

Berkshire Lakes Master Association, Inc.

May 31, 2023 • Naples, FL

FULL RESERVE STUDY

*Berkshire
Lakes*



Long-term thinking. Everyday commitment.

Long-term thinking. Everyday commitment.

Berkshire Lakes Master Association, Inc.
Naples, Florida

Dear Board of Directors of Berkshire Lakes Master Association, Inc.:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Full Reserve Study* of Berkshire Lakes Master Association, Inc. in Naples, Florida and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, May 31, 2023.

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

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

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

Respectfully submitted on July 12, 2023 by

Reserve Advisors, LLC

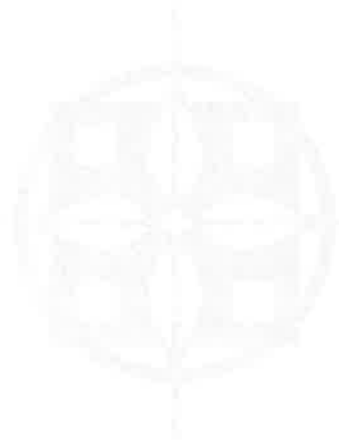
Visual Inspection and Report by: Tyler Thompson

Review by: Nicole L. Lowery, RS¹, PRA², Associate Director of Quality Assurance



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

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



RESERVE

ADVISORS

Long-term thinking. Everyday commitment.



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1. RESERVE STUDY EXECUTIVE SUMMARY

Client: Berkshire Lakes Master Association, Inc. (Berkshire Lakes)

Location: Naples, Florida

Reference: 222032

Property Basics: Berkshire Lakes Master Association, Inc. is a master association which is responsible for the common elements shared by 1,639 units. The community was built in 1980. The community contains a clubhouse and pool.

Reserve Components Identified: 34 Reserve Components.

Inspection Date: May 31, 2023.

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 2034 and 2039 due to the replacement of panelized concrete wall and the pond erosion control, respectively. In addition, the Reserve Funding Plan recommends 2053 year end accumulated reserves of approximately \$946,400. We judge this amount of accumulated reserves in 2053 necessary to fund the pond erosion control event after 2053. These future needs, although beyond the limit of the Cash Flow Analysis of this Reserve Study, are reflected in the amount of accumulated 2053 year end reserves. The component method does not allow for a threshold funding goal which is one of the reasons most communities use the cash flow methodology.

Methodology: Component Method - Also known as the straight line method, this methodology calculates the reserve funding requirements necessary to fund the portion of the unfunded balance of a component relative to its remaining useful life. The overall funding recommendations is the sum of the required funding item for each individual component.

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

- Current and future local costs of replacement
- 2.0% anticipated annual rate of return on invested reserves
- 3.5% 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:

- \$581,322 as of May 31, 2023
- 2023 budgeted Reserve Contributions of \$406,500

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:

- Ponds, Erosion Control
- Pool Finish, Plaster
- Pool Finish, Tile

- Light Poles and Fixtures, Bollards

Recommended Reserve Funding: Component Method - The Association currently uses component methodology to calculate their reserve requirements. Component reserve funds are restricted to be used only on the specific reserve component(s). Under this methodology, the required total annual funding for 2024 is \$633,876. This initial adjustment recommends an increase of 55.7% in the operating budget or an average annually increase of \$138.73 per unit owner. The Component Method does not incorporate inflation or interest on reserves. Estimates of appropriate reserve contributions must be updated annually to account for market changes in the common elements from year to year. Changes in market conditions and other inherent factors of the Component Method can result in significant volatility in the reserve contribution from year to year.

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

- We recommend the Association adopt a reserve budget of \$209,700 in 2024
- Inflationary increases from 2025 through 2034
- Decrease to \$175,000 by 2035 due to fully funding for replacement of the panelized concrete wall
- Inflationary increases from 2036 through 2039
- Decrease to \$135,000 by 2040 due to fully funding for replacement of the pond erosion control
- Inflationary increases thereafter through 2053, the limit of this study's Cash Flow Analysis
- 2024 Reserve Contribution of \$209,700 is equivalent to an average annual contribution of \$127.94 per unit owner.

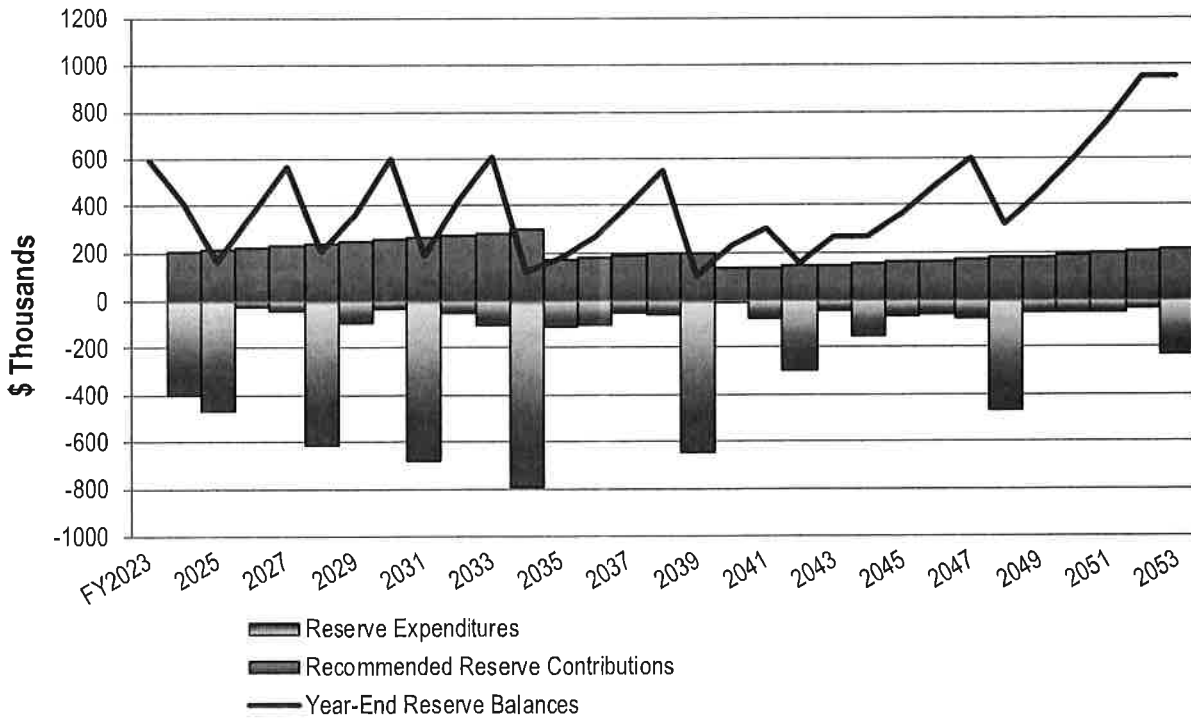
The difference in the two methodologies leads to our recommendation to fund the Reserve Account using the Cash Flow Method. The reclassification of existing component funds as cash flow (aka pooled) reserves would not be allowed unless approved by a majority vote of the Unit Owners at a duly called meeting of the Association. In lieu of obtaining a vote of the Unit Owners, a Board may vote to fund future reserves based on a pooled analysis. The Association then simply spends the funds in their existing segregated accounts on the initial repair or replacement project for that component. When all of the existing segregated funds in an account are expended, the account is eliminated, thus eliminating the need to get a vote to reallocate.

The restrictions on reserve funds do not apply to Homeowners Associations without statutory reserves. In Florida, Homeowners Association reserves are considered statutory if they were approved by a vote of a majority of the voting interest or otherwise required by their governing documents.

Berkshire Lakes

Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2024	209,700	409,809	2034	295,700	116,631	2044	154,900	268,599
2025	217,000	161,583	2035	175,000	183,539	2045	160,300	371,290
2026	224,600	370,340	2036	181,100	264,209	2046	165,900	489,367
2027	232,500	568,420	2037	187,400	404,660	2047	171,700	596,249
2028	240,600	205,019	2038	194,000	544,562	2048	177,700	315,981
2029	249,000	363,893	2039	200,800	104,070	2049	183,900	454,926
2030	257,700	600,609	2040	135,000	233,439	2050	190,300	601,766
2031	266,700	189,815	2041	139,700	300,335	2051	197,000	762,384
2032	276,000	419,520	2042	144,600	154,672	2052	203,900	949,621
2033	285,700	611,595	2043	149,700	266,156	2053	211,000	946,430





2. RESERVE STUDY REPORT

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

Berkshire Lakes Master Association, Inc.

Naples, Florida

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, May 31, 2023.

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

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

IDENTIFICATION OF PROPERTY



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

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

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

We advise the Board conduct an annual review of these classes of property to confirm its policy concerning the manner of funding, i.e., from reserves or the operating budget. The Reserve Study identifies Reserve Components as set forth in your Declaration or which were identified as part of your request for proposed services. Reserve Components are defined by CAI as property elements with:

- Berkshire Lakes responsibility
- Limited useful life expectancies
- Predictable remaining useful life expectancies
- Replacement cost above a minimum threshold

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

- Electrical Systems, Common
- Foundations, Common
- Inlet/Outlet Structures, Concrete, Storm Water Management System
- Pipes, Interior Building, Domestic Water, Sanitary Waste, Vent, Common
- Structural Frames, Common

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

- General Maintenance to the Common Elements
- Expenditures less than \$4,000 (These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.)
- Asphalt Pavement, Patch and Seal Coat, Maintenance Building Driveway
- Asphalt Pavement, Patch, Walking Paths
- Catch Basins, Clubhouse
- Concrete Curbs and Gutters, Clubhouse
- Concrete Sidewalks, Clubhouse
- Irrigation System, Controls and Maintenance
- Irrigation System, Pump Housing
- Landscape
- Light Poles and Fixtures, Bollards, Pool Area
- Office Renovations
- Paint Finishes, Maintenance Building Exterior
- Paint Finishes, Touch Up
- Pavers, Interim Resetting and Partial Replacements, Pool Deck
- Signage, Miscellaneous
- Site Furniture
- Other Repairs normally funded through the Operating Budget

Unit Owners' Responsibility - Items designated as the responsibility of the unit owners to repair or replace at their cost. Property Maintained by Unit Owners, including items billed back to Unit Owners, relates to unit:

- Homes and Lots
- Fences on Lots
- Mailboxes



Others' Responsibility - Items designated as the responsibility of others to repair or replace. Property Maintained by Others relates to:

- Asphalt Pavement Road System (Collier County)
- Concrete Sidewalks (Collier County)
- Light Poles and Fixtures, Streets (Florida Power and Light)
- Perimeter Wall, Concrete, Along Interstate-75 (Florida Department of Transportation)
- Street and Traffic Signage (Collier County)

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
- 2023 local cost of replacement
 - Per unit
 - Per phase
 - Replacement of total quantity
- Percentage of future expenditures anticipated during the next 30 years
- Schedule of estimated future costs for each reserve component including inflation

Reserve Funding Plan

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

Five-Year Outlook

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

Component Method

- Component information as also shown in Reserve Expenditures
- Current balance, remaining contributions and remaining expenditures
- Projected beginning year balance for 2023
- Unfunded residual balance
- 2024 recommended contribution

Component Method Summary

- The existing reserve categories
- Summarized life and cost valuations by category



- Projected category balances and recommended contributions

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***.

