FULL RESERVE STUDY

Tuscan Village at Lakeway Lofts

Lakeway, Texas

November 24, 2020

RESERVE™ ADVISORS

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

Tuscan Village at Lakeway Lofts
Lakeway, Texas

Dear Board of Directors of Tuscan Village at Lakeway Lofts:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Full Reserve Study* of Tuscan Village at Lakeway Lofts in Lakeway, Texas and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, November 24, 2020.

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 Tuscan Village at Lakeway Lofts 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 January 26, 2021 by

Reserve Advisors, LLC

Visual Inspection and Report by: Jaison T. Thomas, RS[1]
Review by: Alan M. Ebert, RS, PRA[2], Director of Quality Assurance

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

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1. RESERVE STUDY EXECUTIVE SUMMARY

Client: Tuscan Village at Lakeway Lofts (Tuscan Village at Lakeway Lofts)
Location: Lakeway, Texas
Reference: 162143

Property Basics: Tuscan Village at Lakeway Lofts is a condominium style development consisting of 96 units in three buildings. The buildings were built from 2017 to 2019.

Reserve Components Identified: 35 Reserve Components.

Inspection Date: November 24, 2020.

Funding Goal: The Funding Goal of this Reserve Study is to maintain reserves above an adequate, not excessive threshold during one or more years of significant expenditures. Our recommended Funding Plan recognizes this threshold funding year in 2049 due to replacement of the concrete tile roofs.

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

- Current and future local costs of replacement
- 0.9% anticipated annual rate of return on invested reserves
- 2.0% future Inflation Rate for estimating Future Replacement Costs

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

Unaudited Cash Status of Reserve Fund:

- $45,943 as of December 31, 2020 as per Management
- 2020 budgeted Reserve Contributions of $22,308
- 2021 budgeted Reserve Contributions of $31,200
- A potential deficit in reserves might occur by 2028 based upon continuation of the most recent annual reserve contribution of $31,200 and the identified Reserve Expenditures.

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

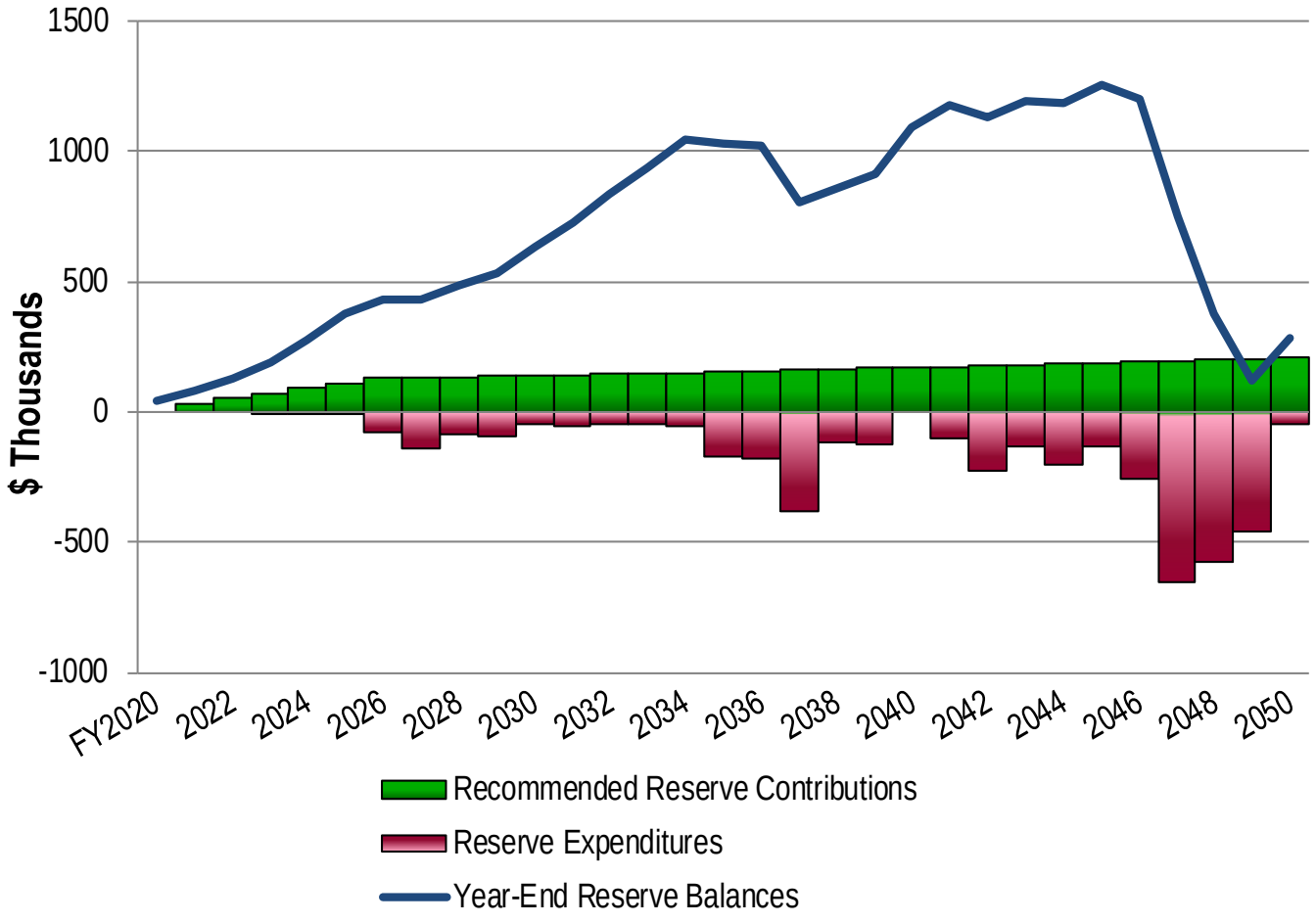
- Paint finishes and repairs to the balcony and patio railings in order to prevent rust and extend useful life

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

- Phased increases of approximately $19,600 from 2022 through 2026
- Inflationary increases through 2050, the limit of this study's Cash Flow Analysis
- Initial recommended adjustment of $19,600 is equivalent to an increase of $17.01 in the monthly contributions per unit owner.

Tuscan Village at Lakeway Lofts
Recommended Reserve Funding Table and Graph

Year	Reserve Contributions ($)	Reserve Balances ($)	Year	Reserve Contributions ($)	Reserve Balances ($)	Year	Reserve Contributions ($)	Reserve Balances ($)
2021	31,200 (Budgeted)	77,697	2031	142,600	729,147	2041	173,900	1,174,368
2022	50,800	129,425	2032	145,500	833,454	2042	177,400	1,133,154
2023	70,400	192,397	2033	148,400	940,645	2043	180,900	1,191,071
2024	90,000	275,446	2034	151,400	1,042,873	2044	184,500	1,187,047
2025	109,600	378,749	2035	154,400	1,033,354	2045	188,200	1,253,004
2026	129,200	432,331	2036	157,500	1,023,383	2046	192,000	1,201,349
2027	131,800	430,852	2037	160,700	808,433	2047	195,800	750,005
2028	134,400	485,145	2038	163,900	859,245	2048	199,700	378,939
2029	137,100	531,375	2039	167,200	911,408	2049	203,700	123,636
2030	139,800	632,586	2040	170,500	1,090,878	2050	207,800	284,903



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

Tuscan Village at Lakeway Lofts

Lakeway, Texas

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, November 24, 2020.

