LEVEL 2 REPLACEMENT RESERVE REPORT FY 2026
SHIPLEYS CROSSING HOA

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REPLACEMENT RESERVE REPORT

SHIPLEYS CROSSING HOA

MILLERSVILLE, MARYLAND
April 23, 2025
Revised June 17, 2025

Description. Shipley's Crossing HOA is a Homeowner's Association located in Millersville, Maryland. Constructed between 2007 and 2014, the community consists of 59 single-family homes in the south section, 80 villa/townhome units in the north section, and a clubhouse with adjoining pool. The survey examined the common elements of the property, including:

- Entry monuments for the north and south sections of the community.
- North section villa/townhome roads and parking, and driveway aprons.
- North section sidewalks, paths, curbs and gutters.
- North section and clubhouse fencing and retaining walls.
- North and south sections mailbox clusters.
- Clubhouse waterlines, sanitary lines, and irrigation.
- North section stormwater management and pond.
- Clubhouse exterior main pool.
- Clubhouse building exterior, roofing, interior, and building systems.

EXECUTIVE SUMMARY

This Reserve Study has been prepared for the Shipleys Crossing HOA for the Fiscal Year 2026 covering the period from January 1, 2026 to December 31, 2026. The Replacement Reserves Starting Balance as of January 1, 2026, the reported Current Annual Funding for Reserves, and the Recommended Annual Reserve Funding level for 2026 are:

	Opening Balance	Annual Contribution	Recommended Funding
Clubhouse	$185,140	$21,739	$30,828
North	$232,340	$21,703	$21,901
South	$19,510	$892	$966

The increase in the Recommended Annual Funding level shown within each of the three areas of Shipley's Crossing (North, South, and Clubhouse) is due, in part, to the current high rate of inflation in today's construction industry which is pushing replacement costs higher. We recommend that the Association increase its Reserve Funding level in the clubhouse section as soon as possible. Given the high rates of inflation in today's construction industry, the longer that the Association delays in adequately funding its Reserves, the harder it will become to make up for the underfunding. Furthermore, delaying this increase will place an unfair financial burden on long-term and future owners, and may adversely affect property values.

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

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

Level of Service. This study has been performed as a Level 2 Update with Site Visit/On-Site Review as defined by the Community Associations Institute's, National Reserve Study Standards. As such, the component inventory is based on the study that was performed by MillerDodson reserve study of February 2020. This inventory was adjusted to reflect changes provided by the Community Manager and/or the Board of Directors, or adjustments made based on the site visit and visual assessment performed by the Analyst. The analysis, including fund status and funding plan, is developed from the adjusted inventory.

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

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

- **Inventory of Items Owned by the Association.** Section B lists the Projected Replacements of the commonly owned items that require periodic replacement using funding from Replacement Reserves. The Replacement Reserve Inventory also provides information about excluded items, which are items whose replacements are not scheduled for funding from Replacement Reserves.

- **Condition of Items Owned by the Association.** Section B includes our estimates of the normal economic life and the remaining economic life for the projected replacements. Section C provides a year-by-year listing of the projected replacements. Section D provides additional detail for items that are unique or deserving of attention because of their condition or the manner in which they have been treated in this study.

- **Financial Plan.** The Association has a fiduciary responsibility to protect the appearance, value, and safety of the property and it is therefore essential the Association have a financial plan that provides funding for the projected replacements. In conformance with American Institute of Certified Public Accountant guidelines, Section A, Replacement Reserve Analysis evaluates the current funding of Replacement Reserves as reported by the Association and recommends annual funding of Replacement Reserves by the Cash Flow Method. Section A, Replacement Reserve Analysis includes graphic and tabular presentations of the reported current funding and the recommended funding based on the Cash Flow Method. An Executive Summary of these calculations is provided on Page A1.

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

- The Request for Proposal submitted and executed by the Association.

- Miller+Dodson performed a visual evaluation commencing on April 10, 2025 to determine the remaining useful life and replacement cost for the commonly owned elements of this facility.

- This study contains additional recommendations to address inflation for the Cash Flow Method only. For this recommendation, Miller+Dodson uses the Producers Price Index (PPI), which gauges inflation in manufacturing and construction. Please see page A5 for further details.

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

Acknowledgment. Miller+Dodson Associates would like to acknowledge the assistance and input of Mr. Mike Bonk, HOA President; Mr Charlie Kerrigan, Past HOA President; and Ms Ellen Braswell, Association Manager who provided very helpful insight into the current operations of the property.

Analyst's Credentials. Brian R. Kelm, PE holds a bachelor's degree in civil engineering from Iowa State University of Science and Technology and a master's degree in civil engineering from Purdue University. He is a Professional Engineer in the states of Maryland and Indiana. He has over 40 years of experience as a civil engineer specializing in construction management and contracting for the federal government. He is a member of the American Society of Civil Engineers, the Society of Military Engineers, and the National Society of Professional Engineers.

Respectfully Submitted,

millerdodson
CAPITAL RESERVE CONSULTANTS

Brian R. Kelm
Brian R. Kelm, PE

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SECTION A - FINANCIAL ANALYSIS

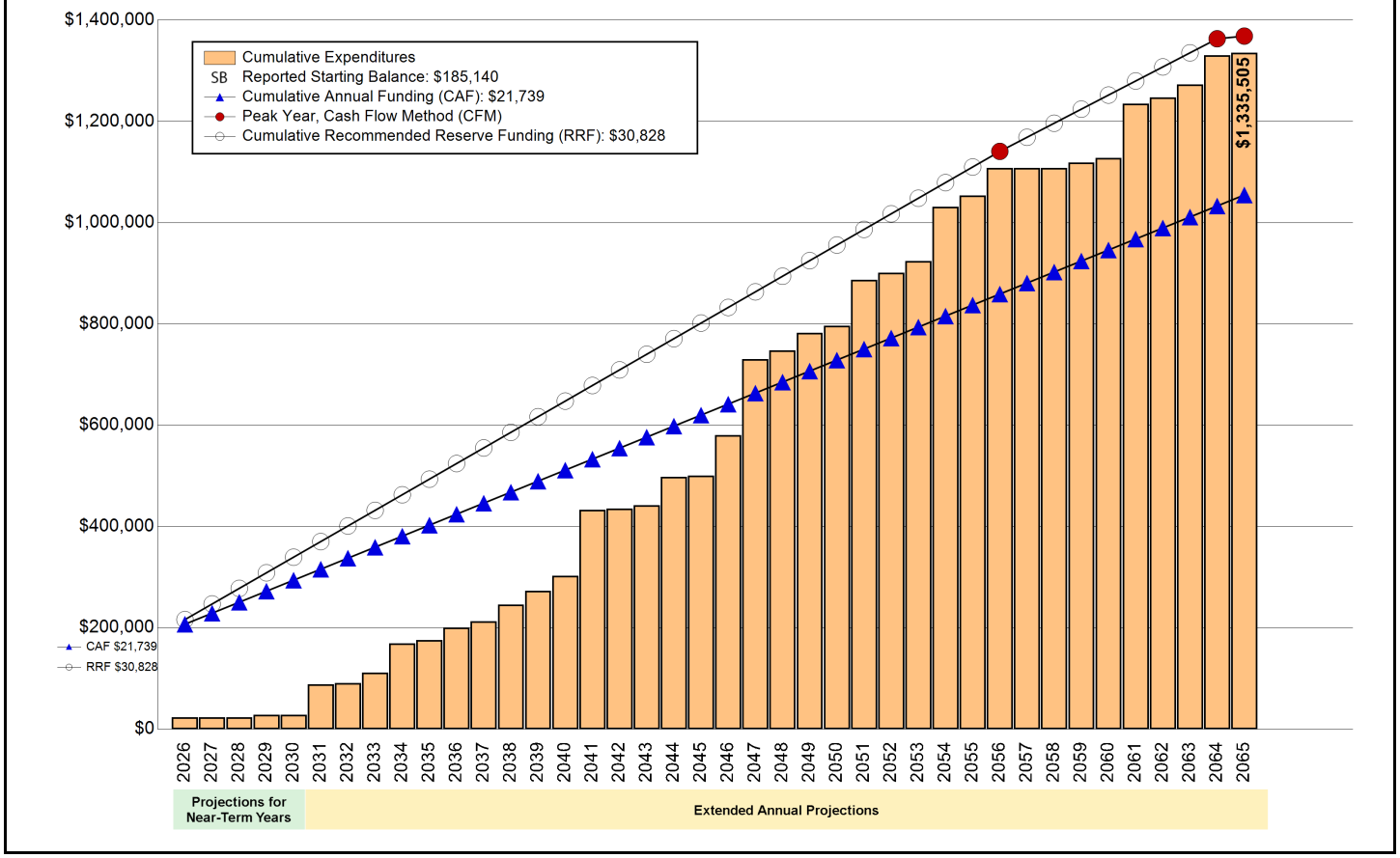
The Shipley's Crossing HOA, Clubhouse Replacement Reserve Analysis uses the Cash Flow Method (CFM) to calculate Replacement Reserve funding for the periodic replacement of the 104 Projected Replacements identified in the Replacement Reserve Inventory.

$30,828 **RECOMMENDED REPLACEMENT RESERVE FUNDING FOR THE STUDY YEAR, 2026**
$18.48 Per unit (average), minimum monthly funding of Replacement Reserves

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

Shipley's Crossing HOA, Clubhouse reports a Starting Balance of $185,140 and Annual Funding totaling $21,739, which is inadequate to fund projected replacements starting in 2047. See Page A.3 for a more detailed evaluation.

#1 - Cumulative Replacement Reserve Funding and Expenditures Graph



The increase in the Recommended Annual Funding level shown above is due, in part, to the current high rate of inflation in today's construction industry which is pushing replacement costs higher. We recommend that the Association increase its Reserve Funding level in the clubhouse section as soon as possible. Given the high rates of inflation in today's construction industry, the longer that the Association delays in adequately funding its Reserves, the harder it will become to make up for the underfunding. Furthermore, delaying this increase will place an unfair financial burden on long-term and future owners, and may adversely affect property values.

REPLACEMENT RESERVE ANALYSIS - GENERAL INFORMATION

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

2026 **STUDY YEAR**

The Association reports that their accounting year begins on January 1, and the Study Year, the first year evaluated by the Replacement Reserve Analysis, begins on January 1, 2026.

40 Years **STUDY PERIOD**

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

$185,140 **STARTING BALANCE**

The Association reports Replacement Reserves on Deposit totaling $185,140 at the start of the Study Year.

Level Two **LEVEL OF SERVICE**

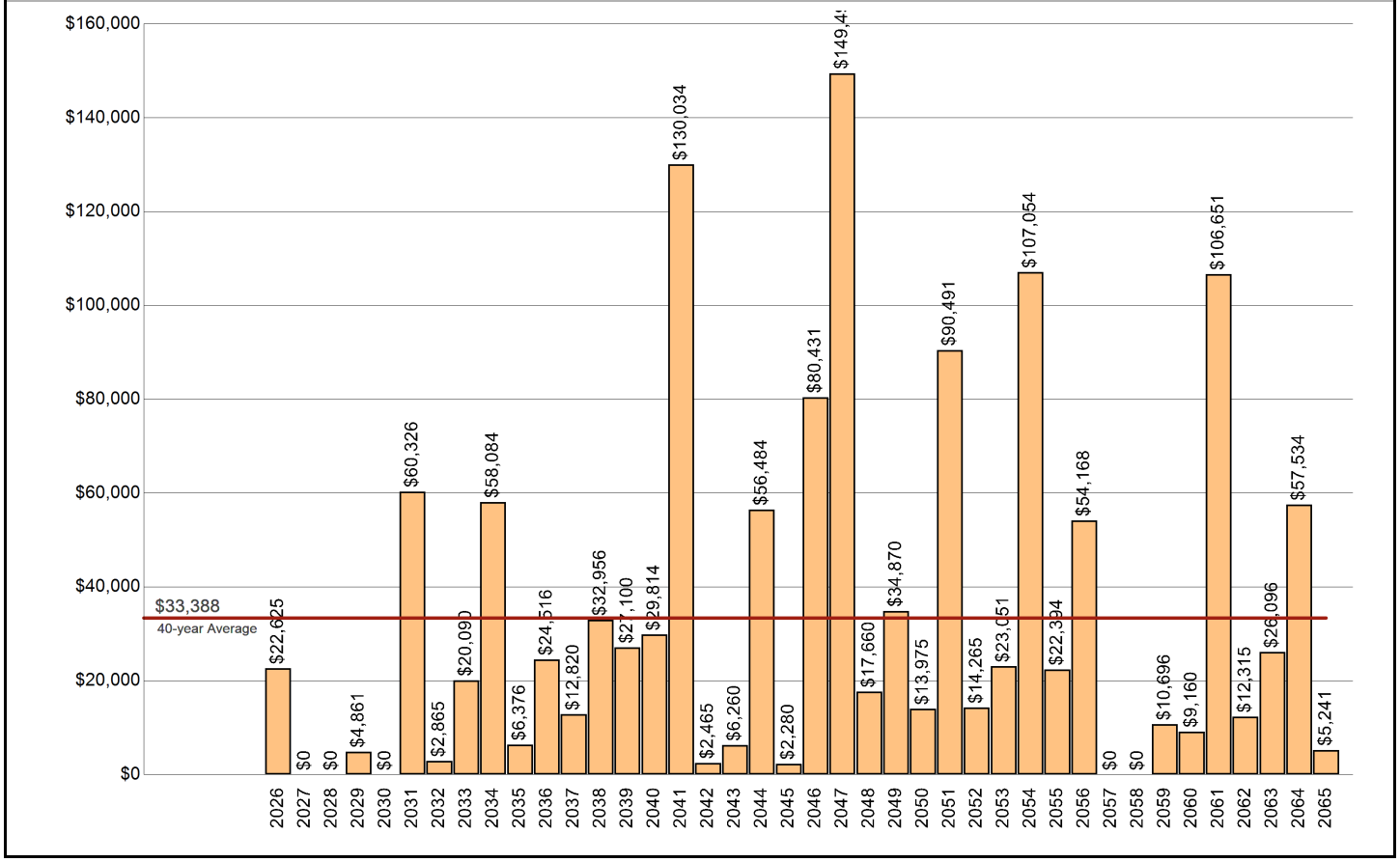
The Replacement Reserve Inventory has been developed in compliance with the National Reserve Study Standards for a Level Two Study, as defined by the Community Associations Institute (CAI).

$1,335,505 **REPLACEMENT RESERVE INVENTORY - PROJECTED REPLACEMENTS**

The Shipley's Crossing HOA, Clubhouse Replacement Reserve Inventory identifies 104 items that will require periodic replacement, that are to be funded from Replacement Reserves. We estimate the cost of these replacements will be $1,335,505 over the 40-year Study Period. The Projected Replacements are divided into 5 major categories starting on Page B.3. Pages B.1-B.2 provide detailed information on the Replacement Reserve Inventory.

#2 - Annual Expenditures for Projected Replacements Graph

This graph shows annual expenditures for Projected Replacements over the 40-year Study Period. The red line shows the average annual expenditure of $33,388. Section C provides a year by year Calendar of these expenditures.



UPDATING OF THE FUNDING PLAN

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

UPDATING OF THE REPLACEMENT RESERVE STUDY

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

ANNUAL EXPENDITURES AND CURRENT FUNDING

The annual expenditures that comprise the $1,335,505 of Projected Expenditures over the 40-year Study Period and the impact of the Association continuing to fund Replacement Reserves at the current level are detailed in Table 3.

