Waterford Place Townhome Association

February 4, 2025 • Sugar Grove, IL

RESERVE STUDY

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

Waterford Place Townhome Association
Sugar Grove, Illinois

Dear Board of Directors of Waterford Place Townhome Association:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Reserve Study* of Waterford Place Townhome Association in Sugar Grove, Illinois and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, February 4, 2025.

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

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

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

Respectfully submitted on February 25, 2025 by

Reserve Advisors, LLC

Visual Inspection and Report by: Timothy J. Matthiesen, RS[1]
Review by: Alan M. Ebert, RS, PRA[2], Director of Quality Assurance

[1] RS (Reserve Specialist) is the reserve provider professional designation of the Community Associations Institute (CAI) representing America's more than 300,000 condominium, cooperative and homeowners associations.

[2] PRA (Professional Reserve Analyst) is the professional designation of the Association of Professional Reserve Analysts. Learn more about APRA at http://www.apra-usa.com.

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Table of Contents

1. RESERVE STUDY EXECUTIVE SUMMARY

Client: Waterford Place Townhome Association (Waterford Place)
Location: Sugar Grove, Illinois
Reference: 020831

Property Basics: Waterford Place Townhome Association consists of 96 units in 26 buildings. The community was built from 2001 to 2002.

Reserve Components Identified: 20 Reserve Components.

Inspection Date: February 4, 2025. We conducted previous inspections in 2013 and 2016.

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 2044 due to completion of the phased vinyl siding replacements.

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

- Current and future local costs of replacement
- 2.7% anticipated annual rate of return on invested reserves
- 3.3% future Inflation Rate for estimating Future Replacement Costs

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

Unaudited Cash Status of Reserve Fund:

- $423,664 as of January 1, 2025
- 2025 budgeted Reserve Contributions of $5,600

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

- Paint finishes to the wood trim
- Replacement of the remaining original walking paths
- Seal coat applications and repairs to the common area pavement
- Inspections and repairs to the thin brick veneer as necessary

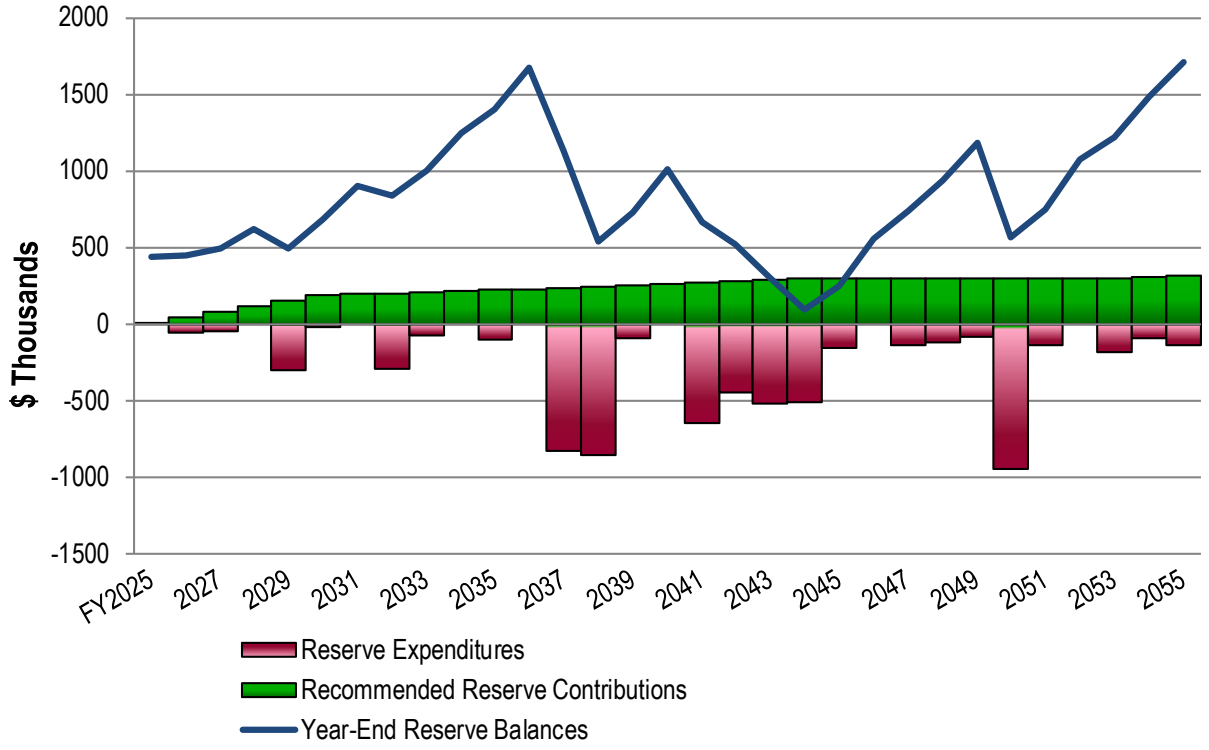
Recommended Reserve Funding: We recommend the following in order to achieve a stable and equitable Cash Flow Methodology Funding Plan:

- Phased increases of $36,900 from 2026 through 2030
- Inflationary increases from 2031 through 2044
- Stable contributions of $299,600 from 2045 through 2053
- Inflationary increases thereafter through 2055, the limit of this study's Cash Flow Analysis
- Initial adjustment in Reserve Contributions of $36,900 represents an average monthly increase of $32.03 per owner and about a sixteen percent (16.4%) adjustment in the 2025 total Operating Budget of $225,640.
- The Association is budgeting several capital expenses included in the reserve expenditures projection from the 2025 operating budget such as landscaping improvements ($13,000), painting ($15,000), gazebo replacement ($9,400) and

contingency ($3,782). These funds can be reallocated toward future reserve contributions to reduce the impact of recommended reserve contribution increases onto unit owners.