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

- **Identification of Property -** Segregates all property into several areas of responsibility for repair or replacement
- **Reserve Expenditures -** Identifies reserve components and related quantities, useful lives, remaining useful lives and future reserve expenditures during the next 30 years
- **Reserve Funding Plan -** Presents the recommended Reserve Contributions and year-end Reserve Balances for the next 30 years
- **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 and the Board. 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:

- Tuscan Village at Lakeway Lofts responsibility
- Limited useful life expectancies
- Predictable remaining useful life expectancies
- Replacement cost above a minimum threshold

Long-Lived Property 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:

- Balcony and Patio Railings, Steel, Replacement
- Electrical Systems, Common
- Elevators, Hydraulic, Cylinders
- Fire Suppression System
- Foundations
- Pipes, Interior Building, Domestic Water, Sanitary Waste, Vent, Sprinkler, Building Heating and Cooling, Common
- Soffit and Fascia, Fiber Cement Siding
- Spray Foam Insulation, Garage

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Spray foam insulation at the garage

- Structural Frames
- Trash Chute and Doors
- Valves, Large Diameter
- Windows and Doors, Common

The operating budget provides money for the repair and replacement of certain Reserve Components. The Association may develop independent criteria for use of operating and reserve funds. 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 $3,000 (These relatively minor expenditures have
- Antennas, Signal Booster
- Compressor, Fire Suppression System
- Duct Cleaning
- Emergency Radio Signal Booster System, Batteries
- Exhaust Fans, Less than 5,000-CFM (cubic feet per minute)
- Fan Coil Units, Electric Rooms
- Life Safety System, Fire Control Panels, Interim Replacement
- Mini Split System, Trash Compactor Rooms
- Motors
- Paint Finishes, Touch Up
- Patios, Concrete, Capital Repairs
- Pipes, Common, Interim Repairs and Waste Rodding
- Pumps Less Than Five-HP (horsepower)
- Storage and Service Areas
- Trash Enclosure, Masonry, Inspections and Capital Repairs
- Trash Enclosure, Wood
- Valves, Small Diameter (We assume replacement as needed in lieu of an aggregate replacement of all small diameter valves as a single event.)
- Water Heaters

Water heater

- Other Repairs normally funded through the Operating Budget

Certain items have been 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:

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

Certain items have been designated as the responsibility of the Master Association to repair or replace. Property Maintained by the Master Association relates to:

- Light Poles and Fixtures, Parking Area
- Parking Area and Sidewalks, Concrete
- Pavers, Sidewalk
- Retaining Walls, Masonry

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
- 2020 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

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

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

Years 2020 to 2035

RESERVE EXPENDITURES

Tuscan Village at Lakeway Lofts
Lakeway, Texas

Explanatory Notes:
1) 2.0% is the estimated Inflation Rate for estimating Future Replacement Costs.
2) FY2020 is Fiscal Year beginning January 1, 2020 and ending December 31, 2020.

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years Useful	Life Analysis, Years Remaining	Costs, $ Unit (2020)	Costs, $ Per Phase (2020)	Costs, $ Total (2020)	Percentage of Future Expenditures	RUL = 0 FY2020	1 2021	2 2022	3 2023	4 2024	5 2025	6 2026	7 2027	8 2028	9 2029	10 2030	11 2031	12 2032	13 2033	14 2034	15 2035
				Exterior Building Elements																							
1.100	2,950	983	Linear Feet	Balconies and Patios, Railings, Steel, Paint Finishes and Repairs, Phased	2023	6 to 8	3 to 5	8.50	8,358	25,075	3.9%				8,870	9,047	9,228				9,989	10,189	10,393				11,249
1.128	5,550	1,850	Square Feet	Balconies, Wood Frame with Concrete Topping, Inspections and Capital Repairs, Phased	2029	8 to 12	9 to 11	9.50	17,575	52,725	3.3%										21,004	21,424	21,852				
1.240	4,000	1,333	Linear Feet	Gutters and Downspouts, Aluminum, Phased	2047	to 30	27 to 29	9.50	12,667	38,000	1.5%																
1.260	114	38	Each	Light Fixtures, Phased	2042	to 25	22 to 24	120.00	4,560	13,680	0.5%																
1.360	490	163	Squares	Roofs, Concrete Tile, Phased	2047	to 30	27 to 29	1,100.00	179,663	539,000	21.1%																
1.530	13,280	4,427	Square Feet	Roofs, Thermoplastic, Phased	2035	15 to 20	15 to 17	14.00	61,973	185,920	5.7%																83,408
1.560	93	31	Pairs	Shutters, Phased	2037	to 20	17 to 19	110.00	3,410	10,230	0.3%																
1.820	14,300	14,300	Square Feet	Walls, Masonry, Inspections and Repairs	2029	8 to 12	9	1.50	21,450	21,450	1.3%										25,635						
1.880	44,600	14,867	Square Feet	Walls, Stucco, Paint Finishes and Capital Repairs, Phased	2026	8 to 10	6 to 8	2.00	29,733	89,200	8.4%							33,485	34,154	34,837							40,017
				Interior Building Elements																							
2.100	2	1	Each	Elevator Cab Finishes, Buildings 102 and 104, Phased	2038	to 20	18 to 19	16,500.00	16,500	33,000	1.1%																
2.101	1	1	Each	Elevator Cab Finishes, Building 106 (Larger Cab)	2037	to 20	17	18,000.00	18,000	18,000	0.6%																
2.200	1,790	597	Square Yards	Floor Coverings, Carpet, Phased	2026	8 to 12	6 to 8	48.00	28,640	85,920	8.0%							32,253	32,899	33,557							38,546
2.240	90	30	Square Yards	Floor Coverings, Tile, Phased	2047	to 30	27 to 29	85.00	2,550	7,650	0.3%																
2.560	372	124	Each	Light Fixtures, Phased	2042	to 25	22 to 24	150.00	18,600	55,800	2.0%																
2.800	79,200	79,200	Square Feet	Paint Finishes, Hallways	2027	8 to 10	7	0.60	47,520	47,520	4.6%								54,586								
2.820	6	6	Each	Paint Finishes, Stairwells (Includes Railings)	2037	15 to 20	17	2,000.00	12,000	12,000	0.4%																
2.840	3	1	Each	Party Room, Renovation, Complete, Phased	2037	to 20	17 to 19	35,500.00	35,500	106,500	3.4%																
2.845	3	1	Each	Party Room, Renovation, Partial, Phased	2027	to 10	7 to 9	13,500.00	13,500	40,500	2.7%								15,507	15,817	16,134						
2.900	4	1	Each	Rest Rooms, Renovation, Phased (Quantity Varies by Year)	2042	to 25	22 to 24	3,500.00	4,655	14,000	0.5%																
				Building Services Elements																							
3.060	9	3	Each	Air Handling Units, Rooftop Units, Phased (*Bryant)*	2037	15 to 20	17 to 19	7,500.00	22,500	67,500	2.2%																
3.070	3	1	Each	Air Handling Units, Split Systems, Phased (Incl. Rooftop Condensing Unit)	2037	15 to 20	17 to 19	6,500.00	6,500	19,500	0.6%																
3.320	3	1	Each	Elevators, Hydraulic, Pumps and Controls, Phased	2046	to 30	26 to 28	71,000.00	71,000	213,000	8.2%																
3.470	3	1	Each	Intercom Panel, Phased	2031	10 to 15	11 to 13	6,000.00	6,000	18,000	1.2%												7,460	7,609	7,762		
3.560	3	1	Allowance	Life Safety Systems, Control Panels and Emergency Devices, Phased	2042	to 25	22 to 24	19,000.00	19,000	57,000	2.0%																
3.561	3	1	Allowance	Life Safety System, Emergency Radio Signal Booster Panels, Phased	2032	to 15	12 to 14	20,000.00	20,000	60,000	4.1%													25,365	25,872	26,390	
3.820	3	1	Allowance	Security System, Phased	2032	10 to 15	12 to 14	12,000.00	12,000	36,000	2.5%													15,219	15,523	15,834	
3.900	3	3	Each	Trash Compactors	2042	to 25	22	16,000.00	48,000	48,000	1.7%																
				Property Site Elements																							
4.500	3	1	Each	Dumpsters	2042	to 25	22 to 24	3,000.00	3,000	9,000	0.3%																
4.600	6	2	Each	Mailbox Stations, Partial	2050	30 to 35	30 to 30+	2,100.00	4,200	12,600	0.2%																
4.960	1	1	Each	Utitlity Vehicle, *Kawasaki Mule*	2026	to 8	6	12,000.00	12,000	12,000	1.6%							13,514									15,834
				Garage Elements																							
7.360	39,860	1,195	Square Feet	Concrete, On-grade (Including Drain Repairs), Partial	2029	to 90	9 to 30+	7.50	8,963	298,950	0.5%										10,711						
7.370	3	3	Each	Exhaust Fans	2050	to 35	30	3,500.00	10,500	10,500	0.4%																
7.400	6	2	Each	Gates	2047	to 30	27 to 29	5,500.00	11,000	33,000	1.3%																
7.405	6	2	Each	Gate Operators	2029	10 to 15	9 to 11	5,000.00	10,000	30,000	1.9%										11,951	12,190	12,434				
7.600	72	24	Each	Light Fixtures, Phased	2044	to 30	24 to 26	700.00	16,800	50,400	1.9%																
				Anticipated Expenditures, By Year ($4,443,049 over 30 years)								0	0	0	8,870	9,047	9,228	79,252	137,146	84,211	95,424	43,803	52,139	48,193	49,157	58,058	173,220

