Canterbury Place Condominium Council of Co-Owners, Inc.

Inspected: June 26, 2024 • Revised on: December 6, 2024
Louisville, KY

RESERVE STUDY

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

Canterbury Place Condominium Council of Co-Owners, Inc.
Louisville, Kentucky

Dear Board of Directors of Canterbury Place Condominium Council of Co-Owners, Inc.:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Reserve Study* of Canterbury Place Condominium Council of Co-Owners, Inc. in Louisville, Kentucky and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, June 26, 2024.

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

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

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

Respectfully submitted on December 6, 2024 by

Reserve Advisors, LLC

Visual Inspection and Report by: Jonny P. Sileo
Review by: Andrew K. McGowan, RS[1], Regional Engineering Manager
Alan M. Ebert, RS, PRA[2], Director of Quality Assurance

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

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1. RESERVE STUDY EXECUTIVE SUMMARY

Client: Canterbury Place Condominium Council of Co-Owners, Inc. (Canterbury Place Condominium)
Location: Louisville, Kentucky
Reference: 120745

Property Basics: Canterbury Place Condominium Council of Co-Owners, Inc. is an apartment style development which consists of 96 units in 24 buildings and one clubhouse. The buildings were built in 2000.

Reserve Components Identified: 30 Reserve Components.

Inspection Date: June 26, 2024. We conducted the original inspection on August 12, 2020.

Funding Goal: The Funding Goal of this Reserve Study is to maintain reserves above an adequate, not excessive threshold during one or more years of significant expenditures. Our recommended Funding Plan recognizes these threshold funding years in 2041 and 2047 due to the replacement of the roofs. In addition, the Reserve Funding Plan recommends 2053 year end accumulated reserves of approximately $1,136,500. We judge this amount of accumulated reserves in 2053 necessary to fund the likely replacement of the roofs after 2053. These future needs, although beyond the limit of the Cash Flow Analysis of this Reserve Study, are reflected in the amount of accumulated 2053 year end reserves.

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

- Current and future local costs of replacement
- 2.0% 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:

- $245,325 as of June 30, 2024[1]
- 2024 budgeted Reserve Contributions of $66,000

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

- Phased increases of $24,000 from 2025 through 2027
- Inflationary increases from 2028 through 2047
- Stable contributions of $246,500 from 2048 through 2052
- Inflationary increases thereafter through 2053, the limit of this study's Cash Flow Analysis
- Initial recommended adjustment in Reserve Contributions of $24,000 represents an average monthly increase of $20.83 per owner and about a six percent (5.6%) adjustment in the 2024 total Operating Budget of $432,246.

[1] The Fiscal Year (FY 2023) for Canterbury Place Condominium begins July 1, 2023 and ends June 30, 2024. For brevity, we refer to the Fiscal Year by its beginning year, i.e. Fiscal Year 2023-24 is FY 2023 or simply 2023.

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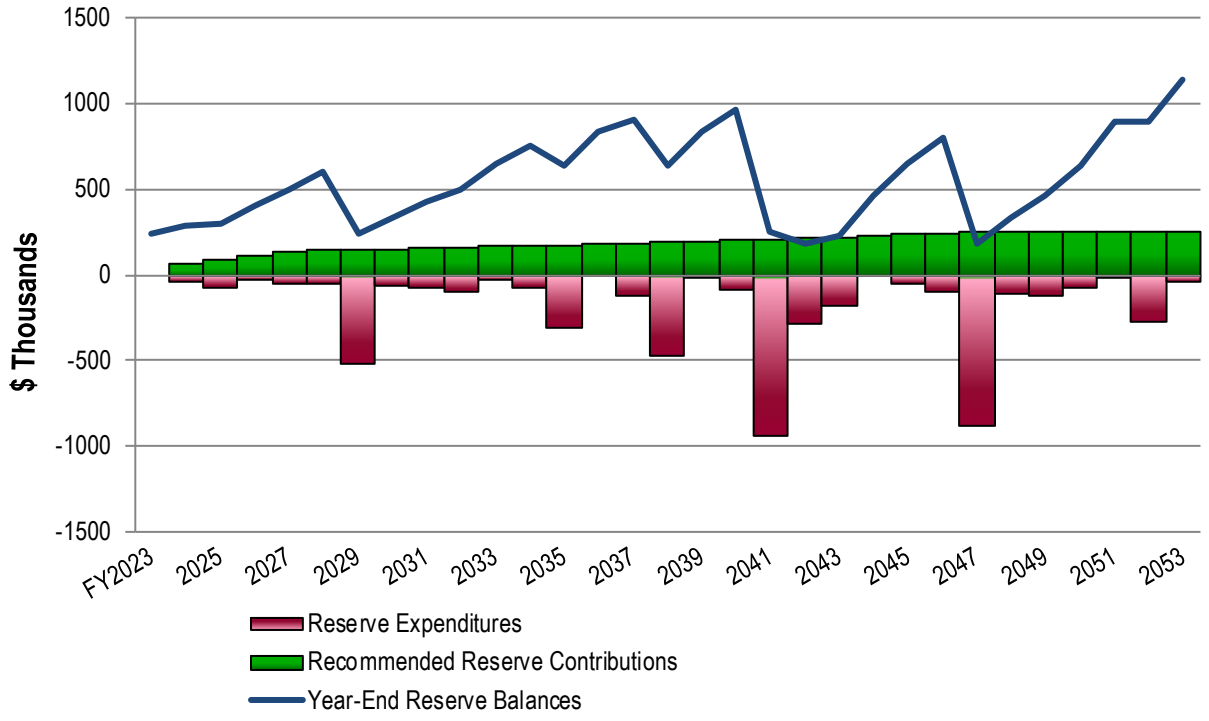
Canterbury Place Condominium
Recommended Reserve Funding Table and Graph

Year	Reserve Contributions ($)	Reserve Balances ($)	Year	Reserve Contributions ($)	Reserve Balances ($)	Year	Reserve Contributions ($)	Reserve Balances ($)
2024	66,000 (Budgeted)	280,481	2034	169,700	756,133	2044	228,100	462,442
2025	90,000	302,864	2035	174,800	634,672	2045	234,900	650,882
2026	114,000	400,796	2036	180,000	829,165	2046	241,900	803,967
2027	138,000	498,817	2037	185,400	904,498	2047	249,200	179,790
2028	142,100	601,416	2038	191,000	636,039	2048	249,200	329,342
2029	146,400	234,840	2039	196,700	837,086	2049	249,200	460,068
2030	150,800	331,873	2040	202,600	965,436	2050	249,200	641,811
2031	155,300	424,124	2041	208,700	250,105	2051	249,200	898,252
2032	160,000	492,154	2042	215,000	178,689	2052	249,200	896,193
2033	164,800	644,957	2043	221,500	227,511	2053	256,700	1,136,476



2. RESERVE STUDY REPORT

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

Canterbury Place Condominium Council of Co-Owners, Inc.

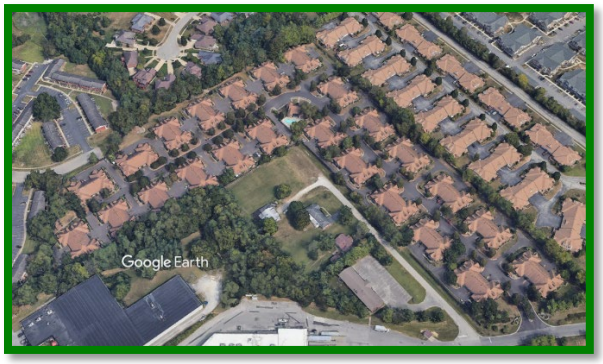
Louisville, Kentucky

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, June 26, 2024. We conducted the original inspection on August 12, 2020.

