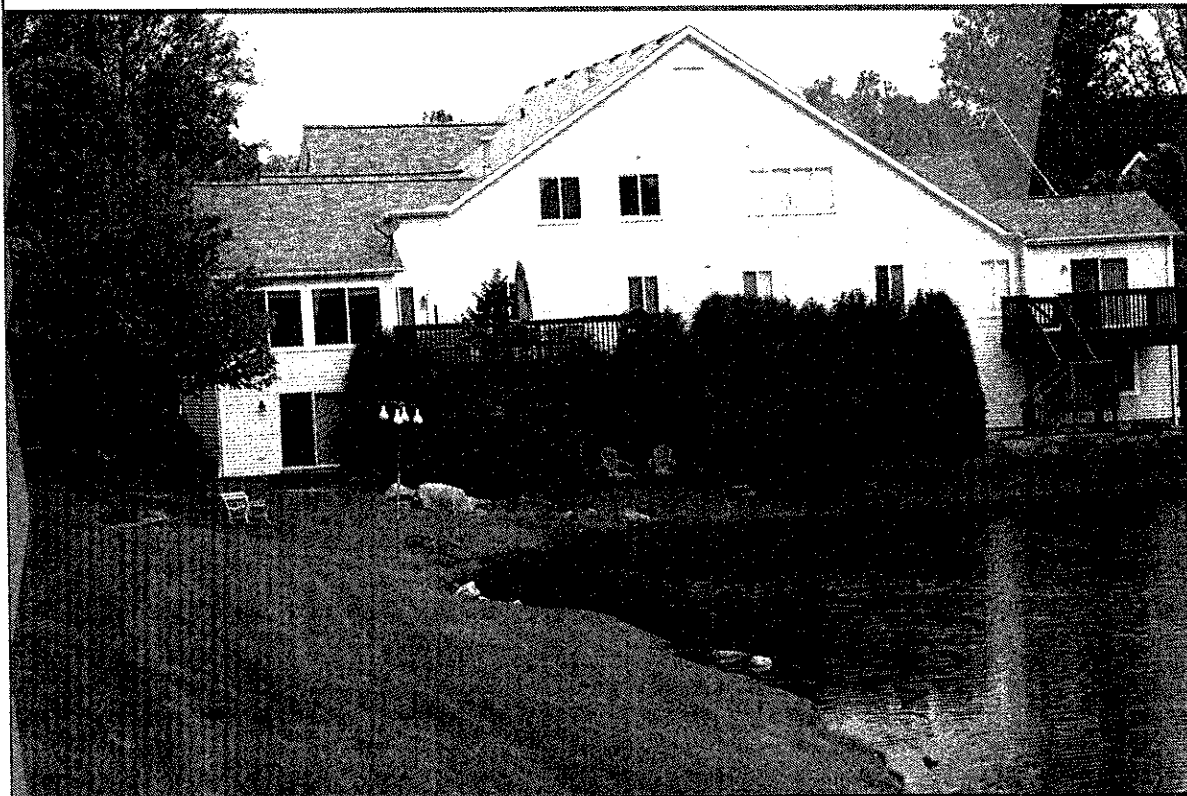


**Ohio
Reserve
Specialists, LLC**



**Reserve Study Update Report
Royal Clusters at Kingsbury Trace
Homeowners Association
Copley Township, Ohio**

May 2013

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Executive Summary

Royal Clusters at Kingsbury Trace Homeowners Association is a cluster home style development comprised of ninety (90) units with a total of forty eight (48) buildings located in Copley Township, Ohio. The exterior of the buildings are a combination of vinyl siding and asphalt roof shingles. The development was constructed between the years 1997-2004.

Nine (9) common elements have again been reviewed and assessed for this update evaluation and will require some type of repair or replacement over the next thirty years.

The primary purpose of this Reserve Study Update is to re-establish and confirm the amount of the annual contribution necessary to fully fund the Association's reserve account. This will continue Royal Clusters at Kingsbury Trace Homeowners Association's compliance with the revised Ohio Condominium Statute. Our update evaluation process considers the current and future cost of replacement of each common element, taking into account both the local inflation rate and local construction costs. Based on the above information and your January 1, 2013 reserve balance of \$432,249.00 dollars, we have projected below the annual contribution necessary for a fully funded reserve plan.

Year	Annual Deposit	Year	Annual Deposit	Year	Annual Deposit	Year	Annual Deposit	Year	Annual Deposit
2013	\$77,728	2020	\$77,728	2027	\$77,728	2034	\$77,728	2041	\$77,728
2014	\$77,728	2021	\$77,728	2028	\$77,728	2035	\$77,728	2042	\$77,728
2015	\$77,728	2022	\$77,728	2029	\$77,728	2036	\$77,728	2043	\$77,728
2016	\$77,728	2023	\$77,728	2030	\$77,728	2037	\$77,728		
2017	\$77,728	2024	\$77,728	2031	\$77,728	2038	\$77,728		
2018	\$77,728	2025	\$77,728	2032	\$77,728	2039	\$77,728		
2019	\$77,728	2026	\$77,728	2033	\$77,728	2040	\$77,728		

We have prepared a graphic representation of your cash flow needs that can be found on page six (6) and in the financial section of this report. This graph shows the annual inflows, outflows and the balance of the reserve account at the end of each year.

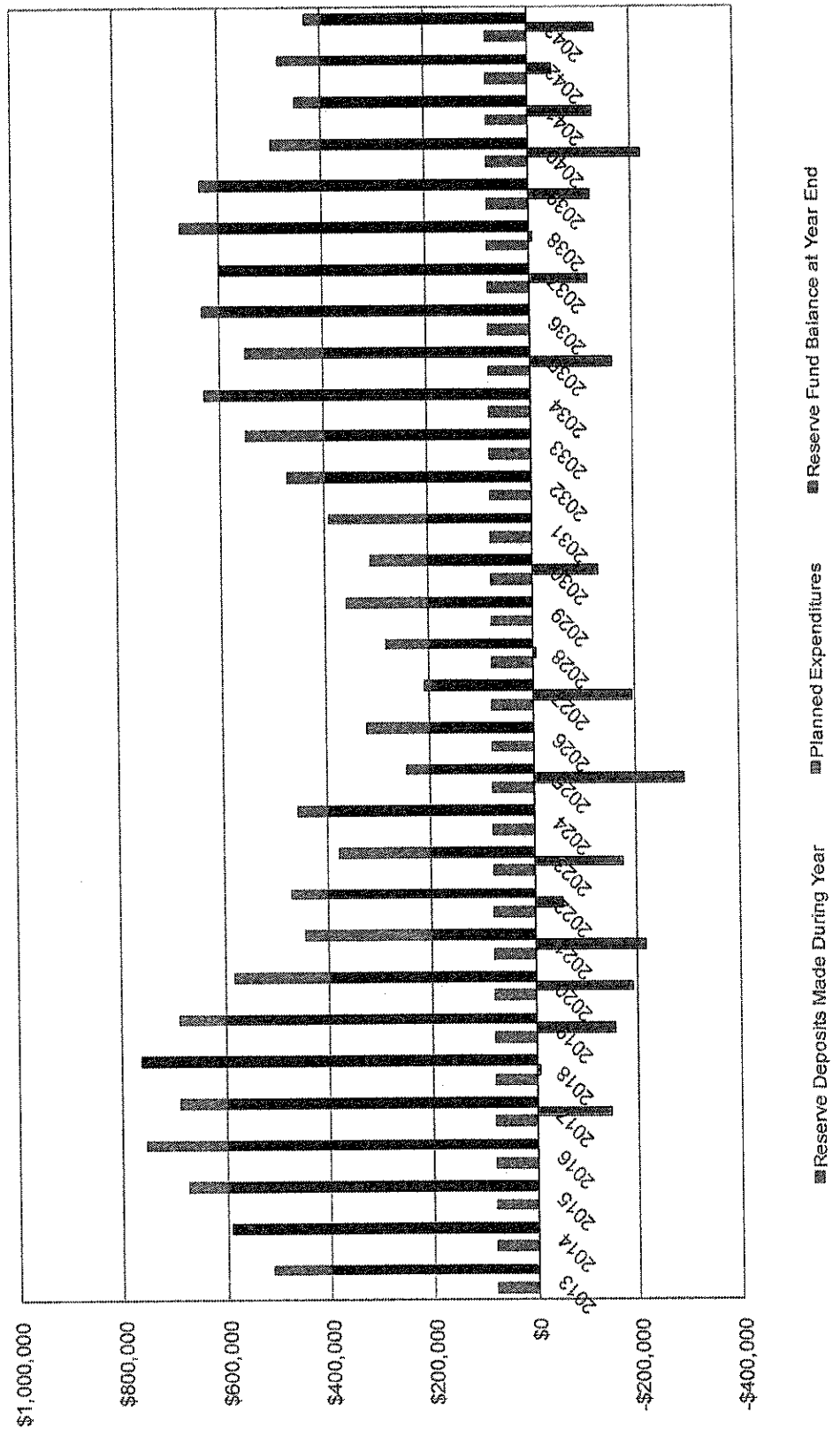
Currently, \$77,728.00 dollars per year of the monthly maintenance fee is being set aside for reserves. Based on our findings, we recommend maintaining this annual amount next year and for the next several years unless a future Reserve Study Update determines otherwise. This will maintain sufficient funds that will be needed to repair and/or replace the capital elements over the next thirty years and into the future. By following the funding plan found on page three, Royal Clusters at Kingsbury Trace Homeowners Association will continue to have sufficient funds for the projects that will be necessary in the next thirty years.

