Precision 20/20
Full Reserve Study
for
Lafayette Village
Community Association
Annandale, Virginia
December 14, 2012

RESERVE ADVISORS

Long-term thinking. Everyday commitment.

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Long-term thinking. Everyday commitment.

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RESERVE STUDY EXECUTIVE SUMMARY

Client: Lafayette Village Community Association (Lafayette Village)
Location: Annandale, Virginia
Reference: 120940

Property Basics: Lafayette Village Community Association is a planned unit development which is responsible for the common elements shared by 294 townhomes and 21 single family homes. The Board informs us most of the common elements were built in 1983. The Association maintains the asphalt pavement, recreational courts, retaining walls, pools and a pool house.

Reserve Components Identified: 25 Reserve Components.

Inspection Date: December 14, 2012

Funding Goal: The Funding Goal of this Reserve Study is to maintain reserves above an adequate, not excessive threshold during one or more years of significant expenditures. Our recommended Funding Plan recognizes this threshold funding year in 2042 due to replacement of the pool structure.

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

- current and future *local* costs of replacement
- 0.5% annual rate of return on invested reserves
- 2.0% 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.

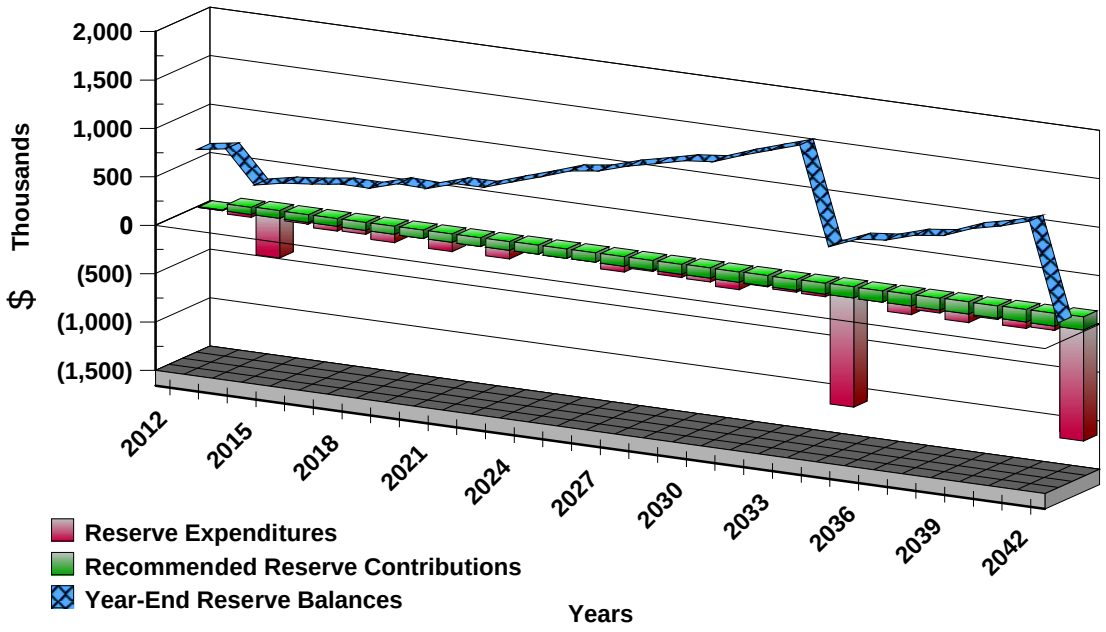
Cash Status of Reserve Fund: $669,605 as of November 30, 2012. A potential deficit in reserves might occur by 2042 based upon continuation of the most recent annual reserve contribution of $71,791 and the identified Reserve Expenditures.

Recommended Reserve Funding: The Association budgeted $71,791 for Reserve Contributions in 2012 and $72,000 in 2013. We recommend that the Association adopt a reserve budget of $76,500 in 2014. Afterwards, the Association should budget gradual annual increases in reserve funding, that in part consider the effects of inflation. The recommended year 2014 Reserve Contribution of $76,500 is $4,500 more than the prior budgeted amount and represents about a one percent (1.1%) adjustment in the 2013 total Operating Budget of $411,006. This initial adjustment of $4,500 is equivalent to an average monthly increase of $1.19 per unit owner.

Certification: This *Precision 20/20 Full Reserve Study* exceeds the Community Associations Institute (CAI) and Association of Professional Reserve Analysts (APRA) standards fulfilling the requirements of a "Level I Full Reserve Study."

Lafayette Village
Recommended Reserve Funding Table and Graph

Year	Reserve Contributions ($)	Reserve Balances ($)	Year	Reserve Contributions ($)	Reserve Balances ($)	Year	Reserve Contributions ($)	Reserve Balances ($)
2013	N/A	720,980	2023	91,500	790,669	2033	111,500	1,583,695
2014	76,500	389,109	2024	93,300	888,156	2034	113,700	575,414
2015	78,000	452,824	2025	95,200	988,035	2035	116,000	694,581
2016	79,600	482,584	2026	97,100	1,028,729	2036	118,300	725,055
2017	81,200	524,096	2027	99,000	1,118,313	2037	120,700	818,416
2018	82,800	521,426	2028	101,000	1,190,196	2038	123,100	854,890
2019	84,500	608,744	2029	103,000	1,258,275	2039	125,600	971,903
2020	86,200	601,102	2030	105,100	1,292,239	2040	128,100	1,036,764
2021	87,900	692,227	2031	107,200	1,397,405	2041	130,700	1,129,422
2022	89,700	695,463	2032	109,300	1,493,244	2042	133,300	119,099



Respectfully submitted on January 21, 2013 by
RESERVE ADVISORS, INC.

Jayme Radomski

Jayme R. Radomski, PRA[1], RS[2], Director of Quality Assurance
Visual Inspection and Report by: Michelle O. Baldry, RS

[1] 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.

[2] 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.

RESERVE STUDY REPORT

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Precision 20/20 Full Reserve Study* of

Lafayette Village Community Association

Annandale, Virginia

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, December 14, 2012.

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
- **Condition Assessment** - Describes the reserve components, documents conditions with photographs, describes our recommendations for repairs or replacement, and includes detailed solutions and procedures for replacements for the benefit of current and future board members
- **Supplementary Information for Financial Statements -** Contains significant unaudited information about existing reserves from the Reserve Components and Expenditures, and estimated current and future replacement costs
- **Methodology -** Lists the national standards, methods and procedures used, financial information relied upon for the Financial Analysis of the Reserve Study
- **Definitions** - Contains definitions of terms used in the Reserve Study, consistent with national standards
- **Conditions of our Service -** Describes Assumptions and Professional Service Conditions
- **Credentials**
- **Resources**

IDENTIFICATION OF PROPERTY

Lafayette Village Community Association is a planned unit development which is responsible for the common elements shared by 294 townhomes and 21 single family homes. The Board informs us most of the common elements were built in 1983. The Association maintains the asphalt pavement, recreational courts, retaining walls, pools and a pool house. We identify 25 major reserve components that are likely to require capital repair or replacement during the next 30 years.

Our investigation includes Reserve Components or property elements as set forth in your Declaration. Our analysis begins by segregating the property elements into several areas of responsibility for repair and replacement. Our process of identification helps assure that future boards and the management team understand whether reserves, the operating budget or homeowners fund certain replacements and assists in preparation of the annual budget. We derive these segregated classes of property from our review of the information provided by the Association and through conversations with the Board. These classes of property include:

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

We advise that the Board conduct an annual review of these classes of property to confirm its policy concerning the manner of funding, i.e., from reserves or the operating budget.

The Reserve Study identifies Reserve Components as set forth in your Declaration or which were identified as part of your request for proposed services. Reserve Components are defined by CAI as property elements with:

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

Long-Lived Property Elements do not have predictable Remaining Useful Lives. The operating budget should fund infrequent repairs. Funding untimely or unexpected replacements from reserves will necessitate increases to Reserve Contributions. Periodic updates of this Reserve Study will help determine the merits of adjusting the Reserve Funding Plan. We identify the following Long-Lived Property Elements as excluded from reserve funding at this time.

- Foundation, Pool House
- Structural Frame, Pool House

The operating budget provides money for the repair and replacement of certain Reserve Components. Operating Budget Funded Repairs and Replacements relate to:

- General Maintenance to the Common Elements
- Expenditures less than $4,000 (*These relatively minor expenditures have a limited effect on the recommended Reserve Contributions*.)
- Electrical Systems, Common
- Fence, Metal, Paint Finishes
- Interior Renovations, Interim, Pool House
- Landscape
- Mulch Replenishment, Playground
- Paint Finishes, Interior, Pool House, Interim
- Paint Finishes, Touch Up
- Paver Walkways
- Pipes, Interior, Pool House, Water and Sewer
- Ravine Maintenance
- Signage, Monuments, Renovations
- Site Furnishings
- Walls, Masonry, Pool House

- Other Repairs normally funded through the Operating Budget

Property Maintained by Others relates to:

- Homes and Lots, Including Driveways, Fences and Walkways (Homeowner)
- Lafayette Village Drive (Fairfax County)
- Merrimac Trail (Fairfax County)
- Pipes, Subsurface Utilities (Fairfax County)

RESERVE EXPENDITURES and FUNDING PLAN

The tables following this introduction present:

Reserve Expenditures

- Line item numbers
- Total quantities replaced during the next 30 years
- Quantities replaced per phase (in a single year)
- Reserve component inventory
- Estimated first year of replacement
- Life analysis showing
  - useful life
  - remaining useful life
- Unit cost of replacement
- 2012 local cost of replacement
- Total future costs of replacement anticipated during the next 30 years
- Schedule of estimated future costs for each reserve component including inflation

Reserve Funding Plan

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

Reserve Advisors, Inc.

RESERVE EXPENDITURES

for
Lafayette Village
Community Association
Annandale, Virginia

Explanatory Notes:
1) 2.0% is the estimated future Inflation Rate for estimating Future Replacement Costs.
2) FY 2012 is Fiscal Year beginning January 1 and ending December 31.