RESERVE EXPENDITURES

Berkshire Lakes
Master Association, Inc.
Naples, Florida

Explanatory Notes:
1) 3.5% is the estimated inflation rate for estimating Future Replacement Costs.
2) FY2023 is Fiscal Year beginning January 1, 2023 and ending December 31, 2023.

Line Item	Total Quantity	Per Phase Units	Life Analysis Years	Estimated 1st Year of Event	Unit (2023)	Costs, \$ Per Phase (2023)	Total (2023)	Percentage of Future Expenditures	RUL = 0 FY2023	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	2038					
Reserve Component Inventory																														
Property Site Elements																														
4.020	3,350	3,350 Square Yards	Asphalt Pavement, Patch Repairs and Seal Coat, Parking Area	2027	3 to 5	4	3.70	12,395	1.9%									16,893							20,064					
4.040	3,750	3,750 Square Yards	Asphalt Pavement, Mill and Overlay, Parking Areas (incl. Maintenance Driveway)	2042	15 to 20	19	14.50	54,375	1.8%																					
4.080	4,100	4,100 Square Yards	Asphalt Pavement, Total Replacement, Walking Paths	2042	to 20	19	19.50	79,950	2.6%																					
4.195	600	600 Square Feet	Deck and Plings, Composite, Decking and Partial Structure Replacements	2029	to 15	6	28.50	17,100	0.9%					21,000																
4.285	4,500	2,250 Linear Feet	Fence, Wood, Phased	2004	15 to 20	11 to 15	40.00	90,000	4.8%													131,397					26,639			
4.410	3	3 Each	Irrigation System, Pump	2009	to 20	15	5,300.00	15,900	0.4%																					
4.420	25	5 Zones	Irrigation System, Replacement, Phased	2000	to 40+	7 to 19	3,800.00	19,000	2.5%								24,173		26,801								29,715			
4.550	10	10 Each	Light Poles and Fixtures, Painting Lot	2002	to 25	9	2,600.00	26,000	0.6%										35,405											
4.640	11,600	2,800 Linear Feet	Perimeter Walls, Panelized Concrete, Replacement, Phased	2025	to 35	2 to 11	150.00	435,000	36.8%	465,383				516,644								635,087								
4.650	1	1 Allowance	Pipes, Subsurface Utilities, Common, Partial	2045	to 65+	22 to 30+	30,000.00	30,000	1.1%																					
4.700	6	3 Each	Pond, Aeration, Phased	2029	to 15	6 to 13	7,100.00	21,300	2.6%						26,183															
4.708	1	1 Allowance	Pond, Erosion Control, Remaining Pond (2024 is Budgeted)	2024	N/A	1	380,000.00	380,000	6.4%	380,000																				
4.710	24,800	2,480 Linear Feet	Pond, Erosion Control, Subsequent, Partial	2009	to 15	16	98.00	243,040	2.6%																					
4.800	2	1 Allowance	Signage, Entrance Monuments, Replacement, Phased	2027	15 to 20	4 to 14	15,700.00	15,700	1.3%				18,016																	
4.830	1,560	1,560 Square Yards	Sport Courts, Tennis, Color Coat	2026	4 to 6	3	9.00	14,040	2.2%			15,566															25,414			
4.840	480	480 Linear Feet	Sport Courts, Tennis, Fence	2031	to 25	8	35.00	16,800	0.9%																		21,958			
4.860	1,560	1,560 Square Yards	Sport Courts, Tennis, Surface Replacement	2031	to 25	8	44.00	68,640	1.5%																		90,366			
Clubhouse Elements																														
5.070	2	2 Each	Air Handling and Condensing Units, Split Systems	2036	15 to 20	15	11,300.00	22,600	0.5%																					
5.500	1	1 Allowance	Interior Renovations, Complete	2044	to 20	21	54,500.00	54,500	1.9%						26,429														36,856	
5.510	1	1 Allowance	Interior Renovations, Partial	2029	to 10	6	21,500.00	21,500	2.0%																					
5.590	4	2 Each	Rest Rooms, Renovation, Phased	2009	to 25	6 to 18	9,000.00	18,000	1.8%																					
5.600	20	20 Squares	Roofs, Asphalt Shingle, Maintenance Building	2033	12 to 16	10	500.00	10,000	0.6%																					
5.661	50	50 Squares	Roofs, Concrete Tiles, Clubhouse	2026	to 25	5	1,300.00	65,000	4.4%																					
5.692	750	750 Square Feet	Roofs, Flat	2028	15 to 20	5	20.00	15,000	0.9%					11,475																
5.720	2	1 Allowance	Security System, Phased	2027	10 to 15	4 to 11	10,000.00	10,000	1.1%																					
5.790	2,500	2,500 Square Feet	Walls, Stucco, Paint Finishes and Capital Repairs	2030	5 to 7	7	2.00	5,000	0.6%																					
5.800	700	700 Square Feet	Windows and Doors	2035	45 to 55	12	105.00	73,500	1.9%								6,381					14,800								
																								111,064				8,093		
Pool Elements																														
6.200	3,230	3,230 Square Feet	Deck, Pavers	2033	to 25	10	7.00	22,610	1.4%																					
6.400	340	340 Linear Feet	Fence, Aluminum	2033	to 25	10	50.00	17,000	1.1%																					
6.500	1	1 Allowance	Furniture	2034	to 12	11	11,500.00	11,500	0.7%																					
6.600	2	1 Allowance	Mechanical Equipment, Phased	2026	to 15	3 to 10	5,000.00	5,000	0.6%			5,544																		
6.800	820	820 Square Feet	Pool Finish, Plaster	2024	9 to 12	1	15.50	12,710	0.6%																					
6.801	120	120 Linear Feet	Pool Finish, Tile	2024	15 to 25	1	38.00	4,560	0.1%																					
6.900	820	820 Square Feet	Structure, Total Replacement	2048	to 60	25	150.00	123,000	4.9%																					
Reserve Study Update with Site Visit																														
1	Allowance			2025	to 2	2	4,900.00	4,900	0.1%	4,900																				
Anticipated Expenditures: By Year (\$5,859,396 over 30 years)										0	387,875	470,983	211,110	43,715	611,659	85,759	30,534	885,320	52,129	103,634	797,674	111,064	104,863	53,571	63,495					

RESERVE EXPENDITURES

**Berkshire Lakes
Master Association, Inc.**
Nashua, Florida

Reserve Component Inventory		Life Analysis		Costs, \$		Percentage of Future Expenditures																		
Line Item	Total Per Phase Quantity	Units	Estimated 1st Year of Event	Life Years Useful	Unit Remaining (2023)	Unit (2023)	Total (2023)	16 2039	17 2040	18 2041	19 2042	20 2043	21 2044	22 2045	23 2046	24 2047	25 2048	26 2049	27 2050	28 2051	29 2052	30 2053		
Property Site Elements																								
4.020	3,350	3,350 Square Yards	2027	3 to 5	4	3.70	12,995									28,302							33,614	
4.040	3,750	3,750 Square Yards	2042	15 to 20	19	14.50	54,375				104,536													
4.080	4,100	4,100 Square Yards	2042	to 20	19	19.50	79,950				153,704													
4.195	600	600 Square Feet	2029	to 15	6	28.50	17,100						35,216											
4.285	4,500	2,250 Linear Feet	2044	15 to 20	11 to 16	40.00	90,000									150,059								
4.410	3	3 Each	2038	to 20	15	5,000.00	15,900																	
4.420	25	5 Zones	2020	to 40+	7 to 19	3,800.00	19,000									36,528								
4.560	10	10 Each	2032	to 25	9	2,600.00	26,000																	
4.640	11,600	2,900 Linear Feet	2025	to 35	2 to 11	150.00	455,000							63,945										
4.650	1	1 Allowance	2045	to 85+	22 to 39+	30,000.00	30,000					42,383												
4.700	6	3 Each	2029	to 15	6 to 13	7,100.00	21,300														53,922			
4.709	1	1 Allowance	2024	N/A	1	380,000.00	380,000																	
4.710	34,800	2,480 Linear Feet	2019	to 15	16	96.00	243,040									421,428								
4.800	2	1 Allowance	2027	15 to 20	4 to 14	15,700.00	15,700							30,974										
4.830	1,560	1,560 Square Yards	2025	4 to 6	3	9.00	14,040			25,079														
4.840	480	480 Linear Feet	2031	to 25	8	35.00	16,800																	
4.860	1,560	1,560 Square Yards	2031	to 25	6	44.00	68,640																	
Clubhouse Elements																								
5.070	2	2 Each	2038	15 to 20	15	11,000.00	22,000																	
5.500	1	1 Allowance	2044	to 20	21	54,500.00	54,500						112,239											
5.510	1	1 Allowance	2029	to 10	6	21,500.00	21,500																	
5.590	4	2 Each	2029	to 25	6 to 18	9,000.00	18,000																	
5.600	20	20 Squares	2033	12 to 18	10	500.00	10,000			33,435														
5.601	50	50 Squares	2028	to 25	5	1,200.00	65,000																	
5.602	750	750 Square Feet	2028	15 to 20	5	20.00	15,000																	
5.720	2	1 Allowance	2027	10 to 15	4 to 11	10,000.00	10,000																	
5.790	2,500	2,500 Square Feet	2030	5 to 7	7	2.00	5,000																	
5.800	700	700 Square Feet	2035	45 to 55	12	105.00	73,500						10,297											
Pool Elements																								
6.200	3,250	3,250 Square Feet	2033	to 25	10	7.00	22,610																	
6.400	340	340 Linear Feet	2033	to 25	10	50.00	17,000																	
6.500	1	1 Allowance	2034	to 12	11	11,500.00	11,500																	
6.600	2	1 Allowance	2025	to 15	3 to 10	5,000.00	5,000			8,973														
6.800	820	820 Square Feet	2024	8 to 12	1	15.50	12,710																	
6.801	120	120 Linear Feet	2024	15 to 25	1	36.00	4,560																	
6.900	820	820 Square Feet	2049	to 60	25	150.00	123,000																	
Reserve Study Update with Site Visit																								
	1	1 Allowance	2025	to 2	2	4,900.00	4,900																	
Anticipated Expenditures: By Year (\$5,859,036 over 30 years)								647,714	6,973	78,089	294,768	42,383	157,752	63,945	56,344	75,567	467,000	53,568	49,888	33,614	232,964			