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

Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Starting Balance	$185,140									
Projected Replacements	($22,625)			($4,861)		($60,326)	($2,865)	($20,090)	($58,084)	($6,376)
Annual Deposit	$21,739	$21,739	$21,739	$21,739	$21,739	$21,739	$21,739	$21,739	$21,739	$21,739
End of Year Balance	$184,254	$205,993	$227,732	$244,610	$266,349	$227,762	$246,636	$248,285	$211,940	$227,303
Cumulative Expenditures	($22,625)	($22,625)	($22,625)	($27,486)	($27,486)	($87,812)	($90,677)	($110,767)	($168,851)	($175,227)
Cumulative Receipts	$206,879	$228,618	$250,357	$272,096	$293,835	$315,574	$337,313	$359,052	$380,791	$402,530
Year	**2036**	**2037**	**2038**	**2039**	**2040**	**2041**	**2042**	**2043**	**2044**	**2045**
Projected Replacements	($24,516)	($12,820)	($32,956)	($27,100)	($29,814)	($130,034)	($2,465)	($6,260)	($56,484)	($2,280)
Annual Deposit	$21,739	$21,739	$21,739	$21,739	$21,739	$21,739	$21,739	$21,739	$21,739	$21,739
End of Year Balance	$224,526	$233,445	$222,227	$216,866	$208,792	$100,496	$119,770	$135,249	$100,504	$119,963
Cumulative Expenditures	($199,744)	($212,564)	($245,520)	($272,620)	($302,433)	($432,468)	($434,933)	($441,193)	($497,677)	($499,957)
Cumulative Receipts	$424,269	$446,008	$467,747	$489,486	$511,225	$532,964	$554,703	$576,442	$598,181	$619,920
Year	**2046**	**2047**	**2048**	**2049**	**2050**	**2051**	**2052**	**2053**	**2054**	**2055**
Projected Replacements	($80,431)	($149,496)	($17,660)	($34,870)	($13,975)	($90,491)	($14,265)	($23,051)	($107,054)	($22,394)
Annual Deposit	$21,739	$21,739	$21,739	$21,739	$21,739	$21,739	$21,739	$21,739	$21,739	$21,739
End of Year Balance	$61,271	($66,486)	($62,407)	($75,538)	($67,774)	($136,526)	($129,052)	($130,364)	($215,679)	($216,334)
Cumulative Expenditures	($580,388)	($729,884)	($747,544)	($782,414)	($796,389)	($886,880)	($901,145)	($924,196)	($1,031,250)	($1,053,644)
Cumulative Receipts	$641,659	$663,398	$685,137	$706,876	$728,615	$750,354	$772,093	$793,832	$815,571	$837,310
Year	**2056**	**2057**	**2058**	**2059**	**2060**	**2061**	**2062**	**2063**	**2064**	**2065**
Projected Replacements	($54,168)			($10,696)	($9,160)	($106,651)	($12,315)	($26,096)	($57,534)	($5,241)
Annual Deposit	$21,739	$21,739	$21,739	$21,739	$21,739	$21,739	$21,739	$21,739	$21,739	$21,739
End of Year Balance	($248,763)	($227,024)	($205,285)	($194,242)	($181,663)	($266,575)	($257,151)	($261,508)	($297,303)	($280,805)
Cumulative Expenditures	($1,107,812)	($1,107,812)	($1,107,812)	($1,118,508)	($1,127,668)	($1,234,319)	($1,246,634)	($1,272,730)	($1,330,264)	($1,335,505)
Cumulative Receipts	$859,049	$880,788	$902,527	$924,266	$946,005	$967,744	$989,483	$1,011,222	$1,032,961	$1,054,700

EVALUATION OF CURRENT FUNDING

The evaluation of Current Funding (Starting Balance of $185,140 & annual funding of $21,739), is done in today's dollars with no adjustments for inflation or interest earned on Replacement Reserves. The evaluation assumes Replacement Reserves will only be used for the 104 Projected Replacements identified in the Replacement Reserve Inventory and that the Association will continue Annual Funding of $21,739 throughout the 40-year Study Period.

Annual Funding of $21,739 is approximately 71 percent of the $30,828 recommended Annual Funding calculated by the Cash Flow Method for 2026, the Study Year.

See the Executive Summary for the Current Funding Statement.

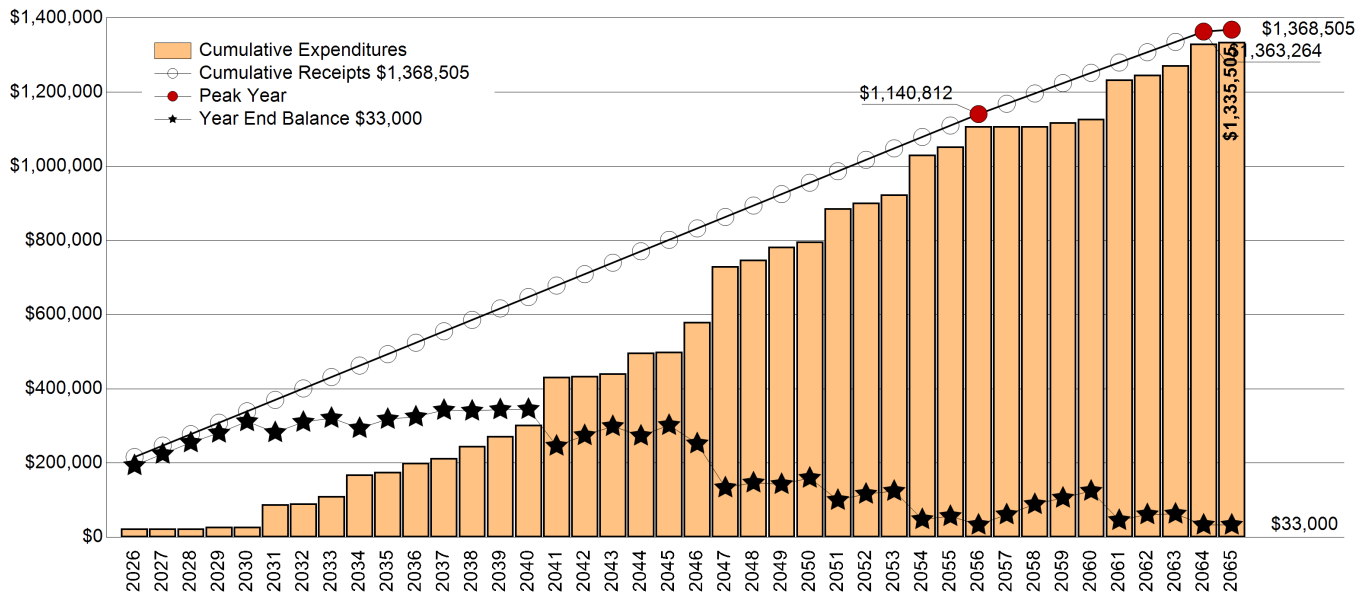
CASH FLOW METHOD FUNDING

$30,828 **RECOMMENDED REPLACEMENT RESERVE FUNDING FOR 2026**
$18.48 Per unit (average), minimum monthly funding of Replacement Reserves

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

- **Peak Years.** The First Peak Year occurs in 2056 with Replacement Reserves on Deposit dropping to the Minimum Balance after the completion of $1,107,812 of replacements from 2026 to 2056. Recommended funding is anticipated to decline in 2057. Peak Years are identified in Chart 4 and Table 5.
- **Threshold (Minimum Balance).** The calculations assume a Minimum Balance of $33,000 will always be held in reserve, which is calculated by rounding the 12-month 40-year average annual expenditure of $33,388 as shown on Graph #2.
- **Cash Flow Method Study Period.** Cash Flow Method calculates funding for $1,335,505 of expenditures over the 40-year Study Period. It does not include funding for any projects beyond 2065 and in 2065, the end of year balance will always be the Minimum Balance.

#4 - Cash Flow Method - Graph of Cumulative Receipts and Expenditures - Years 0 through 39



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

Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Starting Balance	$185,140									
Projected Replacements	($22,625)			($4,861)		($60,326)	($2,865)	($20,090)	($58,084)	($6,376)
Annual Deposit	$30,828	$30,828	$30,828	$30,828	$30,828	$30,828	$30,828	$30,828	$30,828	$30,828
End of Year Balance	$193,343	$224,171	$254,999	$280,967	$311,795	$282,297	$310,260	$320,998	$293,742	$318,194
Cumulative Expenditures	($22,625)	($22,625)	($22,625)	($27,486)	($27,486)	($87,812)	($90,677)	($110,767)	($168,851)	($175,227)
Cumulative Receipts	$215,968	$246,796	$277,624	$308,453	$339,281	$370,109	$400,937	$431,765	$462,593	$493,421

Year	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Projected Replacements	($24,516)	($12,820)	($32,956)	($27,100)	($29,814)	($130,034)	($2,465)	($6,260)	($56,484)	($2,280)
Annual Deposit	$30,828	$30,828	$30,828	$30,828	$30,828	$30,828	$30,828	$30,828	$30,828	$30,828
End of Year Balance	$324,506	$342,514	$340,386	$344,114	$345,129	$245,922	$274,286	$298,854	$273,198	$301,746
Cumulative Expenditures	($199,744)	($212,564)	($245,520)	($272,620)	($302,433)	($432,468)	($434,933)	($441,193)	($497,677)	($499,957)
Cumulative Receipts	$524,249	$555,078	$585,906	$616,734	$647,562	$678,390	$709,218	$740,046	$770,874	$801,703

Year	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055
Projected Replacements	($80,431)	($149,496)	($17,660)	($34,870)	($13,975)	($90,491)	($14,265)	($23,051)	($107,054)	($22,394)
Annual Deposit	$30,828	$30,828	$30,828	$30,828	$30,828	$30,828	$30,828	$30,828	$30,828	$30,828
End of Year Balance	$252,143	$133,475	$146,643	$142,601	$159,454	$99,791	$116,354	$124,131	$47,906	$56,340
Cumulative Expenditures	($580,388)	($729,884)	($747,544)	($782,414)	($796,389)	($886,880)	($901,145)	($924,196)	($1,031,250)	($1,053,644)
Cumulative Receipts	$832,531	$863,359	$894,187	$925,015	$955,843	$986,671	$1,017,499	$1,048,328	$1,079,156	$1,109,984

Year	1st Peak - 2056	2057	2058	2059	2060	2061	2062	2063	2nd Peak - 2064	3rd Peak - 2065
Projected Replacements	($54,168)			($10,696)	($9,160)	($106,651)	($12,315)	($26,096)	($57,534)	($5,241)
Annual Deposit	$30,828	$27,807	$27,807	$27,807	$27,807	$27,807	$27,807	$27,807	$27,807	$5,241
End of Year Balance	$33,000	$60,807	$88,613	$105,724	$124,370	$45,526	$61,017	$62,727	$33,000	$33,000
Cumulative Expenditures	($1,107,812)	($1,107,812)	($1,107,812)	($1,118,508)	($1,127,668)	($1,234,319)	($1,246,634)	($1,272,730)	($1,330,264)	($1,335,505)
Cumulative Receipts	$1,140,812	$1,168,619	$1,196,425	$1,224,232	$1,252,038	$1,279,845	$1,307,651	$1,335,458	$1,363,264	$1,368,505

INFLATION ADJUSTED FUNDING

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

$30,828 **2026 - CASH FLOW METHOD RECOMMENDED FUNDING**

The 2026 Study Year calculations have been made using current replacement costs

$31,753 **2027 - 3.0% INFLATION ADJUSTED FUNDING**

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

- Starting Balance totaling $193,343 on January 1, 2027.
- No Expenditures from Replacement Reserves in 2027.

$32,706 **2028 - 3.0% INFLATION ADJUSTED FUNDING**

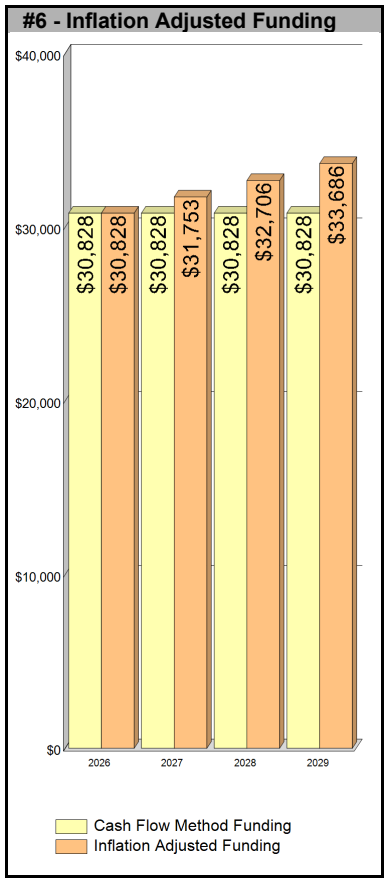
A new analysis calculates the 2028 funding based on three assumptions:

- Starting balance of approximately $225,096 = 2028 Starting Balance $193,343, plus Inflation Adjusted Funding $31,753 for 2027, minus $0 2027 Inflation Adjusted Cost.
- No Expenditures from Replacement Reserves in 2028.

$33,686 **2029 - 3.0% INFLATION ADJUSTED FUNDING**

A new analysis calculates the 2029 funding based on three assumptions:

- Starting balance of approximately $257,802 = 2029 Starting Balance $225,096, plus Inflation Adjusted Funding $32,706 for 2028, minus $0 2028 Inflation Adjusted Cost.
- 2029 Non-inflation replacement costs listed in Section C, $4,861, will be replaced at approximately $5,312, 3.0% compounded inflation increase to 2026 costs.
- The $33,686 inflation-adjusted funding in 2029 is a 3.0% increase over the non-inflation-adjusted funding of $32,706 for 2028.



Year Four and Beyond

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

Inflation Adjustment

Prior to approving a budget based upon the 2027, 2028 and 2029 inflation-adjusted funding calculations above, the 3.00 percent base rate of inflation used in our calculations should be compared to rates published by the Bureau of Labor Statistics. If there is a significant discrepancy (over 1 percentage point), contact Miller+Dodson Associates prior to using the Inflation Adjusted Funding.

Interest on Reserves

The recommended funding calculations do not account for interest earned on Replacement Reserves. In 2026, based on a 1.00 percent interest rate, we estimate the Association may earn $1,892 on an average balance of $189,242, $2,092 on an average balance of $209,220 in 2027, and $2,414 on $241,449 in 2028. The Association may elect to attribute 100 percent of the earned interest to Reserves, resulting in a reduction in the 2026 funding from $30,828 to $28,936 (a 6.13 percent reduction), $31,753 to $29,661 in 2027 (a 6.58 percent reduction), and $32,706 to $30,291 in 2028 (a 7.38 percent reduction).

REPLACEMENT RESERVE STUDY - SUPPLEMENTAL COMMENTS

Maryland's new Reserves and Reserve Study Law, HB-107, is intended to ensure that adequate Reserve Funding is available for capital repair and replacement projects when it is needed. This is done by funding the Reserve Fund annually. The law requires that the Recommended Annual Reserve Funding amount in the most recent Reserve Study be included in the Association's annual budgets. If this is an Association's "initial" (first) professionally conducted Reserve Study, HB-107 gives the Association up to three (3) fiscal years following the fiscal year in which the Reserve Study was completed, to attain the Annual Reserve Funding level recommended in the initial Reserve Study.

SECTION B - REPLACEMENT RESERVE INVENTORY

- **PROJECTED REPLACEMENTS.** Shipley's Crossing HOA, Clubhouse - Replacement Reserve Inventory identifies 104 items that are Projected Replacements and the periodic replacements of these items are scheduled for funding from Replacement Reserves. The Projected Replacements have an estimated one-time replacement cost of $1,115,403. Cumulative Replacements totaling $1,335,505 are scheduled in the Replacement Reserve Inventory over the 40-year Study Period. Cumulative Replacements include those components that are replaced more than once during the period of the study.

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

- **TAX CODE.** The United States Tax Code grants favorable tax status to Replacement Reserves, conditioned on expenditures being made within certain guidelines. These guidelines typically exclude maintenance activities, minor repairs, and capital improvements.

- **EXCLUDED ITEMS.** Some of the items contained in the Replacement Reserve Inventory are 'Excluded Items'. Multiple categories of items are typically excluded from funding by Replacement Reserves, including but not limited to:

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

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

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

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

- **CATEGORIES.** The 104 items included in the Shipley's Crossing HOA, Clubhouse Replacement Reserve Inventory are divided into 5 major categories. Each category is printed on a separate page, beginning on page B.3.

- **LEVEL OF SERVICE.** This Replacement Reserve Inventory has been developed in compliance with the standards established for a Level 2 Update, as defined by the National Reserve Study Standards, established in 1998 by the Community Associations Institute, which states:

  This study has been performed as a Level 2 Update with Site Visit/On-Site Review as defined by the Community Associations Institute's, National Reserve Study Standards. As such, the component inventory is based on the study that was performed by MillerDodson reserve study of February 2020. This inventory was adjusted to reflect changes provided by the Community Manager and/or the Board of Directors, or adjustments made based on the site visit and visual assessment performed by the Analyst. The analysis, including fund status and funding plan, is developed from the adjusted inventory.

REPLACEMENT RESERVE INVENTORY - GENERAL INFORMATION (CONT'D)

- **INVENTORY DATA.** Each of the 104 Projected Replacements listed in the Replacement Reserve Inventory includes the following data:

  Item Number. The Item Number is assigned sequentially and is intended for identification purposes only.

  Item Description. We have identified each item included in the Inventory. Additional information may be included in the Comments section at the bottom of each page of the Inventory.

  Units. We have used standard abbreviations to identify the number of units including SF-square feet, LF-lineal feet, SY-square yard, LS-lump sum, EA-each, and PR-pair. Non-standard abbreviations are noted in the Comments section at the bottom of the page.

  Number of Units. The methods used to develop the quantities are discussed in "Level of Service" above.

  Unit Replacement Cost. We use four sources to develop the unit cost data shown in the Inventory; actual replacement cost data provided by the client, information provided by local contractors and suppliers, industry standard estimating manuals, and a cost database we have developed based upon our detailed interviews with contractors and service providers who are specialists in their respective lines of work.

  Normal Economic Life (Years). The number of years that a new and properly installed item should be expected to remain in service.

  Remaining Economic Life (Years). The estimated number of years before an item will need to be replaced. In "normal" conditions, this could be calculated by subtracting the age of the item from the Normal Economic Life of the item, but only rarely do physical assets age "normally". Some items may have longer or shorter lives depending on many factors such as environment, initial quality of the item, maintenance, etc.

  Total Replacement Cost. This is calculated by multiplying the Unit Replacement Cost by the Number of Units.

