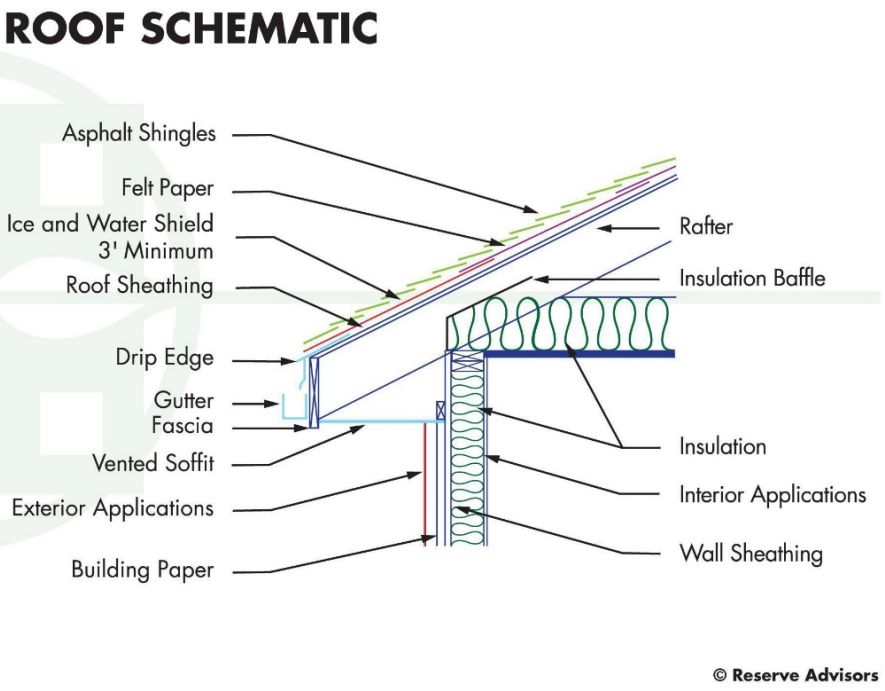
The vents should be clear of debris and not blocked from above by attic insulation. If the soffit vents are blocked from above, installation of polystyrene vent spaces or baffles between the roof joists at these locations can ensure proper ventilation.

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

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

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

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



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

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

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

- Annually:
  - Record any areas of water infiltration, flashing deterioration, damage or loose shingles
  - Implement repairs as needed if issues are reoccurring
  - Trim tree branches that are near or in contact with roof
- As-needed:
  - Ensure proper ventilation and verify vents are clear of debris and not blocked from attic insulation

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Our estimate of cost includes replacement of the asphalt shingle roofs at the buildings, the porticos and the breezeways. Our estimate also includes replacement of soffit and fascia.

Roofs, Flat

Line Item: 1.400

Quantity: Approximately 42,000 square feet

History: Various ages; Management and the Board informs us the Association has performed extensive repairs through the operating budget over the last few years.

Condition: Poor overall with previous repair and flashing deflection evident. Management and the Board report an extensive history of leaks with on-going leaks reported.

Repairs

Flashing deflection

Repairs evident

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:
    - Note drainage issues with water ponding after 48 hours of rainfall event. Verify scuppers and drains are free of debris. Replace damaged or missing drain covers.
    - Inspect perimeter flashing for loose fasteners, deflections, and sealant damage
    - Verify membrane surface is free of ruptures or damage, and areas of extensive blistering or bubbling
    - Remove oil spills or contaminants from mechanical equipment
    - In areas of possible foot traffic, remove any sharp debris or trash and note areas of crushed insulation

- 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.

Shutters, Vinyl

Line Item: 1.560

Quantity: Approximately 400 pairs of decorative vinyl shutters

History: Various ages

Condition: Fair overall with missing, damaged, and faded shutters evident

Vinyl shutters with missing and damaged shutters

Color fade

Shutter damage

Useful Life: Up to 20 years

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

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

Priority/Criticality: Per Board discretion

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

Walls, CMU Block

Line Items: 1.660

Quantity: Approximately 58,900 square feet of concrete masonry unit (CMU) walls with a coating application at the rear elevations

History: Unknown history of repairs

Conditions: The façade and coating are in fair overall condition with spalls, finish deterioration, cracks, and previous repairs evident.