RESERVE FUNDING PLAN

CASH FLOW ANALYSIS
Berkshire Lakes
Master Association, Inc.

Individual Reserve Budgets & Cash Flows for the Next 30 Years

FY2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
\$588,104	\$409,809	\$161,583	\$370,340	\$568,420	\$205,019	\$363,893	\$600,609	\$189,815	\$419,520	\$611,595	\$116,631	\$183,539	\$264,209	\$404,660	\$544,562
581,322	409,809	161,583	370,340	568,420	205,019	363,893	600,609	189,815	419,520	611,595	116,631	183,539	264,209	404,660	544,562
0	209,700	217,000	224,600	232,500	240,600	249,000	257,700	266,700	276,000	285,700	295,700	175,000	181,100	187,400	194,000
0	(397,875)	(470,883)	(21,110)	(43,715)	(611,659)	(95,759)	(30,534)	(685,320)	(52,328)	(103,834)	(797,874)	(111,064)	(104,863)	(53,571)	(63,496)
0	9,880	5,657	5,267	9,295	7,658	5,633	9,550	7,826	6,033	10,209	7,210	2,972	4,433	6,622	9,398
0	(397,875)	(470,883)	(21,110)	(43,715)	(611,659)	(95,759)	(30,534)	(685,320)	(52,328)	(103,834)	(797,874)	(111,064)	(104,863)	(53,571)	(63,496)
\$588,104	\$409,809	\$161,583	\$370,340	\$568,420	\$205,019	\$363,893	\$600,609	\$189,815	\$419,520	\$611,595	\$116,631	\$183,539	\$264,209	\$404,660	\$544,562
(NOTE 5)															

(continued)

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

FY2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
\$104,070	\$233,439	\$300,335	\$154,672	\$266,156	\$268,599	\$371,290	\$596,249	\$315,981	\$454,926	\$601,766	\$762,384	\$949,621	\$946,430	\$946,430
6,422	3,342	5,285	4,505	4,167	5,295	6,336	8,521	10,749	9,032	7,633	10,462	13,506	16,951	18,773
(647,714)	(8,973)	(78,089)	(294,768)	(42,383)	(157,752)	(63,945)	(56,344)	(75,567)	(467,000)	(52,588)	(53,922)	(49,888)	(33,614)	(232,964)
\$104,070	\$233,439	\$300,335	\$154,672	\$266,156	\$268,599	\$371,290	\$596,249	\$315,981	\$454,926	\$601,766	\$762,384	\$949,621	\$946,430	\$946,430
(NOTE 5)														

Explanatory Notes:

- 1) Year 2023 ending reserves are as of May 31, 2023; FY2023 starts January 1, 2023 and ends December 31, 2023.
- 2) The reserve contributions for 2023 are budgeted. 2024 is the first year of recommended contributions.
- 3) 2.0% is the estimated annual rate of return on invested reserves; 2023 is a partial year of interest earned.
- 4) Accumulated year 2053 ending reserves consider the need to fund for the pond erosion control event shortly after 2053, and the age, size, overall condition and complexity of the property.
- 5) Threshold Funding Years (reserve balance at critical point).

RESERVE EXPENDITURES

**Berkshire Lakes
Master Association, Inc.
Naples, Florida**

Line Item	Reserve Component Inventory	RUL = 0 FY2023	1 2024	2 2025	3 2026	4 2027	5 2028
<u>Property Site Elements</u>							
4.020	Asphalt Pavement, Patch Repairs and Seal Coat, Parking Area					14,224	
4.640	Perimeter Walls, Panelized Concrete, Replacement, Phased			465,983			516,644
4.709	Pond, Erosion Control, Remaining Pond (2024 is Budgeted)		380,000				
4.800	Signage, Entrance Monuments, Renovation, Phased					18,016	
4.830	Sport Courts, Tennis, Color Coat				15,566		
<u>Clubhouse Elements</u>							
5.601	Roofs, Concrete Tiles, Clubhouse						77,200
5.602	Roofs, Flat						17,815
5.720	Security System, Phased					11,475	
<u>Pool Elements</u>							
6.600	Mechanical Equipment, Phased				5,544		
6.800	Pool Finish, Plaster		13,155				
6.801	Pool Finish, Tile		4,720				
Reserve Study Update with Site Visit					4,900		
Anticipated Expenditures, By Year (\$5,959,396 over 30 years)		0	397,875	470,883	21,110	43,715	611,659

COMPONENT METHOD RESERVE ANALYSIS

for
 Berkshire Lakes
 Master Association, Inc.
 Naples, Florida

Line Item	Total Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Replacement	Life Analysis, Useful Years	Remaining ¹	Unit Cost, \$	2023 Cost of Replacement, \$	May 31, 2023 Estimated Balance, \$	2023 Budgeted Contributions, \$	2023 Remaining Contributions, \$	2023 Remaining Expenditures, \$	Jan 1, 2024 Projected Balance, \$	Unfunded Residual Balance, \$	2024 Recommended Contribution, \$	Reserve Category
Property Site Elements																
4.020	3,350	Square Yards	Asphalt Pavement, Patch Repairs and Seal Coat, Parking Area	2027	3 to 5	4	3.70	12,395	9,964	2,431	0	0	9,964	2,432	811	Paving
4.040	3,750	Square Yards	Asphalt Pavement, Mill and Overlay, Parking Areas (Incl. Maintenance Drive	2042	15 to 20	19	14.50	54,375	0	2,069	0	0	0	54,375	3,021	Paving
4.080	4,100	Square Yards	Asphalt Pavement, Total Replacement, Walking Paths	2042	to 20	19	19.50	79,950	0	0	0	0	0	79,950	4,442	Paving
4.195	600	Square Feet	Dock and Pillings, Composite, Decking and Partial Structure Replacements	2029	to 15	6	28.50	17,100	22,699	0	0	0	22,699	0	0	Docks
4.285	4,500	Linear Feet	Fence, Wood	2034	15 to 20	11 to 16	40.00	180,000	0	0	0	0	0	180,000	14,400	Fence/Monument/Wall
4.410	3	Each	Irrigation System, Pump	2038	to 20	15	5,300.00	15,900	0	0	0	0	0	15,900	1,136	Irrig & Landscaping
4.420	25	Zones	Irrigation System, Replacement	2030	to 40+	7 to 19	3,800.00	95,000	18,151	2,000	0	0	18,151	76,849	6,404	Irrig & Landscaping
4.560	10	Each	Light Poles and Fixtures, Parking Lot	2032	to 25	9	2,600.00	26,000	0	0	0	0	0	26,000	3,250	Other
4.640	11,600	Linear Feet	Perimeter Walls, Panelized Concrete, Replacement	2025	to 35	2 to 11	150.00	1,740,000	197,961	20,000	0	0	197,961	1,542,040	280,371	Fence/Monument/Wall
4.650	1	Allowance	Pipes, Subsurface Utilities, Common, Partial	2045	to 85+	22	30,000.00	30,000	0	0	0	0	0	30,000	1,429	Other
4.700	6	Each	Pond, Aerators	2029	10 to 15	6 to 13	7,100.00	42,600	26,598	2,000	0	0	26,598	16,002	1,883	Fountains
4.709	1	Allowance	Pond, Erosion Control, Remaining Pond (2024 is Budgeted)	2024	N/A	1	380,000.00	380,000	133,881	246,119	0	0	133,881	246,119	246,119	Lake Bk Remediation
4.710	2,480	Linear Feet	Pond, Erosion Control, Subsequent, Partial	2039	to 15	16	98.00	243,040	0	120,881	0	0	0	243,040	16,203	Lake Bk Remediation
4.800	2	Allowance	Signage, Entrance Monuments, Renovation	2027	15 to 20	4 to 14	15,700.00	31,400	0	0	0	0	0	31,400	3,925	Fence/Monument/Wall
4.830	1,560	Square Yards	Sport Courts, Tennis, Color Coat	2026	4 to 6	3	9.00	14,040	14,040	0	0	0	14,040	0	0	Tennis Courts
4.840	480	Linear Feet	Sport Courts, Tennis, Fence	2031	to 25	8	35.00	16,800	16,800	0	0	0	16,800	0	0	Tennis Courts
4.860	1,560	Square Yards	Sport Courts, Tennis, Surface Replacement	2031	to 25	8	44.00	68,640	26,890	4,500	0	0	26,890	41,750	5,964	Tennis Courts
Clubhouse Elements																
5.070	2	Each	Air Handling and Condensing Units, Split Systems	2038	15 to 20	15	11,000.00	22,000	0	0	0	0	0	22,000	1,571	Clbs & Maintenance Bldgs
5.500	1	Allowance	Interior Renovations, Complete	2044	to 20	21	54,500.00	54,500	0	0	0	0	0	54,500	2,725	Clbs & Maintenance Bldgs
5.510	1	Allowance	Interior Renovations, Partial	2029	to 10	6	21,500.00	21,500	0	0	0	0	0	21,500	4,300	Clbs & Maintenance Bldgs
5.580	4	Each	Rest Rooms, Renovation	2029	to 25	6 to 18	9,000.00	36,000	0	0	0	0	0	36,000	3,273	Clbs & Maintenance Bldgs
5.600	20	Squares	Roofs, Asphalt Shingle, Maintenance Building	2033	12 to 18	10	500.00	10,000	0	0	0	0	0	10,000	1,111	Clbs & Maintenance Bldgs
5.601	50	Squares	Roofs, Concrete Tiles, Clubhouse	2028	to 25	5	1,300.00	65,000	14,520	4,400	0	0	14,520	50,480	12,620	Clbs & Maintenance Bldgs
5.602	750	Square Feet	Roofs, Flai	2028	15 to 20	5	20.00	15,000	15,000	0	0	0	15,000	0	0	Clbs & Maintenance Bldgs
5.720	2	Allowance	Security System	2027	10 to 15	4 to 11	10,000.00	20,000	20,000	0	0	0	20,000	0	0	Clbs & Maintenance Bldgs
5.790	2,500	Square Feet	Walls, Stucco, Paint, Finishes and Capital Repairs	2030	5 to 7	7	2.00	5,000	0	0	0	0	0	5,000	833	Clbs & Maintenance Bldgs
5.800	700	Square Feet	Windows and Doors	2035	45 to 55	12	105.00	73,500	0	0	0	0	0	73,500	6,682	Clbs & Maintenance Bldgs

