

Cross Keys Condominium I

August 28, 2025 • Baltimore, MD

RESERVE STUDY

Condo One



Cross Keys Condominium I
Baltimore, Maryland

Dear Board of Directors of Cross Keys Condominium I:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Reserve Study* of Cross Keys Condominium I in Baltimore, Maryland and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, August 28, 2025.

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

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

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

Respectfully submitted on September 24, 2025 by

Reserve Advisors, LLC

Visual Inspection and Report by: Fredd G. Smith, RS¹

Reviewed by: Nicholas R. Julia, RS, Regional Engineering Manager
Alan M. Ebert, RS, PRA², Director of Quality Assurance



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

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



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1. RESERVE STUDY EXECUTIVE SUMMARY

Client: Cross Keys Condominium I (Cross Keys)

Location: Baltimore, Maryland

Reference: 081336

Property Basics: Cross Keys Condominium I is a townhome style development which consists of 98 units in 10 buildings. The community was built in 1970.

Reserve Components Identified: 23 Reserve Components.

Inspection Date: August 28, 2025. We conducted the original inspection on September 29, 2020.

Funding Goal: The Funding Goal of this Reserve Study is to maintain reserves above an adequate, not excessive threshold during one or more years of significant expenditures. Our recommended Funding Plan recognizes this threshold funding year in 2043 due to the replacement of the roof assemblies.

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

- Current and future local costs of replacement
- 2.7% anticipated annual rate of return on invested reserves
- 3.0% future Inflation Rate for estimating Future Replacement Costs

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

Unaudited Cash Status of Reserve Fund:

- \$466,062 as of July 31, 2025
- 2025 budgeted Reserve Contributions of \$160,052

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

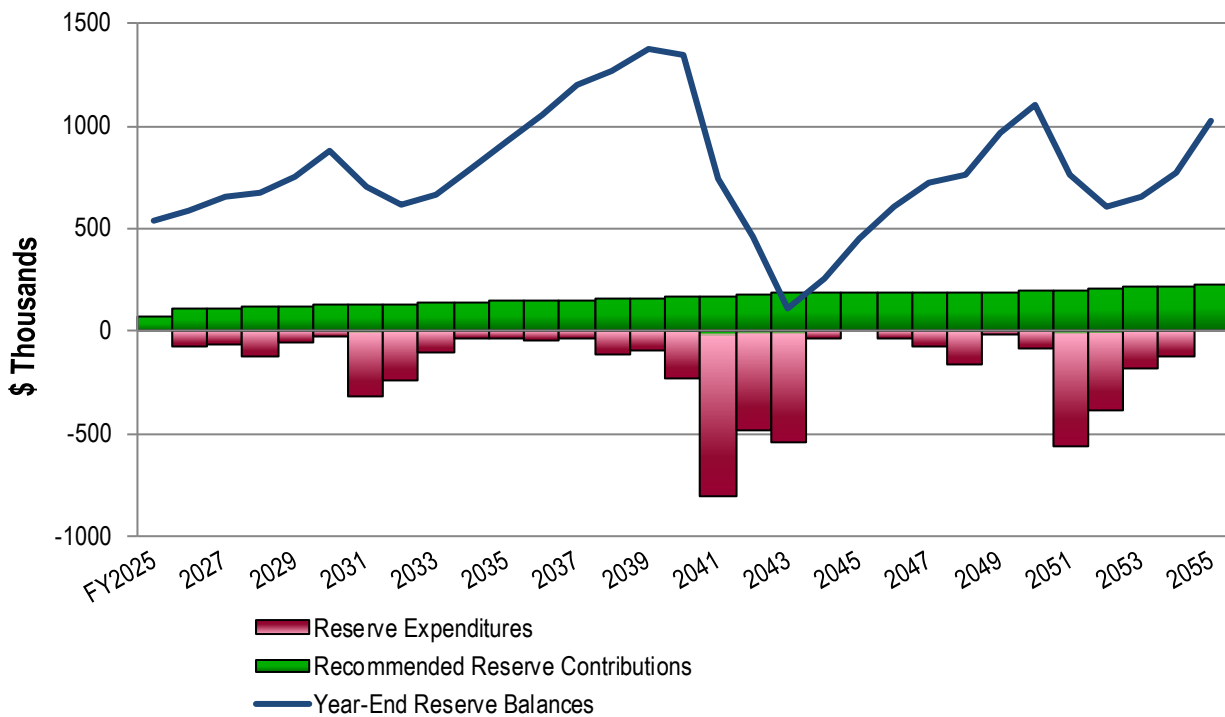
- Replacement of the remaining decks
- Replacement of the wood soffits
- Partial replacement s of the domestic water pipes
- Replacement of water heaters
- Repairs to the masonry walls and railings

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

- We recommend the Association adopt a reserve budget of \$111,000 in 2026
- Inflationary increases from 2027 through 2043
- Stable contributions of \$183,200 from 2044 through 2048
- Inflationary increases thereafter through 2055, the limit of this study's Cash Flow Analysis
- 2026 Reserve Contribution of \$111,000 is equivalent to an average monthly contribution of \$94.39 per owner.

Cross Keys Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2026	111,000	587,805	2036	149,000	1,052,392	2046	183,200	602,690
2027	114,300	656,926	2037	153,500	1,198,808	2047	183,200	727,384
2028	117,700	671,714	2038	158,100	1,272,341	2048	183,200	763,928
2029	121,200	755,180	2039	162,800	1,378,976	2049	188,700	963,481
2030	124,800	880,010	2040	167,700	1,351,098	2050	194,400	1,104,264
2031	128,500	707,259	2041	172,700	746,928	2051	200,200	766,731
2032	132,400	613,231	2042	177,900	457,319	2052	206,200	608,279
2033	136,400	665,321	2043	183,200	106,425	2053	212,400	654,465
2034	140,500	792,962	2044	183,200	253,643	2054	218,800	772,697
2035	144,700	925,613	2045	183,200	446,165	2055	225,400	1,022,003





2. RESERVE STUDY REPORT

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

Cross Keys Condominium I

Baltimore, Maryland

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, August 28, 2025. We conducted the original inspection on September 29, 2020.

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

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

IDENTIFICATION OF PROPERTY



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

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

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

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

- Cross Keys responsibility
- Limited useful life expectancies
- Predictable remaining useful life expectancies
- Replacement cost above a minimum threshold

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

Excluded Components

for
Cross Keys
Condominium I
Baltimore, Maryland

Operating Budget Components

Repairs normally funded through the Operating Budget and Expenditures less than \$5,000 (These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.)

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

- Catch Basins, Landscape
- Decks, Wood, Interim Repairs and Paint Finishes
- Landscape, General Maintenance
- Paint Finishes and Touch Up
- Paint Finishes, Railings

Long-Lived Components

These elements may not have predictable Remaining Useful Lives or their replacement may occur beyond the scope of this study. The operating budget should fund infrequent repairs. Funding untimely or unexpected replacements from reserves will necessitate increases to Reserve Contributions. Periodic updates of this Reserve Study will help determine the merits of adjusting the Reserve Funding Plan.

Useful Life

Estimated Cost

- | | | |
|---------------------|---------------|-----|
| • Foundations | Indeterminate | N/A |
| • Structural Frames | Indeterminate | N/A |

Owners Responsibility Components

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

- Concrete Patios
- Electrical Systems (Including Circuit Protection Panels)
- Entry Walks
- Heating, Ventilating and Air Conditioning (HVAC) Units
- Interiors
- Pavers, Front Entrances and Patios
- Pipes (Within Units)
- Windows and Doors

Excluded Components
for
**Cross Keys
Condominium I**
Baltimore, Maryland

Others Responsibility Components	
Certain items have been designated as the responsibility of Others to repair or replace.	
• Retaining Wall, Timber, Rear of the Units Near Cross Keys Road¹ • Street Systems, Cross Keys and Hamlet Hill Roads² • Tennis Court and Amenities (South of Hamlet Hill Road)³	
¹ Neighboring Association	
² City of Baltimore	
³ Nieghboring Community	

3. RESERVE EXPENDITURES and FUNDING PLAN

The tables following this introduction present:

Reserve Expenditures

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

Reserve Funding Plan

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

Five-Year Outlook

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

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

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

RESERVE EXPENDITURES

Explanatory Notes:

- 1) 3.0% is the estimated Inflation Rate for estimating Future Replacement Costs.
- 2) FY2025 is Fiscal Year beginning January 1, 2025 and ending December 31, 2025.