RESERVE EXPENDITURES

Tuscan Village at Lakeway Lofts
Lakeway, Texas

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years Useful	Life Analysis, Years Remaining	Costs, $ Unit (2020)	Costs, $ Per Phase (2020)	Costs, $ Total (2020)	Percentage of Future Expenditures	16 2036	17 2037	18 2038	19 2039	20 2040	21 2041	22 2042	23 2043	24 2044	25 2045	26 2046	27 2047	28 2048	29 2049	30 2050
				Exterior Building Elements																						
1.100	2,950	983	Linear Feet	Balconies and Patios, Railings, Steel, Paint Finishes and Repairs, Phased	2023	6 to 8	3 to 5	8.50	8,358	25,075	3.9%	11,474	11,704				12,668	12,922	13,180				14,267	14,552	14,843	
1.128	5,550	1,850	Square Feet	Balconies, Wood Frame with Concrete Topping, Inspections and Capital Repairs, Phased	2029	8 to 12	9 to 11	9.50	17,575	52,725	3.3%						26,638	27,171	27,714							
1.240	4,000	1,333	Linear Feet	Gutters and Downspouts, Aluminum, Phased	2047	to 30	27 to 29	9.50	12,667	38,000	1.5%												21,621	22,053	22,494	
1.260	114	38	Each	Light Fixtures, Phased	2042	to 25	22 to 24	120.00	4,560	13,680	0.5%							7,050	7,191	7,334						
1.360	490	163	Squares	Roofs, Concrete Tile, Phased	2047	to 30	27 to 29	1,100.00	179,663	539,000	21.1%												306,664	312,798	319,054	
1.530	13,280	4,427	Square Feet	Roofs, Thermoplastic, Phased	2035	15 to 20	15 to 17	14.00	61,973	185,920	5.7%	85,076	86,778													
1.560	93	31	Pairs	Shutters, Phased	2037	to 20	17 to 19	110.00	3,410	10,230	0.3%		4,775	4,870	4,968											
1.820	14,300	14,300	Square Feet	Walls, Masonry, Inspections and Repairs	2029	8 to 12	9	1.50	21,450	21,450	1.3%						32,511									
1.880	44,600	14,867	Square Feet	Walls, Stucco, Paint Finishes and Capital Repairs, Phased	2026	8 to 10	6 to 8	2.00	29,733	89,200	8.4%	40,818	41,634							47,824	48,781	49,756				
				Interior Building Elements																						
2.100	2	1	Each	Elevator Cab Finishes, Buildings 102 and 104, Phased	2038	to 20	18 to 19	16,500.00	16,500	33,000	1.1%			23,566	24,037											
2.101	1	1	Each	Elevator Cab Finishes, Building 106 (Larger Cab)	2037	to 20	17	18,000.00	18,000	18,000	0.6%		25,204													
2.200	1,790	597	Square Yards	Floor Coverings, Carpet, Phased	2026	8 to 12	6 to 8	48.00	28,640	85,920	8.0%	39,317	40,103							46,066	46,987	47,927				
2.240	90	30	Square Yards	Floor Coverings, Tile, Phased	2047	to 30	27 to 29	85.00	2,550	7,650	0.3%												4,353	4,440	4,528	
2.560	372	124	Each	Light Fixtures, Phased	2042	to 25	22 to 24	150.00	18,600	55,800	2.0%							28,755	29,330	29,917						
2.800	79,200	79,200	Square Feet	Paint Finishes, Hallways	2027	8 to 10	7	0.60	47,520	47,520	4.6%		66,539										81,111			
2.820	6	6	Each	Paint Finishes, Stairwells (Includes Railings)	2037	15 to 20	17	2,000.00	12,000	12,000	0.4%		16,803													
2.840	3	1	Each	Party Room, Renovation, Complete, Phased	2037	to 20	17 to 19	35,500.00	35,500	106,500	3.4%		49,709	50,703	51,717											
2.845	3	1	Each	Party Room, Renovation, Partial, Phased	2027	to 10	7 to 9	13,500.00	13,500	40,500	2.7%												23,043	23,504	23,974	
2.900	4	1	Each	Rest Rooms, Renovation, Phased (Quantity Varies by Year)	2042	to 25	22 to 24	3,500.00	4,655	14,000	0.5%							10,822	5,519	5,630						
				Building Services Elements																						
3.060	9	3	Each	Air Handling Units, Rooftop Units, Phased (*Bryant)*	2037	15 to 20	17 to 19	7,500.00	22,500	67,500	2.2%		31,505	32,136	32,778											
3.070	3	1	Each	Air Handling Units, Split Systems, Phased (Incl. Rooftop Condensing Unit)	2037	15 to 20	17 to 19	6,500.00	6,500	19,500	0.6%		9,102	9,284	9,469											
3.320	3	1	Each	Elevators, Hydraulic, Pumps and Controls, Phased	2046	to 30	26 to 28	71,000.00	71,000	213,000	8.2%											118,813	121,189	123,613		
3.470	3	1	Each	Intercom Panel, Phased	2031	10 to 15	11 to 13	6,000.00	6,000	18,000	1.2%										9,844	10,041	10,241			
3.560	3	1	Allowance	Life Safety Systems, Control Panels and Emergency Devices, Phased	2042	to 25	22 to 24	19,000.00	19,000	57,000	2.0%							29,374	29,961	30,560						
3.561	3	1	Allowance	Life Safety System, Emergency Radio Signal Booster Panels, Phased	2032	to 15	12 to 14	20,000.00	20,000	60,000	4.1%												34,138	34,820	35,517	
3.820	3	1	Allowance	Security System, Phased	2032	10 to 15	12 to 14	12,000.00	12,000	36,000	2.5%												20,483	20,892	21,310	
3.900	3	3	Each	Trash Compactors	2042	to 25	22	16,000.00	48,000	48,000	1.7%							74,207								
				Property Site Elements																						
4.500	3	1	Each	Dumpsters	2042	to 25	22 to 24	3,000.00	3,000	9,000	0.3%							4,638	4,731	4,825						
4.600	6	2	Each	Mailbox Stations, Partial	2050	30 to 35	30 to 30+	2,100.00	4,200	12,600	0.2%															7,608
4.960	1	1	Each	Utitlity Vehicle, *Kawasaki Mule*	2026	to 8	6	12,000.00	12,000	12,000	1.6%							18,552								21,736
				Garage Elements																						
7.360	39,860	1,195	Square Feet	Concrete, On-grade (Including Drain Repairs), Partial	2029	to 90	9 to 30+	7.50	8,963	298,950	0.5%						13,584									
7.370	3	3	Each	Exhaust Fans	2050	to 35	30	3,500.00	10,500	10,500	0.4%															19,019
7.400	6	2	Each	Gates	2047	to 30	27 to 29	5,500.00	11,000	33,000	1.3%												18,776	19,151	19,534	
7.405	6	2	Each	Gate Operators	2029	10 to 15	9 to 11	5,000.00	10,000	30,000	1.9%						15,157	15,460	15,769							
7.600	72	24	Each	Light Fixtures, Phased	2044	to 30	24 to 26	700.00	16,800	50,400	1.9%									27,022	27,562	28,113				
				Anticipated Expenditures, By Year ($4,443,049 over 30 years)								176,685	383,856	120,559	122,969	0	100,558	228,951	133,395	199,178	133,174	254,650	655,886	575,823	461,254	48,363