CMU block overview

CMU spalling spalls

Finish deterioration

Previous repairs

Step cracks

CMU cracks and finish deterioration

CMU cracks

CMU cracks

CMU cracks and spall

CMU cracks and staining

CMU spalls and staining

CMU cracks and staining

Useful Life: We recommend CMU block inspections and repairs every 8- to 12-years.

Component Detail Notes: The prior types of paint, applications, and methods of preparation affect the ability of the concrete to dissipate entrained moisture. We cannot

determine the type of paint, application conditions or methods due to the visual and non-invasive nature of our inspection. The use of a permeable concrete paint application *may* also cover presently unobservable mortar and/or concrete deterioration requiring repair.

We recommend Iverson Village remove the existing paint application prior to the application of a new coat. The Association should use a water pressure wash removal method rather than by silica or sandblasting. Sand blasting will likely remove the out face of the concrete and increase the probability of future spalling and water infiltration. After removal of the prior applications of paint, Iverson Village should then conduct general repointing repairs to the concrete and mortar. The Association should apply a new permeable paint application specifically designed for concrete applications as per the manufacturer's directions.

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We recommend the Association budget for the following work per repair event:

- Complete inspection
- Crack repairs and replacement to up to five percent (5%) of the concrete (The exact amount of area in need of replacement will be discretionary based on the actual future conditions and the desired appearance.)
- Replacement of up to fifty percent (50%) of the sealants at the windows and doors
- Coating applications

The exact costs will vary based on the conditions at the time of the project and the results of the physical inspection prior to the repairs. We defer the timing of these expenditures based on the priority of the other elements. Should additional funds become available, we recommend the Association consider acceleration of this project.

Walls, Masonry

Line Item: 1.820

Quantity: Approximately 46,800 square feet of masonry comprises the exterior walls

History: It is unknown when the Association last performed repairs at the masonry

Condition: Fair overall with the following evident:

- Efflorescence is visible
- Lintels exhibit rust jacking (cracks in the masonry due to rusting and expanding of the lintel steel)
- Masonry exhibits step cracks
- Masonry exhibits isolated spalls
- Mortar deterioration is evident

- Bulging

Masonry walls overview

Masonry walls overview

Painted facade

Rust jacking

Step cracks

Rust jacking and steps cracks

Excessive step cracks at 2522 Iverson Street

Step cracks and possible bulging at 2562 Iverson Street

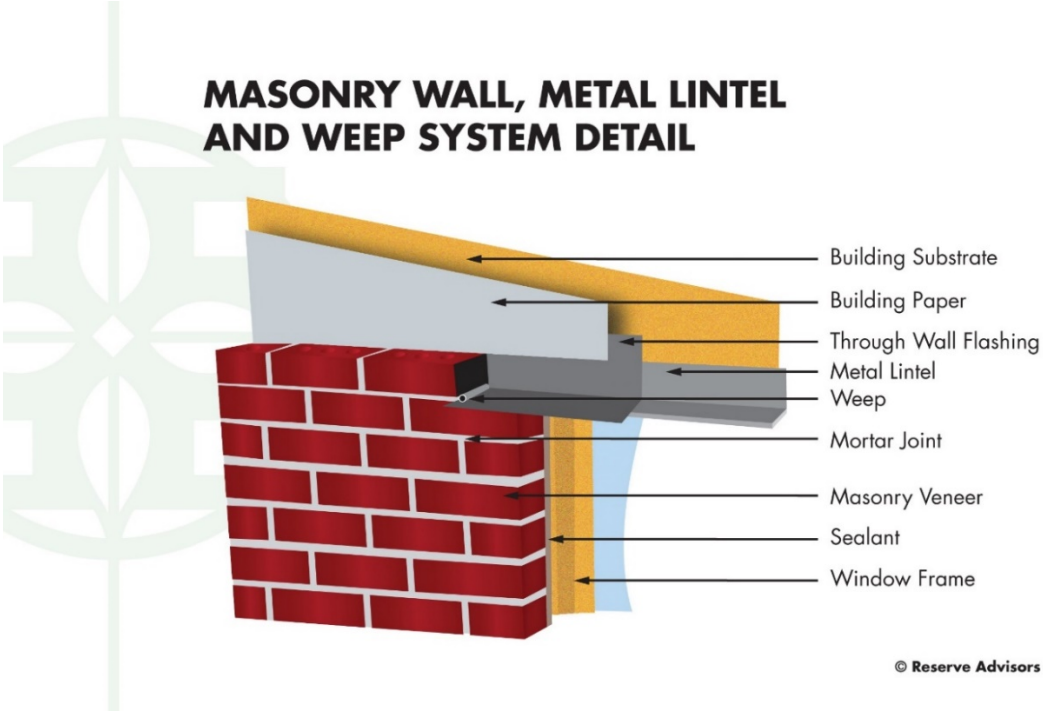
Useful Life: We advise a complete inspection of the masonry and related masonry repairs every 8- to 12-years to forestall deterioration.