Cross Keys Condominium I Baltimore, Maryland				2) FY2025 is Fiscal Year beginning January 1, 2025 and ending December 31, 2025.																							
Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Costs, \$			Percentage of Future Expenditures	RUL = 0 FY2025	1 2026	2 2027	3 2028	4 2029	5 2030	6 2031	7 2032	8 2033	9 2034	10 2035	11 2036	12 2037	13 2038	14 2039	15 2040
						Useful	Remaining	Unit (2025)	Per Phase (2025)	Total (2025)																	
Exterior Building Elements																											
1.152	2,150	717 Square Feet	Decks, Wood, Deck Boards Replacement and Interim Repairs, Phased		2042	12 to 18	17 to 21	18.00	12,900	38,700	1.3%																
1.157	2,150	717 Square Feet	Decks, Wood, Replacement, Phased (Near term is Remaining)		2027	to 35	2 to 4	62.00	44,434	133,300	1.9%		47,140		50,010												
1.240	8,000	2,667 Linear Feet	Gutters and Downspouts, Aluminum, Phased		2041	20 to 25	16 to 18	11.00	29,333	88,000	2.9%																
1.260	10	10 Each	Light Fixtures		2036	to 20	11	300.00	3,000	3,000	0.1%											4,153					
1.280	1,160	387 Squares	Roofs, Asphalt Shingles, 2019 - 2022, Phased		2041	20 to 25	16 to 18	540.00	208,802	626,400	20.3%																
1.590	7,400	7,400 Square Feet	Soffit and Fascia, Wood (2026 is Planned)		2026	to 40	1	5.80	42,920	42,920	0.9%	44,208															
1.820	78,300	78,300 Square Feet	Walls, Masonry, Inspections and Repairs		2031	8 to 12	6	3.00	234,900	234,900	22.8%							280,483									
Building Services Elements																											
3.300	10	10 Each	Electrical System, Main Panels		2040	to 70+	15	9,600.00	96,000	96,000	2.9%															149,565	
3.605	1	1 Allowance	Pipes, Domestic Water, Waste and Vent, Partial		2028	to 80+	3	80,000.00	80,000	80,000	15.4%				87,418				101,342					117,483			
3.910	4	2 Each	Water Heaters, Phased (2008 - 2016)		2028	15 to 20	3 to 7	13,000.00	26,000	52,000	3.3%				28,411			31,977									
3.911	6	2 Each	Water Heaters, Phased (2017 - 2021)		2035	15 to 20	10 to 14	13,000.00	26,000	78,000	3.4%									34,942		37,070			39,327		
Property Site Elements																											
4.020	6,250	6,250 Square Yards	Asphalt Pavement, Crack Repair and Patch		2028	3 to 5	3	0.70	4,375	4,375	0.7%				4,781						6,056					6,816	
4.040	6,250	6,250 Square Yards	Asphalt Pavement, Mill and Overlay		2032	15 to 20	7	22.50	140,625	140,625	9.5%							172,951									
4.110	3,100	465 Linear Feet	Concrete Curbs, Partial		2032	to 65	7 to 30+	28.00	13,020	86,800	1.3%							16,013									
4.140	7,800	520 Square Feet	Concrete Sidewalks, Partial		2029	to 65	4 to 30+	11.50	5,980	89,700	1.2%				6,731					7,803					9,045		
4.285	1,900	475 Linear Feet	Fences, Wood, Privacy, Phased		2039	15 to 20	14 to 17	60.00	28,500	114,000	3.5%													43,109	44,402		
4.560	13	13 Each	Light Poles and Fixtures		2031	to 25	6	2,700.00	35,100	35,100	0.8%						41,911										
4.620	530	530 Square Feet	Pavers, Masonry, Replacement, Common		2027	15 to 20	2	26.00	13,780	13,780	0.8%		14,619														
4.650	1	1 Allowance	Pipes, Subsurface Utilities, Partial		2040	to 85+	15	20,000.00	20,000	20,000	1.4%														31,159		
4.731	400	400 Linear Feet	Railings, Metal		2026	to 35	1	64.00	25,600	25,600	0.5%	26,368															
4.740	1,020	1,020 Square Feet	Retaining Walls, Masonry, Inspection and Capital Repairs, Buildings		2026	10 to 15	1	5.70	5,814	5,814	0.5%	5,988										8,048					
4.741	550	550 Square Feet	Retaining Walls, Masonry, Inspection and Capital Repairs, Palmer Green		2036	10 to 15	11	5.70	3,135	3,135	0.2%											4,340					
4.760	790	198 Square Feet	Retaining Walls, Timber, Phased		2030	15 to 20	5 to 11	95.00	18,763	75,050	4.3%						21,751		23,076		24,481		25,972				
Anticipated Expenditures, By Year (\$5,094,633 over 30 years)												0	76,564	61,759	120,610	56,741	21,751	322,394	244,016	101,342	32,283	34,942	48,568	37,070	117,483	91,481	231,942

RESERVE EXPENDITURES

				Cross Keys Condominium I Baltimore, Maryland																							
Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Costs, \$			Percentage of Future Expenditures	16 2041	17 2042	18 2043	19 2044	20 2045	21 2046	22 2047	23 2048	24 2049	25 2050	26 2051	27 2052	28 2053	29 2054	30 2055	
						Useful	Remaining	Unit (2025)	Per Phase (2025)	Total (2025)																	
Exterior Building Elements																											
1.152	2,150	717	Square Feet	Decks, Wood, Deck Boards Replacement and Interim Repairs, Phased	2042	12 to 18	17 to 21	18.00	12,900	38,700	1.3%		21,322		22,620		23,998										
1.157	2,150	717	Square Feet	Decks, Wood, Replacement, Phased (Near term is Remaining)	2027	to 35	2 to 4	62.00	44,434	133,300	1.9%																
1.240	8,000	2,667	Linear Feet	Gutters and Downspouts, Aluminum, Phased	2041	20 to 25	16 to 18	11.00	29,333	88,000	2.9%	47,071	48,484	49,938													
1.260	10	10	Each	Light Fixtures	2036	to 20	11	300.00	3,000	3,000	0.1%																
1.280	1,160	387	Squares	Roofs, Asphalt Shingles, 2019 - 2022, Phased	2041	20 to 25	16 to 18	540.00	208,802	626,400	20.3%	335,066	345,118	355,471													
1.590	7,400	7,400	Square Feet	Soffit and Fascia, Wood (2026 is Planned)	2026	to 40	1	5.80	42,920	42,920	0.9%																
1.820	78,300	78,300	Square Feet	Walls, Masonry, Inspections and Repairs	2031	8 to 12	6	3.00	234,900	234,900	22.8%	376,946										506,583					
Building Services Elements																											
3.300	10	10	Each	Electrical System, Main Panels	2040	to 70+	15	9,600.00	96,000	96,000	2.9%																
3.605	1	1	Allowance	Pipes, Domestic Water, Waste and Vent, Partial	2028	to 80+	3	80,000.00	80,000	80,000	15.4%			136,195					157,887					183,034			
3.910	4	2	Each	Water Heaters, Phased (2008 - 2016)	2028	15 to 20	3 to 7	13,000.00	26,000	52,000	3.3%							49,819				56,071					
3.911	6	2	Each	Water Heaters, Phased (2017 - 2021)	2035	15 to 20	10 to 14	13,000.00	26,000	78,000	3.4%														61,271		
Property Site Elements																											
4.020	6,250	6,250	Square Yards	Asphalt Pavement, Crack Repair and Patch	2028	3 to 5	3	0.70	4,375	4,375	0.7%				7,672			8,634									
4.040	6,250	6,250	Square Yards	Asphalt Pavement, Mill and Overlay	2032	15 to 20	7	22.50	140,625	140,625	9.5%												312,369				
4.110	3,100	465	Linear Feet	Concrete Curbs, Partial	2032	to 65	7 to 30+	28.00	13,020	86,800	1.3%		21,520										28,921				
4.140	7,800	520	Square Feet	Concrete Sidewalks, Partial	2029	to 65	4 to 30+	11.50	5,980	89,700	1.2%				10,486				12,156						14,092		
4.285	1,900	475	Linear Feet	Fences, Wood, Privacy, Phased	2039	15 to 20	14 to 17	60.00	28,500	114,000	3.5%	45,734	47,106														
4.560	13	13	Each	Light Poles and Fixtures	2031	to 25	6	2,700.00	35,100	35,100	0.8%																
4.620	530	530	Square Feet	Pavers, Masonry, Replacement, Common	2027	15 to 20	2	26.00	13,780	13,780	0.8%							26,404									
4.650	1	1	Allowance	Pipes, Subsurface Utilities, Partial	2040	to 85+	15	20,000.00	20,000	20,000	1.4%										41,876						
4.731	400	400	Linear Feet	Railings, Metal	2026	to 35	1	64.00	25,600	25,600	0.5%																
4.740	1,020	1,020	Square Feet	Retaining Walls, Masonry, Inspection and Capital Repairs, Buildings	2026	10 to 15	1	5.70	5,814	5,814	0.5%							10,816									
4.741	550	550	Square Feet	Retaining Walls, Masonry, Inspection and Capital Repairs, Palmer Green	2036	10 to 15	11	5.70	3,135	3,135	0.2%							5,832									
4.760	790	198	Square Feet	Retaining Walls, Timber, Phased	2030	15 to 20	5 to 11	95.00	18,763	75,050	4.3%										39,285		41,677		44,215		
Anticipated Expenditures, By Year (\$5,094,633 over 30 years)												804,817	483,549	541,604	40,778	0	40,646	76,223	166,521	12,156	81,160	562,655	382,967	183,034	119,578	0	

RESERVE FUNDING PLAN

CASH FLOW ANALYSIS		Individual Reserve Budgets & Cash Flows for the Next 30 Years															
Cross Keys																	
Condominium I																	
Baltimore, Maryland		FY2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Reserves at Beginning of Year	(Note 1)	466,062	538,368	587,805	656,926	671,714	755,180	880,010	707,259	613,231	665,321	792,962	925,613	1,052,392	1,198,808	1,272,341	1,378,976
Total Recommended Reserve Contributions	(Note 2)	66,688	111,000	114,300	117,700	121,200	124,800	128,500	132,400	136,400	140,500	144,700	149,000	153,500	158,100	162,800	167,700
Estimated Interest Earned, During Year	(Note 3)	5,618	15,001	16,580	17,698	19,006	21,781	21,143	17,589	17,031	19,425	22,892	26,347	29,986	32,916	35,316	36,365
Anticipated Expenditures, By Year		0	(76,564)	(61,759)	(120,610)	(56,741)	(21,751)	(322,394)	(244,016)	(101,342)	(32,283)	(34,942)	(48,568)	(37,070)	(117,483)	(91,481)	(231,942)
Anticipated Reserves at Year End		<u>\$538,368</u>	<u>\$587,805</u>	<u>\$656,926</u>	<u>\$671,714</u>	<u>\$755,180</u>	<u>\$880,010</u>	<u>\$707,259</u>	<u>\$613,231</u>	<u>\$665,321</u>	<u>\$792,962</u>	<u>\$925,613</u>	<u>\$1,052,392</u>	<u>\$1,198,808</u>	<u>\$1,272,341</u>	<u>\$1,378,976</u>	<u>\$1,351,098</u>