RESERVE FUNDING PLAN

CASH FLOW ANALYSIS

Tuscan Village at Lakeway Lofts
Lakeway, Texas

Individual Reserve Budgets & Cash Flows for the Next 30 Years

		FY2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Reserves at Beginning of Year	*(Note 1)*	45,943	45,943	77,697	129,425	192,397	275,446	378,749	432,331	430,852	485,145	531,375	632,586	729,147	833,454	940,645	1,042,873
Total Recommended Reserve Contributions	*(Note 2)*	0	31,200	50,800	70,400	90,000	109,600	129,200	131,800	134,400	137,100	139,800	142,600	145,500	148,400	151,400	154,400
Estimated Interest Earned, During Year	*(Note 3)*	0	554	928	1,442	2,096	2,931	3,634	3,867	4,104	4,554	5,214	6,100	7,000	7,948	8,886	9,301
Anticipated Expenditures, By Year		0	0	0	(8,870)	(9,047)	(9,228)	(79,252)	(137,146)	(84,211)	(95,424)	(43,803)	(52,139)	(48,193)	(49,157)	(58,058)	(173,220)
Anticipated Reserves at Year End		$45,943	$77,697	$129,425	$192,397	$275,446	$378,749	$432,331	$430,852	$485,145	$531,375	$632,586	$729,147	$833,454	$940,645	$1,042,873	$1,033,354
Predicted Reserves based on 2021 funding level of:	$31,200	45,943	77,697	109,737	133,155	156,606	180,086	133,439	28,217	(24,779)	(89,515)						

(continued)

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

	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050
Reserves at Beginning of Year	1,033,354	1,023,383	808,433	859,245	911,408	1,090,878	1,174,368	1,133,154	1,191,071	1,187,047	1,253,004	1,201,349	750,005	378,939	123,636
Total Recommended Reserve Contributions	157,500	160,700	163,900	167,200	170,500	173,900	177,400	180,900	184,500	188,200	192,000	195,800	199,700	203,700	207,800
Estimated Interest Earned, During Year	9,214	8,206	7,471	7,932	8,970	10,148	10,337	10,412	10,654	10,931	10,995	8,742	5,057	2,251	1,830
Anticipated Expenditures, By Year	(176,685)	(383,856)	(120,559)	(122,969)	0	(100,558)	(228,951)	(133,395)	(199,178)	(133,174)	(254,650)	(655,886)	(575,823)	(461,254)	(48,363)
Anticipated Reserves at Year End	$1,023,383	$808,433	$859,245	$911,408	$1,090,878	$1,174,368	$1,133,154	$1,191,071	$1,187,047	$1,253,004	$1,201,349	$750,005	$378,939	$123,636	$284,903
														(NOTE 5)	*(NOTE 4)*

Explanatory Notes:

1) Year 2020 ending reserves are as of December 31, 2020; FY2020 starts January 1, 2020 and ends December 31, 2020.
2) 2021 is budgeted; 2022 is the first year of recommended contributions.
3) 0.9% is the estimated annual rate of return on invested reserves
4) Accumulated year 2050 ending reserves consider the age, size, overall condition and complexity of the property.
5) Threshold Funding Year (reserve balance at critical point).

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

FIVE-YEAR OUTLOOK

Tuscan Village at Lakeway Lofts
Lakeway, Texas

Line Item	Reserve Component Inventory	RUL = 0 FY2020	1 2021	2 2022	3 2023	4 2024	5 2025
	Exterior Building Elements						
1.100	Balconies and Patios, Railings, Steel, Paint Finishes and Repairs, Phased				8,870	9,047	9,228
	Anticipated Expenditures, By Year ($4,443,049 over 30 years)	0	0	0	8,870	9,047	9,228

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*.

All quantities include Buildings 102, 104 and 106 unless stated otherwise

Exterior Building Elements

Balconies and Patios, Railings, Steel, Paint Finishes and Repairs

Line Item: 1.100

Quantity: Approximately 2,950 linear feet of steel railings at the balconies and patios

History: Original

Conditions: Good overall with minor rust evident

Balcony railing

Patio railing

Rust at patio railing

Rust at patio railing

Useful Life: Six- to eight-years

Component Detail Notes: Preparation of the steel before application of the paint finish is critical to maximize the useful life of the finish. The painting contractor should remove all soil, dirt, oil, grease and other foreign materials before application of the paint finish to maximize its useful life. The contractor should also remove paint blisters and rust prior to the paint finish application. We recommend the use of a power wire brush, scraper and/or sander as effective means of removal. The Association should require the application of a primer on bare material. The primer for material surfaces should include a rust inhibitor for added protection.

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 depict paint finishes and repairs in a phased manner.

Balconies, Wood Frame with Concrete Topping

Line Item: 1.128

Quantity: 81 wood frame balconies with concrete topping which comprise approximately 5,550 square feet of horizontal surface area.

History: Original

Condition: Good to fair overall with isolated soffit damage and stain at balcony flashing evident

Balconies

Damaged soffit

Stain at balcony flashing

Minor soffit damage

Useful Life: Inspections and capital repairs every 8- to 12-years

Component Detail Notes: We surmise the balconies comprise thinset lightweight concrete over a waterproof membrane atop the wood structure below. A waterproof membrane minimizes storm water penetration into the wood structure and therefore minimizes future balcony deterioration.

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

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

- Removal and replacement of up to eight percent (8%) of the thinset concrete topping and underlying waterproof membrane
- Partial replacement of up to eight percent (8%) of wood components
- Repairs of adjacent wall surfaces
- Repairs to the railings as necessary
- Replacement of perimeter sealants as needed

Gutters and Downspouts, Aluminum

Line Item: 1.240

Quantity: Approximately 4,000 linear feet of aluminum six-inch seamless gutters and three-inch by four-inch downspouts

History: Original

Condition: Good overall

Gutter and downspout assembly

Useful Life: Up to 30 years

Component Detail Notes: The size of the gutter is determined by the roof's watershed area, a roof pitch factor and the rainfall intensity number of the Association's region. We recommend sloping gutters 1/16 inch per linear foot and providing fasteners a maximum of every three feet.

Downspouts can drain 100 square feet of roof area per one square inch of downspout cross sectional area. We recommend the use of downspout extensions and splash blocks at the downspout discharge to direct storm water away from the foundations.

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

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

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We depict replacement in a phased manner.