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

Repointing is a process of raking and cutting out defective mortar to a depth of not less than ½ inch nor more than ¾ inch and replacing it with new mortar. Face grouting is the process of placing mortar over top of the existing mortar. We advise against face grouting because the existing, often deteriorated mortar does not provide a solid base for the new mortar. New mortar spalls at face grouted areas will likely occur. One purpose of a mortar joint is to protect the masonry by relieving stresses within the wall caused by expansion, contraction, moisture migration and settlement. Repointed mortar joints are more effective if the mortar is softer and more permeable than the masonry units, and no harder or less permeable than the existing mortar. The masonry contractor should address these issues within the proposed scope of work. The masonry has a paint application. Paint applications on masonry must allow entrained moisture in the masonry to migrate to the masonry surface and evaporate. A non-permeable paint application traps this moisture and increases masonry spalling, efflorescence and eventual degradation of the paint application. The prior types of paint, applications and methods of preparation affect the ability of the masonry to dissipate entrained moisture. We cannot determine the type of paint, application conditions or methods due to the visual and non-invasive nature of our inspection. The use of a permeable masonry paint application may also cover presently unobservable mortar and/or masonry deterioration requiring repair. We recommend the existing paint application be removed prior to the application of a new coat. A water pressure wash removal method is preferred rather than by silica or sandblasting. Sandblasting will likely remove the outer face of the masonry and increase the probability of future spalling and water infiltration. After removal of the prior applications of paint, general repointing repairs to the masonry and mortar is required. Finally, a new

permeable paint application specifically designed for masonry applications should be applied as per the manufacturer's directions.

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



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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We defer the timing of these expenditures based on the priority of the other elements. Should additional funds become available, we recommend the Association consider acceleration of this project. Our cost includes the following activities:

- Complete inspection of the masonry and paint finish applications
- Repointing of up to ten percent (10%) 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.)
- Replacement of up to fifty percent (50%) of the sealants at the window and door perimeters

Property Site Elements

Asphalt Pavement, Repaving

Line Items: 4.020 through 4.045

Quantity: Approximately 5,350 square yards at the parking areas; this quantity also includes five speed bumps and four catch basins

History: Repaving and Repairs: Likely dates to 2000

Condition: Fair to poor overall with cracks, pot holes, raveling, and settlement at the catch basins

Asphalt pavement overview with speed bump, alligator cracks and pot hole formation