The asphalt roof shingles continue to be the single largest common element replacement item for the Royal Clusters at Kingsbury Trace Homeowners Association property. This element now accounts for approximately 38% of the future replacement costs that are necessary on this property. Maintenance and staying ahead of normal wear and deterioration is the single greatest factor in achieving estimated useful life. We will discuss this in greater detail in the on-site portion of this report. The second largest common element is still the sidewalk and driveway concrete. This now represents approximately 26% of the overall future replacement costs that will be necessary over the next thirty years.

A rate of return of 0.5% to 1.5% APY on a reserve account is possible in today's market. The Board should attempt to improve on these rates as they change. Some options to consider may be accounts such as short term CD's which are currently yielding rates between 0.5% to 1.5% APY. Prudent management of Association funds may help keep pace with, and offset the negative effects, of inflation. Some factors that should be considered in this decision are liquidity of funds, Association bylaws and any government legislation regarding reserve accounts.

Finally, because this update study is an estimate of various factors that change based on economic, weather and construction related factors, we recommend another reserve update be conducted in four to five years. Some elements may need replacement sooner because of severe weather conditions. Other factors that change periodically are interest rates and construction costs. These updates are intended to review the condition of the common elements and determine if their aging is in line with the previous study estimate of remaining useful life.

Thirty Year Cash Flow Graph



Report Overview

The following report is a Reserve Study Update of the Royal Clusters at Kingsbury Trace Homeowners Association. All of the common elements were again reviewed for the basis of reserve funding. With the passage of House Bill 135 regarding Association Operations, a reserve study continues to be paramount in the State of Ohio in the normal operations of a condominium association. The Ohio Condominium Statute still requires the following as it pertains to reserves for common elements.

Mandated Reserves 5311.081(A)(1)

Unless otherwise provided in the declarations or bylaws, the unit owners association, through the board of directors, shall do both of the following:

Adopt and amend budgets for revenues, expenditures and reserves in the amount adequate to repair and replace major capital items in the normal course of operations, without the necessity of special assessments, provided that the amount set aside annually for reserves shall not be less than (10%) of the budget for that year unless the reserve requirement is waived annually by the unit owners exercising not less than a majority of the voting power of the unit owners' association.

Reserve funds are defined as the amount of money set aside for future requirements of repair and/or replacement of common elements. In the glossary section of this report, you will find a list of terms used throughout this report. This update evaluation began with a proposal to the Board regarding the scope of the evaluation. This was then followed by another on-site review of the common elements in order to review, photograph and assess and to determine the remaining useful life of each element.

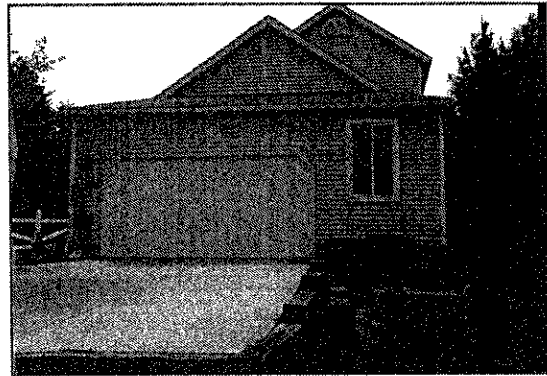
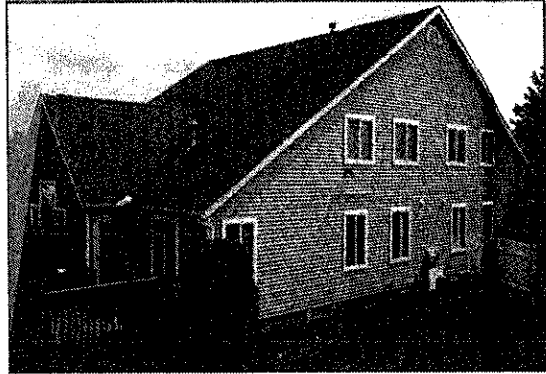
This update evaluation report was then written based on the information generated from the original field study and update property review as well as the continuing need of the Association to prepare a budget in compliance with the new state statute. This study projects the thirty-year cash flow needs for the entire Association based on the individual common elements. Taken into account is the current inflation rate based on the Consumer Price Index (CPI). For the purpose of this report, we have used an inflation rate of 2.75%. This was based on the previous six-year average and current trends.

The report is made up of several sections beginning with an Executive Summary, On-site Analysis, Report Summary, Glossary and ending with a Financial Section. Throughout the On-site Analysis section, digital photographs are used to document many of our findings. The photographs should be used by the Board as a permanent record and presentation media for the Association ownership as to the condition of many of the common elements.

Budgetary data used in this report was collected from local contractor pricing R.S. Means Cost Works and Marshal and Swift / Boeckh.

On-site Analysis

We conducted an on-site update evaluation on May 14, 2013. The purpose of the on-site evaluation is to again review, photograph and assess all common elements per the Association's Declarations and Bylaws and any additional items as directed by the Association Board or Agent. A complete listing of all the common elements that were inspected and/or commented on can be found below. The following pages will describe each element in greater detail including the estimated useful life remaining.



Exterior Building Elements

1. Roof Asphalt Shingles
2. Gutters & Downspouts
3. Exterior Wall Vinyl Siding

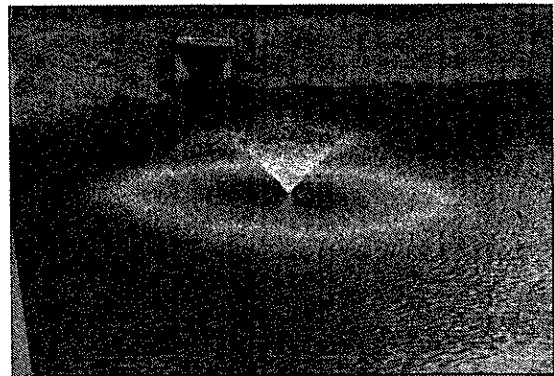
Property Common Elements

4. Roadway Asphalt
5. Sidewalk & Driveway Concrete
6. Fencing Vinyl
7. Retaining Walls Boulders
8. Retention Ponds
9. Miscellaneous Elements
10. Reserve Study Update

On-site Analysis Cont.:

The Royal Clusters at Kingsbury Trace

Homeowners Association property is a cluster home style development that consists of forty eight (48) separate buildings with a total of ninety (90) living units. The exterior of the buildings include vinyl siding and asphalt roof shingles. Over the next thirty years, many of the capital items listed will require some amount of major capital repair or replacement. Our update will separate the components into two main categories: Exterior Building Common Elements and Property Common Elements. In the financial section, we have recommended replacement dates and estimated the cost to replace these elements at that time. With the above information, we have projected the total annual reserve needs over the next thirty years.



