

LEVEL 2 REPLACEMENT RESERVE REPORT FY 2025 ROCKLAND RUN

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ROCKLAND RUN

Community Management by:

METROPOLIS MANAGEMENT

Benjamin Colbert

4307 Gallatin St
Hyattsville, MD 4307 Gallatin St
301.704.9834
ben@mymetropolis.net

Consultant:

millerdodson
Capital Reserve Consultants

2661 Riva Road, Suite 1042
Annapolis, MD 21401
410.268.0479
800.850.2835

MillerDodson.com

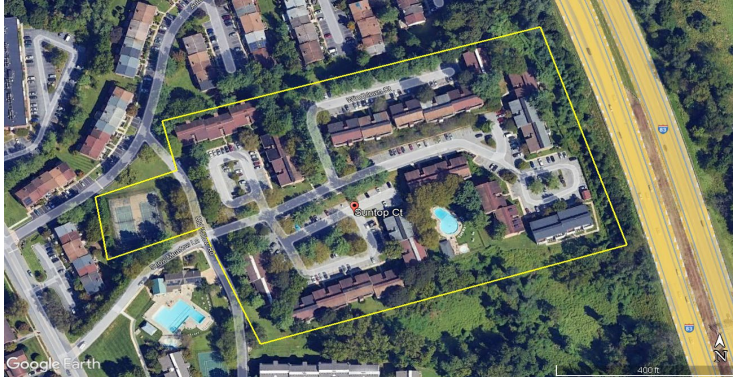
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REPLACEMENT RESERVE REPORT

ROCKLAND RUN

BALTIMORE, MARYLAND
September 30, 2024



Description. Rockland Run is a Condominium, Residential located in Baltimore, Maryland. Constructed in 1970, the community consists of 28 Midrise Buildings, and Pool House containing 241 units. The survey examined the common elements of the property, including:

- Entry Monument, Signage, Entry Roadway, and Parking Areas
- Sidewalks
- Fencing, Railing, Site Lighting, Retaining Walls, Trash Corrals, and Mailboxes
- Waterlines and Sanitary Lines
- Exterior Main Pool, Exterior Wading Pool, and Tennis Court
- Building Exteriors and Interior Systems

EXECUTIVE SUMMARY

This Reserve Study has been prepared for the Rockland Run for the Fiscal Year 2025 covering the period from January 1, 2025 to December 31, 2025. The Replacement Reserves Starting Balance as of January 1, 2025 is proposed to be \$29,428. The reported Current Annual Funding for Reserves is \$114,000. The Recommended Annual Reserve Funding level for 2025 is \$894,256.

The high initial Recommended Annual Reserve Funding level is the result of a significant number of replacements being scheduled in the early years of the report. This situation may be exacerbated by the low Starting Balance and the lack of adequate funding of the Reserve Fund. The primary reason for the increase shown above, however, is that the Reserves were apparently not funded according to the previous Reserve Study. (See Cash Flow, Table #5, Page A.4 for financial details.)

We recommend that the Association increase its Reserve Funding level as soon as possible. Given the high rates of inflation in today's construction industry, the longer that the Association delays in adequately funding its Reserves, the harder it will become to make up for the underfunding. Furthermore, delaying this increase will place an unfair financial burden on long-term and future owners, and may adversely affect property values. Please see Table #5 on page A.4 for a year-by-year breakdown of Recommended Funding and the reduction after Peak Years. Also, see Section C for the Calendar of Annual Projected Replacements.

Section A

Replacement Reserve Analysis

Financial Analysis - A1
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Section B

Replacement Reserve Inventory

Replacement Reserve Inventory
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Replacement Reserve Inventory
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Section C

Projected Annual Replacements

Projected Annual Replacements
General Information - C1
Calendar of
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Section D

Condition Assessment

Appendix

Overview, Standard Terms, and
Definitions
Video Answers to Frequently Asked
Questions

MillerDodson welcomes the opportunity to answer questions or to discuss this Reserve Study in more detail should the Board so desire.

Current Funding. The Starting Balance and Current Annual Reserve Funding figures have been supplied by the managing agent and/or Board of Directors. Confirmation or audit of these figures is beyond the scope of the study. For the purposes of this study, it is assumed that the annual contribution will be deposited at the end of each month.

Level of Service. This study has been performed as a Level 2 Update with Site Visit/On-Site Review as defined by the Community Associations Institute's, National Reserve Study Standards. As such, the component inventory is based on the study that was performed by Miller Dodson, 2019. This inventory was adjusted to reflect changes provided by the Community Manager and/or the Board of Directors, or adjustments made based on the site visit and visual assessment performed by the Analyst. The analysis, including fund status and funding plan, is developed from the adjusted inventory.

To aid in the understanding of this report and its concepts and practices, on our website, we have developed [videos](#) addressing frequently asked topics. In addition, there are posted [links](#) covering a variety of subjects under the resources page of our website at millerdodson.com.

Purpose. The purpose of this Replacement Reserve Study is to provide Rockland Run (hereinafter called the Association) with an inventory of the common community facilities and infrastructure components that require periodic replacement. The Study includes a general view of the condition of these items and an effective financial plan to fund projected periodic replacements.

- **Inventory of Items Owned by the Association.** Section B lists the Projected Replacements of the commonly owned items that require periodic replacement using funding from Replacement Reserves. The Replacement Reserve Inventory also provides information about excluded items, which are items whose replacements are not scheduled for funding from Replacement Reserves.
- **Condition of Items Owned by the Association.** Section B includes our estimates of the normal economic life and the remaining economic life for the projected replacements. Section C provides a year-by-year listing of the projected replacements. Section D provides additional detail for items that are unique or deserving of attention because of their condition or the manner in which they have been treated in this study.
- **Financial Plan.** The Association has a fiduciary responsibility to protect the appearance, value, and safety of the property and it is therefore essential the Association have a financial plan that provides funding for the projected replacements. In conformance with American Institute of Certified Public Accountant guidelines, Section A, Replacement Reserve Analysis evaluates the current funding of Replacement Reserves as reported by the Association and recommends annual funding of Replacement Reserves by the Cash Flow Method. Section A, Replacement Reserve Analysis includes graphic and tabular presentations of the reported current funding and the recommended funding based on the Cash Flow Method. An Executive Summary of these calculations is provided on Page A1.

Basis. The data contained in this Replacement Reserve Study is based on the following:

- The Request for Proposal submitted and executed by the Association.
- Miller+Dodson performed a visual evaluation on September 05, 2024 to determine the remaining useful life and replacement cost for the commonly owned elements of this facility.
- This study contains additional recommendations to address inflation for the Cash Flow Method only. For this recommendation, Miller+Dodson uses the Producers Price Index (PPI), which gauges inflation in manufacturing and construction. Please see page A5 for further details.

To-Scale Drawings. Site and building plans were not used in the development of this study. We recommend the Association assemble and maintain a library of site and building plans of the entire facility. Record drawings should be scanned into an electronic format for safe storage and ease of distribution. Upon request for a nominal fee, Miller+Dodson can provide scanning services.

Acknowledgment. Miller+Dodson Associates would like to acknowledge the assistance and input of Ben Colbert who provided very helpful insight into the current operations of the property.

Analyst's Credentials. Mr. Richard Huge holds a Bachelor's Degree in Accounting from Syracuse University in Syracuse, New York. Richard has spent several years in construction cost accounting. In addition, he has held licenses as a Realtor and a Mortgage Broker. Richard has also been a Facilities Manager for an animal hospital and a church. Mr. Huge is currently a reserve analyst for Miller+Dodson serving the greater Baltimore/Washington Metropolitan area.

Respectfully Submitted,



Richard Huge
Richard Huge

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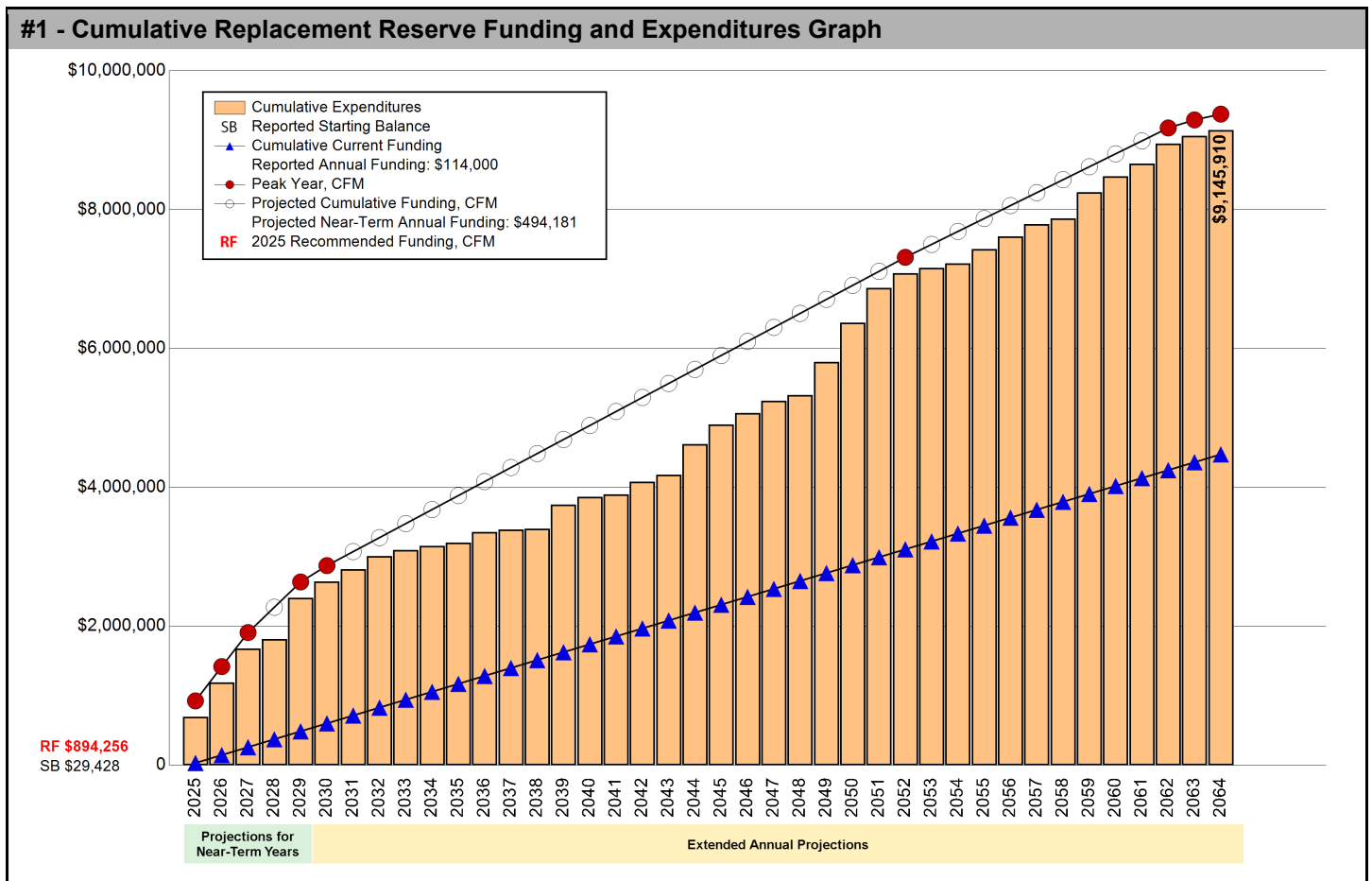
SECTION A - FINANCIAL ANALYSIS

The Rockland Run Replacement Reserve Analysis uses the Cash Flow Method (CFM) to calculate Replacement Reserve funding for the periodic replacement of the 116 Projected Replacements identified in the Replacement Reserve Inventory.

\$894,256 RECOMMENDED REPLACEMENT RESERVE FUNDING FOR THE STUDY YEAR, 2025
\$309.22 Per unit (average), minimum monthly funding of Replacement Reserves

We recommend the Association adopt a Replacement Reserve Funding Plan based on the annual funding recommendation above. Inflation adjusted funding for subsequent years is shown on Page A.5.

Rockland Run reports a Starting Balance of \$29,428 and Annual Funding totaling \$114,000, which is inadequate to fund projected replacements starting in 2025. See Page A.3 for a more detailed evaluation.



The high initial Recommended Annual Reserve Funding level is the result of a significant number of replacements being scheduled in the early years of the report. This situation may be exacerbated by the low Starting Balance and the lack of adequate funding of the Reserve Fund. The primary reason for the increase shown above, however, is that the Reserves were apparently not funded according to the previous Reserve Study. (See Cash Flow, Table #5, Page A.4 for financial details.)

We recommend that the Association increase its Reserve Funding level as soon as possible. Given the high rates of inflation in today's construction industry, the longer that the Association delays in adequately funding its Reserves, the harder it will become to make up for the underfunding. Furthermore, delaying this increase will place an unfair financial burden on long-term and future owners, and may adversely affect property values. Please see Table #5 on page A.4 for a year-by-year breakdown of Recommended Funding and the reduction after Peak Years. Also, see Section C for the Calendar of Annual Projected Replacements.

REPLACEMENT RESERVE ANALYSIS - GENERAL INFORMATION

The Rockland Run Replacement Reserve Analysis calculations of recommended funding of Replacement Reserves by the Cash Flow Method (CFM) and the evaluation of the Current Funding are based upon the same Study Year, Study Period, Beginning Balance, Replacement Reserve Inventory and Level of Service.

2025 | STUDY YEAR

The Association reports that their accounting year begins on January 1, and the Study Year, the first year evaluated by the Replacement Reserve Analysis, begins on January 1, 2025.

40 Years | STUDY PERIOD

The Replacement Reserve Analysis evaluates the funding of Replacement Reserves over a 40-year Study Period

\$29,428 | STARTING BALANCE

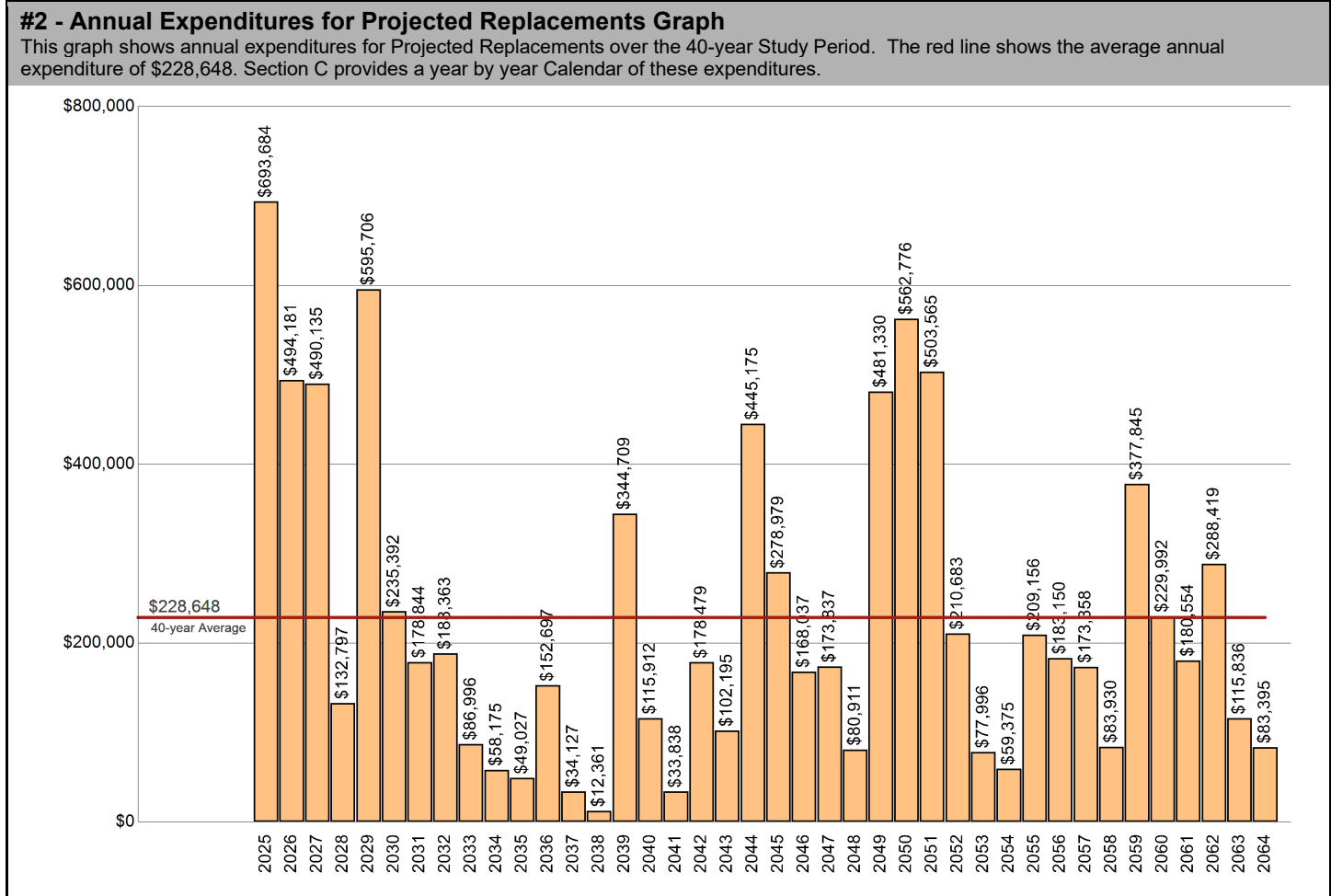
The Association reports Replacement Reserves on Deposit totaling \$29,428 at the start of the Study Year.