Waterford Place
Recommended Reserve Funding Table and Graph

Year	Reserve Contributions ($)	Reserve Balances ($)	Year	Reserve Contributions ($)	Reserve Balances ($)	Year	Reserve Contributions ($)	Reserve Balances ($)
2026	42,500	445,896	2036	231,000	1,678,460	2046	299,600	558,648
2027	79,400	494,088	2037	238,600	1,126,502	2047	299,600	736,524
2028	116,300	625,298	2038	246,500	544,572	2048	299,600	938,157
2029	153,200	493,732	2039	254,600	727,100	2049	299,600	1,188,662
2030	190,100	683,040	2040	263,000	1,013,282	2050	299,600	567,317
2031	196,400	900,533	2041	271,700	666,910	2051	299,600	753,089
2032	202,900	838,677	2042	280,700	522,020	2052	299,600	1,077,067
2033	209,600	999,480	2043	290,000	303,334	2053	299,600	1,225,717
2034	216,500	1,245,889	2044	299,600	98,974	2054	309,500	1,481,543
2035	223,600	1,406,370	2045	299,600	248,299	2055	319,700	1,710,003



2. RESERVE STUDY REPORT

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

Waterford Place Townhome Association

Sugar Grove, Illinois

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, February 4, 2025. We conducted previous inspections in 2013 and 2016.

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

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

IDENTIFICATION OF PROPERTY

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

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

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

We advise the Board conduct an annual review of these classes of property to confirm its policy concerning the manner of funding, i.e., from reserves or the operating budget. Reserve Components are defined by CAI as property elements with:

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

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

Excluded Components

for
Waterford Place
Townhome Association
Sugar Grove, Illinois

Operating Budget Components

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

The operating budget provides money for the repair and replacement of certain Reserve Components. The Association may develop independent criteria for use of operating and reserve funds.

- Catch Basins, Landscape
- Concrete Flatwork, Raising/Leveling, Crack Repairs and Minor Partial Replacements
- Controlled Burns
- Detention Area
- Gazebo, Interim Paint Finishes
- Inlet/Outlet Structures, Concrete, Storm Water Management System
- Landscape, General Maintenance and Interim Tree Trimming
- Light Pole and Fixture, Gazebo
- Native Areas, Vegetation Management
- Paint Finishes, Touch Up
- Signage, Informational

Long-Lived Components

These elements may not have predictable Remaining Useful Lives or their replacement may occur beyond the scope of this study. The operating budget should fund infrequent repairs. Funding untimely or unexpected replacements from reserves will necessitate increases to Reserve Contributions. Periodic updates of this Reserve Study will help determine the merits of adjusting the Reserve Funding Plan.	Useful Life	Estimated Cost
• Electrical System, Common	Indeterminate	N/A
• Foundations	Indeterminate	N/A
• Pipes, Subsurface Utilities	Indeterminate	N/A
• Structural Frames	Indeterminate	N/A

Excluded Components

for
Waterford Place
Townhome Association
Sugar Grove, Illinois

Owners Responsibility Components

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

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

Others Responsibility Components

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

- Light Poles and Fixtures (Excludes Gazebo Area)[1]
- Sidewalks, Parallel to Capitol Drive and Park Avenue[1]
- Street Systems, Capitol Drive and Park Avenue[1]

[1] Village of Sugar Grove

3. RESERVE EXPENDITURES and FUNDING PLAN

The tables following this introduction present:

Reserve Expenditures

- Line item numbers
- Total quantities
- Quantities replaced per phase (in a single year)
- Reserve component inventory
- Estimated first year of event (i.e., replacement, application, etc.)
- Life analysis showing
  - useful life
  - remaining useful life
- 2025 local cost of replacement
  - Per unit
  - Per phase
  - Replacement of total quantity
- Percentage of future expenditures anticipated during the next 30 years
- Schedule of estimated future costs for each reserve component including inflation

Reserve Funding Plan

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

Five-Year Outlook

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

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

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

Years 2025 to 2040

RESERVE EXPENDITURES

Waterford Place
Townhome Association
Sugar Grove, Illinois

Explanatory Notes:

1) **3.3% is the estimated Inflation Rate for estimating Future Replacement Costs.**
2) **FY2025 is Fiscal Year beginning January 1, 2025 and ending December 31, 2025.**

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years Useful	Life Analysis, Years Remaining	Costs, $ Unit (2025)	Costs, $ Per Phase (2025)	Costs, $ Total (2025)	Percentage of Future Expenditures	RUL = 0 FY2025	1 2026	2 2027	3 2028	4 2029	5 2030	6 2031	7 2032	8 2033	9 2034	10 2035	11 2036	12 2037	13 2038	14 2039	15 2040
				Exterior Building Elements																							
1.240	13,000	6,500	Linear Feet	Gutters and Downspouts, Aluminum, Phased	2037	20 to 25	12 to 13	11.00	71,500	143,000	**3.2%**													105,563	109,046		
1.260	288	288	Each	Light Fixtures, Entrances and Garages	2048	to 25	23	125.00	36,000	36,000	**1.1%**																
1.280	1,650	825	Squares	Roofs, Asphalt Shingles, Phased	2037	20 to 25	12 to 13	550.00	453,750	907,500	**20.3%**													669,916	692,023		
1.860	116,200	29,050	Square Feet	Walls, Siding, Vinyl, Phased (Incl. Soffit and Fascia)	2041	to 40	16 to 19	8.75	254,188	1,016,750	**26.7%**																
1.900	7,100	7,100	Square Feet	Walls, Thin Brick Veneer, Inspections and Partial Replacements	2027	5 to 10	2	5.00	35,500	35,500	**6.8%**			37,882								49,117				55,928	
1.905	96	96	Units	Walls, Trim, Paint Finishes and Repairs	2029	4 to 6	4	370.00	35,520	35,520	**6.4%**					40,446				46,055				52,442			
				Property Site Elements																							
4.020	12,150	12,150	Square Yards	Asphalt Pavement, Crack Repair, Patch and Seal Coat	2026	3 to 5	1	1.70	20,655	20,655	**4.1%**		19,774			15,002			14,296			28,578			31,501		
4.045	4,400	4,400	Square Yards	Asphalt Pavement, Total Replacement, Access Drives	2029	15 to 20	4	40.00	176,000	176,000	**8.9%**					200,407											
4.046	5,450	5,450	Square Yards	Asphalt Pavement, Total Replacement, Driveways	2032	15 to 20	7	40.00	218,000	218,000	**11.4%**								273,627								
4.080	890	890	Square Yards	Asphalt Pavement, Total Replacement, Walking Paths, Remaining	2026	15 to 20	1	32.00	28,480	28,480	**0.4%**		29,420														
4.081	2,330	2,330	Square Yards	Asphalt Pavement, Total Replacement, Walking Paths, Subsequent	2041	15 to 20	16	32.00	74,560	74,560	**1.9%**																
4.100	8	8	Each	Catch Basins, Inspections and Capital Repairs	2029	15 to 20	4	1,200.00	9,600	9,600	**0.5%**					10,931											
4.110	4,000	240	Linear Feet	Concrete Curbs and Gutters, Partial	2029	to 65	4 to 30+	49.50	11,880	198,000	**1.2%**					13,528									18,118		
4.130	96	3	Each	Concrete Patios, Partial	2027	to 65	2 to 30+	2,000.00	5,480	192,000	**1.0%**			5,848						7,105						8,633	
4.140	19,100	1,035	Square Feet	Concrete Sidewalks and Stoops, Partial	2033	to 65	8 to 30+	15.00	15,519	286,500	**2.7%**									20,121						24,449	
4.360	1	1	Each	Gazebo, Renovation	2045	15 to 20	20	9,400.00	9,400	9,400	**0.3%**																
4.500	1	1	Allowance	Landscape, Tree Trimming and Partial Replacements	2035	to 10	10	15,000.00	15,000	15,000	**1.3%**											20,754					
4.600	7	7	Each	Mailbox Stations	2030	to 25	5	2,000.00	14,000	14,000	**0.8%**						16,468										
4.800	1	1	Allowance	Signage, Address Signs	2029	to 25	4	12,000.00	12,000	12,000	**0.6%**					13,664											
4.801	1	1	Allowance	Signage, Entrance Monument, Renovation	2029	to 25	4	5,000.00	5,000	5,000	**0.3%**					5,693											
				Anticipated Expenditures, By Year ($6,719,651 over 30 years)								0	49,194	43,729	0	299,672	16,468	0	287,923	73,282	0	98,448	0	827,920	850,689	89,011	0