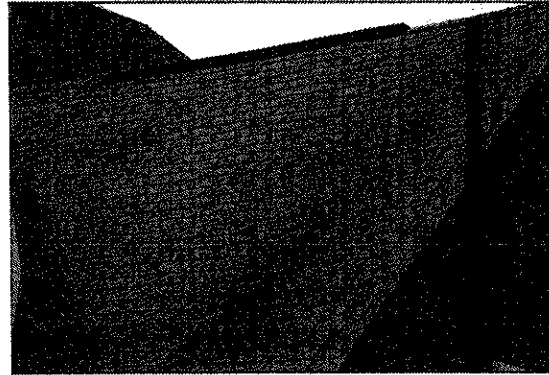
Exterior Building Elements

Roof Asphalt Shingles (Thirty Year Spreadsheet Item 1)

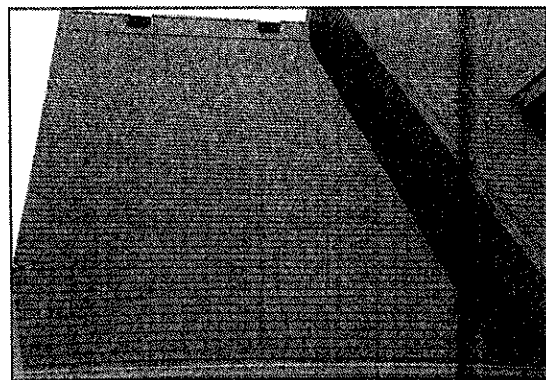
Asphalt shingle roofs in Northern Ohio have a typical useful life of 20 to 30 years. Roofing life is dependent on installation quality, roofing material, periodic maintenance, ventilation and weather. In general, the roof condition at Royal Clusters at Kingsbury Trace Homeowners Association Condominiums can be still be categorized as good. The total square footage of roofing reviewed in this study is approximately 247,200 square feet. The estimated remaining useful life is approximately four (4) to fourteen (14) years based on the current roof condition, original installation date and normal periodic maintenance.

There are signs of wear that the Board should monitor on an annual basis.

1. **Surface granule loss.** The granules from the shingles will collect in the gutter and downspout system.

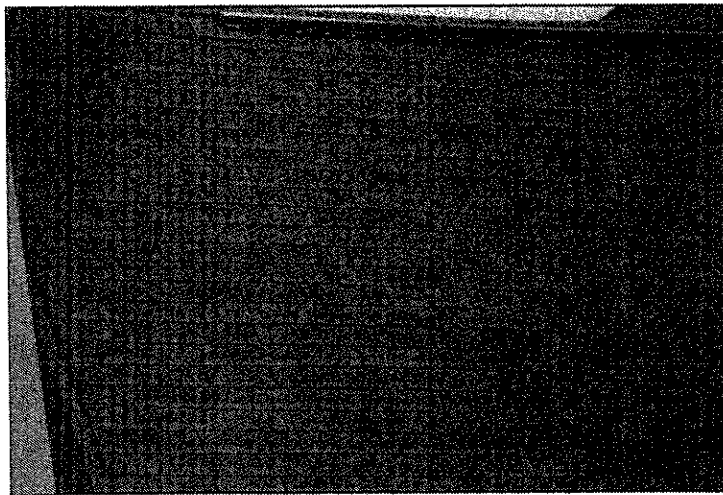


Some staining is noted in photo above & on several other north facing roof sections.



Roof Asphalt Shingles (Thirty Year Spreadsheet Item 1) Cont.:

2. **Continued granule loss will expose bare spots of asphalt which is part of the shingle construction.** This is the first significant sign of roof deterioration and signals the roofs will need to be replaced and/or repaired. When this stage occurs, the Board should begin to plan for the upcoming re-roofing project.
3. **Exposed shingle tabs or tabs in general will begin to curl as they become more brittle.** At this stage, the Board should consider periodic minor repairs. To help extend the life, prior to the replacement of these roofs' shingles that are cracking or showing granule loss can be pinched out and replaced. As this date approaches, the actual replacement schedule will become more precise.
4. **The fourth stage is when the curling or brittle tabs begin to break off.** Leaks increase during this stage because the shingles that are breaking off will begin to expose nail holes. These holes by design penetrate the roof decking. If they become exposed, water will begin to penetrate the outer and inner layers of the roofing system. If this condition is not addressed quickly, it can rapidly increase the cost of the upcoming repair project.

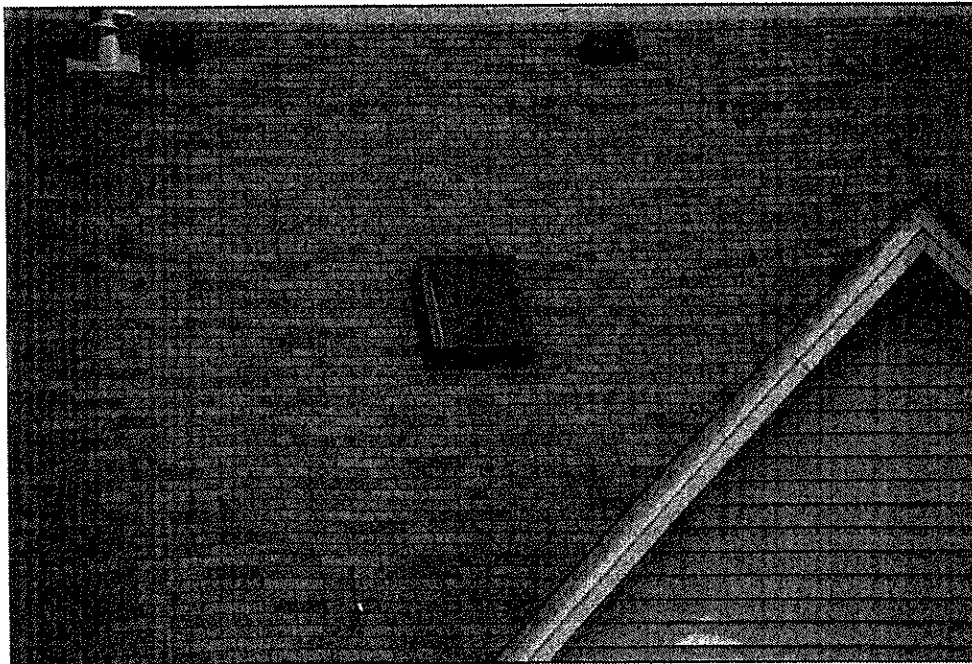


Shingles in photo at left
continue to lay flat &
appear in good condition.

Roof Asphalt Shingles (Thirty Year Spreadsheet Item 1) Cont.:

By accruing money as recommended in the financial section, Royal Clusters at Kingsbury Trace Homeowners Association will have a sufficient amount saved to fund a percentage of the project estimated to begin in the year 2017. As you can see, this project will drive the overall financial needs of the property for the next several years. The future replacement cost is estimated to be \$950,756.00 dollars. This project may vary based on the overall scope. There will be replacement items that cannot be determined until the shingles are removed and the condition of the decking is assessed. We have based our roof replacement on a thirty-year warranted shingle including the installation of snow and ice guard. We did not add for possible roof deck repairs or other repair work that may be necessary and cannot be seen until the shingles are removed.