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

- **Identification of Property -** Segregates all property into several areas of responsibility for repair or replacement
- **Reserve Expenditures -** Identifies reserve components and related quantities, useful lives, remaining useful lives and future reserve expenditures during the next 30 years
- **Reserve Funding Plan -** Presents the recommended Reserve Contributions and year-end Reserve Balances for the next 30 years
- **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 or which were identified as part of your request for proposed services. 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 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 Owners
- Property Maintained by Others

We advise the Board to 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. Reserve Components are defined by CAI as property elements with:

- Canterbury Place Condominium responsibility
- Limited useful life expectancies
- Predictable remaining useful life expectancies
- Replacement cost above a minimum threshold

The following tables depict the items excluded from the Reserve Expenditure plan:

Excluded Components

for

Canterbury Place Condominium

Council of Co-Owners, Inc.

Louisville, Kentucky

Operating Budget Components

Repairs normally funded through the Operating Budget and Expenditures less than $4,000 (These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.)

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.

- Catch Basins, Landscape
- Irrigation System (3 Zones)
- Landscape
- Paint Finishes, Touch Up
- Pool Cover
- Retaining Wall, Mortar Set, Repairs
- Signage, Unit Identification

Long-Lived Components

These elements may not have predictable Remaining Useful Lives or their replacement may occur beyond the scope of this 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.	Useful Life	Estimated Cost
• Electrical Systems, Common	to 70+ years	N/A
• Foundations	Indeterminate	N/A
• Pipes, Interior Building, Water and Sewer, Clubhouse	to 80+ years	N/A
• Pipes, Subsurface Utilities, Common, Total Replacement	to 65+ years	N/A
• Pool Structure and Deck	to 60+ years	$124,000
• Structural Frames	Indeterminate	N/A

Excluded Components

for

Canterbury Place Condominium

Council of Co-Owners, Inc.

Louisville, Kentucky

Owners Responsibility Components

Certain items have been designated as the responsibility of the Owners to repair or replace at their cost, including items billed back.

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

Others Responsibility Components

Certain items have been designated as the responsibility of Others to repair or replace.

- Eastbridge Court (City of Louisville)
- Light Poles and Fixtures (Louisville Gas & Electric)

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
- 2024 local cost of replacement
  - Per unit
  - Per phase
  - Replacement of total quantity
- Percentage of future expenditures anticipated during the next 30 years
- Schedule of estimated future costs for each reserve component including inflation

Reserve Funding Plan

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

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

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

Years 2023 to 2038

RESERVE EXPENDITURES

Canterbury Place Condominium
Council of Co-Owners, Inc.
Louisville, Kentucky

Explanatory Notes:
1) **3.0%** is the estimated Inflation Rate for estimating Future Replacement Costs.
2) FY2023 is Fiscal Year beginning July 1, 2023 and ending June 30, 2024.
3) 2054+ indicates a component which is considered long-lived

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years Useful	Life Analysis, Years Remaining	Costs, $ Unit (2023)	Costs, $ Per Phase (2023)	Costs, $ Total (2023)	Percentage of Future Expenditures	RUL = 0 FY2023	1 2024	2 2025	3 2026	4 2027	5 2028	6 2029	7 2030	8 2031	9 2032	10 2033	11 2034	12 2035	13 2036	14 2037	15 2038
				Exterior Building Elements																							
1.140	50	**50**	Each	Chimney Caps and Flues, Metal (2023 Replaced)	2048	25 to 30	25	1,000.00	50,000	50,000	**2.0%**																
1.141	46	**46**	Each	Chimney Caps and Flues, Metal, Remaining	2054	25 to 30	31	1,000.00	46,000	46,000	**0.0%**																
1.240	12,300	**6,150**	Linear Feet	Gutters and Downspouts, Aluminum, Phased	2041	15 to 20	18 to 19	9.00	55,350	110,700	**3.7%**																
1.280	1,040	**1,040**	Squares	Roofs, Asphalt Shingles (2023 Replaced)	2041	15 to 20	18	440.00	457,600	457,600	**15.1%**																
1.281	880	**880**	Squares	Roofs, Asphalt Shingles, Remaining	2029	15 to 20	6	440.00	387,200	387,200	**25.3%**							517,818									
1.820	61,200	**30,600**	Square Feet	Walls, Masonry, Inspections and Repairs, Phased	2028	8 to 12	5 to 11	1.20	36,720	73,440	**6.1%**						42,569						50,829				
1.860	6,900	**6,900**	Square Feet	Walls, Siding, Vinyl	2035	to 35	12	17.00	117,300	117,300	**3.2%**													167,242			
1.905	96	**96**	Units	Walls, Trim, Paint Finishes (Near-Term is Planned)	2025	4 to 6	2	580.00	55,680	55,680	**8.4%**			59,071						70,534						84,221	
				Property Site Elements																							
4.020	8,200	**8,200**	Square Yards	Asphalt Pavement, Crack Repair, Patch and Seal Coat	2026	3 to 5	3	1.90	15,580	15,580	**3.4%**				17,025				19,161				21,566				24,273
4.040	8,200	**8,200**	Square Yards	Asphalt Pavement, Mill and Overlay	2058	15 to 20	35	15.50	127,100	127,100	**0.0%**																
4.045	8,200	**8,200**	Square Yards	Asphalt Pavement, Total Replacement	2038	15 to 20	15	34.00	278,800	278,800	**8.4%**																434,361
4.108	3,100	**310**	Square Feet	Concrete Aprons, Partial	2027	to 65	4 to 30+	14.50	4,495	44,950	**0.4%**					5,059										6,799	
4.110	1,200	**240**	Linear Feet	Concrete Curbs and Gutters, Partial	2038	to 65	15 to 30+	43.00	10,320	51,600	**0.3%**																16,078
4.130	96	**3**	Each	Concrete Patios, Partial	2027	to 65	4 to 30+	6,000.00	18,000	576,000	**3.5%**					20,259					23,486					27,227	
4.140	8,800	**440**	Square Feet	Concrete Sidewalks, Partial	2027	to 65	4 to 30+	13.50	5,940	118,800	**1.2%**					6,686					7,750					8,985	
4.285	2,170	**723**	Linear Feet	Fences, Wood, Phased	2041	15 to 20	18 to 20	51.00	36,890	110,670	**3.8%**																
4.500	1	**1**	Allowance	Landscape, Partial Replacements	2024	N/A	1	35,000.00	35,000	35,000	**0.7%**		36,050														
4.600	7	**7**	Each	Mailbox Stations	2047	to 25	24	1,900.00	13,300	13,300	**0.5%**																
4.650	1	**1**	Allowance	Pipes, Subsurface Utilities, Partial	2025	to 85+	2	13,500.00	13,500	13,500	**2.5%**			14,322					16,603					19,248		
4.745	1,300	**1,300**	Square Feet	Retaining Walls, Masonry	2035	to 35	12	45.50	59,150	59,150	**1.6%**													84,334			
4.800	1	**1**	Allowance	Signage, Monument, Renovation	2030	15 to 20	7	6,200.00	6,200	6,200	**0.4%**								7,625								
				Clubhouse Elements																							
5.020	2	**2**	Each	Awnings, Canvas and Frame	2030	10 to 15	7	6,500.00	13,000	13,000	**0.8%**								15,988								
5.450	1	**1**	Each	HVAC Equipment, Split System	2027	12 to 18	4	11,500.00	11,500	11,500	**0.6%**					12,943											
5.500	1	**1**	Allowance	Interior, Renovation, Complete	2032	to 20	9	53,500.00	53,500	53,500	**3.8%**										69,805						
5.510	1	**1**	Allowance	Interior, Renovation, Partial	2042	to 10	19	22,500.00	22,500	22,500	**0.8%**																
5.800	500	**500**	Square Feet	Windows and Doors	2035	to 40	12	55.00	27,500	27,500	**0.8%**													39,208			
				Pool Elements																							
6.200	1,920	**1,920**	Square Feet	Concrete Deck, Inspections, Partial Replacements and Repairs	2029	8 to 12	6	1.50	2,880	2,880	**0.3%**							3,439									
6.400	150	**150**	Linear Feet	Fence, Aluminum	2028	to 25	5	45.00	6,750	6,750	**0.5%**						7,825										
6.500	2	**1**	Allowance	Furniture, Phased	2027	to 12	4 to 10	3,500.00	3,500	7,000	**0.6%**					3,939						4,704					
6.600	2	**1**	Allowance	Mechanical Equipment, Phased	2026	to 15	3 to 10	5,500.00	5,500	11,000	**0.7%**				6,010							7,392					
6.800	390	**390**	Square Feet	Pool Finish, Plaster	2033	8 to 12	10	13.50	5,265	5,265	**0.6%**											7,076					
6.801	80	**80**	Linear Feet	Pool Finish, Tile	2033	15 to 25	10	38.00	3,040	3,040	**0.2%**											4,086					
6.900	390	**390**	Square Feet	Structure and Deck, Total Replacement	2060	to 60	37	320.00	124,800	124,800	**0.0%**																
				Anticipated Expenditures, By Year ($5,164,098 over 30 years)								0	36,050	73,393	23,035	48,886	50,394	521,256	59,378	70,534	101,042	23,256	72,395	310,032	0	127,231	474,713