- **PARTIAL FUNDING.** Items may have been included in the Replacement Reserve Inventory at less than 100 percent of their full quantity and/or replacement cost. This is done on items that will never be replaced in their entirety, but which may require periodic replacements over an extended period of time. The assumptions that provide the basis for any partial funding are noted in the Comments section.
- **REMAINING ECONOMIC LIFE GREATER THAN 40 YEARS.** The calculations do not include funding for initial replacements beyond 40 years. These replacements are included in this Study for tracking and evaluation. They should be included for funding in future Studies, when they enter the 40-year window.
- **ACCURACY OF THE ANALYSIS.** The accuracy of the Replacement Reserve Analysis is dependent upon expenditures from Replacement Reserves being made ONLY for the 104 Projected Replacements specifically listed in the Replacement Reserve Inventory. The inclusion/exclusion of items from the Replacement Reserve Inventory is discussed on Page B.1.

SITE ITEMS - CLUBHOUSE

PROJECTED REPLACEMENTS

NEL- Normal Economic Life (yrs)
REL- Remaining Economic Life (yrs)

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
Clubhouse Sign and Retaining Wall							
1	Clubhouse composite sign	ls	1	$1,500.00	25	20	$1,500
2	Retaining wall, stone (repoint 20% every 10 years)	sf	1	$1,000.00	10	10	$1,000
Clubhouse Parking Lot Asphalt Pavement							
3	Asphalt pavement, mill and overlay	sf	9,125	$2.45	25	12	$22,356
4	Asphalt pavement, crack sealing	ft	200	$4.00	5	5	$800
5	Asphalt pavement, seal coat	sf	9,125	$0.25	5	5	$2,281
Clubhouse Concrete Flat Work and Gutters							
6	Clubhouse concrete, curb and gutter, barrier (6%	ft	38	$42.00	6	3	$1,596
7	Clubhouse front concrete sidewalk (6% allowance)	sf	78	$14.00	6	5	$1,092
8	Concrete front patio/stoop at grade (10% allowance)	sf	102	$14.00	6	5	$1,428
Utility Laterals for the Clubhouse							
9	Domestic water laterals (10% allowance)	ft	8	$125.00	10	10	$1,000
10	Sanitary sewer laterals (10% allowance)	ft	7	$250.00	10	10	$1,750
Clubhouse Grass Irrigation System							
11	Irrigation, backflow preventer (3/4" - 1")	ea	4	$3,500.00	10	5	$14,000
12	Irrigation, controller	ea	4	$1,800.00	10	5	$7,200

Replacement Costs - Page Subtotal $56,004

COMMENTS

- Item #1: Clubhouse composite sign - Painted composite sign with two 4"x4" painted PTL posts.
- Item #2: Retaining wall, stone (repoint 20% every 10 years) - Program for repointing 30 years after construction 20% every 10 years.
- Item #5: Asphalt pavement, seal coat - Crack sealing should be accomplished a week prior to sealcoating for best results.
- Item #9: Domestic water laterals (10% allowance) - Estimate of the approximate replacement costs for 10% replacement every 10 years as laterals will most likely not completely fail.
- Item #10: Sanitary sewer laterals (10% allowance) - Estimate of the approximate replacement costs for 10% replacement every 10 years as laterals will most likely not completely fail.

RECREATION ITEMS - CLUBHOUSE SWIMMING POOL AND EXTERIOR PARTY AREA

NEL- Normal Economic Life (yrs)
REL- Remaining Economic Life (yrs)

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
Swimming Pool Structure							
13	Swimming pool, structure, concrete	sf	2,240	$120.00	60	43	$268,800
14	Swimming pool, piping replacement with concrete	sf	2,240	$70.00	60	43	$156,800
15	Swimming pool, whitecoat	sf	2,240	$7.14	15	14	$15,994
16	Swimming pool, skimmers	ea	4	$650.00	20	10	$2,600
17	Swimming pool, waterline tile (6x6)	ft	170	$22.00	10	7	$3,740
18	Swimming pool, coping, precast concrete	ft	170	$75.00	20	7	$12,750
19	Swimming pool, caulk at coping	ft	340	$7.25	10	6	$2,465
20	Swimming pool, cover, safety mesh	sf	1,565	$4.00	12	10	$6,260
21	Swimming pool, ladder (4 step)	ea	2	$1,800.00	20	7	$3,600
Swimming Pool Mechanical							
22	Swimming pool, safety rail	ea	1	$650.00	20	10	$650
23	Swimming pool, pump, (1.5 hp)	ea	1	$1,500.00	14	12	$1,500
24	Swimming pool, filter, sand, 36" diameter	ea	1	$3,200.00	15	5	$3,200
25	Swimming pool, chemical tank	ea	1	$600.00	15	10	$600
26	Swimming pool, chlorinator and pump system	ea	1	$2,200.00	15	10	$2,200
27	Swimming pool, heater, gas (400k Btu)	ea	1	$5,000.00	21	none	$5,000
Swimming Pool and Party Deck							
28	Pool deck, concrete (allowance for 10%	sf	500	$16.00	10	5	$8,000
29	Pool deck, caulking (urethane) (allowance for 500'	ft	500	$7.25	5	none	$3,625
30	Pool deck, sealer (silane siloxane)	sf	5,000	$2.50	10	5	$12,500
31	Pool deck, surface drain (allowance for 2 every 10	ea	2	$500.00	10	5	$1,000
32	Pool furniture, lounge, vinyl strap	ea	14	$350.00	15	11	$4,900
33	Pool furniture, chair, vinyl strap	ea	18	$175.00	15	11	$3,150
34	Pool furniture, round table and umbrella	ea	5	$450.00	15	11	$2,250
35	Pool furniture, umbrella (7')	ea	3	$400.00	12	3	$1,200
				Replacement Costs - Page Subtotal			$522,784

COMMENTS

- Item #13: Swimming pool, structure, concrete - Pool closed for the winter, reported to be in good condition.
- Item #14: Swimming pool, piping replacement with concrete structure - Piping to be replaced with pool structure.
- Item #28: Pool deck, concrete (allowance for 10% replacement 10 years) - Allowance for 10% replacement every 10 years.
- Item #29: Pool deck, caulking (urethane) (allowance for 500' every 5 years) - Allowance for 500ft every 5 years.
- Item #32: Pool furniture, lounge, vinyl strap - Pool furniture stored during the winter season.

RECREATION ITEMS - CLUBHOUSE SWIMMING POOL AND EXTERIOR PARTY AREA - (cont.)

NEL- Normal Economic Life (yrs)
REL- Remaining Economic Life (yrs)

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
36	Pool furniture, umbrella stand (40 lbs)	ea	3	$55.00	12	3	$165
	Party area gas fire pit						EXCLUDED
37	Fence, 6' decorative aluminum	ft	400	$67.00	45	21	$26,800
Pergola							
38	Pergola, PTL wood	sf	220	$44.00	25	15	$9,680
39	Support columns, 10" composite	lf	40	$90.00	40	25	$3,600
Pool and Party Site Lighting							
	Site light, decorative single head						EXCLUDED
	Site light, 12' steel pole						EXCLUDED
40	Dual station drinking fountain refridgerated	ea	1	$2,500.00	25	9	$2,500

Replacement Costs - Page Subtotal $42,745

COMMENTS

- Party area gas fire pit - [06/16/2025] excluded per board
- Site light, decorative single head - [06/16/2025] excluded per board
- Site light, 12' steel pole - [06/16/2025] excluded per board
- Item #40: Dual station drinking fountain refridgerated - Recommend replacement with a Elkay EZSTL8WSLK ezH2O Bi-Level Bottle Filling Station, Refrigerated, Non-Filtered, Light Gray

RECREATION ITEMS - FITNESS ROOM

PROJECTED REPLACEMENTS

NEL- Normal Economic Life (yrs)
REL- Remaining Economic Life (yrs)

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	Fitness Room Furnishings						
41	Emergency lighting with exit sign	ea	1	$175.00	14	10	$175
42	Emergency lighting - (LED)	ea	1	$175.00	20	10	$175
43	Interior lighting, Fluorescent	ea	6	$125.00	21	15	$750
	32" LED flatscreen						EXCLUDED
	Mirror, large						EXCLUDED
44	Flooring, rubber (1/2" roll material)	sf	532	$12.00	10	8	$6,384
	Furnishings, wall art						EXCLUDED
	Fitness Room Equipment						
45	Treadmill	ea	3	$7,400.00	10	8	$22,200
46	Elliptical trainer	ea	2	$7,000.00	10	8	$14,000
47	Recumbent bike	ea	2	$6,000.00	10	8	$12,000
	Chest press						EXCLUDED
	Lat./row						EXCLUDED
	Leg extension						EXCLUDED

Replacement Costs - Page Subtotal $55,684

COMMENTS

- 32" LED flatscreen - [06/16/2025] excluded per board
- Mirror, large - [06/16/2025] excluded per board
- Furnishings, wall art - [06/16/2025] excluded per board
- Chest press - [06/16/2025] excluded per board
- Lat./row - [06/16/2025] excluded per board
- Leg extension - [06/16/2025] excluded per board

EXTERIOR ITEMS - CLUBHOUSE
PROJECTED REPLACEMENTS

NEL- Normal Economic Life (yrs)
REL- Remaining Economic Life (yrs)

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
Roofing, Gutters and Downspouts							
48	Roofing, asphalt shingles	sf	4,410	$5.00	40	20	$22,050
49	Roofing, steel standing seam	sf	750	$25.00	50	28	$18,750
50	Gutter and downspouts, 5" aluminum (10 feet	ft	325	$12.00	30	20	$3,900
Siding and Masonry							
51	Masonry (10% repointing allowance)	sf	600	$12.00	10	13	$7,200
52	Soffit and trim, vinyl	sf	650	$9.00	50	30	$5,850
53	Siding and trim, vinyl, standard	sf	3,240	$9.00	35	25	$29,160
54	Column, PermaCast (10" round)	ft	65	$85.00	45	25	$5,525
Fenestration							
55	Window, double hung, fiberglass	sf	310	$75.00	35	23	$23,250
56	Door, single steel, flush (3' X 6'8")	ea	4	$1,200.00	25	15	$4,800
57	Door, double steel, flush (6' X 6'8")	pr	1	$2,500.00	25	15	$2,500
58	Door, aluminum and glass (6' X 6'8")	pr	3	$3,800.00	35	22	$11,400
59	Door transom, glass	sf	30	$300.00	25	15	$9,000
Exterior Lighting							
60	Recessed porch can light	ea	6	$150.00	30	15	$900
61	Exterior lighting, large carriage light	ea	8	$350.00	30	15	$2,800
Clubhouse Exterior Benches							
	Outside Benches (6')						EXCLUDED
				Replacement Costs - Page Subtotal			$147,085

COMMENTS

- Item #48: Roofing, asphalt shingles - Recommend replace 30 shingles with 40-50-year shingles at the end of the lifespan of current shingles.
- Item #51: Masonry (10% repointing allowance) - Thirty years after masonry construction program to repoint ten percent of the surface every ten years.
- Outside Benches (6') - [06/16/2025] excluded per board

INTERIOR ITEMS - CLUBHOUSE FURNISHINGS AND DECORATING

PROJECTED REPLACEMENTS

NEL- Normal Economic Life (yrs)
REL- Remaining Economic Life (yrs)

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
Hallways and Foyer							
62	Lobby, refurbish	sf	350	$20.00	12	12	$7,000
63	Hallway, refurbish	sf	140	$15.00	12	12	$2,100
64	Wall wood paneling/wainscoting	sf	425	$9.00	25	24	$3,825
65	Interior door, glass (1/2" door with alum. frame)	ea	6	$1,995.00	25	20	$11,970
66	Interior door and frame, wood, paint grade	ea	7	$1,000.00	25	20	$7,000
67	Wall wood paneling/wainscoting	sf	490	$9.00	25	20	$4,410
68	Dual station drinking fountain refrigerated	ea	1	$2,500.00	25	15	$2,500
69	Cardiac AED pack	ea	1	$1,900.00	5	3	$1,900
Main Room and Card Room							
70	Flooring, carpet tile	sf	852	$6.00	15	15	$5,112
71	Fireplace, gas log (ventless - 60" long unit)	ea	1	$5,500.00	21	20	$5,500
	Furnishings, 40" LED flatscreen						EXCLUDED
72	Furniture, sofa	ea	1	$1,000.00	14	14	$1,000
73	Furniture, upholstered chair, large	ea	5	$750.00	14	14	$3,750
74	Furniture, meeting/card chair	ea	16	$250.00	14	14	$4,000
75	Furniture, meeting/card table	ea	4	$600.00	14	14	$2,400
76	Furniture, end table	ea	3	$300.00	14	14	$900
77	Furniture, table lamp	ea	3	$175.00	10	10	$525
78	Furniture, buffet with drawers	ea	3	$450.00	14	14	$1,350
79	Furniture, coffee table	ea	1	$420.00	14	14	$420
80	Built-in bookcase	ea	1	$10,000.00	40	30	$10,000
	Furnishings, wall art large						EXCLUDED
Kitchen							
81	Kitchen, residential, counter-top microwave	ea	2	$200.00	14	6	$400
82	Kitchen, residential,18 cf refrigerator	ea	1	$1,600.00	21	8	$1,600
				Replacement Costs - Page Subtotal			$77,662

COMMENTS

- Item #65: Interior door, glass (1/2" door with alum. frame) - Kitchen and storage room doors. Fitness room and interior foyer door have double doors.
- Item #68: Dual station drinking fountain refrigerated - Recommend replacement with a Elkay EZSTL8WSLK ezH2O Bi-Level Bottle Filling Station, Refrigerated, Non-Filtered, Light Gray
- Item #69: Cardiac AED pack - AED located on the wall just inside the main doors of the Clubhouse.
- Item #70: Flooring, carpet tile - Recently replaced carpet with carpet tile
- Furnishings, 40" LED flatscreen - [06/16/2025] excluded per board
- Item #80: Built-in bookcase - Built-in custom book case and storage cabinet.
- Furnishings, wall art large - [06/16/2025] excluded per board

INTERIOR ITEMS - CLUBHOUSE FURNISHINGS AND DECORATING - (cont.)

NEL- Normal Economic Life (yrs)
REL- Remaining Economic Life (yrs)

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	Kitchen, residential, dishwasher						EXCLUDED
83	Counter-top with sink	ft	26	$145.00	20	20	$3,770
84	Kitchen, residential, granite counter-top	sf	14	$110.00	42	40	$1,540
85	Kitchen, residential, cabinets	ft	35	$275.00	21	21	$9,625
Shower Rooms (Men and Women)							
86	Exhaust fan, locker room (small)	ea	2	$1,200.00	20	15	$2,400
87	Sink, countertop, fixtures, and basins	ea	6	$800.00	15	15	$4,800
88	Toilet and stall	ea	5	$1,200.00	20	15	$6,000
89	Urinal and partition	ea	1	$750.00	20	15	$750
90	Shower, stall	ea	6	$1,800.00	20	15	$10,800
91	Shower, fixtures	ea	6	$380.00	10	9	$2,280
92	Wood benches (6')	ea	2	$275.00	20	20	$550
Building Interior Lighting							
93	Emergency lighting with exit sign	ea	5	$175.00	14	10	$875
94	Emergency lighting - (LED)	ea	5	$175.00	20	15	$875
95	Interior lighting, can fixtures	ea	25	$125.00	21	21	$3,125
96	Interior lighting, flouresent	ea	4	$125.00	21	21	$500
97	Interior lighting, large chandelier	ea	2	$1,200.00	21	21	$2,400
Security Systems							
98	Building entry system, door entry master control unit	ea	1	$2,800.00	15	5	$2,800
99	Security video recorder, DVR, wireless 8 channel	ea	1	$2,400.00	15	5	$2,400
Ceramic Tile Flooring and Shower Room Wall Ceramic Tile							
100	Ceramic tile	sf	2,450	$41.00	25	21	$100,450
				Replacement Costs - Page Subtotal			$155,940

COMMENTS

- Kitchen, residential, dishwasher - [06/16/2025] excluded per board
- Item #86: Exhaust fan, locker room (small) - One for men's and one for women's shower rooms.
- Item #93: Emergency lighting with exit sign - All occupied rooms have LED emergency lighting and exit lights with LED fixtures.
- Item #100: Ceramic tile - Flooring replaced within the past 2-3 years. Ceramic tile is installed halfway up the walls in both men's and women's shower rooms.

BUILDING SYSTEMS - BUILDING UTILITY AND HVAC SYSTEMS

PROJECTED REPLACEMENTS

NEL- Normal Economic Life (yrs)
REL- Remaining Economic Life (yrs)

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
101	HVAC split system, (4 ton), full system replacement	ea	1	$10,500.00	15	none	$10,500
102	HVAC split system, (3.5 ton), full system	ea	1	$18,000.00	15	13	$18,000
103	Water heater, commercial gas ,74-gallon	ea	1	$3,500.00	15	none	$3,500
104	Electric, panel and breakers, 200-amp 120/240 volt	ea	3	$8,500.00	50	35	$25,500
						Replacement Costs - Page Subtotal	$57,500

COMMENTS

- Item #101: HVAC split system, (4 ton), full system replacement - Carrier unit dated February 2008.
- Item #102: HVAC split system, (3.5 ton), full system replacement - Rheem unit dated October 2023.
- Item #103: Water heater, commercial gas, 74-gallon – to be replaced with a tankless instant water heater.