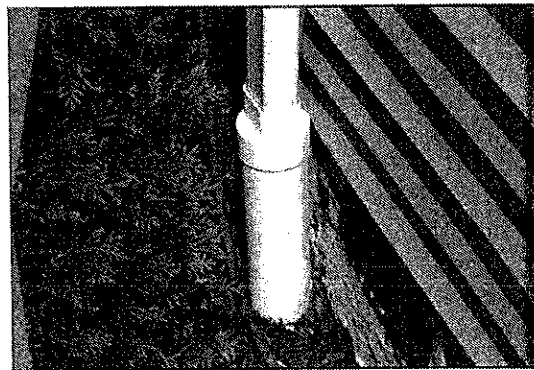
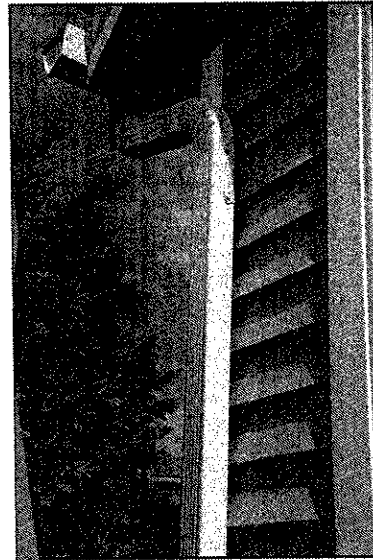
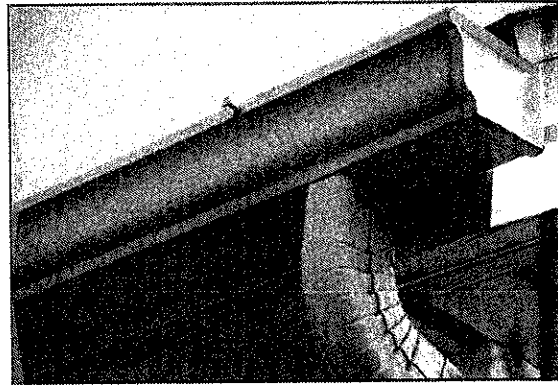
Some cracked or lifted shingles are noted in photo below.



Gutters and Downspouts (Thirty Year Spreadsheet Item 2)

Aluminum gutters and downspouts in Northern Ohio also have a typical useful life of 30 years. At Royal Clusters at Kingsbury Trace Homeowners Association Condominiums, approximately 16,334 lineal feet of gutters and downspouts were reviewed in our on-site analysis. The condition of the gutters was found to be good. The estimated remaining useful life is approximately four (4) to fourteen (14) years based on the current condition, installation date and the continuation of periodic maintenance. Typically, gutters and downspouts are replaced during roofing or siding replacement projects to ensure a sound roofing system. The total estimated cost to replace both gutters and downspouts in step with the roof replacement phases is \$62,822.00 dollars.

Typical gutter & downspout configuration is shown below. Loose gutter ferrules should be re-secured.

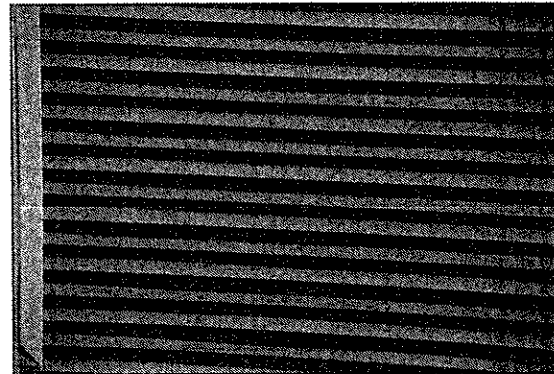


Exterior Wall Vinyl Siding (Thirty Year Spreadsheet Item 3)

Vinyl siding is the next major component of the exterior finish for Royal Clusters at Kingsbury Trace Homeowners Association and is found on all of the buildings. Overall, the siding was found to be in good condition.

Vinyl siding of the type installed can last 40 to 50 years. During the next thirty years, the siding at the property should not need to be replaced due to the age of the development.

Care should be taken to continue the prolonged life expectancy of this element. Vinyl has always been designed as an exterior cladding, not a weather resistant barrier. Vinyl siding is designed to allow the material underneath it to breathe; therefore, it is not a watertight covering. To achieve design performance, vinyl siding must be installed over a weather resistant barrier system. Routinely, vinyl siding must be inspected for loose sections, warped areas, split areas and insect infestation. Areas identified with any of these aforementioned problems should be repaired or

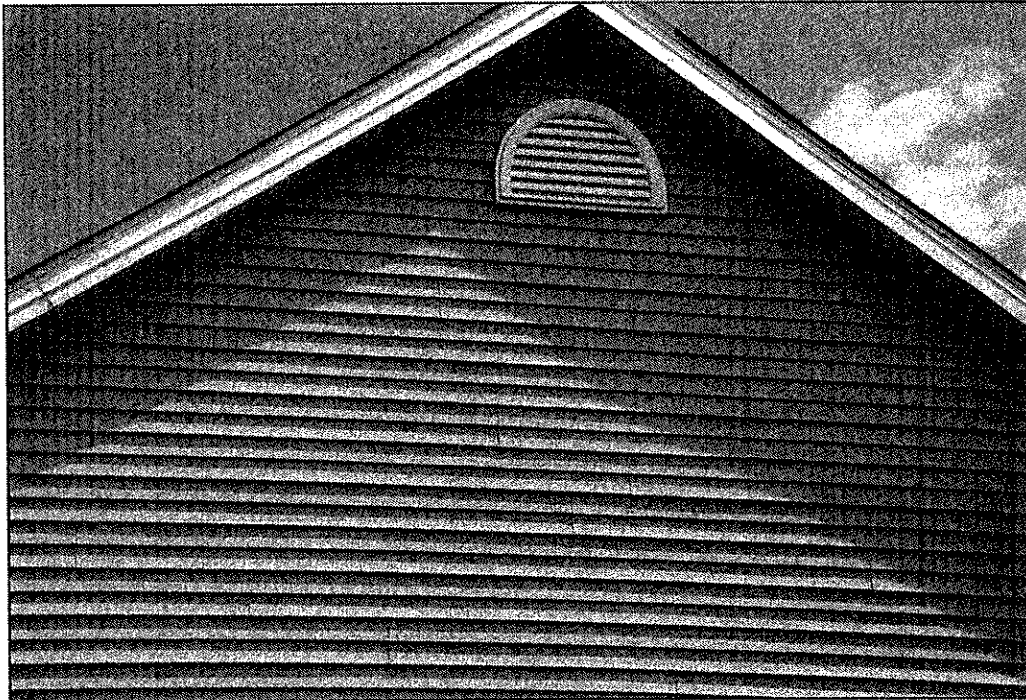


Typical vinyl siding & window trim is featured above & below.



Exterior Wall Vinyl Siding (Thirty Year Spreadsheet Item 3) Cont.:

replaced. Because this weather resistant barrier system will eventually need to be replaced, we have shown in the year 2037 an estimated cost of \$112,335.00 dollars which represents a percentage of funds to begin the replacement of the vinyl siding based on a forty to fifty year remaining useful life. This percentage is approximately 1/7 or 14% of the overall square footage found on the property. We have forecasted a total of seven (7) accruals scheduled to begin in 2037 and continue every two (2) years thereafter until complete in or near the year 2049. Future reserve updates will be used to determine when the actual project should be scheduled because the estimated remaining useful life of the vinyl siding element is approximately twenty four (24) years from now.



Typical style & condition
of vinyl siding is shown in
photo above.

Property Common Elements

Roadway Asphalt (Thirty Year Spreadsheet Item 4)

Approximately 73,530 square feet of asphalt roadway was again reviewed and assessed.