RESERVE EXPENDITURES

Canterbury Place Condominium
Council of Co-Owners, Inc.
Louisville, Kentucky

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years Useful	Remaining	Costs, $ Unit (2023)	Per Phase (2023)	Total (2023)	Percentage of Future Expenditures	16 2039	17 2040	18 2041	19 2042	20 2043	21 2044	22 2045	23 2046	24 2047	25 2048	26 2049	27 2050	28 2051	29 2052	30 2053
				Exterior Building Elements																						
1.140	50	**50**	Each	Chimney Caps and Flues, Metal (2023 Replaced)	2048	25 to 30	25	1,000.00	50,000	50,000	**2.0%**										104,689					
1.141	46	**46**	Each	Chimney Caps and Flues, Metal, Remaining	2054	25 to 30	31	1,000.00	46,000	46,000	**0.0%**															
1.240	12,300	**6,150**	Linear Feet	Gutters and Downspouts, Aluminum, Phased	2041	15 to 20	18 to 19	9.00	55,350	110,700	**3.7%**			94,230	97,057											
1.280	1,040	**1,040**	Squares	Roofs, Asphalt Shingles (2023 Replaced)	2041	15 to 20	18	440.00	457,600	457,600	**15.1%**			779,033												
1.281	880	**880**	Squares	Roofs, Asphalt Shingles, Remaining	2029	15 to 20	6	440.00	387,200	387,200	**25.3%**									787,098						
1.820	61,200	**30,600**	Square Feet	Walls, Masonry, Inspections and Repairs, Phased	2028	8 to 12	5 to 11	1.20	36,720	73,440	**6.1%**		60,693						72,470						86,533	
1.860	6,900	**6,900**	Square Feet	Walls, Siding, Vinyl	2035	to 35	12	17.00	117,300	117,300	**3.2%**															
1.905	96	**96**	Units	Walls, Trim, Paint Finishes (Near-Term is Planned)	2025	4 to 6	2	580.00	55,680	55,680	**8.4%**					100,564						120,079				
				Property Site Elements																						
4.020	8,200	**8,200**	Square Yards	Asphalt Pavement, Crack Repair, Patch and Seal Coat	2026	3 to 5	3	1.90	15,580	15,580	**3.4%**				27,320				30,748				34,608			
4.040	8,200	**8,200**	Square Yards	Asphalt Pavement, Mill and Overlay	2058	15 to 20	35	15.50	127,100	127,100	**0.0%**															
4.045	8,200	**8,200**	Square Yards	Asphalt Pavement, Total Replacement	2038	15 to 20	15	34.00	278,800	278,800	**8.4%**															
4.108	3,100	**310**	Square Feet	Concrete Aprons, Partial	2027	to 65	4 to 30+	14.50	4,495	44,950	**0.4%**									9,137						
4.110	1,200	**240**	Linear Feet	Concrete Curbs and Gutters, Partial	2038	to 65	15 to 30+	43.00	10,320	51,600	**0.3%**															
4.130	96	**3**	Each	Concrete Patios, Partial	2027	to 65	4 to 30+	6,000.00	18,000	576,000	**3.5%**				31,563					36,590					42,418	
4.140	8,800	**440**	Square Feet	Concrete Sidewalks, Partial	2027	to 65	4 to 30+	13.50	5,940	118,800	**1.2%**				10,416					12,075					13,998	
4.285	2,170	**723**	Linear Feet	Fences, Wood, Phased	2041	15 to 20	18 to 20	51.00	36,890	110,670	**3.8%**			62,802	64,687	66,627										
4.500	1	**1**	Allowance	Landscape, Partial Replacements	2024	N/A	1	35,000.00	35,000	35,000	**0.7%**															
4.600	7	**7**	Each	Mailbox Stations	2047	to 25	24	1,900.00	13,300	13,300	**0.5%**									27,036						
4.650	1	**1**	Allowance	Pipes, Subsurface Utilities, Partial	2025	to 85+	2	13,500.00	13,500	13,500	**2.5%**		22,313					25,867					29,987			
4.745	1,300	**1,300**	Square Feet	Retaining Walls, Masonry	2035	to 35	12	45.50	59,150	59,150	**1.6%**															
4.800	1	**1**	Allowance	Signage, Monument, Renovation	2030	15 to 20	7	6,200.00	6,200	6,200	**0.4%**												13,772			
				Clubhouse Elements																						
5.020	2	**2**	Each	Awnings, Canvas and Frame	2030	10 to 15	7	6,500.00	13,000	13,000	**0.8%**							24,909								
5.450	1	**1**	Each	HVAC Equipment, Split System	2027	12 to 18	4	11,500.00	11,500	11,500	**0.6%**				20,165											
5.500	1	**1**	Allowance	Interior, Renovation, Complete	2032	to 20	9	53,500.00	53,500	53,500	**3.8%**														126,076	
5.510	1	**1**	Allowance	Interior, Renovation, Partial	2042	to 10	19	22,500.00	22,500	22,500	**0.8%**				39,454											
5.800	500	**500**	Square Feet	Windows and Doors	2035	to 40	12	55.00	27,500	27,500	**0.8%**															
				Pool Elements																						
6.200	1,920	**1,920**	Square Feet	Concrete Deck, Inspections, Partial Replacements and Repairs	2029	8 to 12	6	1.50	2,880	2,880	**0.3%**	4,622										6,211					
6.400	150	**150**	Linear Feet	Fence, Aluminum	2028	to 25	5	45.00	6,750	6,750	**0.5%**															16,384
6.500	2	**1**	Allowance	Furniture, Phased	2027	to 12	4 to 10	3,500.00	3,500	7,000	**0.6%**	5,616						6,706						8,008		
6.600	2	**1**	Allowance	Mechanical Equipment, Phased	2026	to 15	3 to 10	5,500.00	5,500	11,000	**0.7%**		9,091							11,180						
6.800	390	**390**	Square Feet	Pool Finish, Plaster	2033	8 to 12	10	13.50	5,265	5,265	**0.6%**					9,509										12,780
6.801	80	**80**	Linear Feet	Pool Finish, Tile	2033	15 to 25	10	38.00	3,040	3,040	**0.2%**															7,379
6.900	390	**390**	Square Feet	Structure and Deck, Total Replacement	2060	to 60	37	320.00	124,800	124,800	**0.0%**															
				Anticipated Expenditures, By Year ($5,164,098 over 30 years)								10,238	92,097	936,066	290,661	176,701	0	57,483	103,219	883,117	104,689	126,290	78,367	8,008	269,026	36,542