COMPONENT METHOD RESERVE ANALYSIS

for
Berkshire Lakes
Master Association, Inc.
 Naples, Florida

Line Item	Total Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Replacement	Life Analysis, Years		Unit Cost, \$	2023 Cost of Replacement, \$	May 31, 2023 Estimated Balance, \$	2023 Budgeted Contributions, \$	2023 Remaining Contributions, \$	2023 Remaining Expenditures, \$	Jan 1, 2024 Projected Balance, \$	Unfunded Residual Balance, \$	2024 Recommended Contribution, \$	Reserve Category	
					Useful	Remaining ³											
Pool Elements																	
6.200	3,230	Square Feet	Deck, Pavers	2033	to 25	10	7.00	22,610	20,547	2,063	0	0	20,547	2,063	229	Pool/Pool Deck	
6.400	340	Linear Feet	Fence, Aluminum	2033	to 25	10	50.00	17,000	17,000	0	0	0	17,000	0	0	Pool/Pool Deck	
6.500	1	Allowance	Furniture	2034	to 12	11	11,500.00	11,500	0	37	0	0	0	11,500	1,150	Pool/Pool Deck	
6.600	2	Allowance	Mechanical Equipment	2026	to 15	3 to 10	5,000.00	10,000	10,000	0	0	0	10,000	0	0	Pool/Pool Deck	
6.800	820	Square Feet	Pool Finish, Plaster	2024	8 to 12	1	15.50	12,710	12,710	0	0	0	12,710	0	0	Pool/Pool Deck	
6.801	120	Linear Feet	Pool Finish, Tile	2024	15 to 25	1	38.00	4,560	4,560	0	0	0	4,560	0	0	Pool/Pool Deck	
6.900	820	Square Feet	Structure, Total Replacement	2048	to 60	25	150.00	123,000	0	0	0	0	0	123,000	5,125	Pool/Pool Deck	
0 Allowance								0	0	0	0	0	0	0	4,900	4,900	Other
									\$581,322	\$406,500	\$0	\$0	\$581,322	\$3,000,300	\$633,876		
									(Note 1)		(Note 2)						

Explanatory Notes:

- 1) Year 2023 ending reserves are as of May 31, 2023; FY 2023 starts January 1, 2023 and ends December 31, 2023.
- 2) The reserve contributions for 2023 are budgeted. 2024 is the first year of recommended contributions.
- 3) Our estimates of remaining useful life reflect averages for phased projects. The estimated first year of replacement indicates the year of the initial phase.
- 4) We allocate the existing Surface Water Mgmt Reserve Funds to Reserve Components associated with the Lake BK Remediation Reserve Funds.
- 5) We allocate the existing Unalloyed Interest Reserve Funds to Reserve Components associated with the Lake BK Remediation Reserve Funds.
- 6) The Legal Reserve Funds are not allocated to any identified Reserve Components.

COMPONENT METHOD SUMMARY

for
Berkshire Lakes
Master Association, Inc.
Naples, Florida

Existing Reserve Categories	Life Analysis, Years		2023 Cost of Replacement, \$	Jan 1, 2024	2024
	Useful	Remaining		Projected Balance, \$	Recommended Contribution, \$
Clbhs & Maintenance Bldgs	5 to 55	4 to 21	\$322,500	\$49,520	\$33,115
Docks	to 15	to 6	\$17,100	\$22,699	\$0
Fence/Monument/Wall	15 to 35	2 to 16	\$1,951,400	\$197,961	\$298,696
Fountains	10 to 15	6 to 13	\$42,600	\$26,598	\$1,883
Irrig & landscaping	to 40	7 to 19	\$110,900	\$18,151	\$7,540
Lake Bk Remediation	1 to 15	1 to 16	\$623,040	\$133,881	\$262,321
Legal	N/A	N/A	N/A	N/A	N/A
Paving	3 to 20	4 to 19	\$146,720	\$9,964	\$8,273
Pool/Pool Deck	8 to 60	1 to 25	\$201,380	\$64,817	\$6,505
Tennis Courts	4 to 25	3 to 8	\$99,480	\$57,730	\$5,964
Surface Water Mgmt	N/A	N/A	N/A	\$0	\$0
Unalloc Interest	N/A	N/A	N/A	\$0	\$0
Subtotal			\$3,515,120	\$581,322	\$624,297
Other (Currently Unfunded)	to 85	2 to 22	\$56,000	\$0	\$9,579
Grand Total			\$3,571,120	\$581,322	\$633,876

Explanatory Notes:

- 1) We allocate the existing Surface Water Mgmt Reserve Funds to Reserve Components associated with the Lake Bk Remediation Reserve Funds.
- 2) We allocate the existing Unalloc Interest Reserve Funds to Reserve Components associated with the Lake Bk Remediation Reserve Funds.
- 3) The Legal Reserve Funds are not allocated to any identified Reserve Components.

4. RESERVE COMPONENT DETAIL

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

Property Site Elements

Asphalt Pavement, Repaving

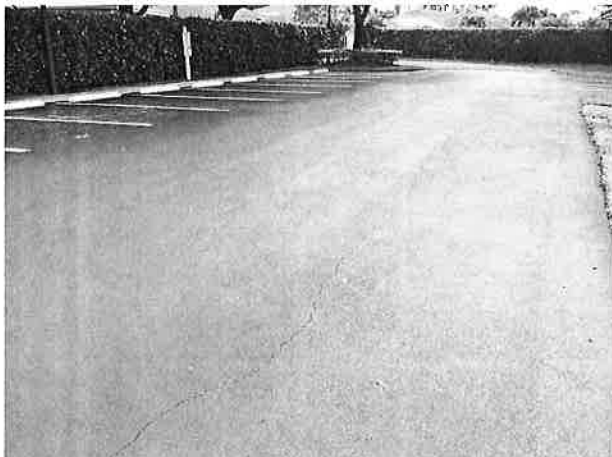
Line Items: 4.020 and 4.040

Quantity: Approximately 3,350 square yards at the clubhouse and approximately 400 square yards at the maintenance building.

History:

- Repaving: Repaved in 2022
- Repairs: Original to 2022

Condition: Good to fair overall with cracks evident.



Asphalt pavement parking lot overview



Asphalt pavement parking lot overview



Pavement cracks

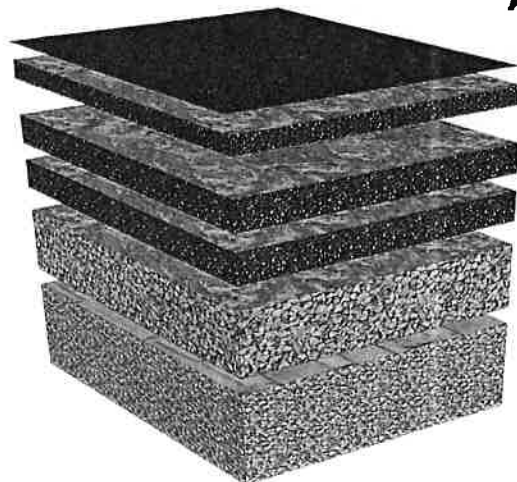


Asphalt pavement parking lot overview

Useful Life: 15- to 20-years with the benefit of patch repairs and seal coat events 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. The contractor should only apply seal coat applications after repairs are completed. These activities minimize the damaging effects of vehicle fluids, maintain a uniform and positive appearance, and maximize the useful life of the pavement.

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 Berkshire Lakes:



ASPHALT DIAGRAM

Sealcoat or Wearing Surface

Asphalt Overlay Not to Exceed 1.5 inch Thickness per Lift or Layer

Original Pavement Inspected and milled until sound pavement is found, usually comprised of two layers

Compacted Crushed Stone or Aggregate Base

Subbase of Undisturbed Native Soils Compacted to 95% dry density

© Reserve Advisors

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

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

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

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our estimate of cost is based on information provided by the Association. Our cost includes an allowance for patching of up to two percent (2%) of the pavement. Our cost for milling and overlayment includes area patching of up to ten percent (10%).