Level Two | LEVEL OF SERVICE

The Replacement Reserve Inventory has been developed in compliance with the National Reserve Study Standards for a Level Two Study, as defined by the Community Associations Institute (CAI).

\$9,145,910 | REPLACEMENT RESERVE INVENTORY - PROJECTED REPLACEMENTS

The Rockland Run Replacement Reserve Inventory identifies 116 items that will require periodic replacement, that are to be funded from Replacement Reserves. We estimate the cost of these replacements will be \$9,145,910 over the 40-year Study Period. The Projected Replacements are divided into 5 major categories starting on Page B.3. Pages B.1-B.2 provide detailed information on the Replacement Reserve Inventory.



UPDATING OF THE FUNDING PLAN

The Association has a responsibility to review the Funding Plan annually. The review should include a comparison and evaluation of actual reserve funding with recommended levels shown on Page A.4 and A.5. The Projected Replacements listed on Page C.2 should be compared with any replacements accomplished and funded from Replacement Reserves. Discrepancies should be evaluated and if necessary, the Reserve Study should be updated or a new study commissioned. We recommend annual increases in replacement reserve funding to account for the impact of inflation. Inflation Adjusted Funding is discussed on Page A.5.

UPDATING OF THE REPLACEMENT RESERVE STUDY

At a minimum, the Replacement Reserve Study should be professionally updated every three to five years or after completion of a major replacement project. Updating should also be considered if during the annual review of the Funding Plan, discrepancies are noted between projected and actual reserve funding or replacement costs. Updating may also be necessary if there is a meaningful discrepancy between the actual inflation rate and the inflation rate used for the Inflation Adjusted Funding of Replacement Reserves on Page A.5.

ANNUAL EXPENDITURES AND CURRENT FUNDING

The annual expenditures that comprise the \$9,145,910 of Projected Expenditures over the 40-year Study Period and the impact of the Association continuing to fund Replacement Reserves at the current level are detailed in Table 3.

#3 - Table of Annual Expenditures and Current Funding Data - Years 0 through 39

Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Starting Balance	\$29,428									
Projected Replacements	(\$693,684)	(\$494,181)	(\$490,135)	(\$132,797)	(\$595,706)	(\$235,392)	(\$178,844)	(\$188,363)	(\$86,996)	(\$58,175)
Annual Deposit	\$114,000	\$114,000	\$114,000	\$114,000	\$114,000	\$114,000	\$114,000	\$114,000	\$114,000	\$114,000
End of Year Balance	(\$550,256)	(\$930,436)	(\$1,306,571)	(\$1,325,368)	(\$1,807,074)	(\$1,928,466)	(\$1,993,310)	(\$2,067,672)	(\$2,040,668)	(\$1,984,843)
Cumulative Expenditures	(\$693,684)	(\$1,187,865)	(\$1,677,999)	(\$1,810,796)	(\$2,406,502)	(\$2,641,895)	(\$2,820,738)	(\$3,009,101)	(\$3,096,097)	(\$3,154,272)
Cumulative Receipts	\$143,428	\$257,428	\$371,428	\$485,428	\$599,428	\$713,428	\$827,428	\$941,428	\$1,055,428	\$1,169,428
Year	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Projected Replacements	(\$49,027)	(\$152,697)	(\$34,127)	(\$12,361)	(\$344,709)	(\$115,912)	(\$33,838)	(\$178,479)	(\$102,195)	(\$445,175)
Annual Deposit	\$114,000	\$114,000	\$114,000	\$114,000	\$114,000	\$114,000	\$114,000	\$114,000	\$114,000	\$114,000
End of Year Balance	(\$1,919,870)	(\$1,958,567)	(\$1,878,694)	(\$1,777,055)	(\$2,007,764)	(\$2,009,675)	(\$1,929,513)	(\$1,993,992)	(\$1,982,187)	(\$2,313,362)
Cumulative Expenditures	(\$3,203,298)	(\$3,355,995)	(\$3,390,122)	(\$3,402,483)	(\$3,747,192)	(\$3,863,104)	(\$3,896,942)	(\$4,075,420)	(\$4,177,615)	(\$4,622,790)
Cumulative Receipts	\$1,283,428	\$1,397,428	\$1,511,428	\$1,625,428	\$1,739,428	\$1,853,428	\$1,967,428	\$2,081,428	\$2,195,428	\$2,309,428
Year	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Projected Replacements	(\$278,979)	(\$168,037)	(\$173,837)	(\$80,911)	(\$481,330)	(\$562,776)	(\$503,565)	(\$210,683)	(\$77,996)	(\$59,375)
Annual Deposit	\$114,000	\$114,000	\$114,000	\$114,000	\$114,000	\$114,000	\$114,000	\$114,000	\$114,000	\$114,000
End of Year Balance	(\$2,478,341)	(\$2,532,378)	(\$2,592,214)	(\$2,559,125)	(\$2,926,455)	(\$3,375,231)	(\$3,764,795)	(\$3,861,478)	(\$3,825,474)	(\$3,770,849)
Cumulative Expenditures	(\$4,901,769)	(\$5,069,806)	(\$5,243,642)	(\$5,324,553)	(\$5,805,883)	(\$6,368,659)	(\$6,872,223)	(\$7,082,906)	(\$7,160,902)	(\$7,220,277)
Cumulative Receipts	\$2,423,428	\$2,537,428	\$2,651,428	\$2,765,428	\$2,879,428	\$2,993,428	\$3,107,428	\$3,221,428	\$3,335,428	\$3,449,428
Year	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064
Projected Replacements	(\$209,156)	(\$183,150)	(\$173,358)	(\$83,930)	(\$377,845)	(\$229,992)	(\$180,554)	(\$288,419)	(\$115,836)	(\$83,395)
Annual Deposit	\$114,000	\$114,000	\$114,000	\$114,000	\$114,000	\$114,000	\$114,000	\$114,000	\$114,000	\$114,000
End of Year Balance	(\$3,866,004)	(\$3,935,154)	(\$3,994,512)	(\$3,964,442)	(\$4,228,287)	(\$4,344,278)	(\$4,410,832)	(\$4,585,251)	(\$4,587,087)	(\$4,556,482)
Cumulative Expenditures	(\$7,429,433)	(\$7,612,583)	(\$7,785,940)	(\$7,869,870)	(\$8,247,715)	(\$8,477,707)	(\$8,658,261)	(\$8,946,679)	(\$9,062,515)	(\$9,145,910)
Cumulative Receipts	\$3,563,428	\$3,677,428	\$3,791,428	\$3,905,428	\$4,019,428	\$4,133,428	\$4,247,428	\$4,361,428	\$4,475,428	\$4,589,428

EVALUATION OF CURRENT FUNDING

The evaluation of Current Funding (Starting Balance of \$29,428 & annual funding of \$114,000), is done in today's dollars with no adjustments for inflation or interest earned on Replacement Reserves. The evaluation assumes Replacement Reserves will only be used for the 116 Projected Replacements identified in the Replacement Reserve Inventory and that the Association will continue Annual Funding of \$114,000 throughout the 40-year Study Period.

Annual Funding of \$114,000 is approximately 13 percent of the \$894,256 recommended Annual Funding calculated by the Cash Flow Method for 2025, the Study Year.

See the Executive Summary for the Current Funding Statement.

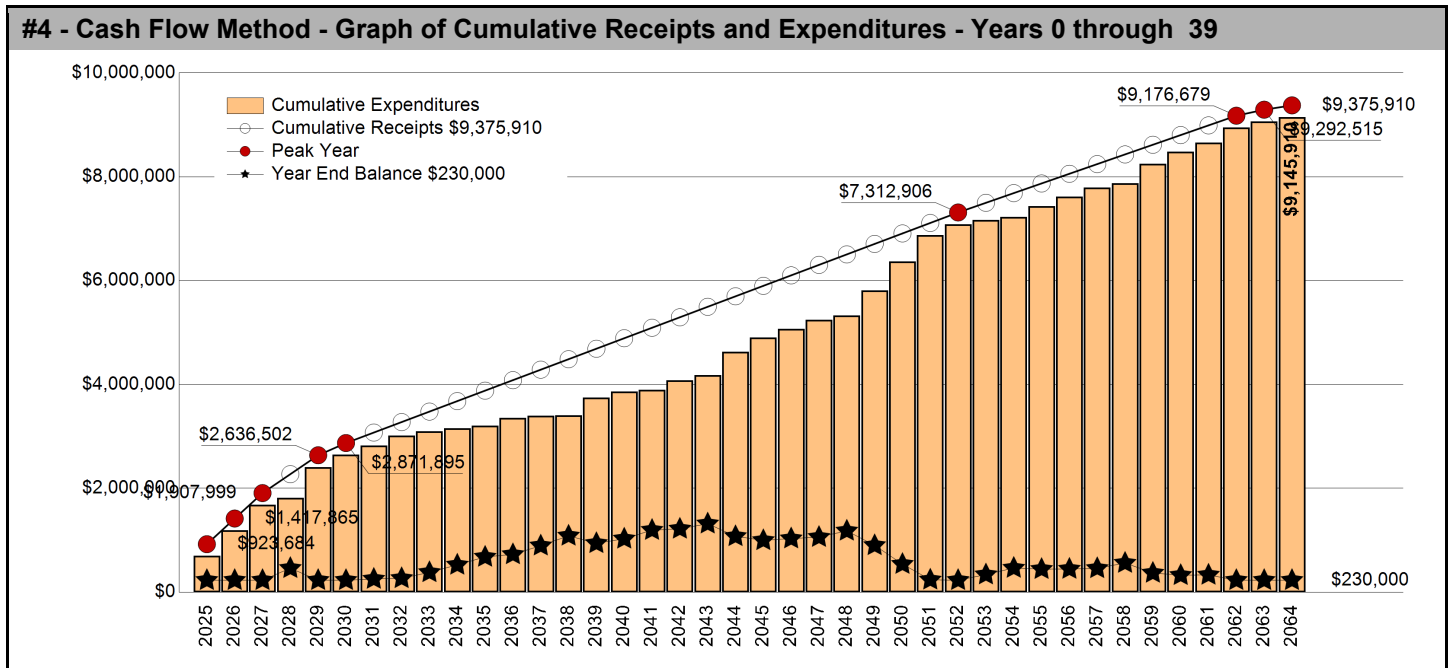
CASH FLOW METHOD FUNDING

\$894,256 RECOMMENDED REPLACEMENT RESERVE FUNDING FOR 2025

\$309.22 Per unit (average), minimum monthly funding of Replacement Reserves

Recommended Replacement Reserve Funding has been calculated using the Cash Flow Method (also called the Straight Line or Threshold Method). This method calculates a constant annual funding between peaks in cumulative expenditures, while maintaining a Minimum Balance (threshold) in the Peak Years.

- Peak Years.** The First Peak Year occurs in 2025 with Replacement Reserves on Deposit dropping to the Minimum Balance after the completion of \$693,684 of replacements from 2025 to 2025. Recommended funding is projected to decline from \$894,256 in 2025 to \$494,181 in 2026. Peak Years are identified in Chart 4 and Table 5.
- Threshold (Minimum Balance).** The calculations assume a Minimum Balance of \$230,000 will always be held in reserve, which is calculated by rounding the 12-month 40-year average annual expenditure of \$228,648 as shown on Graph #2.
- Cash Flow Method Study Period.** Cash Flow Method calculates funding for \$9,145,910 of expenditures over the 40-year Study Period. It does not include funding for any projects beyond 2064 and in 2064, the end of year balance will always be the Minimum Balance.



#5 - Cash Flow Method - Table of Receipts & Expenditures - Years 0 through 39

Year	1st Peak - 2025	2nd Peak - 2026	3rd Peak - 2027	2028	4th Peak - 2029	5th Peak - 2030	2031	2032	2033	2034
Starting Balance	\$29,428									
Projected Replacements	(\$693,684)	(\$494,181)	(\$490,135)	(\$132,797)	(\$595,706)	(\$235,392)	(\$178,844)	(\$188,363)	(\$86,996)	(\$58,175)
Annual Deposit	\$894,256	\$494,181	\$490,135	\$364,251	\$364,251	\$235,392	\$201,864	\$201,864	\$201,864	\$201,864
End of Year Balance	\$230,000	\$230,000	\$230,000	\$461,455	\$230,000	\$253,021	\$253,021	\$266,522	\$381,390	\$525,080
Cumulative Expenditures	(\$693,684)	(\$1,187,865)	(\$1,677,999)	(\$1,810,796)	(\$2,406,502)	(\$2,641,895)	(\$2,820,738)	(\$3,009,101)	(\$3,096,097)	(\$3,154,272)
Cumulative Receipts	\$923,684	\$1,417,865	\$1,907,999	\$2,272,251	\$2,636,502	\$2,871,895	\$3,073,759	\$3,275,623	\$3,477,487	\$3,679,351
Year	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Projected Replacements	(\$49,027)	(\$152,697)	(\$34,127)	(\$12,361)	(\$344,709)	(\$115,912)	(\$33,838)	(\$178,479)	(\$102,195)	(\$445,175)
Annual Deposit	\$201,864	\$201,864	\$201,864	\$201,864	\$201,864	\$201,864	\$201,864	\$201,864	\$201,864	\$201,864
End of Year Balance	\$677,917	\$727,084	\$894,822	\$1,084,325	\$941,480	\$1,027,432	\$1,195,459	\$1,218,844	\$1,318,513	\$1,075,203
Cumulative Expenditures	(\$3,203,298)	(\$3,355,995)	(\$3,390,122)	(\$3,402,483)	(\$3,747,192)	(\$3,863,104)	(\$3,896,942)	(\$4,075,420)	(\$4,177,615)	(\$4,622,790)
Cumulative Receipts	\$3,881,215	\$4,083,079	\$4,284,944	\$4,486,808	\$4,688,672	\$4,890,536	\$5,092,400	\$5,294,264	\$5,496,128	\$5,697,993
Year	2045	2046	2047	2048	2049	2050	2051	6th Peak - 2052	2053	2054
Projected Replacements	(\$278,979)	(\$168,037)	(\$173,837)	(\$80,911)	(\$481,330)	(\$562,776)	(\$503,565)	(\$210,683)	(\$77,996)	(\$59,375)
Annual Deposit	\$201,864	\$201,864	\$201,864	\$201,864	\$201,864	\$201,864	\$201,864	\$201,864	\$186,377	\$186,377
End of Year Balance	\$998,088	\$1,031,915	\$1,059,943	\$1,180,896	\$901,430	\$540,519	\$238,818	\$230,000	\$338,381	\$465,384
Cumulative Expenditures	(\$4,901,769)	(\$5,069,806)	(\$5,243,642)	(\$5,324,553)	(\$5,805,883)	(\$6,368,659)	(\$6,872,223)	(\$7,082,906)	(\$7,160,902)	(\$7,220,277)
Cumulative Receipts	\$5,899,857	\$6,101,721	\$6,303,585	\$6,505,449	\$6,707,313	\$6,909,177	\$7,111,042	\$7,312,906	\$7,499,283	\$7,685,660
Year	2055	2056	2057	2058	2059	2060	2061	7th Peak - 2062	8th Peak - 2063	9th Peak - 2064
Projected Replacements	(\$209,156)	(\$183,150)	(\$173,358)	(\$83,930)	(\$377,845)	(\$229,992)	(\$180,554)	(\$288,419)	(\$115,836)	(\$83,395)
Annual Deposit	\$186,377	\$186,377	\$186,377	\$186,377	\$186,377	\$186,377	\$186,377	\$186,377	\$115,836	\$83,395
End of Year Balance	\$442,605	\$445,833	\$458,852	\$561,300	\$369,832	\$326,218	\$332,041	\$230,000	\$230,000	\$230,000
Cumulative Expenditures	(\$7,429,433)	(\$7,612,583)	(\$7,785,940)	(\$7,869,870)	(\$8,247,715)	(\$8,477,707)	(\$8,658,261)	(\$8,946,679)	(\$9,062,515)	(\$9,145,910)
Cumulative Receipts	\$7,872,038	\$8,058,415	\$8,244,792	\$8,431,170	\$8,617,547	\$8,803,924	\$8,990,302	\$9,176,679	\$9,292,515	\$9,375,910

INFLATION ADJUSTED FUNDING

The Cash Flow Method calculations on Page A4 have been done in today's dollars with no adjustment for inflation. At Miller+Dodson, we believe that long-term inflation forecasting is effective at demonstrating the power of compounding, not at calculating appropriate funding levels for Replacement Reserves. We have developed this proprietary model to estimate the short-term impact of inflation on Replacement Reserve funding.