RESERVE FUNDING PLAN

CASH FLOW ANALYSIS
Canterbury Place Condominium
Council of Co-Owners, Inc.
Louisville, Kentucky

Individual Reserve Budgets & Cash Flows for the Next 30 Years

		FY2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
Reserves at Beginning of Year	*(Note 1)*	N/A	245,325	280,481	302,864	400,796	498,817	601,416	234,840	331,873	424,124	492,154	644,957	756,133	634,672	829,165	904,498
Total Recommended Reserve Contributions	*(Note 2)*	**N/A**	**66,000**	**90,000**	**114,000**	**138,000**	**142,100**	**146,400**	**150,800**	**155,300**	**160,000**	**164,800**	**169,700**	**174,800**	**180,000**	**185,400**	**191,000**
Estimated Interest Earned, During Year	*(Note 3)*	N/A	5,206	5,776	6,967	8,907	10,893	8,280	5,611	7,485	9,072	11,259	13,872	13,770	14,493	17,165	15,253
Anticipated Expenditures, By Year		N/A	(36,050)	(73,393)	(23,035)	(48,886)	(50,394)	(521,256)	(59,378)	(70,534)	(101,042)	(23,256)	(72,395)	(310,032)	0	(127,231)	(474,713)
Anticipated Reserves at Year End		$245,325	$280,481	$302,864	$400,796	$498,817	$601,416	$234,840	$331,873	$424,124	$492,154	$644,957	$756,133	$634,672	$829,165	$904,498	$636,039

(continued)

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

	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
Reserves at Beginning of Year	636,039	837,086	965,436	250,105	178,689	227,511	462,442	650,882	803,967	179,790	329,342	460,068	641,811	898,252	896,193
Total Recommended Reserve Contributions	**196,700**	**202,600**	**208,700**	**215,000**	**221,500**	**228,100**	**234,900**	**241,900**	**249,200**	**249,200**	**249,200**	**249,200**	**249,200**	**249,200**	**256,700**
Estimated Interest Earned, During Year	14,585	17,847	12,035	4,245	4,022	6,831	11,023	14,404	9,740	5,041	7,816	10,910	15,248	17,767	20,125
Anticipated Expenditures, By Year	(10,238)	(92,097)	(936,066)	(290,661)	(176,701)	0	(57,483)	(103,219)	(883,117)	(104,689)	(126,290)	(78,367)	(8,008)	(269,026)	(36,542)
Anticipated Reserves at Year End	$837,086	$965,436	$250,105 *(NOTE 5)*	$178,689	$227,511	$462,442	$650,882	$803,967	$179,790 *(NOTE 5)*	$329,342	$460,068	$641,811	$898,252	$896,193	$1,136,476 *(NOTE 4)*

Explanatory Notes:

1) Year 2023 starting reserves are projected by Management and the Board as of June 30, 2024; FY2023 starts July 1, 2023 and ends June 30, 2024.
2) Reserve Contributions for 2023 are budgeted; 2024 is budgeted; 2025 is the first year of recommended contributions.
3) **2.0%** is the estimated annual rate of return on invested reserves.
4) Accumulated year 2053 ending reserves consider the need to fund for replacement of the roofs shortly after 2053, and the age, size, overall condition and complexity of the property.
5) Threshold Funding Years (reserve balance at critical point).

4. RESERVE COMPONENT DETAIL

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

Exterior Building Elements

Front elevation overview

Rear elevation overview

Chimney Caps and Flues, Metal

Line Items: 1.140 and 1.141

Quantity: 96 metal chimney caps

History: The chimney caps on 13 buildings were replaced in 2023. The chimney caps on the remaining 12 builds are original

Condition: Varying condition from good to fair overall condition with leaning chimney caps and deterioration evident

Chimney cap overview

Deterioration on base of chimney cap

Leaning chimney cap

Useful Life: 25- to 30-years

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

- As-needed:
  - Clean flues
  - With roof inspection, inspect for wildlife damage, corrosion, sealant deterioration and water infiltration

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

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

Gutters and Downspouts

Line Item: 1.240

Quantity: Approximately 12,300 linear feet of aluminum gutters and downspouts

History: Replaced in 2023 with six-inch gutters and downspouts

Condition: Good to fair overall

Gutter and downspout overview

Gutter and downspout overview

Gutter and downspout overview

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.

Roofs, Asphalt Shingles

Line Item: 1.280 and 1.281

Quantity: Approximately 1,920 *squares*[1]

History: In 2023 13 buildings were replaced due to an insurance claim. The remaining 12 roofs are original to 2011.

Condition: Varying from good to fair overall with isolated shingle lift and sheathing deflection evident from our visual inspection from the ground. Management and the Board do not report a history of leaks.

Roof overview

Roof overview

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

Roof overview

Waste pipe with metal boot

Loose shingles

Sheathing deflection

Useful Life: 15- to 20-years

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

- Laminate shingles
- Boston style ridge caps
- Rubber seal with metal base boot flashing at waste pipes
- Soffit and ridge vents
- Metal drip edge
- Enclosed half weaved valleys

Insulation and ventilation are two major components of a sloped roof system. Together, proper insulation and ventilation help to control attic moisture and maintain an energy efficient building. Both insulation and ventilation prevent moisture buildup which can cause wood rot, mold and mildew growth, warp sheathing, deteriorate shingles, and eventually damage building interiors. Sufficient insulation helps to minimize the quantity of moisture that enters the attic spaces and adequate ventilation helps to remove any moisture that enters the attic spaces. These two roof system components also help to reduce the amount of energy that is required to heat and cool a building. Proper attic

insulation minimizes heat gain and heat loss between the residential living spaces and attic spaces. This reduces energy consumption year-round. Proper attic ventilation removes excessive heat from attic spaces that can radiate into residential living spaces and cause air conditioners to work harder. Properly installed attic insulation and ventilation work together to maximize the useful life of sloped roof systems.