(continued)	Individual Reserve Budgets & Cash Flows for the Next 30 Years, Continued															
	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	
Reserves at Beginning of Year	1,351,098	746,928	457,319	106,425	253,643	446,165	602,690	727,384	763,928	963,481	1,104,264	766,731	608,279	654,465	772,697	
Total Recommended Reserve Contributions	172,700	177,900	183,200	183,200	183,200	183,200	183,200	183,200	188,700	194,400	200,200	206,200	212,400	218,800	225,400	
Estimated Interest Earned, During Year	27,946	16,041	7,509	4,796	9,322	13,971	17,717	19,865	23,009	27,543	24,922	18,315	16,820	19,010	23,906	
Anticipated Expenditures, By Year	(804,817)	(483,549)	(541,604)	(40,778)	0	(40,646)	(76,223)	(166,521)	(12,156)	(81,160)	(562,655)	(382,967)	(183,034)	(119,578)	0	
Anticipated Reserves at Year End	<u>\$746,928</u>	<u>\$457,319</u>	<u>\$106,425</u>	<u>\$253,643</u>	<u>\$446,165</u>	<u>\$602,690</u>	<u>\$727,384</u>	<u>\$763,928</u>	<u>\$963,481</u>	<u>\$1,104,264</u>	<u>\$766,731</u>	<u>\$608,279</u>	<u>\$654,465</u>	<u>\$772,697</u>	<u>\$1,022,003</u>	
			(NOTE 5)												(NOTE 4)	

Explanatory Notes:

- 1) Year 2025 starting reserves are as of July 31, 2025; FY2025 starts January 1, 2025 and ends December 31, 2025.
- 2) Reserve Contributions for 2025 are the remaining budgeted 5 months; 2026 is the first year of recommended contributions.
- 3) 2.7% is the estimated annual rate of return on invested reserves; 2025 is a partial year of interest earned.
- 4) Accumulated year 2055 ending reserves consider the age, size, overall condition and complexity of the property.
- 5) Threshold Funding Year (reserve balance at critical point).

FIVE-YEAR OUTLOOK**Cross Keys
Condominium I**
Baltimore, Maryland

Line Item	Reserve Component Inventory	RUL = 0 FY2025	1 2026	2 2027	3 2028	4 2029	5 2030
<u>Exterior Building Elements</u>							
1.157	Decks, Wood, Replacement, Phased (Near term is Remaining)			47,140		50,010	
1.590	Soffit and Fascia, Wood (2026 is Planned)		44,208				
<u>Building Services Elements</u>							
3.605	Pipes, Domestic Water, Waste and Vent, Partial				87,418		
3.910	Water Heaters, Phased (2008 - 2016)				28,411		
<u>Property Site Elements</u>							
4.020	Asphalt Pavement, Crack Repair and Patch				4,781		
4.140	Concrete Sidewalks, Partial					6,731	
4.620	Pavers, Masonry, Replacement, Common			14,619			
4.731	Railings, Metal		26,368				
4.740	Retaining Walls, Masonry, Inspection and Capital Repairs, Buildings		5,988				
4.760	Retaining Walls, Timber, Phased						21,751
Anticipated Expenditures, By Year (\$337,424 over 5 years)		0	76,564	61,759	120,610	56,741	21,751

4.RESERVE COMPONENT DETAIL

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

Exterior Building Elements



Front elevation



Side elevation



Rear elevation

Decks, Wood

Line Items: 1.152 and 1.157

Quantity: Nine wood decks which comprise a total of approximately 2,150 square feet located at the rear of units 40 - 58 Bouton Green Court.

History: The decks are mostly of unknown age. The Association replaced three of the nine decks in 2024 at units 50, 46, and 44. The Association conduct paint finishes and repairs in 2022 as needed funded through the operating budget.

Condition: Good to fair overall condition with finish deterioration and wood deterioration evident



Deck overview



Deck underside overview



Steps overview



Wood deterioration



Finish deterioration



Finish deterioration

Useful Life: Up to 35 years with proper maintenance and interim replacement of the deck boards every 12- to 18-years. The rates and types of deterioration are not uniform due to the nature of wood. Replacement is normally an ongoing process which eventually leads to a complete replacement for economic or aesthetic reasons.

Component Detail Notes: Deck construction includes the following:

- Deck boards fastened with nails. Nail fasteners have a tendency to pull out as the wood warps.
- Wood railings with vertical pickets
- Wood column supported frames
- Frame supported by building structure
- Concrete footings

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

- Annually:
 - Inspect to identify and correct any unsafe conditions
 - Secure loose fasteners and replace deteriorated fasteners
 - Replace deteriorated wood components
 - Check railing stability and fasteners
- Every three years:
 - Power wash with algaecide and application of sealer/stain if applicable

Priority: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our cost for replacement includes replacement of the railings. Our cost for interim repairs includes replacement of the deck boards and partial replacement of deteriorated wood components.

Gutters and Downspouts, Aluminum

Line Item: 1.240

Quantity: Approximately 8,000 linear feet of aluminum gutters and downspouts

History: Replaced all gutters and downspouts from 2017 through 2019.

Condition: Good to fair overall condition with isolated rusted fasteners and damage evident



Gutters and downspouts



Rusted fasteners



Damage

Useful Life: 20- to 25-years

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

Downspouts can drain 100 square feet of roof area per one square inch of downspout cross sectional area. We recommend the use of downspout extensions and splash blocks

at the downspout discharge to direct storm water away from the foundations. The useful life of gutters and downspouts coincides with that of the sloped roofs. Coordinated replacement will result in the most economical unit price and minimize the possibility of damage to other roof components as compared to separate replacements.

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

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

Priority: Defer only upon opinion of independent professional or engineer

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

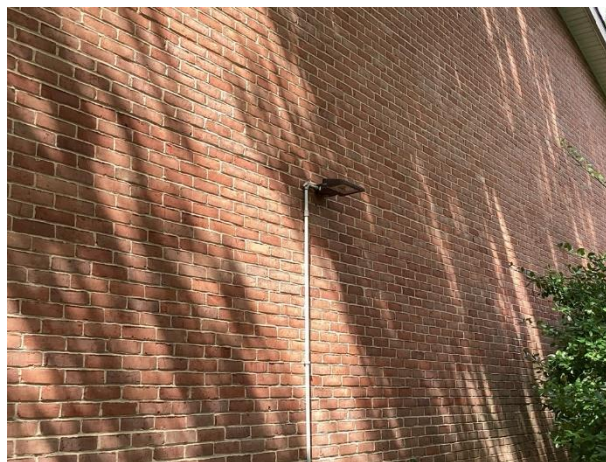
Light Fixtures

Line Item: 1.260

Quantity: Approximately 10 exterior wall mounted Light Emitting Diode (LED) light fixtures accent the side elevations of the buildings that lead to the utility and storage room access is located

History: Installed in 2018

Condition: Good overall condition



Light fixture overview

Useful Life: Up to 20 years

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

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

Priority: Per Board discretion

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

Roofs, Asphalt Shingles

Line Item: 1.280

Quantity: Approximately 1,160 *squares*¹

History: The Association replaced the roofs from 2019 to 2022. The Association replaced the roofs at 28 units in 2019, 19 units in 2020, 30 units in 2021, and the remaining 21 units in 2022.

Condition: Good to fair overall condition with weathering, shingle curl and stains evident. Management and the Board does not report history of leaks



Roof overview



Roof overview

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



Shingles overview



Weathering



Shingle curl



Stains

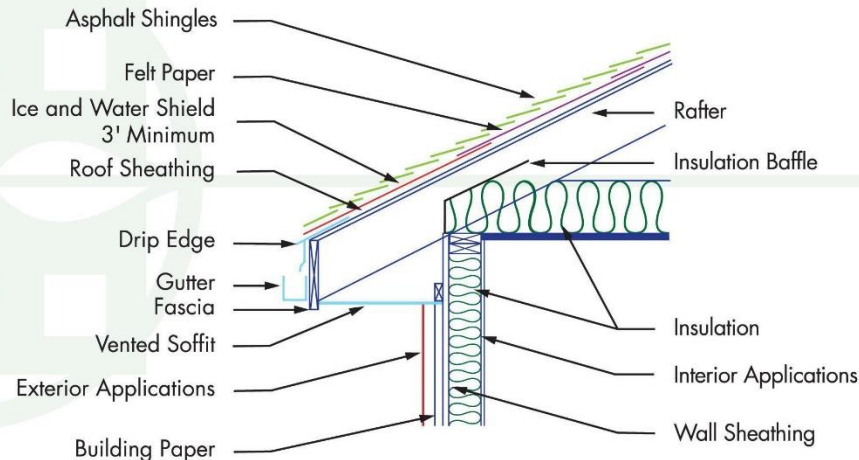
Useful Life: 20- to 25-years

Component Detail Notes: The existing roof assembly comprises the following:

- Laminate architectural shingles
- Boston style ridge caps
- Rubber seal with metal base boot flashing at waste pipes
- Soffit and ridge vents
- Metal drip edge

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

ROOF SCHEMATIC



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

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

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

- Annually:
 - Record any areas of water infiltration, flashing deterioration, damage or loose shingles
 - Implement repairs as needed if issues are reoccurring
 - Trim tree branches that are near or in contact with roof
- As-needed:

- Ensure proper ventilation and verify vents are clear of debris and not blocked from attic insulation

Priority: Defer only upon opinion of independent professional or engineer

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

Soffit and Fascia, Wood

Line Item: 1.590

Quantity: Approximately 7,400 square feet comprise the wood soffit

History: Mostly original. The Association conducted repairs and paint finishes recently funded through the operating budget. The Association Plans to replace all the soffits in 2026.