VALUATION EXCLUSIONS

Excluded Items

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	Miscellaneous signage						EXCLUDED
	Bollard/access control devices						EXCLUDED
	Fire extinguisher cabinet						EXCLUDED
	Sprinkler head						EXCLUDED
	Signage						EXCLUDED
	Window unit						EXCLUDED
	Electric heaters						EXCLUDED

VALUATION EXCLUSIONS

Comments

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

LONG-LIFE EXCLUSIONS
Excluded Items

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	Masonry features						EXCLUDED
	Miscellaneous culverts						EXCLUDED
	Concrete retaining walls						EXCLUDED
	Segmental retaining walls						EXCLUDED
	Exterior stone veneer						EXCLUDED
	Building foundation(s)						EXCLUDED
	Concrete floor slabs (interior)						EXCLUDED
	Wall, floor, & roof structure						EXCLUDED
	Fire protection						EXCLUDED
	Common element electrical services						EXCLUDED
	Electrical wiring						EXCLUDED
	Gas services at common facilities						EXCLUDED
	Stainless steel pool fixtures						EXCLUDED

LONG-LIFE EXCLUSIONS
Comments

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

UNIT IMPROVEMENTS EXCLUSIONS

Excluded Items

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	Domestic water pipes serving one unit						EXCLUDED
	Sanitary sewers serving one unit						EXCLUDED
	Electrical wiring serving one unit						EXCLUDED
	Cable TV service serving one unit						EXCLUDED
	Telephone service serving one unit						EXCLUDED
	Gas service serving one unit						EXCLUDED
	Driveway on an individual lot						EXCLUDED
	Apron on an individual lot						EXCLUDED
	Sidewalk on an individual lot						EXCLUDED
	Stairs on an individual lot						EXCLUDED
	Curb & gutter on an individual lot						EXCLUDED
	Retaining wall on an individual lot						EXCLUDED
	Fence on an individual lot						EXCLUDED
	Dock on an individually lot						EXCLUDED
	Unit exterior						EXCLUDED
	Unit windows						EXCLUDED
	Unit doors						EXCLUDED
	Unit skylights						EXCLUDED
	Unit deck, patio, and/or balcony						EXCLUDED
	Unit mailbox						EXCLUDED
	Unit interior						EXCLUDED
	Unit HVAC system						EXCLUDED

UNIT IMPROVEMENTS EXCLUSIONS

Comments

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

UTILITY EXCLUSIONS
Excluded Items

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	Primary electric feeds						EXCLUDED
	Electric transformers						EXCLUDED
	Cable TV systems and structures						EXCLUDED
	Telephone cables and structures						EXCLUDED
	Site lighting						EXCLUDED
	Gas mains and meters						EXCLUDED
	Water mains and meters						EXCLUDED
	Sanitary sewers						EXCLUDED

UTILITY EXCLUSIONS
Comments

- Utility Exclusions. Many improvements owned by utility companies are on property owned by the Association. We have assumed that repair, maintenance, and replacements of these components will be done at the expense of the appropriate utility company. Examples of items excluded from funding Replacement Reserves by this standard are listed above.

- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

MAINTENANCE AND REPAIR EXCLUSIONS

Excluded Items

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

MAINTENANCE AND REPAIR EXCLUSIONS

Comments

- Maintenance activities, one-time-only repairs, and capital improvements. These activities are NOT appropriately funded from Replacement Reserves. The inclusion of such component in the Replacement Reserve Inventory could jeopardize the special tax status of ALL Replacement Reserves, exposing the Association to significant tax liabilities. We recommend that the Board of Directors discuss these exclusions and Revenue Ruling 75-370 with a Certified Public Accountant.

- Examples of items excluded from funding by Replacement Reserves are listed above. The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

GOVERNMENT EXCLUSIONS

Excluded Items

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	Government, roadways & parking						EXCLUDED
	Government, sidewalks & curbs						EXCLUDED
	Government, street lighting						EXCLUDED
	Government, stormwater mgmt.						EXCLUDED
	Government, ponds						EXCLUDED

GOVERNMENT EXCLUSIONS

Comments

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

IRRIGATION SYSTEM EXCLUSIONS

Excluded Items

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	Subsurface irrigation pipe						EXCLUDED
	Subsurface irrigation valve						EXCLUDED
	Subsurface irrigation control wiring						EXCLUDED
	Irrigation system electrical service						EXCLUDED

IRRIGATION SYSTEM EXCLUSIONS

Comments

- Irrigation System Exclusions. We have assumed that the maintenance, repair, and periodic replacement of the components of the extensive irrigation systems at the property will not be funded from Replacement Reserves. These systems should be inspected each spring when the systems are brought online and again each fall when they are winterized. Repair(s) and or replacement(s) should be made in conjunction with these semiannual inspections.

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SECTION C - CALENDAR OF PROJECTED ANNUAL REPLACEMENTS

GENERAL STATEMENT. The 104 Projected Replacements in the Shipley's Crossing HOA, Clubhouse Replacement Reserve Inventory whose replacement is scheduled to be funded from Replacement Reserves are broken down on a year-by-year basis, beginning on Page C.2.

REPLACEMENT RESERVE ANALYSIS AND INVENTORY POLICIES, PROCEDURES, AND ADMINISTRATION

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

PROJECTED REPLACEMENTS

Item	2026 - Study Year	$
27	Swimming pool, heater, gas (400k Btu)	$5,000
29	Pool deck, caulking (urethane) (allowance for 500' every	$3,625
101	HVAC split system, (4 ton), full system replacement	$10,500
103	Water heater, commercial gas ,74-gallon	$3,500
	Total Scheduled Replacements	$22,625

Item	2027 - YEAR 1	$
	No Scheduled Replacements	

Item	2028 - YEAR 2	$
	No Scheduled Replacements	

Item	2029 - YEAR 3	$
6	Clubhouse concrete, curb and gutter, barrier (6%	$1,596
35	Pool furniture, umbrella (7')	$1,200
36	Pool furniture, umbrella stand (40 lbs)	$165
69	Cardiac AED pack	$1,900
	Total Scheduled Replacements	$4,861

PROJECTED REPLACEMENTS

Item	2030 - YEAR 4	$

No Scheduled Replacements

Item	2031 - YEAR 5	$
4	Asphalt pavement, crack sealing	$800
5	Asphalt pavement, seal coat	$2,281
7	Clubhouse front concrete sidewalk (6% allowance)	$1,092
8	Concrete front patio/stoop at grade (10% allowance)	$1,428
11	Irrigation, backflow preventer (3/4" - 1")	$14,000
12	Irrigation, controller	$7,200
24	Swimming pool, filter, sand, 36" diameter	$3,200
28	Pool deck, concrete (allowance for 10% replacement 10	$8,000
29	Pool deck, caulking (urethane) (allowance for 500' every	$3,625
30	Pool deck, sealer (silane siloxane)	$12,500
31	Pool deck, surface drain (allowance for 2 every 10	$1,000
98	Building entry system, door entry master control unit	$2,800
99	Security video recorder, DVR, wireless 8 channel	$2,400

Total Scheduled Replacements $60,326

Item	2032 - YEAR 6	$
19	Swimming pool, caulk at coping	$2,465
81	Kitchen, residential, counter-top microwave	$400

Total Scheduled Replacements $2,865

Item	2033 - YEAR 7	$
17	Swimming pool, waterline tile (6x6)	$3,740
18	Swimming pool, coping, precast concrete	$12,750
21	Swimming pool, ladder (4 step)	$3,600

Total Scheduled Replacements $20,090

PROJECTED REPLACEMENTS

Item	2034 - YEAR 8	$
44	Flooring, rubber (1/2" roll material)	$6,384
45	Treadmill	$22,200
46	Elliptical trainer	$14,000
47	Recumbent bike	$12,000
69	Cardiac AED pack	$1,900
82	Kitchen, residential,18 cf refrigerator	$1,600
	Total Scheduled Replacements	$58,084

Item	2035 - YEAR 9	$
6	Clubhouse concrete, curb and gutter, barrier (6%	$1,596
40	Dual station drinking fountain refridgerated	$2,500
91	Shower, fixtures	$2,280
	Total Scheduled Replacements	$6,376

Item	2036 - YEAR 10	$
2	Retaining wall, stone (repoint 20% every 10 years)	$1,000
4	Asphalt pavement, crack sealing	$800
5	Asphalt pavement, seal coat	$2,281
9	Domestic water laterals (10% allowance)	$1,000
10	Sanitary sewer laterals (10% allowance)	$1,750
16	Swimming pool, skimmers	$2,600
20	Swimming pool, cover, safety mesh	$6,260
22	Swimming pool, safety rail	$650
25	Swimming pool, chemical tank	$600
26	Swimming pool, chlorinator and pump system	$2,200
29	Pool deck, caulking (urethane) (allowance for 500' every	$3,625
41	Emergency lighting with exit sign	$175
42	Emergency lighting - (LED)	$175
77	Furniture, table lamp	$525
93	Emergency lighting with exit sign	$875
	Total Scheduled Replacements	$24,516

Item	2037 - YEAR 11	$
7	Clubhouse front concrete sidewalk (6% allowance)	$1,092
8	Concrete front patio/stoop at grade (10% allowance)	$1,428
32	Pool furniture, lounge, vinyl strap	$4,900
33	Pool furniture, chair, vinyl strap	$3,150
34	Pool furniture, round table and umbrella	$2,250
	Total Scheduled Replacements	$12,820

PROJECTED REPLACEMENTS

Item	2038 - YEAR 12	$
3	Asphalt pavement, mill and overlay	$22,356
23	Swimming pool, pump, (1.5 hp)	$1,500
62	Lobby, refurbish	$7,000
63	Hallway, refurbish	$2,100
	Total Scheduled Replacements	$32,956

Item	2039 - YEAR 13	$
51	Masonry (10% repointing allowance)	$7,200
69	Cardiac AED pack	$1,900
102	HVAC split system, (3.5 ton), full system replacement	$18,000
	Total Scheduled Replacements	$27,100

Item	2040 - YEAR 14	$
15	Swimming pool, whitecoat	$15,994
72	Furniture, sofa	$1,000
73	Furniture, upholstered chair, large	$3,750
74	Furniture, meeting/card chair	$4,000
75	Furniture, meeting/card table	$2,400
76	Furniture, end table	$900
78	Furniture, buffet with drawers	$1,350
79	Furniture, coffee table	$420
	Total Scheduled Replacements	$29,814

Item	2041 - YEAR 15	$
4	Asphalt pavement, crack sealing	$800
5	Asphalt pavement, seal coat	$2,281
6	Clubhouse concrete, curb and gutter, barrier (6%	$1,596
11	Irrigation, backflow preventer (3/4" - 1")	$14,000
12	Irrigation, controller	$7,200
28	Pool deck, concrete (allowance for 10% replacement 10	$8,000
29	Pool deck, caulking (urethane) (allowance for 500' every	$3,625
30	Pool deck, sealer (silane siloxane)	$12,500
31	Pool deck, surface drain (allowance for 2 every 10	$1,000
35	Pool furniture, umbrella (7')	$1,200
36	Pool furniture, umbrella stand (40 lbs)	$165
38	Pergola, PTL wood	$9,680
43	Interior lighting, Fluorescent	$750
56	Door, single steel, flush (3' X 6'8")	$4,800
57	Door, double steel, flush (6' X 6'8")	$2,500
59	Door transom, glass	$9,000
60	Recessed porch can light	$900
61	Exterior lighting, large carriage light	$2,800
68	Dual station drinking fountain refrigerated	$2,500
70	Flooring, carpet tile	$5,112
86	Exhaust fan, locker room (small)	$2,400
87	Sink, countertop, fixtures, and basins	$4,800
88	Toilet and stall	$6,000
89	Urinal and partition	$750
90	Shower, stall	$10,800
94	Emergency lighting - (LED)	$875
101	HVAC split system, (4 ton), full system replacement	$10,500
103	Water heater, commercial gas ,74-gallon	$3,500
	Total Scheduled Replacements	$130,034

PROJECTED REPLACEMENTS

Item	2042 - YEAR 16	$
19	Swimming pool, caulk at coping	$2,465
	Total Scheduled Replacements	$2,465

Item	2043 - YEAR 17	$
7	Clubhouse front concrete sidewalk (6% allowance)	$1,092
8	Concrete front patio/stoop at grade (10% allowance)	$1,428
17	Swimming pool, waterline tile (6x6)	$3,740
	Total Scheduled Replacements	$6,260

Item	2044 - YEAR 18	$
44	Flooring, rubber (1/2" roll material)	$6,384
45	Treadmill	$22,200
46	Elliptical trainer	$14,000
47	Recumbent bike	$12,000
69	Cardiac AED pack	$1,900
	Total Scheduled Replacements	$56,484

Item	2045 - YEAR 19	$
91	Shower, fixtures	$2,280
	Total Scheduled Replacements	$2,280

PROJECTED REPLACEMENTS

Item	2046 - YEAR 20	$
1	Clubhouse composite sign	$1,500
2	Retaining wall, stone (repoint 20% every 10 years)	$1,000
4	Asphalt pavement, crack sealing	$800
5	Asphalt pavement, seal coat	$2,281
9	Domestic water laterals (10% allowance)	$1,000
10	Sanitary sewer laterals (10% allowance)	$1,750
24	Swimming pool, filter, sand, 36" diameter	$3,200
29	Pool deck, caulking (urethane) (allowance for 500' every	$3,625
48	Roofing, asphalt shingles	$22,050
50	Gutter and downspouts, 5" aluminum (10 feet above)	$3,900
65	Interior door, glass (1/2" door with alum. frame)	$11,970
66	Interior door and frame, wood, paint grade	$7,000
67	Wall wood paneling/wainscoting	$4,410
71	Fireplace, gas log (ventless - 60" long unit)	$5,500
77	Furniture, table lamp	$525
81	Kitchen, residential, counter-top microwave	$400
83	Counter-top with sink	$3,770
92	Wood benches (6')	$550
98	Building entry system, door entry master control unit	$2,800
99	Security video recorder, DVR, wireless 8 channel	$2,400
	Total Scheduled Replacements	$80,431

Item	2047 - YEAR 21	$
6	Clubhouse concrete, curb and gutter, barrier (6%	$1,596
27	Swimming pool, heater, gas (400k Btu)	$5,000
37	Fence, 6' decorative aluminum	$26,800
85	Kitchen, residential, cabinets	$9,625
95	Interior lighting, can fixtures	$3,125
96	Interior lighting, flouresent	$500
97	Interior lighting, large chandelier	$2,400
100	Ceramic tile	$100,450
	Total Scheduled Replacements	$149,496

Item	2048 - YEAR 22	$
20	Swimming pool, cover, safety mesh	$6,260
58	Door, aluminum and glass (6' X 6'8")	$11,400
	Total Scheduled Replacements	$17,660

Item	2049 - YEAR 23	$
7	Clubhouse front concrete sidewalk (6% allowance)	$1,092
8	Concrete front patio/stoop at grade (10% allowance)	$1,428
51	Masonry (10% repointing allowance)	$7,200
55	Window, double hung, fiberglass	$23,250
69	Cardiac AED pack	$1,900
	Total Scheduled Replacements	$34,870

PROJECTED REPLACEMENTS

Item	2050 - YEAR 24	$
41	Emergency lighting with exit sign	$175
62	Lobby, refurbish	$7,000
63	Hallway, refurbish	$2,100
64	Wall wood paneling/wainscoting	$3,825
93	Emergency lighting with exit sign	$875
	Total Scheduled Replacements	$13,975

Item	2051 - YEAR 25	$
4	Asphalt pavement, crack sealing	$800
5	Asphalt pavement, seal coat	$2,281
11	Irrigation, backflow preventer (3/4" - 1")	$14,000
12	Irrigation, controller	$7,200
25	Swimming pool, chemical tank	$600
26	Swimming pool, chlorinator and pump system	$2,200
28	Pool deck, concrete (allowance for 10% replacement 10	$8,000
29	Pool deck, caulking (urethane) (allowance for 500' every	$3,625
30	Pool deck, sealer (silane siloxane)	$12,500
31	Pool deck, surface drain (allowance for 2 every 10	$1,000
39	Support columns, 10" composite	$3,600
53	Siding and trim, vinyl, standard	$29,160
54	Column, PermaCast (10" round)	$5,525
	Total Scheduled Replacements	$90,491

Item	2052 - YEAR 26	$
19	Swimming pool, caulk at coping	$2,465
23	Swimming pool, pump, (1.5 hp)	$1,500
32	Pool furniture, lounge, vinyl strap	$4,900
33	Pool furniture, chair, vinyl strap	$3,150
34	Pool furniture, round table and umbrella	$2,250
	Total Scheduled Replacements	$14,265

Item	2053 - YEAR 27	$
6	Clubhouse concrete, curb and gutter, barrier (6%	$1,596
17	Swimming pool, waterline tile (6x6)	$3,740
18	Swimming pool, coping, precast concrete	$12,750
21	Swimming pool, ladder (4 step)	$3,600
35	Pool furniture, umbrella (7')	$1,200
36	Pool furniture, umbrella stand (40 lbs)	$165
	Total Scheduled Replacements	$23,051