Asphalt Pavement, Repaving, Walking Paths

Line Item: 4.080

Quantity: Approximately 4,100 square yards of walking paths located along the ponds.

History: Repaved in 2022

Condition: Good overall with no significant deterioration evident.



Asphalt pavement walking path



Asphalt pavement walking path



Asphalt pavement walking path



Asphalt pavement walking path

Useful Life: Up to 20 years with the benefit of timely crack repairs and patching, and the need to maintain a safe pedestrian surface

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our estimate of cost is based on information provided by the Association. We recommend the Association fund for patching of the walking paths through the operating budget.

Dock and Pilings, Composite

Line Item: 4.195

Quantity: Approximately 600 square feet of dock

History: Replaced with composite in approximately 2013

Condition: Good to fair overall



Dock with composite decking



Dock with composite decking



Dock with composite decking

Useful Life: Up to 15 years for replacement of the decking and structure repairs

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our cost for repairs includes allowances for complete replacement of the decking and partial replacement of up to fifty percent (50%) of the structure and pilings.

Fence, Wood

Line Item: 4.285

Quantity: Approximately 4,500 linear feet located at the west perimeter

History: Replaced in approximately 2019.

Condition: Good to fair overall

Useful Life: 15- to 20-years

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

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

Priority/Criticality: Per Board discretion

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

Irrigation System, Pump

Line Item: 4.410

Quantity: Three each

History: Replaced in 2018

Condition: Reported satisfactory without operational deficiencies



Irrigation pump

Useful Life: Up to 20 years

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

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

Irrigation System, Replacement

Line Item: 4.420

Quantity: Approximately 25 zones

History: Varied ages.

Condition: Satisfactory operational condition and Management does not report any deficiencies

Useful Life: Up to and sometimes beyond 40 years

Component Detail Notes: Irrigation systems typically include the following components:

- Electronic controls (timer)
- Impact rotors
- Network of supply pipes
- Pop-up heads
- Valves

Berkshire Lakes should anticipate interim and partial replacements of the system network supply pipes and other components as normal maintenance to maximize the useful life of the irrigation system. The Association should fund these ongoing seasonal repairs through the operating budget.

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

- Semi-annually:
 - Conduct seasonal repairs which includes valve repairs, controller repairs, partial head replacements and pipe repairs
 - Blow out irrigation water lines and drain building exterior faucets each fall if applicable

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 Poles and Fixtures

Line Item: 4.560

Quantity: Ten light poles with light fixtures

History: Partial replacements in approximately 2020.

Condition: Good to fair overall



Light pole and fixture

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 broken or dislodged fixtures, and leaning or damaged poles
 - Replaced burned out bulbs as needed

Priority/Criticality: Per Board discretion

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

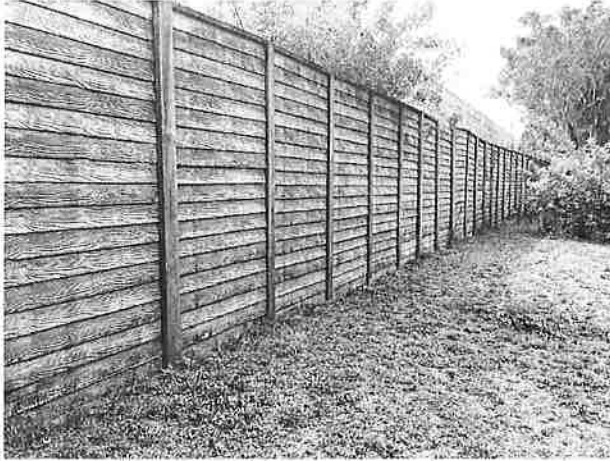
Perimeter Walls, Panelized Concrete

Line Item: 4.640

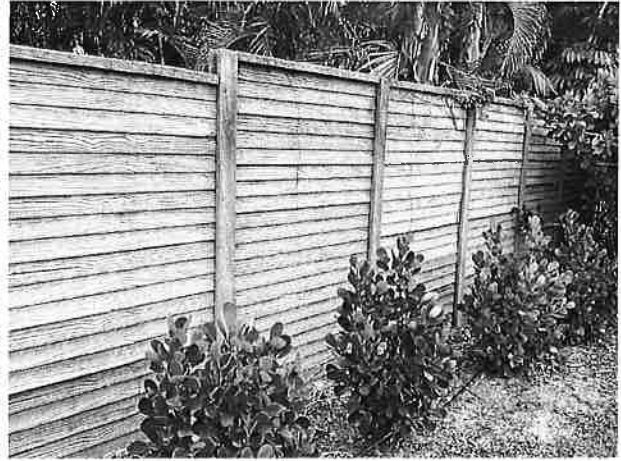
Quantity: Approximately 11,600 linear feet of concrete wall

History: Original

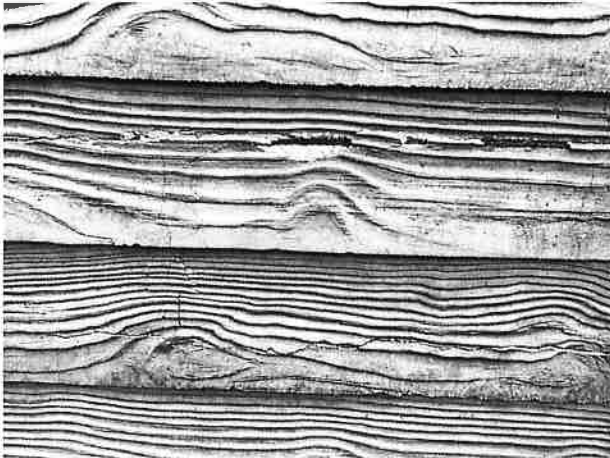
Condition: Good to fair overall with isolated exposed rebar and cracks evident.



Perimeter wall overview



Perimeter wall overview



Exposed rebar



Exposed rebar



Concrete cracks

Useful Life: Up to every 35 years

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

- As-needed:
 - Inspect for significant damage, spalling and cracks. If these conditions exist, perform near term repairs and remediation, utilizing reserve funds if project scope warrants.
 - Ensure irrigation heads are directed away from the walls and tree roots do not undermine the support columns

Priority/Criticality: Not recommended to defer

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

Pipes, Subsurface Utilities

Line Item: 4.650

Condition: Reported satisfactory

Useful Life: Up to and likely beyond 85 years

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

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

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

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

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

Pond, Aerators

Line Item: 4.700

Quantity: Three fountain aerators and three bubbler aerators

History: Varied ages. The bubbler aerators were installed in 2022

Condition: Reported satisfactory without operational deficiencies



Bubbler aerator

Useful Life: 10- to 15-years

Component Detail Notes: The use of small pumps, motors and aerators circulates pond water and increases the amount of entrained oxygen in the water, increasing water quality and reducing algae growths.

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.

Pond, Erosion Control

Line Items: 4.708 through 4.710

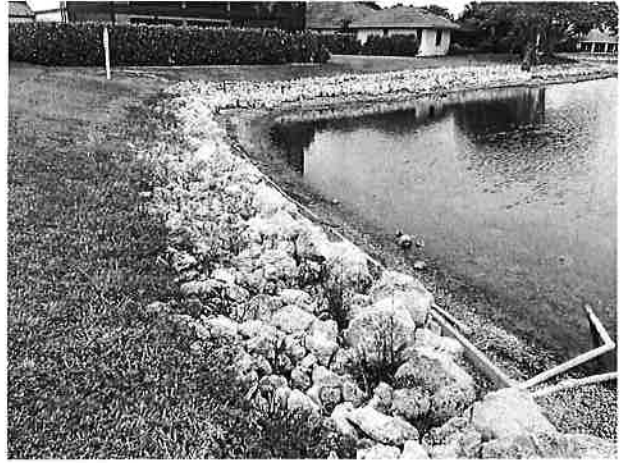
Quantity: Approximately 24,800 linear feet of stone rip rap shorelines comprising five ponds.

History: Management informs us that four of the pond's shorelines have been replaced with rip rap. The remaining pond will be replaced in 2024.

Condition: Good to fair overall



Pond overview



Pond shoreline



Pond shoreline



Pond shoreline



Pond shoreline



Minor shoreline erosion

Useful Life: Shorelines are subject to fluctuations in water levels, increased plant growth and migrating storm and ground water resulting in the need for erosion control measures up to every 15 years.

Component Detail Notes: The steep shoreline embankments are likely to exacerbate soil movement and erosion. The use and maintenance of landscape, natural vegetation and/or stone rip rap along the pond shoreline will help maintain an attractive appearance and prevent soil erosion.

Shoreline plantings are referred to as buffer zones. Buffer zones provide the following advantages:

- Control insects naturally
- Create an aesthetically pleasing shoreline
- Enhance water infiltration and storage
- Filter nutrients and pollutants
- Increase fish and wildlife habitat
- Reduce lawn maintenance
- Stabilize shoreline and reduce erosion
- Trap sediments

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our estimate of cost is based on information provided by the Association. We recommend the Association plan to install a combination of plantings and rip rap around the pond along 2,480 linear feet, or approximately ten percent (10%), of the shoreline per event.

Signage, Entrance Monument

Line Item: 4.800

Quantity: The property identification signage includes the following elements:

- Light Fixtures
- Tile
- Letters
- Stucco

History: Partially renovated in 2019.