Line Item	Quantities: 30-Year Total	Per Phase	Units	Reserve Component Inventory	Estimated 1st Year of Replacement	Life Analysis, Years Useful	Remaining	Unit Cost, $	2012 Cost of Replacement per Phase, $	Total Future Costs of Replacement, $	(See Notes 1 & 2) RUL = 0 FY2012	1 2013	2 2014	3 2015	4 2016	5 2017	6 2018	7 2019	8 2020	9 2021	10 2022	11 2023	12 2024	13 2025	14 2026	15 2027	16 2028	17 2029	18 2030	19 2031	20 2032
				Property Site Elements																										
4.020	132,240	22,040	Square Yards	Asphalt Pavement, Crack Repair, Patch and Seal Coat	2018	3 to 5	6	1.50	33,060	283,578							37,231				40,300				43,622				47,218		
4.040	22,040	22,040	Square Yards	Asphalt Pavement, Mill and Overlay	2014	15 to 20	2	13.00	286,520	298,095			298,095																	
4.045	22,040	22,040	Square Yards	Asphalt Pavement, Total Replacement	2034	15 to 20	22	29.00	639,160	988,128																				
4.081	2,760	690	Square Yards	Basketball and Multi-Purpose Courts, Color Coat	2022	4 to 6	10	9.00	6,210	35,344											7,570					8,358				9,228
4.082	1,380	690	Square Yards	Basketball and Multi-Purpose Courts, Surface Replacements	2017	to 25	5	38.00	26,220	76,443						28,949														
4.091	290	290	Square Feet	Bridge, Wood	2036	20 to 25	24	30.00	8,700	13,993																				
4.100	44	22	Each	Catch Basins, Inspections and Capital Repairs	2014	15 to 20	2	800.00	17,600	45,520			18,311																	
4.110	3,100	1,550	Linear Feet	Concrete Curbs and Gutters, Partial	2014	to 65	2	30.00	46,500	120,267			48,379																	
4.140	12,000	1,500	Square Feet	Concrete Sidewalks, Partial	2014	to 65	2	9.00	13,500	150,713			14,045				15,203				16,456				17,813				19,281	
4.245	120	120	Linear Feet	Fence, Metal	2018	to 35	6	40.00	4,800	5,406							5,406													
4.560	66	6	Each	Light Poles and Fixtures, Phased	2013	to 25	1	1,400.00	7,700	132,207		7,854	8,011	8,171	8,335														10,997		11,442
4.600	24	8	Each	Mailbox Stations, Phased	2029	to 25	17	1,600.00	12,800	58,324																		17,923			
4.660	2	1	Allowance	Playground Equipment	2020	15 to 20	8	31,500.00	31,500	91,749									36,907												
4.760	3,000	600	Square Feet	Retaining Walls, Timber, Phased (Replace With Masonry)	2014	to 25	2	35.00	21,000	118,432			21,848		22,731		23,649		24,605		25,599										
4.800	2	1	Allowance	Signage, Renovation	2013	15 to 20	1	6,000.00	6,000	14,861		6,120																		8,741	
				Pool House Elements																											
5.500	2	1	Allowance	Interior Renovations, Complete	2016	to 20	4	15,000.00	15,000	40,363					16,236																
5.600	30	15	Squares	Roof, Asphalt Shingles (Includes Gutters and Downspouts)	2013	15 to 20	1	410.00	6,150	15,594		6,273																			
5.800	130	130	Square Feet	Windows and Doors	2018	to 35	6	45.00	5,850	6,588							6,588														
				Pool Elements																											
6.200	17,850	5,950	Square Feet	Concrete Deck, Inspections, Partial Replacements and Repairs	2020	8 to 12	8	0.80	4,760	19,767									5,577								6,534				
6.300	19,850	3,970	Square Feet	Covers (2013 Includes Initial Installation)	2013	6 to 8	1	1.20	4,764	37,943		10,124							5,582						6,412					
6.400	430	430	Linear Feet	Fence, Chain Link	2015	to 30	3	18.00	7,740	8,214				8,214																	
6.500	3	1	Allowance	Furniture	2017	to 12	5	12,000.00	12,000	51,362						13,249												16,803			
6.600	3	1	Allowance	Mechanical Equipment	2016	to 15	4	4,500.00	4,500	19,323					4,871													6,301			
6.800	11,910	3,970	Square Feet	Plaster Finishes	2020	to 8	8	5.20	20,644	85,733									24,188								28,340				
6.900	3,970	3,970	Square Feet	Structures, Total Replacement	2042	to 60	30	140.00	555,800	1,006,755																					
		1	Allowance	Reserve Study Update with Site Visit	2014	2	2	2,450.00	2,450	2,450			2,450																		
				Anticipated Expenditures, By Year						$3,727,152	0	30,371	411,139	16,385	52,173	42,198	88,077	0	96,859	0	89,925	0	0	0	61,435	14,770	34,874	41,027	77,496	8,741	20,670

Reserve Advisors, Inc.

RESERVE EXPENDITURES

for
Lafayette Village
Community Association
Annandale, Virginia

Line Item	Reserve Component Inventory	21 2033	22 2034	23 2035	24 2036	25 2037	26 2038	27 2039	28 2040	29 2041	30 2042
	Property Site Elements										
4.020	Asphalt Pavement, Crack Repair, Patch and Seal Coat						55,323				59,884
4.040	Asphalt Pavement, Mill and Overlay										
4.045	Asphalt Pavement, Total Replacement		988,128								
4.081	Basketball and Multi-Purpose Courts, Color Coat					10,188					
4.082	Basketball and Multi-Purpose Courts, Surface Replacements										47,494
4.091	Bridge, Wood				13,993						
4.100	Catch Basins, Inspections and Capital Repairs		27,209								
4.110	Concrete Curbs and Gutters, Partial		71,888								
4.140	Concrete Sidewalks, Partial		20,871				22,591				24,453
4.245	Fence, Metal										
4.560	Light Poles and Fixtures, Phased		11,904		12,385		12,885	13,143	13,406	13,674	
4.600	Mailbox Stations, Phased	19,401				21,000					
4.660	Playground Equipment								54,842		
4.760	Retaining Walls, Timber, Phased (Replace With Masonry)										
4.800	Signage, Renovation										
	Pool House Elements										
5.500	Interior Renovations, Complete				24,127						
5.600	Roof, Asphalt Shingles (Includes Gutters and Downspouts)	9,321									
5.800	Windows and Doors										
	Pool Elements										
6.200	Concrete Deck, Inspections, Partial Replacements and Repairs				7,656						
6.300	Covers (2013 Includes Initial Installation)		7,365							8,460	
6.400	Fence, Chain Link										
6.500	Furniture									21,310	
6.600	Mechanical Equipment										8,151
6.800	Plaster Finishes				33,205						
6.900	Structures, Total Replacement										1,006,755
	Reserve Study Update with Site Visit										
	Anticipated Expenditures, By Year	28,722	1,127,365	0	91,366	31,188	90,799	13,143	68,248	43,444	1,146,737

Reserve Advisors, Inc.

RESERVE FUNDING PLAN

CASH FLOW ANALYSIS
Lafayette Village
Community Association
Annandale, Virginia

Individual Reserve Budgets & Cash Flows for the Next 30 Years

			FY2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
	Reserves at Beginning of Year (Note 1)		669,605	675,868	720,980	389,109	452,824	482,584	524,096	521,426	608,744	601,102	692,227	695,463	790,669	888,156	988,035	1,028,729
	Total Recommended Reserve Contributions (Note 2)		5,983	72,000	76,500	78,000	79,600	81,200	82,800	84,500	86,200	87,900	89,700	91,500	93,300	95,200	97,100	99,000
Plus	Estimated Interest Earned, During Year (Note 3)		280	3,483	2,768	2,100	2,333	2,510	2,607	2,818	3,017	3,225	3,461	3,706	4,187	4,679	5,029	5,354
Less	Anticipated Expenditures, By Year		0	(30,371)	(411,139)	(16,385)	(52,173)	(42,198)	(88,077)	0	(96,859)	0	(89,925)	0	0	0	(61,435)	(14,770)
	Anticipated Reserves at Year End		$675,868	720,980	389,109	452,824	482,584	524,096	521,426	608,744	601,102	692,227	695,463	790,669	888,156	988,035	1,028,729	1,118,313
	Predicted Reserves based on 2012 funding level of:	$71,791	675,868	721,000	384,000	441,000	463,000	495,000	481,000	555,000	533,000	608,000	593,000	668,000	743,000	819,000	833,000	894,000

(continued)

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

			2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
	Reserves at Beginning of Year		1,118,313	1,190,196	1,258,275	1,292,239	1,397,405	1,493,244	1,583,695	575,414	694,581	725,055	818,416	854,890	971,903	1,036,764	1,129,422
	Total Recommended Reserve Contributions		101,000	103,000	105,100	107,200	109,300	111,500	113,700	116,000	118,300	120,700	123,100	125,600	128,100	130,700	133,300
Plus	Estimated Interest Earned, During Year		5,757	6,106	6,360	6,707	7,209	7,673	5,384	3,167	3,540	3,849	4,173	4,556	5,009	5,402	3,114
Less	Anticipated Expenditures, By Year		(34,874)	(41,027)	(77,496)	(8,741)	(20,670)	(28,722)	(1,127,365)	0	(91,366)	(31,188)	(90,799)	(13,143)	(68,248)	(43,444)	(1,146,737)
	Anticipated Reserves at Year End		1,190,196	1,258,275	1,292,239	1,397,405	1,493,244	1,583,695	575,414	694,581	725,055	818,416	854,890	971,903	1,036,764	1,129,422	119,099 (NOTE 5)
	Predicted Reserves based on 2012 funding level of:	$71,791	935,000	971,000	970,000	1,038,000	1,094,000	1,143,000	91,000	163,000	144,000	185,000	167,000	227,000	232,000	262,000	(814,000) (NOTE 4)

Explanatory Notes:

1) Year 2012 reserves are as of November 30, 2012; FY 2012 starts January 1 and ends December 31.
2) Reserve Contributions for 2012 are the remaining budgeted 1 month; 2013 is budgeted; 2014 is the first year of recommended contributions.
3) 0.5% is the estimated annual rate of return on invested reserves; 2012 is a partial year of interest earned.
4) Accumulated year 2042 ending reserves consider the age, size, overall condition and complexity of the property.
5) Threshold Funding Year (reserve balance at critical point).

CONDITION ASSESSMENT

The Condition Assessment of this *Precision 20/20 Full Reserve Study* includes *Enhanced Solutions and Procedures* (*ESP*) for select significant components. These narratives describe the Reserve Components, document specific problems and conditions, 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.*

Property Site Elements

Asphalt Pavement, Crack Repair, Patch and Seal Coat - Asphalt pavement comprises 22,040 square yards of streets and parking areas throughout the community. The pavement is original and in fair to poor overall condition. We observe areas of seal coat deterioration, vehicular stains, cracks, deterioration and biological growth as depicted on Pages 5.2 through 5.5 of ***Photographs***. To maximize the life of the pavement, the Association should plan for seal coat applications and repairs every three- to five-years. We elaborate on solutions and procedures necessary for the optimal maintenance of asphalt pavement in the following discussion.

We recommend periodic *seal coat applications, crack repairs and patching* to maintain the pavement. Seal coat applications, crack repairs and patching minimize the damaging effects of vehicle fluids, maintain a uniform and positive appearance, and maximize the useful life of the pavement. Asphalt pavement is susceptible to isolated areas of accelerated deterioration in areas that experience freeze-thaw cycles, at the centerlines of streets and at high traffic areas such as

intersections. Depressions often appear at areas where vehicles park such as driveways and parking areas. Isolated areas of depressions, cracks and deterioration indicate the need for crack repairs and area patches. The contractor should patch areas that exhibit potholes, alligator or spider web pattern cracks, and areas of pavement that are severely deteriorated from oil and gasoline deposits from parking vehicles. Area patching requires total replacement of isolated areas of pavement. The contractor should mechanically rout and fill all cracks with hot emulsion. Crack repair minimizes the chance of the cracks transmitting through the pavement.

There are four main types of seal coats available: fog coat, acrylic sealer, chip seals and asphaltic emulsion. A *fog coat* is a simple mixture of water and asphalt. *Acrylic sealers* include an acrylic additive to the water and asphalt mixture for greater resistance to abrasion. *Fog coats* and *acrylic sealers* are typically spray applied and are only for aesthetic purposes. *Chip seal* is the most substantial type of seal coat which involves placement of oil and aggregate on the driving surface. Either a roller or normal vehicular traffic works the gravel into the oil. *Asphaltic emulsions* combine a sharp sand mixture or mineral fibers, and an emulsifying agent with the water and asphalt mixture. *Asphaltic emulsions* are typically hand applied with squeegees to ensure that the sealer fills surface abrasions and minor cracks. This prevents the infiltration of water through cracks into the underlying pavement base. Seal coats therefore minimize the damaging effects of water from expansion and contraction. We regard *asphaltic emulsions* as the most effective and economical type of seal coat.