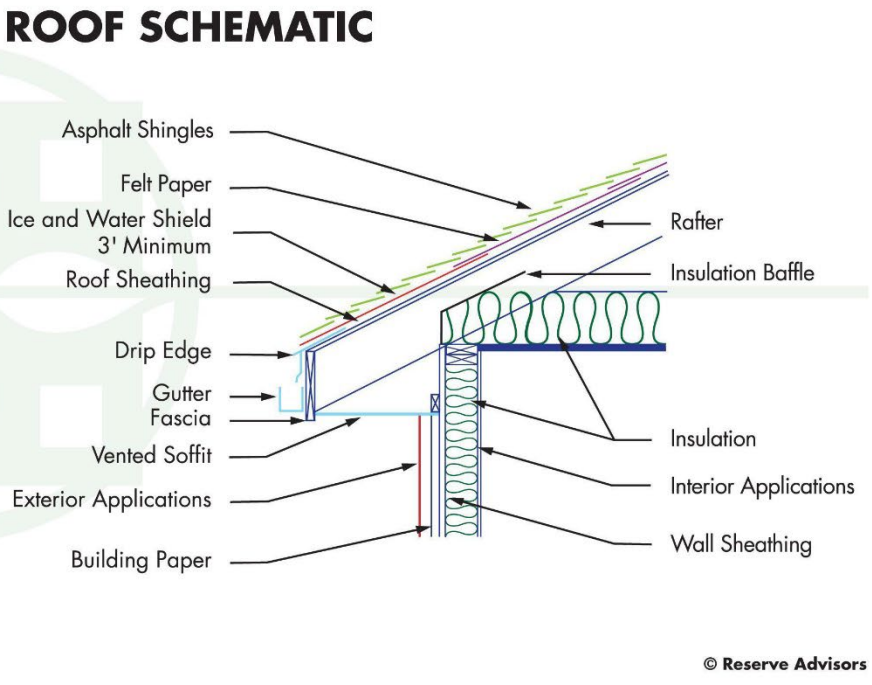
In addition to moisture control and energy conservation, proper attic insulation and ventilation are essential components to prevent the formation of ice dams. Ice dams occur when warm air accumulates at the peak of an attic while the roof eaves remain cold. Warm air from the attic melts the snow at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

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

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

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

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



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

- Inspect for ice dams and 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.

Walls, Masonry

Line Item: 1.820

Quantity: Approximately 61,200 square feet of the exterior walls

History: No reported history of repairs

Condition: Good to fair overall with the following evident:

- No previous repairs evident
- Efflorescence is not visible
- Lintel paint finish in good to fair condition
- Isolated mortar deterioration evident

Masonry overview

Masonry overview

Mortar deterioration

Mortar deterioration

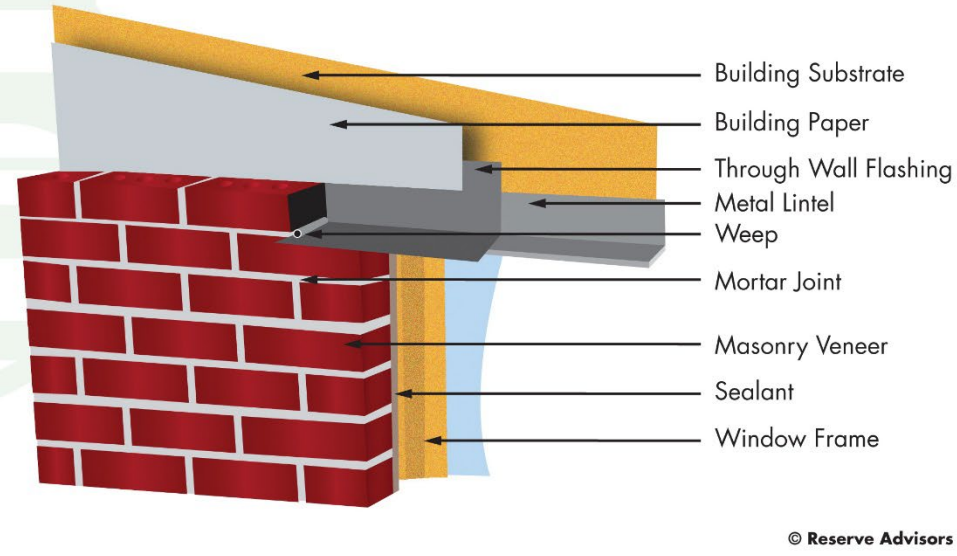
Useful Life: We advise a complete inspection of the masonry and related masonry repairs every 8- to 12-years to forestall deterioration.

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.

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

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



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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Our cost includes the following activities:

- Complete inspection of the masonry
- Repointing of up to five percent (5%) of the masonry
- Replacement of a limited amount of the masonry (The exact amount of area in need of replacement will be discretionary based on the actual future conditions and the desired appearance.)
- Replacement of up to thirty-three percent (33%) of the sealants at the window and door perimeters

Walls, Siding, Vinyl

Line Item: 1.860

Quantity: Approximately 6,900 square feet of lap profile vinyl siding comprises the dormers

History: Original

Condition: Good to fair overall

Vinyl siding overview

Vinyl siding overview

Useful Life: Up to 35 years

Component Detail Notes: The following diagram details the use of building wrap in a vinyl siding system:

The Association should install new vinyl siding as recommended by the *Vinyl Institute, Inc*. The vinyl siding should be installed over a continuous weather resistant barrier and properly integrated flashing around all penetrations. Fasteners used should include aluminum, galvanized steel or other corrosion-resistant fasteners. Siding panels should overlap by approximately one inch. Joints should be staggered so that no two courses are aligned vertically, unless separated by at least three courses. The siding should not

be caulked where the siding meets trim accessories, such as J-channel, or at overlap joints. J-channel should be installed a minimum of ½ inch off of roof lines.

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

- Annually:
  - Inspect and repair loose siding, warping or damage from wind driven objects or lawn care equipment
  - Periodically clean siding as necessary at areas of organic growth. A non-abrasive household cleaner or manufacturer specified vinyl siding cleaner will remove more intense stains. We do not recommend pressure cleaning at vinyl siding due to the siding's brittle nature.

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

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

Walls, Trim, Paint Finishes

Line Item: 1.905

Quantity: Approximately 29,700 square feet of wood trim, soffit and fascia

History: Unknown last paint finish event. The Association plans to paint the trim in 2025.

Condition: Fair overall with deterioration evident

Finish deterioration

Finish deterioration

Useful Life: Four- to six-years

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We assume the following activities per event:

- Paint finish applications
- Replacement of 2,970 square feet, or up to ten percent (10%), of the soffit, fascia and trim (The exact amount of material in need of replacement will depend on the actual future conditions and desired appearance. We recommend replacement wherever holes, cracks and deterioration impair the ability of the material to prevent water infiltration.)

Property Site Elements

Asphalt Pavement, Crack Repair, Patch and Seal Coat

Line Item: 4.020

Quantity: Approximately 8,200 square yards at the alleys and driveways.

History: Unknown last repair event

Condition: Good to fair overall

Useful Life: Three- to five-years

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

Priority/Criticality: Per Board discretion

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

Asphalt Pavement, Repaving

Line Item: 4.045

Quantity: Approximately 8,200 square yards at the alleys and driveways. The main street is maintained by the City of Louisville.

History: Repaved in 2019

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

Asphalt pavement overview

Asphalt pavement overview

Asphalt pavement overview

Asphalt pavement overview

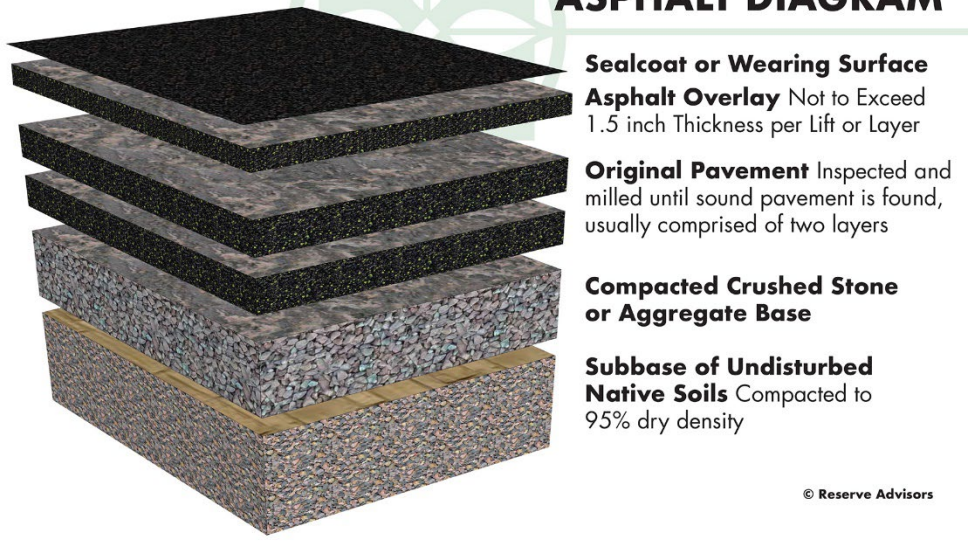
Pavement cracks

Previous repairs

Useful Life: 15- to 20-years with the benefit of timely crack repairs and patching

Component Detail Notes: The initial installation of asphalt uses at least two lifts, or two separate applications of asphalt, over the base course. The first lift is the binder course. The second lift is the wearing course. The wearing course comprises a finer aggregate for a smoother, more watertight finish.