PROJECTED REPLACEMENTS

Item	2054 - YEAR 28	$
44	Flooring, rubber (1/2" roll material)	$6,384
45	Treadmill	$22,200
46	Elliptical trainer	$14,000
47	Recumbent bike	$12,000
49	Roofing, steel standing seam	$18,750
69	Cardiac AED pack	$1,900
72	Furniture, sofa	$1,000
73	Furniture, upholstered chair, large	$3,750
74	Furniture, meeting/card chair	$4,000
75	Furniture, meeting/card table	$2,400
76	Furniture, end table	$900
78	Furniture, buffet with drawers	$1,350
79	Furniture, coffee table	$420
102	HVAC split system, (3.5 ton), full system replacement	$18,000
Total Scheduled Replacements		$107,054

Item	2055 - YEAR 29	$
7	Clubhouse front concrete sidewalk (6% allowance)	$1,092
8	Concrete front patio/stoop at grade (10% allowance)	$1,428
15	Swimming pool, whitecoat	$15,994
82	Kitchen, residential,18 cf refrigerator	$1,600
91	Shower, fixtures	$2,280
Total Scheduled Replacements		$22,394

Item	2056 - YEAR 30	$
2	Retaining wall, stone (repoint 20% every 10 years)	$1,000
4	Asphalt pavement, crack sealing	$800
5	Asphalt pavement, seal coat	$2,281
9	Domestic water laterals (10% allowance)	$1,000
10	Sanitary sewer laterals (10% allowance)	$1,750
16	Swimming pool, skimmers	$2,600
22	Swimming pool, safety rail	$650
29	Pool deck, caulking (urethane) (allowance for 500' every	$3,625
42	Emergency lighting - (LED)	$175
52	Soffit and trim, vinyl	$5,850
70	Flooring, carpet tile	$5,112
77	Furniture, table lamp	$525
80	Built-in bookcase	$10,000
87	Sink, countertop, fixtures, and basins	$4,800
101	HVAC split system, (4 ton), full system replacement	$10,500
103	Water heater, commercial gas ,74-gallon	$3,500
Total Scheduled Replacements		$54,168

Item	2057 - YEAR 31	$
No Scheduled Replacements		

PROJECTED REPLACEMENTS

Item	2058 - YEAR 32	$

No Scheduled Replacements

Item	2059 - YEAR 33	$
6	Clubhouse concrete, curb and gutter, barrier (6%	$1,596
51	Masonry (10% repointing allowance)	$7,200
69	Cardiac AED pack	$1,900
	Total Scheduled Replacements	$10,696

Item	2060 - YEAR 34	$
20	Swimming pool, cover, safety mesh	$6,260
40	Dual station drinking fountain refridgerated	$2,500
81	Kitchen, residential, counter-top microwave	$400
	Total Scheduled Replacements	$9,160

Item	2061 - YEAR 35	$
4	Asphalt pavement, crack sealing	$800
5	Asphalt pavement, seal coat	$2,281
7	Clubhouse front concrete sidewalk (6% allowance)	$1,092
8	Concrete front patio/stoop at grade (10% allowance)	$1,428
11	Irrigation, backflow preventer (3/4" - 1")	$14,000
12	Irrigation, controller	$7,200
24	Swimming pool, filter, sand, 36" diameter	$3,200
28	Pool deck, concrete (allowance for 10% replacement 10	$8,000
29	Pool deck, caulking (urethane) (allowance for 500' every	$3,625
30	Pool deck, sealer (silane siloxane)	$12,500
31	Pool deck, surface drain (allowance for 2 every 10	$1,000
86	Exhaust fan, locker room (small)	$2,400
88	Toilet and stall	$6,000
89	Urinal and partition	$750
90	Shower, stall	$10,800
94	Emergency lighting - (LED)	$875
98	Building entry system, door entry master control unit	$2,800
99	Security video recorder, DVR, wireless 8 channel	$2,400
104	Electric, panel and breakers, 200-amp 120/240 volt	$25,500
	Total Scheduled Replacements	$106,651

PROJECTED REPLACEMENTS

Item	2062 - YEAR 36	$
19	Swimming pool, caulk at coping	$2,465
43	Interior lighting, Fluorescent	$750
62	Lobby, refurbish	$7,000
63	Hallway, refurbish	$2,100
	Total Scheduled Replacements	$12,315

Item	2063 - YEAR 37	$
3	Asphalt pavement, mill and overlay	$22,356
17	Swimming pool, waterline tile (6x6)	$3,740
	Total Scheduled Replacements	$26,096

Item	2064 - YEAR 38	$
41	Emergency lighting with exit sign	$175
44	Flooring, rubber (1/2" roll material)	$6,384
45	Treadmill	$22,200
46	Elliptical trainer	$14,000
47	Recumbent bike	$12,000
69	Cardiac AED pack	$1,900
93	Emergency lighting with exit sign	$875
	Total Scheduled Replacements	$57,534

Item	2065 - YEAR 39	$
6	Clubhouse concrete, curb and gutter, barrier (6%	$1,596
35	Pool furniture, umbrella (7')	$1,200
36	Pool furniture, umbrella stand (40 lbs)	$165
91	Shower, fixtures	$2,280
	Total Scheduled Replacements	$5,241

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SECTION D - CONDITION ASSESSMENT

General Comments. MillerDodson Associates conducted a Reserve Study at Shipley's Crossing HOA, Clubhouse in April 2025. Shipley's Crossing HOA Clubhouse, North and South Sections appear to be generally in good condition for a homeowner's association constructed between 2007 and 2014. A review of the Replacement Reserve Inventory will show that we anticipate most of the components achieving their normal economic lives.

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

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

General Condition Statements.

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

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

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

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

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

(Continued on next page)

SITE ITEMS

Clubhouse Signage. The Association maintains a composite painted sign on the south side of the swimming pool. This sign is in good condition.

Maintaining a painted composite sign with pressure-treated wooden posts involves a few key steps to ensure longevity and appearance, especially in the climate of central Maryland.

- Sign:
    - Regular Cleaning: Clean the sign periodically with a mild detergent and water to remove dirt and grime. Avoid abrasive cleaners that could damage the paint.
    - Inspect for Damage:Check for any signs of wear or damage. Repair any cracks or chips promptly to prevent further deterioration.
    - Repainting: If the paint starts to fade or peel, lightly sand the surface and apply a fresh coat of paint suitable for outdoor use.

- For the Pressure-Treated Wooden Posts:
    - Initial Treatment: Ensure the posts were properly treated before installation. Pressure-treated wood should be allowed to dry for several months before painting.
    - Cleaning: Clean the posts regularly to remove dirt, mold, and mildew. Use a wood cleaner or a mixture of water and mild detergent.
    - Inspection: Periodically inspect the posts for signs of rot, insect damage, or splitting. Address any issues promptly.
    - Sealing and Painting: Apply a sealant to protect the wood from moisture. When painting, use a primer designed for pressure-treated wood followed by a high-quality exterior paint.

Retaining Walls. The Association maintains a masonry stone retaining wall south of the clubhouse swimming pool. The retaining wall appears to be in good condition with no noticeable leaning, bowing, and deterioration.

Retaining walls are designed to provide slope stabilization and soil retention using a structural system. Typically, walls that are three feet high or more require some level of design. The movement and displacement of retaining walls is a sign of general settlement or failure. This typically is in the form of leaning and bowing and can involve the entire wall or localized sections of the wall. Typically, these types of movements are gradual and may require the replacement of the wall. The movement of retaining walls located near other buildings or structures may negatively affect the stability of the adjacent structure. These conditions can become extremely costly if not properly identified, monitored, and addressed. Stone masonry walls can have an extended useful life of 40 years or more, and if stable, may only require periodic re-pointing and localized repair. Repointing is the process of raking out defective masonry joints and tooling new mortar into the joints. Properly mortared and tooled joints will repel the weather and keep water from penetrating the wall. Siloxane or other breathable sealants should be considered to provide additional protection to the wall from water penetration. This study assumes that re-pointing will be performed incrementally as needed to maintain the life of the wall.

Please note that MillerDodson did not conduct a structural evaluation of the retaining wall. Such an evaluation is beyond the Scope of this Reserve Study. MillerDodson strongly recommends that the Association retain the services of a Structural Engineer/Geotechnical Engineer to conduct thorough and periodic evaluations of retaining walls.

Asphalt Pavement. The Association is responsible for the 9,125 sf of clubhouse parking lot. In general, the Association's asphalt pavements appear to be in good condition.

Damage to asphalt pavement consists of the following potential types of failures which should be looked for:

- **Open Cracks.** There are multiple locations where open cracks allow water to penetrate the asphalt base and the bearing soil beneath. Over time, water will erode the base and accelerate the deterioration of the asphalt pavement. Remove the damaged areas and replace defective materials if cracks extend to the base and bearing materials. As a part of normal maintenance, clean and fill all other cracks.
- **Alligatoring.** Look for locations where the asphalt has developed a cracking pattern known as alligatoring. The primary cause of alligatoring is an unstable base Once these cracks extend through the asphalt, they will allow water to penetrate the base, accelerating the rate of deterioration and eventually leading to potholes. The only solution is to remove the defective asphalt, compact the base, and install new base materials and asphalt.
- **Improper Grading.** If he asphalt pavement is not properly graded, the result is water ponding. Proper grading of the asphalt pavement will require replacing portions of the asphalt. It may also require resetting improperly sloped curb and gutter segments not conveying water to the stormwater management system. If ponding is left unattended, it can result in unsafe travel areas by creating conditions for hydroplaning and pockets of ice to form.
- **Potholes.** Potholes can form due to full-depth pavement failure, including base materials. The repair will require the removal of the asphalt and base materials, installation and compaction of new base materials, and asphalt resurfacing.
- **Depressions.** Depressions can form If there are areas where the asphalt surface is depressed due to deformation in the surface or underlying layers. These depressions may continue to grow with exposure to traffic. Water ponding is evident in several of these areas. Repairing these areas will require the removal of the asphalt and base material and reinstallation by compacting the new base material and resurfacing with asphalt.
- **Wheel Rutting.** Depressions along the wheel lines extend along portions of the roadway. Repair of these areas will require full-depth and full-width pavement replacement. Wheel rutting, if left unattended, can adversely affect vehicle steering.
- **Heaving.** This is damage to pavement surfaces caused by tree roots. Repairing these areas requires removing the asphalt and the tree roots, then replenishing and re-compacting the base material and resurfacing the asphalt. Root trimming can also be an effective way to control this defect.
- **Reflective Cracking.** Reflective cracks can occur when a new asphalt overlay is placed over an existing cracked pavement. With time and movement, existing cracks will migrate through the new asphalt. Installing a bridging membrane or fabric during overlay can control reflective cracking.

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

As a rule of thumb, asphalt should be overlaid when approximately 5% of the surface area is cracked or otherwise deteriorated. The normal service life of asphalt pavement is typically 18 to 20 years. To maintain the condition of the pavement throughout the community and ensure the longest life of the asphalt, we recommend the Association adopts a systematic and comprehensive maintenance program that includes:

- **Cleaning.** Long-term exposure to oil or gas breaks down asphalt. Because this asphalt pavement is generally not used for long-term parking, It is unlikely that frequent cleaning will be necessary. When necessary, spill areas should be cleaned or patched if deterioration has penetrated the asphalt. This is a maintenance activity, and we have assumed that Reserves will not fund it.
- **Crack Repair.** All cracks should be repaired with an appropriate compound to prevent water infiltration through the asphalt into the base. This repair should be done annually. Crack repair is normally considered a maintenance activity and is not funded by Reserves. Areas of extensive cracking or deterioration that cannot be made watertight should be cut out and patched.
- **Seal Coating.** The asphalt should be seal coated every five to seven years. For this maintenance activity to be effective in extending the life of the asphalt, cleaning and crack repair should be performed first.

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

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




Concrete Work. The concrete work includes the community clubhouse's sidewalks patios, swimming and party area deck, curbs, and gutters as well as other flat work. We have modeled for curb replacement when the asphalt pavement is overlaid. The overall condition of the concrete work appears to be in good condition with cracks starting to be observable**.**

The standards we use for recommending replacement are as follows:

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

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

Clubhouse Front Patio and Sidewalks


Clubhouse Parking Lot Curbs and Gutters

Concrete Pool/Party Area Deck

Underground Utilities. The Association is responsible for the underground utility line maintenance and replacement. The lines are under ground and can not be observed. These lines run to the clubhouse from the county owned water and sewage lines. As the utility lines will most likely not completely fail at one time we have estimated 10% replacement every 10 years. Engineering drawings were not used in the determination of these underground components. Instead, we have provided an estimate of the approximate replacement costs based on our experience with other facilities of similar size and configuration. The underground inspection and evaluation of underground lines and structures are beyond the scope of work for this study.

Irrigation Controllers. A discussion was held with the irrigation maintenance contractor regarding the irrigation system. The system has four controllers and four backflow preventers. The replacement of sprinkler system water lines and sprinkler heads is considered maintenance funded vice reserve funded. The clubhouse's controller is located in the pool equipment room and appears to be operational and it good condition.

RECREATION ITEMS

Swimming Pool. The community operates an outdoor pool of concrete construction. The pool was winterized at the time of the site visit and is reported to be in good condition. Listed below are the major components of the pool facilities:

- Pool Shell. The shell for the swimming pool is reported to be in good condition. The pool was winterized with the cover over the pool at the time of the assessment.
- Pool Deck. The pool has a concrete deck with drains, and the overall condition of the deck appears to be in good condition with minor cracking and minimal tripping hazards. (Condition pictures are included in Concrete Flatwork Section)
- Whitecoat. The pool whitecoat is reported to be in good condition. We have assumed eight to ten years of service life for the pool whitecoat. The pool was winterized with the cover over the pool at the time of the assessment.
- Waterline Tile. The waterline tile is reported to be in good condition. We have assumed the waterline tile will be replaced or restored when the pool is whitecoated.

- Coping. The pool is edged with masonry brick coping. The coping is reported to be in good condition. The pool was winterized with the cover over the pool at the time of the assessment.
- Pump and Filter System. The filter system appears and is reported to be in good operating condition but was not in operation due to winterization of the pool.
- Pool Fence. The pool is enclosed by a metal picket fence that is in good condition.

Pool Cover.

Pool Mechanical (Pump, Clorination, Gas Heater, Filter, Pump Room Piping).

Gas Fire Pit. The party area behind the club house has a gas fire pit that was winterized but appears to be in good condition.

Maintaining an exterior gas fire pit in central Maryland involves a few key steps to ensure it remains safe, efficient, and attractive throughout the year.

- Regular Cleaning:
  - Remove Debris: Clear out any leaves, dirt, or other debris from the fire pit regularly.
  - Clean the Burner: Use a soft brush to clean the burner and ensure the gas ports are not clogged.
- Inspect Gas Components:
  - Check for Leaks: Periodically inspect the gas lines and connections for any signs of leaks or corrosion. You can use a soapy water solution to detect leaks—bubbles will form if there is a leak.
  - Examine the Ignition System: Ensure the ignition system is working properly. Replace batteries if needed and clean the igniter.
- Cover When Not in Use:
  - Use a Weather-Resistant Cover: Protect your fire pit from the elements by covering it when not in use. This helps prevent rust and damage from rain, snow, and debris.
- Annual Professional Inspection
  - Schedule a Professional Check-Up: Have a professional inspect your fire pit at least once a year to ensure all components are in good working order and to address any potential issues.
- Seasonal Maintenance:
  - Winter Preparation: Before winter, clean the fire pit thoroughly and cover it to protect it from harsh weather.
  - Spring Check-Up: In spring, inspect the fire pit for any damage that may have occurred over the winter and perform any necessary maintenance.

Swimming Pool Decorative Aluminum Fencing. The Association maintains decorative aluminum fencing around the swimming pool and party area that are in good condition. Fencing systems have a large number of configurations and finishes that can usually be repaired as a maintenance activity by replacing individual components as they become damaged or weathered.

Protection from weed trimmer string during lawn maintenance can extend the useful life of some fence types. Protection from this type of damage is typically provided by applying herbicides around post bases or installing protective sheathing.

Aluminum fencing can have a useful life of 40 years or more. Periodic cleaning and touch-up painting may be required to keep the fence attractive.

As part of normal maintenance, we recommend the following:

- Lift or remove ornamental base covers, if applicable.
- Remove the existing caulk completely.
- Clean, prime, and paint all posts.
- Apply an appropriate caulk around each post base.
- Tool and shape caulking to shed water from the post.
- Reinstall base covers, seal and paint all joints.

Fence posts can have an extended useful life if these simple maintenance activities are performed. If left unattended, the pressure from expansive post rust can crack and damage the supporting material.

Swimming Pool Fence (Aluminum,Three Rail, Stake, 6' High)

Clubhouse Swimming Pool Pergola. The swimming pool has an adjacent pergola of approximately 220 sf. This pergola is made of wood and supported by four PermaCast columns. The pergola is in good condition.