Lafayette Village should repair any isolated areas of deteriorated pavement prior to seal coat applications. Proposals for seal coat applications should include both crack repair and area patching. These activities reduce water infiltration and the effects of inclement weather. The

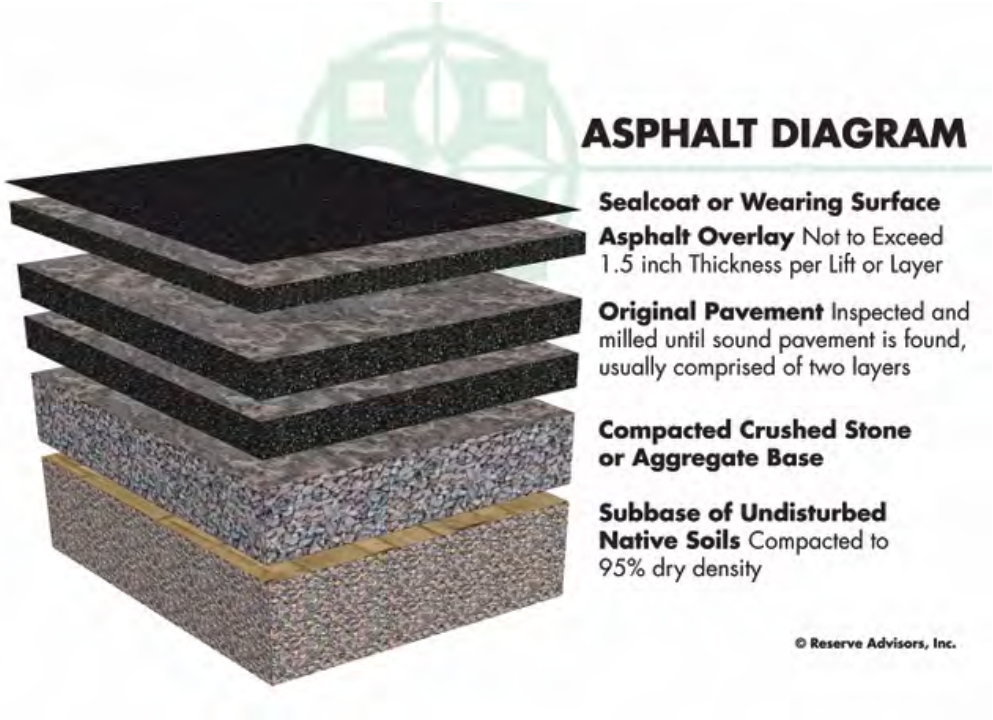
contractor should only apply seal coat applications after remedial crack and surface repairs are completed. A seal coat does not bridge or close cracks, therefore, unrepaired cracks render the seal coat applications useless. Our future estimates of cost include an allowance for both crack repair and area patching.

We recommend that Lafayette Village plan the next application of seal coat by 2018 and subsequent applications every four years thereafter except when repaving occurs. Line Item 4.020 of ***Reserve Expenditures*** notes our estimate of future costs and anticipated times of these seal coat applications. Our cost includes an allowance for striping of the parking areas.

Asphalt Pavement, Repaving - As previously stated, asphalt pavement comprises 22,040 square yards of streets and parking areas throughout the community. The pavement is original and in fair to poor overall condition. We observe areas of seal coat deterioration, vehicular stains, cracks, deterioration and biological growth as depicted on Pages 5.2 through 5.5 of ***Photographs***. The useful life of pavement in Annandale is from 15- to 20-years. We include the following repaving solutions and procedures for the benefit of the present and future board members.

Components of asphalt pavement include native soil, aggregate and asphalt. First the contractor creates a base course of aggregate or crushed stone and native soil. The base course is individually compacted to ninety-five percent (95%) dry density prior to the application of the asphalt. Compaction assures a stable base for the asphalt that reduces the possibility of settlement. 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 these components.



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

apparent visual condition and configuration of the asphalt pavement, we recommend the *mill and overlay* method for initial repaving, followed by the *total replacement* method for subsequent repaving at Lafayette Village.

A variety of repairs are necessary to deteriorated pavement prior to the application of an overlay. The contractor should use a combination of area patching, crack repair and milling before the overlayment. Properly milled pavement removes part of the existing pavement and permits the overlay to match the elevation of adjacent areas not subject to repaving. Milling also allows the contractor to make adjustments to the slope of the pavement to ensure proper drainage. The contractor should clean the milled pavement to ensure proper bonding of the new overlayment. We recommend an overlayment thickness that averages 1½ inches (not less than one inch or more than two inches). Variable thicknesses are often necessary to create an adequate slope for proper drainage. The contractor should identify and quantify areas of pavement that require area patching, crack repair and milling to help the Association compare proposed services.

Total replacement requires the removal of all existing asphalt. For area patching, we recommend the contractor use a rectangular saw cut to remove the deteriorated pavement. For larger areas such as entire parking areas or driveways, we recommend the contractor grind, mill or pulverize the existing pavement to remove it. The contractor should then augment and compact the existing aggregate and native soil to create a stable base. Finally the contractor should install the new asphalt in at least two lifts.

The time of replacement is dependent on the useful life, age and condition of the pavement. The useful life of 15- to 20-years is dependent in part on the maintenance applied to the pavement, the amounts and concentration of auto solvents that penetrate the pavement, the exposure to sunlight and detrimental effects of inclement weather. Lafayette Village should repair any isolated areas of deteriorated pavement concurrent with periodic seal coat applications. We recommend the Association plan for a milling and overlayment of the pavement with area patching of up to ten percent (10%) by 2014. We depict this information on Line Item 4.040 of ***Reserve Expenditures***. We recommend the Association plan for a total replacement of the asphalt pavement by 2034. We depict this information on Line Item 4.045 of ***Reserve Expenditures***. The Association should coordinate asphalt repaving with related activities such as partial replacement of concrete curbs and gutters, and capital repairs to catch basins.

Basketball and Multi-Purpose Courts - Lafayette Village maintains 690 square yards of asphalt comprising one basketball court and one multi-purpose court. The components of the courts include the *color coat* and the playing *surfaces*. We comment on the respective quantities, conditions and times of replacements in the following sections of this narrative.

Color Coat - The court color coat surfaces are in good overall condition at an age of less than one year. We recommend the Association apply a new color coat to the asphalt courts every four- to six-years to maximize the useful life of the courts. Prior to the application of the color coat, the Association should require the contractor to rout and fill all cracks with hot emulsion. This deters water infiltration and further deterioration of the asphalt playing surface. We advise the Association to perform crack repairs and apply

a new color coat to the asphalt surfaces by 2022 and every five years thereafter except when replacement occurs. We include this information on Line Item 4.081 of ***Reserve Expenditures***.

Surface - The court playing surfaces are original and in fair overall condition. We observe cracks and vegetation growth as depicted on Pages 5.5 and 5.6 of ***Photographs***. These courts have useful lives of up to 25 years. In consideration of the observed condition and to maintain a safe playing surface, we recommend the Association anticipate replacement of the courts by 2017 and again by 2042. We note this information on Line Item 4.082 of ***Reserve Expenditures***. We recommend replacement of the basketball standards from the operating budget on an as needed basis.

The times and costs of these replacements may vary. However, the estimated expenditures detailed in ***Reserve Expenditures*** are sufficient to budget appropriate reserves.

Bridge, Wood - The Association maintains a bridge near the pool area which comprises approximately 290 square feet of wood decking and 120 linear feet of wood railings. The wood bridge is in good condition at an age of less than one year. Wood bridge materials treated with a protective finish have useful lives of 20- to 25-years with proper maintenance. Proper maintenance should include the following activities funded through the operating budget:

- Annual inspections to identify and correct any unsafe conditions
- Securing of loose fasteners and replacement of deteriorated fasteners
- Replacement of deteriorated wood components

- Power washing with an algaecide and application of a sealer

The rates and types of deterioration are not uniform due to the nature of wood. Replacement is normally an ongoing process which eventually leads to a complete replacement for economic or aesthetic reasons. We recommend the Association budget for replacement of the bridge by 2036. We depict this information on Line Item 4.091 of ***Reserve Expenditures***.

Catch Basins - Twenty-two catch basins collect storm water from the pavement and conduct it into the storm water system. The overall condition of the catch basins is good without settlement visually apparent. The useful life of catch basins is up to 60 years. However, achieving this useful life usually requires interim capital repairs or partial replacements every 15- to 20-years.

The Association should anticipate the occasional displacement or failure of a catch basin and the surrounding pavement from erosion. Erosion causes settlement around the collar of catch basins. Left unrepaired, the ***entire catch basin*** will shift and need replacement. Lafayette Village should plan to repair or replace any displaced or failed catch basins concurrently with surrounding pavement, and curbs and gutters. The exact times and amount of capital repairs or replacements are dependent upon variable natural forces. Based on the age and condition of the catch basins, we recommend the Association anticipate the inspection, capital repair or partial replacement of the 22 catch basins in conjunction with each repaving event. We include this information on Line Item 4.100 of ***Reserve Expenditures***.

Concrete, Flatwork - The Association maintains two applications of concrete flatwork: *curbs and gutters* and *sidewalks*. These applications of concrete have useful lives of up to 65 years although isolated deterioration of limited areas of concrete is common. Inclement weather, inadequate subsurface preparation and improper concrete mixtures or finishing techniques can result in premature deterioration such as settlement, chips, cracks and spalls. Variable conditions like these result in the need to plan for periodic partial replacements of the concrete flatwork throughout the next 30 years. We comment on the respective quantities, conditions and times of partial replacements of concrete flatwork in the following sections of this narrative.

Concrete Curbs and Gutters - Concrete curbs and gutters line the pavement of Lafayette Village. These curbs and gutters comprise 10,350 linear feet and are in good to fair condition overall. We observe deterioration, spalls, cracks and damaged curbs and gutters as depicted on Pages 5.7 and 5.8 of ***Photographs***. We estimate that up to 1,550 linear feet of curbs and gutters, or fifteen percent (15%) of the total, will require replacement in conjunction with each repaving event. We depict this information on Line Item 4.110 of ***Reserve Expenditures***. We assume the use of 3,500 psi (pounds per square inch) concrete.

Concrete Sidewalks - Concrete sidewalks comprise 30,100 square feet throughout the community. The sidewalks are in fair overall condition. We observe trip hazards and cracks as depicted on Pages 5.9 and 5.10 of ***Photographs***. We estimate that up to 12,000 square feet of concrete sidewalks, or forty percent (40%) of the total, will require replacement during the next 30 years. We recommend the Association budget for

replacement of 1,500 square feet of concrete sidewalks every four years beginning by 2014. Line Item 4.140 of ***Reserve Expenditures*** notes our estimate of future costs and anticipated times of replacements. We base our estimate of replacement on four-inch thick, 3,000 psi (pounds per square inch) concrete with 6x6 - W1.4xW1.4 steel reinforcing mesh. We recommend an annual inspection of the sidewalks to identify potential trip hazards. We suggest that the Association grind down or mark these hazards with orange safety paint prior to replacement and fund this ongoing activity through the operating budget.