RESERVE EXPENDITURES

Waterford Place
Townhome Association
Sugar Grove, Illinois

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years Useful	Life Analysis, Years Remaining	Costs, $ Unit (2025)	Costs, $ Per Phase (2025)	Costs, $ Total (2025)	Percentage of Future Expenditures	16 2041	17 2042	18 2043	19 2044	20 2045	21 2046	22 2047	23 2048	24 2049	25 2050	26 2051	27 2052	28 2053	29 2054	30 2055
				Exterior Building Elements																						
1.240	13,000	6,500	Linear Feet	Gutters and Downspouts, Aluminum, Phased	2037	20 to 25	12 to 13	11.00	71,500	143,000	**3.2%**															
1.260	288	288	Each	Light Fixtures, Entrances and Garages	2048	to 25	23	125.00	36,000	36,000	**1.1%**								75,964							
1.280	1,650	825	Squares	Roofs, Asphalt Shingles, Phased	2037	20 to 25	12 to 13	550.00	453,750	907,500	**20.3%**															
1.860	116,200	29,050	Square Feet	Walls, Siding, Vinyl, Phased (Incl. Soffit and Fascia)	2041	to 40	16 to 19	8.75	254,188	1,016,750	**26.7%**	427,326	441,428	455,995	471,043											
1.900	7,100	7,100	Square Feet	Walls, Thin Brick Veneer, Inspections and Partial Replacements	2027	5 to 10	2	5.00	35,500	35,500	**6.8%**			63,685				72,516				82,573				94,024
1.905	96	96	Units	Walls, Trim, Paint Finishes and Repairs	2029	4 to 6	4	370.00	35,520	35,520	**6.4%**	59,714				67,995				77,425				88,162		
				Property Site Elements																						
4.020	12,150	12,150	Square Yards	Asphalt Pavement, Crack Repair, Patch and Seal Coat	2026	3 to 5	1	1.70	20,655	20,655	**4.1%**	28,065			38,276			42,192			8,804			51,267		
4.045	4,400	4,400	Square Yards	Asphalt Pavement, Total Replacement, Access Drives	2029	15 to 20	4	40.00	176,000	176,000	**8.9%**										396,297					
4.046	5,450	5,450	Square Yards	Asphalt Pavement, Total Replacement, Driveways	2032	15 to 20	7	40.00	218,000	218,000	**11.4%**										490,868					
4.080	890	890	Square Yards	Asphalt Pavement, Total Replacement, Walking Paths, Remaining	2026	15 to 20	1	32.00	28,480	28,480	**0.4%**															
4.081	2,330	2,330	Square Yards	Asphalt Pavement, Total Replacement, Walking Paths, Subsequent	2041	15 to 20	16	32.00	74,560	74,560	**1.9%**	125,346														
4.100	8	8	Each	Catch Basins, Inspections and Capital Repairs	2029	15 to 20	4	1,200.00	9,600	9,600	**0.5%**										21,616					
4.110	4,000	240	Linear Feet	Concrete Curbs and Gutters, Partial	2029	to 65	4 to 30+	49.50	11,880	198,000	**1.2%**							24,267			26,750					
4.130	96	3	Each	Concrete Patios, Partial	2027	to 65	2 to 30+	2,000.00	5,480	192,000	**1.0%**					10,490			11,563			12,746			14,050	
4.140	19,100	1,035	Square Feet	Concrete Sidewalks and Stoops, Partial	2033	to 65	8 to 30+	15.00	15,519	286,500	**2.7%**					29,707			32,746			36,096			39,789	
4.360	1	1	Each	Gazebo, Renovation	2045	15 to 20	20	9,400.00	9,400	9,400	**0.3%**					17,994										
4.500	1	1	Allowance	Landscape, Tree Trimming and Partial Replacements	2035	to 10	10	15,000.00	15,000	15,000	**1.3%**					28,714										39,728
4.600	7	7	Each	Mailbox Stations	2030	to 25	5	2,000.00	14,000	14,000	**0.8%**														35,895	
4.800	1	1	Allowance	Signage, Address Signs	2029	to 25	4	12,000.00	12,000	12,000	**0.6%**													29,785		
4.801	1	1	Allowance	Signage, Entrance Monument, Renovation	2029	to 25	4	5,000.00	5,000	5,000	**0.3%**													12,410		
				Anticipated Expenditures, By Year ($6,719,651 over 30 years)								640,451	441,428	519,679	509,319	154,901	0	138,976	120,274	77,425	944,335	131,416	0	181,623	89,735	133,752