Asphalt pavement parking lot overview

Pavement cracks

Pavement pothole formation

Pavement pothole formation

Asphalt pavement parking lot overview with cracks

Raveling

Pot hole

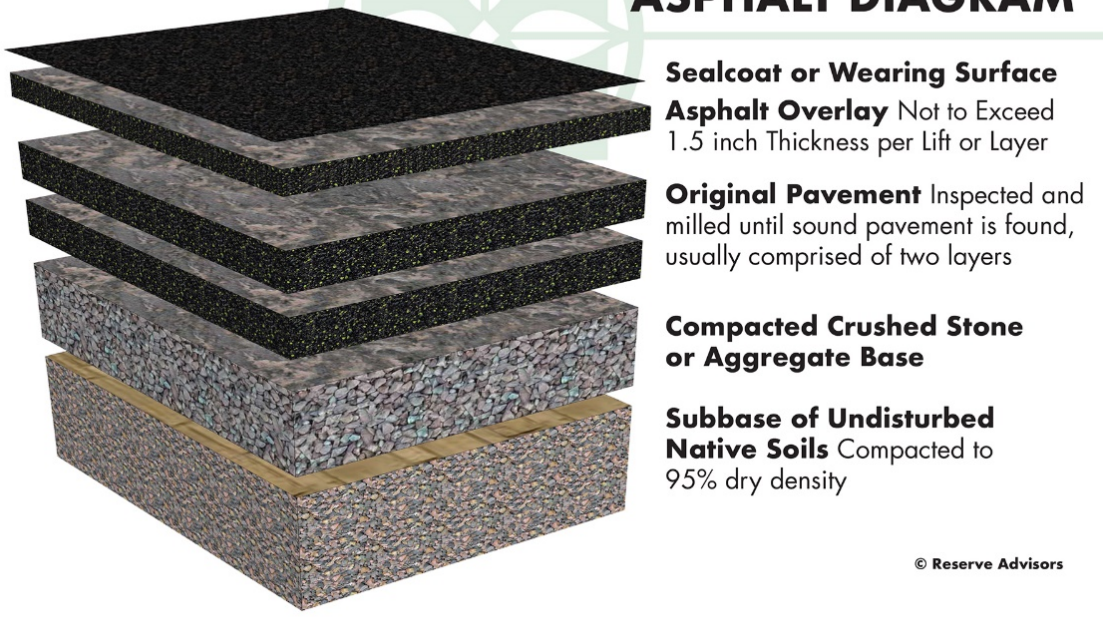
Catch basin settlement

Catch basin overview

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

Component Detail Notes: Proposals should include mechanically routing and filling all cracks with hot emulsion. Crack repair minimizes the chance of the cracks transmitting through the pavement. Patch repairs are conducted at areas exhibiting settlement, potholes, or excessive cracking. These conditions typically occur near high traffic areas, catch basins, and pavement edges.

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 Iverson Village:



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

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

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

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Our cost includes an allowance for crack repairs and patching of up to four percent (4%) of the pavement. Our cost for milling and overlayment includes area patching of up to ten percent (10%).

Concrete Curbs and Gutters

Line Item: 4.110

Quantity: Approximately 2,700 linear feet

Condition: Good to fair overall with cracks and spalling evident

Concrete curb overview

Concrete curb

Concrete curb

Concrete curb spall

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

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

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

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We estimate that up to 810 linear feet of curbs and gutters, or thirty percent (30%) of the total, will require replacement during the next 30 years.

Concrete Sidewalks

Line Item: 4.140

Quantity: Approximately 29,700 square feet throughout the community

History and Condition: Fair overall with cracks, spalls, scaling, undermining, repairs, and trip hazards evident. Management and the Board informs us the Association has performed repairs as needed.

Concrete sidewalk overview with scaling

Concrete sidewalk overview with cracks

Sidewalk trip hazard near 3859 26th Avenue

Sidewalk trip hazard near 3902 25th Avenue

Sidewalk spalls

Sidewalk cracks and undermining

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

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

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

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We estimate that up to 13,380 square feet of concrete sidewalks, or forty-five percent (45.1%) of the total, will require replacement during the next 30 years.

Concrete Stairs and Stoops

Line Item: 4.160

Quantity: 12,900 square feet comprising the stairs, stoops and landings throughout the community.