The Association should coordinate the concrete flatwork partial replacements on Line Items 4.110 and 4.140 of ***Reserve Expenditures*** to maximize the given amount of concrete in a single event. This will permit the use of a single contractor and likely achieve the most economical unit price for the work. The Association should also coordinate partial replacements of concrete curbs and gutters with asphalt pavement, due to the interrelated nature of these items. The times and costs of these replacements may vary. However, the estimated expenditures detailed in ***Reserve Expenditures*** are sufficient to budget appropriate reserves.

Fence, Metal - Approximately 120 linear feet of metal fence lines one of the larger retaining walls near Ashley Glen Road. The fence is original and in fair condition. The protective finishes are in poor overall condition as depicted on Page 5.11 of ***Photographs***. Fences of this type have a long useful life but are not maintenance free. Periodic maintenance should include periodic applications of protective paint finish to the metal surfaces and partial replacement of deteriorated sections as needed. Metal components at grade and key structural

connections are especially prone to failure if not thoroughly maintained. Secure and rust free fasteners and connections will prevent premature deterioration. We recommend paint applications every six- to eight-years. The Association should fund this activity through the operating budget. We anticipate a useful life of up to 35 years for the fence. We anticipate replacement of the fence by 2018. We depict this information on Line Item 4.245 of ***Reserve Expenditures***.

Light Poles and Fixtures - The Association uses approximately 40 metal light fixtures atop metal or fiberglass poles to illuminate the streets and pool area. Approximately 18 of the light poles and fixtures were replaced within the last seven years. The Board informs us the Association is in the process of replacing the remaining original metal poles with fiberglass poles as depicted on Page 5.12 of ***Photographs***. We recommend the Association anticipate the phased replacement of the remaining original light poles and fixtures beginning in 2013 and concluding by 2016. Exterior light poles and fixtures have useful lives of up to 25 years. The Association should anticipate the need for a subsequent phased replacement the poles and fixtures beginning by 2030 and concluding by 2041. We note this information on Line Item 4.560 of ***Reserve Expenditures***.

Mailbox Stations - The Association maintains 24 metal mailbox stations throughout the property that serve the residents of Lafayette Village. The mailbox stations in good condition at ages of up to seven years and have a useful life of up to 25 years. Lafayette Village should budget for a phased replacement of the mailbox stations beginning by 2029 and concluding by

2037. We depict this information on Line Item 4.600 of ***Reserve Expenditures***. The Association should verify the new mailboxes meet the specifications of the United States Postal Service.

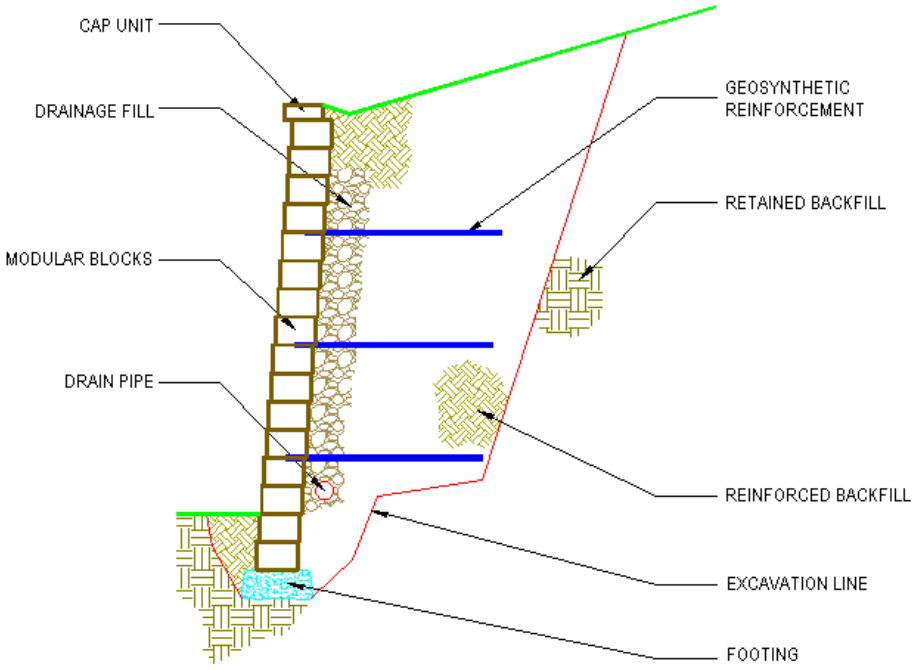
Playground Equipment - The Association maintains playground equipment near Newport Glen Pass. The playground equipment includes the following elements:

- Benches and picnic tables
- Border, plastic timbers
- Fence, chain link
- Playsets
- Surface, mulch
- Swingsets
- Trash receptacles

The playground equipment is in good to fair condition at an approximate age of 12 years. Safety is the major purpose for maintaining playground equipment. We recommend an annual inspection of the playground equipment to identify and repair as normal maintenance loose connections and fasteners or damaged elements. We suggest the Association learn more about the specific requirements of playground equipment at http://www.playgroundsafety.org. We recommend the use of a specialist for the design or replacement of the playground equipment environment. Playground equipment of this type has a useful life of 15- to 20-years. We recommend replacement of the playground equipment by 2020 and again by 2040. We include this information on Line Item 4.660 of ***Reserve Expenditures***.

Retaining Walls, Timber - The Association maintains retaining walls throughout the community that comprise 3,000 square feet of wood timbers. The retaining walls are original and in good to fair overall condition. We observe areas of deterioration, biological growth, lean and exposed nails as depicted on Pages 5.13 through 5.15 of ***Photographs***. Timber retaining

walls have a typical useful life of up to 25 years. Based on the various conditions and locations, we recommend the Association anticipate a phased replacement of the retaining walls beginning by 2014 and concluding by 2022. We advise that Lafayette Village replace with a modular, interlocking *dry-set masonry retaining wall* system. The following schematic drawing depicts this type of retaining wall.



The cost of *dry-set masonry retaining walls* is similar to the cost of timber walls. However, dry-set masonry retaining walls offer a longer useful life of up to 35 years and lower total maintenance costs. We include this information on Line Item 4.760 of ***Reserve Expenditures***.

Signage - The Association maintains 12 wood signs throughout the community. These signs are in poor condition at an unknown age as depicted on Page 5.15 of ***Photographs***. The

functional useful life of the signs is from 15- to 20-years. The community signs contribute to the overall aesthetic appearance to owners and potential buyers. Renovation 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 the renovation of the signs is discretionary. We recommend the Association plan to renovate the signs in 2013 and again by 2031. Our estimate of cost on Line Item 4.800 of ***Reserve Expenditures*** was provided by the Board.

Pool House Elements

Interior Renovations - The pool house interior comprises two rest rooms and a common area. Interior components of the clubhouse include:

- Countertops
- Floor coverings, tile
- Light fixtures
- Paint finishes on the walls and ceilings
- Plumbing fixtures
- Water heater

The pool house interior elements are original and in fair overall condition. The useful lives of these interior building elements vary. However, due to interrelated nature of these elements and the desire to achieve a uniform appearance, we recommend the Association combine their replacements into coordinated interior renovations. We recommend the Association anticipate complete interior renovations every 20 years. These renovations should include replacement of all the interior components listed above.

Based on the age and visual condition of these interior pool house elements, we recommend the Association budget for coordinated complete interior renovations by 2016 and

again by 2036. We note this information on Line Item 5.500 of ***Reserve Expenditures***. The Association should fund interim renovations as needed through the operating budget.

Roof, Asphalt Shingles - The pool house roof comprises 15 *squares*[1] of asphalt shingles and 120 linear feet of gutters and downspouts. The roof is in poor condition at an unknown age. We observe shingle curl, sheathing deflection and a missing shingle as depicted on Page 5.16 of ***Photographs***. The useful life of an asphalt shingle roof is from 15- to 20-years. We recommend the Association anticipate complete replacement of the pool house roof in 2013 and again by 2033. We note this information on Line Item 5.600 of ***Reserve Expenditures***.

Windows and Doors - The pool house windows and doors comprise approximately 5,950 square feet, are original and are in fair overall condition. The useful life of windows and exterior doors is up to 35 years. The useful life of the windows and doors is based on the occurrence of water infiltration, thermal inefficiencies compared to present technology, type of frame, availability of replacement parts and aesthetics. Based on these factors, we recommend the Association anticipate replacement of these windows and doors by 2018. We depict this information on Line Item 5.800 of ***Reserve Expenditures***.

Pool Elements

Concrete Deck - A concrete deck surrounds the pool and comprises approximately 5,950 square feet. The deck is original and in good condition. The useful life of a concrete pool deck is up to 60 years. However, we recommend the Association conduct inspections, partial replacements and repairs to the deck every 8- to 12-years.

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

Inadequate subsurface preparation, improper concrete mixtures, poor finishing techniques, soil movement and water infiltration underneath the concrete deck can cause significant settlement and cracks in the concrete. The pool deck should also be free of trip hazards for the safety of residents and their guests. We recommend the Association budget for the following by 2020 and every eight years thereafter:

- Selective cut out and replacements of up to five percent (5%) of concrete
- Crack repairs as needed
- Mortar joint repairs
- Caulk replacement

The times, amounts and related costs of these repairs and replacements may vary. However, we judge the amounts shown on Line Item 6.200 of ***Reserve Expenditures*** sufficient to budget appropriate reserves.

Covers - A vinyl cover protects the kiddie pool during the off season. The Board informs us the Association will purchase a cover for the main pool in 2013. The pool covers will protect against unlawful entry and liability exposure, keep the pool clear of unwanted leaves and debris, and protect the pool from harsh conditions during winter. The useful life of a pool cover is from six- to eight-years. Our allowance in 2013 allows for installation of the cover hardware. We recommend Lafayette Village anticipate subsequent replacement of the covers every seven years thereafter. We depict this information on Line Item 6.300 of ***Reserve Expenditures***.

Fence, Chain Link - Approximately 430 linear feet of chain link fence encloses the pool area. The fences are original and in fair condition. Chain link fences have typical useful lives of up to 30 years. We recommend the Association anticipate the replacement of the chain link fence by 2015. We depict this information on Line Item 6.400 of ***Reserve Expenditures***.

Furniture - Associated furniture and fixtures around the pool include the following:

- Chairs (12)
- Lounges (43)
- Tables (6)
- Umbrellas (8)

These items are in fair condition at an unknown age. Pool furniture has a useful life of up to 12 years. We recommend the Association budget an allowance for replacement of the pool furniture by 2017 and every 12 years thereafter. The times and costs of these replacements may vary. However, we judge the amounts shown on Line Item 6.500 of ***Reserve Expenditures*** sufficient to budget appropriate reserves. 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 - The pool mechanical equipment comprises the following:

- Automatic chlorinators
- Controls
- Filters
- Interconnected pipe, fittings and valves
- Pumps

The pool mechanical equipment is in fair condition at various ages. Pool mechanical equipment has a useful life of up to 15 years. We recommend the Association anticipate replacement of the pool mechanical equipment by 2016 and every 13 years thereafter. We consider interim replacement of motors and minor repairs as normal maintenance. We note this information on Line Item 6.600 of ***Reserve Expenditures***.