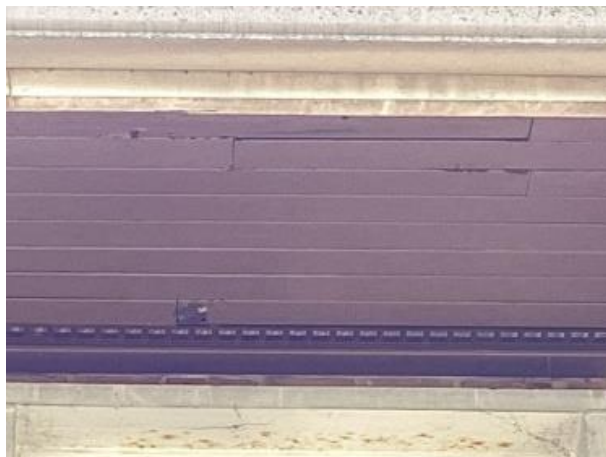
Condition: Fair overall condition with wood rot and finish deterioration evident



Soffit overview



Soffit and fascia overview



Wood rot and finish deterioration

Useful Life: Up to 40 years

Component Detail Notes: Consideration of appearance largely governs the decision to replace the soffits and fascia, in whole or partially, prior to the end of their useful life. Maintenance and partial replacements of the soffits and fascia may extend the useful life. Normal deterioration mainly relates to fading of the exterior finish from exposure to sunlight, weathering and air pollutants. The lack of replacement pieces matching the color and profile of the existing soffits and fascia may result in the need for a premature replacement.

Priority: Defer only upon opinion of independent professional or engineer

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

Walls, Masonry

Line Item: 1.820

Quantity: Approximately 78,300 square feet of masonry comprises the exterior walls. This quantity includes the masonry privacy walls at the front elevations.

History: The Association conducted repairs and paint finishes to the masonry in 2021

Condition: Good to fair overall with stains, cracks, repairs, organic growth, sealant deterioration and mortar deterioration evident



Masonry walls overview



Masonry walls overview



Stains



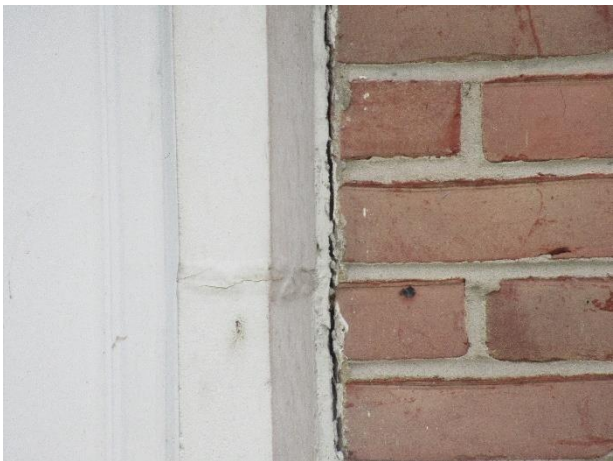
Cracks and repairs



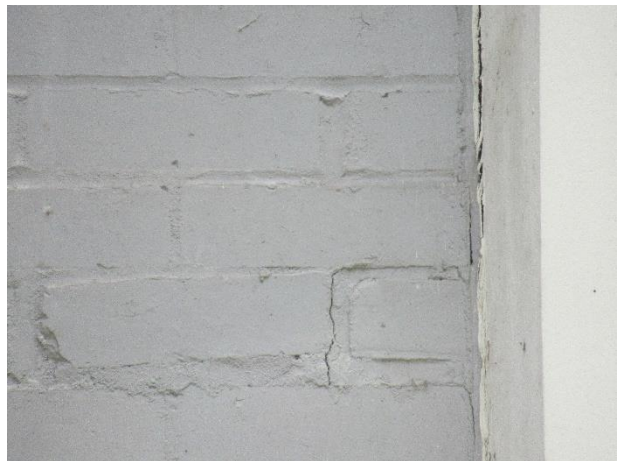
Masonry cracks



Organic growth



Sealant deterioration



Mortar deterioration

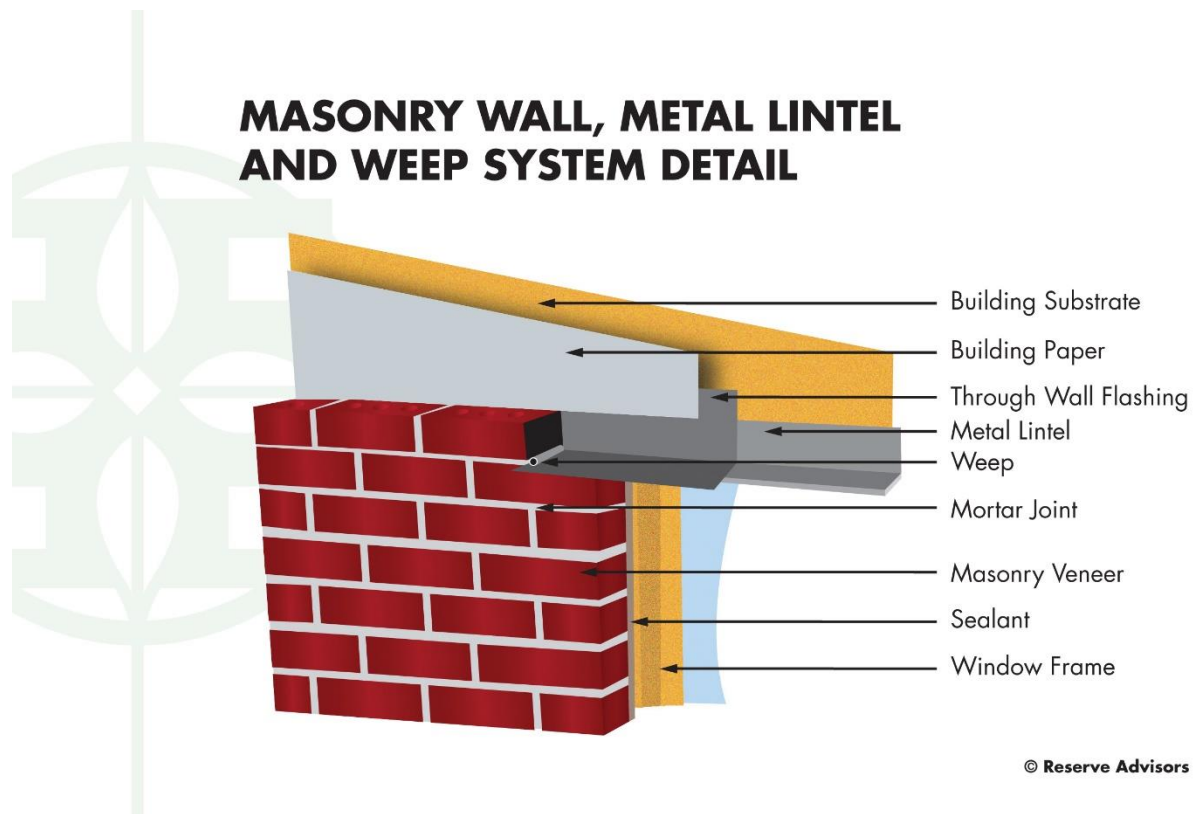
Useful Life: We advise a complete inspection of the masonry and related masonry repairs every 8- to 12-years to forestall deterioration.

Component Detail Notes: Common types of masonry deterioration include efflorescence, spalling, joint deterioration and cracking. The primary cause of

efflorescence, cracks and face spall is water infiltration, therefore prevention of water infiltration is the principal concern for the maintenance of masonry applications.

Repointing is a process of raking and cutting out defective mortar to a depth of not less than $\frac{1}{2}$ inch nor more than $\frac{3}{4}$ inch and replacing it with new mortar. Face grouting is the process of placing mortar over top of the existing mortar. We advise against face grouting because the existing, often deteriorated mortar does not provide a solid base for the new mortar. New mortar spalls at face-grouted areas will likely occur. One purpose of a mortar joint is to protect the masonry by relieving stresses within the wall caused by expansion, contraction, moisture migration and settlement. Repointed mortar joints are more effective if the mortar is softer and more permeable than the masonry units, and no harder or less permeable than the existing mortar. The masonry contractor should address these issues within the proposed scope of work.

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



Priority: Defer only upon opinion of independent professional or engineer

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

- Complete inspection of the masonry
- Repointing of up to ten percent (10%) of the masonry
- Replacement of up to one percent (1.0%) (The exact amount of area in need of replacement will be discretionary based on the actual future conditions and the desired appearance.)
- Replacement/flashing installation at up to two percent (2%) of the metal lintels
- Paint applications to the metal lintels (approximately 2,400 linear feet)
- Replacement of up to fifty percent (50%) of the sealants at the window and door perimeters
- Paint finish applications to the painted masonry

Building Services Elements

Electrical System

Line Item: 3.300

History: Primarily original to construction

Condition: Reported satisfactory

Useful Life: Up to and sometimes beyond 70 years

Component Detail Notes: We give a brief overview of electrical system components in the following sections of this narrative:

Primary Switchgear - The primary switchgear is located where the electric supply comes into the building. Switchgear can include associated controls, regulating, metering and protective devices, and is used for the transmission, distribution and conversion of electric power for use within the building. Switchgear components have a useful life of up to and sometimes beyond 70 years. Replacement is often determined by a desired upgrade of the entire electrical system.

Transformer - A transformer is an electric device with two or more coupled windings used to convert a power supply from one voltage to another voltage. Transformers within a building lower the supplied electrical voltage to a level that can be utilized by the building's equipment and unit owners. Transformers do not utilize mechanical components and therefore have a long useful life. However, the Association should anticipate periodic replacement of a limited quantity of transformers.

Distribution Panel - The distribution panel is an electric switchboard or panel used to control, energize or turn off electricity in total or for individual circuits. The panel also distributes electricity to individual and controllable circuits. One or more

distribution panels may exist and further distribute electricity to individual panel boards for each unit. The distribution panel is enclosed in a box and contains circuit breakers, fuses and switches. Distribution panels have a useful life of up to and sometimes beyond 70 years.