\$894,256 2025 - CASH FLOW METHOD RECOMMENDED FUNDING

The 2025 Study Year calculations have been made using current replacement costs

\$947,911 2026 - 6% INFLATION ADJUSTED FUNDING

A new analysis calculates the 2026 funding based on three assumptions:

- Starting Balance totaling \$230,000 on January 1, 2026.
- 2026 Non inflation replacement costs listed in Section C, \$494,181, will be replaced at approximately \$523,831, 6.00% inflation increase to 2025 costs.
- The \$947,911 inflation-adjusted funding in 2026 is a 6% increase over the non-inflation-adjusted funding of \$894,256.

\$1,004,786 2027 - 6% INFLATION ADJUSTED FUNDING

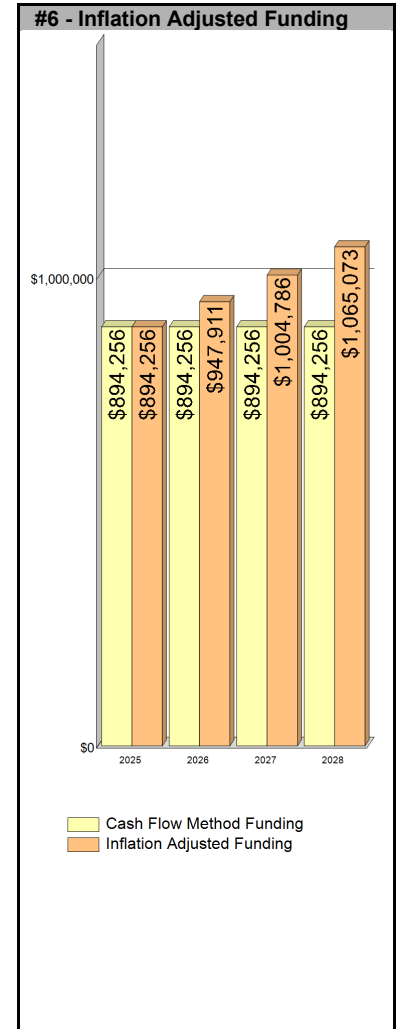
A new analysis calculates the 2027 funding based on three assumptions:

- Starting balance of approximately \$654,080 = 2026 Starting Balance \$230,000, plus Inflation Adjusted Funding \$947,911 for 2026, minus \$523,831 2025 Inflation Adjusted Cost.
- 2027 Non inflation replacement costs listed in Section C, \$490,135, will be replaced at approximately \$548,951, 12.00% inflation increase to 2025 costs.
- The \$1,004,786 inflation-adjusted funding in 2027 is a 6% increase over the non-inflation-adjusted funding of \$947,911 for 2026.

\$1,065,073 2028 - 6% INFLATION ADJUSTED FUNDING

A new analysis calculates the 2028 funding based on three assumptions:

- Starting balance of approximately \$1,109,915 = 2027 Starting Balance \$654,080, plus Inflation Adjusted Funding \$1,004,786 for 2027, minus \$548,951 2025 Inflation Adjusted Cost.
- 2028 Non inflation replacement costs listed in Section C, \$132,797, will be replaced at approximately \$156,700, 18.00% inflation increase to 2025 costs.
- The \$1,065,073 inflation-adjusted funding in 2028 is a 6% increase over the non-inflation-adjusted funding of \$1,004,786 for 2027.



Year Four and Beyond

The inflation-adjusted funding calculations outlined above are not intended to be a substitute for periodic evaluation of common elements by an experienced Reserve Analyst. Industry Standards, lender requirements, and many state and local statutes require a Replacement Reserve Study to be professionally updated every 3 to 5 years.

Inflation Adjustment

Prior to approving a budget based upon the 2026, 2027 and 2028 inflation-adjusted funding calculations above, the 6.00 percent base rate of inflation used in our calculations should be compared to rates published by the Bureau of Labor Statistics. If there is a significant discrepancy (over 1 percentage point), contact Miller+Dodson Associates prior to using the Inflation Adjusted Funding.

Interest on Reserves

The recommended funding calculations do not account for interest earned on Replacement Reserves. In 2025, based on a 1.00 percent interest rate, we estimate the Association may earn \$1,297 on an average balance of \$129,714, \$4,420 on an average balance of \$442,040 in 2026, and \$8,820 on \$881,997 in 2027. The Association may elect to attribute 100 percent of the earned interest to Reserves, resulting in a reduction in the 2025 funding from \$894,256 to \$892,959 (a 0.14 percent reduction), \$947,911 to \$943,491 in 2026 (a 0.46 percent reduction), and \$1,004,786 to \$995,966 in 2027 (a 0.87 percent reduction).

REPLACEMENT RESERVE STUDY - SUPPLEMENTAL COMMENTS

Maryland's new Reserves and Reserve Study Law, HB-107, is intended to ensure that adequate Reserve Funding is available for capital repair and replacement projects when it is needed. This is done by funding the Reserve Fund annually. The law requires that the Recommended Annual Reserve Funding amount in the most recent Reserve Study be included in the Association's annual budgets. If this is an Association's "initial" (first) professionally conducted Reserve Study, HB-107 gives the Association up to three (3) fiscal years following the fiscal year in which the Reserve Study was completed, to attain the Annual Reserve Funding level recommended in the initial Reserve Study. The Association was built and landscaped in 1970 using trees and shrubs considered suitable at that time. Deciduous trees of a decorative nature only have a life expectancy of about 25 years, and those along the retaining wall on Snow Meadow Lane appear to have reached full maturity and are now declining. For this report we suggest the Association have an arborist come out and assess the community trees.

SECTION B - REPLACEMENT RESERVE INVENTORY

- **PROJECTED REPLACEMENTS.** Rockland Run - Replacement Reserve Inventory identifies 116 items that are Projected Replacements and the periodic replacements of these items are scheduled for funding from Replacement Reserves. The Projected Replacements have an estimated one-time replacement cost of \$4,597,256. Cumulative Replacements totaling \$9,145,910 are scheduled in the Replacement Reserve Inventory over the 40-year Study Period. Cumulative Replacements include those components that are replaced more than once during the period of the study.

Projected Replacements are the replacement of commonly-owned physical assets that require periodic replacement and whose replacement is to be funded from Replacement Reserves.

- **TAX CODE.** The United States Tax Code grants favorable tax status to Replacement Reserves, conditioned on expenditures being made within certain guidelines. These guidelines typically exclude maintenance activities, minor repairs, and capital improvements.
- **EXCLUDED ITEMS.** Some of the items contained in the Replacement Reserve Inventory are 'Excluded Items'. Multiple categories of items are typically excluded from funding by Replacement Reserves, including but not limited to:

Value. Items with a replacement cost of less than \$1000 and/or a normal economic life of less than 3 years are typically excluded from funding from Replacement Reserves. This exclusion should reflect the Association policy on the administration of Replacement Reserves. If the Association has selected an alternative level, it will be noted in the Replacement Reserve Inventory - General Comments on Page B.2.

Long-lived Items. Items are excluded from the Replacement Reserve Inventory when items are properly maintained and are assumed to have a life equal to the property.

Unit Improvements. Items owned by a single unit and where the items serve a single unit are generally assumed to be the responsibility of that unit, not the Association.

Other Non-Common Improvements. Items owned by the local government, public and private utility companies, the United States Postal Service, Master Associations, state and local highway authorities, etc., may be installed on property that is owned by the Association. These types of items are generally not the responsibility of the Association and are excluded from the Replacement Reserve Inventory.

- **CATEGORIES.** The 116 items included in the Rockland Run Replacement Reserve Inventory are divided into 5 major categories. Each category is printed on a separate page, beginning on page B.3.
- **LEVEL OF SERVICE.** This Replacement Reserve Inventory has been developed in compliance with the standards established for a Level 2 Update, as defined by the National Reserve Study Standards, established in 1998 by the Community Associations Institute, which states:

This study has been performed as a Level 2 Update with Site Visit/On-Site Review as defined by the Community Associations Institute's, National Reserve Study Standards. As such, the component inventory is based on the study that was performed by Miller Dodson, 2019. This inventory was adjusted to reflect changes provided by the Community Manager and/or the Board of Directors, or adjustments made based on the site visit and visual assessment performed by the Analyst. The analysis, including fund status and funding plan, is developed from the adjusted inventory.

REPLACEMENT RESERVE INVENTORY - GENERAL INFORMATION (CONT'D)

- **INVENTORY DATA.** Each of the 116 Projected Replacements listed in the Replacement Reserve Inventory includes the following data:
 - Item Number.** The Item Number is assigned sequentially and is intended for identification purposes only.
 - Item Description.** We have identified each item included in the Inventory. Additional information may be included in the Comments section at the bottom of each page of the Inventory.
 - Units.** We have used standard abbreviations to identify the number of units including SF-square feet, LF-lineal feet, SY-square yard, LS-lump sum, EA-each, and PR-pair. Non-standard abbreviations are noted in the Comments section at the bottom of the page.
 - Number of Units.** The methods used to develop the quantities are discussed in "Level of Service" above.
 - Unit Replacement Cost.** We use four sources to develop the unit cost data shown in the Inventory; actual replacement cost data provided by the client, information provided by local contractors and suppliers, industry standard estimating manuals, and a cost database we have developed based upon our detailed interviews with contractors and service providers who are specialists in their respective lines of work.
 - Normal Economic Life (Years).** The number of years that a new and properly installed item should be expected to remain in service.
 - Remaining Economic Life (Years).** The estimated number of years before an item will need to be replaced. In "normal" conditions, this could be calculated by subtracting the age of the item from the Normal Economic Life of the item, but only rarely do physical assets age "normally". Some items may have longer or shorter lives depending on many factors such as environment, initial quality of the item, maintenance, etc.
 - Total Replacement Cost.** This is calculated by multiplying the Unit Replacement Cost by the Number of Units.
- **PARTIAL FUNDING.** Items may have been included in the Replacement Reserve Inventory at less than 100 percent of their full quantity and/or replacement cost. This is done on items that will never be replaced in their entirety, but which may require periodic replacements over an extended period of time. The assumptions that provide the basis for any partial funding are noted in the Comments section.
- **REMAINING ECONOMIC LIFE GREATER THAN 40 YEARS.** The calculations do not include funding for initial replacements beyond 40 years. These replacements are included in this Study for tracking and evaluation. They should be included for funding in future Studies, when they enter the 40-year window.
- **ACCURACY OF THE ANALYSIS.** The accuracy of the Replacement Reserve Analysis is dependent upon expenditures from Replacement Reserves being made ONLY for the 116 Projected Replacements specifically listed in the Replacement Reserve Inventory. The inclusion/exclusion of items from the Replacement Reserve Inventory is discussed on Page B.1.

SITE ITEMS						NEL- Normal Economic Life (yrs)			
PROJECTED REPLACEMENTS						REL- Remaining Economic Life (yrs)			
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL		REPLACEMENT COST (\$)	
1	Asphalt pavement, mill and overlay (Snow Meadow	sf	51,235	\$2.45	20	4		\$125,526	
2	Asphalt pavement, seal coat (Snow Meadow Ln)	sf	51,235	\$0.25	5	5		\$12,809	
3	Asphalt pavement, mill and overlay (Suntop Court)	sf	33,100	\$2.45	20	5		\$81,095	
4	Asphalt pavement, seal coat (Suntop Court)	sf	33,100	\$0.25	5	6		\$8,275	
5	Asphalt pvmt, mill and overlay (Longstream Ct and	sf	39,710	\$2.45	20	6		\$97,290	
6	Asphalt pvmt, seal coat (Longstream Ct and	sf	39,710	\$0.25	5	7		\$9,928	
7	Concrete curb (6% allowance)	ft	235	\$36.40	6	none		\$8,554	
8	Concrete flatwork (6% allowance)	sf	680	\$14.00	6	none		\$9,520	
9	Concrete steps (6% allowance)	ft	35	\$175.00	6	none		\$6,125	
10	Fence, wood split, 2 rails at wall	ft	330	\$30.00	15	none		\$9,900	
11	Fence, 6' PTL, wood board	ft	430	\$28.30	20	2		\$12,169	
12	Trash corral, wood board	ft	300	\$33.80	15	2		\$10,140	
13	Metal 3' railing	ft	150	\$52.00	30	4		\$7,800	
14	Metal step railing single strand	ft	200	\$49.40	30	4		\$9,880	
15	Site light, 8' aluminum pole (10% allowance)	ea	8	\$1,800.00	10	10		\$14,400	
16	Site light, decorative single head	ea	83	\$850.00	30	23		\$70,550	
Replacement Costs - Page Subtotal								\$493,960	

COMMENTS

SITE ITEMS PROJECTED REPLACEMENTS						NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)	
17	Retaining wall, PTL (25% allowance)	sf	200	\$45.00	7	1	\$9,000	
18	Retaining wall, segmental, block (5% reset)	sf	150	\$58.50	10	4	\$8,775	
19	Entrance booth, roof shake shingle	ls	1	\$1,300.00	100	none	\$1,300	
20	Entrance booth replacement	ls	1	\$7,800.00	40	9	\$7,800	
21	Entrance monument signage	sf	12	\$175.00	25	1	\$2,100	
22	Entrance monument wood fencing	ls	1	\$1,430.00	25	1	\$1,430	
23	Maintenance shed allowance	ls	1	\$1,300.00	100	none	\$1,300	
24	Maintenance shed replacement	ls	1	\$9,100.00	40	4	\$9,100	
25	Stormwater inlet and pipe (allowance)	ls	1	\$27,500.00	10	4	\$27,500	
26	Common water supply line (10% allowance)	lf	330	\$208.00	10	4	\$68,640	
27	Common sanitary lines (5% allowance)	ft	165	\$250.00	10	4	\$41,250	
Replacement Costs - Page Subtotal							\$178,195	

COMMENTS

EXTERIOR ITEMS PROJECTED REPLACEMENTS					NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
28	Roofing, shingles, Phase (1) (20% allowance)	sf	11,800	\$6.50	30	none	\$76,700
29	Roofing, shingles, Phase (2) (20% allowance)	sf	11,800	\$6.50	30	1	\$76,700
30	Roofing, shingles, Phase (3) (20% allowance)	sf	11,800	\$6.50	30	2	\$76,700
31	Roofing, shingles, Phase (4) (20% allowance)	sf	11,800	\$6.50	30	25	\$76,700
32	Roofing, shingles, Phase (5) (20% allowance)	sf	11,800	\$6.50	30	26	\$76,700
33	Roofing, built up flat roofing 4-ply (1)	sf	12,200	\$11.70	20	none	\$142,740
34	Roofing, built up flat roofing 4-ply (2)	sf	12,200	\$11.70	20	1	\$142,740
35	Roofing, built up flat roofing 4-ply (3)	sf	12,200	\$11.70	20	2	\$142,740
36	Roofing, built up flat roofing 4-ply (4)	sf	12,200	\$11.70	20	25	\$142,740
37	Roofing, built up flat roofing 4-ply (5)	sf	12,200	\$11.70	20	26	\$142,740
38	Gutter and downspout, 6" alum., (20% allowance)	ft	1,455	\$18.00	30	none	\$26,190
39	Gutter and downspout, 6" alum., (20% allowance)	ft	1,455	\$18.00	30	1	\$26,190
40	Gutter and downspout, 6" alum., (20% allowance)	ft	1,455	\$18.00	30	2	\$26,190
41	Gutter and downspout, 6" alum., (20% allowance)	ft	1,455	\$18.00	30	25	\$26,190
42	Gutter and downspout, 6" alum., (20% allowance)	ft	1,455	\$18.00	30	26	\$26,190
43	Siding and trim, vinyl, Phase (1) (20% allowance)	sf	13,120	\$9.00	35	none	\$118,080
44	Siding and trim, vinyl, Phase (2) (20% allowance)	sf	13,120	\$9.00	35	1	\$118,080
45	Siding and trim, vinyl, Phase (3) (20% allowance)	sf	13,120	\$9.00	35	2	\$118,080
46	Siding and trim, vinyl, Phase (4) (20% allowance)	sf	13,120	\$9.00	35	25	\$118,080
47	Siding and trim, vinyl, Phase (5) (20% allowance)	sf	13,120	\$9.00	35	26	\$118,080
Replacement Costs - Page Subtotal							\$1,818,550

COMMENTS
<ul style="list-style-type: none"> Item #28: Roofing, shingles, Phase (1) (20% allowance) - For the Study it is estimated that 40% of the roofing has been replaced since the previous study. The current program is replace the roof when they leak, rather than repair.