Condition: Fair overall with scaling, spalling, settlement, deterioration, rust and exposed rebar evident

Concrete stair overview with scaling

Stair settlement and cracks

Concrete stairs deterioration

Stair spalls

Concrete stoop overview with spalls

Concrete stoop cracks

Concrete stoops overview

Exposed rebar at underside

Concrete spall with rust

Exposed rebar at 3851 26th Avenue

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

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

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

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We estimate that up to 5,808 square feet, or approximately forty-five percent (45%) of the total, will require replacement during the next 30 years. At the first event in 2026, we recommend the Association address all areas of exposed rebar at the undersides of the concrete stoops.

Fences, Chain Link

Line Item: 4.220

Quantity: 850 linear feet comprising to chain link fences located at the northern perimeter of the community near the Colebrooke Drive and 26th Avenue intersection and along the southern perimeter of the community connecting 26th Avenue and 25th Avenue

History: Unknown ages

Condition: Fair overall with leaning sections evident

Chain link fence with leaning sections

Chain link fence overview

Chain link fence overview

Chain link fence overview

Useful Life: Up to 25 years

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

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

Priority/Criticality: Per Board discretion

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

Pipes, Subsurface Utilities

Line Item: 4.650

History and Condition: In 2022, the Association replaced approximately 120 linear feet of pipe at the common area between 3811 and 3851 26th Avenue. Management and the Board inform us of a current issue.

Useful Life: Up to and likely beyond 85 years

Subsurface utility pipes repair

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

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

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

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. At this time we do not anticipate replacement of continuous lengths of subsurface utility pipes. Rather we recommend the Association budget for repairs to isolated occurrences of breached utilities. Although it is likely that the times of replacement and extent of repair costs may vary from the budgetary allowance, Management could budget sufficient reserves for these utility repairs and have the opportunity to adjust its future reserves up or down to meet any changes to these budgetary estimates. Updates of this Reserve Study would incorporate changes to

budgetary costs through a continued historical analysis of the rate of deterioration and actual repairs to budget sufficient reserves. Our estimate of cost is based on information provided by Management and the Board.

Railings, Steel

Line Item: 4.733

Quantity: 1,240 linear feet located along the various concrete stoops and staircases throughout the community; this quantity does include replacement of the two metal staircases near 3918 25th Avenue

History: The railings are mostly original to conversion. Management and the Board informs us the Association has replaced isolated railings as needed through reserves in the past few years.

Condition: The railings are in good to fair overall condition with leaning sections, detached railings, loose fasteners, and rust evident.

Steel railing overview with leaning section at 2504 Iverson Street

Rusted railing

Metal railing rust

Metal railing rust

Railing rusted through

Metal steps near 3918 25th Avenue

Useful Life: Up to 35 years for replacement with the benefit of periodic paint finishes funded through the operating budget.

Component Detail Notes: Steel 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 steel 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:
    - Inspect for damage, and excessive finish deterioration or corrosion
    - Test security of railings and inspect connection fasteners

Priority/Criticality: Per Board discretion

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

Signage, Entrance Monument

Line Item: 4.800

Quantity: The entrance monument property identification signage includes the following elements:

- Landscaping
- Signage

History: Unknown age; Management and the Board informs us the Association recently renovated the landscaping surrounding the entrance monuments

Condition: Fair overall with wear evident

Entrance monument

Useful Life: 15- to 20-years

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

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

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

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Our cost for renovation includes replacement of the signage and landscaping as needed

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.

Iverson Village can fund capital repairs and replacements in any combination of the following:

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

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

This Reserve Study is in compliance with and exceeds the National standards[1] set forth by the Association of Professional Reserve Analysts (APRA) fulfilling the requirements of a "Level I Full Reserve Study." These standards require a Reserve Component to have a "predictable remaining Useful Life." Estimating Remaining Useful Lives and Reserve Expenditures beyond 30 years is often indeterminate. Long-Lived Property Elements are necessarily excluded from this analysis. We considered the following factors in our analysis:

- The Cash Flow Method to compute, project and illustrate the 30-year Reserve Funding Plan
- Local[2] costs of material, equipment and labor
- Current and future costs of replacement for the Reserve Components
- Costs of demolition as part of the cost of replacement
- Local economic conditions and a historical perspective to arrive at our estimate of long-term future inflation for construction costs in Temple Hills, Maryland at an annual inflation rate[3]. Isolated or regional markets of

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

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

- The past and current maintenance practices of Iverson Village Condominium 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.