The following diagram depicts the typical components although it may not reflect the actual configuration at Canterbury Place Condominium:



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 Canterbury Place Condominium.

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.

Concrete Aprons

Line Item: 4.108

Quantity: Approximately 3,100 square feet at the unit garages

Condition: Good to fair overall condition

Concrete apron

Concrete apron

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 930 square feet of concrete aprons, or thirty percent (30%) of the total, will require replacement during the next 30 years.

Concrete Curbs and Gutters

Line Item: 4.110

Quantity: Approximately 1,200 linear feet

Condition: Good to fair overall with isolated cracks evident

Curb and gutter overview

Concrete cracks

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 240 linear feet of curbs and

gutters, or twenty percent (20%) of the total, will require replacement during the next 30 years.

Concrete Patios

Line Item: 4.130

Quantity: 96 total, average of 189 square feet each

Condition: Good to fair overall condition. We note isolated settlement.

Concrete patio

Patio with minor settlement

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

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

- Annually:
  - 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 recommend the Association plan for replacement of up to 18 patios, or approximately nineteen percent (18.8%) of the total, during the next 30 years. Our cost estimate is based on historical information received from management.

Concrete Sidewalks

Line Item: 4.140

Quantity: Approximately 8,800 square feet throughout the community. This quantity includes the concrete steps.

Condition: Good to fair overall with isolated cracks evident

Concrete sidewalk – We note concrete cracks

Concrete entrance walk

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 2,640 square feet of concrete sidewalks, or thirty percent (30%) of the total, will require replacement during the next 30 years.

Fences, Wood

Line Item: 4.285

Quantity: Approximately 2,170 linear feet at the perimeter of the property

History: Replaced from 2021-2023

Condition: Good overall condition

Wood fence overview

Wood fence overview

Useful Life: 15- to 20-years

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

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

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. The Association should anticipate periodic partial replacements due to the non-uniform nature of wood deterioration. Along with these partial replacements, the Association should apply periodic paint applications as needed and fund these activities through the operating budget.

Landscape

Line Item: 4.500

Component Detail Notes: The Association contains a large quantity of trees, shrubbery and other landscape elements. Replacement of these elements is an ongoing need. Many associations budget for these replacements as normal maintenance. Other associations fund ongoing replacements from reserves. Large amounts of landscape may need replacement due to disease, drought or other forces of nature. If the cost of removal and replacement is substantial, funding from reserves is logical. The Association may also desire to periodically update the appearance of the community through major improvements to the landscape.

Useful Life: At the request of Management and the Board, we include a landscape allowance for partial replacements of the landscaping throughout the community in 2024.

Priority/Criticality: Per Board discretion

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

Mailbox Stations

Line Item: 4.600

Quantity: Seven stations

History: Unknown exact age

Condition: Good to fair overall

Mailbox stations

Mailbox stations

Useful Life: Up to 25 years

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

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

Priority/Criticality: Per Board discretion

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

Pipes, Subsurface Utilities

Line Item: 4.650

History: The Association reports approximately three water pipe breaks approximately eight years ago

Condition: Reported good to fair overall

Useful Life: Up to and likely beyond 85 years

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

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

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

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. At this time we do not anticipate replacement of continuous lengths of subsurface utility pipes. Rather we recommend the Association budget for repairs to isolated occurrences of breached utilities. Although it is likely that the times of replacement and extent of repair costs may vary from the budgetary allowance, Canterbury Place Condominium 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.

Retaining Walls, Masonry

Line Item: 4.745

Quantity: Approximately 1,300 square feet of dry-set retaining walls throughout the community

History: Original

Condition: Good to fair overall

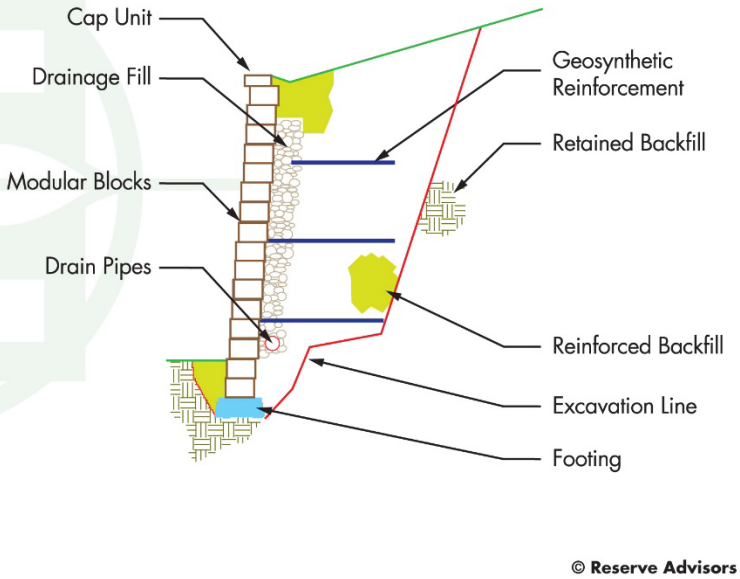
Masonry wall overview

Useful Life: Up to 35 years

Component Detail Notes: Properly constructed interlocking masonry retaining walls utilize geosynthetic reinforcement and a drainage system to stabilize the wall and prevent the buildup of hydrostatic pressure behind the wall. Water stains may indicate inadequate drainage or blocked drainage from behind the wall.

The following schematic depicts the typical components of a retaining wall system although it may not reflect the actual configuration at Canterbury Place Condominium:

MASONRY RETAINING WALL DETAIL



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

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

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

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

Signage, Monument

Line Item: 4.800

Quantity: One property identification sign

History: Original

Condition: Good to fair overall

Entrance monument

Sign lighting

Sign landscape

Signage

Masonry overview

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. The signage includes the following elements:

- Light fixtures
- Fences
- Letters
- Masonry
- Landscaping

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 repointing and repairs to the masonry and replacement of the remaining components listed above.

Clubhouse Elements

Clubhouse front elevation overview

Clubhouse rear elevation overview

Awnings

Line Item: 5.020

Quantity: Two canvas awnings with metal frames

History: Unknown exact age of the front awning. The rear awning was replaced within the last four years.

Condition: Good to fair overall

Awning overview

Awning frame

Useful Life: 10- to 15-years

Priority/Criticality: Per Board discretion

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

HVAC Equipment, Split System

Line Item: 5.450

History: Unknown exact age

Condition: Reported satisfactory

Spilt system overview

Useful Life: 12- to 18-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.