EXTERIOR ITEMS PROJECTED REPLACEMENTS					NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
48	Masonry repair allowance*	ls	1	\$145,600.00	100	none	\$145,600
49	Masonry repair allowance (10% allowance)	sf	1,700	\$16.25	10	4	\$27,625
50	Common window, stationary (20% allowance)	sf	790	\$55.64	40	1	\$43,956
51	Common window, stationary (20% allowance)	sf	790	\$55.64	40	2	\$43,956
52	Common window, stationary (20% allowance)	sf	790	\$55.64	40	3	\$43,956
53	Common window, stationary (20% allowance)	sf	790	\$55.64	40	4	\$43,956
54	Common window, stationary (20% allowance)	sf	790	\$55.64	40	5	\$43,956
55	Common entry (20% allowance)	sf	480	\$58.50	35	3	\$28,080
56	Common entry (20% allowance)	sf	480	\$58.50	35	4	\$28,080
57	Common entry (20% allowance)	sf	480	\$58.50	35	5	\$28,080
58	Common entry (20% allowance)	sf	480	\$58.50	35	6	\$28,080
59	Common entry (20% allowance)	sf	480	\$58.50	35	7	\$28,080
60	Balcony/deck refurbish (20% allowance)	sf	2,800	\$18.00	30	1	\$50,400
61	Balcony/deck refurbish (20% allowance)	sf	2,800	\$18.00	30	2	\$50,400
62	Balcony/deck refurbish (20% allowance)	sf	2,800	\$18.00	30	3	\$50,400
63	Balcony/deck refurbish (20% allowance)	sf	2,800	\$18.00	30	4	\$50,400
64	Balcony/deck refurbish (20% allowance)	sf	2,800	\$18.00	30	27	\$50,400
Replacement Costs - Page Subtotal							\$785,403

COMMENTS

- Item #48: Masonry repair allowance* - A one-time allowance for the building's brick and lintel repair has been programmed in the analysis. Funding for future, cyclical repairs of brick work has been included in the analysis.
- Item #50: Common window, stationary (20% allowance) - These have been increased for inflation and the timing remains the same as nothing has been done since the previous study.
- Item #55: Common entry (20% allowance) - These have been increased for inflation and the timing remains the same as nothing has been done since the previous study.
- Item #60: Balcony/deck refurbish (20% allowance) - It is estimated that since the previous study approximately 20% of the decks have been refurbished. The remainder is the same as the previous study.

EXTERIOR ITEMS PROJECTED REPLACEMENTS					NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
65	Balcony deck waterproofing (20% allowance)	sf	2,800	\$7.50	10	4	\$21,000
66	Balcony deck waterproofing (20% allowance)	sf	2,800	\$7.50	10	5	\$21,000
67	Balcony deck waterproofing (20% allowance)	sf	2,800	\$7.50	10	6	\$21,000
68	Balcony deck waterproofing (20% allowance)	sf	2,800	\$7.50	10	7	\$21,000
69	Balcony deck waterproofing, (20% allowance)	sf	2,800	\$7.50	10	8	\$21,000
70	Fire stair refurbishment (allowance)	ea	28	\$1,300.00	10	9	\$36,400
71	Foundation waterproofing (allowance)	ls	1	\$4,550.00	5	5	\$4,550
Replacement Costs - Page Subtotal							\$145,950

COMMENTS

INTERIOR ITEMS				NEL- Normal Economic Life (yrs)		REL- Remaining Economic Life (yrs)		
PROJECTED REPLACEMENTS								
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)	
72	Flooring, carpet	sf	20,010	\$6.00	10	7	\$120,060	
73	Rubberized landing	sf	760	\$10.60	20	17	\$8,056	
74	Interior stair railing (10% allowance)	lf	285	\$75.00	10	4	\$21,375	
75	Interior light fixture hall way	ea	168	\$130.00	30	24	\$21,840	
76	Unit wall sconce light	ea	241	\$169.00	30	25	\$40,729	
77	Lobby cluster mailbox	ea	28	\$400.00	40	4	\$11,200	
78	Interior door (10% allowance)	ea	6	\$780.00	10	9	\$4,680	
Replacement Costs - Page Subtotal							\$227,940	

COMMENTS

BUILDING SYSTEMS PROJECTED REPLACEMENTS					NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
79	Fire alarm (allowance)	ea	28	\$705.00	30	none	\$19,740
80	Building common piping (10% allowance)	ls	1	\$93,600.00	10	4	\$93,600
81	*Water heater, com.gas, 80 gallon	ea	1	\$9,295.00	2	1	\$9,295
82	Electric switchgear	ea	28	\$4,550.00	60	11	\$127,400
Replacement Costs - Page Subtotal							\$250,035

COMMENTS
<ul style="list-style-type: none"> Item #81: *Water heater, com.gas, 80 gallon - Funding for replacement of two hot water heaters per year. There are 36 water heaters serving the community.

RECREATION ITEMS PROJECTED REPLACEMENTS					NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
83	Swimming pool structure	sf	2,965	\$120.00	60	19	\$355,800
84	Swimming pool, whitecoat	sf	2,965	\$17.00	10	8	\$50,405
85	Swimming pool coping, precast concrete	ft	185	\$75.00	20	15	\$13,875
86	Swimming pool cover, safety mesh	sf	2,225	\$4.00	12	2	\$8,900
87	Wading pool structure	sf	325	\$120.00	60	19	\$39,000
88	Wading pool, whitecoat	sf	325	\$17.00	10	8	\$5,525
89	Wading pool coping, precast concrete	ft	185	\$75.00	20	15	\$13,875
90	Wading pool cover, safety mesh	sf	215	\$4.00	12	2	\$860
91	Pool pump, 3/4 HP	ea	1	\$1,066.00	5	3	\$1,066
92	Pool pump, 5 HP	ea	1	\$4,500.00	15	5	\$4,500
93	Pool filter, sand, 19"	ea	1	\$923.00	15	1	\$923
94	Pool filter, sand, 24"	ea	2	\$1,820.00	15	1	\$3,640
95	Pool deck, concrete (30% allowance)	sf	190	\$16.00	10	5	\$3,040
96	Pool pole light and lamp head	ea	4	\$2,450.00	35	5	\$9,800
97	Pool furniture, lounge	ea	26	\$202.00	10	1	\$5,252
98	Pool furniture, chair	ea	10	\$150.00	10	1	\$1,500
99	Pool furniture, umbrella	ea	5	\$400.00	12	1	\$2,000
100	Pool furniture, round table 54"	ea	3	\$325.00	10	1	\$975
Replacement Costs - Page Subtotal							\$520,936

COMMENTS

RECREATION ITEMS						NEL- Normal Economic Life (yrs)		
PROJECTED REPLACEMENTS						REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)	
101	Fence, 6' aluminum with 2 rails and pickets	ft	400	\$50.00	45	33	\$20,000	
102	Fence, 4' aluminum with 2 rails and pickets	ft	75	\$42.25	45	33	\$3,169	
Replacement Costs - Page Subtotal							\$23,169	

COMMENTS

RECREATION ITEMS - POOL HOUSE BUILDING (PH)						NEL- Normal Economic Life (yrs)		REPLACEMENT COST (\$)
PROJECTED REPLACEMENTS						REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)	
103	PH - Shingle roofing	sf	1,115	\$5.00	40	none	\$5,575	
104	PH - Gutter and downspout., 5" aluminum	ft	135	\$12.00	30	none	\$1,620	
105	PH - Siding and trim, vinyl	sf	1,300	\$9.00	35	none	\$11,700	
106	PH - Single metal door	ea	3	\$1,105.00	25	14	\$3,315	
107	PH - Double metal door	ea	1	\$1,625.00	25	14	\$1,625	
108	PH - Window	sf	24	\$56.00	40	14	\$1,344	
109	PH - Wood brd. exterior partition 6'	ft	16	\$30.00	30	none	\$480	
110	PH - Shower room refurbishment	ea	2	\$3,640.00	25	none	\$7,280	
111	PH - Electric water heater, 50 gallon	ea	1	\$1,300.00	15	none	\$1,300	
Replacement Costs - Page Subtotal								\$34,239

COMMENTS

RECREATION ITEMS PROJECTED REPLACEMENTS						NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)	
112	Tennis court, asphalt overlay	sf	13,640	\$5.80	20	none	\$79,112	
113	Tennis court, color coat	sf	13,640	\$1.20	5	none	\$16,368	
114	Tennis court, post and footings	pr	2	\$1,800.00	20	none	\$3,600	
115	Tennis court, net	ea	2	\$450.00	5	none	\$900	
116	Fence, tennis court, 10' vinyl coated	ft	450	\$42.00	45	14	\$18,900	
Replacement Costs - Page Subtotal							\$118,880	

COMMENTS

VALUATION EXCLUSIONS							
Excluded Items							
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
	Miscellaneous signage						EXCLUDED
	Entry monumnet ground spotlight						EXCLUDED
	Bench						EXCLUDED

VALUATION EXCLUSIONS
 Comments

- Valuation Exclusions. For ease of administration of the Replacement Reserves and to reflect accurately how Replacement Reserves are administered, items with a dollar value less than \$1000 have not been scheduled for funding from Replacement Reserve. Examples of items excluded by Replacement Reserves by this standard are listed above.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

LONG-LIFE EXCLUSIONS							
Excluded Items							
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	REPLACEMENT COST (\$)	UNIT REL	REL	REPLACEMENT COST (\$)
	Miscellaneous culverts						EXCLUDED
	Building foundation(s)						EXCLUDED
	Concrete floor slabs (interior)						EXCLUDED
	Wall, floor, and roof structure						EXCLUDED
	Electrical wiring						EXCLUDED
	Gas services at common facilities						EXCLUDED

LONG-LIFE EXCLUSIONS
 Comments

- Long Life Exclusions. Components that when properly maintained, can be assumed to have a life equal to the property as a whole, are normally excluded from the Replacement Reserve Inventory. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- Exterior masonry is generally assumed to have an unlimited economic life, but periodic repointing is required, and we have included this for funding in the Replacement Reserve Inventory.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

UNIT IMPROVEMENTS EXCLUSIONS								
Excluded Items								
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)	
	Domestic water pipes serving one unit							EXCLUDED
	Sanitary sewers serving one unit							EXCLUDED
	Electrical wiring serving one unit							EXCLUDED
	Cable TV service serving one unit							EXCLUDED
	Telephone service serving one unit							EXCLUDED
	Gas service serving one unit							EXCLUDED
	Unit windows							EXCLUDED
	Unit doors							EXCLUDED
	Water heater serving one unit							EXCLUDED
	Unit interior							EXCLUDED
	Unit HVAC system							EXCLUDED

UNIT IMPROVEMENTS EXCLUSIONS
 Comments

- Unit improvement Exclusions. We understand that the elements of the project that relate to a single unit are the responsibility of that unit owner. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

UTILITY EXCLUSIONS							
Excluded Items							
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
	Primary electric feeds						EXCLUDED
	Electric transformers						EXCLUDED
	Cable TV systems and structures						EXCLUDED
	Telephone cables and structures						EXCLUDED
	Gas mains and meters						EXCLUDED

UTILITY EXCLUSIONS
 Comments

- Utility Exclusions. Many improvements owned by utility companies are on property owned by the Association. We have assumed that repair, maintenance, and replacements of these components will be done at the expense of the appropriate utility company. Examples of items excluded from funding Replacement Reserves by this standard are listed above.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

MAINTENANCE AND REPAIR EXCLUSIONS							
Excluded Items							
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
	Cleaning of asphalt pavement						EXCLUDED
	Crack sealing of asphalt pavement						EXCLUDED
	Painting of curbs						EXCLUDED
	Striping of parking spaces						EXCLUDED
	Numbering of parking spaces						EXCLUDED
	Landscaping and site grading						EXCLUDED
	Exterior painting						EXCLUDED
	Interior painting						EXCLUDED
	Janitorial service						EXCLUDED
	Repair services						EXCLUDED
	Partial replacements						EXCLUDED
	Capital improvements						EXCLUDED

MAINTENANCE AND REPAIR EXCLUSIONS

Comments

- Maintenance activities, one-time-only repairs, and capital improvements. These activities are NOT appropriately funded from Replacement Reserves. The inclusion of such component in the Replacement Reserve Inventory could jeopardize the special tax status of ALL Replacement Reserves, exposing the Association to significant tax liabilities. We recommend that the Board of Directors discuss these exclusions and Revenue Ruling 75-370 with a Certified Public Accountant.
- Examples of items excluded from funding by Replacement Reserves are listed above. The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

GOVERNMENT EXCLUSIONS							
Excluded Items							
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	REPLACEMENT COST (\$)	UNIT REL	REL	REPLACEMENT COST (\$)
	Government, roadways and parking						EXCLUDED
	Government, sidewalks and curbs						EXCLUDED
	Government, lighting						EXCLUDED
	Government, stormwater management						EXCLUDED

GOVERNMENT EXCLUSIONS
 Comments

- Government Exclusions. We have assumed that some of the improvements installed on property owned by the Association will be maintained by the state, county, or local government, or other association or other responsible entity. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- Excluded rights-of-way, including adjacent properties and adjacent roadways.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

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SECTION C - CALENDAR OF PROJECTED ANNUAL REPLACEMENTS

GENERAL STATEMENT. The 116 Projected Replacements in the Rockland Run Replacement Reserve Inventory whose replacement is scheduled to be funded from Replacement Reserves are broken down on a year-by-year basis, beginning on Page C.2.

REPLACEMENT RESERVE ANALYSIS AND INVENTORY POLICIES, PROCEDURES, AND ADMINISTRATION

- **REVIEW OF THE REPLACEMENT RESERVE STUDY.** For this study to be effective, it should be reviewed by the Board of Directors, those responsible for the management of the items included in the Replacement Reserve Inventory, and the accounting professionals employed by the Association.
- **REVISIONS.** Revisions will be made to the Replacement Reserve Analysis and Replacement Reserve Inventory in accordance with the written instructions of the Board of Directors. No additional charge is incurred for the first revision if requested in writing within three months of the date of the Replacement Reserve Study. It is our policy to provide revisions in electronic (Adobe PDF) format only. We acknowledge that there are instances in which multiple revisions are necessary. However, unnecessary multiple revisions drain our time and manpower resources. Therefore, MillerDodson will exercise its sole discretion as to whether additional charges are incurred.
- **TAX CODE.** The United States Tax Code grants favorable tax status to a common interest development (CID) meeting certain guidelines for their Replacement Reserve. If a CID files their taxes as a 'Corporation' on Form 1120 (IRC Section 277), these guidelines typically require maintenance activities, partial replacements, minor replacements, capital improvements, and one-time-only replacements to be excluded from Reserves. A CID cannot co-mingle planning for maintenance activities with capital replacement activities in the Reserves (Revenue Ruling 75-370). Funds for maintenance activities and capital replacement activities must be held in separate accounts. If a CID files taxes as an "Exempt Homeowners Association" using Form 1120H (IRC Section 528), the CID does not have to segregate these activities. However, because the CID may elect to change their method of filing from year to year within the Study Period, we advise using the more restrictive approach. We further recommend that the CID consult with their Accountant and consider creating separate and independent accounts and reserves for large maintenance items, such as painting.
- **CONFLICT OF INTEREST.** Neither MillerDodson Associates nor the Reserve Analyst has any prior or existing relationship with this Association which would represent a real or perceived conflict of interest.
- **RELIANCE ON DATA PROVIDED BY THE CLIENT.** Information provided by an official representative of the Association regarding financial, physical conditions, quality, or historical issues is deemed reliable.
- **INTENT.** This Replacement Reserve Study is a reflection of the information provided by the Association and the visual evaluations of the Analyst. It has been prepared for the sole use of the Association and is not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records.
- **PREVIOUS REPLACEMENTS.** Information provided to MillerDodson Associates regarding prior replacements is considered to be accurate and reliable. Our visual evaluation is not a project audit or quality inspection.
- **EXPERIENCE WITH FUTURE REPLACEMENTS.** The Calendar of Annual Projected Replacements, lists replacements we have projected to occur over the Study Period and begins on Page C2. Actual experience in replacing the items may differ significantly from the cost estimates and time frames shown because of conditions beyond our control. These differences may be caused by maintenance practices, inflation, variations in pricing and market conditions, future technological developments, regulatory actions, acts of God, and luck. Some items may function normally during our visual evaluation and then fail without notice.