RESERVE FUNDING PLAN

CASH FLOW ANALYSIS
Waterford Place
Townhome Association
Sugar Grove, Illinois

Individual Reserve Budgets & Cash Flows for the Next 30 Years

		FY2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Reserves at Beginning of Year	*(Note 1)*	423,664	440,779	445,896	494,088	625,298	493,732	683,040	900,533	838,677	999,480	1,245,889	1,406,370	1,678,460	1,126,502	544,572	727,100
Total Recommended Reserve Contributions	*(Note 2)*	**5,600**	**42,500**	**79,400**	**116,300**	**153,200**	**190,100**	**196,400**	**202,900**	**209,600**	**216,500**	**223,600**	**231,000**	**238,600**	**246,500**	**254,600**	**263,000**
Estimated Interest Earned, During Year	*(Note 3)*	11,515	11,811	12,521	14,910	14,906	15,675	21,093	23,167	24,485	29,909	35,329	41,090	37,363	22,259	16,939	23,182
Anticipated Expenditures, By Year		0	(49,194)	(43,729)	0	(299,672)	(16,468)	0	(287,923)	(73,282)	0	(98,448)	0	(827,920)	(850,689)	(89,011)	0
Anticipated Reserves at Year End		$440,779	$445,896	$494,088	$625,298	$493,732	$683,040	$900,533	$838,677	$999,480	$1,245,889	$1,406,370	$1,678,460	$1,126,502	$544,572	$727,100	$1,013,282

(continued)

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

	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055
Reserves at Beginning of Year	1,013,282	666,910	522,020	303,334	98,974	248,299	558,648	736,524	938,157	1,188,662	567,317	753,089	1,077,067	1,225,717	1,481,543
Total Recommended Reserve Contributions	**271,700**	**280,700**	**290,000**	**299,600**	**299,600**	**299,600**	**299,600**	**299,600**	**299,600**	**299,600**	**299,600**	**299,600**	**299,600**	**309,500**	**319,700**
Estimated Interest Earned, During Year	22,380	15,837	10,994	5,359	4,626	10,749	17,252	22,307	28,330	23,390	17,588	24,378	30,673	36,061	42,512
Anticipated Expenditures, By Year	(640,451)	(441,428)	(519,679)	(509,319)	(154,901)	0	(138,976)	(120,274)	(77,425)	(944,335)	(131,416)	0	(181,623)	(89,735)	(133,752)
Anticipated Reserves at Year End	$666,910	$522,020	$303,334	$98,974	$248,299	$558,648	$736,524	$938,157	$1,188,662	$567,317	$753,089	$1,077,067	$1,225,717	$1,481,543	$1,710,003
				(NOTE 5)											*(NOTE 4)*

Explanatory Notes:

1) Year 2025 starting reserves are as of January 1, 2025; FY2025 starts January 1, 2025 and ends December 31, 2025.

2) Reserve Contributions for 2025 are budgeted; 2026 is the first year of recommended contributions.

3) **2.7%** is the estimated annual rate of return on invested reserves.

4) Accumulated year 2055 ending reserves consider the need to fund for subsequent replacement of the roofs and the age, size, overall condition and complexity of the property.

5) Threshold Funding Year (reserve balance at critical point).

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

FIVE-YEAR OUTLOOK

Waterford Place
Townhome Association
Sugar Grove, Illinois

Line Item	Reserve Component Inventory	RUL = 0 FY2025	1 2026	2 2027	3 2028	4 2029	5 2030
	Exterior Building Elements						
1.900	Walls, Thin Brick Veneer, Inspections and Partial Replacements			37,882			
1.905	Walls, Trim, Paint Finishes and Repairs					40,446	
	Property Site Elements						
4.020	Asphalt Pavement, Crack Repair, Patch and Seal Coat		19,774			15,002	
4.045	Asphalt Pavement, Total Replacement, Access Drives					200,407	
4.080	Asphalt Pavement, Total Replacement, Walking Paths, Remaining		29,420				
4.100	Catch Basins, Inspections and Capital Repairs					10,931	
4.110	Concrete Curbs and Gutters, Partial					13,528	
4.130	Concrete Patios, Partial			5,848			
4.600	Mailbox Stations						16,468
4.800	Signage, Address Signs					13,664	
4.801	Signage, Entrance Monument, Renovation					5,693	
	Anticipated Expenditures, By Year ($6,719,651 over 30 years)	0	49,194	43,729	0	299,672	16,468

4. RESERVE COMPONENT DETAIL

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

Exterior Building Elements

Front elevation

Side elevation

Side elevation

Rear elevation

Gutters and Downspouts, Aluminum

Line Item: 1.240

Quantity: Approximately 13,000 linear feet of aluminum gutters and downspouts

History: Approximately nine years of age

Condition: Good overall

Aluminum gutter and downspout

Downspout discharge from upper roof section directly into lower roof section gutter

Useful Life: 20- to 25-years. The useful life of gutters and downspouts coincides with that of the sloped roofs. Coordinated replacement will result in the most economical unit price and minimize the possibility of damage to other roof components as compared to separate replacements.

Component Detail Notes: The size of the gutter is determined by the roof's watershed area, a roof pitch factor and the rainfall intensity number of the Association's region. We recommend sloping gutters 1/16 inch per linear foot and providing fasteners a maximum of every three feet. Downspouts can drain 100 square feet of roof area per one square inch of downspout cross sectional area. We recommend the use of downspout extensions and splash blocks at the downspout discharge to direct storm water away from the foundations.

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

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

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

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

Light Fixtures

Line Item: 1.260

Quantity: Approximately 288 exterior light fixtures at the front entry doors and garage doors

History: Approximately one year of age

Condition: Good overall

Ceiling mounted light fixture at entry door

Wall mounted light fixture at garage

Useful Life: Up to 25 years

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

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

Priority/Criticality: Per Board discretion

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

Roofs, Asphalt Shingles

Line Item: 1.280

Quantity: Approximately 1,650 *squares*[1]

History: Approximately nine years of age

Condition: Good overall. We note isolated and minor instances of shingle lift and shingle bulge. Management and the Board do not inform us of a history of leaks or active leaks. The Association contracts with a vendor for regular inspections and repairs to roof system components.