Circuit Protection - Once electricity is distributed throughout the building and is at a usable voltage level, the electricity is divided into circuits. Each circuit requires circuit protection. Circuit protection is necessary to prevent injury and fires, and minimize damage to electrical components and disturbances to the electrical system. Abnormalities in the circuit can include overloads, short circuits and surges. Circuit protection devices are commonly referred to as circuit breakers and fuses. For the protection of the circuits in the units and common areas, we recommend the use of only circuit breakers as they are safer than fuses. However, the use of fuses is common for equipment like emergency systems and individual items of equipment. Fuses with a low capacity rating can easily be replaced with fuses of a higher rating resulting in an unprotected, overloaded and unsafe circuit. The circuit protection panels have a useful life of up to and sometimes beyond 70 years.

Conductors - Conductors are the electrical wires that convey electricity to the units, light fixtures, receptacles and appliances.

Conductor Insulation and Conduit - Conductor insulation provides protection against the transfer of electricity. Conductor insulation can eventually become brittle and damaged from rodents or heat from many years of service. Conductor conduit is a pipe or tube used to enclose insulated electric wires to protect them from damage. Steel conductor conduit, although galvanized, will eventually rust if used in damp conditions. The useful life of conductor insulation and conduit is indeterminate.

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

- Annually:
 - Inspect system for signs of electrical overheating, deterioration, and/or panel corrosion
 - Clean and vacuum exterior and interior switchboards
- Five-Year Cycles:
 - Check power meters, lamps, indicators, and transformers for deficiencies
 - Inspect wiring, relays, power supply units, and timers
 - Verify surge protection is intact
- As-needed:

- Test outlets and ground-fault circuit interrupters (GFCI's) for faulty components
- Examine the insulation at switchgears for signs of deterioration or cracking
- Ensure all conductors are clean and dry with no moisture build-up
- Check and inspect for loose wire connections
- Clean and clear dust and debris away from system components
- Check for flickering or dimming light fixtures as these could indicate a short in the wiring, arcing, or an over-extension of the electrical system
- Conduct thermal image scanning if system experiences numerous or consistent outages
- Keep an accurate record of all repairs to the electrical system

Priority: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We recommend the Association budget to replace the main switchgear, distribution and circuit protection panels. Updates of this Reserve Study will consider possible changes in the scope and times of component replacements based on the conditions, including the need for replacement of the wires.

We recommend the Association conduct thermoscans of the distribution panels and circuit protection panels, and inspections of the transformers for any indications of arcing, burning or overheating on a regular basis, funded through the operating budget. Verification of the integrity of all connection points minimizes the potential for arcing and fires.

Pipes

Line Item: 3.605

Quantity: Based on the layout and configuration of the units, we have estimated the quantity of the interior building plumbing. Future updates of this Reserve Study will incorporate additional information if it becomes available.

History: The Association replaced approximately \$80,000 worth of domestic water, waste and vent pipes from 2021 to 2025 and plan to replace more every five years starting in 2028.

Condition: Reported satisfactory

Component Detail Notes:

Domestic Water - The useful life of domestic supply and return pipes is up to and sometimes beyond 70 years. The first piping system usually to experience problems is domestic hot water. The rate of build-up varies based on flow rates, minerals in the water and temperature.

Sanitary Waste and Vent - The pipes typically deteriorate from the inside out as a result of sewer gases, condensation and rust.

Valves - The piping systems include various valves. Identification of a typical useful life and remaining useful life for individual valves is difficult. Associations typically replace valves on an as needed basis in our experience.

Pipes, Remaining - We anticipate a useful life of up to and sometimes beyond 100 years for the remaining pipes, which may include fire standpipes, gas supply lines, interior sprinkler pipes, among others. Therefore, we do not foresee the need to budget for replacement of these pipes within the 30-year scope of this study. Future updates of this study will revisit the need to include partial replacement of these pipes.

Preventative Maintenance Notes: The status of preventative maintenance was unavailable to us during our inspection. We recommend the Association obtain and adhere to the manufacturer's recommended maintenance plan. We also recommend the Association maintain a maintenance contract with a qualified professional. The required preventative maintenance may vary in frequency and scope based on the building's age and demands of the piping systems. We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Quarterly:
 - Inspect all visible piping for corrosion and leaks, including common areas or areas immediately surrounding pipes such as insulation, ceiling tiles or the floor for moisture, water accumulation, mold or mildew
- Annually:
 - Verify system pressure is sufficient (pressurized piping systems)
 - Check accessible valves for proper operation
 - Test backflow prevention devices
 - Inspect and obtain certification for pressure relief valves
 - Test drain line flow rates
 - Mechanically or chemically clean waste lines as needed

Priority: Defer only upon opinion of independent professional or engineer

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

An invasive analysis of the piping systems will provide various replacement options. Replacement of the systems as an aggregate event will likely require the use of special assessments or loans to fund the replacements.

Although it is likely that the times of replacement and extent of repair costs may vary from the budgetary allowance, Cross Keys could budget sufficient reserves for the beginning of these pipe replacements and could adjust its future reserves up or down to meet any changes to these budgetary estimates. Updates of this Reserve Study would incorporate

changes to budgetary costs through a continued historical analysis of the rate of deterioration and actual pipe replacements to budget sufficient reserves.

We recommend the Association budget for replacement of the following items through the operating budget:

- Replacement of valves on an as-needed basis
- Minor pipe repairs and replacements
- Invasive investigation of the condition of the piping system prior to beginning more aggregate replacements
- Rodding of waste pipe systems

Water Heaters

Line Items: 3.910 and 3.911

Quantity: 10 commercial grade 65-gallon gas-fired water heaters with an input capacity of 365 BTU's (thousand British Thermal Units per hour) to produce domestic hot water

History: Various ages ranging from 2008 to 2021 with one replaced in 2008, one in 2009, one in 2014, one in 2016, two in 2017, two in 2018, one in 2019, and one in 2021.

Condition: Reported satisfactory



Water heater

Useful Life: 15- to 20-years

Component Detail Notes: The heaters have an input capacity of 365-MBH (thousand British Thermal Units per hour) to generate domestic hot water.

Preventative Maintenance Notes: The status of preventative maintenance was unavailable to us during our inspection. We recommend the Association obtain and adhere to the manufacturer's recommended maintenance plan. We also recommend the Association maintain a maintenance contract with a qualified professional. The required preventative maintenance may vary in frequency and scope based on the unit's age,

operational condition, or changes in technology. We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Weekly:
 - Inspect for leaking water around boilers
 - Check temperature readings
 - Verify vent is unobstructed
 - Conduct boiler blowdown to minimize corrosion and remove suspended solids in system
 - Clean pilot and burner assemblies
- Monthly:
 - Check water and pressure levels
 - Check controls and switches for proper operating
 - Check and inspect condensate drain
 - Check all gaskets for tight sealing
- Annually:
 - Conduct full inspection of burners and flues
 - Clean and inspect tubes to reduce scaling
 - Inspect any pressure relief valves
 - Inspect electrical terminals and controls

Priority: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our estimate of cost includes an allowance for replacement of controls.

Property Site Elements

Asphalt Pavement

Line Items: 4.020 and 4.040

Quantity: Approximately 6,250 square yards of asphalt pavement comprising access drives and parking areas and two catch basins at Bouton Green Court, Olmstead Green Court, Palmer Green Court, and a small parking area north of Hamlet Hill Road.

History:

- Repaving: Unknown age. The Association informs us of near-term plans for BG&E (Baltimore Gas and Electric) to install utility lines through the community. Based on this and discussions with management we defer this first event until 3032.
- Repairs: The Association conducted paint applications and repairs in 2024

Condition: Fair to poor overall condition with deterioration, cracks, patches, pothole formation and repairs evident



Asphalt pavement overview



Asphalt pavement overview with cracks



Catch basin overview



Pavement deterioration



Patches



Pothole formation



Patches and repairs



Pothole formation

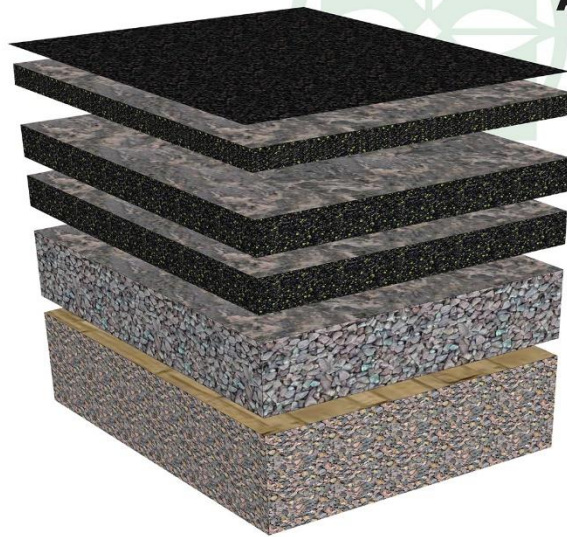


Cracks

Useful Life: 15- to 20-years with the benefit of crack repair and patch events every three- to five-years

Component Detail Notes: Proposals should include mechanically routing and filling all cracks with hot emulsion. Crack repair minimizes the chance of the cracks transmitting through the pavement. Patch repairs are conducted at areas exhibiting settlement, potholes, or excessive cracking. These conditions typically occur near high traffic areas, catch basins, and pavement edges.

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



ASPHALT DIAGRAM

Sealcoat or Wearing Surface

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

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

**Compacted Crushed Stone
or Aggregate Base**

**Subbase of Undisturbed
Native Soils** Compacted to
95% dry density

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

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

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

Priority: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our cost includes an allowance for crack repairs and

patching of up to two percent (2%) of the pavement. Our cost for milling and overlayment includes and allowance for inspections and capital repairs to the catch basins and area patching of up to twenty percent (20%).

Concrete Curbs

Line Item: 4.110

Quantity: Approximately 3,100 linear feet located throughout the community

Condition: Good to fair overall condition with cracks, deterioration and organic growth evident



Curbs overview



Deterioration



Concrete cracks



Concrete cracks and organic growth



Concrete spalls

Useful Life: Up to 65 years although interim deterioration of areas is common

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

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

Priority: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We estimate that up to 930 linear feet of curbs and gutters, or thirty percent (30%) of the total, will require replacement during the next 30 years.