Asphalt in Northern Ohio has an economic useful life of 20 years. The overall condition of this element is fair to good. We recommend a phased replacement because it is unlikely that all of the asphalt would fail in the same year. The initial phase based on our review is planned for the year 2020. Performing needed repairs in a timely fashion can provide additional cost savings overall because damage to the base can be minimized. It is when Associations wait too long to repair that they can incur significant extra cost because of the repairs that may be necessary under the asphalt that cannot be seen until the roadway is removed.



Crack filling and sealing is evident in photo above and is consistent throughout the property.

Roadway Asphalt (Thirty Year Spreadsheet Item 4) Cont.:

A second phase is planned for the year 2021 with the third and final phase forecasted for the year 2022. The estimated replacement cost for all three (3) phases is \$159,906.00 dollars. The Board should continue with their proactive maintenance program of crack filling, sealing and repair to ensure the element meets or exceeds its economic useful life.

Maintenance of asphalt surface is key in meeting or exceeding useful life for this element.



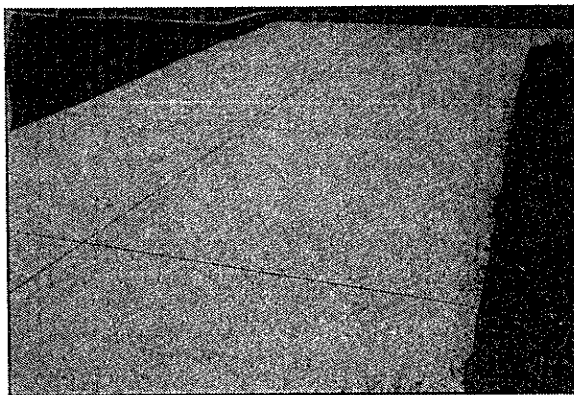
Sidewalk & Driveway Concrete (Thirty Year Spreadsheet Item 5)

Overall, the concrete sidewalks and driveways were found to be in good condition. This element should be replaced according to the typical useful life in Northern Ohio of 30 years.

We recommend the initial phase of sidewalk replacement accrual for the year 2020.

Subsequent accruals should be planned for the year 2025 and every five (5) years thereafter until complete in the year 2045. The cost estimated for all five (5) of the six (6) phases is \$653,822 dollars. As with all concrete sections, we recommend a water repellent sealant and crack filling as part of an ongoing maintenance program. Proactively maintaining some of the areas below and on the page twenty one (21) will help prevent further deterioration.

It is when Associations wait too long to carry out needed repairs that cracking and spalling becomes worse, eventually causing damage to the overall slab section. This can lead to more costly repairs in the future.



Any cracked concrete sections should be filled or repaired to prevent unwanted water penetration especially during the winter months.



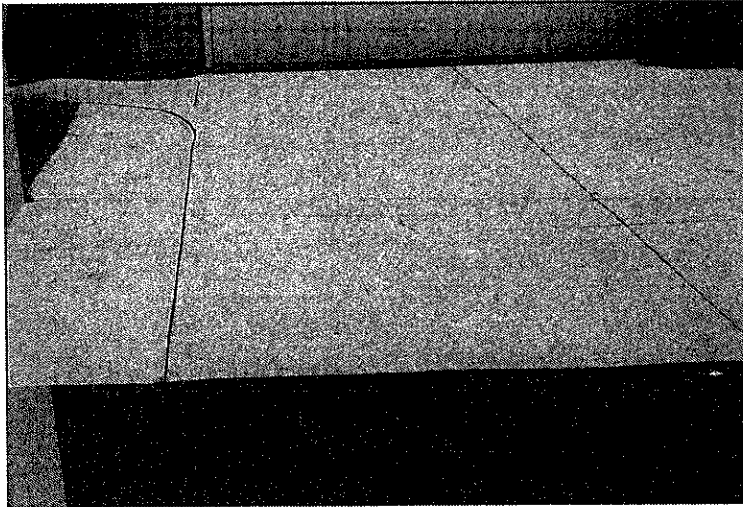
Sidewalk & Driveway Concrete (Thirty Year Spreadsheet Item 5) Cont.:

The Board should continue with their proactive maintenance program of cleaning, crack filling, sealing and slab jacking to ensure the element meets or exceeds its economic useful life. These items are important and should be funded through your operating budget. Generally, we recommend the following as part of an aggressive concrete maintenance program.

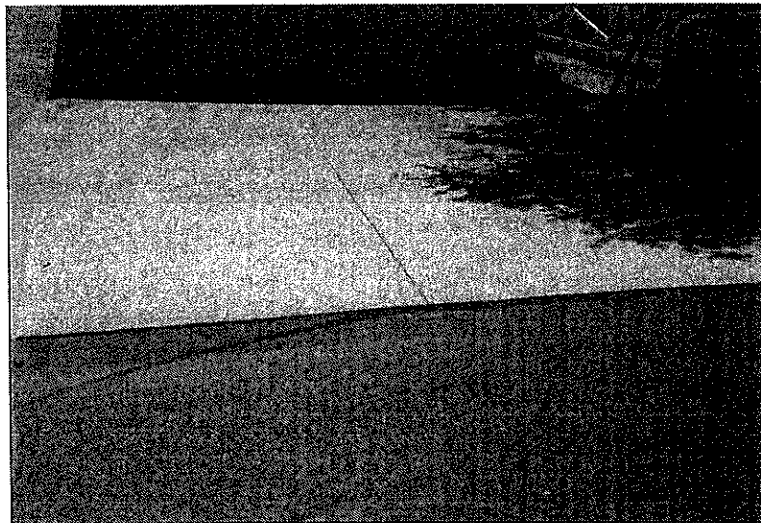
- I. **Light general cleaning once per year.** While this usually occurs with the Northern Ohio rainfall, there may be times that it is necessary to clean the surface with a low pressure water system and possibly light scrubbing to remove stains. This annual cleaning will maintain the appearance of the concrete and prevent certain types of stains from causing localized deterioration.
- II. **Repair of cracks.** This will prevent water penetration to the sub base. If this is not routinely done it may lead to the eventual deterioration of the sub base in the general area of the crack causing failure to the concrete slab itself. This will then be a more costly repair because not only will the concrete need to be replaced, repair to the sub base will also be necessary.
 1. Cracks should be chiseled out removing loose debris and filled with a high quality bonding adhesive and concrete patching compound.
- III. **Sealing and filling of control joints.** This is recommended for similar reasons to item II above. It helps to keep a neat appearance to the concrete, prevents small rocks, dirt, debris and minimizes water intrusion to the sub base.

Sidewalk & Driveway Concrete (Thirty Year Spreadsheet Item 5) Cont.:

IV. Concrete surface sealing. This provides improved resistance to water penetration, stains and abrasives. Without routine sealing of the surface, the above mentioned agents in this section will eventually wear through the top coat and cause the natural deterioration process to gain momentum, leading to eventual replacement prior to the typical useful life. This is especially true in Northern Ohio where salt is the primary surface de-icing agent.



Typical concrete driveway sections are shown in photos on this page.