Plaster Finishes - The main pool and kiddie pool wall and floor surfaces have a plaster finish of 3,970 square feet based on the horizontal surface area. The pool plaster is in good

reported condition at an age of less than one year. This type of pool finish deteriorates with time and requires periodic maintenance and replacement. We recommend the Association anticipate the need to replace the plaster finishes and conduct related repairs every eight years to maintain the integrity of the pool structures. Removal and replacement provides the opportunity to inspect the pool structures and to allow for partial repairs of the underlying concrete surfaces as needed. We recommend the Association budget for the following by 2020 and every eight years thereafter except when structure replacement occurs:

- Removal and replacement of the plaster finishes
- Partial replacements of the scuppers and coping as needed
- Replacement of up to ten percent (10%) of the tiles
- Replacement of joint sealants as needed
- Concrete structure repairs as needed

We include this information on Line Item 6.800 of ***Reserve Expenditures***.

Structures - The concrete pool structures are original and visually appear in good condition. The concrete floor and walls have a plaster finish. This finish makes it difficult to thoroughly inspect the concrete structures during a noninvasive visual inspection.

We anticipate a total useful life of up to 60 years for the pool structures. The need to replace a pool structure depends on the condition of the concrete structure, the condition of the embedded or concealed water circulation piping, possible long term uneven settlement of the structure, and the increasing cost of repair and maintenance. Deterioration of any one of these component systems could result in complete replacement of the pool. For example, deferral of a deteriorated piping system could result in settlement and cracks in the pool structure. This mode of failure is more common as the system ages and deterioration of the piping system goes

undetected. For reserve budgeting purposes, we recommend Lafayette Village plan to replace the following components by 2042:

- Concrete deck
- Fence, chain link
- Pool structures, main and kiddie
- Subsurface piping

The time and cost of this project may vary. However, we judge the amount shown on Line Item 6.900 of ***Reserve Expenditures*** sufficient to budget appropriate reserves.

Reserve Study Update - An ongoing review by the Board and an Update of this Reserve Study in two- to three- years 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.

The Association can expense the fee for an Update with site visit from the reserve account. This fee is included in the Reserve Funding Plan. We base this budgetary amount on updating the same property components and quantities of this Reserve Study report. Budgeting

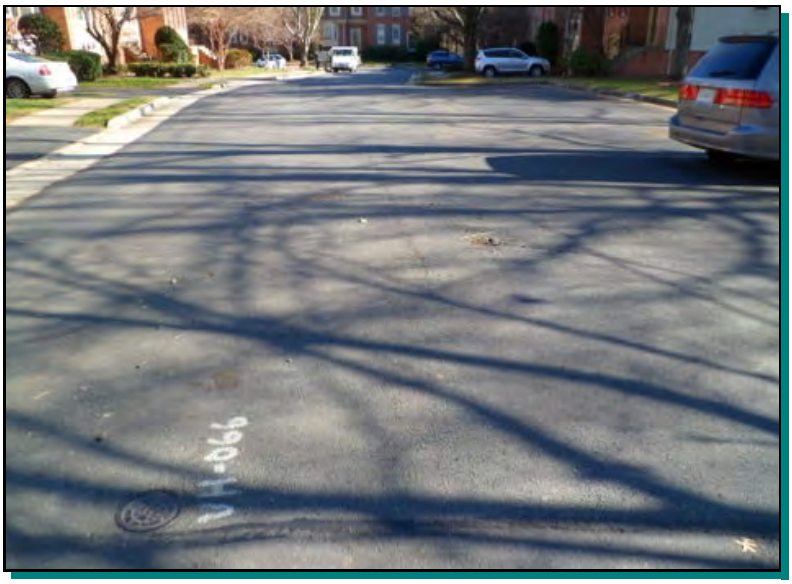
for an Update demonstrates the Board's objective to continue fulfilling its fiduciary responsibility to maintain the commonly owned property and to fund reserves appropriately.

PHOTOGRAPHS

Photographs document the conditions of various property components as of the date of our visual inspection, December 14, 2012. The Condition Assessment contains references to these photographs.

The following is an overview image of the subject property:

The next pages contain the photographs related to Section 4 - Condition Assessment



Asphalt pavement overview, Hampton Village Pass

Asphalt pavement

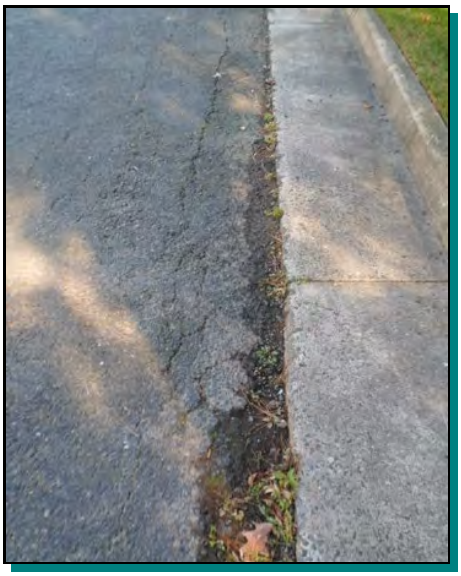
Note: Cracks along Hancock Forest Drive.

Asphalt pavement

Note: Seal coat deterioration, vehicular stains and cracks along Hampton Village Pass.

Asphalt pavement

Note: Cracks along Hampton Village Pass.



Asphalt pavement

Note: Deterioration along Brunswick Forest Pass.

Asphalt pavement

Note: Deterioration along Ashley Glen Road.

Asphalt pavement

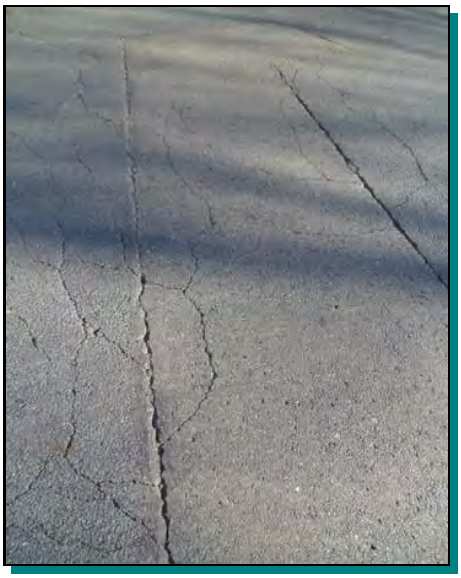
Note: Crack with biological growth along Peyton Forest Trail.

Asphalt pavement

Note: Deterioration along Butterfield Lane.

Asphalt pavement

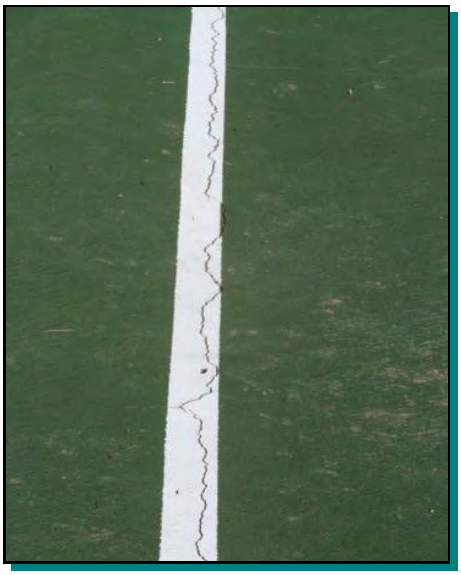
Note: Deterioration along Colonial Village Row.



Asphalt pavement

Note: Deterioration along Yorktown Village Pass.

Basketball court overview



Basketball court

Note: Cracks.

Multi-purpose court

Note: Cracks and vegetation growth.

Wood bridge

Catch basin

Concrete curb and gutter overview

Concrete curb and gutter

Note: Deterioration along Hancock Forest Drive.

Concrete curb and gutter

Note: Spalls along Hampton Village Pass.

Concrete curb and gutter

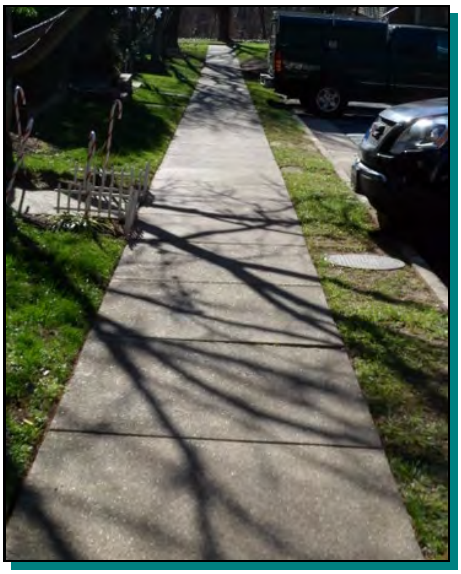
Note: Damage along Ashley Glen Road.

Concrete curb and gutter

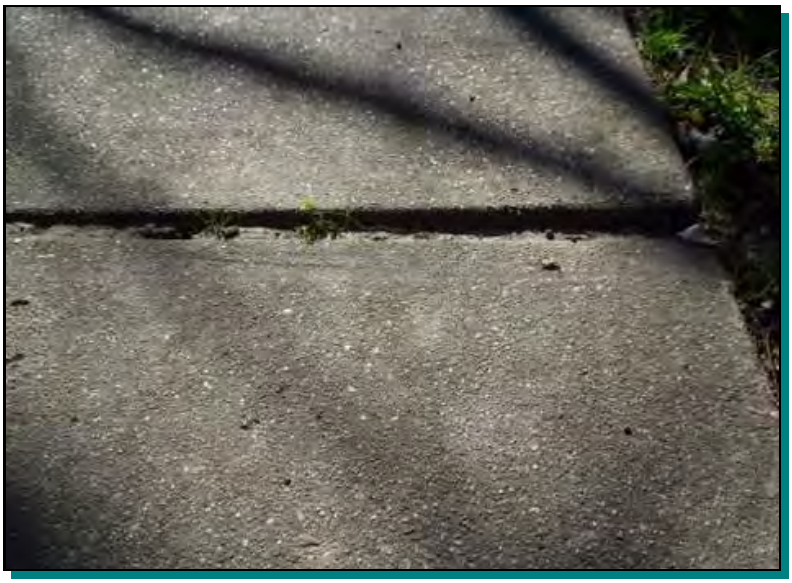
Note: Deterioration along Mount Airey Lane.

Concrete curb and gutter

Note: Cracks and spall along Yorktown Village Pass.



Concrete sidewalk overview

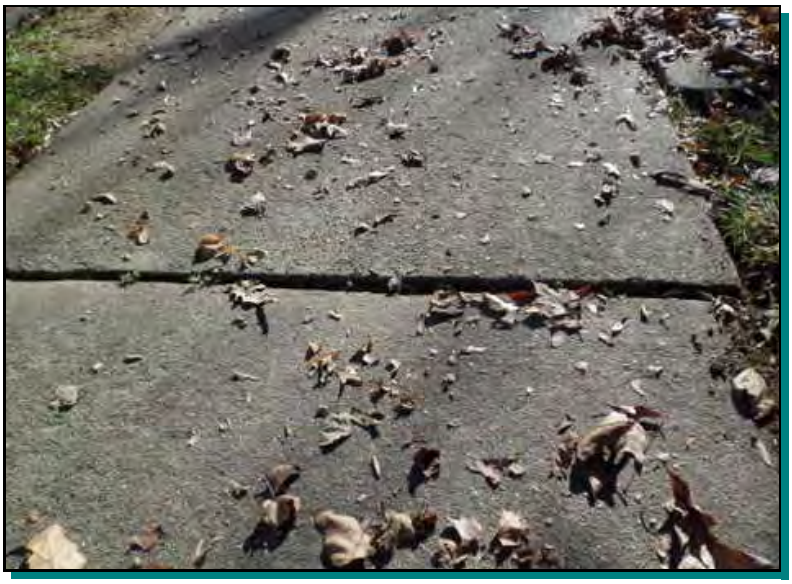


Concrete sidewalk

Note: Trip hazard along Hancock Forest Drive.