PROJECTED REPLACEMENTS

Item	2025 - Study Year	\$	Item	2026 - YEAR 1	\$
7	Concrete curb (6% allowance)	\$8,554	17	Retaining wall, PTL (25% allowance)	\$9,000
8	Concrete flatwork (6% allowance)	\$9,520	21	Entrance monument signage	\$2,100
9	Concrete steps (6% allowance)	\$6,125	22	Entrance monument wood fencing	\$1,430
10	Fence, wood split, 2 rails at wall	\$9,900	29	Roofing, shingles, Phase (2) (20% allowance)	\$76,700
19	Entrance booth, roof shake shingle	\$1,300	34	Roofing, built up flat roofing 4-ply (2)	\$142,740
23	Maintenance shed allowance	\$1,300	39	Gutter and downspout, 6" alum., (20% allowance)	\$26,190
28	Roofing, shingles, Phase (1) (20% allowance)	\$76,700	44	Siding and trim, vinyl, Phase (2) (20% allowance)	\$118,080
33	Roofing, built up flat roofing 4-ply (1)	\$142,740	50	Common window, stationary (20% allowance)	\$43,956
38	Gutter and downspout, 6" alum., (20% allowance)	\$26,190	60	Balcony/deck refurbish (20% allowance)	\$50,400
43	Siding and trim, vinyl, Phase (1) (20% allowance)	\$118,080	81	*Water heater, com.gas, 80 gallon	\$9,295
48	Masonry repair allowance*	\$145,600	93	Pool filter, sand, 19"	\$923
79	Fire alarm (allowance)	\$19,740	94	Pool filter, sand, 24"	\$3,640
103	PH - Shingle roofing	\$5,575	97	Pool furniture, lounge	\$5,252
104	PH - Gutter and downspout., 5" aluminum	\$1,620	98	Pool furniture, chair	\$1,500
105	PH - Siding and trim, vinyl	\$11,700	99	Pool furniture, umbrella	\$2,000
109	PH - Wood brd. exterior partition 6'	\$480	100	Pool furniture, round table 54"	\$975
110	PH - Shower room refurbishment	\$7,280			
111	PH - Electric water heater, 50 gallon	\$1,300			
112	Tennis court, asphalt overlay	\$79,112			
113	Tennis court, color coat	\$16,368			
114	Tennis court, post and footings	\$3,600			
115	Tennis court, net	\$900			
Total Scheduled Replacements		\$693,684	Total Scheduled Replacements		\$494,181

Item	2027 - YEAR 2	\$	Item	2028 - YEAR 3	\$
11	Fence, 6' PTL, wood board	\$12,169	52	Common window, stationary (20% allowance)	\$43,956
12	Trash corral, wood board	\$10,140	55	Common entry (20% allowance)	\$28,080
30	Roofing, shingles, Phase (3) (20% allowance)	\$76,700	62	Balcony/deck refurbish (20% allowance)	\$50,400
35	Roofing, built up flat roofing 4-ply (3)	\$142,740	81	*Water heater, com.gas, 80 gallon	\$9,295
40	Gutter and downspout, 6" alum., (20% allowance)	\$26,190	91	Pool pump, 3/4 HP	\$1,066
45	Siding and trim, vinyl, Phase (3) (20% allowance)	\$118,080			
51	Common window, stationary (20% allowance)	\$43,956			
61	Balcony/deck refurbish (20% allowance)	\$50,400			
86	Swimming pool cover, safety mesh	\$8,900			
90	Wading pool cover, safety mesh	\$860			
Total Scheduled Replacements		\$490,135	Total Scheduled Replacements		\$132,797

PROJECTED REPLACEMENTS

Item	2029 - YEAR 4	\$	Item	2030 - YEAR 5	\$
1	Asphalt pavement, mill and overlay (Snow Meadow Ln)	\$125,526	2	Asphalt pavement, seal coat (Snow Meadow Ln)	\$12,809
13	Metal 3' railing	\$7,800	3	Asphalt pavement, mill and overlay (Suntop Court)	\$81,095
14	Metal step railing single strand	\$9,880	54	Common window, stationary (20% allowance)	\$43,956
18	Retaining wall, segmental, block (5% reset)	\$8,775	57	Common entry (20% allowance)	\$28,080
24	Maintenance shed replacement	\$9,100	66	Balcony deck waterproofing (20% allowance)	\$21,000
25	Stormwater inlet and pipe (allowance)	\$27,500	71	Foundation waterproofing (allowance)	\$4,550
26	Common water supply line (10% allowance)	\$68,640	81	*Water heater, com.gas, 80 gallon	\$9,295
27	Common sanitary lines (5% allowance)	\$41,250	92	Pool pump, 5 HP	\$4,500
49	Masonry repair allowance (10% allowance)	\$27,625	95	Pool deck, concrete (30% allowance)	\$3,040
53	Common window, stationary (20% allowance)	\$43,956	96	Pool pole light and lamp head	\$9,800
56	Common entry (20% allowance)	\$28,080	113	Tennis court, color coat	\$16,368
63	Balcony/deck refurbish (20% allowance)	\$50,400	115	Tennis court, net	\$900
65	Balcony deck waterproofing (20% allowance)	\$21,000			
74	Interior stair railing (10% allowance)	\$21,375			
77	Lobby cluster mailbox	\$11,200			
80	Building common piping (10% allowance)	\$93,600			
Total Scheduled Replacements		\$595,706	Total Scheduled Replacements		\$235,392

Item	2031 - YEAR 6	\$	Item	2032 - YEAR 7	\$
4	Asphalt pavement, seal coat (Suntop Court)	\$8,275	6	Asphalt pvmt, seal coat (Longstream Ct and Windblown)	\$9,928
5	Asphalt pvmt, mill and overlay (Longstream Ct and	\$97,290	59	Common entry (20% allowance)	\$28,080
7	Concrete curb (6% allowance)	\$8,554	68	Balcony deck waterproofing (20% allowance)	\$21,000
8	Concrete flatwork (6% allowance)	\$9,520	72	Flooring, carpet	\$120,060
9	Concrete steps (6% allowance)	\$6,125	81	*Water heater, com.gas, 80 gallon	\$9,295
58	Common entry (20% allowance)	\$28,080			
67	Balcony deck waterproofing (20% allowance)	\$21,000			
Total Scheduled Replacements		\$178,844	Total Scheduled Replacements		\$188,363

PROJECTED REPLACEMENTS

Item	2033 - YEAR 8	\$	Item	2034 - YEAR 9	\$
17	Retaining wall, PTL (25% allowance)	\$9,000	20	Entrance booth replacement	\$7,800
69	Balcony deck waterproofing, (20% allowance)	\$21,000	70	Fire stair refurbishment (allowance)	\$36,400
84	Swimming pool, whitecoat	\$50,405	78	Interior door (10% allowance)	\$4,680
88	Wading pool, whitecoat	\$5,525	81	*Water heater, com.gas, 80 gallon	\$9,295
91	Pool pump, 3/4 HP	\$1,066			
Total Scheduled Replacements		\$86,996	Total Scheduled Replacements		\$58,175

Item	2035 - YEAR 10	\$	Item	2036 - YEAR 11	\$
2	Asphalt pavement, seal coat (Snow Meadow Ln)	\$12,809	4	Asphalt pavement, seal coat (Suntop Court)	\$8,275
15	Site light, 8' aluminum pole (10% allowance)	\$14,400	81	*Water heater, com.gas, 80 gallon	\$9,295
71	Foundation waterproofing (allowance)	\$4,550	82	Electric switchgear	\$127,400
113	Tennis court, color coat	\$16,368	97	Pool furniture, lounge	\$5,252
115	Tennis court, net	\$900	98	Pool furniture, chair	\$1,500
			100	Pool furniture, round table 54"	\$975
Total Scheduled Replacements		\$49,027	Total Scheduled Replacements		\$152,697

PROJECTED REPLACEMENTS

Item	2037 - YEAR 12	\$	Item	2038 - YEAR 13	\$
6	Asphalt pvmt, seal coat (Longstream Ct and Windblown)	\$9,928	81	*Water heater, com.gas, 80 gallon	\$9,295
7	Concrete curb (6% allowance)	\$8,554	91	Pool pump, 3/4 HP	\$1,066
8	Concrete flatwork (6% allowance)	\$9,520	99	Pool furniture, umbrella	\$2,000
9	Concrete steps (6% allowance)	\$6,125			
Total Scheduled Replacements		\$34,127	Total Scheduled Replacements		\$12,361

Item	2039 - YEAR 14	\$	Item	2040 - YEAR 15	\$
18	Retaining wall, segmental, block (5% reset)	\$8,775	2	Asphalt pavement, seal coat (Snow Meadow Ln)	\$12,809
25	Stormwater inlet and pipe (allowance)	\$27,500	10	Fence, wood split, 2 rails at wall	\$9,900
26	Common water supply line (10% allowance)	\$68,640	17	Retaining wall, PTL (25% allowance)	\$9,000
27	Common sanitary lines (5% allowance)	\$41,250	66	Balcony deck waterproofing (20% allowance)	\$21,000
49	Masonry repair allowance (10% allowance)	\$27,625	71	Foundation waterproofing (allowance)	\$4,550
65	Balcony deck waterproofing (20% allowance)	\$21,000	81	*Water heater, com.gas, 80 gallon	\$9,295
74	Interior stair railing (10% allowance)	\$21,375	85	Swimming pool coping, precast concrete	\$13,875
80	Building common piping (10% allowance)	\$93,600	89	Wading pool coping, precast concrete	\$13,875
86	Swimming pool cover, safety mesh	\$8,900	95	Pool deck, concrete (30% allowance)	\$3,040
90	Wading pool cover, safety mesh	\$860	111	PH - Electric water heater, 50 gallon	\$1,300
106	PH - Single metal door	\$3,315	113	Tennis court, color coat	\$16,368
107	PH - Double metal door	\$1,625	115	Tennis court, net	\$900
108	PH - Window	\$1,344			
116	Fence, tennis court, 10' vinyl coated	\$18,900			
Total Scheduled Replacements		\$344,709	Total Scheduled Replacements		\$115,912

PROJECTED REPLACEMENTS

2045 - YEAR 20			2046 - YEAR 21		
Item		\$	Item		\$
2	Asphalt pavement, seal coat (Snow Meadow Ln)	\$12,809	4	Asphalt pavement, seal coat (Suntop Court)	\$8,275
15	Site light, 8' aluminum pole (10% allowance)	\$14,400	34	Roofing, built up flat roofing 4-ply (2)	\$142,740
33	Roofing, built up flat roofing 4-ply (1)	\$142,740	81	*Water heater, com.gas, 80 gallon	\$9,295
71	Foundation waterproofing (allowance)	\$4,550	97	Pool furniture, lounge	\$5,252
92	Pool pump, 5 HP	\$4,500	98	Pool furniture, chair	\$1,500
112	Tennis court, asphalt overlay	\$79,112	100	Pool furniture, round table 54"	\$975
113	Tennis court, color coat	\$16,368			
114	Tennis court, post and footings	\$3,600			
115	Tennis court, net	\$900			
Total Scheduled Replacements		\$278,979	Total Scheduled Replacements		\$168,037

2047 - YEAR 22			2048 - YEAR 23		
Item		\$	Item		\$
6	Asphalt pvmt, seal coat (Longstream Ct and Windblown)	\$9,928	16	Site light, decorative single head	\$70,550
11	Fence, 6' PTL, wood board	\$12,169	81	*Water heater, com.gas, 80 gallon	\$9,295
17	Retaining wall, PTL (25% allowance)	\$9,000	91	Pool pump, 3/4 HP	\$1,066
35	Roofing, built up flat roofing 4-ply (3)	\$142,740			
Total Scheduled Replacements		\$173,837	Total Scheduled Replacements		\$80,911

PROJECTED REPLACEMENTS

2049 - YEAR 24			2050 - YEAR 25		
Item		\$	Item		\$
1	Asphalt pavement, mill and overlay (Snow Meadow Ln)	\$125,526	2	Asphalt pavement, seal coat (Snow Meadow Ln)	\$12,809
7	Concrete curb (6% allowance)	\$8,554	3	Asphalt pavement, mill and overlay (Suntop Court)	\$81,095
8	Concrete flatwork (6% allowance)	\$9,520	31	Roofing, shingles, Phase (4) (20% allowance)	\$76,700
9	Concrete steps (6% allowance)	\$6,125	36	Roofing, built up flat roofing 4-ply (4)	\$142,740
18	Retaining wall, segmental, block (5% reset)	\$8,775	41	Gutter and downspout, 6" alum., (20% allowance)	\$26,190
25	Stormwater inlet and pipe (allowance)	\$27,500	46	Siding and trim, vinyl, Phase (4) (20% allowance)	\$118,080
26	Common water supply line (10% allowance)	\$68,640	66	Balcony deck waterproofing (20% allowance)	\$21,000
27	Common sanitary lines (5% allowance)	\$41,250	71	Foundation waterproofing (allowance)	\$4,550
49	Masonry repair allowance (10% allowance)	\$27,625	76	Unit wall sconce light	\$40,729
65	Balcony deck waterproofing (20% allowance)	\$21,000	81	*Water heater, com.gas, 80 gallon	\$9,295
74	Interior stair railing (10% allowance)	\$21,375	95	Pool deck, concrete (30% allowance)	\$3,040
75	Interior light fixture hall way	\$21,840	99	Pool furniture, umbrella	\$2,000
80	Building common piping (10% allowance)	\$93,600	110	PH - Shower room refurbishment	\$7,280
			113	Tennis court, color coat	\$16,368
			115	Tennis court, net	\$900
Total Scheduled Replacements		\$481,330	Total Scheduled Replacements		\$562,776

2051 - YEAR 26			2052 - YEAR 27		
Item		\$	Item		\$
4	Asphalt pavement, seal coat (Suntop Court)	\$8,275	6	Asphalt pvmt, seal coat (Longstream Ct and Windblown)	\$9,928
5	Asphalt pvmt, mill and overlay (Longstream Ct and	\$97,290	64	Balcony/deck refurbish (20% allowance)	\$50,400
21	Entrance monument signage	\$2,100	68	Balcony deck waterproofing (20% allowance)	\$21,000
22	Entrance monument wood fencing	\$1,430	72	Flooring, carpet	\$120,060
32	Roofing, shingles, Phase (5) (20% allowance)	\$76,700	81	*Water heater, com.gas, 80 gallon	\$9,295
37	Roofing, built up flat roofing 4-ply (5)	\$142,740			
42	Gutter and downspout, 6" alum., (20% allowance)	\$26,190			
47	Siding and trim, vinyl, Phase (5) (20% allowance)	\$118,080			
67	Balcony deck waterproofing (20% allowance)	\$21,000			
86	Swimming pool cover, safety mesh	\$8,900			
90	Wading pool cover, safety mesh	\$860			
Total Scheduled Replacements		\$503,565	Total Scheduled Replacements		\$210,683

PROJECTED REPLACEMENTS

Item	2053 - YEAR 28	\$	Item	2054 - YEAR 29	\$
69	Balcony deck waterproofing, (20% allowance)	\$21,000	17	Retaining wall, PTL (25% allowance)	\$9,000
84	Swimming pool, whitecoat	\$50,405	70	Fire stair refurbishment (allowance)	\$36,400
88	Wading pool, whitecoat	\$5,525	78	Interior door (10% allowance)	\$4,680
91	Pool pump, 3/4 HP	\$1,066	81	*Water heater, com.gas, 80 gallon	\$9,295
Total Scheduled Replacements			Total Scheduled Replacements		
		\$77,996			\$59,375

Item	2055 - YEAR 30	\$	Item	2056 - YEAR 31	\$
2	Asphalt pavement, seal coat (Snow Meadow Ln)	\$12,809	4	Asphalt pavement, seal coat (Suntop Court)	\$8,275
7	Concrete curb (6% allowance)	\$8,554	29	Roofing, shingles, Phase (2) (20% allowance)	\$76,700
8	Concrete flatwork (6% allowance)	\$9,520	39	Gutter and downspout, 6" alum., (20% allowance)	\$26,190
9	Concrete steps (6% allowance)	\$6,125	60	Balcony/deck refurbish (20% allowance)	\$50,400
10	Fence, wood split, 2 rails at wall	\$9,900	81	*Water heater, com.gas, 80 gallon	\$9,295
15	Site light, 8' aluminum pole (10% allowance)	\$14,400	93	Pool filter, sand, 19"	\$923
28	Roofing, shingles, Phase (1) (20% allowance)	\$76,700	94	Pool filter, sand, 24"	\$3,640
38	Gutter and downspout, 6" alum., (20% allowance)	\$26,190	97	Pool furniture, lounge	\$5,252
71	Foundation waterproofing (allowance)	\$4,550	98	Pool furniture, chair	\$1,500
79	Fire alarm (allowance)	\$19,740	100	Pool furniture, round table 54"	\$975
104	PH - Gutter and downspout., 5" aluminum	\$1,620			
109	PH - Wood brd. exterior partition 6'	\$480			
111	PH - Electric water heater, 50 gallon	\$1,300			
113	Tennis court, color coat	\$16,368			
115	Tennis court, net	\$900			
Total Scheduled Replacements			Total Scheduled Replacements		
		\$209,156			\$183,150