Concrete Sidewalks

Line Item: 4.140

Quantity: Approximately 7,800 square feet located throughout the community

Condition: Good to fair overall condition with spalls, cracks, deterioration, repairs and soil undermining at sidewalk evident



Sidewalk overview



Concrete spalls



Concrete cracks



Concrete deterioration



Repairs



Concrete cracks



Soil undermining at sidewalk

Useful Life: Up to 65 years although interim deterioration of areas is common

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

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

Priority: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We estimate that up to 3,120 square feet of concrete sidewalks, or forty percent (40%) of the total, will require replacement during the next 30 years.

Fences, Wood, Privacy

Line Item: 4.285

Quantity: Approximately 1,900 linear feet located at the front and rear elevations of the buildings

History: The Association informs us of major replacements and paint finish applications from 2021 to 2024 of approximately \$104,000 over these years

Condition: Good to fair overall condition with organic growth, wood rot and wood deterioration evident



Fence overview



Organic growth



Wood rot



Wood deterioration

Useful Life: 15- to 20-years

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

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

Priority: Per Board discretion

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

Light Poles and Fixtures

Line Item: 4.560

Quantity: 13 poles with light fixtures located throughout the community

History: Unknown age. The Association retrofitted the fixtures to LED (Light-emitting Diode) in 2018 and painted the poles in 2024 funded through the operating budget.

Condition: Good to fair overall condition with finish deterioration and leaning pole evident



Light poles and fixtures



Leaning light poles and fixtures



Finish deterioration

Useful Life: Up to 25 years

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

- As-needed:
 - Inspect and repair broken or dislodged fixtures, and leaning or damaged poles

- Replaced burned out bulbs as needed

Priority: Per Board discretion

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

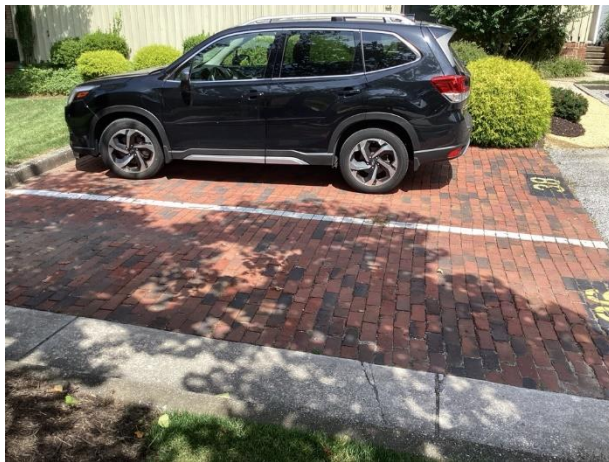
Pavers, Masonry

Line Item: 4.620

Quantity: Approximately 530 square feet of common pavers located on Bouton Greet Court parking area and common paver walkway

History: Original

Condition: Good to fair overall condition with settlement evident



Paver overview

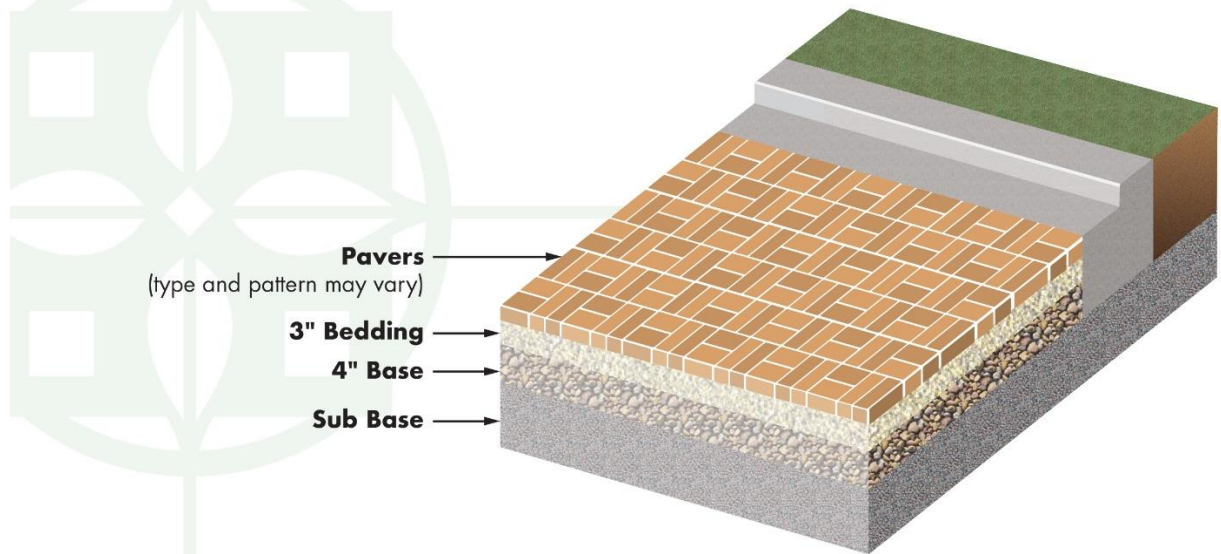


Settlement

Useful Life: 15- to 20-years

Component Detail Notes: The following diagram depicts the typical components of a masonry paver system although it may not reflect the actual configuration at Cross Keys:

MASONRY PAVER DIAGRAM



© Reserve Advisors

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

- Annually:
 - Inspect and repair settlement, trip hazards and paver spalls at heavy traffic areas
 - Re-set and/or reseal damaged pavers as necessary
 - Periodically clean and remove overgrown vegetation as needed

Priority: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We suggest the Association conduct interim resetting and replacement of minor areas of pavers as normal maintenance, funded from the operating budget.

Pipes, Subsurface Utilities

Line Item: 4.650

Quantity: The Association maintains the subsurface utility pipes throughout the property. The exact amounts and locations of the subsurface utility pipes were not ascertained due



to the nature of the underground construction and the non-invasive nature of the inspection.

History: Original

Condition: Reported satisfactory

Useful Life: Up to and likely beyond 85 years

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

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

Priority: Defer only upon opinion of independent professional or engineer

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

Railing, Steel

Line Item: 4.731

Quantity: Approximately 400 linear feet located near the retaining walls at the side elevations of buildings

History: Unknown age

Condition: Fair to poor overall condition with rust, finish deterioration and paint peeling evident



Railing overview



Rust and finish deterioration



Paint peeling



Rust

Useful Life: Up to 35 years for replacement with the benefit of paint finishes and repairs every six- to eight-years funded through the operating budget.

Component Detail Notes: Steel components at grade and key structural connections are especially prone to failure if not thoroughly maintained. Secure and rust free fasteners and connections will prevent premature deterioration. Preparation of the steel before application of the paint finish is critical to maximize the useful life of the finish.

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

- Annually:
 - Inspect for damage, and excessive finish deterioration or corrosion
 - Test security of railings and inspect connection fasteners

Priority: Per Board discretion

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

Retaining Walls, Masonry

Line Items: 4.740 and 4.741

Quantity: Approximately 1,020 square feet located near the side, rear, and front elevations of buildings and approximately 550 square feet of masonry retaining walls located north of 54 Palmer Green Court

History: The masonry walls at the building exterior are original. The masonry wall on Palmer Green Court was installed in 2023.

Condition: Fair overall condition with organic growth, cracks, mortar deterioration and masonry deterioration evident



Masonry wall north of Palmer Green Court



Masonry retaining wall overview with organic growth



Cracks



Mortar deterioration



Mortar deterioration



Masonry deterioration at railing attachment

Useful Life: Masonry retaining walls have indeterminate useful lives. However, we recommend the Association plan for inspections and capital repairs every 10- to 15-years to forestall deterioration.

Priority: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our cost includes an allowance for an inspection, partial resetting and replacement of up to ten percent (10%). Updates of this Reserve Study will continue to monitor the rate of deterioration and incorporate any available inspection reports.

Retaining Wall, Timber

Line Item: 4.760

Quantity: Approximately 790 square feet located at the side and rear elevations of buildings

History: Unknown age

Condition: Fair overall condition with wood rot, wood deterioration and repairs evident



Timber retaining walls overview



Timber retaining walls overview



Wood rot



Wood rot



Wood deterioration



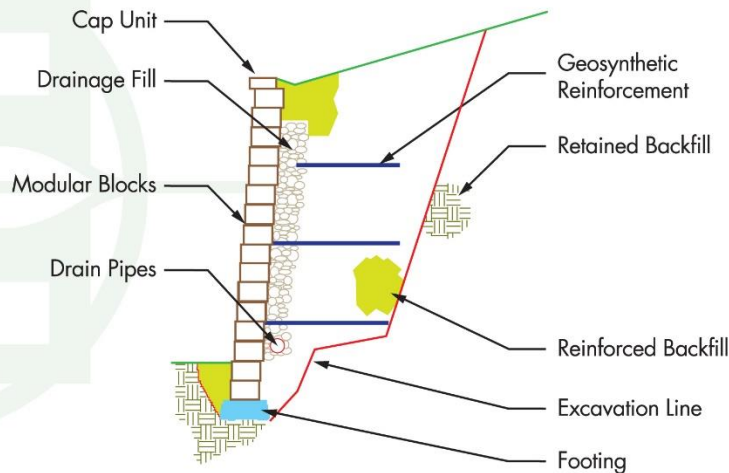
Repairs and wood deterioration

Useful Life: 15- to 20-years for timber retaining walls

Component Detail Notes: We advise Cross Keys replace with a modular, interlocking dry-set masonry retaining wall system. The cost of dry-set masonry retaining walls is similar to the cost of timber walls. However, dry-set masonry retaining walls offer a longer

useful life of up to 35 years and lower total maintenance costs. The following schematic depicts the typical components of a retaining wall system although it may not reflect the actual configuration at Cross Keys:

MASONRY RETAINING WALL DETAIL



© Reserve Advisors

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

- Annually:
 - Inspect and repair leaning sections or damaged areas
 - Inspect and repair erosion at the wall base and backside

Priority: Defer only upon opinion of independent professional or engineer

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

Reserve Study Update

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

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

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

5.METHODOLOGY

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

Cross Keys can fund capital repairs and replacements in any combination of the following:

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

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

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

- The Cash Flow Method to compute, project and illustrate the 30-year Reserve Funding Plan
- Local² costs of material, equipment and labor
- Current and future costs of replacement for the Reserve Components
- Costs of demolition as part of the cost of replacement
- Local economic conditions and a historical perspective to arrive at our estimate of long-term future inflation for construction costs in Baltimore, Maryland at an annual inflation rate³. Isolated or regional markets of

¹ Identified in the APRA "Standards - Terms and Definitions" and the CAI "Terms and Definitions".