Concrete sidewalk

Note: Trip hazard along Peyton Forest Trail.

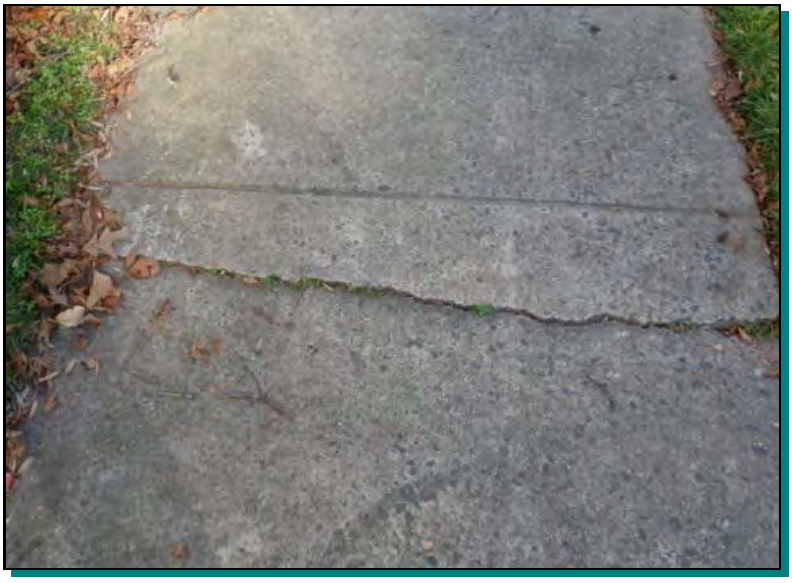


Concrete sidewalk

Note: Trip hazard along Butterfield Lane.

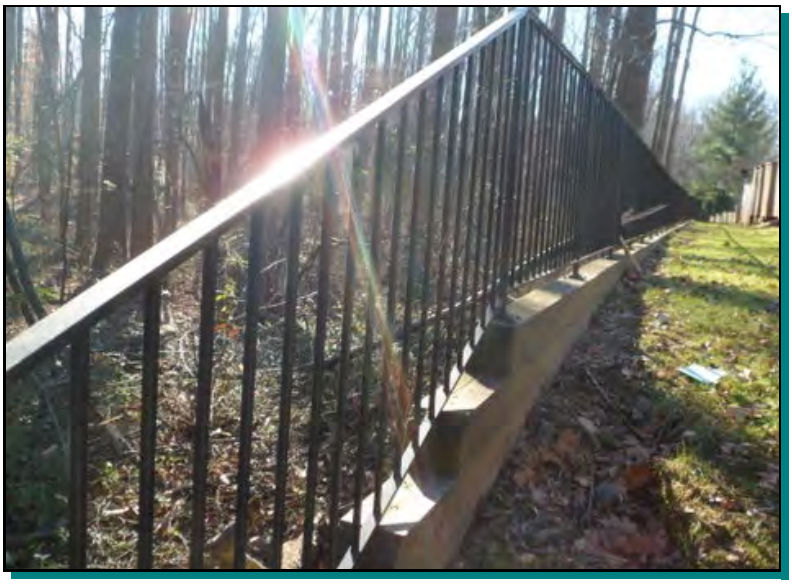
Concrete sidewalk

Note: Trip hazard along Mount Airey Lane.

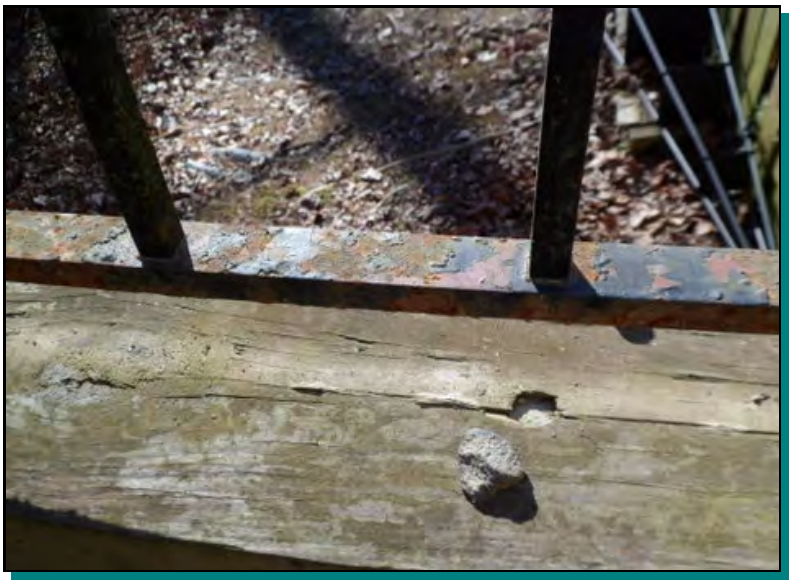


Concrete sidewalk

Note: Cracks along Brunswick Forest Pass.



Metal fence



Metal fence with paint finish deterioration

Note: Fund paint finishes through the operating budget.

Light pole and fixture, original

Light pole and fixture

Note: Association is replacing the larger metal poles with smaller fiberglass poles.

Mailbox station

Playground equipment

Timber retaining wall

Timber retaining wall

Timber retaining wall

Note: Deterioration and exposed nail.

Timber retaining wall

Note: Biological growth.

Timber retaining wall

Note: Deterioration and biological growth.

Timber retaining wall

Note: Deterioration.

Timber retaining wall

Note: Lean.

Wood signage

Note: Deterioration.

Pool house

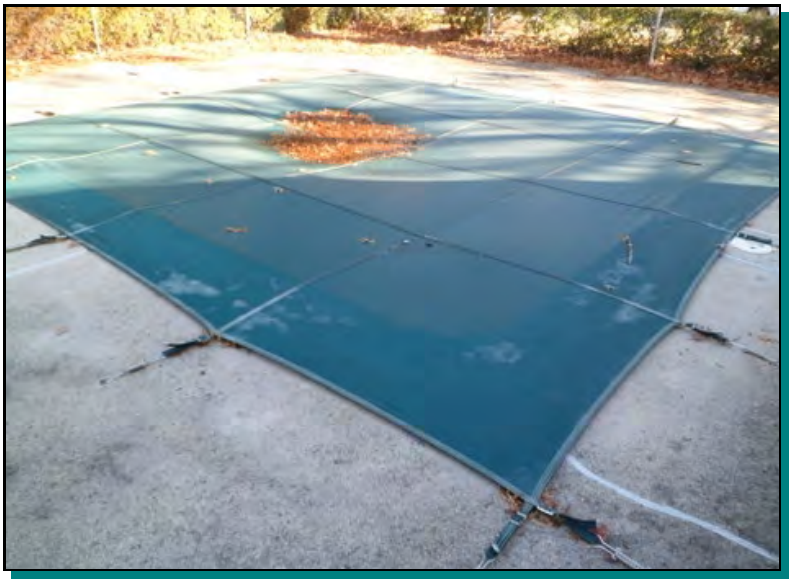
Pool house interior

Pool house interior

Asphalt shingle roof

Note: Shingle curl, sheathing deflection and missing shingle.

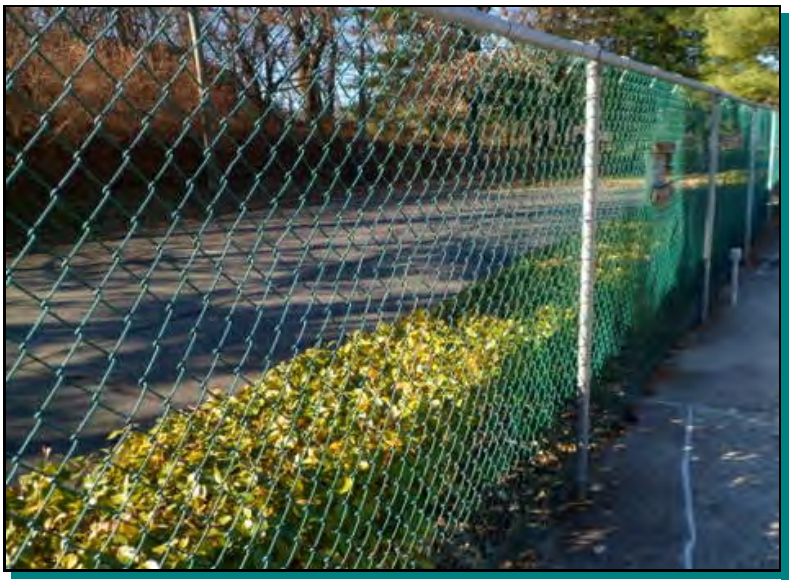
Pool overview



Kiddie pool

Concrete pool deck

Note: Evidence of previous repairs.



Chain link pool fence

Pool furniture

Pool mechanical equipment

SUPPLEMENTARY INFORMATION FOR FINANCIAL STATEMENTS

The Reserve Funding Plan uses the Cash Flow Method to determine an appropriate funding plan with the following unaudited financial information furnished by the Association.

Unaudited Supplemental Information on Future Major Repairs and Replacements

Reserve Component Categories	*Total Current Replacement Costs*	*Total Future or Inflated Replacement Costs*	*% of Total Future Replacements*	*Component of Projected 2012 YE Fund Balance*
Property Site Elements	$1,761,820	$2,433,060	65.3%	$441,202
Pool House Elements	$48,150	$62,545	1.7%	$11,342
Pool Elements	$713,072	$1,229,097	33.0%	$222,880
Reserve Study Update	$2,450	$2,450	0.1%	$444
Totals	***$2,525,492***	***$3,727,152***	***100%***	***$675,868***

The *Audit and Accounting Guide for Common Interest Realty Associations* presents recommendations on Supplementary Information on Future Major Repairs and Replacements in end of fiscal year Audits of Financial Statements for community associations[1]. Accountants use discretion and judgment on how to present the Supplementary Information on Future Major Repairs and Replacements. However, the Supplementary Information on Future Major Repairs and Replacements often references and includes excerpts from our Reserve Studies. The following table excerpts significant unaudited information from the Reserve Expenditures about Reserve Component categories and estimated current and future replacement costs based on inflation at an annual rate of 2.0%.