Condition: Good to fair overall



Entrance monument



Sign deterioration



Sign deterioration



Signage overview



Stucco paint finishes

Useful Life: 15- to 20-years

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

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

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

Priority/Criticality: Per Board discretion

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

Sport Courts, Tennis, Fence

Line Item: 4.840

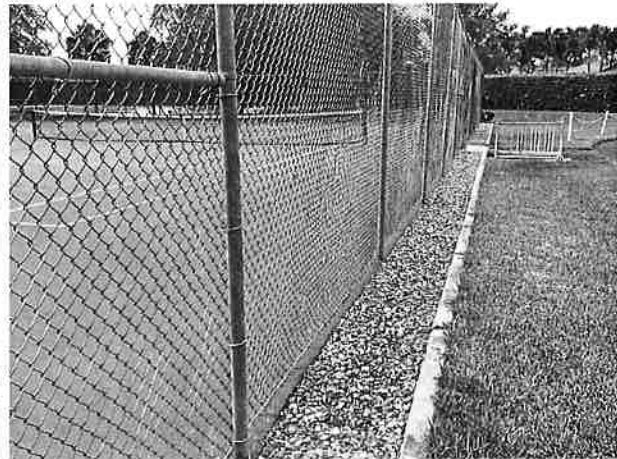
Quantity: Approximately 480 linear feet

History: Original

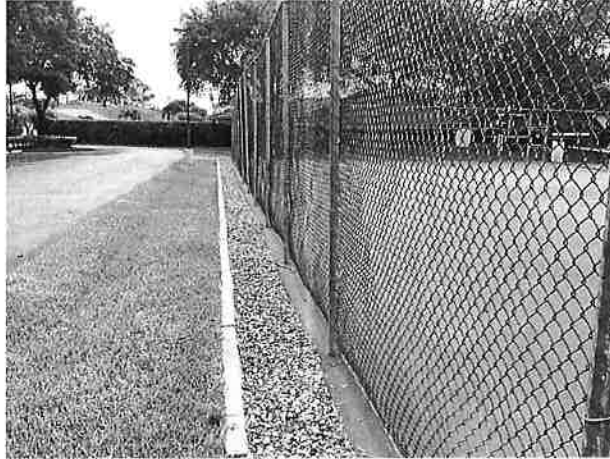
Condition: Good to fair overall with warped webbing evident.



Chain link fence



Fence warped webbing



Fence warped webbing

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.

Sport Courts, Tennis

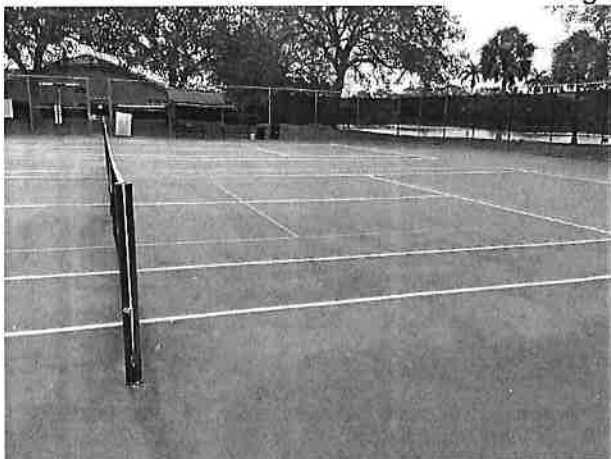
Line Items: 4.830 and 4.860

Quantity: Approximately 1,560 square yards of asphalt comprising two tennis courts

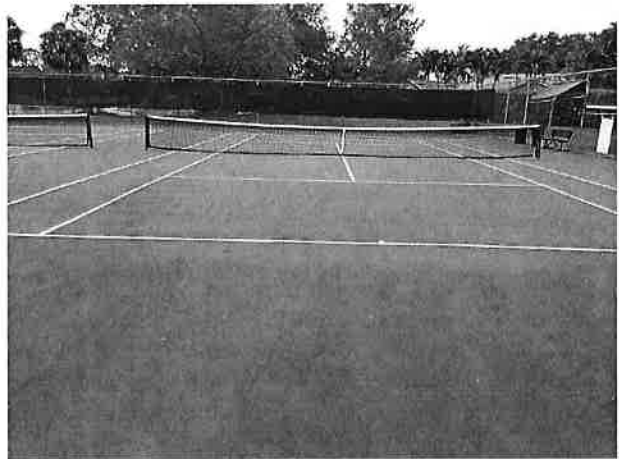
History:

- Color Coat: Color coat application in 2021
- Surface: Original

Condition: Good to fair overall with no significant deterioration evident



Tennis court overview



Tennis court overview

Useful Life: Up to 25 years for replacement of the surface with the benefit of color coat applications and repairs every four- to six-years

Preventative Maintenance Notes: Prior to the application of the color coat, the Association should require the contractor to rout and fill all cracks with hot emulsion. This deters water infiltration and further deterioration of the asphalt playing surface. We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
 - Inspect and repair large cracks, trip hazards and possibly safety hazards
 - Verify gate and fencing is secure
 - Verify lighting is working properly if applicable
 - Inspect and repair standards and windscreens as needed

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

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

Clubhouse Elements

Air Handling and Condensing Units, Split Systems

Line Item: 5.070

Quantity: Two split systems

History: Installed in 2018.

Condition: Reported satisfactory without operational deficiencies



Split system air handling unit

Useful Life: 15- to 20-years

Component Detail Notes: A split system air conditioner consists of an outside condensing unit, an interior evaporator coil, refrigerant lines and an interior air handling unit. The condensing units have cooling capacities of five-tons.

Preventative Maintenance Notes: We recommend the Association obtain and adhere to the manufacturer's recommended maintenance plan. We also recommend the Association maintain a maintenance contract with a qualified professional. The required preventative maintenance may vary in frequency and scope based on the unit's age, operational condition, or changes in technology. We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Semi-annually:
 - Lubricate motors and bearings
 - Change or clean air filters as needed
 - Inspect condenser base and piping insulation
 - Inspect base pan, coil, cabinet and clear obstructions as necessary
- Annually:
 - Clean coils and drain pans, clean fan assembly, check refrigerant charge, inspect fan drive system and controls
 - Inspect and clean accessible ductwork as needed
 - Clean debris from inside cabinet, inspect condenser compressor and associated tubing for damage

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. The condensing unit may require replacement prior to replacement of the related interior forced air unit. For purposes of this Reserve Study, we assume coordination of replacement of the interior forced air unit, evaporator coil, refrigerant lines and exterior condensing unit.

Interior Renovations

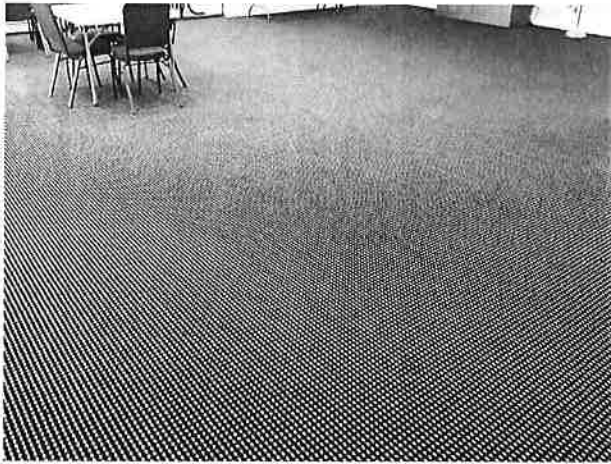
Line Items: 5.500 and 5.510

Quantity: The clubhouse interior components include:

- Tile and carpet floor coverings
- Paint finishes at the walls
- Acoustical ceiling tiles and grid and paint finishes
- Plumbing fixtures
- Light fixtures including exit and emergency lights
- Furnishings
- Kitchen cabinets, countertops, and appliances

History: Partially renovated in 2019.

Condition: Good to fair overall with no significant deterioration evident.



Carpet overview



Acoustical ceiling tiles



Library overview



Kitchen overview



Kitchen overview



Furnishing overview

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

Priority/Criticality: Per Board discretion

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

- Application of paint finishes and carpet replacement
- Replacement of up to fifty percent (50%) of the furnishings

Rest Rooms

Line Item: 5.580

Quantity: The Association is responsible for four rest rooms located at the clubhouse and pool area. The rest room components include:

- Tile floor coverings
- Tile wall coverings and paint finishes
- Paint finishes at the ceilings
- Light fixtures
- Plumbing fixtures

History: Partially renovated in 2022.

Condition: Good to fair overall with no significant deterioration evident.



Fixture overview



Rest room overview



Rest room overview

Useful Life: Renovation up to every 25 years

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We include an allowance for paint finishes and replacement of the items listed above to fifty percent (50%) of the rest rooms with each phased event.

Roofs, Asphalt Shingles

Line Item: 5.600

Quantity: Approximately 20 squares¹

History: Replaced in approximately 2018

Condition: Good to fair overall as reported to us by the Association.

Useful Life: 12- to 18-years

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

- 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

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

- 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.

Roof, Concrete Tiles

Line Item: 5.601

Quantity: Approximately 50 *squares*² at the clubhouse

History: Unknown age

Condition: Fair overall with isolated damaged tiles evident from our visual inspection from the ground. Management does not report a history of leaks.



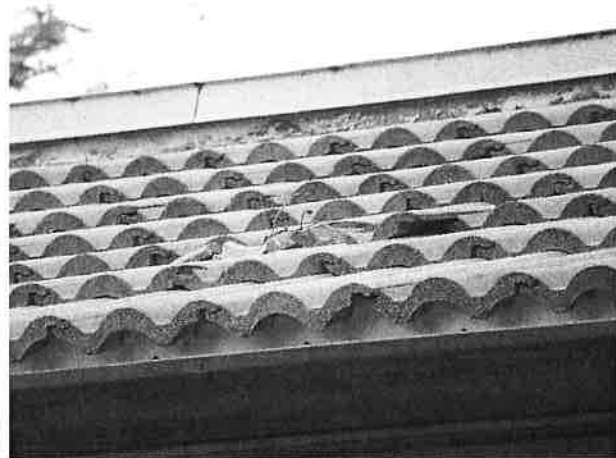
Clubhouse roof overview



Concrete tile roof



Concrete tile roof



Damaged tiles

² We quantify the roof area in squares where one square is equal to 100 square feet of surface area.

Useful Life: Up to 25 years

Component Detail Notes: A tile roof rarely fails at all points of application simultaneously. Rather, occurrences of roof leaks will increase as more concrete tiles crack, break and dislodge. This deterioration will result in increased maintenance costs such that replacement becomes the least costly long-term alternative as compared to ongoing repairs.