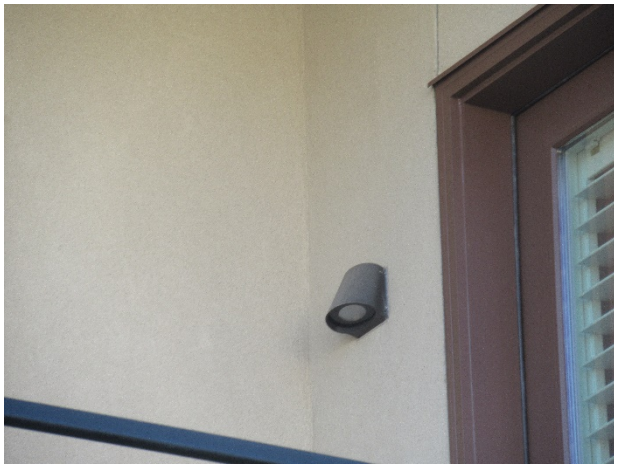
Light Fixtures

Line Item: 1.260

Quantity: Approximately 114 exterior light fixtures

History: Original

Condition: Good overall



Light fixture

Light fixtures

Useful Life: Up to 25 years

Priority/Criticality: Per Board discretion

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

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We depict replacement in a phased manner.

Roofs, Concrete Tiles

Line Item: 1.360

Quantity: Approximately 490 *squares*[1] of concrete tile roofs

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

History: Original

Condition: Good overall based on our visual inspection from the ground. Management and the Board does not report any leaks or recent repairs.

Concrete tile roof overview

Concrete tile roof overview

Concrete tile roof overview

Useful Life: up to 30 years

Component Detail Notes: A tile roof rarely fails at all points of application simultaneously. Rather, occurrences of roof leaks will increase as more 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. We depict replacement in a phased manner.

Roofs, Thermoplastic

Line Item: 1.530

Quantity: Approximately 13,280 square feet

History: Original

Condition: Good overall with discoloration evident

Thermoplastic roof overview

Roof and flashing overview

Discoloration at roof

Useful Life: 15- to 20-years

Component Detail Notes: Thermoplastic roofs include the following:

- Polyvinyl chloride (PVC or simply vinyl)
- PVC alloys or compounded thermoplastics
- Thermoplastic olefin (TPO)
- Chlorinated polyethylene (CPE)

The following characteristics define most thermoplastic roofs:

- Attachment to the roof deck is either fully adhered, mechanical or ballasted
- Membranes are commonly white and reinforced with polyester
- Seams are sealed with heat or chemical welding
- Sheet widths range from 6- to 12-feet wide
- Sheets are typically 40- to 100-mils thick
- Single ply (one layer)

Over time, exposure to ultraviolet light, heat and weather degrade the membrane. This degradation results in membrane damage from thermal expansion and contraction,

adverse weather and pedestrian traffic. The aging process makes the membrane less pliable and more difficult to maintain. Ponding water on the roof can increase the effects of ultraviolet light on the membrane and contaminants in ponded water can cause the membrane to deteriorate prematurely. Thermoplastic roofs (especially TPO) are relatively new and their long term performance is not well defined.

Contractors can install a new thermoplastic roof in one of two ways: *tear-off* or an *overlay*. An *overlay* is the application of a new roof membrane over an existing roof. This method, although initially more economical, often covers up problems with the deck, flashing and saturated insulation. The *tear-off* method of replacement includes removal of the existing roofing, flashings and insulation, and installation of a new roofing system.

The contractor should follow the manufacturer's directions and specifications upon installation of the roof. The contractor should remove the original insulation if saturated or compacted and apply a new layer of insulation per the manufacturer's instructions. The insulation should fit loosely with gaps no greater than ¼ inch. Gaps will cause failure of the membrane later. Mechanical fastening of the insulation is the best manner of installation.

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. We depict replacement in a phased manner.

Shutters

Line Item: 1.560

Quantity: Approximately 93 pairs

History: Original

Condition: Good overall

Shutters

Useful Life: Up to 20 years

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

- As-needed:
    - Inspect and repair loose fasteners and damaged shutters

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We depict replacement in a phased manner.

Walls, Masonry

Line Item: 1.820

Quantity: Approximately 14,300 square feet of the exterior walls

History: Original

Condition: Good overall

Exterior masonry wall overview

Lintel overview

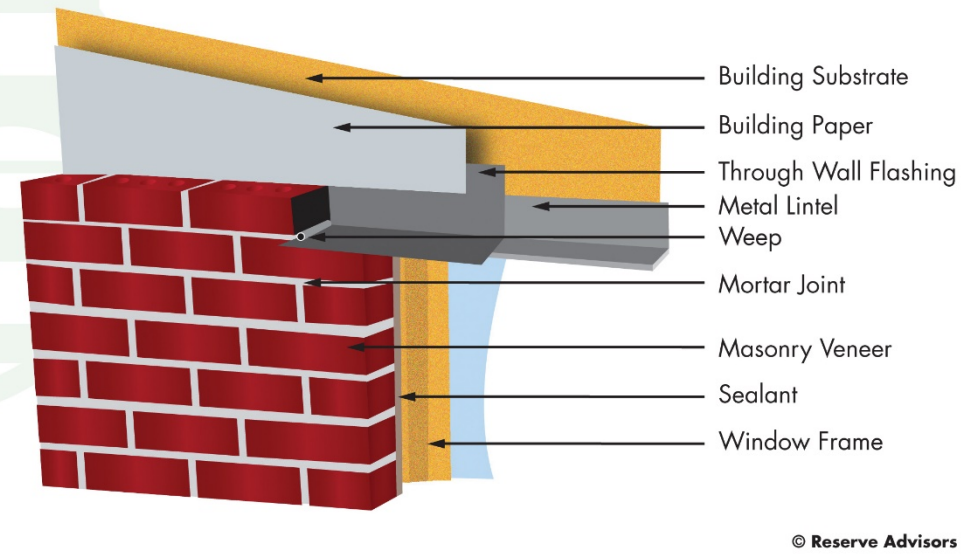
Exterior masonry wall in good condition

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

Component Detail Notes: Common types of masonry deterioration include efflorescence, spalling, joint deterioration and cracking. The primary cause of efflorescence, cracks and face spall is water infiltration; therefore, prevention of water infiltration is the principal concern for the maintenance of masonry applications.

Repointing is a process of raking and cutting out defective mortar to a depth of not less than ½ inch nor more than ¾ inch and replacing it with new mortar. Face grouting is the process of placing mortar over top of the existing mortar. We advise against face grouting because the existing, often deteriorated mortar does not provide a solid base for the new mortar. New mortar spalls at face grouted areas will likely occur. One purpose of a mortar joint is to protect the masonry by relieving stresses within the wall caused by expansion, contraction, moisture migration and settlement. Repointed mortar joints are more effective if the mortar is softer and more permeable than the masonry units, and no harder or less permeable than the existing mortar. The masonry contractor should address these issues within the proposed scope of work.

We recommend an inspection, repair and replacement of the steel lintels. Lintels are structural supports or beams above windows and doors. Fatigued lintels also allow the direct penetration of storm water into the wall assembly. These inspections should locate areas of rust on the lintels and cracks or other structural damage to the walls around lintels. The contractor should remove any areas of rust, prime and paint these lintels. Paint protects and maximizes the remaining useful life of the lintels and therefore the exterior wall systems. Structural damage can eventually lead to costly replacements of lintels and surrounding wall systems. The following diagram details a typical metal lintel and weep system and may not reflect the actual configuration at Tuscan Village at Lakeway Lofts:



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

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

- Complete inspection of the masonry
- Repointing of up to three percent (3%) of the masonry
- Replacement of a limited amount of masonry (The exact amount of area in need of replacement will be discretionary based on the actual future conditions and the desired appearance.)
- Paint applications to the metal lintels
- Replacement of up to thirty-three percent (33%) of the sealants at the window and door perimeters

Walls, Stucco

Line Item: 1.880

Quantity: Approximately 44,600 square feet of the building exteriors

History: Original

Condition: Good overall with minor stucco damage, discoloration and staining evident