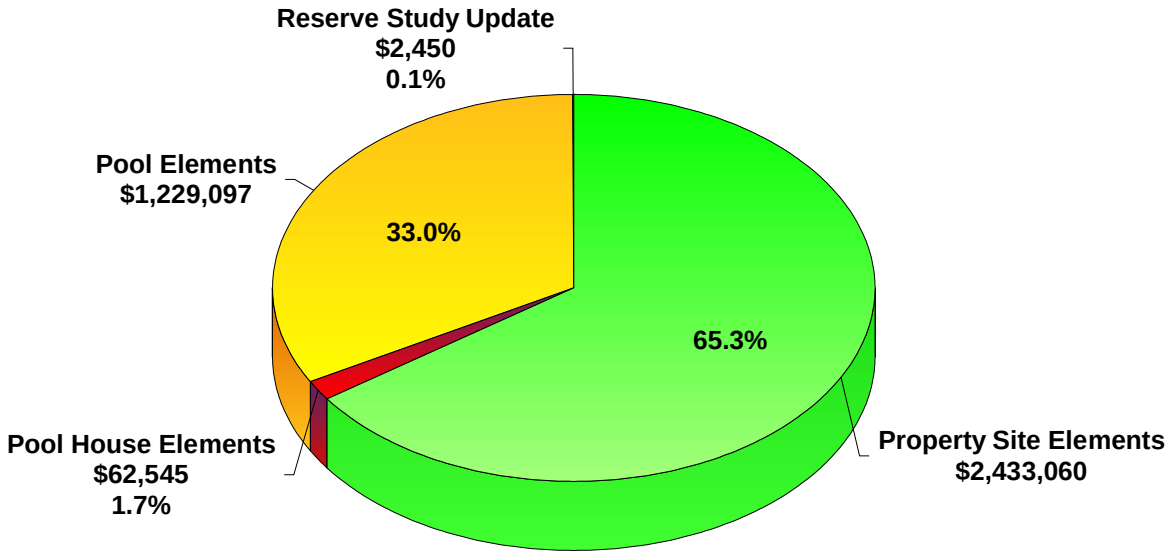
The information included in the table above may be included as part of the Supplementary Information on Future Major Repairs and Replacements. *However, Reserve*

[1] American Institute of Certified Public Accountants (AICPA) Audit and Accounting Guide - *Common Interest Realty Associations*; American Institute of Certified Public Accountants, Inc.; 2003

Advisors, Inc. does not certify that the information in the table will fully satisfy the recommendations of the AICPA guideline.

The most important category of Reserve Components noted in ***Reserve Expenditures*** is the Property Site Elements. The following chart illustrates the relative importance of the Reserve Expenditures and relative funding during the next 30 years.

Future Expenditures Relative Cost Illustration
Lafayette Village
Community Association



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.

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

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

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

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

Information Furnished by the Association	
November 30, 2012 unaudited Cash Status of the Reserve Fund	$669,605
Remaining 2012 Budgeted Reserve Contributions	$5,983
Anticipated Interest on Reserve Fund	$280
Less Anticipated Reserve Expenditures	$0
Projected 2012 Year-End Reserve Balance	$675,868

2013 Budgeted Reserve Contributions of $72,000

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 Annandale, Virginia at an annual inflation rate of 2.0%. Isolated or regional markets of greater construction (development) activity may experience slightly greater rates of inflation for both construction materials and labor.

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

[2] See ***Credentials*** for addition information on our use of published sources of cost data.

The past and current maintenance practices of Lafayette Village and their effects on remaining useful lives

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

The anticipated effects of appreciation of the reserves over time in accord with an anticipated future return or yield on investment of your cash equivalent assets at an annual rate of 0.5% (We did not consider the costs, if any, of Federal and State Taxes on income derived from interest and/or dividend income)

Interest rates on reserves are steady or increasing in concert with the certificates of deposit and money market rates. Slight increases exist in the savings rates of one, two or three-year CDs. Without significant differences in these savings rates, shorter term investments are the choice of many investors. We recommend consultation with a professional investment adviser before investing reserves to determine an appropriate investment strategy to maximize a safe return on reserve savings. The following table summarizes rates of inflation and key rates for government securities, generally considered as safe investment alternatives.

Interest Rate and Inflation Data

Average or Last Actual = (A)	2011:1 (A)	2011:2 (A)	2011:3 (A)	2011:4 (E)	2012:1 (A)	2012:2 (A)	2012:3 (A)	2012:4 (E)
90-Day Treasury Bill	0.050%	0.40%	0.20%	0.20%	0.05%	0.10%	0.1%	0.1%
1-Year Treasury Bill	0.30	0.15	0.10	0.10	0.30	0.19	0.18	0.18
10-Year Treasury Note	2.50	2.25	2.20	1.85	2.50	1.50	1.45	1.70
30-Year Treasury Bond	4.50	4.50	3.60	2.80	4.50	2.55	2.50	2.90
Consumer Price Index (annualized rate)	0.02	3.6%	3.8%	3.2%	2.1%	2%	2%	2%
"Residential Construction" Producer Price Index-Inflation Rate, Bureau of Labor Statistics (BLS - 12 months)								2.3%

National Market Savings Rates as found in	0.10%	for Money Market Savings	0.8%	for 2-Year Certificate of Deposit	
http://www.bankrate.com	0.4%	for 1-Year Certificate of Deposit	1.2%	for 3-Year Certificate of Deposit	
Estimated Near Term Yield Rate for Reserve Savings	0.5%				
Est. Near Term Local Inflation Rate for Future Capital Expenditures	2.0%				10/17/2012

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

DEFINITIONS[1]

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 Lafayette Village 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) Lafayette Village 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.

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[1] 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.

CONDITIONS OF OUR SERVICE
ASSUMPTIONS

To the best of our knowledge, all data set forth in this report are true and accurate. Although gathered from reliable sources, we make no guarantee nor assume liability for the accuracy of any data, opinions, or estimates identified as furnished by others that we used in formulating this analysis.

We did not make any soil analysis or geological study with this report; nor were any water, oil, gas, coal, or other subsurface mineral and use rights or conditions investigated.

Substances such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, environmental mold or other potentially hazardous materials could, if present, adversely affect the validity of this study. Unless otherwise stated in this report, the existence of hazardous substance, that may or may not be present on or in the property, was not considered. Our opinions are predicated on the assumption that there are no hazardous materials on or in the property. We assume no responsibility for any such conditions. We are not qualified to detect such substances, quantify the impact, or develop the remedial cost.

We have made a visual inspection of the property and noted visible physical defects, if any, in our report. Our inspection and analysis was made by employees generally familiar with real estate and building construction; however, we did not do any invasive testing. Accordingly, we do not opine on, nor are we responsible for, the structural integrity of the property including its conformity to specific governmental code requirements, such as fire, building and safety, earthquake, and occupancy, or any physical defects that were not readily apparent during the inspection.

Our opinions of the remaining useful lives of the property elements do not represent a guarantee or warranty of performance of the products, materials and workmanship.

PROFESSIONAL SERVICE CONDITIONS

Our Services - Reserve Advisors, Inc. will perform its services as an independent contractor in accordance with our professional practice standards. Our compensation is not contingent upon our conclusions.

Our inspection and analysis of the subject property is limited to visual observations and is noninvasive. We will inspect sloped roofs from the ground. We will inspect flat roofs where safe access (stairs or ladder permanently attached to the structure) is available. The report is based upon a "snapshot in time" at the moment of our observation. Conditions can change between the time of inspection and the issuance of the report. Reserve Advisors does not investigate, nor assume any responsibility for any existence or impact of any hazardous materials, structural, latent or hidden defects which may or may not be present on or within the property. Our opinions of estimated costs and remaining useful lives are not a guarantee of the actual costs of replacement, a warranty of the common elements or other property elements, or a guarantee of remaining useful lives.

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

Report - Reserve Advisors, Inc. will complete the services in accordance with the Proposal. We will consider any additional information made available to us in the interest of promptly issuing a Final Report (if requested). However, the Report represents a valid opinion of our findings and recommendations and is deemed complete and final if no Final Report or changes are requested within six months of our inspection. We retain the right to withhold the Report or Final Report if payment for services is not rendered in a timely manner. All files, work papers or documents developed by us during the course of the engagement remains our property.

Your Obligations - You agree to provide us access to the subject property during our on-site visual inspection and tour. You will provide to us to the best of your ability and if reasonably available, historical and budgetary information, the governing documents, and other information that we request and deem necessary to complete our Study. You agree to pay our actual attorneys' fees and any other costs incurred in the event we have to initiate litigation to collect on any unpaid balance for our services.

Use of Our Report and Your Name - Use of our Report(s) is limited to only the purpose stated herein. Any use or reliance for any other purpose, by you or third parties, is invalid. Our Reserve Study Report in whole or part ***is not and can not be used*** *as a design specification, design engineering services or an appraisal.* You may show our report in its entirety to those third parties who need to review the information contained herein. The Client and other third parties viewing this report should not reference our name or our report, in whole or in part, in any document prepared and/or distributed to third parties without our written consent. ***This report*** contains intellectual property developed by Reserve Advisors, Inc. specific to this engagement and ***can not be reproduced or distributed to those who conduct reserve studies without the written consent of Reserve Advisors, Inc.***

We reserve the right to include our client's name in our client lists, but we will maintain the confidentiality of all conversations, documents provided to us, and the contents of our reports, subject to legal or administrative process or proceedings. These conditions can only be modified by written documents executed by both parties.

Payment Terms, Due Dates, and Interest Charges - The retainer payment is due upon authorization and prior to shipment of the report. The final payment of the fee is due immediately upon receipt of the Report. Subsequent changes to the report can be made for up to six months from the initial report date. Any outstanding balance after 30 days of the invoice date is subject to an interest charge of 1.5% per month. Any litigation necessary to collect an unpaid balance shall be venued in Milwaukee County Circuit Court in the State of Wisconsin.

CREDENTIALS

HISTORY AND DEPTH OF SERVICE

Founded in 1991, Reserve Advisors, Inc. 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 bachelors degrees in engineering dedicated to Reserve Study services. Our principals are founders of Community Associations Institute's (CAI) Reserve Committee, that developed national standards for reserve study providers. One of our principals 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 a 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, Inc., 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. Each Team Review requires the attendance of several engineers, a Review Coordinator, Director of Quality Assurance and other participatory peers. 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, Inc. 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 the 100-story John Hancock Center in Chicago. 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 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.

THEODORE J. SALGADO, P.E., PRA
Principal

Theodore J. Salgado is a co-founder of Reserve Advisors, Inc., which is dedicated to serving community associations, city and country clubs, religious organizations, educational facilities, and public and private entities throughout the United States. He is responsible for the production, management, review, and quality assurance of all reserve studies, defect identification transition studies, and consulting services for a nationwide portfolio of more than 5,000 clients. Under his direction, the firm conducts reserve study services for apartment complexes, churches, hotels, resorts, office towers and vintage architecturally ornate buildings.

PRIOR RELEVANT EXPERIENCE

Before founding Reserve Advisors, Inc. in 1991, Mr. Salgado, a professional engineer registered in the State of Wisconsin, served clients for over 15 years through American Appraisal Associates, the world's largest full service valuation firm. Mr. Salgado conducted facilities analyses of hospitals, steel mills and various other large manufacturing and petrochemical facilities and casinos.

He has served clients throughout the United States and in foreign countries, and frequently acted as project manager on complex valuation, and federal and state tax planning assignments. His valuation studies led to negotiated settlements on property tax disputes between municipalities and property owners.

Mr. Salgado has authored articles on the topic of reserve studies and facilities maintenance. He also co-authored "Reserves", an educational videotape produced by Reserve Advisors on the subject of Reserve Studies and maintaining appropriate reserves. Mr. Salgado has also written in-house computer applications manuals and taught techniques relating to valuation studies.

EXPERT WITNESS

Mr. Salgado has testified successfully before the Butler County Board of Tax Revisions in Ohio. His depositions in pretrial discovery proceedings relating to reserve studies of Crestview Estates Condominium Association in Wauconda, Illinois and the North Shore Club Associations in South Bend, Indiana have successfully assisted the parties in arriving at out of court settlements.