Interior Renovations

Line Items: 5.500 and 5.510

History: Original

Condition: Fair overall condition

Rest room overview

Rest room overview

Interior overview

Kitchen overview

Furnishings

Useful Life: Complete interior renovation every 20 years and partial renovations every 10 years

Component Detail Notes: The clubhouse interior comprises approximately 1,136 square feet of finished area which includes:

- Capet, vinyl and tile floor coverings
- Paint finishes on the walls and ceilings
- Plumbing fixtures
- Light fixtures including exit and emergency lights
- Kitchen cabinets and countertops
- Furnishings including sofas, tables, and chairs
- Various appliances including a stove, refrigerator and microwave

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. The complete renovation should include replacement of all the interior components listed above and fifty percent (50%) of the furnishings. The partial renovations should include the following:

- Application of paint finish to all surfaces
- Replacement of the carpet
- Replacement of up to fifty percent (50%) of the appliances and furnishings

Windows and Doors

Line Item: 5.800

Quantity: Approximately 500 square feet

History: Original

Condition: Good to fair overall condition

Windows and doors overview

Window overview

Useful Life: Up to 40 years

Priority/Criticality: Not recommended to defer

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

Pool Elements

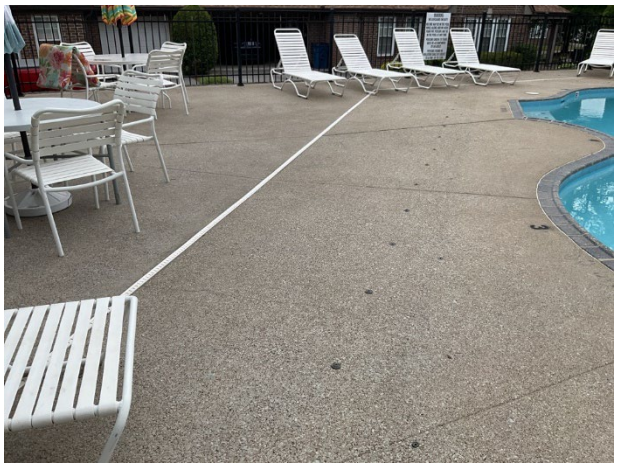
Concrete Deck

Line Item: 6.200

Quantity: Approximately 1,920 square feet

History: Original. Management informs us the concrete deck was sealed in 2024.

Condition: Good to fair overall with cracks evident



Concrete deck

Concrete deck

Concrete cracks

Useful Life: The useful life of a concrete pool deck is up to 60 years or more with timely repairs. We recommend the Association conduct inspections, partial replacements and repairs to the deck every 8- to 12-years.

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

- Semi-annually:
    - Inspect and repair large cracks, trip hazards, and possible safety hazards
    - Inspect and repair pool coping for cracks, settlement, heaves or sealant deterioration
    - Repair concrete spalling and conduct coating repairs in areas with delamination
    - Schedule periodic pressure cleanings as needed

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

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

- Selective cut out and replacements of up to ten percent (10%) of concrete
- Crack repairs as needed
- Mortar joint repairs
- Caulk replacement
- Coating replacement

Fence, Aluminum

Line Item: 6.400

Quantity: Approximately 150 linear feet

History: Original

Condition: Fair overall condition with finish deterioration and damaged sections evident

Fence overview

Fence overview

Damaged section

Finish deterioration

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 fasteners or sections, and damage
  - Repair leaning sections and clear vegetation from fence areas which could cause damage

Priority/Criticality: Not recommended to defer

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

Furniture

Line Item: 6.500

Quantity: The pool furniture includes the following:

- Chairs
- Lounges
- Tables
- Ladders and life safety equipment

History: Varying ages

Condition: Good to fair overall

Pool furniture

Pool furniture

Useful Life: Up to 12 years

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We recommend interim re-strapping, refinishing, cushion replacements, reupholstering and other repairs to the furniture as normal maintenance to maximize its useful life.

Mechanical Equipment

Line Item: 6.600

Quantity: The mechanical equipment includes the following:

- Automatic chlorinator
- Controls
- Filter
- Heater

- Interconnected pipe, fittings and valves
- Pump

History: Varies

Condition: Reported satisfactory

Pool heater

Pool pumps and filters

Chemical controllers

Useful Life: Up to 15 years

Preventative Maintenance Notes: We recommend the Association maintain a maintenance contract with a qualified professional and follow the manufacturer's specific recommended maintenance and local, state and/or federal inspection guidelines.

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. Failure of the pool mechanical equipment as a single event is unlikely. Therefore, we include replacement of up to fifty percent (50%) of the

equipment per event. We consider interim replacement of motors and minor repairs as normal maintenance.

Pool Finishes, Plaster and Tile

Line Items: 6.800 and 6.801

Quantity: 390 square feet of plaster based on the horizontal surface area and approximately 80 linear feet of tile

History:

- Plaster finish: Refinished in 2023
- Tile and coping: Replaced in 2016

Condition: Good to fair overall

Pool finish overview

Pool finish overview

Useful Life: 8- to 12-years for the plaster and 15- to 25-years for the tile and coping

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

- Semi-annually:
    - Inspect and patch areas of significant plaster delamination, coping damage and structure cracks
    - Inspect main drain connection and anti-entrapment covers, pressure test circulation piping and valves
    - Test handrails and safety features for proper operation

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 full tile and coping replacement every other plaster replacement event. Removal and replacement

of the finish provides the opportunity to inspect the pool structures and to allow for partial repairs of the underlying concrete surfaces as needed. To maintain the integrity of the pool structures, we recommend the Association budget for the following:

- Removal and replacement of the plaster finishes
- Partial replacements of the scuppers and coping as needed
- Replacement of tiles as needed
- Replacement of joint sealants as needed
- Concrete structure repairs 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 every 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.

Canterbury Place Condominium 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 annual 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 Owners pay their "fair share" of the weathering and aging of the commonly owned property each year. Level reserve assessments preserve the property and enhance the resale value of the homes.

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

- The Cash Flow Method to compute, project and illustrate the 30-year Reserve Funding Plan
- Local[2] costs of material, equipment and labor
- Current and future costs of replacement for the Reserve Components
- Costs of demolition as part of the cost of replacement
- Local economic conditions and a historical perspective to arrive at our estimate of long-term future inflation for construction costs in Louisville, Kentucky 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 Canterbury Place 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.

JONNY P. SILEO
Engineer, Northeast Region
Responsible Advisor

CURRENT CLIENT SERVICES

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

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

Silver Maple Farm Inc. – Located in Middletown, Delaware, this community consists of 299 single family homes. Silver Maple features an extensive clubhouse, pool, various sport courts and over 8,300 square yards of walking paths for the residents to use.

Hickory Hills Condominium Association – Located in Bel Air, Maryland, Hickory Hills is comprised of 400 units at 23 buildings constructed in the 1970s. The Association maintains the masonry exteriors, sloped asphalt shingle roofs, pool, composite balconies, asphalt pavement, and entrance lobbies.

Hart's Landing Homeowners Association – Located in Lewes, Delaware, this community boasts a dock and pier for residents of the 143 single family homes to enjoy. Amenities include a pool, pool house, pavilion, tennis court, and asphalt pavement walking paths.

Seaheaven – Located in Ocean City, Maryland, this four-story midrise building built in 1986 is located less than two blocks from the ocean. This community features an elevator, concrete breezeways, asphalt pavement parking areas, as well as concrete balconies that overlook the water.

The Parke at Ocean Pines – Located in Berlin, Maryland, The Parke at Ocean Pines comprises of 503 single family homes and features over twenty ponds, a Clubhouse with an indoor pool and fitness center, in addition to a dock and pier for their residents to enjoy.

Club Ocean Villas II Condominium – Located in Ocean City, Maryland, this community is comprised of 276 condos throughout 25 buildings. Some of the amenities at Club Ocean Villas include a boardwalk, finger piers, pool, tennis courts and racquetball court.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, LLC, Mr. Sileo attended Temple University in Philadelphia, Pennsylvania 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.