PROJECTED REPLACEMENTS

Item	2057 - YEAR 32	\$	Item	2058 - YEAR 33	\$
6	Asphalt pvmt, seal coat (Longstream Ct and Windblown)	\$9,928	62	Balcony/deck refurbish (20% allowance)	\$50,400
12	Trash corral, wood board	\$10,140	81	*Water heater, com.gas, 80 gallon	\$9,295
30	Roofing, shingles, Phase (3) (20% allowance)	\$76,700	91	Pool pump, 3/4 HP	\$1,066
40	Gutter and downspout, 6" alum., (20% allowance)	\$26,190	101	Fence, 6' aluminum with 2 rails and pickets	\$20,000
61	Balcony/deck refurbish (20% allowance)	\$50,400	102	Fence, 4' aluminum with 2 rails and pickets	\$3,169
Total Scheduled Replacements		\$173,358	Total Scheduled Replacements		\$83,930

Item	2059 - YEAR 34	\$	Item	2060 - YEAR 35	\$
13	Metal 3' railing	\$7,800	2	Asphalt pavement, seal coat (Snow Meadow Ln)	\$12,809
14	Metal step railing single strand	\$9,880	43	Siding and trim, vinyl, Phase (1) (20% allowance)	\$118,080
18	Retaining wall, segmental, block (5% reset)	\$8,775	66	Balcony deck waterproofing (20% allowance)	\$21,000
25	Stormwater inlet and pipe (allowance)	\$27,500	71	Foundation waterproofing (allowance)	\$4,550
26	Common water supply line (10% allowance)	\$68,640	81	*Water heater, com.gas, 80 gallon	\$9,295
27	Common sanitary lines (5% allowance)	\$41,250	85	Swimming pool coping, precast concrete	\$13,875
49	Masonry repair allowance (10% allowance)	\$27,625	89	Wading pool coping, precast concrete	\$13,875
63	Balcony/deck refurbish (20% allowance)	\$50,400	92	Pool pump, 5 HP	\$4,500
65	Balcony deck waterproofing (20% allowance)	\$21,000	95	Pool deck, concrete (30% allowance)	\$3,040
74	Interior stair railing (10% allowance)	\$21,375	105	PH - Siding and trim, vinyl	\$11,700
80	Building common piping (10% allowance)	\$93,600	113	Tennis court, color coat	\$16,368
Total Scheduled Replacements		\$377,845	115	Tennis court, net	\$900
Total Scheduled Replacements		\$377,845	Total Scheduled Replacements		\$229,992

PROJECTED REPLACEMENTS

Item	2061 - YEAR 36	\$	Item	2062 - YEAR 37	\$
4	Asphalt pavement, seal coat (Suntop Court)	\$8,275	6	Asphalt pvmt, seal coat (Longstream Ct and Windblown	\$9,928
7	Concrete curb (6% allowance)	\$8,554	45	Siding and trim, vinyl, Phase (3) (20% allowance)	\$118,080
8	Concrete flatwork (6% allowance)	\$9,520	68	Balcony deck waterproofing (20% allowance)	\$21,000
9	Concrete steps (6% allowance)	\$6,125	72	Flooring, carpet	\$120,060
17	Retaining wall, PTL (25% allowance)	\$9,000	73	Rubberized landing	\$8,056
44	Siding and trim, vinyl, Phase (2) (20% allowance)	\$118,080	81	*Water heater, com.gas, 80 gallon	\$9,295
67	Balcony deck waterproofing (20% allowance)	\$21,000	99	Pool furniture, umbrella	\$2,000
Total Scheduled Replacements		\$180,554	Total Scheduled Replacements		\$288,419

Item	2063 - YEAR 38	\$	Item	2064 - YEAR 39	\$
55	Common entry (20% allowance)	\$28,080	56	Common entry (20% allowance)	\$28,080
69	Balcony deck waterproofing, (20% allowance)	\$21,000	70	Fire stair refurbishment (allowance)	\$36,400
84	Swimming pool, whitecoat	\$50,405	78	Interior door (10% allowance)	\$4,680
86	Swimming pool cover, safety mesh	\$8,900	81	*Water heater, com.gas, 80 gallon	\$9,295
88	Wading pool, whitecoat	\$5,525	106	PH - Single metal door	\$3,315
90	Wading pool cover, safety mesh	\$860	107	PH - Double metal door	\$1,625
91	Pool pump, 3/4 HP	\$1,066			
Total Scheduled Replacements		\$115,836	Total Scheduled Replacements		\$83,395

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SECTION D - CONDITION ASSESSMENT

General Comments. MillerDodson Associates conducted a Reserve Study at Rockland Run in September 2024. Rockland Run appears to be generally in fair condition for a condominium, residential constructed in 1970. A review of the Replacement Reserve Inventory will show that we anticipate most of the components achieving their normal economic lives.

The following comments pertain to the larger, more significant components in the Replacement Reserve Inventory and to those items that are unique or deserving of attention because of their condition or the manner in which they have been treated in the Replacement Reserve Analysis or Inventory.

IMPORTANT NOTE: This Condition Assessment is based upon visual and apparent conditions of the common elements of the community which were observed by the Reserve Analyst at the time of the site visit. This Condition Assessment does not constitute, nor is it a substitute for, a professional Structural Evaluation of the buildings, amenities, or systems. MillerDodson strongly recommends that the Association retain the services of a Structural Engineer to conduct thorough and periodic evaluations of the buildings, balconies, and any other structural components of the buildings and amenities of the Association.

General Condition Statements.

Excellent. 100% to 90% of Normal Economic Life expected, with no appreciable wear or defects.

Good. 90% to 60% of Normal Economic Life expected, minor wear or cosmetic defects found. Normal maintenance should be expected. If performed properly, normal maintenance may increase the useful life of a component. Otherwise, the component is wearing normally.

Fair. 60% to 30% of Normal Economic Life expected moderate wear with defects found. Repair actions should be taken to extend the life of the component or to correct repairable defects and distress. Otherwise, the component is wearing normally.

Marginal. 30% to 10% of Normal Economic Life expected, with moderate to significant wear or distress found. Repair actions are expected to be cost-effective for localized issues, but normal wear and use are evident. The component is reaching the end of the Normal Economic Life.

Poor. 10% to 0% of Normal Economic Life expected, with significant distress and wear. Left unattended, additional damage to underlying structures is likely to occur. Further maintenance is unlikely to be cost-effective.

(Continued on next page)

SITE ITEMS

Asphalt Pavement. The Association is responsible for the roadways and parking areas within the community. Alleyways are not the responsibility of the Association. The City, County, or other municipality maintains other roadways. In general, the Association’s asphalt pavements appear to be in good condition.

Resurfacing has been programmed to occur in three phases. Phase (1), Snow Meadow Lane. Phase (2), Suntop Court. Phase (2), Windblown and Longstream Courts.



The Association maintains an inventory of asphalt pavement along the following streets and areas:

Street Name	sf
Snowmeadow Lane	51,235
Suntop Court	33,100
Windblown Court	22,065
Longstream Court	17,645

The defects noted include the following:

- **Open Cracks.** There are multiple locations where open cracks allow water to penetrate the asphalt base and the bearing soils beneath. Over time, water will erode the base and accelerate the deterioration of the asphalt pavement. Remove the damaged areas and replace defective materials if cracks extend to the base and bearing materials. As a part of normal maintenance, clean and fill all other cracks.
- **Alligatoring.** There are multiple locations where the asphalt has developed a cracking pattern known as alligatoring. The primary cause of alligatoring is an unstable base. Once these cracks extend through the asphalt, they will allow water to penetrate the base, accelerating the rate of deterioration and eventually leading to potholes. The only solution is to remove the defective asphalt, compact the base, and install new base materials and asphalt.
- **Improper Grading.** The asphalt pavement is not properly graded, resulting in water ponding. Proper grading of the asphalt pavement will require replacing portions of the asphalt. It may also require resetting improperly sloped curb and gutter segments not conveying water to the stormwater management system. If ponding is left unattended, it can result in unsafe travel areas by creating conditions for hydroplaning and pockets of ice to form.

A more detailed summary of pavement distress can be found at <https://asphaltinstitute.org/engineering/maintenance-and-rehabilitation/pavement-distress-summary/>.

As a rule of thumb, asphalt should be overlaid when approximately 5% of the surface area is cracked or otherwise deteriorated. The normal service life of asphalt pavement is typically 18 to 20 years.

To maintain the condition of the pavement throughout the community and ensure the longest life of the asphalt, we recommend the Association adopts a systematic and comprehensive maintenance program that includes:

- **Cleaning.** Long-term exposure to oil or gas breaks down asphalt. Because this asphalt pavement is generally not used for long-term parking, it is unlikely that frequent cleaning will be necessary. When necessary, spill areas should be cleaned or patched if deterioration has penetrated the asphalt. This is a maintenance activity, and we have assumed that Reserves will not fund it.

- **Crack Repair.** All cracks should be repaired with an appropriate compound to prevent water infiltration through the asphalt into the base. This repair should be done annually. Crack repair is normally considered a maintenance activity and is not funded by Reserves. Areas of extensive cracking or deterioration that cannot be made watertight should be cut out and patched.
- **Seal Coating.** The asphalt should be seal coated every five to seven years. For this maintenance activity to be effective in extending the life of the asphalt, cleaning and crack repair should be performed first.

The pricing is based on recent contracts for a two-inch overlay, which reflects the current local market for this work.

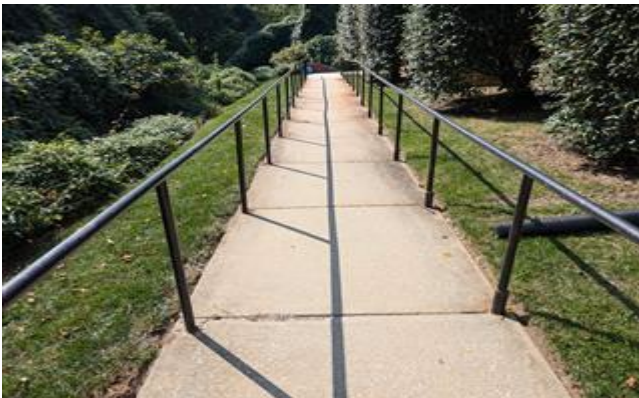
For seal coating, several different products are available. The older, more traditional seal coating product is paint. They coat the surface of the asphalt, and they are minimally effective. However, the newer coating materials, such as those from Total Asphalt Management and Asphalt Restoration Technologies, Inc., are penetrating. They are engineered, so to speak, to 're-moisturize' the pavement. Asphalt pavement is intended to be flexible. Over time, the volatile chemicals in the pavement dry, the pavement becomes brittle, and degradation follows as cracking and potholes. Re-moisturizing the pavement can return its flexibility and extend pavement life.

Concrete Work. The concrete work includes the community sidewalks, leadwalks, stairs, stoops, curbs, gutter, and flatwork. We have modeled for curb replacement when the asphalt pavement is overlaid. The concrete work's overall condition appears to be fair to good with evidence of repair and replacement throughout the community. There are moderate tripping hazards.

The standards we use for recommending replacement are as follows:

- Trip hazard, ¼ inch height difference.
- Severe cracking.
- Severe spalling and scale.
- Uneven riser heights on steps.
- Steps with risers over 8¼ inches.

Because it is highly unlikely that all of the concrete components will fail and require replacement in the period of the study, we have programmed funds for the replacement of these inventories and spread the funds over an extended timeframe to reflect the incremental nature of this work.



Site Lighting. The Association is responsible for operating the facility's street and walkway lights. There are metal poled lights with ornate lamp heads. The lamp head fixtures were replaced in the last nine years. It has been determined fixture replacement costs are comparable to new lamp head costs. The lighting system was not on at the time of our site visit. We understand that the lighting system is in operating condition. Funding for periodic replacement of a percentage of the lamp poles, and replacement of lamp heads has been programmed in the analysis. This study assumes replacement of the light fixtures every 30 years, and a percentage replacement of light poles, every 10 years. When the light poles are replaced, we assume that the underground wiring will also be replaced. When a whole-scale lighting replacement project is called for, we recommend consulting with a lighting design expert. Many municipalities have design codes, guidelines, and restrictions when it comes to exterior illumination. In addition, new technology such LED and LIFI among others should be evaluated when considering replacement.



Retaining Walls. The Association maintains a large segmented block wall on the north side of Snow Meadow Lane and multiple pressure-treated lumber retaining walls throughout the community. The largest of the wood retaining walls is located on the south side of Snow Meadow Lane. The PTL retaining walls appear to be in fair overall condition.

Retaining walls, in general, are designed to provide slope stabilization and soil retention using a structural system. Typically, walls that are three feet high or more require some level of design.

The movement and displacement of retaining walls is a sign of general settlement or failure. This typically is in the form of leaning and bowing and can involve the entire wall or localized sections of the wall. Typically, these types of movements are gradual and may require the replacement of the wall. The movement of retaining walls located near other buildings or structures may negatively affect the stability of the adjacent structure. These conditions can become extremely costly if not properly identified, monitored, and addressed.



Wood. Wood retaining walls will experience rot and decay over time and partial replacement of defective wooden members is often possible in the early stages of decay. Eventually, however, these walls will require replacement. Wood retaining walls can have a useful life of 25 to 35 years.

Segmental Block. Segmental block retaining walls can have an extended useful life, and if stable, are likely to only require localized resetting of displaced blocks, typically near the top of the wall. This study assumes that resetting will be performed incrementally as needed.

When and if it becomes necessary to replace these walls, we recommend the Association consider one of the segmental block retaining wall systems. These systems are very low maintenance. If over time the wall experiences movement, sections of the walls can be re-stacked at a very small portion of the cost of a new wall. Segmental block retaining walls can have a service life of 80 years or more.

Retaining wall replacement can be costly, and early planning on the part of the Association can help to reduce the impact of this work on the community's budget in the future. We, therefore, recommend having a Professional Engineer inspect the walls and develop preliminary replacement alternatives and recommendations based on the site conditions, replacement costs, and recommended replacement wall types. This information can then be incorporated into future updates to the Reserve Study.

Entrance Booth. The Association maintains a small entrance booth at the entrance of the community on Snow Meadow Lane. The booth appears to be in good overall condition, with the exception of the shake cedar roof. Funding for a one-time roof replacement and the booth's future replacement has been programmed in the analysis. The booth may be considered aesthetically worth maintaining.



Building Roofing. The community's buildings' roofs are a combination of shingle and flat roofing systems. There have been reported issues of leaking. There is no record of any substantial roof replacements, currently, roofs are being replaced where there are incidences of leaking. Since the 2019 study, approximately 40% of the roof systems have been replaced. It is assumed the remaining roofs are in poor condition. It is suggested the Association contract with a qualified building envelope firm to develop a comprehensive roof replacement program. For funding purposes, the replacement of the remaining 60% of all roofs in three phases, in the next four years has been programmed in the analysis.

Annual inspections are recommended, with cleaning, repair, and mitigation of vegetation performed as needed. Access, inspection, and repair work should be performed by contractors and personnel with the appropriate access equipment who are experienced in the types of roofing used for the facility.

For additional information on roofs and roof maintenance, please see the appropriate links on our website at <https://millerdodson.com/resources/links/building-exterior>.

Asphalt shingle roofs can have a useful life of 20 to 50 years, depending on the weight and quality of the shingle. Weathered, curled, and missing shingles indicate they may be nearing the end of their useful life.

Flat roofing systems can have a variety of configurations that will greatly affect the cost of replacement, including insulation, ballast, the height of the building, and the density of installed mechanical equipment. Flat roofing systems typically have a useful life of 15 to 25 years. Access to the roof was not provided at the time of the site visit.

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Entry Monument and Signage. The Association maintains a painted synthetic sign and supporting wood fencing at the entrance to the community on Snow Meadow Lane. The sign and fencing are in their latter stage of service life. The sign is illuminated by single ground spotlight

The monument lettering is acrylic or other synthetic material and is expected to have a useful life of 10 to 15 years. This study does not consider signs and should be replaced using other funds.



Sheds. The Association owns one wood frame shed that is used for storage purposes. The shed appears to be in fair condition. We have assumed that the components of the shed's exterior will be replaced as needed, and when a complete replacement is required, it will be replaced with one of a similar type and size.



EXTERIOR ITEMS

Gutters and Downspouts. The buildings have aluminum gutters and downspouts. The gutters and downspouts appear to be in good condition with challenges that are addressed when the roofs are replaced.

A gutter and downspout system will remove rainwater from the area of the building's roof, siding, and foundation and protect the exterior surfaces from water damage. Gutters should run the full length of all drip edges of the building's roof. Even with full gutters, it is important to inspect the function of the gutters during heavy rain to identify any deficiencies. It may be necessary to periodically adjust the slope of sections, repair connections, replace hangers, and install shrouds to the gutter system. Downspouts should be securely attached to the side of the structure. Any broken straps should be replaced. The outlet area should be inspected to promote run-off in the desired direction. For long straight runs, an elbow should be placed at the bottom. Splash blocks should be installed to fray the water outlet from the downspout.