Maintaining a 220 square foot wooden pergola supported by PermaCast columns in Central Maryland involves several key steps to ensure both the pergola and columns remain in good condition despite the region's variable weather:

- Wooden Pergola Maintenance
    - Regular Cleaning: Clean the pergola periodically to remove dirt, dust, and debris. Use a mild detergent and water. Avoid abrasive cleaners that can damage the wood.
    - Inspection: Periodically inspect the pergola for any signs of damage, such as cracks, splits, or rot. Address any issues promptly to prevent them from worsening.
    - Sealing and Staining: Apply a weather-resistant sealant or stain to protect the wood from the elements. Reapply every 1-2 years, depending on your climate and the amount of exposure to sun and rain.
    - Pest Control: Monitor for any signs of insect activity, such as termites or carpenter ants, and address them promptly with appropriate treatments.
    - Structural Integrity: Check the fasteners and joints to ensure they are secure. Tighten any loose screws or bolts and replace any damaged hardware.

- PermaCast Columns Maintenance
    - Regular Cleaning: Clean the columns periodically with a mild detergent and water to remove dirt and grime. Avoid abrasive cleaners that can damage the finish.
    - Inspection: Periodically inspect the columns for any signs of damage, such as cracks or chips. Address any issues promptly to prevent them from worsening.
    - Weatherproofing: Ensure the columns are properly sealed to prevent water infiltration. Check the seals and gaskets around the columns and replace them if necessary.
    - UV Protection: Use UV-resistant coatings or finishes to protect the columns from sun damage.
    - Pest Control: Although PermaCast® columns are insect-proof, it's still a good idea to monitor for any signs of pest activity and address them promptly.

Site Lighting. The Association is responsible for the operation of the clubhouse's swimming pool and outdoor party deck lighting which consists of five light poles and fixtures which appears and is reported to be in good condition. The lights were not on at the time of our site visit, but we understand they are in operating condition.

This study assumes the replacement of the light fixtures every 15 to 20 years and pole replacement every 40 years. We assume that the underground wiring will also be replaced along with the light pole. When a whole-scale lighting replacement project is called for, we recommend consulting with a lighting design expert, as many municipalities have design codes, guidelines, and restrictions regarding exterior illumination. New technology, such as LED and LIFI, among others, should be considered along with factors such as environmental sustainability, longevity, and cost when they look at lighting replacement.

Emergency Light Fixtures. The building uses battery-powered light fixtures for emergency lighting in the event of a power outage. The fixtures are equipped with LED light sources. The fixtures appear to be in Good condition. Fixtures of this type have a typical service life of 20 years.

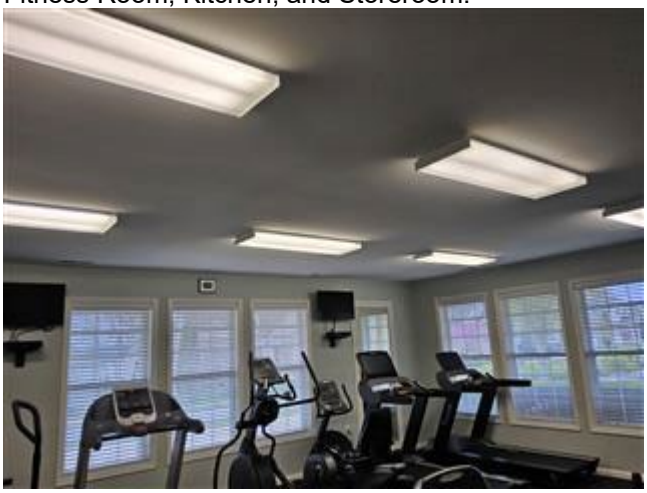
Emergency light fixtures are required on an irregular and infrequent basis. Frequently, fixtures fail to operate due to failed components that have gone unnoticed. Therefore, we recommend that the Association have all emergency light fixtures tested regularly every 3 to 6 months.

Exit Lights. The building uses illuminated exit lights with emergency lights at each exit. The exit lights use LED light sources. The general condition of the building's exit lights appears to be in good condition.

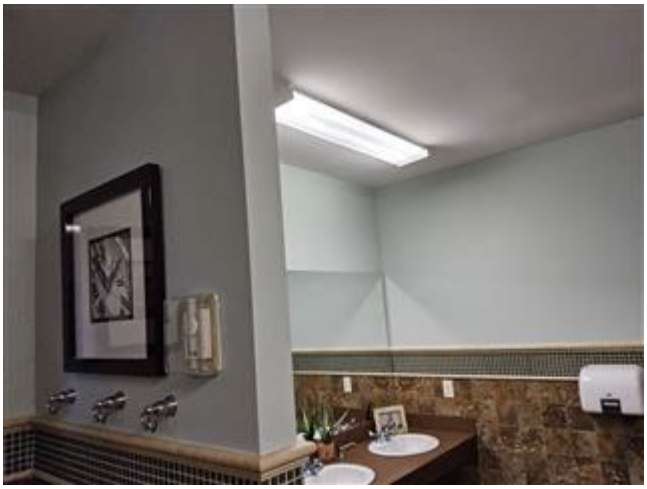
Every occupied room has an exit light and emergency light in place.

Fluorescent Light Fixtures. The clubhouse has numerous fluorescent light fixtures throughout the facility. These fixtures are operational and in good condition. The Association should consider changing these light fixtures to LED fixtures when replacement is required due to the cost savings and environmental issues with fluorescent lights.

Fitness Room, Kitchen, and Storeroom.



Mens and Womens Shower Rooms.

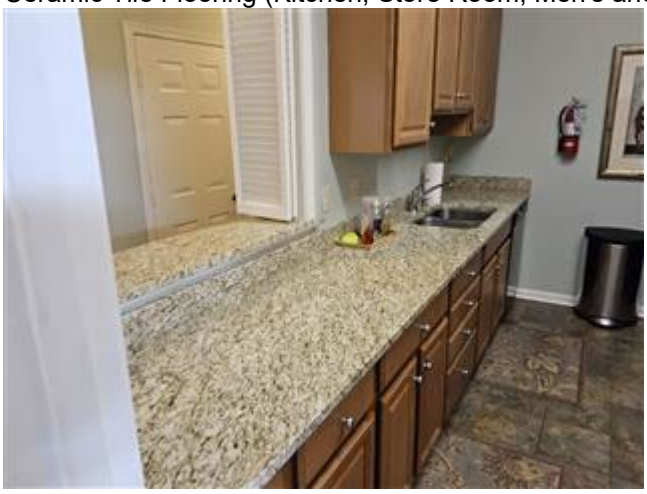


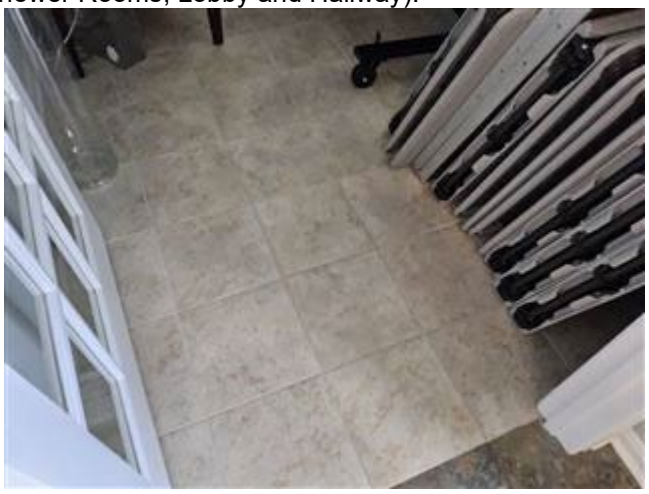
Can Lights with LED Fixtures and Chandelier Lights in the Main Room. Throughout the building there are 31 can lights with LED lamps. These fixtures provide the main lighting for main room, card room, shower stalls, lobby and hallway These lights are all operational and appear to be in good condition. Additionally, the main room of the clubhouse has two large chandeliers which provide light for the room. These lights are in good condition and are fully operational.

Clubhouse Flooring. The clubhouse has flooring consisting of carpet tile for the main room and card room which is lin good condition. The kitchen, lobby, storeroom, shower rooms and foyer all have ceramic tile floors which are also in good condition,and appear to have been placed within the past few years. The exercise room has rubber flooring which provides good footing and cushioning of weight equipment. This rubber flooring is in good condition.

Carpet Tile Flooring (Main and Card Rooms).

Ceramic Tile Flooring (Kitchen, Store Room, Men's and Women's Shower Rooms, Lobby and Hallway).





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Rubber Flooring.

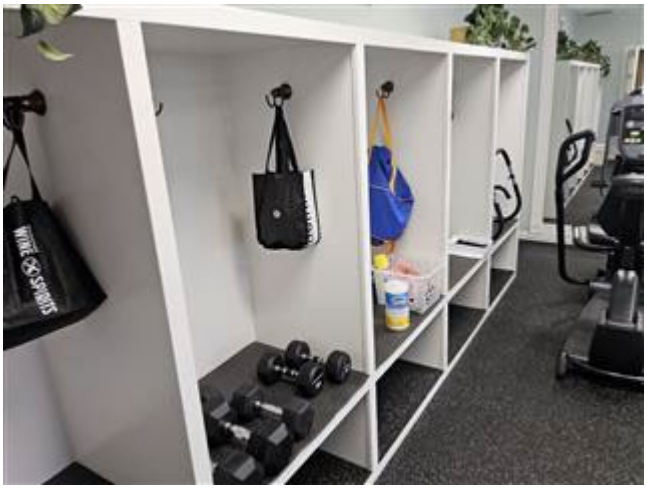
Health and Fitness Center. The Health and Fitness Center includes exercise equipment.

Listed below are the major components:

- Flooring. The rubber flooring appears to be in good condition. We have assumed a service life of 10 years for the rubber flooring
- Exercise Equipment. The equipment (ten pieces of varying fitness equipment) appears to be in generally good condition and fully operational. The equipment has been replaced since the last reserve assessment.
- The mirrors appear to be in good condition.
- The flat screen TVs appear to be in good condition and are operational.

- Fitness Cubby Holes for storing personal equipment are a long-life exemption as they only require occasional painting.






EXTERIOR ITEMS

Building Roofing. The clubhouse's asphalt shingle roofing appears to be in fair condition, while the metal standing seam roofing appears to be in good condition. The asphalt shingles are reported to have a expected life of 30 years and have been in place for approximately 20 years.

Asphalt shingle roofs can have a useful life of 20 to 50 years, depending on the weight and quality of the shingle. Weathered, curled, and missing shingles indicate they may be nearing the end of their useful life. The standing seam metal roofing has a normal economic life of 50 to 100 years. In some cases, recoating or repainting can extend the useful life of a metal roof. Access to the roof was not provided at the time of the site visit. The roof was observed from the ground. Annual roof inspections are recommended, with cleaning, repair, and vegetation mitigation performed as needed. Contractors and personnel should perform access, inspection, and repair work with the appropriate access equipment experienced in the roofing types used for the facility.

Maintaining both asphalt shingle roofing and metal standing seam roofing in Central Maryland involves specific steps to ensure they remain in good condition despite the region's variable weather:

- Asphalt Shingle Roofing
  - Regular Cleaning: Keep the roof clear of debris like leaves, branches, and dirt. This helps prevent water pooling and damage to the shingles.
  - Trim Trees: Ensure trees and plants are trimmed back to prevent branches from scratching or damaging the shingles.
  - Gutter Maintenance: Clean gutters regularly to prevent clogs that can lead to water damage.
  - Storm Inspection: After storms, inspect the roof for any damage such as missing or broken shingles.
  - Professional Inspections: Have a professional inspect your roof annually to catch problems early.

  - Moss and Algae Control: Clean the roof to prevent the buildup of moss and algae, which can damage shingles.
- Metal Standing Seam Roofing
  - Avoid Walking on the Roof: Walking on a metal roof can be dangerous and may damage the seams. Use proper safety gear if you need to access the roof.
  - Regular Cleaning: Hose down the roof to remove leaves and debris. Avoid using pressure washers, as they can damage the roof.
  - Gutter Maintenance: Clean gutters regularly and consider installing gutter guards to prevent clogs.
  - Prevent Galvanic Corrosion: Ensure that dissimilar metals do not come into contact with the roof to avoid corrosion.
  - Annual Inspections: Perform regular inspections to identify potential issues like leaks, dents, or scratches.
  - Surface Maintenance: Address any surface-level issues promptly to prevent them from becoming major problems.

Asphalt Shingle Roofing

Metal Standing Seam Roofing

Gutters and Downspouts. The clubhouse has aluminum gutters and downspouts. The gutters and downspouts appear to be in good condition. The downspouts are attached to an underground drain system which effectively transports rain water away from the foundation.

A gutter and downspout system will remove rainwater from the area of the building's roof, siding, and foundation and protect the exterior surfaces from water damage. Gutters should run the full length of all drip edges of the building's roof. Even with full gutters, it is important to inspect the function of the gutters during heavy rain to identify any deficiencies. It may be necessary to periodically adjust the slope of sections, repair connections, replace hangers, and install shrouds to the gutter system. Downspouts should be securely attached to the side of the structure. Any broken straps should be replaced. As there are a large number of trees located close to a building, consider installing a gutter debris shield that will let water into the gutters but will filter out leaves, twigs, and other debris.

Maintaining aluminum gutters and downspouts in Central Maryland involves several key steps to ensure they remain in good condition despite the region's variable weather:

- Regular Cleaning: Clean the gutters and downspouts at least twice a year, in the spring and fall, to remove leaves, twigs, and other debris. This helps prevent clogs and ensures proper water flow.
- Inspect for Damage: Periodically inspect the gutters and downspouts for any signs of damage, such as cracks, holes, or rust. Address any issues promptly to prevent further deterioration.
- Check for Proper Pitch: Ensure the gutters are properly pitched towards the downspouts to facilitate water drainage. If you notice water pooling, adjust the pitch as needed.
- Seal Leaks: Use a high-quality sealant to repair any leaks or holes in the gutters. This helps maintain their integrity and prevents water damage to your home.
- Gutter Guards: Consider installing gutter guards to reduce the amount of debris that enters the gutters. This can significantly reduce the frequency of cleaning and maintenance.
- Professional Maintenance: Schedule regular professional inspections and maintenance to ensure your gutters and downspouts are in optimal condition. Professionals can identify and address issues that might be missed during routine checks.

Masonry. The clubhouse has a decorative two foot masonry strip at ground level around the perimeter of the building which appears to be in good condition. The west side of the building has a masonry venire, and the chimney is made of stone masonry. These stone masonry features are likewise in good condition.

A stone veneer has been installed on the facility's exterior at the ground line. Typically, these surfaces are improperly installed, and we recommend assessing the installation in this community based on a comparison against The Masonry Veneer Manufacturers Association's Installation Guidelines. In addition, the Masonry Veneer Manufacturers Association may be able to provide additional information related to the maintenance and care of these materials. Similar to other masonry components, we recommend repointing. Because Maryland weather and other conditions result in the slow deterioration of the mortar in the joints, we have included funding in the Reserve Analysis for repointing the masonry joint mortar.. As masonry weathers, the mortar joints will become damaged by water penetration. As additional water gains

access to the joints, repeated freeze-thaw cycles gradually increase the damage to the mortar joints. If allowed to progress, even the stone can have their surfaces affected, and masonry units can become loose. In general, masonry is considered a long-life item and is therefore excluded from reserve funding. However, because weather and other conditions result in the slow deterioration of the mortar in masonry joints, we have included funding in this study for repointing. Repointing is the process of raking and cutting out damaged sections of mortar and replacing them with new mortar. Periodic repointing and local replacement of damaged masonry units will limit the damage done by moisture penetration. For this study, we assume that 10% of the masonry will require repointing every ten years after approximately 30 years from the initial construction of the building.

Vinyl Soffit. The underside of the roof eaves, and the front and side porches of the clubhouse are covered with vinyl soffit. This soffit is in good condition.

Maintaining vinyl soffit in Central Maryland involves several key steps to ensure it remains in good condition:

- Regular Cleaning
  - Wash annually: Use a garden hose and a soft brush to remove dirt and debris. For tougher stains, a mild detergent or a vinyl soffit cleaner can be used.
  - Avoid pressure washers: High-pressure water can damage the soffit.
- Inspect for Damage
  - Check for cracks or gaps: Regularly inspect your soffit for any signs of damage. Cracks or gaps can allow moisture to seep in, leading to mold or mildew.Look for discoloration: Faded or discolored soffit might indicate UV damage or other issues
- .Preventative Measures
  - Keep gutters clean: Ensure gutters are free of debris to prevent water overflow that can damage the soffit.
- Repairs and Maintenance
  - Prompt repairs: Address any damage immediately to prevent further issues. Small cracks can often be sealed with caulk, but larger damage might require professional help.
- Repainting:
  - While vinyl soffit doesn't typically need repainting, if you choose to do so, use paint specifically designed for vinyl.

Siding and Trim. The Clubhouse is clad with vinyl siding and trim which appears to be in good condition.

Vinyl Siding and Trim can have an extended useful life if not damaged by impact, heat, or other physical reasons. The coatings and finishes typically have a useful life and, over time, begin to weather, chalk, and show their age. For these reasons, we have modeled for replacing the siding and trim every 25 years.