Useful Life: 20- to 25-years

Laminate asphalt shingle roof

Laminate shingles and box vents at roof peak

Enclosed half-weave valley

Isolated instance of shingle bulge and lift adjacent to valley

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

Roof stains

Roof penetrations

Isolated shingle lift

Shingle lift at gable roof edge

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

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

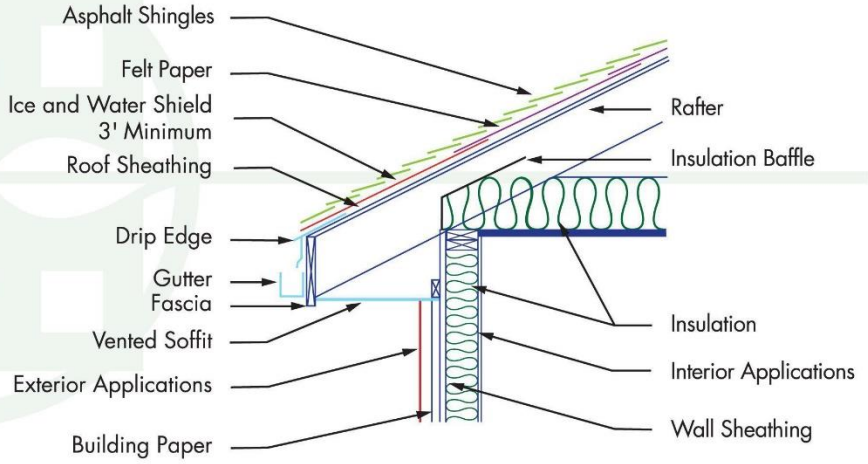
Certain characteristics of condition govern the times of replacement. Replacement of an asphalt shingle roof becomes necessary when there are multiple or recurring leaks and

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

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

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

ROOF SCHEMATIC



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

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

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

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

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

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

Walls, Siding, Vinyl

Line Item: 1.860

Quantity: Approximately 116,200 square feet of vinyl siding comprises portions of the exterior walls. This quantity includes the aluminum soffit and fascia.

History: Original

Condition: Good overall. Our inspection notes minimal instances of deflection and damage.

Useful Life: Up to 40 years

Vinyl siding with a clapboard profile

Perforated aluminum soffit and fascia

Siding and window interface

Typical condition of the siding with color fade but no deflection or damage

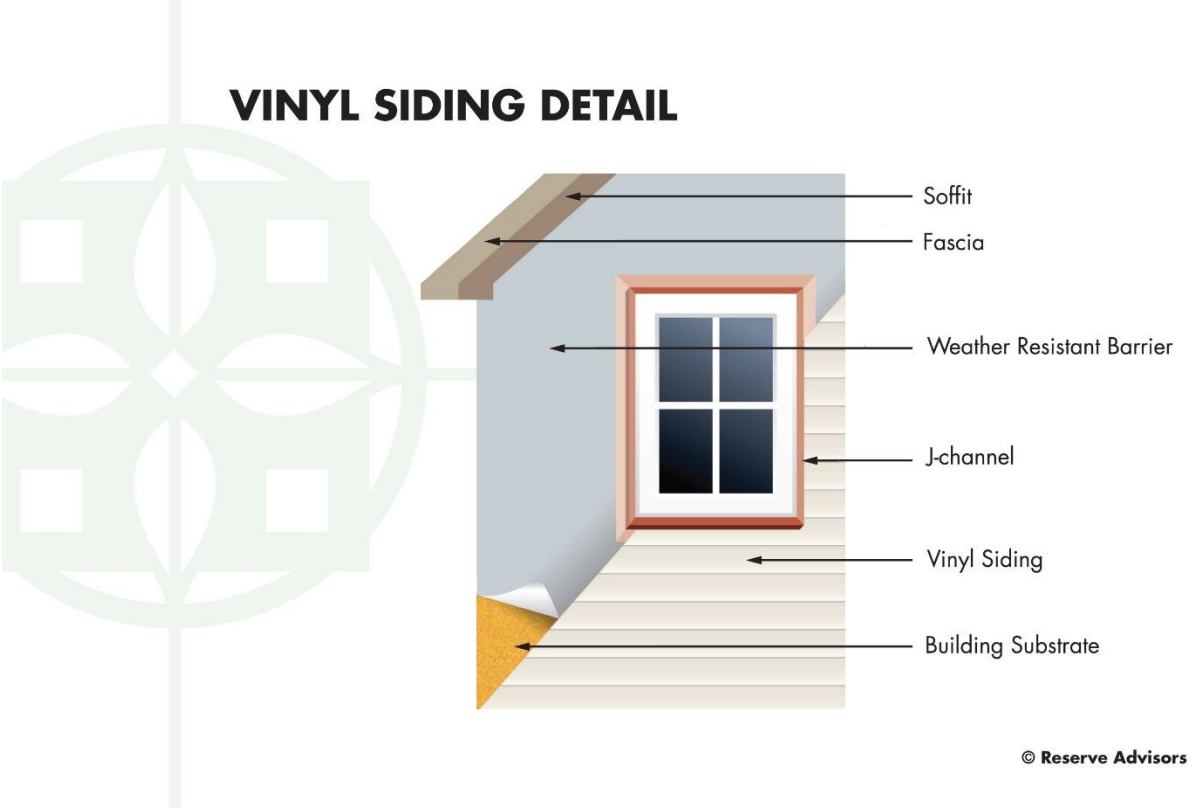
Siding in good overall condition

No visible deterioration

Isolated damage near garage door

Siding, soffit and fascia at upper level in good condition

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



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

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

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

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

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

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

Walls, Thin Brick Veneer

Line Item: 1.900

Quantity: Approximately 7,100 square feet of thin brick veneer

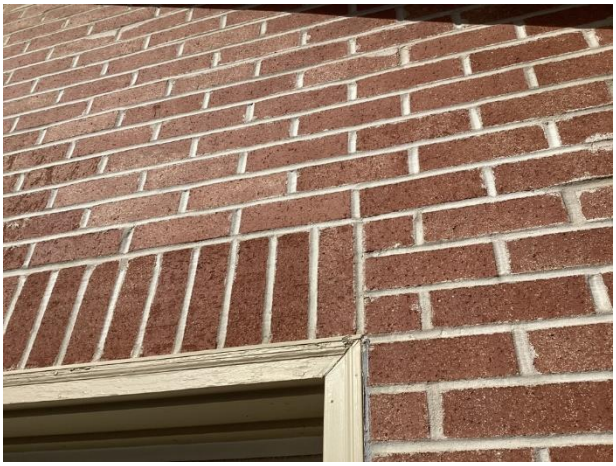
History: Original

Condition: Good to fair overall with cracks visible near the garage doors and window penetrations

Useful Life: The thin brick veneer has an overall useful life of up to 50 years. However, some sections may fail earlier. Therefore, we conservatively schedule inspections and partial replacements every 5- to 10-years to ensure deterioration is addressed in a timely manner. As the buildings age, these events will likely increase in frequency.