It is recommended that all gutters be cleaned at least twice each year. If there are a large number of trees located close to a building, consider installing a gutter debris shield that will let water into the gutters but will filter out leaves, twigs, and other debris.

Only a limited number of roof sections have gutters and downspouts installed. This lack of gutters and downspouts contributes to the deterioration of the siding, decks, windows, exterior doors, and unit stairs. We also believe that the lack of gutters and downspouts contributes to the erosion and foundation problems that some buildings are experiencing.

It is recommended that gutters and downspouts be installed on all buildings. It is also recommended that the discharge from the downspouts be extended at least ten feet away from the foundations.



Siding and Trim. The buildings' exteriors are clad with a combination of brick, vinyl siding, and trim. The vinyl siding and trim materials appear to be in generally fair condition. There were noted problems with brick and vinyl siding.





Wooden exterior materials are typically repaired as needed during normal painting cycles. Painting cycles for wooden exteriors vary between five and ten years depending on the grade of wood and the quality of materials and finish work. In this study, we have modeled for incremental wood material replacement to coincide with the painting cycle of the facility.

As an alternative to high-maintenance materials, the Association may want to consider replacements using low-maintenance synthetic or cementitious materials. For additional consideration, please see the related articles "Alternative Trim Materials - A Replacement for Wood Trim?" and "An Examination of New Materials - CementFiber Composites" on our website at <http://mdareserves.com/resources/links/building-exterior>.

Vinyl siding and trim can have an extended useful life if not damaged by impact, heat, or other physical reasons. However, the coatings and finishes typically have a useful life and over time begin to weather, chalk, and show their age. For these reasons, we have modeled for the replacement of the siding and trim every 35 years.



Brickstone masonry is used as the main exterior cladding of the building. There is significant damage at Steel lintels. This damage was identified in the study performed in 2010. There were no discernible repairs made to the damaged brick. As masonry weathers, the mortar joints will become damaged by water penetration. As additional water gains access to the joints, repeated freeze-thaw cycles gradually increase the damage to the mortar joints. If allowed to progress, even the masonry units such as brick, block, and stone can have their surfaces affected and masonry units can become loose.

In general, masonry is considered a long-life item and is therefore excluded from reserve funding. However, because weather and other conditions result in the slow deterioration of the mortar in masonry joints, we have included funding in this study for repointing. Repointing is the process of raking and cutting out damaged sections of mortar and replacing them with new mortar.

Periodic repointing and local replacement of damaged masonry units will limit the damage done by moisture penetration. For this study, we assume that 10% of the masonry will require repointing every 10 years after approximately 30 years. For additional information about masonry and repointing, please view the relevant links at <http://mdareserves.com/resources/links/building-exterior>.



Steel Lintels. The steel lintels located on buildings' front brick facade are in poor condition. Defects include corrosion, sagging, and cracking of the brickwork above the lintel. Lintel repair, in conjunction with brick repairs, has been assumed in the funding analysis. The lintel repair cost has been estimated, cost for repairs can vary. The lintels should be assessed by a qualified exterior envelope firm. Adjustments to the analysis, if needed, can be made in future reserve analyses.



Corroded steel lintels will cause the brickwork to crack because of the expansion of the thickness in the steel. Corrected early, repairs can be made without having to remove the supported brickwork. If the damage is allowed to continue, it may become necessary to remove the entire supported brickwork. The first cracks typically appear at the corner of the window or door. As it progresses, it will stair step up the wall away from the opening. Depending on the severity of the corrosion, it may be necessary to replace the steel lintel.

Steel lintels can be painted to slow the corrosion process. It is important to keep open the gap between the steel and the brick. This gap functions as a weep hole, allowing moisture to escape from the cavity between the brick and the framing.

Windows and Doors. The Association is responsible for the common windows and exterior doors of the facility, and the individual owners are responsible for the windows and doors attributed to their unit.

The windows and doors appear to be generally in good condition.

The entry doors and sidelight appear to be in fair condition, upper-level windows have exceeded normal service life. These components were anticipated to have been replaced eight years ago, in prior analysis.

Window and door units play an integral part in a facility's overall comfort, efficiency, and energy use. The quality of the installed units and the care taken in their installation and maintenance are major factors in their effectiveness and useful life. These units can have a useful life of 20 to 35 years or more depending on their use and other factors mentioned above

In general, we recommend coordinating the replacement of these units with other exterior work, such as siding and roof replacements. Replacement in five phases has been programmed in the current analysis. The weather tightness of the building envelope often requires transitional flashing and caulking that should be performed in coordination with each other. Warranties and advantages in 'economy of scale' can often result in lower overall replacement costs and results that are more reliable.

For Associations where the unit owner is responsible for replacing their windows and exterior doors, we recommend that the Association consider offering the unit owners an option to have their replacements performed in conjunction with the Association's work. This can be performed by a separate agreement between the unit owner and the Association's selected contractor or by back-charging the unit owner.

Window and door units are integral to a facility's overall comfort, efficiency, and energy use. The quality of the installed units and the care taken in their installation and maintenance are major factors in their effectiveness and useful life. These units can have a useful life of 20 to 35 years or more, depending on their use and other factors mentioned above.

In general, we recommend coordinating the replacement of these units with other exterior work, such as siding and roof replacements. The weather tightness of the building envelope often requires transitional flashing and caulking that should be performed in coordination. Warranties and advantages in 'economy of scale' can often result in lower overall replacement costs and more reliable results. Lastly, coordinated replacements offer the opportunity to correct initial construction defects and improve the effectiveness of details with improved construction techniques and materials.



Wood Decks/Balconies. The Association maintains the unit decks/balconies throughout the community. The decks/balconies have a wood structure, decking is 3/4" plywood with membrane coating. Water is channeled off decks via scuppers. Replacement/repairs, in five phases, have been programmed in the analysis. The development of a comprehensive replacement program is suggested.

This study assumes that the entire decking system will be replaced at one time.

We recommend that the Association implement an annual inspection and power-washing program. Installation of carpet or other water-trapping coverings should be prohibited, and potted plants should be placed on raised feet to allow for proper air circulation and drying.

Please note that your State or local jurisdiction may have specific requirements for deck and balcony inspections, such as the recently enacted Maryland HB 947 (Jonathan's Law). This level of inspection is beyond the scope of work for this Reserve Study.

Please note that MillerDodson did not conduct a structural evaluation of the exterior stairs, decks, or balconies. Such an evaluation is beyond the Scope of this Reserve Study. MillerDodson strongly recommends that the Association retain the services of a Structural Engineer to conduct thorough and periodic evaluations of the buildings, balconies, and any other structural components of the buildings and amenities of the Association.

We recommend that the Association implement an annual inspection and power-washing program. Installation of carpet or other water-trapping coverings should be prohibited, and potted plants should be placed on raised feet to allow for proper air circulation and drying.

Additionally, we recommend the application of appropriate sealants or coatings to the top surface and exposed edges of the concrete deck, as well as recaulking all railing posts mounted into the deck slab. The underside of the concrete deck should be left untreated or treated with a breathable finish to allow entrapped moisture to escape.

Please note that your State or local jurisdiction may have specific requirements for deck and balcony inspections, such as the recently enacted Maryland HB 947 (Jonathan's Law). This level of inspection is beyond the scope of work for this Reserve Study.

Please note that MillerDodson did not conduct a structural evaluation of the exterior stairs, decks, or balconies. Such an evaluation is beyond the Scope of this Reserve Study. MillerDodson strongly recommends that the Association retain the services of a Structural Engineer to conduct thorough and periodic evaluations of the buildings, balconies, and any other structural components of the buildings and amenities of the Association.



INTERIOR ITEMS

Carpet. The carpet in the building's corridors and lobby appears to be in good condition. The commercial carpet of this construction in this type of application has a typical service life of 7 to 10 years.

To extend the carpet's life, the Association must continue with a comprehensive maintenance program that includes regular vacuuming, spot and spill removal, interim cleaning of high-traffic areas, and regularly scheduled cleanings. It is also recommended that all entrances be fitted with walk-off mats to trap soil.



Stairwells. The buildings have an interior stairwell. We consider the stairs and the landings to be life of structure items and, therefore, are excluded from the Reserve Analysis. We have included the following items in the analysis carpet, floor tile, light fixtures, emergency lights, and exit lights. All components appear to be in good operating condition.



Lighting. Halls and common areas are illuminated by incandescent ceiling fixtures. The light is dated and appears to date from the original construction. In addition, each unit has a wall sconce at the unit entry doors. Funding for future replacement of the lighting has been programmed in the analysis.



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BUILDING SYSTEMS

Fire Safety Systems. The building is fitted with a fire safety system that includes sprinklers and alarms, which are reported to operate normally. There is one pull located at each building entrance area. Testing and inspection of fire safety systems are not included in this study. An allowance for alarm replacement has been programmed in the analysis.

Depending on age, condition, and jurisdictional location, sprinkler pipe systems have various configurations and requirements. Specific county and municipal codes can make a significant difference in what your facility's specific requirements may be.

Building fire alarm systems have a service life of 15 to 25 years. While the panels may continue to operate past this point, changes in fire safety technology and building fire safety codes tend to render them obsolete. In addition, manufacturers only support their systems for a limited period, typically about 15 years. After this time, it may be increasingly difficult to obtain replacement parts and services. When upgrading the fire alarm system, changes in the technologies and new code requirements will likely require upgrades in lighting, sensors, alarms, and other systems and sub-components.

We recommend having your entire fire safety system inspected and evaluated by a professional in this field who is familiar with your area of the country. In addition, a comprehensive preventative maintenance program will ensure the maximum possible useful life from these components, and a qualified professional can help set up and implement such a program.

Your local CAI chapter may have a service provider list on their website that may refer you to a local fire and life safety consultant. As an alternative, please get in touch with our office, and we will provide recommendations.

As a preliminary estimate, we have provided an allowance every 15 years for the major repair and upgrade of the fire safety systems. A detailed evaluation of the facility's fire safety system should include an estimate of reserve funding for these components, and this funding estimate should be incorporated in the next reserve study update. Inspections and annual maintenance work are not accounted for or included in this study.



Building Piping. Copper water supply pipes have been used throughout the facility. During the site visit, it was noted that materials were being removed at one building. Testing for asbestos is beyond the scope of this study. The buildings are approximately 45 years old. As a result of changes in water chemistry, brought on by federal clean water legislation, piping has been developing pin-hole leaks, which can lead to higher maintenance costs and a shorter than normal service life.

For further information about the problem and research that is being conducted, please see the WSSC link on our website at <https://millerdodson.com/resources/links/building-system>.

In addition, in some cases, the pipe and fitting materials are of poor quality, and pin-hole leaks have been reported in as little as three years. Water quality, in particular the Ph. of the water, is critical to the longevity of these systems, and typically, the pressurized water supply lines are the most problematic followed by the central heating and cooling lines. Because of these problems, the facility's piping will require replacement at some point in time. As a less expensive alternative to the extremely costly work of re-piping a building, systems have been developed to clean and epoxy-line the interior surfaces of these, including other types of pipes. In addition, new pipe materials are on the market. Please note that the timeframe for re-piping a facility can vary widely, and the estimation of the remaining economic life is highly speculative. Given the age of the facility, the Association should be aware of the various technologies available for

pipe replacement and pipe lining, including traditional pipe replacement, replacement with CPVC and other synthetic pipes, and linings from companies such as Ace Duraflor and Curaflo. However, Miller - Dodson does not endorse any specific process or company. For budgeting purposes, an allowance for replacement of approximately 10% of buildings domestic water

Building Piping. Copper water supply pipes have been used throughout the facility. It is also our understanding that there is a significant amount of asbestos in the building. Testing for asbestos is beyond the scope of this study.

The buildings are approximately 45 years old. As a result of changes in water chemistry, brought on by federal clean water legislation, piping has been developing pin-hole leaks, which can lead to higher maintenance costs and a shorter than normal service life. For further information about the problem and research that is being conducted, please see the WSSC link on our web site at <https://millerdodson.com/resources/links/building-system>. In addition, in some cases, the pipe and fitting materials are of poor quality, and pin-hole leaks have been reported in as little as three years.

Water quality, in particular the pH. of the water, is critical to the longevity of these systems, and typically, the pressurized water supply lines are the most problematic followed by the central heating and cooling lines.

Because of these problems, the facility's piping will require replacement at some point in time. As a less expensive alternative to the extremely costly work of re-piping a building, systems have been developed to clean and epoxy-line the interior surfaces of these, including other types of pipes. In addition, new pipe materials are on the market.

Please note that the timeframe for re-piping a facility can vary widely, and the estimation of the remaining economic life is highly speculative. Given the age of the facility, the Association should be aware of the various technologies available for pipe replacement and pipe lining, including traditional pipe replacement, replacement with CPVC and other synthetic pipes, and linings from companies such as Ace Duraflor and Curaflo. However, Miller-Dodson does not endorse any specific process or company.

For budgeting purposes, an allowance for the replacement of approximately 10% of buildings' domestic water common piping and common sanitary piping, every 10 years is included in this study for re-piping work. Please note that this work has a high degree of variability depending on the layout of the facility and accessibility to the piping components.

To gain a better understanding of the condition of this facility's pipes and water supply lines, we recommend having an expert evaluation of the piping performed. This evaluation should provide an estimation of remaining useful life of the piping systems, the condition of the water supply, and recommendations for replacement to maximize the remaining useful life of this facility's piping systems.

As a result of changes in water chemistry, brought on by federal clean water legislation, piping has been developing pin-hole leaks, which can lead to higher maintenance costs and a shorter than normal service life. For further information about the problem and research that is being conducted, please see the WSSC link on our website at <http://mdareserves.com/resources/links/building-system>. In addition, in some cases, the pipe and fitting materials are of poor quality, and pin-hole leaks have been reported in as little as three years.

Water quality, in particular the Ph of the water, is critical to the longevity of these systems, and typically, the pressurized water supply lines are the most problematic followed by the central heating and cooling lines.

Because of these problems, the facility's piping will require replacement at some point in time. As a less expensive alternative to the extremely costly work of re-piping a building, systems have been developed to clean and epoxy-line the interior surfaces of these, including other types of pipes. In addition, new pipe materials are on the market.

Please note that the timeframe for repiping a facility can vary widely, and the estimation of the remaining economic life is highly speculative. Given the age of the facility, the Association should be aware of the various technologies available for pipe replacement and pipe lining, including traditional pipe replacement, replacement with CPVC and other synthetic pipes, and linings from companies such as Ace Duraflor and Curaflo. However, Miller+Dodson does not endorse any specific process or company.

For budgeting purposes, an allowance every 25 years is included in this study for repiping work. Please note that this work has a high degree of variability depending on the layout of the facility and accessibility to the piping components.

To gain a better understanding of the condition of this facility's pipes and water supply lines, we recommend having an expert evaluation of the piping performed. This evaluation should provide an estimation of the remaining useful life of the piping systems, the condition of the water supply, and recommendations for a replacement to maximize the remaining useful life of this facility's piping systems.



Water Heaters. The Association maintains thirty-five, gas-fired water heaters. Some buildings have two water heaters. The age of the water heaters ranges from 2 to 18 years. The average age of the water heaters is eight years. Funding for the replacement of one water heater every two years has been programmed in the analysis. In two buildings, which were rebuilt in late 1990's, hot water is supplied by individual unit water heaters owned by the unit owner. In another building, the hot water system has been converted to solar.



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Building Electrical Service. The electrical systems of the building are reported to be operating normally.

Other than transformers and meters and if protected from water damage or overloading, interior electrical systems within a building, including feed lines and switchgear, are considered long-life components and, unless otherwise noted, are excluded from this study.

To maintain this equipment properly, periodic tightening of all connections is recommended every three to five years. In some cases, insurance policies may have specific requirements regarding tightening electrical connections. It is also recommended that outlets, sockets, switches, and minor fixtures be replaced at a maximum of every 30 years.

Unless otherwise identified, replacement of these smaller components is considered incidental to refurbishment or a Valuation Exclusion.

Electrical Distribution Panels. The building has several electrical distribution panels located throughout the facility. These panels separate the building's electrical power feed into separate circuits while providing protective circuit breakers for each circuit. These panels date to the original construction of the building and have a rated service life of 50 years or more.

The overall condition of the distribution panels appears to be in good condition in good condition. As the distribution panel ages, obtaining replacement parts can be expected to become more difficult. The Association must replace some existing panels when parts are no longer available. The replacement will have to be performed incrementally, panel by panel. Therefore, we have included funding in the Reserve Analysis for distribution panel replacement on an incremental basis.