Exterior stucco finish

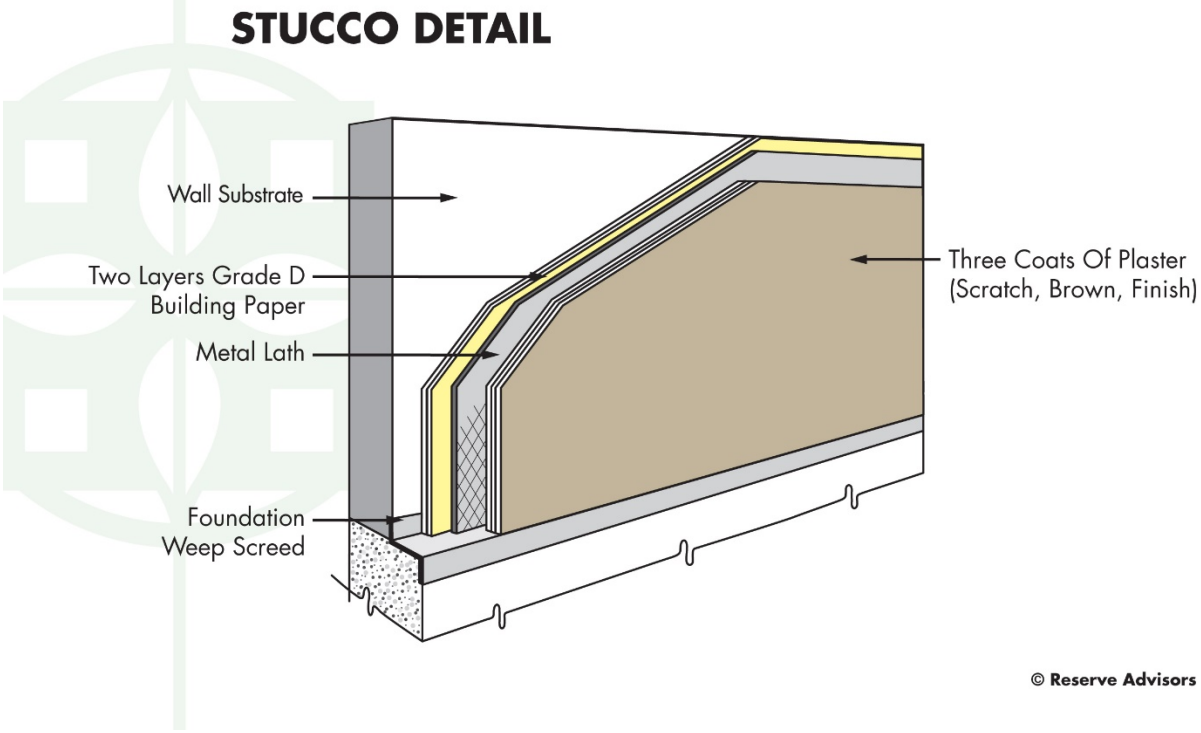
Minor stucco damage

Minor discoloration

Staining at stucco finish

Useful Life: We recommend inspections, repairs and paint finish applications every 8- to 10-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 Tuscan Village at Lakeway Lofts:



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.

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

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 a limited amount 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.

Interior Building Elements

Elevator Cab Finishes

Line Items: 2.100 and 2.101

Quantity: One elevator per building; the cab finishes consist of:

- Vinyl floor covering
- Laminate wall coverings
- Metal ceiling with light fixtures

History: Original

Condition: Good overall

Elevator cab

Useful Life: Up to 20 years

Priority/Criticality: Per Board discretion

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

Floor Coverings, Carpet

Line Item: 2.200

Quantity: Approximately 1,790 square yards at the hallways and stairwells (Contractor measurements will vary from the actual floor area due to standard roll lengths, patterns and installation waste.)

History: Original to installation

Condition: Good overall

Carpet overview

Useful Life: 8- 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 depict replacement in a phased manner.

Floor Coverings, Tile

Line Item: 2.240

Quantity: Approximately 90 square yards at the trash chute and roof access rooms

History: Original

Condition: Good overall

Tile floor covering

Useful Life: Up to 30 years although replacement of tile is often based on discretionary redecorating prior to the tile reaching the end of its useful life.

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 fund regrouting of the tiles through the operating budget if necessary. We depict replacement in a phased manner.

Light Fixtures

Line Item: 2.560

Quantity: Approximately 372 interior ceiling mounted light fixtures. This quantity excludes the recessed light fixtures.

History: Original

Condition: Reported satisfactory

Light fixtures

Light fixture

Useful Life: Up to 30 years

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We depict replacement in a phased manner.

Paint Finishes, Hallways

Line Item: 2.800

Quantity: Approximately 79,200 square feet primarily at the hallways

History: Original

Condition: Good overall

Hallway overview

Paint finishes in good condition

Useful Life: 8- to 10-years

Priority/Criticality: Per Board discretion

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

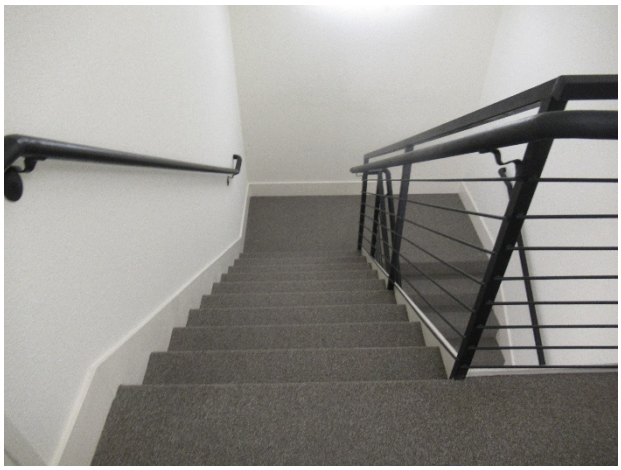
Paint Finishes, Stairwells

Line Item: 2.820

Quantity: Two stairwells per building

History: Original

Conditions: Good overall



Stairwell overview

Useful Life: 15- to 20-years

Priority/Criticality: Per Board discretion

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

Party Room

Line Items: 2.840 and 2.845

Quantity: The Association maintains one party room per building. The party room components include:

- Tile floor covering
- Carpet floor covering
- Paint finishes on the walls and ceilings
- Furnishings

- Light fixtures

History: Components are original

Condition: Good overall

Party room overview

Serving area

Useful Life: Complete renovation up to every 20 years and partial renovation up to 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 finish to all surfaces
- Replacement of the carpet
- Replacement of up to fifty percent (50%) of the furnishings

Rest Rooms

Line Item: 2.900

Quantity: Two rest rooms at Building 106 and one each at Buildings 102 and 104

- Tile floor coverings
- Partial tile wall coverings
- Paint finishes on the walls and ceilings
- Light fixtures
- Plumbing fixtures

History: Components are original

Condition: Good overall

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.

Building Services Elements

Air Handling Unit, Rooftop Heating and Cooling Unit

Line Item: 3.060

Quantity: Three *Bryant* rooftop units with a capacity of up to four-tons at each building to provide heating and cooling to the hallways.

History: Original

Condition: Reported satisfactory

Rooftop unit

Useful Life: 15- to 20-years

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:

- Quarterly:
  - Inspect belts for alignment, tension and condition
  - Clean/replace filter and screen cleaning as needed
  - Inspect/clean coils, blowers and motors
  - Check refrigerant pressure and oil levels
  - Clean drainage and inspect drain pans
  - Check/adjust controls
- Semi-annually:
  - Lubricate motor bearings
- Annually:
  - Replace belts

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 depict replacement in a phased manner.

Air Handling Units, Split System

Line Item: 3.070

Quantity: One split system per building with capacities ranging from 2.5- to 3-tons each serves the party rooms

History: Original

Condition: Reported satisfactory without operational deficiencies

Air handling unit

External condensing 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 handing unit.

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. We depict replacement in a phased manner.