Fencing Vinyl (Thirty Year Spreadsheet Item 6)

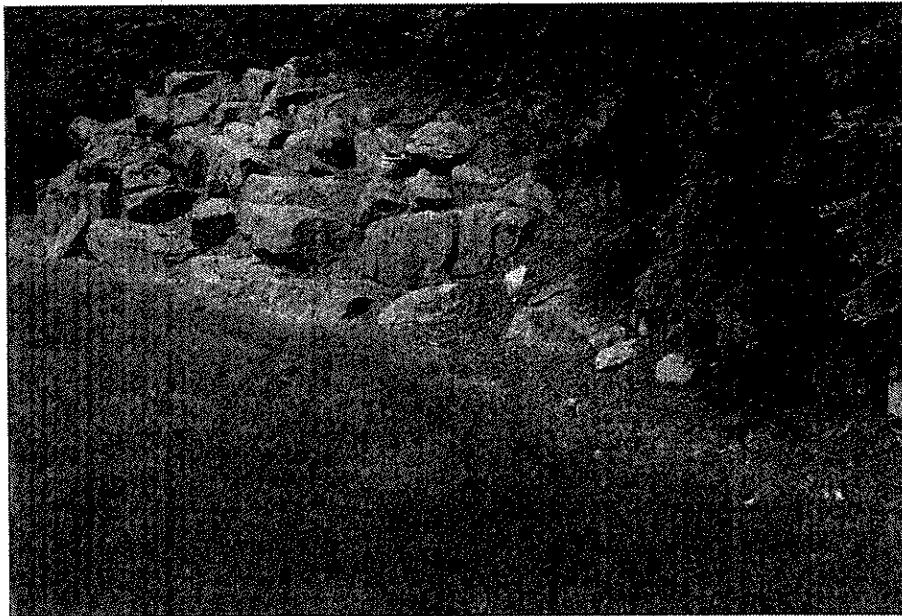
The original wood fencing was recently replaced in 2012 with the pictured vinyl fencing located near the entries and walkways to each residential unit. This element comprises approximately 2,728 lineal feet. In Northern Ohio, vinyl fencing can have a useful life of 40 to 50 years if properly installed and maintained. This style fence usually has a lifetime warranty from the manufacturer for manufacturing related defects. Maintenance is minimal and usually includes routine inspection for loose sections or posts or cracked and warped areas. We do not feel that there will be a need to replace the fencing during the thirty year period of this study. However, we recommend accruing money to replace approximately 33% percent of this element which represents the percentage of life used by the year 2042. The estimated replacement cost for this portion is \$49,927.00 dollars as shown in the year 2042.



A newly installed section of vinyl fencing is featured in photo above.

Retaining Walls Boulders (Thirty Year Spreadsheet Item 7)

The boulder retaining walls found through out the property were found to be in good shape due in part to several separate repairs that were completed in 2009 as the result of wash out and shifting boulder walls. The walls primary function is to prevent erosion of the soil in the areas of the property where there is a major slope change. All of the areas over time may need to be partially repaired, however this will depend highly on drainage in the areas, weather conditions and how well the drain system is maintained. We recommend accruing \$4,000.00 dollars every ten years adjusted for inflation to reposition portions of the walls. This cost includes repositioning only. Any drainage repair or additional boulders being added would need to be quoted individually. The amount used is an estimate to place equipment and restack approximately twenty tons of boulders.

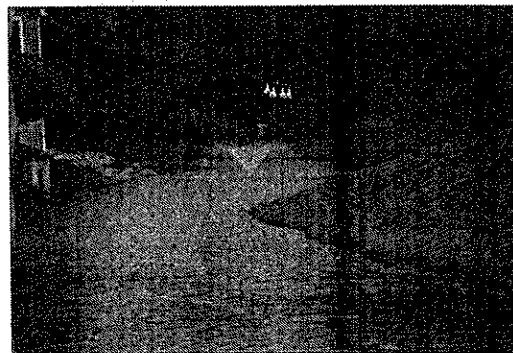


One of the several
boulder retention walls
is featured above.

Retention Ponds (Thirty Year Spreadsheet Item 8)

Retention ponds are generally used for water quality improvement, groundwater discharge, flood protection, aesthetic improvement or any combination of the above. Retention ponds are basins that catch runoff from areas of higher elevation and are often created near high development areas. Retention ponds are often fairly small in total acreage and are usually shallow with sloping bottoms. There is also typically other areas around the ponds that can accommodate high levels of water during rainy times and are necessary for water storage during these times of heavy rain. Storm water is typically channeled to retention ponds through a system of street, storm and lawn drains through a network of channels and underground pipes.

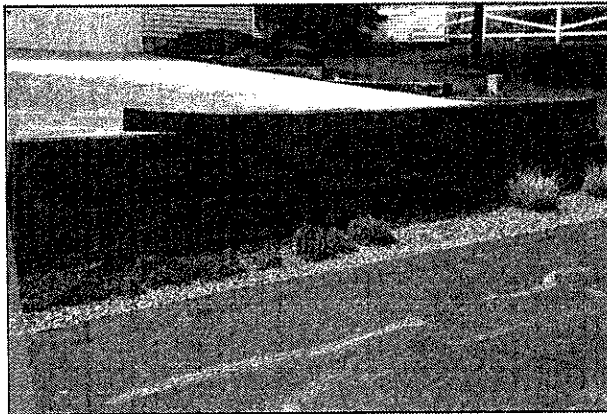
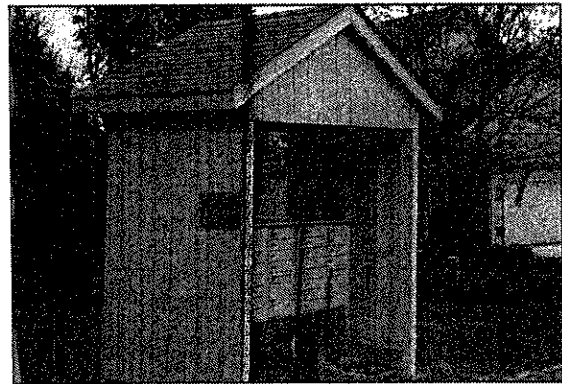
We have estimated based on supplied information/visual observation of the pond as well as the concrete overflow and other elements that the accrual of \$82,234.00 dollars over the next thirty years should be sufficient to maintain the ponds, the concrete overflow drain culverts and the associated equipment as they currently exist. This includes minor shoreline erosion repairs and dredging. As we understand the pond is treated to control algae and plant life and to minimize sludge and sediment buildup on the pond bottom. Aerators and/or fountains have also been installed to maintain healthy oxygen levels.



Retention ponds and associated elements are shown above.

Miscellaneous Elements (Thirty Year Spreadsheet Item 9)

The wood retaining walls and mailbox huts were combined because their replacement value over the next thirty years was less than one percent of the overall total replacement cost needs for the property. When this occurs some Boards would prefer to accrue for their repair through operating dollars. We use 1% as an approximate value where we combine like elements so it is easier to track reserve dollars. By combining these elements the estimated replacement cost over the next thirty years is \$22,691.00 dollars. The estimated useful life for both of the products is 15 to 25 years properly maintained and installed. The maintenance should include routine painting of the mailbox huts and board replacement using operating dollars periodically. However, each element will eventually need replaced. By accruing this amount the eventual replacement can be done through reserve dollars.



Typical condition and examples of wood retaining walls and mail huts is shown in photos on this page.

Reserve Study Update (Thirty Year Spreadsheet Item 10)

Finally, because this update study is an estimate of various factors that change based on economic, weather and construction related factors, we recommend another reserve update be conducted in another four to five years. Some elements may need replacement sooner because of severe weather conditions. Other factors that change periodically are interest rates and construction costs. These updates are intended to review the condition of the common elements and determine if their aging is in line with the previous study estimate of remaining useful life. We have included an amount of \$2,405.00 dollars in the year 2018 for another future recommended Reserve Study Update.