EDUCATION

Temple University – B.S. Mechanical Engineering

ANDREW K. MCGOWAN, P.E., RS
Great Lakes Regional Engineering Manager and Quality Assurance Engineer

CURRENT CLIENT SERVICES

Andrew K. McGowan is a Mechanical Engineer and Advisor for ***Reserve Advisors, LLC.*** Mr. McGowan is responsible for the inspection and analysis of the condition of clients' property, recommending engineering solutions to prolong the lives of the components, forecasting capital expenditures for the repair and/or replacement of the property components, and preparation of technical reports on assignments. He is responsible for conducting Life Cycle Cost Analysis and Capital Replacement Forecast services and the preparation of Reserve Study Reports for various buildings and communities.

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

Lake Summerset Association, Inc. is an expansive lake getaway of 2,219 units surrounding Lake Summerset in Davis, Illinois. The community is constantly evolving and includes a campground, maintenance compound, dam, docks and various outdoor activity centers.

Nichols Tower is a 14-story historic commercial office building converted from the *Sears Roebuck and Co.* Merchandise Building in Chicago, Illinois. The tower stands as a beacon in the community maintained by *The Foundation for Homan Square*. The building combines historic elements such as decorative masonry and terrazzo floors with new renovations to appeal to tenants.

Shoreline Towers Condominium Association stands 25-stories adjacent to Lake Michigan. The building automation system optimizes energy efficiency for high efficiency boilers and various other systems. Automatic doors meeting ADA accessibility requirements ensure everyone has access to the hospitality room, laundry room and sun deck.

The Scoville Park Residences Condominiums Association preserves a rich history. The building was originally built in 1903 as the Oak Park, Illinois YMCA which included an indoor pool and bowling alleys. Additions were added in 1909 and 1954. The building was converted to condominiums in approximately 1991 where residents can enjoy the elevated courtyard above the parking garage.

Vista Homes Building Corporation is a cooperative of 120 units in a 17-story building overlooking the Museum of Science and Industry in Chicago, Illinois. Originally built in 1925, the building has an extensive history. Upgraded electrical and piping systems help ensure the building is positioned to stand for many more years to come.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, Mr. McGowan attended The Ohio State University where he attained his Bachelor of Science degree in Mechanical Engineering. After graduation, he worked for one of the top cabinet manufacturers where he performed field visits with home construction contractors, such as *NVR, Inc.*, to determine reliable solutions to common quality issues.

EDUCATION

Ohio State University – B.S. Mechanical Engineering

PROFESSIONAL AFFILIATIONS

Professional Engineer (P.E.) - Illinois
Reserve Specialist (RS) - Community Associations Institute
Homeowner Leader Education Committee Member - Community Associations Institute

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

CURRENT CLIENT SERVICES

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

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

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

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

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

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

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

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

PRIOR RELEVANT EXPERIENCE

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

EDUCATION

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

PROFESSIONAL AFFILIATIONS/DESIGNATIONS

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

RESOURCES

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

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

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

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

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

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

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

7. DEFINITIONS

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

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

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

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

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

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

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

Long-Lived Property Component - Property component of Canterbury Place 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) Canterbury Place 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 subject property. The purpose of our energy benchmarking services is to track, collect and summarize the subject property's energy consumption over time for your use in comparison with other buildings of similar size and establishing a performance baseline for your planning of long-term energy efficiency goals.

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. Our energy benchmarking services with respect to the subject property is limited to collecting energy and utility data and summarizing such data in the form of an Energy Star Portfolio Manager Report or any other similar report, and hereby expressly excludes any recommendations with respect to the results of such energy benchmarking services or the accuracy of the energy information obtained from utility companies and other third-party sources with respect to the subject property. The reserve report and any energy benchmarking report (i.e., any Energy Star Portfolio Manager Report) (including any subsequent revisions thereto pursuant to the terms hereof, collectively, the "Report") are based upon a "snapshot in time" at the moment of inspection. RA may note visible physical defects in the Report. The inspection is made by employees generally familiar with real estate and building construction. Except to the extent readily apparent to RA, RA cannot and shall not opine on the structural integrity of or other physical defects in the property under any circumstances. Without limitation to the foregoing, RA cannot and shall not opine on, nor is RA responsible for, the property's conformity to specific governmental code requirements for fire, building, earthquake, occupancy or otherwise.

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

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

Report - RA will complete the services in accordance with the Proposal. The Report represents a valid opinion of RA's findings and recommendations with respect to the reserve study and is deemed complete. RA will consider any additional information made available to RA within 6 months of issuing the Report and issue a revised Report based on such additional information if a timely request for a revised Report is made by you. RA retains the right to withhold a revised Report if payment for services was not tendered in a timely manner. All information received by RA and all files, work papers or documents developed by RA during the course of the engagement shall remain the property of

RA and may be used for whatever purpose it sees fit. RA reserves the right to, and you acknowledge and agree that RA may, use any data provided by you in connection with the services, or gathered as a result of providing such services, including in connection with creating and issuing any Report, in a de-identified and aggregated form for RA's business purposes.

Your Obligations - You agree to provide us access to the subject property for an 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. Additionally, you agree to provide historical replacement schedules, utility bills and historical energy usage files that RA requests and deems necessary to complete the energy benchmarking services, and you agree to provide any utility release(s) reasonably requested by RA permitting RA to obtain any such data and/or information from any utility representative or other third party. You agree to pay actual attorneys' fees and any other costs incurred to collect on any unpaid balance for RA's services.

Use of Our Report and Your Name - Use of the Report is limited to only the purpose stated herein. You acknowledge that RA is the exclusive owner of all intellectual property rights in and relating to the Report. You hereby acknowledge that any use or reliance by you on the Report for any unauthorized purpose is at your own risk and that you will be liable for the consequences of any unauthorized use or distribution of the Report. Use or possession of the Report by any unauthorized third party is prohibited. The Report in whole or in part ***is not and cannot be*** *used as a design specification for design engineering purposes or as an appraisal*. You may show the Report in its entirety to the following third parties: members of your organization (including your directors, officers, tenants and prospective purchasers), your accountants, attorneys, financial institutions and property managers who need to review the information contained herein, and any other third party who has a right to inspect the Report under applicable law including, but not limited, to any government entity or agency, or any utility companies. Without the written consent of RA, you shall not disclose the Report to any other third party. By engaging our services, you agree that the Report contains intellectual property developed (and owned solely) by RA and agree that you will not reproduce or distribute the Report ***to any party that conducts reserve studies without the written consent of RA***.

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

Payment Terms, Due Dates and Interest Charges - If reserve study and energy benchmarking services are performed by RA, then the retainer payment is due upon execution of this agreement and prior to the inspection by RA, and any balance is due net 30 days from the Report shipment date. If only energy benchmarking services are performed by RA, then the retainer payment is due upon execution of this agreement and any balance is due net 30 days from the Report shipment date. In any case, any balance remaining 30 days after delivery of the Report shall accrue an interest charge of 1.5% per month. Unless this agreement is earlier terminated by RA in the event you breach or otherwise fail to comply with your obligations under this agreement, RA's obligations under this agreement shall commence on the date you execute and deliver this agreement and terminate on the date that is 6 months from the date of delivery of the Report by RA. Notwithstanding anything herein to the contrary, each provision that by its context and nature should survive the expiration or early termination of this agreement shall so survive, including, without limitation, any provisions with respect to payment, intellectual property rights, limitations of liability and governing law. We reserve the right to limit or decline refunds in our sole discretion. Refunds vary based on the applicable facts and circumstances.

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