JUSTIN B. KLEIN, RS
Engineer, Northeast Region
Responsible Advisor

CURRENT CLIENT SERVICES

Justin B. Klein, an Engineer, is an Advisor for Reserve Advisors, LLC. Mr. Klein 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 and Transition Study Reports for apartments, high rises, condominiums, townhomes, and homeowners associations.

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

Glenmore Community Association – Located in Keswick, Virginia, this master community association features 980 single family homes and counting. The community maintains a private equestrian center located on a 61-acre parcel of land. The equestrian center is equipped with two outdoor riding rings and 13 fenced paddocks in addition to the 27 stalls at the Main Barn. The Association also maintains over 10 miles of roads, three earthen dams, eight ponds, a dog park, and playground

California House – Built in 1900 and converted to condominiums in 1978, this six story building is located in the historic Kalorama neighborhood in Washington D.C. Sharing its footprint with a sister building, the Association's 27 residents can enjoy the decorative cornice, ornate marble tiled lobby and welcoming courtyard.

Windsor Park Residences – Located within the Windsor Club in Vero Beach, Florida, this condominium Association features 12 residences within five connected three-story buildings with a private reflecting pool centerpiece at the courtyard. Owners can take advantage of direct access elevators and garages for their vehicles and golf carts.

Forest Reach – Conveniently situated between Bear Trap Dunes Golf Club and Bethany Beach, Delaware, this community of 58 single family homes is a short drive to the shores of the Atlantic Ocean. The Association maintains asphalt pavement, alleyways, sidewalks, concrete aprons, multiple ponds, a pool and pool house. The community also contains over 70 solar panels providing electricity to its residents.

Park Towers East – Located in the Cross Country area of Baltimore, Maryland this nine-story building features construction elements the date back to 1967. The 100 condominium unit owners enjoy their concrete balconies, on-grade parking garage and the decorative wood paneling and reading nook in the lobby.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, LLC, Mr. Klein attended Rose-Hulman Institute of Technology in Terre Haute, Indiana where he attained his Bachelor of Science degree in Mechanical Engineering. His rigorous coursework focused on using problem solving to understand mechanical systems and principles. During his undergraduate education, Mr. Klein worked to develop a debris displacement apparatus to be mounted inside a D-155 bulldozer for Komatsu America Corporation.

EDUCATION

Rose-Hulman Institute of Technology - B.S. Mechanical Engineering

PROFESSIONAL AFFILIATIONS

Reserve Specialist (RS) – Community Association Institute
Engineer in Training (E.I.T) – State of Virginia

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 Iverson Village Condominium 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) Iverson Village Condominium responsibility; 2) limited Useful Life expectancies; 3) predictable Remaining Useful Life expectancies; and 4) a replacement cost above a minimum threshold.

Reserve Component Inventory - Line Items in ***Reserve Expenditures*** that identify a *Reserve Component*.

Reserve Contribution - An amount of money set aside or *Reserve Assessment* contributed to a *Reserve Fund* for future *Reserve Expenditures* to repair or replace *Reserve Components*.

Reserve Expenditure - Future Cost of Replacement of a Reserve Component.

Reserve Fund Status - The accumulated amount of reserves in dollars at a given point in time, i.e., at year end.

Reserve Funding Plan - The portion of the Reserve Study identifying the *Cash Flow Analysis* and containing the recommended Reserve Contributions and projected annual expenditures, interest earned and reserve balances.

Reserve Study - A budget planning tool that identifies the current status of the reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures.

Useful Life - The anticipated total time in years that a *Reserve Component* is expected to serve its intended function in its present application or installation.

8. PROFESSIONAL SERVICE CONDITIONS

Our Services - Reserve Advisors, LLC (RA) performs its services as an independent contractor in accordance with our professional practice standards and its compensation is not contingent upon our conclusions. The purpose of our reserve study is to provide a budget planning tool that identifies the current status of the reserve fund, and an opinion recommending an annual funding plan to create reserves for anticipated future replacement expenditures of the property.