Report Summary

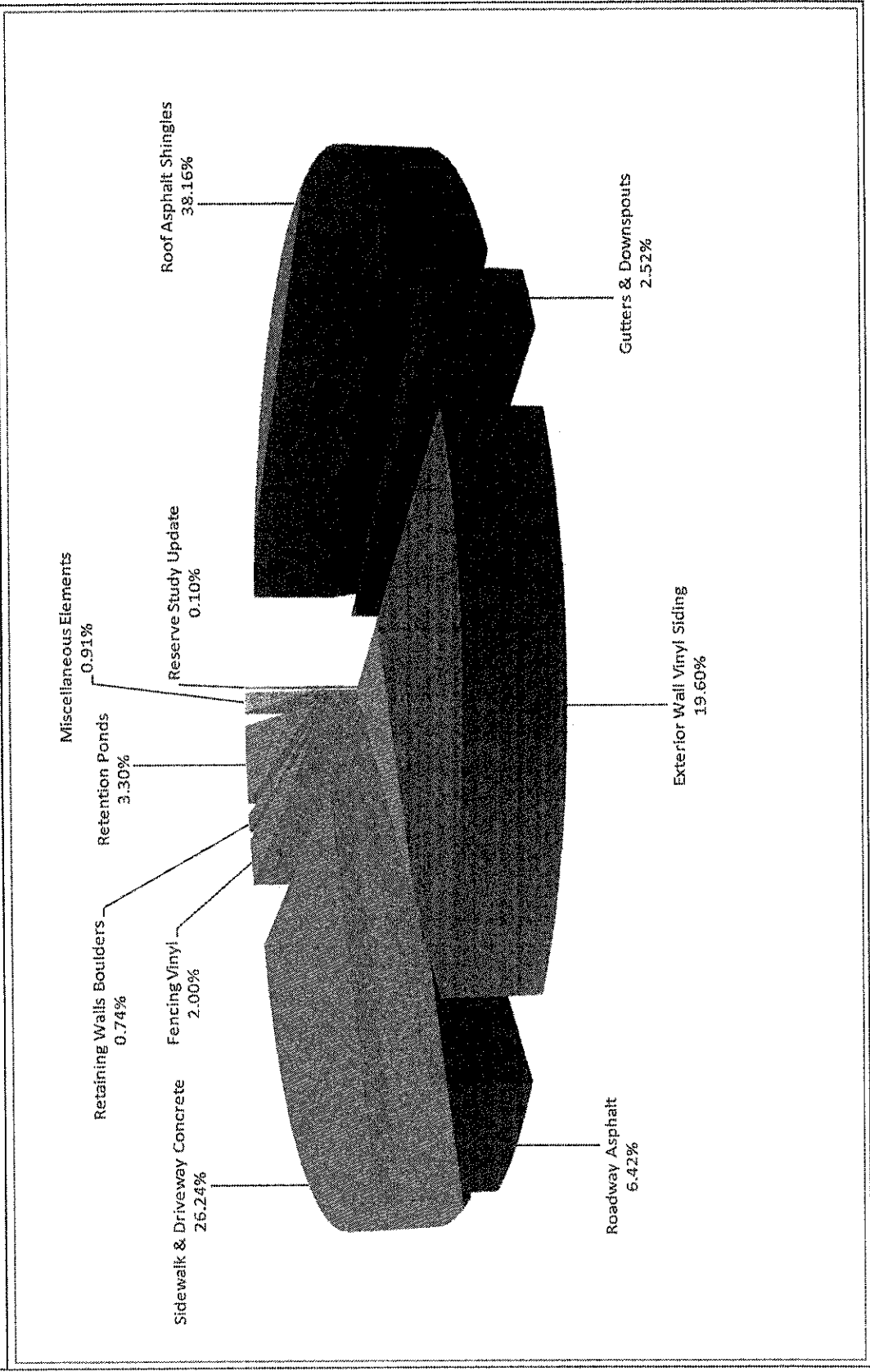
This Reserve Study Update was prepared primarily to answer the following questions. First and foremost what is the current condition of Royal Clusters at Kingsbury Trace Homeowners Association's common elements? Secondly, what is the annual contribution necessary to have a fully funded reserve account to meet the revised Ohio Condominium Statute? In order to maintain the fully funded status, we recommend that the annual contributions be tailored as described in the executive summary and in the financial section of this report. Future contributions may vary based on changes in common element remaining useful life, interest rates and replacement costs. While these annual contributions may seem unnecessary to some, it is important to keep in mind that planning and contributing now, or as early as possible for future capital projects, is the least costly method of maintaining your property.

In summary, the overall condition of Royal Clusters at Kingsbury Trace Homeowners Association is good. We project several elements such as asphalt roadways and asphalt shingle roofs will need repair or replacement in the next five to ten years. The pie chart on page twenty nine (29) depicts each common element based on future replacement costs as it relates to the total future replacement cost. This graphically shows the largest common element based on total future replacement dollar value. This chart is very helpful in several ways. It details your single largest common element on a replacement dollar basis. By knowing the relative dollar amount of each element in relationship to the others, you can better focus your maintenance dollars. For example, if roof shingle replacement is one of your largest expected expenditures, which is the case for Royal Clusters at Kingsbury Trace Homeowners Association, a maintenance program will be necessary to ensure this element meets or exceeds its useful life. Many of these maintenance items were mentioned in the on-site analysis section of our report. The Board should review each element based on this replacement cost graph and determine if enough maintenance dollars are being spent on each element.

In conclusion, our report has highlighted several areas that will need attention with reserve budget dollars in the next five to ten years. The asphalt roof shingles must be the focus of the Board because of the scale and size of these projects. The other element that will need addressed by the Board is the roadway asphalt. We have attempted to give recommendations in several areas, but the Board will need to make their final decision based on the property financial needs, desires for uniformity and material maintenance needs.

You have a beautiful property, and we feel by following these recommendations and continuing your good management practices of the past, you will ensure the property's long-term distinctive value. We look forward to assisting you further if you have any questions or comments regarding our report.

Common Element Percentage Based on Future Replacement Cost



Glossary

Component – An individual line item in a reserve study developed or updated in the physical analysis. These are the building blocks on which a reserve study is built.

Component inventory – The task of selecting and quantifying reserve components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, review of association precedents and discussion with the appropriate association representatives.

Component method – A method of developing a reserve funding plan in which the total contribution based on the sum of contributions for individual components.

Condition assessment – The task of evaluating the current condition of the component based on observed or reported characteristics.

Current replacement cost – The current cost of replacing, repairing, or restoring a reserve component to its original functional condition during a particular year.

Deficit – An actual (or projected) reserve balance less than the fully funded balance.

Effective age – The difference between useful life and remaining useful life. Not always equivalent to chronological age because some components age irregularly.

Financial analysis – The portion of the reserve study in which the current status of reserves (measured as cash or percent funded) and a recommended reserve contribution rate (reserve funding plan) are derived, and the projected reserve income and expense over time is presented. The financial analysis is one of the two parts of a reserve study.

Fully funded – 100 percent funded; when actual (or projected) reserve balance is equal to the fully funded balance.

Fully funded balance – Total accrued depreciation; an indicator against which actual (or projected) reserve balance can be compared; the reserve balance that is in direct proportion to the fraction of “used” life of the current repair and replacement cost. This number is calculated for each component, and these sums are added together for an association total.

Funding goals – Independent methodology utilized. The following represents the basic categories of funding plan goals:

- Full funding. Setting a reserve funding goal of attaining and maintaining reserves at or near 100 percent funded.
- Baseline funding. Establishing a reserve funding goal of keeping the reserve cash balance above zero.
- Statutory funding. Establishing a reserve funding goal of setting aside a specific amount of reserves required by local statutes.
- Threshold funding. Establishing a reserve funding goal of keeping the reserve balance above a specified dollar or percent funded amount. Depending on the threshold, this may be more or less conservative than full funding.

Funding plan – An association’s plan to provide income to a reserve fund to offset anticipated expenditures from that fund.

Life and valuation estimates – The task of estimating useful life, remaining useful life and repair or replacement costs for reserve components.

Physical analysis – The portion of the reserve study in which the component inventory, condition assessment, life and valuation estimate tasks are performed. This represents one of the two parts of the reserve study.

Remaining useful life – The estimated time, in years, for which a reserve component can be expected to continue to serve its intended function. Components of projects planned for the initial year have zero remaining useful life.

Replacement cost – The cost of replacing, repairing, or restoring a reserve component to its original functional condition.

Reserve balance – Actual (or projected) funds at a given point in time identified by the association to defray the future repair or replacement costs of those major components the association is obligated to maintain. Also known as reserves, reserve accounts, or cash reserves.

Reserve study – A budget planning tool that identifies the current status of the reserve fund and a stable/equitable funding plan to offset the anticipated future major common element expenditures. The reserve study consists of two parts: the physical analysis and the financial analysis.