Elevators, Hydraulic, Pumps and Controls

Line Items: 3.320

Quantity: One machine room less hydraulic passenger elevator per building

History: Components are original

Condition: Reported satisfactory and service interruptions are reportedly infrequent.

Useful Life: Pumps and controls have a useful life of 30 years

Component Detail Notes: Major components in a hydraulic elevator system include the pump, controls, cylinder, fluid reservoir and a valve between the cylinder and reservoir. Once activated by the elevator controls, the pump forces hydraulic fluid from the reservoir into the cylinder. The piston within the cylinder rises lifting the elevator cab. The elevator cab lowers at a controlled rate when the controls open the valve.

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:

- Ongoing:
  - Maintain a maintenance contract with a qualified professional for the elevator(s) and follow the manufacturer's specific recommended maintenance plan adhering to local, state, and/or federal inspection guidelines
- As-needed:
  - Keep an accurate log of all repairs and inspection dates
  - Inspect and adjust misaligned door operators
  - Check for oil leaks or stains near the pump housing and confirm oil levels are adequate
  - Clear and remove any items located in the elevator machine room(s) not associated with the elevator components (These rooms should never be used for storage)
  - Lubricate the hydraulic cylinders
  - Inspect electrical components for signs of overheating or failure
  - Inspect spring buffers in elevator pit for signs of corrosion or loose attachments
  - Ensure air temperature and humidity of machine/pump housing room meets the designated specified range for proper operation

- Ensure all call buttons are in working condition
- Check elevator cabs for leveling accuracy to prevent tripping hazards

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 anticipate the following hydraulic elevator system components will require replacement:

- Cab control panel
- Door operator
- Hallway panels/buttons
- Microprocessor based controller
- Pump (Power Unit)

These costs may vary based on the desired scope of the actual replacements, changes in technology and requirements of local codes or ordinances at the actual times of replacements. However, we judge our estimated costs sufficient to budget appropriate reserves at this time. The Association should require the contractor to verify that elevator component replacements include all of the necessary features for the latest in elevator code compliance. We depict replacement in a phased manner.

Intercom Panels

Line Item: 3.470

Quantity: One panel per building

History: Original

Condition: Reported satisfactory

Intercom panel

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:
  - Inspect panel for damage and ensure the panel is mounted securely, tighten or replace any loose or damaged fasteners.
  - Inspect panel for proper operation of buttons, displays, microphone and speaker.
- Annually:
  - 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.

Life Safety System

Line Items: 3.560 and 3.561

Quantity: The life safety system at Tuscan Village at Lakeway Lofts includes the following components:

- Audio/visual fixtures
- Detectors
- Emergency light fixtures
- Emergency radio signal booster panels
- Exit light fixtures
- Fire alarm control panels
- Pull stations
- Wiring

History: Original

Conditions: Reported satisfactory

Emergency device

Fire control panel

Fire control panel and emergency device

Emergency radio signal booster panels

Useful Life: Up to 25 years for the devices and up to 15 years for emergency radio signal booster panels

Preventative Maintenance Notes: We recommend the Association obtain and adhere to the manufacturer's recommended maintenance plan. In accordance with *NFPA 72* (National Fire Alarm and Signaling Code) 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 age of the components, operational condition, or changes in technology. We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Semi-annually:
  - Inspect and test all components and devices, including, but not limited to, control panels, annunciators, detectors, audio/visual fixtures, signal transmitters and magnetic door holders
  - Test backup batteries
- As-needed:
  - Ensure clear line of access to components such as pull stations
  - Ensure detectors are properly positioned and clean of debris

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. Changes in technology or building codes may make a replacement desirable prior to the end of the functional life. Our estimate of future cost considers only that amount necessary to duplicate the same functionality. Local codes or ordinances at the actual time of replacement may require a betterment as compared to the existing system. A betterment could result in a higher, but at this time unknown, cost of replacement. We recommend the Association fund interim replacements of the fire system control panels through the operating budget.

Security System

Line Item: 3.820

Quantity: Tuscan Village at Lakeway Lofts utilizes the following security system components:

- Automated card reading system access points
- Cameras
- Multiplexers
- Recorders

History: Original

Condition: Reported satisfactory

Surveillance camera

Access system

Useful Life: Up 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. We depict replacement in a phased manner.

Trash Compactors

Line Item: 3.900

Quantity: One per building

History: Original

Condition: Reported satisfactory without operational deficiencies

Trash compactor

Useful Life: Up to 25 years

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:

- Weekly:
  - Check hydraulic oil level with cylinder fully retracted to make sure oil is at appropriate level
  - Check hydraulic hoses for kinks, leaks or other damage
  - Check to make sure all safety guards and access covers are secure and in place
- Monthly:
  - Make sure lower door hinges and lock assembly are properly greased
  - Check all nut and bolt connections to make sure they are tight and secure
  - Clean the power unit and keep unit clear of debris
- Annually:
  - Have all electrical connections inspected by a licensed electrician to ensure proper connectivity and safe connections. The motor draw should be checked and recorded to help prevent failure.
  - The hydraulic system should be inspected and repaired, including draining and refilling the hydraulic fluid reservoir.
  - The oil filter should be changed after a maximum of 250 hours of operation. The oil filter should be changed more frequently for compactors located in hotter environments with more dust present.

Priority/Criticality: Per Board discretion

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

Property Site Elements

Dumpsters

Line Item: 4.500

Quantity: Three each

History: Original

Condition: Good overall

Dumpsters

Useful Life: to 25

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.

Mailbox Stations

Line Item: 4.600

Quantity: Two stations per building

History: Original

Condition: Good overall

Mailbox stations

Useful Life: 30- to 35-years

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

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

Priority/Criticality: Per Board discretion

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

Utility Vehicle

Line Item: 4.960

Quantity: One *Kawasaki Mule*

History: Original

Condition: Reported satisfactory

Utility vehicle

Useful Life: Up to eight years

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We recommend the Association fund maintenance of the utility vehicle through the operating budget.

Garage Elements

Concrete, On-grade

Line Item: 7.360

Quantity: Approximately 39,860 square feet of on-grade concrete at the garages

Condition: Good overall

On-grade concrete at garage

Useful Life: Up to 90 years

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

- Semi-annually:
  - Clean floors and remove vehicular oil stains
- Annually:
  - Inspect for large cracks, concrete spalls and vehicular damage at walls and columns
  - Verify drains are working properly and check for areas of extensive water ponding

Priority/Criticality: Per Board discretion

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

- Complete inspection of the floor
- Selective cut out and replacement of up to three percent (3%), or approximately 1,200 square feet, of the on-grade concrete
- Crack repairs as needed

Exhaust System

Line Item: 7.370

Quantity: One exhaust fan at each garage

History: Original

Condition: Reported satisfactory

Exhaust fan

Useful Life: Up to 35 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 unit for unusual noises and vibrations
- Quarterly:
  - Inspect belts for wear, adjust tension and replace as needed
  - Inspect/clean fan blades
  - Inspect/replace anti-vibration mounts as needed
  - Check motors for proper operation
  - Replace filters as applicable
- Semi-annually:
  - Lubricate fan and motor bearings if bearings are not sealed according to manufacturer's recommendation
  - Inspect/clean inlets, shafts and outlets
  - Ensure louvers and dampers are unclogged and operable

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 regard interim repairs or partial replacements of components as normal maintenance.