Maintaining vinyl siding and trim is essential:

- Regular Cleaning
  - Frequency: Annually or as needed
  - How to Clean: Use a garden hose and a soft brush with a mild detergent to clean the siding. Avoid using high-pressure washers as they can damage the siding. Rinse thoroughly to remove all soap residue.
- Inspect for Damage
  - Frequency: Quarterly
  - What to Check: Look for cracks, holes, or loose panels. Check the trim for any signs of wear or damage. Address any issues promptly to prevent further damage.
- Repairing and Replacing
  - Frequency: As needed
  - What to Do: Replace any damaged panels or trim pieces. For minor repairs, use vinyl siding repair kits available at home improvement stores. Ensure replacements match the existing siding and trim.
- Preventing Mold and Mildew
  - Frequency: Annually
  - How to Prevent: Clean areas prone to moisture buildup, such as near gutters and downspouts. Use a solution of water and vinegar to remove mold and mildew.
- Maintaining Caulking
  - Frequency: Annually
  - What to Do: Inspect and replace any deteriorating caulk around windows and doors, and trim to prevent water infiltration.

Clubhouse PermaCast Porch Columns. The front porch of the clubhouse has eight permacast columns which support the roof of the building. The columns are in good condition.

Maintaining PermaCast columns in Central Maryland involves several key steps to ensure they remain in good condition despite the region's variable weather:

- Regular Cleaning: Clean the columns periodically to remove dirt, dust, and grime. Use a mild detergent and water. Avoid abrasive cleaners that can damage the finish.
- Inspection: Periodically inspect the columns for any signs of damage, such as cracks or chips. Address any issues promptly to prevent them from worsening.
- Weatherproofing: Ensure the columns are properly sealed to prevent water infiltration. Check the seals and gaskets around the columns and replace them if necessary.
- UV Protection: Use UV-resistant coatings or finishes to protect the columns from sun damage1.Pest Control: Although PermaCast® columns are insect-proof, it's still a good idea to monitor for any signs of pest activity and address them promptly.
- Seasonal Maintenance: Adapt your maintenance routine according to the seasons. In colder months, ensure the columns are properly sealed to prevent damage from freezing temperatures, and in warmer months, check for any signs of wear due to increased sunlight and humidity.

Fiberglass Windows, Double Hung. The building has 17 windows on the first floor which are 3 ft x 6 ft and 5 dormer windows which are approximately 3 ft x 3 ft. These windows are in good condition.

Maintaining fiberglass double-hung windows in Central Maryland involves a few key steps to ensure they remain in good condition despite the region's variable weather:

- Regular Cleaning: Clean the windows regularly to remove dirt, dust, and grime. Use a mild detergent and water. Avoid abrasive cleaners that can damage the fiberglass surface.

- Lubrication: Ensure the window tracks and moving parts are well-lubricated to keep them operating smoothly. Use a silicone-based lubricant for best results.
- Inspection: Periodically inspect the windows for any signs of damage, such as cracks or warping. Address any issues promptly to prevent them from worsening.
- Weatherstripping: Check the weatherstripping around the windows to ensure it is intact and provides a good seal. Replace any worn or damaged weatherstripping to maintain energy efficiency.
- Caulking: Inspect the caulking around the exterior of the windows and reapply as needed to prevent water infiltration and drafts.
- UV Protection: Fiberglass windows are generally resistant to UV damage, but it's still a good idea to use window treatments or films to protect the interior from UV rays.
- Seasonal Maintenance: Adapt your maintenance routine according to the seasons. In colder months, ensure the windows are properly sealed to prevent heat loss, and in warmer months, check for any signs of wear due to increased sunlight and humidity.

Exterior Doors. The clubhouse has several exterior metal doors. The doors are both single and double doors, with some of the doors being made of both metal and glass. Each of these doors has a one-foot glass transom over the operating door. These doors and transoms are in good condition.

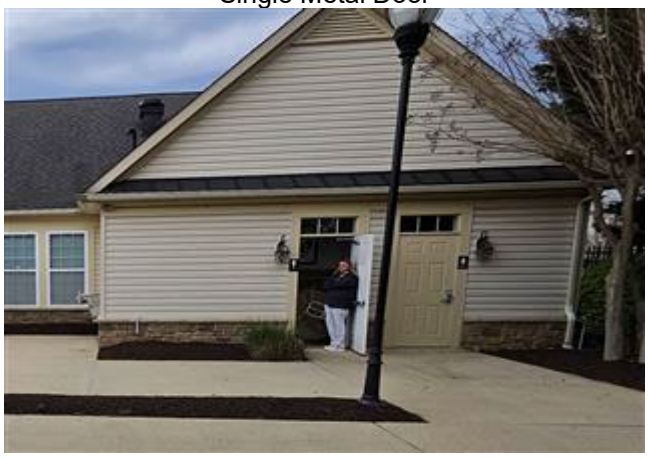
Maintaining exterior glass and metal doors with glass transoms in Central Maryland involves a few key steps to ensure they remain in good condition despite the region's variable weather:

- Regular Cleaning: Clean the glass and metal surfaces regularly to remove dirt, dust, and grime. Use a mild detergent and water for the glass, and a non-abrasive cleaner for the metal parts.
- Lubrication: Ensure the hinges, locks, and other moving parts are well-lubricated to keep them operating smoothly. Use a silicone-based lubricant for best results1.
- Inspection: Periodically inspect the doors for any signs of damage, such as cracks in the glass or rust on the metal. Address any issues promptly to prevent them from worsening.

- Weatherstripping: Check the weatherstripping around the doors to ensure it is intact and provides a good seal. Replace any worn or damaged weatherstripping to maintain energy efficiency.
- Caulking: Inspect the caulking around the exterior of the doors and transoms and reapply as needed to prevent water infiltration and drafts.
- UV Protection: Use window treatments or films to protect the interior from UV rays, which can cause fading and damage over time.
- Seasonal Maintenance: Adapt your maintenance routine according to the seasons. In colder months, ensure the doors are properly sealed to prevent heat loss, and in warmer months, check for any signs of wear due to increased sunlight and humidity.

Metal and Glass Double Doors w/ Panic Hardware (Entry)

Single Metal Door



Exterior Building Lighting. The exterior lighting for the clubhouse consists of can lights under the porch and ornate carriage lamp lights. There are also two carriage lamps on the masonry piers which hold the entry gate for the North Shipley's Crossing Community. The lights are reported to be in operation, and they appear to be in good condition.

Outdoor Wooden Benches. There are two exterior wooden benches under the front porch, these benches are in good condition and covered from direct sunlight.

Maintaining wooden stained exterior benches in Central Maryland involves a few key steps to ensure they remain in good condition despite the region's variable weather:

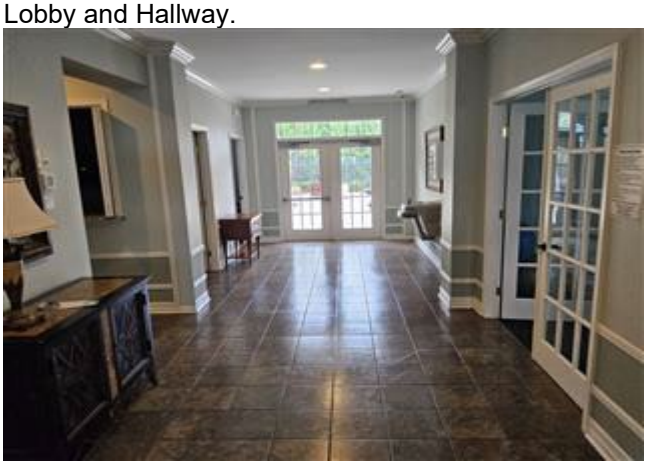
- Regular Cleaning: Dust and debris can accumulate on your benches, leading to discoloration and deterioration. Wipe it down regularly with a damp cloth and mild detergent to keep it clean.
- Moisture Control: Maryland's climate can be quite humid, which can cause wood to warp or rot. Keep your bench away from direct sunlight and moisture-prone areas. Consider placing it in a shaded area or using a protective sealant to shield it from the elements.
- Seasonal Maintenance: Adapt your maintenance routine according to the seasons. In colder months, consider storing your bench indoors or using a weatherproof cover to protect it from harsh weather conditions.
- Inspection and Repair: Periodically inspect your bench for any signs of damage, such as cracks or loose joints. Address these issues promptly to prevent them from worsening and to maintain the structural integrity of your benches.
- Refinishing and Staining: Over time, the finish on your bench may wear off. Refinish or restain your bench as needed to enhance its appearance and provide an additional layer of protection.
- Protection from Pests: Wood-boring insects and pests can pose a threat to your bench. Use insect-repellent products or seek professional pest control services to safeguard your bench.
- UV Protection: Use an exterior oil that is water-resistant and offers UV protection to prevent the sun from bleaching the wood. Teak oil is a great option for outdoor benches.

INTERIOR ITEMS

Common Interiors. The Association maintains the interior spaces of the Clubhouse for common use by the residents of the community. The interior of the building is in good condition and appears that may of the furnishings have been recently updated and improved.

We have assumed that the Association will want to maintain these areas in a commercially acceptable condition. Typically, replacement cycles for common interior spaces vary between five to ten years, depending on the aesthetic tastes of the community, usage, and construction. Material selection and the community's preferences are the major factors in setting the reserve components for items such as refurnishing and interior refurbishment. The Association will need to establish these cycles as these facilities age. Maintaining historical records and incorporating these trends and preferences into a future Reserve Study update is the best way to adjust for these cycles.

Lobby and Hallway.



Card Room.

Main Room.

Dual Station Drinking Fountain, Refrigerated. The Clubhouse has two refrigerated dual station drinking fountains. They are located in the lobby of the clubhouse and another on the exterior wall of the clubhouse near the swimming pool, inside the fenced area. These drinking fountains appear to be in good condition.

Maintaining a Dual Station Refrigerated Drinking Fountain ensures it stays clean, functional, and efficient. Here are some key maintenance tasks:

- Regular Cleaning: Wipe down the basin, bubbler, and bottle filler with mild detergent and a soft cloth. Avoid abrasive cleaners that could damage surfaces.
- Filter Replacement: If your unit has a filtration system, replace the filter as recommended by the manufacturer to ensure clean water
- Leak Inspection: Check for leaks around connections, joints, and hoses. Address any issues promptly to prevent damage.
- Refrigeration System Check: Ensure the compressor and fan cycle properly to maintain cooling performance.
- Condenser and Louvers Cleaning: Dust buildup can reduce efficiency, so clean these components regularly.
- Water Temperature Testing: Verify that the water temperature falls within the desired range.
- Bubbler Stream Adjustment: Ensure the water flows correctly from the mouthpiece, extending at least three inches.
- Nozzle Inspection: Check the bottle filler nozzle for obstructions and clean or replace it if necessary.

AED Pack. The Association is responsible for the AED which is located in the clubhouse foyer. This piece of equipment appears to be in good condition and ready to respond to a cardiac incident.

Maintaining an Automated External Defibrillator (AED) is crucial to ensure it's ready to respond in an emergency. Here are some essential steps to keep your AED in top condition:

- Monthly Checks
  - Physical Inspection: Check the device for any visible damage, such as cracks or dents.
  - Battery Status: Ensure the battery is in place and operational. Many AEDs have a battery indicator light; it should be green or show a ready status.
  - Electrode Pads: Verify that the electrode pads are intact and not expired. These pads typically last 2-4 years.
- Self-Check Feature
  - Most modern AEDs have a self-check mechanism that runs automatically. Check the status indicator to ensure the device passes these self-tests. If it fails, consult your AED provider or the manufacturer immediately.
- Replace Batteries and Pads
  - Battery Replacement: AED batteries usually last between 2-5 years. Always use the manufacturer-recommended battery for replacements.
  - Electrode Pads: Replace the pads as they near their expiration date or immediately after use.

- Proper Storage
    - Store the AED in a temperature-controlled area, following the manufacturer's guidelines for temperature, humidity, and pressure ranges. Proper storage extends the device's life and ensures it functions correctly when needed.
- Documentation and Compliance
    - Keep a log of maintenance activities, including battery and pad replacements. Some states require documented maintenance and testing to confirm device readiness. Using AED program management software can help track these details and ensure compliance with local regulations.

Carpet Tile. The carpet in the building's main and card rooms appears in good condition. The commercial carpet tile of this construction in this type of application has a typical service life of 7 to 10 years.

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

Gas Fireplace in Main Room. The clubhouse's main room has a masonry chimney structure for the gas ventless fireplace. Although not seen in operation, this natural gas fire place appears to be in good condition.

Maintaining an indoor gas ventless fireplace involves several key steps to ensure it remains in good condition and operates safely:

- Regular Cleaning: Clean the fireplace regularly to remove dust and debris. Use a soft cloth and mild detergent for the exterior surfaces and vacuum the interior to remove any dust buildup.
- Inspect the Pilot Light: Ensure the pilot light is functioning correctly. If it goes out frequently, it may need adjustment or cleaning.
- Check for Gas Leaks: Periodically check for gas leaks. If you smell gas, turn off the fireplace immediately and contact a professional for inspection and repair.
- Ventilation: Although ventless fireplaces do not require a chimney, ensure the room is well-ventilated to prevent the buildup of carbon monoxide and other gases.
- Carbon Monoxide Detector: Install a carbon monoxide detector near the fireplace to monitor gas levels and ensure safety.
- Annual Professional Inspection: Schedule an annual inspection by a certified technician to check the fireplace's components, including the burner, ignition system, and gas lines.
- Replace Batteries: If your fireplace has a remote control or electronic ignition, replace the batteries regularly to ensure proper operation.

Card Room and Main Room Furniture. The main entertainment rooms are tastefully outfitted with comfortable furniture and a flat screen television with cable, which complements the atmosphere of these two rooms. The furniture is a mixture of tables, sofa, love seats, lamps and chairs. This furniture and TV appear to be in good condition.

Main Room.

Card Room.

(Continued on next page)

Custom Built Book Case/Cabinet. The Association has a custom-built book case and storage cabinet in the main room of the clubhouse. This piece of furniture is built specifically for the location, appears to be made of hard wood, has a granite counter top, is of high-quality, and is is good condition.

Art Pieces and Mirrors. The clubhouse has numerous pieces of art and mirrors spaced throughout the building. These pieces are in good condition and add much to the atmosphere of the facility.

Fitness Room.

(Continued on next page)

Kitchen Outfitting. The kitchen is outfitted with what is needed for entertaining in the main room and card room. It has coffee makers, microwaves, dishwasher, sink granite counter tops, refrigerator, and ample storage space. The equipment and built-in cabinets counters and equipment are in good condition and well taken care of.

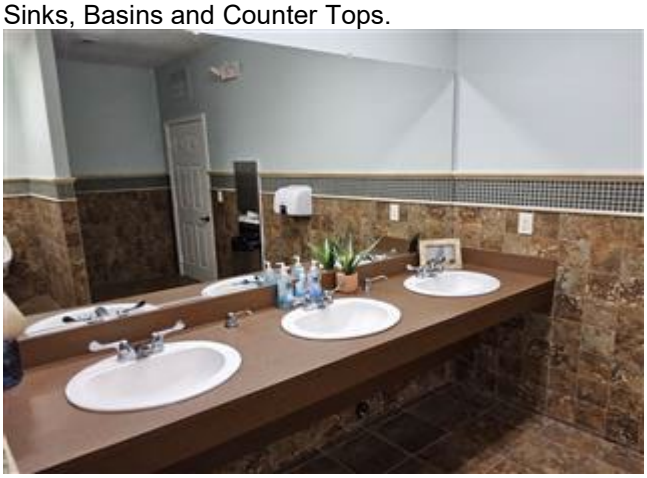
Men's and Women's Restrooms and Shower Rooms. The locker rooms for the swimming pool exercise facility and general clubhouse use, and are located in the clubhouse. The overall condition of the locker rooms appears to be in good condition. Listed below are the major components of the locker rooms:

- Ceramic Floor Tile. The ceramic tile in the locker rooms appears to be in good condition.
- Dry Wall Ceiling. The ceiling is painted drywall which is in good condition.

- Wall Covering. The wall covering including half wall ceramic tile installed in both locker rooms appears in good condition.
- Light Fixtures. The ceiling-mounted fluorescent light fixtures provide illumination. The fixtures appear in good working condition and provide adequate lighting. Fixtures of this type have a typical service life of 25 years.
- Shower and Restroom Fixtures. All shower and restroom fixtures appear to be in good condition and ADAA compatible fixtures are available. We have assumed a service life of 20 years for the fixtures and that all fixtures will be replaced simultaneously as part of general restroom renovation.

Men's Shower Room. **Women's Shower Room.**

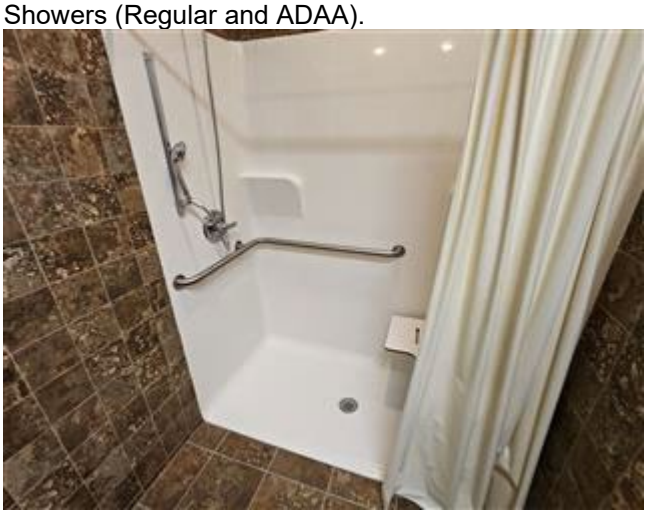
Sinks, Basins and Counter Tops.