² See Credentials for additional information on our use of published sources of cost data.

³ Derived from Marshall & Swift, historical costs and the Bureau of Labor Statistics.

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

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

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



6. CREDENTIALS

HISTORY AND DEPTH OF SERVICE

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

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

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

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

TOTAL STAFF INVOLVEMENT

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

OUR GOAL

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

VAST EXPERIENCE WITH A VARIETY OF BUILDINGS

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

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

OLD TO NEW

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

FREDD G. SMITH, RS
Engineer, Northeast Region
Responsible Advisor

CURRENT CLIENT SERVICES

Fredd G. Smith, an Associate Engineer, is an Advisor for Reserve Advisors, LLC. Mr. Smith is responsible for the inspection and analysis of the condition of clients' property, and recommending engineering solutions to prolong the lives of the components. He also forecasts capital expenditures for the repair and/or replacement of the property components and prepares technical reports on assignments. He is responsible for conducting Life Cycle Cost Analysis and Capital Replacement Forecast services and the preparation of Reserve Study and Transition Study Reports for apartments, high rises, condominiums, townhomes, and homeowners associations.

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



Victoria Springs Homeowners Association – This Association, built in 1994, is located in Olney, Maryland. Home to 120 total units with 48 townhome style units and 72 single family homes, this community includes playgrounds, gazebos, and scenic viewing decks. This community comprises multiple funding plans that separate the townhome expenditures and the single family home expenditures

Springhouse Condominium – This historical building was built in 1960 and was converted to condominiums with 23 units total. This three story building is located in Baltimore City in Maryland. This building is heated by a massive 1,890-MBH boiler. This community also offers a laundry room

Ellicott Meadows Association – Located in Ellicott City, Maryland, this master community association features 164 single family and townhome units stretching over approximately 80 acres. The two sub associations that comprise the master association maintain all the exteriors of the homes. This community has amenities such as a clubhouse with a pool extensive walking paths that connect this massive campus with gazebos and rain gardens for your viewing experience. The Association also maintains their very own waste water treatment plant for the community's use.

Chase at Quince Orchard Homeowners Association, Inc. – Built in 2020 in Gaithersburg Maryland. This is community has single family style homes as well as townhome style homes. This community offers amenities such as playgrounds, bocce ball courts, scenic views and walking paths.

Stone Ridge Homeowners Association, Inc. – This community was built from 1984 to 1985 and is located in Columbia Maryland. This community is a townhome style community featuring scenic walking paths and a playground

Copper Hill Condominium Corporation – This community was built in 1975 and is located in Baltimore Maryland. This community is a townhome style community featuring a community pool and pool house as well as scenic walking paths, tennis courts, and a playground

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, LLC, Mr. Smith attended George Mason University Volgenau School of Engineering in Fairfax, Virginia where he attained his Bachelor of Science degree in Mechanical Engineering. His rigorous coursework focused on using problem solving to understand mechanical systems and principles. During his undergraduate education, Mr. Smith led a team to design and manufacture an exoskeleton to aid a retired army veteran with muscular dystrophy type II in his everyday life.

EDUCATION

George Mason University - B.S. Mechanical Engineering

NICHOLAS R. JULIA, RS
Regional Engineering Manager, Northeast Region

CURRENT CLIENT SERVICES

Nicholas R. Julia, a Civil Engineer, is an Advisor for Reserve Advisors, LLC. Mr. Julia is responsible for the inspection and analysis of the condition of clients' property, and recommending engineering solutions to prolong the lives of the components. He also forecasts capital expenditures for the repair and/or replacement of the property components and prepares technical reports on assignments. He is responsible for conducting Life Cycle Cost Analysis and Capital Replacement Forecast services and the preparation of Reserve Study Reports for condominiums, townhomes and homeowner associations. Nicholas Julia often serves as Quality Assurance Reviewer for all types of developments to ensure our reports maintain the level of quality which is expected of our firm.



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

One Park Crest Condominium is an upscale 19-story high rise building located in McLean, Virginia just outside of Washington, D.C. Residents enjoy an 18th floor club room and outdoor pool. The building also contains an exercise room, library, professionally decorated lobby and underground parking.

The Maryland Club is an exclusive club located in the heart of Baltimore, Maryland. The elegant white marble main building dates back to 1892. The club contains squash courts, a banquet area, a dining hall, and a professional kitchen amongst many other amenities.

Town of St. Michaels, a scenic town located on the Eastern Shore of Maryland. The town includes an administrative building, police station, public works garage and offices, and a historic log cabin. The municipality also maintains the asphalt pavement streets throughout the town, multiple parks, two water towers and a complex arsenic removal water treatment system.

One Loudoun Neighborhood Association is an upscale planned unit development comprising townhomes and single family homes located in Ashburn, Virginia. The property includes a high-end clubhouse with over 12,000 square feet of interior space including a gymnasium and yoga studio. The property also includes walking trails, multiple playgrounds, a tennis court, sports court, and a pool.

3883 Connecticut Avenue Condominium is a 10-story midrise located in Washington, D.C. The building was constructed in 2002 and contains luxurious amenities including an elevated outdoor pool on the 8th floor, party room, exercise facility and an underground parking garage.

Lake Petersburg Association This man-made lake community of 380 single family homes is located in Petersburg, Illinois. Components of the property include a community boat launch, dock, three tennis courts, a basketball court, two maintenance buildings, an office, and vehicular equipment. The Association also maintains an earthen dam on the far side of the lake.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, Mr. Julia attended Marquette University in Milwaukee, Wisconsin where he attained his Bachelor of Science degree in Civil Engineering. His studies focused on transportation engineering and construction management engineering.

EDUCATION

Marquette University - B.S. Civil Engineering

PROFESSIONAL AFFILIATIONS / DESIGNATIONS

Engineer in Training (E.I.T.) – Washington D.C.

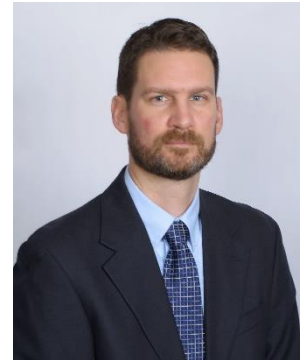
Reserve Specialist (RS) - Community Association Institute

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

CURRENT CLIENT SERVICES

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

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



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

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

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

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

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

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

PRIOR RELEVANT EXPERIENCE

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

EDUCATION

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

PROFESSIONAL AFFILIATIONS/DESIGNATIONS

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

Reserve Specialist (RS) - Community Associations Institute

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



RESOURCES

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

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

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

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

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

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

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

7. DEFINITIONS

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

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

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

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

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

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

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

Long-Lived Property Component - Property component of Cross Keys responsibility not likely to require capital repair or replacement during the next 30 years with an unpredictable remaining Useful Life beyond the next 30 years.

Percent Funded - The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage.

Remaining Useful Life - The estimated remaining functional or useful time in years of a *Reserve Component* based on its age, condition and maintenance.

Reserve Component - Property elements with: 1) Cross Keys responsibility; 2) limited Useful Life expectancies; 3) predictable Remaining Useful Life expectancies; and 4) a replacement cost above a minimum threshold.

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

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

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

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

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

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

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

8. PROFESSIONAL SERVICE CONDITIONS

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

In each case, our inspection and analysis of the subject property is limited to visual observations, is noninvasive and is not meant to nor does it include investigation into statutory, regulatory or code compliance. RA inspects sloped roofs from the ground and inspects flat roofs where safe access (stairs or ladder permanently attached to the structure) is available. Our energy benchmarking services with respect to the subject property is limited to collecting energy and utility data and summarizing such data in the form of an Energy Star Portfolio Manager Report or any other similar report, and hereby expressly excludes any recommendations with respect to the results of such energy benchmarking services or the accuracy of the energy information obtained from utility companies and other third-party sources with respect to the subject property. Our Milestone Phase I inspections are limited to a visual examination of habitable and uninhabitable areas of the building, including the primary structural members and systems. The inspection aims to determine the presence of substantial structural deterioration, and unsafe or dangerous conditions with the structure. The reserve report, Milestone Phase 1 report, and any energy benchmarking report (i.e., any Energy Star Portfolio Manager Report) (including any subsequent revisions thereto pursuant to the terms hereof, collectively, the "Report") are based upon a "snapshot in time" at the moment of inspection. RA may note visible physical defects in the Report. The inspection is made by employees generally familiar with real estate and building construction. Except to the extent readily apparent to RA, RA cannot and shall not opine on the structural integrity of or other physical defects in the property under any circumstances. Without limitation to the foregoing, RA cannot and shall not opine on, nor is RA responsible for, the property's conformity to specific governmental code requirements for fire, building, earthquake, occupancy or otherwise.