Our inspection and analysis of the subject property is limited to visual observations, is noninvasive and is not meant to nor does it include investigation into statutory, regulatory or code compliance. RA inspects sloped roofs from the ground and inspects flat roofs where safe access (stairs or ladder permanently attached to the structure) is available. The report is based upon a "snapshot in time" at the moment of inspection. RA may note visible physical defects in our report. The inspection is made by employees generally familiar with real estate and building construction but in the absence of invasive testing RA cannot opine on, nor is RA responsible for, the structural integrity of the property including its conformity to specific governmental code requirements for fire, building, earthquake, and occupancy, or any physical defects that were not readily apparent during the inspection.

RA is not responsible for conditions that have changed between the time of inspection and the issuance of the report. RA does not investigate, nor assume any responsibility for any existence or impact of any hazardous materials, such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, environmental mold or other potentially hazardous materials or structural defects that are latent or hidden defects which may or may not be present on or within the property. RA does not make any soil analysis or geological study as part of its services; nor does RA investigate water, oil, gas, coal, or other subsurface mineral and use rights or such hidden conditions. RA assumes no responsibility for any such conditions. The Report contains opinions of estimated costs and remaining useful lives which are neither a guarantee of the actual costs of replacement nor a guarantee of remaining useful lives of any property element.

RA assumes, without independent verification, the accuracy of all data provided to it. You agree to indemnify and hold RA harmless against and from any and all losses, claims, actions, damages, expenses or liabilities, including reasonable attorneys' fees, to which we may become subject in connection with this engagement, because of any false, misleading or incomplete information which we have relied upon supplied by you or others under your direction, or which may result from any improper use or reliance on the Report by you or third parties under your control or direction. Your obligation for indemnification and reimbursement shall extend to any director, officer, employee, affiliate, or agent of RA. Liability of RA and its employees, affiliates, and agents for errors and omissions, if any, in this work is limited to the amount of its compensation for the work performed in this engagement.

Report - RA completes the services in accordance with the Proposal. The Report represents a valid opinion of RA's findings and recommendations and is deemed complete. RA, however, considers any additional information made available to us within 6 months of issuing the Report if a timely request for a revised Report is made. RA retains the right to withhold a revised Report if payment for services was not tendered in a timely manner. All information received by RA and all files, work papers or documents developed by RA during the course of the engagement shall remain the property of RA and may be used for whatever purpose it sees fit.

Your Obligations - You agree to provide us access to the subject property for an on-site visual inspection You agree to provide RA all available, historical and budgetary information, the governing documents, and other information that we request and deem necessary to complete the Report. You agree to pay actual attorneys' fees and any other costs incurred to collect on any unpaid balance for RA's services.

Use of Our Report and Your Name - Use of this Report is limited to only the purpose stated herein. You hereby acknowledge that any use or reliance by you on the Report for any unauthorized purpose is at your own risk and you shall hold RA harmless from any consequences of such use. Use by any unauthorized third party is unlawful. The Report in whole or in part ***is not and cannot be used*** *as a design specification for design engineering purposes or as an appraisal.* You may show our Report in its entirety to the following third parties: members of your organization, your accountant, attorney, financial institution and property manager who need to review the information contained herein. Without the written consent of RA, you shall not disclose the Report to any other third party. The Report contains intellectual property developed by RA and ***shall not be reproduced or distributed to any party that conducts reserve studies without the written consent of RA.***

RA will include your name in our client lists. RA reserves the right to use property information to obtain estimates of replacement costs, useful life of property elements or otherwise as RA, in its sole discretion, deems appropriate.

Payment Terms, Due Dates and Interest Charges - Retainer payment is due upon authorization and prior to inspection. The balance is due net 30 days from the report shipment date. Any balance remaining 30 days after delivery of the Report shall accrue an interest charge of 1.5% per month. Any litigation necessary to collect an unpaid balance shall be venued in Milwaukee County Circuit Court for the State of Wisconsin.