A concrete tile roof system comprises sheathing, underlayments, battens and the tiles themselves. Replacement standards should conform to the local building code and manufacturer's specifications at the time of actual replacement. The manner of construction is such that the underlayment is the primary line of defense from water infiltration. The tiles act to shade the underlayment from harmful sunlight and to protect the roof from heavy winds. Most storm water is shed from the roof tiles into the gutters or over the edge of the roof. However, this tile style is meant to allow water to pass between the tiles onto the underlayment. The underlayment thus sheds any remaining water into the gutters. In fact, horizontal driving rains will force their way up and under the tile only to be shed at some other point.

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 tiles
 - Implement repairs as needed if issues are reoccurring
 - Ensure proper ventilation and verify vents are clear of debris and not blocked from attic insulation
 - Trim tree branches that are near or in contact with roof
 - Periodic cleaning at areas with organic growth (We do not recommend pressure washing as it may cause further damage to tiles.)

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

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

Roofs, Flat

Line Item: 5.602

Quantity: Approximately 750 square feet

History: Original

Condition: Reported good to fair overall

Useful Life: 15- to 20-years

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

- Semi-annually:
 - Note drainage issues with water ponding after 48 hours of rainfall event. Verify scuppers and drains are free of debris. Replace damaged or missing drain covers.
 - Inspect perimeter flashing for loose fasteners, deflections, and sealant damage
 - Verify membrane surface is free of ruptures or damage, and areas of extensive blistering or bubbling
 - Remove oil spills or contaminants from mechanical equipment
 - In areas of possible foot traffic, remove any sharp debris or trash and note areas of crushed insulation
 - If frequency of leaks increase or location of water infiltration is unknown, we recommend the consideration of a thermal image inspection

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

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

Security System

Line Item: 5.720

Quantity: Berkshire Lakes utilizes the following security system components:

- Cameras (11)
- Multiplexer (1)
- Recorder (1)

History: Replaced in approximately 2021

Condition: Reported satisfactory without operational deficiencies



Security system camera



Security system camera

Useful Life: 10- to 15-years

Preventative Maintenance Notes: We recommend the Association obtain and adhere to the manufacturer's recommended maintenance plan. The required preventative maintenance may vary in frequency and scope based on the unit's age, operational condition, or changes in technology. We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Monthly:
 - Check cameras for proper focus, fields of view are unobstructed and camera and lenses are clean and dust-free
 - Check recording equipment for proper operation
 - Verify monitors are free from distortion with correct brightness and contrast
- Annually:
 - Check exposed wiring and cables for wear, proper connections and signal transmission
 - Check power connections, and if applicable, functionality of battery power supply systems

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. The Association should anticipate replacement of up to fifty percent (50%) of the security system components per event.

Walls, Stucco

Line Item: 5.790

Quantity: Approximately 2,500 square feet of the building exteriors

History: Painted in 2023.

Condition: Good to fair overall with no significant deterioration evident.



Stucco wall finishes



Stucco wall finishes

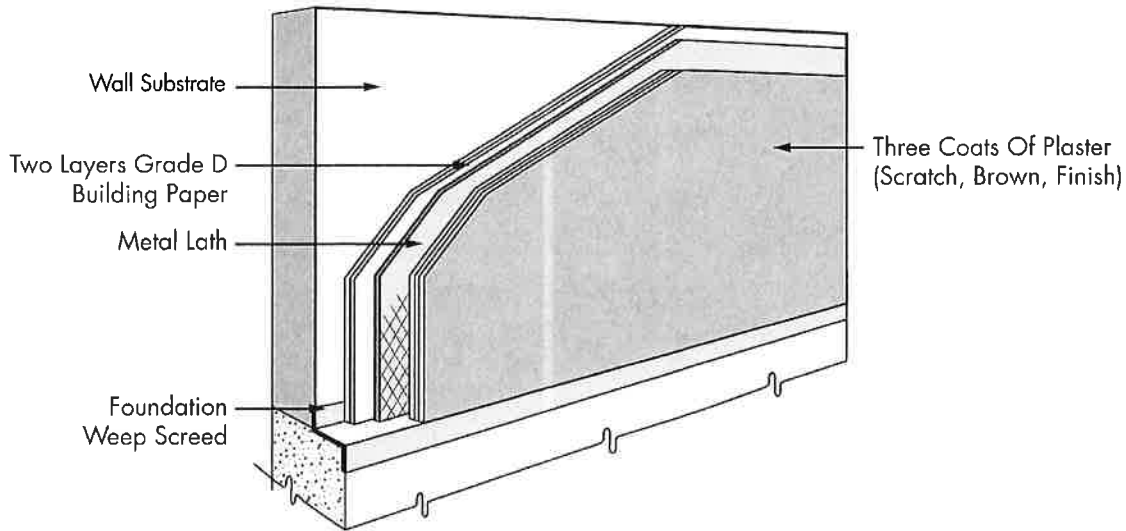


Stucco wall finishes

Useful Life: We recommend inspections, repairs and paint finish applications every five- to seven-years.

Component Detail Notes: The following graphic details the typical components of a stucco wall system on frame construction although it may not reflect the actual configuration at Berkshire Lakes:

STUCCO DETAIL



© Reserve Advisors

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 and biological growth. Water-soluble cleaners that will not attack Portland cement are acceptable for removing stains.

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our estimate of cost anticipates the following in coordination with each paint finish application:

- Complete inspection of the stucco
- Crack repairs as needed (Each paint product has the limited ability to cover and seal cracks but we recommend repair of all cracks which exceed the ability of the paint product to bridge.)
- Replacement of up to one percent (1%), of the stucco walls (The exact amount of area in need of replacement will be discretionary based on the actual future conditions and the desired appearance.)
- Replacement of up to thirty-three percent (33%) of the sealants in coordination with each paint finish application.

Windows and Doors

Line Item: 5.800

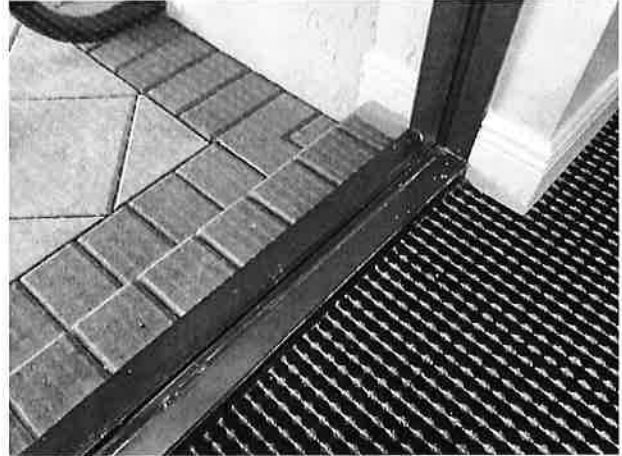
Quantity: Approximately 700 square feet

History: Original

Condition: Good to fair overall with no significant deterioration evident.



Common windows



Common window frame

Useful Life: 45- to 55-years

Component Detail Notes: Construction of the windows and doors at the clubhouse includes the following:

- Aluminum frames
- Dual pane glass
- Fixed windows
- Hinged doors

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.

Pool Elements

Deck, Pavers

Line Item: 6.200

Quantity: Approximately 3,230 square feet

History: Replaced in approximately 2013.

Condition: Good to fair overall



Paver pool deck overview



Paver pool deck overview



Paver pool deck overview



Paver pool deck overview

Useful Life: Up to 25 years

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

- Annually:
 - Inspect and repair settlement, trip hazards and significant paver spall
 - Reset and/or reseal damaged pavers as necessary
 - Periodically clean and remove overgrown vegetation as needed

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We recommend the Association fund interim inspections, partial replacements and repairs through the operating budget.

Fence, Aluminum

Line Item: 6.400

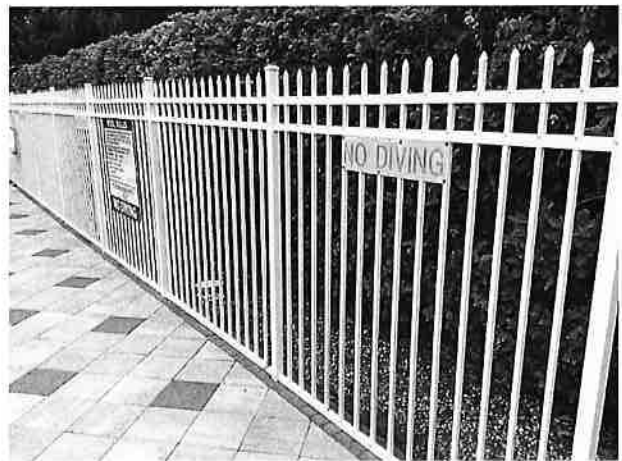
Quantity: Approximately 340 linear feet

History: Replaced in approximately 2013.

Condition: Good to fair overall



Aluminum pool fence



Aluminum pool fence

Useful Life: Up to 25 years

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

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

Priority/Criticality: Not recommended to defer

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

Furniture

Line Item: 6.500

Quantity: The pool furniture includes the following:

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

History: Replaced in 2022.

Condition: Good to fair overall



Pool furniture overview



Pool furniture

Useful Life: Up to 12 years

Priority/Criticality: Per Board discretion

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

Mechanical Equipment

Line Item: 6.600

Quantity: The mechanical equipment includes the following:

- Automatic chlorinators and controls
- Interconnected pipe, fittings and valves
- Pumps, filter, and geothermal heater

History: Varied ages

Condition: Reported satisfactory without operational deficiencies



Pool heater

Useful Life: Up to 15 years

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

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Failure of the pool mechanical equipment as a single event is unlikely. Therefore, we include replacement of up to fifty percent (50%) of the equipment per event. We consider interim replacement of motors and minor repairs as normal maintenance.