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

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



Report - RA will complete the services in accordance with the Proposal. The Report represents a valid opinion of RA's findings and recommendations with respect to the reserve study or Milestone Phase I, as applicable, and is deemed complete. RA will consider any additional information made available to RA within 6 months of issuing the Report and issue a revised Report based on such additional information if a timely request for a revised Report is made by you. RA retains the right to withhold a revised Report if payment for services was not tendered in a timely manner. All information received by RA and all files, work papers or documents developed by RA during the course of the engagement shall remain the property of RA and may be used for whatever purpose it sees fit. RA reserves the right to, and you acknowledge and agree that RA may, use any data provided by you in connection with the services, or gathered as a result of providing such services, including in connection with creating and issuing any Report, in a de-identified and aggregated form for RA's business purposes.

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

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

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

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

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

RESERVE EXPENDITURES

Cross Keys Condominium I Baltimore, Maryland

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Costs, \$		
						Useful	Remaining	Unit (2025)	Per Phase (2025)	Total (2025)
Exterior Building Elements										
1.152	2,150	717 Square Feet	Decks, Wood, Deck Boards Replacement and Interim Repairs, Phased		2042	12 to 18	17 to 21	18.00	12,900	38,700
1.157	2,150	717 Square Feet	Decks, Wood, Replacement, Phased (Near term is Remaining)		2027	to 35	2 to 4	62.00	44,434	133,300
1.240	8,000	2,667 Linear Feet	Gutters and Downspouts, Aluminum, Phased		2041	20 to 25	16 to 18	11.00	29,333	88,000
1.260	10	10 Each	Light Fixtures		2036	to 20	11	300.00	3,000	3,000
1.280	1,160	387 Squares	Roofs, Asphalt Shingles, 2019 - 2022, Phased		2041	20 to 25	16 to 18	540.00	208,802	626,400
1.590	7,400	7,400 Square Feet	Soffit and Fascia, Wood (2026 is Planned)		2026	to 40	1	5.80	42,920	42,920
1.820	78,300	78,300 Square Feet	Walls, Masonry, Inspections and Repairs		2031	8 to 12	6	3.00	234,900	234,900
Building Services Elements										
3.300	10	10 Each	Electrical System, Main Panels		2040	to 70+	15	9,600.00	96,000	96,000
3.605	1	1 Allowance	Pipes, Domestic Water, Waste and Vent, Partial		2028	to 80+	3	80,000.00	80,000	80,000
3.910	4	2 Each	Water Heaters, Phased (2008 - 2016)		2028	15 to 20	3 to 7	13,000.00	26,000	52,000
3.911	6	2 Each	Water Heaters, Phased (2017 - 2021)		2035	15 to 20	10 to 14	13,000.00	26,000	78,000
Property Site Elements										
4.020	6,250	6,250 Square Yards	Asphalt Pavement, Crack Repair and Patch		2028	3 to 5	3	0.70	4,375	4,375
4.040	6,250	6,250 Square Yards	Asphalt Pavement, Mill and Overlay		2032	15 to 20	7	22.50	140,625	140,625
4.110	3,100	465 Linear Feet	Concrete Curbs, Partial		2032	to 65	7 to 30+	28.00	13,020	86,800
4.140	7,800	520 Square Feet	Concrete Sidewalks, Partial		2029	to 65	4 to 30+	11.50	5,980	89,700
4.285	1,900	475 Linear Feet	Fences, Wood, Privacy, Phased		2039	15 to 20	14 to 17	60.00	28,500	114,000
4.560	13	13 Each	Light Poles and Fixtures		2031	to 25	6	2,700.00	35,100	35,100
4.620	530	530 Square Feet	Pavers, Masonry, Replacement, Common		2027	15 to 20	2	26.00	13,780	13,780
4.650	1	1 Allowance	Pipes, Subsurface Utilities, Partial		2040	to 85+	15	20,000.00	20,000	20,000
4.731	400	400 Linear Feet	Railings, Metal		2026	to 35	1	64.00	25,600	25,600
4.740	1,020	1,020 Square Feet	Retaining Walls, Masonry, Inspection and Capital Repairs, Buildings		2026	10 to 15	1	5.70	5,814	5,814
4.741	550	550 Square Feet	Retaining Walls, Masonry, Inspection and Capital Repairs, Palmer Green		2036	10 to 15	11	5.70	3,135	3,135
4.760	790	198 Square Feet	Retaining Walls, Timber, Phased		2030	15 to 20	5 to 11	95.00	18,763	75,050

Anticipated Expenditures, By Year (\$5,094,633 over 30 years)

Years :

Explanatory Notes:

- 1) **3.0%** is the estimated Inflation Rate for estimating Future Replacement Costs.
- 2) **FY2025** is Fiscal Year beginning January 1, 2025 and ending December 31, 2025.

Percentage of Future Expenditures	RUL = 0 FY2025	1 2026	2 2027	3 2028	4 2029	5 2030	6 2031	7 2032	8 2033	9 2034	10 2035	11 2036	12 2037	13 2038	14 2039
1.3%															
1.9%			47,140		50,010										
2.9%															
0.1%												4,153			
20.3%															
0.9%		44,208													
22.8%							280,483								
2.9%															
15.4%				87,418					101,342					117,483	
3.3%				28,411				31,977							
3.4%											34,942		37,070		39,327
0.7%				4,781								6,056			
9.5%								172,951							
1.3%								16,013							
1.2%					6,731					7,803					9,045
3.5%															43,109
0.8%							41,911								
0.8%			14,619												
1.4%															
0.5%		26,368													
0.5%		5,988										8,048			
0.2%												4,340			
4.3%						21,751		23,076		24,481		25,972			
	0	76,564	61,759	120,610	56,741	21,751	322,394	244,016	101,342	32,283	34,942	48,568	37,070	117,483	91,481

2025 to 2040

Years 2041 to 2055

15 2040	16 2041	17 2042	18 2043	19 2044	20 2045	21 2046	22 2047	23 2048	24 2049	25 2050	26 2051	27 2052	28 2053	29 2054	30 2055
		21,322		22,620		23,998									
	47,071	48,484	49,938												
	335,066	345,118	355,471												
	376,946										506,583				
149,565			136,195				49,819	157,887			56,071		183,034		
														61,271	
6,816				7,672				8,634				312,369			
		21,520										28,921			
				10,486					12,156					14,092	
44,402	45,734	47,106													
31,159							26,404				41,876				
						10,816									
						5,832									
										39,285		41,677		44,215	
231,942	804,817	483,549	541,604	40,778	0	40,646	76,223	166,521	12,156	81,160	562,655	382,967	183,034	119,578	0

RESERVE FUNDING PLAN

CASH FLOW ANALYSIS

Cross Keys

Condominium I

Individual Reserve Budgets & Cash Flows for the Next 30 Years

Baltimore, Maryland		FY2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Reserves at Beginning of Year	(Note 1)	466,062	538,368	587,805	656,926	671,714	755,180	880,010	707,259	613,231	665,321	792,962	925,613	1,052,392	1,198,808	1,272,341	1,378,976
Total Recommended Reserve Contributions	(Note 2)	66,688	111,000	114,300	117,700	121,200	124,800	128,500	132,400	136,400	140,500	144,700	149,000	153,500	158,100	162,800	167,700
Estimated Interest Earned, During Year	(Note 3)	5,618	15,001	16,580	17,698	19,006	21,781	21,143	17,589	17,031	19,425	22,892	26,347	29,986	32,916	35,316	36,365
Anticipated Expenditures, By Year		0	(76,564)	(61,759)	(120,610)	(56,741)	(21,751)	(322,394)	(244,016)	(101,342)	(32,283)	(34,942)	(48,568)	(37,070)	(117,483)	(91,481)	(231,942)
Anticipated Reserves at Year End		<u>\$538,368</u>	<u>\$587,805</u>	<u>\$656,926</u>	<u>\$671,714</u>	<u>\$755,180</u>	<u>\$880,010</u>	<u>\$707,259</u>	<u>\$613,231</u>	<u>\$665,321</u>	<u>\$792,962</u>	<u>\$925,613</u>	<u>\$1,052,392</u>	<u>\$1,198,808</u>	<u>\$1,272,341</u>	<u>\$1,378,976</u>	<u>\$1,351,098</u>

(continued)

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

	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055
Reserves at Beginning of Year	1,351,098	746,928	457,319	106,425	253,643	446,165	602,690	727,384	763,928	963,481	1,104,264	766,731	608,279	654,465	772,697
Total Recommended Reserve Contributions	172,700	177,900	183,200	183,200	183,200	183,200	183,200	183,200	188,700	194,400	200,200	206,200	212,400	218,800	225,400
Estimated Interest Earned, During Year	27,946	16,041	7,509	4,796	9,322	13,971	17,717	19,865	23,009	27,543	24,922	18,315	16,820	19,010	23,906
Anticipated Expenditures, By Year	(804,817)	(483,549)	(541,604)	(40,778)	0	(40,646)	(76,223)	(166,521)	(12,156)	(81,160)	(562,655)	(382,967)	(183,034)	(119,578)	0
Anticipated Reserves at Year End	<u>\$746,928</u>	<u>\$457,319</u>	<u>\$106,425</u>	<u>\$253,643</u>	<u>\$446,165</u>	<u>\$602,690</u>	<u>\$727,384</u>	<u>\$763,928</u>	<u>\$963,481</u>	<u>\$1,104,264</u>	<u>\$766,731</u>	<u>\$608,279</u>	<u>\$654,465</u>	<u>\$772,697</u>	<u>\$1,022,003</u>

(NOTE 5)

(NOTE 4)

Explanatory Notes:

- 1) Year 2025 starting reserves are as of July 31, 2025; FY2025 starts January 1, 2025 and ends December 31, 2025.
- 2) Reserve Contributions for 2025 are the remaining budgeted 5 months; 2026 is the first year of recommended contributions.
- 3) 2.7% is the estimated annual rate of return on invested reserves; 2025 is a partial year of interest earned.
- 4) Accumulated year 2055 ending reserves consider the age, size, overall condition and complexity of the property.
- 5) Threshold Funding Year (reserve balance at critical point).