EDUCATION

Milwaukee School of Engineering - B.S. Architectural Engineering

PROFESSIONAL AFFILIATIONS/DESIGNATIONS

American Association of Cost Engineers - Past President, Wisconsin Section

Association of Construction Inspectors - Senior Designated Member and Certified Construction Inspector

Association of Professional Reserve Analysts - Past President, and Professional Reserve Analyst (PRA)

Community Associations Institute - Member and Volunteer Leader of multiple chapters throughout the United States

Concordia Seminary, St. Louis - Member, National Steering Committee

Milwaukee School of Engineering - Member, Corporation Board

Professional Engineer, Wisconsin - Registered in 1982

JOHN P. POEHLMANN, RS
Principal

John P. Poehlmann is a co-founder of Reserve Advisors, Inc. He is responsible for the finance, accounting, marketing, and overall administration of Reserve Advisors, Inc. He also regularly participates in internal Quality Control Team Reviews of Reserve Study reports.

Mr. Poehlmann directs corporate marketing, including business development, advertising, press releases, conference exhibiting, and direct mail promotions. He frequently speaks throughout the country at seminars and workshops on the benefits of future planning and budgeting for capital repairs and replacements of building components and other assets.

Mr. Poehlmann served on the national Board of Trustees of Community Associations Institute. Community Associations Institute (CAI) is a national, nonprofit 501(c)(6) trade association created in 1973 to provide education and resources to America's 305,000 residential condominium, cooperative and homeowner associations and related professionals and service providers. The Institute is dedicated to fostering vibrant, responsive, competent community associations that promote harmony, community, and responsible leadership.

He is a founding member of the Institute's Reserve Committee. The Reserve Committee developed national standards and the Reserve Specialist (RS) Designation Program for Reserve Study providers. Mr. Poehlmann has authored numerous articles on the topic of Reserve Studies, including Planning for Replacement of Property Doesn't Have to Be Like a Trip to the Dentist, Reserve Studies for the First Time Buyer, Sound Association Planning Parallels Business Concepts, and Reserve Studies Minimize Liability. He has worked with a variety of publications, including the Chicago Tribune, The Milwaukee Journal/Sentinel, Common Ground, Common Interest, and Condo Management. He also co-authored "Reserves", an educational videotape produced by Reserve Advisors on the subject of Reserve Studies and the benefits of maintaining appropriate reserves. The videotape is available through Reserve Advisors or CAI's website, www.caionline.org and libraries in the State of Virginia.

INDUSTRY SERVICE AWARDS

CAI National Rising Star Award - To an individual whose leadership abilities and professional contributions have earmarked them for even greater accomplishments in the future.

CAI Michigan Chapter Award - "Given to the individual who contributed their time, expertise, and resources toward improving the quality of services offered by the chapter. Mr. Poehlmann was unanimously selected as the winner of the CAI Michigan Chapter Award."

EDUCATION

University of Wisconsin-Milwaukee - Master of Science Management
University of Wisconsin - Bachelor of Business Administration

PROFESSIONAL AFFILIATIONS

Community Associations Institute (CAI) - Founding member of Reserve Committee; former member of National Board of Trustees; Reserve Specialist (RS) designation; Member of multiple chapters

Association of Condominium, Townhouse, & Homeowners Associations (ACTHA) - member

QUALIFICATIONS
Jayme R. Radomski, P.E., PRA, RS
Director of Quality Assurance

CURRENT CLIENT SERVICES

Jayme R. Radomski, an Architectural Engineer, is the Director of Quality Assurance for ***Reserve Advisors, Inc***. Ms. Radomski is responsible for the management, review and quality assurance of all reserve studies. In this role, she assumes the responsibility of stringent report review analysis to assure report accuracy and the best solution for Reserve Advisors' clients.

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

Sun City Community Association of Huntley, Inc. This planned unit development is located in Huntley, Illinois. The development features common elements shared by 5,481 homeowners. Common elements include a 114,000-square foot community center, a 19,000-square foot clubhouse, an aquatic center, a woodshop, a tennis center, ponds and other amenities. The buildings comprise complex asphalt shingle and flat roof assemblies, complex mechanical systems, furnishings, fixtures and kitchen equipment. The development comprises single family homes and eight townhome style neighborhoods.

Carroll House Condominium This unique architectural development located in historic Baltimore, Maryland comprises 23 residential units in four unique buildings. The buildings were constructed in the mid-1800s. The development comprises two mid-rise buildings and two single-story carriage homes.

Ballston Park Condominium This 137 unit, nine story, high rise building is located in Arlington, Virginia. This development features flat roof assemblies, brick masonry walls, balconies, mechanical systems, interior finishes, a parking garage and an elevated terrace.

Church of the Resurrection Located in New Albany, Ohio, this recently expanded church includes a church, and a social hall and classrooms. These two unique buildings comprise asphalt shingle and metal roof assemblies, brick masonry walls, complex mechanical systems, audio visual and sound equipment, and a kitchen.

Brookfield Academy This five building campus is located in Brookfield, Wisconsin. This independent school consists of students from levels K4 to 12. The campus includes various buildings and an athletic complex.

Turnberry Village Condominium Association A townhome style condominium development of 90 units in 13 buildings located in Ann Arbor, Michigan. The buildings feature complex roof designs, masonry veneer, and wood and aluminum siding.

PRIOR RELEVANT EXPERIENCE

Before joining ***Reserve Advisors, Inc.***, Ms. Radomski was a Designer for Ahern Fire Protection in Menomonee Falls, WI. She was responsible for designing and drafting of fire protection systems in accordance with all applicable codes while selecting the most efficient fabrication, installation and stocklisting techniques, and performing hydraulic calculations to ensure proper flow and pressure of sprinkler systems.

EDUCATION

Milwaukee School of Engineering - M.S. Environmental Engineering, B.S. Architectural Engineering
University of Wisconsin-Madison - B.S. Consumer Science

PROFESSIONAL AFFILIATIONS

Professional Engineering License (P.E.) - Wisconsin 2008
Reserve Specialist (RS) - Community Associations Institute
Professional Reserve Analyst (PRA) - Association of Professional Reserve Analysts
American Society of Civil Engineers (ASCE)

QUALIFICATIONS
Michelle O. Baldry, P.E., RS
Responsible Advisor

CURRENT CLIENT SERVICES

Michelle O. Baldry, a Civil engineer, is an Advisor for ***Reserve Advisors, Inc***. Ms. Baldry is responsible for the inspection and analysis of the condition of clients' properties, and recommending engineering solutions to prolong the lives of the components. She also forecasts capital expenditures for the repair and/or replacement of the property components and prepares technical reports on assignments. She 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 Michelle Baldry demonstrating her breadth of experiential knowledge of community associations in construction and related buildings systems.

Avenues Professional Park Owners' Association, Inc. This unique commercial property is located in Jacksonville, Florida. The owners association maintains the 12 masonry buildings and site infrastructure. Businesses located in this association include accounting firms, engineering firms, law firms and medical offices.

Holiday Shores Park, Inc. This complex cooperative is located in Largo, Florida, along Lake Seminole. The cooperative is responsible for the common elements shared by 311 units. Amenities of this property include a clubhouse, gazebo, maintenance building, pool and shuffleboard courts. Holiday Shores also maintains over 5,600 linear feet of seawalls throughout the property.

Marsh Landing at Sawgrass Homeowners Association I, Inc. This exclusive community is located within Marsh Landing at Sawgrass, just east of the Atlantic Ocean in Jacksonville, Florida. This unique association maintains the common elements for 192 single family lot owners. Marsh Landing is located throughout pockets of the intercoastal marsh, which include soaring pines, floral landscape, and North Florida wildlife.

Monarch Village Homeowners Association This tennis community is located in Stockbridge, Georgia, a suburb of Atlanta, Georgia. This community maintains the common elements shared by 900 single family lot owners. Amenities of this property include a clubhouse, dam feature, over 2.5 miles of walking paths, boardwalks, dock and a pool with a large water slide.

Whispering Palms Condominium Association, Inc. This unique Fort Myers, Florida condominium community currently consists of three associations: Phase 1, Phase 2 and Recreation. Phases 1 and 2 maintain the building exteriors and Recreation maintains the site amenities and infrastructure.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, Inc., Ms. Baldry was a land development engineer in Tampa, FL, where she was responsible for the design of residential and commercial property, utility layout, roadway design and stormwater detention. Ms. Baldry successfully completed the bachelors program in Civil Engineering from the University of Florida.

EDUCATION- University of Florida - *B.S. Civil Engineering, Cum Laude*

PROFESSIONAL AFFILIATIONS

Professional Engineer (P.E.) - State of Florida, 2011

Reserve Specialist (RS) - Community Associations Institute

QUALIFICATIONS
Jeffrey B. Dow, P.E., PRA, RS
Review Coordinator

CURRENT CLIENT SERVICES

Jeffrey B. Dow, a Civil engineer, is an Advisor for ***Reserve Advisors, Inc***. Mr. Dow 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 and homeowner associations. Mr. Dow frequently serves as the ***Quality Assurance Review Coordinator*** for Recreational, Townhome and Mid Rise communities.

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

Alson Court Condominium Owners Association, Inc. This historic Charlotte, NC building was constructed in 1939 and comprises all-brick construction and a clay tile roof**.** The unique layout of the building, which includes a number of entrances and lobbies, allows for two picturesque courtyards**.** The property includes two detached garages.

Charleston Oceanfront Villas Homeowners Association This oceanfront condominium offers spectacular views of Folly Beach, SC and the Atlantic Ocean. The four-story stucco building contains 96 luxury residential units Significant amenities include private balconies, large garage on the first floor and two pools.

Le Club at Old Cutler Condominium Association, Inc. This condominium community comprises 334 units in 14 buildings in Miami, FL. Amenities of this property include a large pond with a lighted lake walk, large clubhouse with fitness room, pool, sauna, playground and tennis courts.

Marco Towers Club, Inc. Located on exclusive Marco Island just south of Naples, FL, this 8-story mid-rise features solid concrete construction and was the designated hurricane shelter for its community for many years. It houses 57 condominiums with balconies offering views of the adjacent intercoastal waterway. The property also includes a party room, office and detached garages.

Mountaintop Community Association This mountain golf community is located in Highlands, NC and comprises high-end residential units. The community includes a wastewater treatment plant, lift stations, two domestic water wells, three bridges and asphalt pavement roadways.

The Academy at Ocean Reef Located in Key Largo, FL, this private institution serves kindergarten through the eighth grade and includes offices, a science lab, a music room, a television production room, six classrooms, an atrium and other learning facilities.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, Inc., Mr. Dow successfully completed the bachelors program in Civil Engineering from Florida State University. He also has four years of experience as a land development engineer in the Washington, D.C. area and Tampa, FL, where he gained knowledge in the design of residential and commercial property, utility layout and stormwater detention.

EDUCATION

Florida State University - *B.S. Civil Engineering, Cum Laude*

PROFESSIONAL AFFILIATIONS

Professional Engineer (P.E.) - State of Florida, 2008
Reserve Specialist (RS) - Community Associations Institute
Professional Reserve Analyst (PRA) - Association of Professional Reserve Analysts

RESOURCES

Reserve Advisors, Inc. 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 http://www.iami.org. Several advisors and a Principal of Reserve Advisors, Inc. hold Senior Memberships with ACI.

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 http://www/ashrae.org. Reserve Advisors, Inc. 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 http://www.msbinfo.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 http://www.rsmeans.com

Reserve Advisors, Inc., 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.