Special assessment – An assessment levied on association members in addition to regular assessments. Special assessments are often regulated by the governing documents or local statutes.

Surplus – An actual (or projected) reserve balance greater than the fully-funded balance.

Useful life – The estimated time, in years, for which a reserve component can be expected to serve its intended function if properly constructed in its present application or installation.

Terms and Conditions

Report. Ohio Reserve Specialists, LLC has completed this study in accordance with the reserve study proposal. All of the data contained in this report is true and accurate to the best of our knowledge. The preliminary report will represent a summary of our findings and will contain our recommendations and is deemed complete and final if neither a final report nor any changes is not requested within 45 days of the submission of the preliminary report. Ohio Reserve Specialists, LLC performed this reserve study service as an independent contractor.

Payment. You agree to abide by the payment schedule for our services in accordance with the reserve study proposal. Ohio Reserve Specialists, LLC retains the right to withhold any information if payments for services are not rendered in accordance with the reserve study proposal. The compensation is not contingent in any way upon the conclusions or recommendations found in the preliminary or final report.

Inspection. You agree to provide us with access to the subject property during the on-site visual inspection and any necessary follow up inspections. Our inspection and analysis of the subject property is limited to visual observations and is noninvasive. We will climb onto and inspect sloped roofs where possible and reasonably and readily accessible. All other roofs will be visually inspected from the ground. We did not perform engineering tests on soil, construction materials, and construction methods.

Limitation of Liability. Ohio Reserve Specialists, LLC does not assume any responsibility for any existence and/or impact of any hazardous materials, structural, latent or hidden defects which may or may not be present on or within the subject property. Our calculation of the estimated costs of repair and/or replacement and the remaining useful life of all or any portion of the subject property are based upon our inspection and reasonable assumptions with respect to inflation and interest rates and are not and shall not be deemed to be a guarantee of future results. Our opinions are based on the condition of the element, known local conditions, data from many professional contractors and building material trade associations. We recommend that an update to this reserve study be completed every two to four years. The primary reason for this is to adjust the study for changes in inflation rates, interest rates received on reserve funds, board decisions to delay or speed up our recommendations, addition/deletion of common elements, construction/material related defects that were not apparent during this inspection, local weather conditions, poor or incomplete maintenance.

Any liability of Ohio Reserve Specialists, LLC or its officers, employees or agents arising from the reserve study and the issuance of the reports shall be limited to the amount of its compensation for the work performed hereunder. Ohio Reserve Specialists, LLC and its officers, employees or agents shall not be liable for any special, incidental, consequential or exemplary damages for breach of contract or otherwise.

Information Indemnification. You will provide to the best of your ability, true and correct historical and budgetary information, governing documents, and any other information that we reasonably request and deem necessary or desirable to complete the work described herein. 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. Your obligation for indemnification and reimbursement shall extend to any officer, employee or agent of Ohio Reserve Specialists, LLC.

Use of Report. Use of the preliminary and/or final report is hereby limited solely to the stated purpose of being a reserve study. Any use or reliance on the reports for any other purpose is invalid. You may show our report in its entirety to those third parties who need to review the information contained herein for its stated purpose. The Association and 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 others without our written consent. This report contains proprietary information and intellectual property developed by Ohio Reserve Specialists, LLC, specific to this engagement and cannot be reproduced or distributed without the written consent of Ohio Reserve Specialists, LLC.

Financial Data

Thirty Year Common Element Spreadsheet
Thirty Year Cash Flow Projection

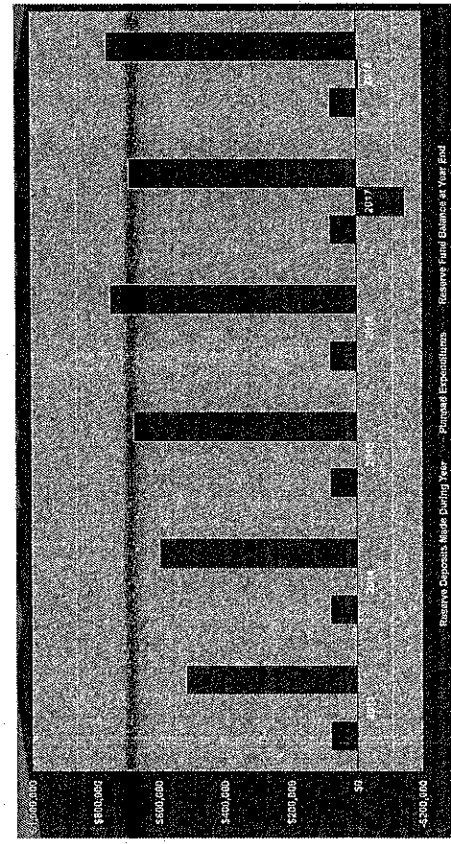
Thirty Year Common Element Table Years 2013-2018

2.75% inflation rate
0.50% interest rate on Reserve/Account

Item	Common Element Description	Measured Quantity	Replacement Unit of Measure	Initial Year	Normal Economic Life Years	Remaining Economic Life	Unit Cost - 2013	Phased Replacement Cost - 2013	Future Replacement Cost	2013	2014	2015	2016	2017	2018
1	Roof Asphalt Shingles	247,200	SQFT	2017	20 to 30	7 plus	\$3.80	\$121,600	\$537,754						\$137,754
2	Gutters & Downspouts	1,000	LF	2017	30	5 plus	\$5.00	\$5,000	\$9,703						\$9,703
3	Exterior Main Vinyl Siding	18,757	SQFT	2017	25 plus	25 plus	\$3.50	\$66,600	\$148,335						
4	Property Concrete Elements	13,830	SQFT	2020	20	7 plus	\$17.5	\$42,360	\$159,906						
5	Driveway Asphalt	7,727	SQFT	2020	30	7 plus	\$5.50	\$80,654	\$659,622						
6	Staircase & Driveway Concrete	7,727	SQFT	2020	30	7 plus	\$5.50	\$80,654	\$659,622						
7	Fencing Vinyl	905	LF	2022	30 plus	29 plus	\$45	\$28,724	\$49,427						
8	Rearranging Walks	1	AL-LDN	2016	30 to 40	5 plus	\$4,000	\$4,000	\$11,571						\$11,571
9	Relaxation Ponds	1	AL-LDN	2022	15 to 20	15 plus	\$25,000	\$25,000	\$49,224						
10	Miscellaneous Elements	1	EA	2020	15 to 20	15 plus	\$7,500	\$7,500	\$12,801						\$12,801
	Reserve Study Update						\$2,100	\$2,100	\$7,445						\$7,445
	Expenditures By Year						\$275,527	\$245,939	\$9	\$0	\$0	\$0	\$0	\$0	\$3,638,570

Cash Flow Summary

	2013	2014	2015	2016	2017	2018
Reserve Account Balance Start of Year	\$497,216	\$512,632	\$527,815	\$542,701	\$557,302	\$571,617
Reserve Deposits Made During Year	\$77,728	\$77,728	\$77,728	\$77,728	\$77,728	\$77,728
Interest Earned (Estimated)	\$2,156	\$2,756	\$3,456	\$4,156	\$4,856	\$5,556
Planned Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Reserve Fund Balance at Year End	\$577,100	\$670,146	\$763,054	\$855,585	\$947,916	\$1,040,457



Item	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	
Common Elements																											
Eligible Assets	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684
Eligible Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Eligible Net Assets	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684	\$14,684
Property, Plant, & Equipment																											
Reserve Assets	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609
Eligible Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Eligible Net Assets	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609
Reserve Assets	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609
Eligible Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Eligible Net Assets	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609	\$51,609

Item	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Reserve Account Balance Start of Year	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Reserve Deposits Made During Year	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Interest Earned (Estimated)	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Planned Expenditures	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Reserve Fund Balance End of Year	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000