Pool Finishes, Plaster and Tile

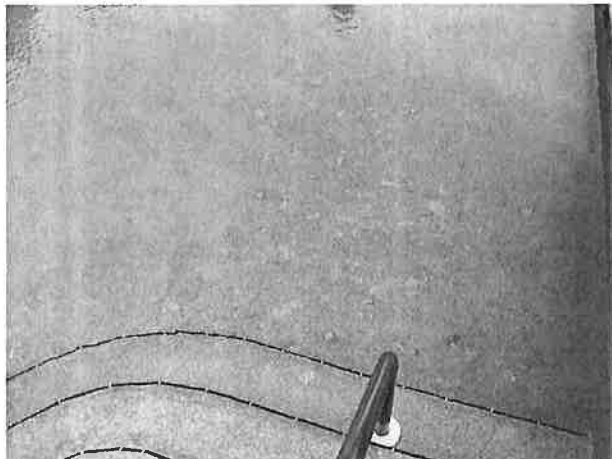
Line Items: 6.800 and 6.801

Quantity: Approximately 820 square feet of plaster based on the horizontal surface area and approximately 120 linear feet of tile

History:

- Plaster finish: Unknown age
- Tile: Original

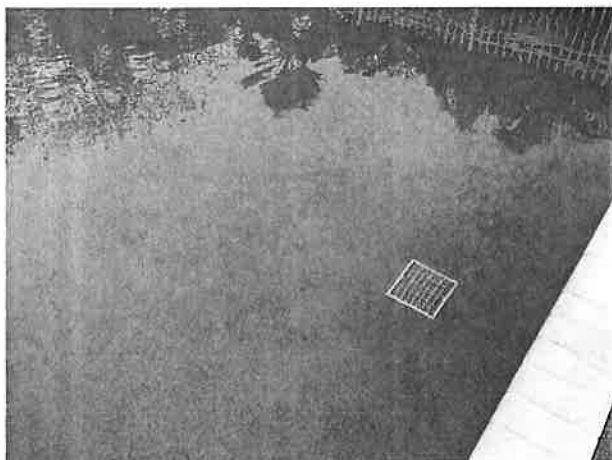
Condition: Fair to poor overall as reported to us by the Association



Plaster deterioration



Damaged light



Plaster deterioration



Pool plaster overview

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

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

- Semi-annually:

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

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We recommend the Association budget for full tile replacement every other plaster replacement event. Removal and replacement of the finish provides the opportunity to inspect the pool structure and to allow for partial repairs of the underlying concrete surfaces as needed. To maintain the integrity of the pool structure, we recommend the Association budget for the following:

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

Structure

Line Item: 6.900

Quantity: Approximately 820 square feet of horizontal surface area

History: Original

Conditions: Visually appears in good to fair condition. The concrete floors and walls have a plaster finish. This finish makes it difficult to thoroughly inspect the concrete structure during a noninvasive visual inspection.

Useful Life: Up to 60 years

Component Detail Notes: The need to replace a pool structure depends on the condition of the concrete structure, the condition of the embedded or concealed water circulation piping, possible long term uneven settlement of the structure, and the increasing cost of repair and maintenance. Deterioration of any one of these component systems could result in complete replacement of the pool. For example, deferral of a deteriorated piping system could result in settlement and cracks in the pool structure. This mode of failure is more common as the system ages and deterioration of the piping system goes undetected. For reserve budgeting purposes, we recommend Berkshire Lakes plan to replace the following components:

- Paver deck
- Pool structure
- Subsurface piping



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.

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. The Association can expense the fee for an Update with site visit from the reserve account. This fee is included in the Reserve Funding Plan. We base this budgetary amount on updating the same property components and quantities of this Reserve Study report. We recommend the Board budget for an Update to this Reserve Study in two- to three-years. Budgeting for an Update demonstrates the Board's objective to continue fulfilling its fiduciary responsibility to maintain the commonly owned property and to fund reserves appropriately.

5.METHODOLOGY

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

Berkshire Lakes can fund capital repairs and replacements in any combination of the following:

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

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

This Reserve Study is in compliance with and exceeds the National standards¹ set forth by the Association of Professional Reserve Analysts (APRA) fulfilling the requirements of a "Level I Full Reserve Study." These standards require a Reserve Component to have a "predictable remaining Useful Life." Estimating Remaining Useful Lives and Reserve Expenditures beyond 30 years is often indeterminate. Long-Lived Property Elements are necessarily excluded from this analysis. We considered the following factors in our analysis:

- The Cash Flow Method to compute, project and illustrate the 30-year Reserve Funding Plan
- Local² 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 Naples, Florida at an annual inflation rate³. 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 Berkshire Lakes 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.

TYLER D. THOMPSON
Responsible Advisor

CURRENT CLIENT SERVICES

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



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

Landings South Condominium Association, Inc. – Located on the inter-coastal of North Palm Beach, Florida, this five-story and 35-unit midrise contains concrete exteriors and a built-up flat roof. The Association, built in 1969, also maintains a pool and dock.

The Gates at Quail Hollow Homeowners' Association, Ltd. – Located in Charlotte, North Carolina, this townhome community has 38 buildings comprised of 174 units. The community has a clubhouse and pool with full amenities. The exteriors of the townhomes are built with wood siding and asphalt shingle roofs.

Spinnaker Bay at the Waterways Condominium Association, Inc. – This midrise, built in 1986, is a two-building, four-story condo with 48-units located in Fort Lauderdale, Florida. The buildings contain unique open breezeways surrounding a spacious atrium in the center. The property also includes a full clubhouse and amenity area.

Schooner Cove Condominium Owners Association, Inc. – A 249-unit, 83-building townhome association in Tampa, Florida that includes multiple funding plans. The community has a clubhouse with full amenities including a pool, spa, and exercise room.

Windsor Oaks Condominiums, Inc. – A 156-unit, 39-building townhome association located in Charlotte, North Carolina. The townhomes in this community consist of a masonry façade with asphalt shingle roofs. The community is also equipped with a clubhouse and pool. Due to the complexity of the terrain, the community is responsible for many retaining walls providing support for many of the buildings.

Grand Oaks Master Association, Inc. – In the north suburbs of Tampa, Florida, this 577 home master association includes a full amenity clubhouse with a large playground, basketball courts, and pool area.

Edgewater Walk II on Harbour Isle, A Condominium Association, Inc. &

Mangrove Walk on Harbour Isle, A Condominium Association, Inc. – These two gated sister communities sit on Perico Island in Bradenton, Florida. The coastal associations include third floor look-out towers and complex balconies. The exteriors have fiber cement siding and concrete tile roofing systems.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, LLC, Mr. Thompson was a Product Engineer for a specialty valve manufacturer. He was responsible for processing sales orders through the engineering department by creating bill of materials. This would include designing and drafting various parts and assemblies for the shop and creating processes to streamline production.

EDUCATION

University of Illinois at Chicago (UIC) - B.S. Mechanical Engineering

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

CURRENT CLIENT SERVICES

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

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



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

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

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

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

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

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

PRIOR RELEVANT EXPERIENCE

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

EDUCATION

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

PROFESSIONAL AFFILIATIONS/DESIGNATIONS

Professional Engineering License – Wisconsin, North Carolina, Illinois, Colorado

Reserve Specialist (RS) - Community Associations Institute

Professional Reserve Analyst (PRA) - Association of Professional Reserve Analysts

NICOLE L. LOWERY, PRA, RS
Associate Director of Quality Assurance

CURRENT CLIENT SERVICES

Nicole L. Lowery, a Civil Engineer, is an Associate Director of Quality Assurance for Reserve Advisors. Ms. Lowery is responsible for the management, review and quality assurance of reserve studies. In this role, she assumes the responsibility of stringent report review analysis to assure report accuracy and the best solution for Reserve Advisors' clients.

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



Amelia Surf & Racquet Club This oceanfront condominium community comprises 156 units in three mid rise buildings. This Fernandina Beach, Florida development contains amenities such as clay tennis courts, two pools and boardwalks.

Ten Museum Park This boutique, luxury 50-story high rise building in downtown Miami, Florida consists of 200 condominium units. The amenities comprise six pools including resistance and plunge pools, a full-service spa and a state-of-the-art fitness center. The property also contains a multi-level parking garage.

3 Chisolm Street Homeowners Association This historic Charleston, South Carolina community was constructed in 1929 and 1960 and comprises brick and stucco construction with asphalt shingle and modified bitumen roofs. The unique buildings were originally the Murray Vocational School. The buildings were transformed in 2002 to 27 high-end condominiums. The property includes a courtyard and covered parking garage.

Lakes of Pine Run Condominium Association This condominium community comprises 112 units in 41 buildings of stucco construction with asphalt shingle roofs. Located in Ormond Beach, Florida, it has a domestic water treatment plant and wastewater treatment plant for the residents of the property.

Rivertowne on the Wando Homeowners Association This exclusive river front community is located on the Wando River in Mount Pleasant, South Carolina. This unique Association includes several private docks along the Wando River, a pool and tennis courts for use by its residents.

Biltmore Estates Homeowners Association This private gated community is located in Miramar, Florida, just northwest of Miami, Florida and consists of 128 single family homes. The lake front property maintains a pool, a pool house and private streets.

Bellavista at Miromar Lakes Condominium Association Located in the residential waterfront resort community of Miromar Lakes Beach & Golf Club in Fort Myers, Florida, this property comprises 60 units in 15 buildings. Amenities include a clubhouse and a pool.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, Ms. Lowery was a project manager with Kipcon in New Brunswick, New Jersey and the Washington, D.C. Metro area for eight years, where she was responsible for preparing reserve studies and transition studies for community associations. Ms. Lowery successfully completed the bachelors program in Civil Engineering from West Virginia University in Morgantown, West Virginia.

EDUCATION

West Virginia University - B.S. Civil Engineering

PROFESSIONAL AFFILIATIONS / DESIGNATIONS

Reserve Specialist (RS) - Community Associations Institute

Professional Reserves Analyst (PRA) - Association of Professional Reserve Analysts

RESOURCES

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

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

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

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

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

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

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

7. DEFINITIONS

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

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

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

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

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

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

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

Long-Lived Property Component - Property component of Berkshire Lakes 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) Berkshire Lakes 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.

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.