Electrical Switchgear. The electrical switchgear includes the facility's primary distribution equipment, disconnects, relays, fuses, and circuit breakers—the primary electrical switchgear dates to the original construction of the building. Electrical switchgear has a rated service life of 50 years or more. Electrical switchgear requires ongoing maintenance for proper operation and reliability.

The overall condition of the switchgear appears to be in good condition. We understand that replacement parts are still available for the equipment. As the switchgear continues to age, obtaining replacement parts can be expected to become more difficult. When parts are no longer available or when the condition of the switchgear deteriorates sufficiently, the Association will have to replace or upgrade the existing equipment. Therefore, we have included funding in the Reserve Analysis for distribution panel replacement on an incremental basis.

RECREATION ITEMS

Swimming Pool. The community operates an outdoor pool and a wading pool of concrete construction. Listed below are the major components of the pool facilities:

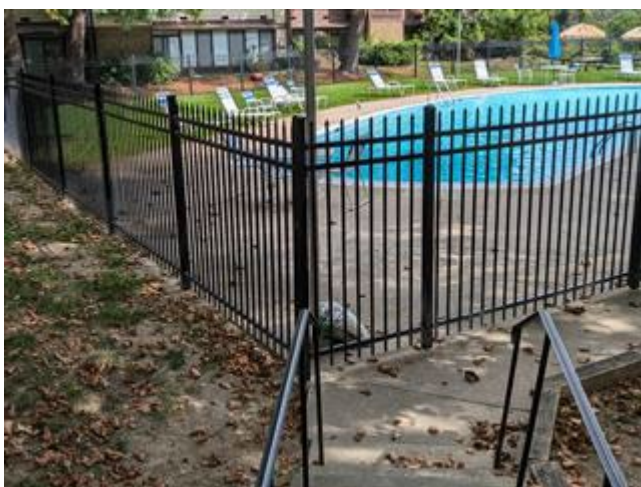
- Pool Shell. The shell for the swimming pool appears to be in good condition.
- Pool Deck. The pool has a concrete deck, and the overall condition of the deck appears to be good condition with minimal tripping hazards.
- Whitecoat. The pool whitecoat appears to be in good condition. We have assumed eight to ten years of service life for the pool whitecoat.

- Waterline Tile. The waterline tile appears to be in good condition. We have assumed the waterline tile will be replaced or restored when the pool is whitecoated.
- Coping. The pool is edged with masonry coping. The coping appears to be in good condition having been recently replaced.
- Pump and Filter System. The filter system appears to be in good operating condition with the skimmers having been replaced in the last 24 months.
- Pool Fence. The swimming pool is enclosed by a metal fence that appears to be in good condition

The pool was operational at the time of the visit and appears to be in good condition with regular maintenance and upkeep being performed.



Pool House. The community maintains pool house which contains women's and men' shower rooms, and guard station. The shower rooms include commodes, urinal, sinks and showers. The overall condition of the shower rooms appears to be good. There is a wood board partition at shower rooms' entrances that is in poor condition.



Tennis Courts. The community maintains a tennis court with two courts. The overall condition of these courts appears to be poor. The community is in recognition that significant renovation needs to be completed to make them functional.

Listed below are the major components of the tennis court facilities:

- Asphalt Pavement (base layer). We have assumed a service life of 20 to 30 years for the asphalt base layer.
- Color Coat (surface layer). Annual cleaning is recommended to maintain the surface of the court. The base of a tennis court is subject to cracking and low spots known as birdbaths that can occur from weather and earth movement. A program to address cracks as they appear will help prolong the color coat's useful life. We have assumed a service life of five to ten years for the color coat.
- Fencing. We have assumed that the fencing will be replaced when the asphalt pavement is replaced. Posts and fencing should be inspected, repaired, and painted to prolong economic life. Periodic inspection of the posts, gates, hinges, and latches is also recommended, and posts and footings must be protected to prevent soil erosion. In addition, care should be taken so that damage from string trimmers is minimized.
- Net Posts. We have assumed that the new posts will be replaced when the asphalt pavement is replaced.
- Wind Screen. We have assumed a service life of five years for windscreens.
- Lighting System. Court lighting provides extended hours of use in all seasons. Like any exterior lighting system, this lighting should be inspected periodically for functionality. Timers should be adjusted, and lamps should be changed as needed. Light pole footings should be inspected for damage and erosion. Additionally, a qualified technician should address any exposed wiring or missing junction covers.



This Condition Assessment is based upon our visual survey of the property. The sole purpose of the visual survey was an evaluation of the common and limited common elements of the property to ascertain their remaining useful life and replacement cost. Our evaluation assumed that all components met building code requirements in force at the time of construction. Our visual survey was conducted with care by experienced persons, but no warranty or guarantee is expressed or implied.

End of Condition Assessment

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1. COMMON INTEREST DEVELOPMENTS - AN OVERVIEW

Over the past 40 years, the responsibility for many services, facilities, and infrastructure around our homes has shifted from the local government to Community Associations. Thirty years ago, a typical new townhouse abutted a public street on the front and a public alley on the rear. Open space was provided by a nearby public park, and recreational facilities were purchased ala carte from privately owned country clubs, swim clubs, tennis clubs, and gymnasiums. Today, 60% of all new residential construction, i.e., townhouses, single-family homes, condominiums, and cooperatives, is in Common Interest Developments (CID). In a CID, a homeowner is bound to a Community Association that owns, maintains, and is responsible for periodic replacements of various components that may include the roads, curbs, sidewalks, playgrounds, streetlights, recreational facilities, and other community facilities and infrastructure.

The growth of Community Associations has been explosive. In 1965, there were only approximately 500 Community Associations in the United States. According to the 1990 U.S. Census, there were roughly 130,000 Community Associations. The Community Associations Institute (CAI), a national trade association, estimated in 2020 that there were more than 350,000 communities with over 75 million residents.

The shift of responsibility for billions of dollars of community facilities and infrastructure from the local government and private sector to Community Associations has generated new and unanticipated issues. Although Community Associations have succeeded in solving many short-term issues, many Associations still fail to properly plan for the significant expenses of replacing community facilities and infrastructure components. When inadequate Replacement Reserve funding results in less than timely replacements of failing components, homeowners are invariably exposed to the burden of special assessments, major increases in Association fees, and often a decline in property values.

2. REPLACEMENT RESERVE STUDY

The purpose of a Replacement Reserve Study is to provide the Association with an inventory of the common community facilities and infrastructure components that require periodic major repair or replacement, a general view of the physical condition of these components, and an effective financial plan to fund projected periodic replacements or major repairs. The Replacement Reserve Study consists of the following:

Replacement Reserve Study Introduction. The introduction provides a description of the property, an Executive Summary of the Funding Recommendations, Level of Reserve Study service, and a statement of the Purpose of the Replacement Reserve Study. It also lists documents and site evaluations upon which the Replacement Reserve Study is based and provides the Credentials of the Reserve Analyst.

Section A Replacement Reserve Analysis. Many components that are owned by the Association have a limited life and require periodic replacement. Therefore, it is essential that the Association have a financial plan that provides funding for the timely replacement of these components in order to protect the safety, appearance, and ultimately, the property value of the homes in the community. In conformance with National Reserve Study Standards, a Replacement Reserve Analysis evaluates the current funding of Replacement Reserves as reported by the Association and recommends annual funding of Replacement Reserves using the Threshold Cash Flow Method. See the definition below.

Section B Replacement Reserve Inventory. The Replacement Reserve Inventory lists the commonly owned components within the community that require periodic replacement using funding from Replacement Reserves. Replacement Reserve Inventory includes estimates of the Normal Economic Life (NEL) and the Remaining Economic Life (REL) for those components whose replacement is scheduled for funding from Replacement Reserves.

The Replacement Reserve Inventory also provides information about those components that are excluded from the Replacement Reserve Inventory and whose replacement is not scheduled for funding from Replacement Reserves.

Section C Projected Annual Replacements. The Calendar of Projected Annual Replacements provides a year-by-year listing of the Projected Replacements based on the data in the Replacement Reserve Inventory.

Section D Condition Assessment. The observed condition of the major items listed in the Replacement Reserve Inventory is discussed in more detail. The Condition Assessment includes a narrative and photographs that document conditions at the property observed at the time of our visual evaluation.

The Appendix is provided as an attachment to the Replacement Reserve Study. Additional attachments may include supplemental photographs to document conditions at the property and additional information specific to the property cited in the Conditions Assessment (i.e., Consumer Product Safety Commission, Handbook for Public Playground Safety, information on segmental retaining walls, manufacturer recommendations for asphalt shingles or siding, etc.).

3. METHODS OF ANALYSIS

The Replacement Reserve industry generally recognizes two different methods of accounting for Replacement Reserve Analysis, the Cash Flow Method. Due to the difference in accounting methodologies, these methods lead to different calculated values for the Recommended Annual Funding to the Reserves. A brief description is included below:

Cash Flow Threshold Method. This Reserve Study uses the Threshold Cash Flow Method, sometimes referred to as the "Pooling Method." It calculates the minimum constant annual funding to reserves (Minimum Annual Deposit) required to meet projected expenditures without allowing total reserves on hand to fall below the predetermined Minimum Balance, or Threshold, in any year.

4. REPLACEMENT RESERVE STUDY DATA

Identification of Reserve Components. The Reserve Analyst has only two methods of identifying Reserve Components; (1) information provided by the Association and (2) observations made at the site. The Reserve Analyst must be provided with all available information detailing the components owned by the Association. It is our policy to request such information prior to bidding on a project and to meet with the parties responsible for maintaining the community after acceptance of our proposal. Upon submission of the Initial Study, the Study should be reviewed by the Board of Directors and the individuals responsible for maintaining the community. We depend upon the Association for correct information, documentation, and drawings. We also look to the Association representative to help us fashion the Reserve Study so that it reflects what the community hopes to accomplish in the coming years.

Unit Costs. Unit costs are developed using nationally published standards and estimating guides and are adjusted by state or region. In some instances, recent data received in the course of our work is used to modify these figures. Contractor proposals or actual cost experience may be available as part of the Association records. This is useful information, which should be incorporated into your report. Please bring any such available data to our attention, preferably before the report is commenced.

Replacement vs. Repair and Maintenance. A Replacement Reserve Study addresses the required funding for Capital Replacement Expenditures. This should not be confused with operational costs or the cost of regular repairs or maintenance.

5. DEFINITIONS

Adjusted Cash Flow Analysis. Cash flow analysis adjusted to take into account annual cost increases due to inflation and interest earned on invested reserves. In this method, the annual contribution is assumed to grow annually at the inflation rate.

Cash Flow Analysis. See the Cash Flow Threshold Method, above.

Contingency. An allowance for unexpected requirements. The "Threshold" used in the Cash Flow Method is a predetermined minimum balance that serves the same purpose as a "contingency." However, IRS Guidelines do not allow for a "contingency" line item in the inventory. Therefore, it is built into the mathematical model as a "Threshold."

Cyclic Replacement Item. A component item that typically begins to fail after an initial period (Estimated Initial Replacement), but which will be replaced in increments over a number of years (the Estimated Replacement Cycle). The Reserve Analysis program divides the number of years in the Estimated Replacement Cycle into five equal increments. It then allocates the Estimated Replacement Cost equally over those five increments. (As distinguished from Normal Replacement Items, see below)

Estimated Normal Economic Life (NEL). Used in the Normal Replacement Schedules. This represents the industry average number of years that a new item should be expected to last until it has to be replaced. This figure is sometimes modified by climate, region, or original construction conditions.

Estimated Remaining Economic Life (REL). Used in the Normal Replacement Schedules. Number of years until the item is expected to need replacement. Normally, this number would be considered to be the difference between the Estimated Economic Life and the age of the item. However, this number must be modified to reflect maintenance practice, climate, original construction, quality, or other conditions. For the purpose of this report, this number is determined by the Reserve Analyst based on the present condition of the item relative to the actual age.

Minimum Annual Deposit. Shown on the Summary Sheet A1. The calculated requirement for annual contribution to reserves is calculated by the Cash Flow Method (see above).

Minimum Balance. Otherwise referred to as the Threshold, this amount is used in the Cash Flow Threshold Method only. Normally derived using the average annual expenditure over the study period, this is the minimum amount held in reserves in the Peak Year.

National Reserve Study Standards. A set of Standards developed by the Community Associations Institute in 1995 (and updated in 2017) which establishes the accepted methods of Reserve Calculation and stipulates what data must be included in the Reserve Study for each component listed in the inventory. These Standards can be found at CALonline.org.

Normal Replacement Item. A component of the property that, after an expected economic life, is replaced in its entirety. (As distinguished from Cyclic Replacement Items, see above.)

Number of Years of the Study. The number of years into the future for which expenditures are projected and reserve levels calculated. This number should be large enough to include the projected replacement of every item on the schedule, at least once. The Reserve Study must cover a minimum of 20 years to comply with the National Reserve Study Standards. However, your study covers a 40-year period.

Peak Year. In the Cash Flow Threshold Method, a year in which the reserves on hand are projected to fall to the established threshold level. See Minimum Balance, above.

Reserves Currently on Deposit. Shown on the Summary Sheet A1, this is the amount of accumulated reserves as reported by the Association in the current year.

Replacement Reserve Study. An analysis of all of the components of the common property of a Community Association for which replacement should be anticipated within the economic life of the property as a whole. The analysis involves estimation for each component of its Estimated Replacement Cost, Normal Economic Life, and Remaining Economic Life. The objective of the study is to calculate a Recommended Annual Funding for the Association's Replacement Reserve Fund.

Total Replacement Cost. Shown on the Summary Sheet A1, this is total of the Estimated Replacement Costs for all items on the schedule if they were to be replaced once.

Unit Replacement Cost. Estimated replacement cost for a single unit of a given item on the schedule.

Unit (of Measure). Non-standard abbreviations are defined on the page of the Replacement Reserve Inventory where the item appears. The following standard abbreviations are used in this report:

ea each	ls lump sum	sy square yard
ft or lf linear foot	pr pair	cy cubic yard
sf square foot		

What is a Reserve Study?
Who are we?



<https://youtu.be/m4BcOE6q3Aw>

What kind of property uses a Reserve Study?
Who are our clients?



<https://youtu.be/40SodajTW1q>

Who conducts a Reserve Study?
Reserve Specialist (RS) what does this mean?



<https://youtu.be/pYSMZ013VjQ>

When should a Reserve Study be updated?
What are the different types of Reserve Studies?



<https://youtu.be/Qx8WHB9Cgnc>

What's in a Reserve Study and what's out?
Improvement/Component, what's the difference?



<https://youtu.be/ZfBoAEhtf3E>

What is my role as a Community Manager?
Will the report help me explain Reserves?



<https://youtu.be/1J2h7FIU3qw>

What is my role as a community Board Member?
Will a Reserve Study meet my needs?



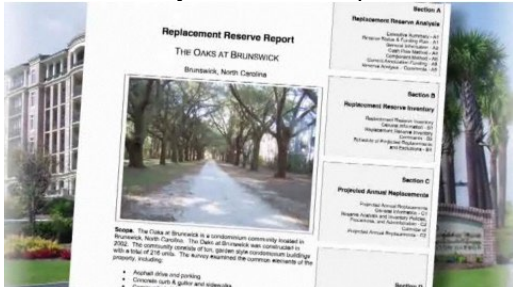
<https://youtu.be/aARD1B1Oa3o>

Community dues, how can a Reserve Study help?
Will a study keep my property competitive?



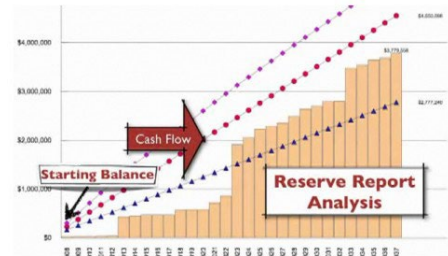
<https://youtu.be/diZfM1IyJYU>

How do I read the report?
Will I have a say in what the report contains?



<https://youtu.be/qCeVJhFf9ag>

Where do the numbers come from?
Cumulative expenditures and funding, what?



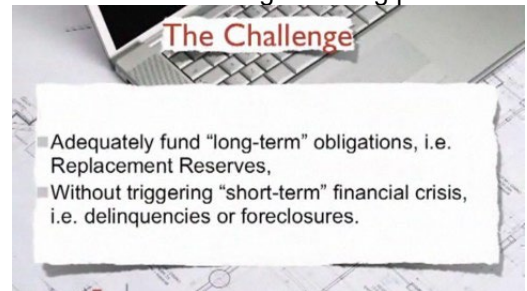
<https://youtu.be/SePdWVDvHWI>

How are interest and inflation addressed?
Inflation, what should we consider?



<https://youtu.be/W8CDLwRlv68>

A community needs more help, where do we go?
What is a strategic funding plan?



<https://youtu.be/hIxV9X1tlcA>