Thin brick veneer above garage door

Section of thin brick veneer in good condition



Minor deterioration near garage door

No visible deterioration at panel

Caulked interface between veneer panel and window

Significant mortar cracks

Thin brick veneer crack

Deterioration at window perimeter

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We assume a complete inspection of all the masonry veneer and replacement of up to approximately thirteen percent (12.5%) per event.

Walls, Trim, Paint Finishes

Line Item: 1.905

Quantity: We include paint finishes at the various trim elements

History: The Board informs us of touch-up paint finishes occurring approximately two years ago but the history of comprehensive paint finishes was not provided at the time of our site visit. The 2025 operating budget includes funds to conduct near-term paint finishes.

Condition: Fair overall with deterioration commonly visible at the garage door trim

Useful Life: We include funds for paint finishes and partial replacements every four- to six-years

Wood trim and finish at front door post

Deterioration at garage door trim

Wood trim present at rear elevation doors

Deterioration at garage door trim

Significant finish deterioration

Wood trim deterioration

Component Detail Notes: Correct and complete preparation of the surface before application of the paint finish maximizes the useful life of the paint finish and surface. The contractor should remove all loose, peeled or blistered paint before application of the new paint finish. The contractor should then power wash the surface to remove all dirt or chalking of the prior paint finish.

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

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

- Paint finish applications
- Replacement of up to five percent (5%) of the trim (The exact amount of material in need of replacement will depend on the actual future conditions and desired appearance. We recommend replacement wherever holes, cracks and deterioration impair the ability of the material to prevent water infiltration.)

Property Site Elements

Asphalt Pavement, Crack Repair, Patch and Seal Coat

Line Item: 4.020

Quantity: Approximately 12,150 square yards of paved areas throughout the community (access drives, driveways and walking paths)

History: Seal coat applications and repairs last performed in 2023

Condition: Good overall

Useful Life: We recommend applications every three- to five-years

Component Detail Notes: Patch repairs are conducted at areas exhibiting settlement, potholes, or excessive cracking. These conditions typically occur near high traffic areas, catch basins, and pavement edges.

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Our cost for seal coat applications includes an allowance for patching of up to two percent (2%) of the pavement. Our quantity and cost in a given year excludes any section of pavement recommended for repaving to occur in the same year.

Asphalt Pavement, Access Drives and Driveways, Repaving

Line Items: 4.045 and 4.046

Quantity: Approximately 4,400 square yards of street pavement at the access drives and approximately 5,450 square yards of driveway pavement at the driveways

History: The access drive pavement is original and the driveway pavement is approximately 10 years of age

Condition: The access drive pavement is in fair condition with transverse cracks and settlement visible throughout. The driveway pavement is in good to fair condition with repaired and unrepaired cracks evident.

Useful Life: We recommend major repaving events every 15- to 20-years with the benefit of timely crack repairs and patching (as discussed in the prior narrative)

Access drive overview with repaired transverse cracks

Crowned asphalt pavement at access drive with seal coat and previous repairs

Transverse cracks

Seal coat fade

Repaired cracks

Repaired cracks at pavement edge

Asphalt pavement driveway

Driveway in good condition

Driveway cracks and deterioration

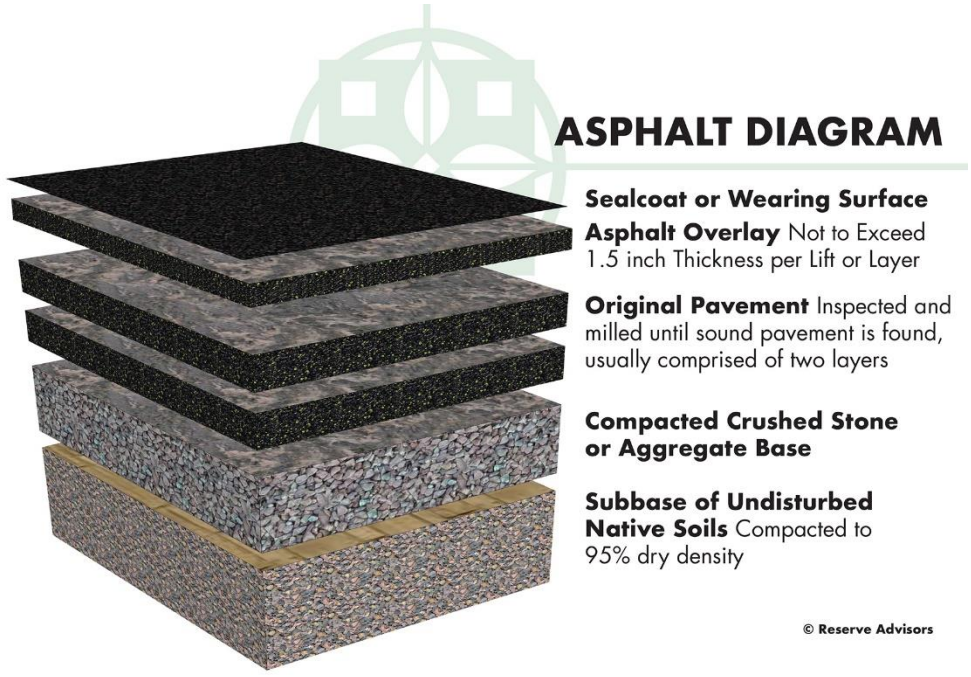
Minor hairline cracks

Significant unrepaired crack

Apron section in good condition

Cracks, settlement and vehicle fluid stains

Component Detail Notes: The initial installation of asphalt uses at least two lifts, or two separate applications of asphalt, over the base course. The first lift is the binder course. The second lift is the wearing course. The wearing course comprises a finer aggregate for a smoother, more watertight finish. The following diagram depicts the typical components although it may not reflect the actual configuration at Waterford Place:



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

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

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

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

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

Asphalt Pavement, Walking Paths, Repaving

Line Items: 4.080 and 4.081

Quantity: 2,330 square yards

History: The south section walking paths (1,440 square yards) were recently repaved and the north section (890 square yards) are original

Condition: The south section walking paths are in good condition and the north section walking paths are in poor condition with cracks, settlement and trip hazards present throughout all areas, particularly near the pond

Walking path deterioration

Repaired transverse cracks

Significant deterioration at south section walking path near the pond

Significant deterioration at south section walking path near the pond

Wide asphalt cracks

Cracks and settlement

Walking path cracks

Walking path deterioration

Wide asphalt crack and previous repairs

Recently repaved section in good condition

Useful Life: To maintain a safe pedestrian surface, we recommend major repaving events every 15- to 20-years with the benefit of timely crack repairs and patching (as discussed in a prior narrative)

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

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

Catch Basins

Line Item: 4.100

Quantity: Eight catch basins[2]

History: Original

Condition: Good overall without settlement visually apparent

Catch basin at access drive

Useful Life: The useful life of catch basins is up to 65 years. However, achieving this useful life usually requires interim capital repairs or partial replacements every 15- to 20-years.