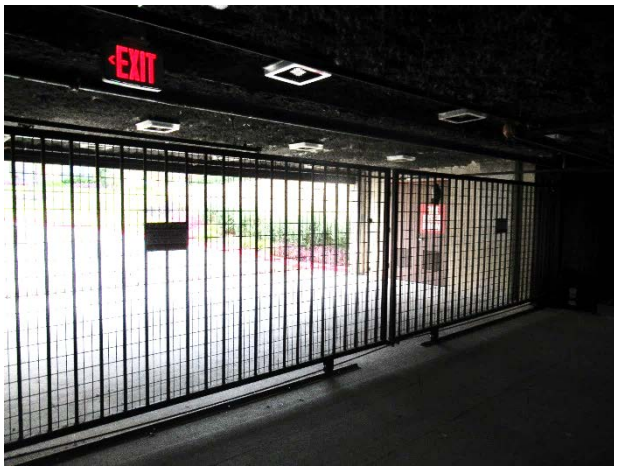
Gates and Operators

Line Items: 7.400 and 7.405

Quantity: Six gates and six operators at the garages

History: Original

Condition: Good overall



Gates

Operators

Useful Life: Up to 30 years for the gates and up to 10- to 15-years for the operators

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:

- Semi-annually:
    - Ensure gates operate freely
    - Inspect for any wear, rust and loose fasteners
    - Inspect and correct tension in belts and chains, and lubricate hinges and chains as necessary
    - Check alignment of pulleys
    - Check for no oil leakage at the gear box
    - Check the control board for water damage. Clean and remove insects and other pests as needed.

- Check all wiring for insulation damage and loose connections. If applicable, check functionality of battery power supply systems

Priority/Criticality: Not recommended to defer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We depict replacement in a phased manner.

Light Fixtures

Line Item: 7.600

Quantity: Approximately 72 light fixtures at the garages

History: Original

Condition: Reported satisfactory

Light fixture

Useful Life: Up to 30 years

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

- As-needed:
  - Inspect and replace/repair broken or dislodged fixtures
  - Replace burned out bulbs

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. The estimate of cost is based on information provided by the Board.

Reserve Study Update

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

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

Periodic updates incorporate these variable changes since the last Reserve Study or Update. We recommend the Board budget for an Update to this Reserve Study 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.

Tuscan Village at Lakeway Lofts can fund capital repairs and replacements in any combination of the following:

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

We do not advocate special assessments or loans unless near term circumstances dictate otherwise. Although loans provide a gradual method of funding a replacement, the costs are higher than if the Association were to accumulate reserves ahead of the actual replacement. Interest earnings on reserves also accumulate in this process of saving or reserving for future replacements, thereby defraying the amount of gradual reserve collections. We advocate the third method of *Level Monthly Reserve Assessments* with relatively minor annual adjustments. The method ensures that 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 standards[1] 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
- Local[2] costs of material, equipment and labor
- Current and future costs of replacement for the Reserve Components
- Costs of demolition as part of the cost of replacement
- Local economic conditions and a historical perspective to arrive at our estimate of long term future inflation for construction costs in Lakeway, Texas at an annual inflation rate[3]. Isolated or regional markets of greater

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

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

- The past and current maintenance practices of Tuscan Village at Lakeway Lofts 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 the 2,600,000-square foot 98-story Trump International Hotel and Tower in Chicago. We also routinely inspect buildings with various types of mechanical systems such as simple electric heat, to complex systems with air handlers, chillers, boilers, elevators, and life safety 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.

JAISON T. THOMAS
Responsible Advisor

CURRENT CLIENT SERVICES

Jaison T. Thomas, a Mechanical Engineer, is an advisor for Reserve Advisors. Mr. Thomas 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 apartments, condominiums, townhomes and homeowner associations.

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

Foresters Pond Condominiums - This condominium association in Houston, Texas containing 118 units in 14 buildings was constructed in the early 1960's. The exteriors of the condominiums comprise of a combination of masonry walls and wood siding construction, asphalt shingle roofs, wood framed balconies with concrete thinset toppings and staircases. The community includes a clubhouse, pool, asphalt parking areas, carports, and perimeter walls.

Seven Meadow's Community Association, Inc. - This single family home community contains over 2,000 residential homes and is located in Katy, Texas. Features of this community include two pools, two pool houses, a combination of panelized concrete and masonry perimeter walls, two tennis courts, ponds, playgrounds and a clubhouse including conference rooms, a fitness room and a theater room.

Easton Park Townhomes Owners Association, Inc. - A townhome community in Charlotte, North Carolina containing 33 units in 11 buildings. The townhomes comprise of a combination of brick walls and fiber cement siding. Features of this property include retention ponds, lift station, asphalt streets, street pavers, masonry perimeter walls and masonry retaining walls.

Villages of Northpointe Community Association, Inc. - Located in Tomball, Texas, Villages of Northpointe comprises 919 single family homes. The community includes a main amenity center with a clubhouse, pool, playground equipment and outdoor exercise stations. Throughout the site, the Association maintains numerous fences, perimeter walls, and landscaped and irrigated areas. The community also includes a gated section which utilizes a separate expenditures and funding plan.

Skyecroft Homeowners Association, Inc. - This single family home community contains 208 residential homes and is located in Waxhaw, North Carolina. The community includes a pool, tennis courts, playground equipment, large quantities of asphalt streets and a clubhouse including a meeting room, library and a bar room. The community also includes an extensive drainage system which utilizes 22 ponds throughout the community.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, Mr. Thomas completed the bachelors program in Mechanical Engineering from the University of Houston. Following his studies, he worked as a field engineer in refineries and also as a design engineer where he designed heat tracing circuits for piping in refineries and power plants.

EDUCATION

University of Houston - B.S. Mechanical Engineering

PROFESSIONAL AFFILIATIONS

Engineer in Training (E.I.T.) - State of Texas
Reserve Specialist (RS) – Community Associations Institute

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

CURRENT CLIENT SERVICES

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

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

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

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

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

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

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

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

PRIOR RELEVANT EXPERIENCE

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

EDUCATION

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

PROFESSIONAL AFFILIATIONS/DESIGNATIONS

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

RESOURCES

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

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

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

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

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

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

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

7. DEFINITIONS

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

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

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

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

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

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

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

Long-Lived Property Component - Property component of Tuscan Village at Lakeway Lofts 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) Tuscan Village at Lakeway Lofts 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 property.

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. The report is based upon a "snapshot in time" at the moment of inspection. RA may note visible physical defects in our report. The inspection is made by employees generally familiar with real estate and building construction but in the absence of invasive testing RA cannot opine on, nor is RA responsible for, the structural integrity of the property including its conformity to specific governmental code requirements for fire, building, earthquake, and occupancy, or any physical defects that were not readily apparent during the inspection.

RA is not responsible for conditions that have changed between the time of inspection and the issuance of the report. 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 water, oil, gas, coal, or other subsurface mineral and use rights or such hidden conditions. RA assumes no responsibility for any such conditions. The Report contains opinions of estimated costs and remaining useful lives which are neither a guarantee of the actual costs of replacement nor a guarantee of remaining useful lives of any property element.

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

Report - RA completes the services in accordance with the Proposal. The Report represents a valid opinion of RA's findings and recommendations and is deemed complete. RA, however, considers any additional information made available to us within 6 months of issuing the Report if a timely request for a revised Report is made. 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.

Your Obligations - You agree to provide us access to the subject property for an on-site visual 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. 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 this Report is limited to only the purpose stated herein. You hereby acknowledge that any use or reliance by you on the Report for any unauthorized purpose is at your own risk and you shall hold RA harmless from any consequences of such use. Use by any unauthorized third party is unlawful. 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 our Report in its entirety to the following third parties: members of your organization, your accountant, attorney, financial institution and property manager who need to review the information contained herein. Without the written consent of RA, you shall not disclose the Report to any other third party. The Report contains intellectual property developed by RA and ***shall not be reproduced or distributed to any party that conducts reserve studies without the written consent of RA.***

RA will include your name in our client lists. RA reserves the right to 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 - Retainer payment is due upon authorization and prior to inspection. The balance is due net 30 days from the report shipment date. Any balance remaining 30 days after delivery of the Report shall accrue an interest charge of 1.5% per month. Any litigation necessary to collect an unpaid balance shall be venued in Milwaukee County Circuit Court for the State of Wisconsin.