Component Detail Notes: Erosion causes settlement around the collar of catch basins. Left unrepaired, the entire catch basin will shift and need replacement.

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

- Annually:
    - Inspect and repair any settlement and collar cracks
    - Ensure proper drainage and inlets are free of debris
    - If property drainage is not adequate in heavy rainfall events, typically bi-annual cleaning of the catch basins is recommended

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

[2] We utilize the terminology catch basin to refer to all storm water collection structures including curb inlets.

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We recommend the Association plan for inspections and capital repairs to the catch basins in conjunction with repaving.

Concrete Curbs and Gutters

Line Item: 4.110

Quantity: Approximately 4,000 linear feet at the access drives

Condition: Good to fair overall with minor cracks and deterioration at control joints evident

Curb and gutter cracks and deterioration

Deterioration at control joint

Concrete spall at mountable curb and gutter section

Isolated instance of frequent cracks

Useful Life: Up to 65 years although interim deterioration of areas is common, resulting in the need to plan for periodic partial replacements as necessary

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

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

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We estimate that up to 1,280 linear feet of concrete curbs and gutters, or twenty-four percent (24%) of the total, will require replacement during the next 30 years.

Concrete Patios

Line Item: 4.130

Quantity: 96 each

Condition: Good to fair overall with isolated cracks and settlement evident

Concrete patio

Isolated patio crack

Useful Life: Up to 65 years although interim deterioration of areas is common, resulting in the need to plan for periodic partial replacements as necessary

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

- Annually:
    - Inspect and repair major cracks, spalls and trip hazards
    - Mark with orange safety paint prior to replacement or repair

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We recommend the Association plan for replacement of up to 19 patios, or approximately twenty percent (20%) of the total, during the next 30 years. We include an increasing rate of replacement as the concrete ages.

Concrete Sidewalks and Stoops

Line Item: 4.140

Quantity: Approximately 19,100 square feet of sidewalks parallel to the access drives and providing entry to the front doors. This quantity includes any elevated stoops at the front entrances, if present.

Condition: Good overall with isolated cracks

Concrete sidewalk at access drive

Concrete unit entry sidewalk

Cracks and spall

Concrete flatwork cracks

Previous partial replacement

Level discrepancy between driveway and sidewalk

Isolated sidewalk cracks adjacent to driveway

Isolated instance of frequent cracks

Useful Life: Up to 65 years although interim deterioration of areas is common, resulting in the need to plan for periodic partial replacements as necessary

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

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

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We estimate that up to 6,207 square feet of concrete sidewalks, or approximately thirty-three percent (32.5%) of the total, will require replacement during the next 30 years. We include an increasing rate of replacement as the concrete ages.

Gazebo

Line Item: 4.360

History: Original; the Association will expend near-term funds from the operating budget to replace the floor deck boards, benches, railings and conduct paint finishes and repairs to the remaining components.

Condition: Following completion of the near-term work described above, we assume good overall condition

Wood frame gazebo

Useful Life: We include renovations every 15- to 20-years. The scope of subsequent renovations should match the work performed as budgeted for 2025.

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. The cost for the near-term renovation was provided by the Association. We recommend the Association budget for interim paint applications and repairs through the operating budget.

Landscape

Line Item: 4.500

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

Useful Life: At the request of the Board, we include a landscape allowance for major tree trimming and partial replacements every 10 years. The 2025 operating budget includes funds for a near-term event.

Priority/Criticality: Per Board discretion

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

Mailbox Stations

Line Item: 4.600

Quantity: Seven stations

History: Original

Condition: Good overall

Mailbox station

Mailbox station

Useful Life: Up to 25 years

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

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

Priority/Criticality: Per Board discretion

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

Signage, Address

Line Item: 4.800

Quantity: Six wood address signs

History: Original

Condition: Good to fair overall

Wood frame address sign

Useful Life: Up to 25 years

Priority/Criticality: Per Board discretion

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

Signage, Entrance Monument

Line Item: 4.801

Quantity: The property identification signage includes the following elements:

- EIFS (Exterior Insulation Finish System)
- Metal letters
- Light fixtures

History: Original

Condition: Good overall

Useful Life: We include entrance monument renovations every 25 years

Entrance monument

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

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

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

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Our cost for renovation includes repairs to the EIFS and replacement of the remaining components listed above.

Reserve Study Update

An ongoing review by the Board and an Update of this Reserve Study are necessary to ensure an equitable funding plan since a Reserve Study is a snapshot in time. Many variables change after the study is conducted that may result in significant overfunding or underfunding the reserve account. Variables that may affect the Reserve Funding Plan include, but are not limited to:

- Deferred or accelerated capital projects based on Board discretion
- Changes in the interest rates on reserve investments
- Changes in the *local* construction inflation rate
- Additions and deletions to the Reserve Component Inventory
- The presence or absence of maintenance programs
- Unusually mild or extreme weather conditions

- Technological advancements

Periodic updates incorporate these variable changes since the last Reserve Study or Update. We recommend the Board budget for an Update to this Reserve Study every three years. Budgeting for an Update demonstrates the Board's objective to continue fulfilling its fiduciary responsibility to maintain the commonly owned property and to fund reserves appropriately.

5. METHODOLOGY

Reserves for replacement are the amounts of money required for future expenditures to repair or replace Reserve Components that wear out before the entire facility or project wears out. Reserving funds for future repair or replacement of the Reserve Components is also one of the most reliable ways of protecting the value of the property's infrastructure and marketability.

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

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

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

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

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

- The past and current maintenance practices of Waterford Place and their effects on remaining useful lives
- Financial information provided by the Association pertaining to the cash status of the reserve fund and budgeted reserve contribution
- The anticipated effects of appreciation of the reserves over time in accord with a return or yield on investment of your cash equivalent assets. (We did not consider the costs, if any, of Federal and State Taxes on income derived from interest and/or dividend income).
- The Funding Plan excludes necessary operating budget expenditures. It is our understanding that future operating budgets will provide for the ongoing normal maintenance of Reserve Components.

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

6. CREDENTIALS

HISTORY AND DEPTH OF SERVICE

Founded in 1991, Reserve Advisors is the leading provider of reserve studies, insurance appraisals, developer turnover transition studies, expert witness services, and other engineering consulting services. Clients include community associations, resort properties, hotels, clubs, non-profit organizations, apartment building owners, religious and educational institutions, and office/commercial building owners in 48 states, Canada and throughout the world.

The **architectural engineering consulting firm** was formed to take a leadership role in helping fiduciaries, boards, and property managers manage their property like a business with a long-range master plan known as a Reserve Study.

Reserve Advisors employs the **largest staff of Reserve Specialists** with bachelor's degrees in engineering dedicated to Reserve Study services. Our founders are also founders of Community Associations Institute's (CAI) Reserve Committee that developed national standards for reserve study providers. One of our founders is a Past President of the Association of Professional Reserve Analysts (APRA). Our vast experience with a variety of building types and ages, on-site examination and historical analyses are keys to determining accurate remaining useful life estimates of building components.

No Conflict of Interest - As consulting specialists, our **independent opinion** eliminates any real or perceived conflict of interest because we do not conduct or manage capital projects.

TOTAL STAFF INVOLVEMENT

Several staff members participate in each assignment. The responsible advisor involves the staff through a Team Review, exclusive to Reserve Advisors, and by utilizing the experience of other staff members, each of whom has served hundreds of clients. We conduct Team Reviews, an internal quality assurance review of each assignment, including: the inspection; building component costing; lifing; and technical report phases of the assignment. Due to our extensive experience with building components, we do not have a need to utilize subcontractors.

OUR GOAL

To help our clients fulfill their fiduciary responsibilities to maintain property in good condition.

VAST EXPERIENCE WITH A VARIETY OF BUILDINGS

Reserve Advisors has conducted reserve studies for a multitude of different communities and building types. We've analyzed thousands of buildings, from as small as a 3,500-square foot day care center to a 2,600,000-square foot 98-story highrise. We also routinely inspect buildings with various types of mechanical systems such as simple electric heat, to complex systems with air handlers, chillers, boilers, elevators, and life safety and security systems.

We're familiar with all types of building exteriors as well. Our well-versed staff regularly identifies optimal repair and replacement solutions for such building exterior surfaces such as adobe, brick, stone, concrete, stucco, EIFS, wood products, stained glass and aluminum siding, and window wall systems.

OLD TO NEW

Reserve Advisors' experience includes ornate and vintage buildings as well as modern structures. Our specialists are no strangers to older buildings. We're accustomed to addressing the unique challenges posed by buildings that date to the 1800's. We recognize and consider the methods of construction employed into our analysis. We recommend appropriate replacement programs that apply cost effective technologies while maintaining a building's character and appeal.

TIMOTHY J. MATTHIESEN, RS
Responsible Advisor

CURRENT CLIENT SERVICES

Timothy J. Matthiesen, a Civil Engineer, is an Advisor for Reserve Advisors, which is dedicated to serving community associations, religious organizations, educational facilities, and public and private entities throughout the United States. Mr. Matthiesen is responsible for the inspection and analysis of the property's current condition, recommending engineering solutions to prolong the lives of building components, forecasting capital expenditures for the repair and/or replacement of the property components, and technical report preparation on assignments. He is responsible for conducting Life Cycle Cost Analysis and Capital Replacement Forecast Services on townhomes, homeowners associations and planned unit developments.

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

Eliot House – 28-story high rise located in Carl Sandburg Village in Chicago. This condominium offers its residents unrivaled views of the Gold Coast from its expansive rooftop deck.

Lake Monticello - 3,500 acre development in Central Virginia with 4,500+ single family homes, 18 hole golf course, 62 miles of private streets, 400 acres of private lakes and extensive maintenance and security facilities.

Museum Tower - Residential tower comprised of a curtain wall system that rises 50 stories over downtown Dallas.

Talamore of Huntley - Homeowners association of over 1,100 homes in the Chicagoland area. The community includes a 10,000 square foot amenity center and waterpark development.

The Walnuts - Three high rises comprised of masonry built in 1929 near the plaza in Kansas City surrounded by private grounds with traditional English gardens.

Condominium Residences at Seven Bridges – Modern, high-rise development west of Chicago with an elevated, terrace style pool deck above an indoor parking garage

The Village Community Association - 208 acre, gated residential community near Cleveland with walking trails, lakes, a private clubhouse and almost 30 acres of green turf.

Four Seasons Resorts Colorado - State of the art 45-story high rise hotel and condominium in downtown Denver and ski lodge destination resort in Vail.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, Mr. Matthiesen was working with a consulting firm to assess school facility capabilities in southeastern Wisconsin. He was responsible for the inspection and condition assessment of school facilities which included conducting on-site meetings with school personnel, completing technical inspections and creating a database of photographs and building condition information.

Mr. Matthiesen also worked for the county parks department near his hometown as a Civil Engineer. He was responsible for the design of park facilities including roadways and parking lots, picnic shelters and recreational trails along with the inspection of current facilities including historic structures maintained by the County.

EDUCATION

Marquette University - B.S. Civil Engineering

PROFESSIONAL AFFILIATIONS

Reserve Specialist (RS) - Community Associations Institute

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

CURRENT CLIENT SERVICES

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

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

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

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

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

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

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

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

PRIOR RELEVANT EXPERIENCE

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

EDUCATION

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

PROFESSIONAL AFFILIATIONS/DESIGNATIONS

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

RESOURCES

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

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

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

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

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

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

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

7. DEFINITIONS

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

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

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

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

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

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

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

Long-Lived Property Component - Property component of Waterford Place 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) Waterford Place responsibility; 2) limited Useful Life expectancies; 3) predictable Remaining Useful Life expectancies; and 4) a replacement cost above a minimum threshold.

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

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

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

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

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

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

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

8. PROFESSIONAL SERVICE CONDITIONS

Our Services - Reserve Advisors, LLC ("RA") performs its services as an independent contractor in accordance with our professional practice standards and its compensation is not contingent upon our conclusions. The purpose of our reserve study is to provide a budget planning tool that identifies the current status of the reserve fund, and an opinion recommending an annual funding plan, to create reserves for anticipated future replacement expenditures of the subject property. The purpose of our energy benchmarking services is to track, collect and summarize the subject property's energy consumption over time for your use in comparison with other buildings of similar size and establishing a performance baseline for your planning of long-term energy efficiency goals.

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

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

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

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

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

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

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

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

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

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