Urinal and Partition.

Toilets and Stalls.

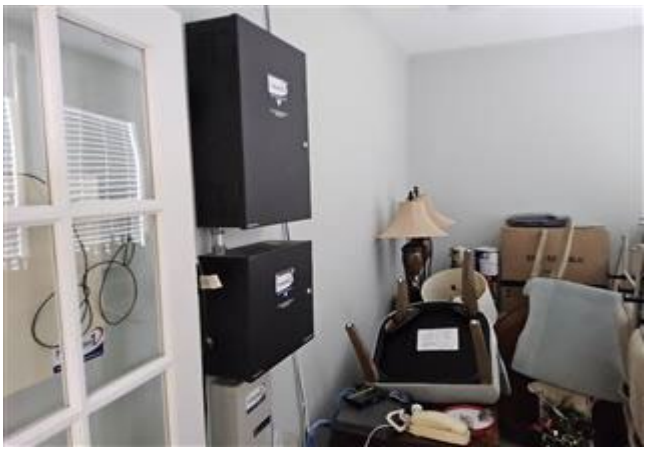
Showers (Regular and ADAA).



Dressing Area.

Building Security System and Entry System. The clubhouse has a security entry system with alarms and cameras. The security access and camera system is located in the storage room. The system is reported to be operational and in good condition. The system was not tested as this is not within the scope of the reserve study, and should be accomplished by security system professionals.

Systems of this type typically have a service life of 15 to 20 years. Beyond that point, it becomes increasingly difficult to find replacement parts. Additionally, changes in technology help render the systems obsolete. For these reasons, we have assumed a 15-year service life for this type of system.



BUILDING SYSTEMS

Split HVAC Systems. The clubhouse features two split-system HVAC units. The systems include a furnace, coils, and a remotely located compressor. The smaller compressor was manufactured by Carrier in February 2008, and the larger unit was manufactured by Rheem in October 2023. The furnaces are located in the attic of the clubhouse but were not available for assessment during the site visit. The systems are reported to be in good working order.

These systems provide heating and cooling and are normally controlled by one thermostat per system. Furnaces, fan boxes, or fan coils are located within the building (and push condition air through duct-work. The compressors are located outside at the ground level by the pool. Refrigerant piping is a long-life item not included in the replacement cost. Many systems become technically obsolete when they are no longer manufactured or when parts are no longer available. The industry is driven to efficiency by competition from multiple manufacturers and technologies.

Natural Gas Wateer Heater, 74 Gallon. The clubhouse has a 74-gallon natural gas water heater to support the shower rooms and the rest of the clubhouse operations.The water heater is located in the men's shower room. From the serial number the water heater was manufactured in May 2008 and is 16-years old.

A 16-year old gas water heater is at the end of its expected life span, so planning for its replacement is something to consider and has been included in the reserve study. Maintaining your AO Smith 74-gallon water heater, especially one manufactured in May 2008, involves several key steps to ensure it operates efficiently and lasts as long as possible:

- Check the Temperature and Pressure Relief Valve (T&P Valve): Lift the lever on the T&P valve to ensure it opens and closes properly. This valve helps prevent the tank from over-pressurizing.
- Inspect the Anode Rod: The anode rod helps prevent corrosion inside the tank. It should be checked every 1-3 years and replaced if more than 6 inches of the core steel wire is exposed.
- Flush the Tank: Sediment can build up at the bottom of the tank, reducing efficiency and potentially damaging the heater. Flushing the tank annually helps remove this sediment.
- Check for Leaks: Regularly inspect the area around the water heater for any signs of leaks. Addressing small leaks early can prevent bigger issues later.
- Adjust the Temperature: Set the thermostat to 120°F to prevent scalding and reduce energy consumption.
- Insulate the Pipes and Heater: Insulating the hot water pipes and the heater itself can improve efficiency, especially in colder climates.
- Professional Inspection: Have a professional inspect your water heater every few years to ensure all components are functioning correctly and to address any potential issues.

Electrical Distribution Panels. The clubhouse has three electrical distribution panels rated at 200-amp, 120/240-volt each. These panels have a 50-year service-life and are in good condition.

Maintaining a 200-amp, 120/240-volt electrical distribution panel is crucial for ensuring safety and efficiency:

- Regular Inspections: Visual Check: Inspect the panel for any signs of wear, corrosion, or damage. Look for loose connections, burnt wires, or any unusual odors.
- Thermal Imaging: Use a thermal imaging camera to detect hot spots that might indicate overloaded circuits or loose connections.
- Cleaning:Dust and Debris: Keep the panel clean and free from dust and debris. Use a dry cloth or a vacuum with a brush attachment to clean the interior.
- Moisture Control: Ensure the panel is dry and protected from moisture. If located in a damp area, consider installing a dehumidifier nearby.
- Tightening Connections: Periodically check and tighten all electrical connections to prevent arcing and overheating.
- Testing Breakers:Functionality Test: Test the circuit breakers to ensure they trip correctly. Replace any faulty breakers immediately.
- Load Test: Perform load tests to ensure the panel can handle the expected electrical load without issues.
- Labeling: Ensure all circuits are clearly labeled for easy identification. This helps in quickly addressing any issues and performing maintenance.
- Professional Inspection: Have a licensed electrician inspect the panel annually to ensure everything is up to code and functioning properly.
- Safety Precautions: Always turn off the main power before performing any maintenance. Use insulated tools and wear protective gear

For more detailed guidelines, you can refer to the National Electrical Code (NEC) Requirements for Panelboards.

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

End of Condition Assessment

SECTION A - FINANCIAL ANALYSIS

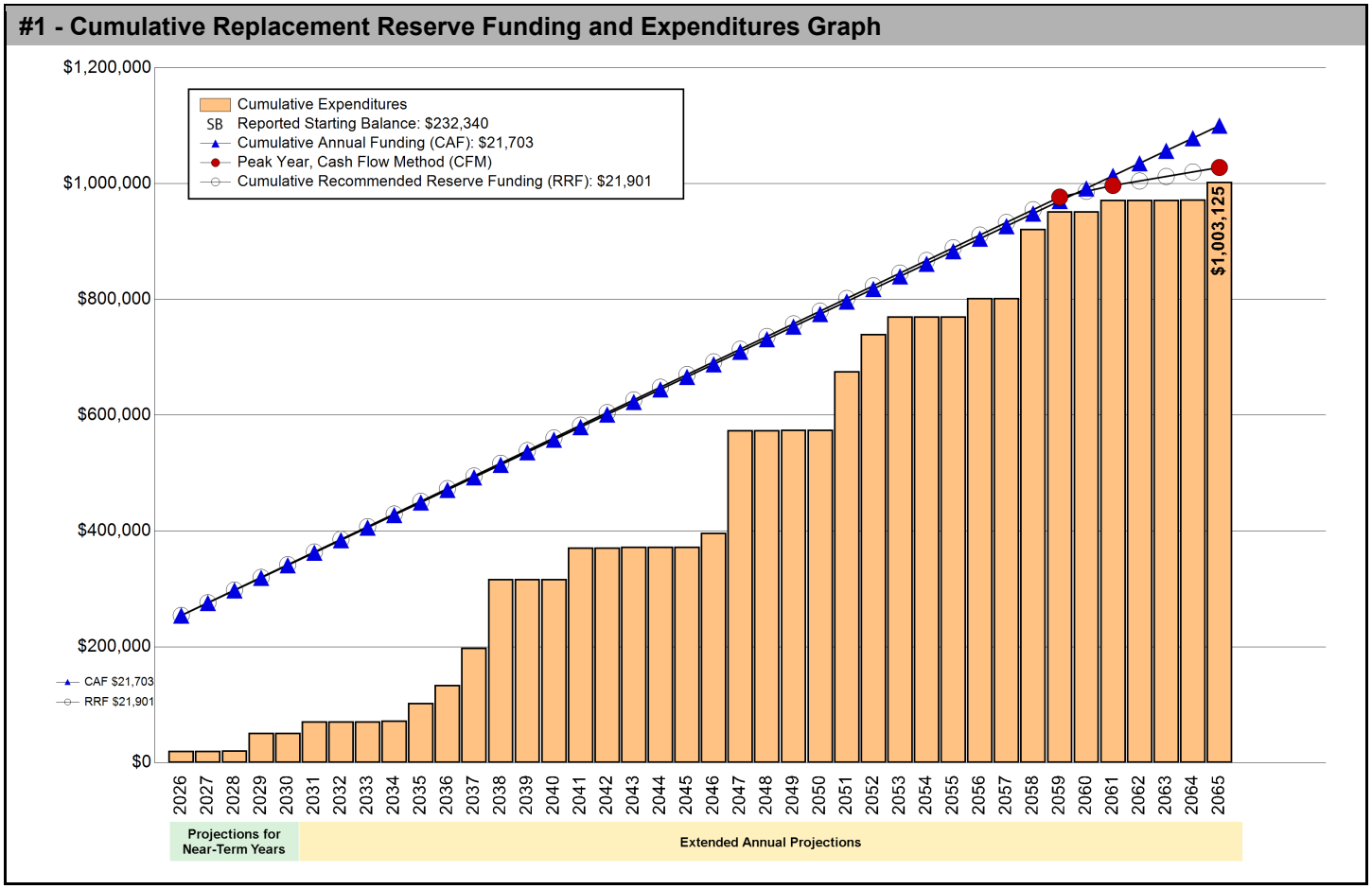
The Shipleys Crossing HOA -North Replacement Reserve Analysis uses the Cash Flow Method (CFM) to calculate Replacement Reserve funding for the periodic replacement of the 22 Projected Replacements identified in the Replacement Reserve Inventory.

$21,901 **RECOMMENDED REPLACEMENT RESERVE FUNDING FOR THE STUDY YEAR, 2026**
$22.81 Per unit (average), minimum monthly funding of Replacement Reserves

We recommend the Association adopt a Replacement Reserve Funding Plan based on the annual funding recommendation above. Inflation adjusted funding for subsequent years is shown on Page A1.5.

Shipleys Crossing HOA -North reports a Starting Balance of $232,340 and Annual Funding totaling $21,703, which is inadequate to fund projected replacements starting in 2059. See Page A1.3 for a more detailed evaluation.

#1 - Cumulative Replacement Reserve Funding and Expenditures Graph



The slight increase in Annual Funding shown above is primarily due to the effects of inflation on the replacement costs.

REPLACEMENT RESERVE ANALYSIS - GENERAL INFORMATION

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

2026 **STUDY YEAR**

The Association reports that their accounting year begins on January 1, and the Study Year, the first year evaluated by the Replacement Reserve Analysis, begins on January 1, 2026.

40 Years **STUDY PERIOD**

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

$232,340 **STARTING BALANCE**

The Association reports Replacement Reserves on Deposit totaling $232,340 at the start of the Study Year.

Level Two **LEVEL OF SERVICE**

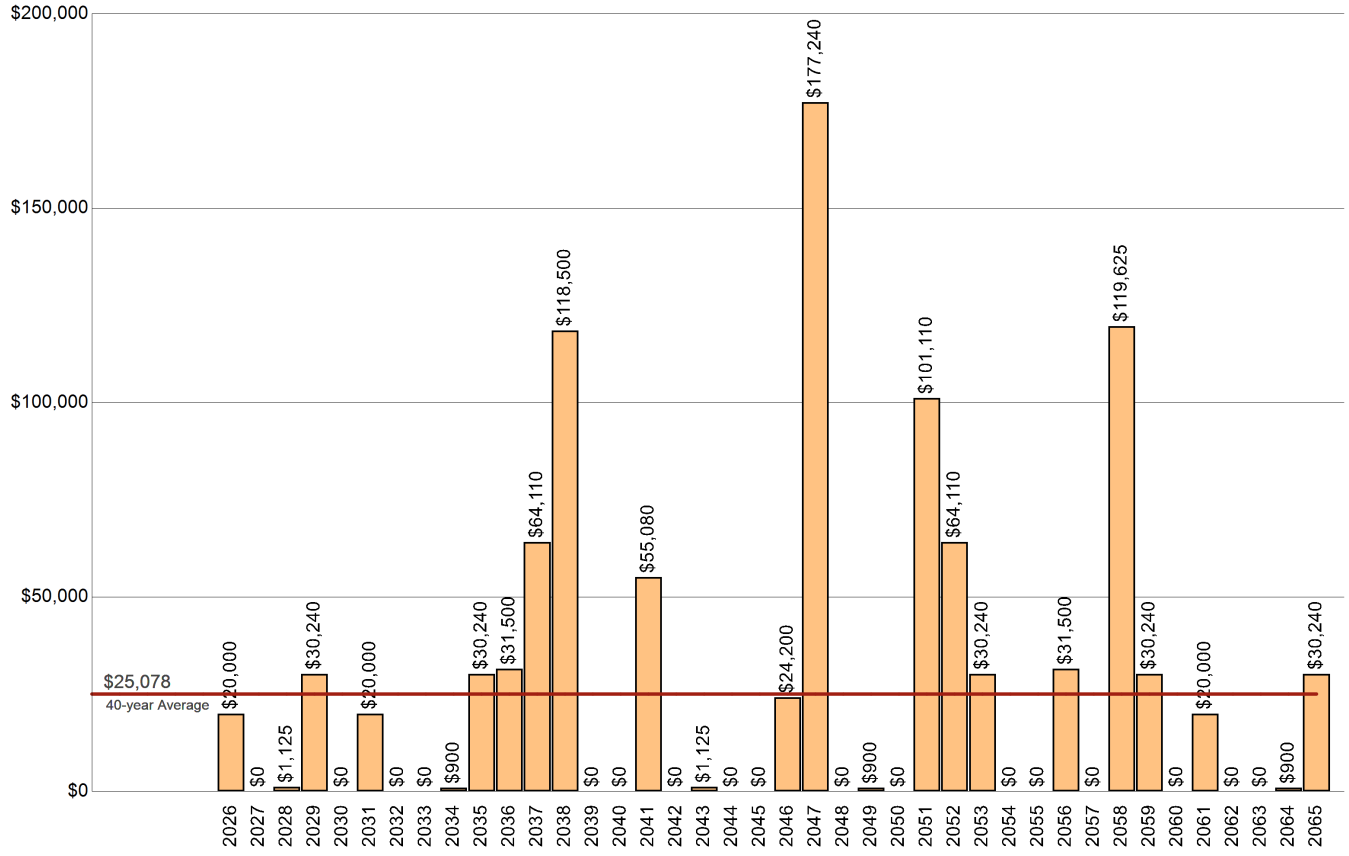
The Replacement Reserve Inventory has been developed in compliance with the National Reserve Study Standards for a Level Two Study, as defined by the Community Associations Institute (CAI).

$1,003,125 **REPLACEMENT RESERVE INVENTORY - PROJECTED REPLACEMENTS**

The Shipleys Crossing HOA -North Replacement Reserve Inventory identifies 22 items that will require periodic replacement, that are to be funded from Replacement Reserves. We estimate the cost of these replacements will be $1,003,125 over the 40-year Study Period. The Projected Replacements are divided into 1 major categories starting on Page B1.3. Pages B1.1-B1.2 provide detailed information on the Replacement Reserve Inventory.

#2 - Annual Expenditures for Projected Replacements Graph

This graph shows annual expenditures for Projected Replacements over the 40-year Study Period. The red line shows the average annual expenditure of $25,078. Section C1 provides a year by year Calendar of these expenditures.



UPDATING OF THE FUNDING PLAN

The Association has a responsibility to review the Funding Plan annually. The review should include a comparison and evaluation of actual reserve funding with recommended levels shown on Page A1.4 and A1.5. The Projected Replacements listed on Page C1.2 should be compared with any replacements accomplished and funded from Replacement Reserves. Discrepancies should be evaluated and if necessary, the Reserve Study should be updated or a new study commissioned. We recommend annual increases in replacement reserve funding to account for the impact of inflation. Inflation Adjusted Funding is discussed on Page A1.5.

UPDATING OF THE REPLACEMENT RESERVE STUDY

At a minimum, the Replacement Reserve Study should be professionally updated every three to five years or after completion of a major replacement project. Updating should also be considered if during the annual review of the Funding Plan, discrepancies are noted between projected and actual reserve funding or replacement costs. Updating may also be necessary if there is a meaningful discrepancy between the actual inflation rate and the inflation rate used for the Inflation Adjusted Funding of Replacement Reserves on Page A1.5.

ANNUAL EXPENDITURES AND CURRENT FUNDING

The annual expenditures that comprise the $1,003,125 of Projected Expenditures over the 40-year Study Period and the impact of the Association continuing to fund Replacement Reserves at the current level are detailed in Table 3.

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

Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Starting Balance	$232,340									
Projected Replacements	($20,000)		($1,125)	($30,240)		($20,000)			($900)	($30,240)
Annual Deposit	$21,703	$21,703	$21,703	$21,703	$21,703	$21,703	$21,703	$21,703	$21,703	$21,703
End of Year Balance	$234,043	$255,746	$276,324	$267,787	$289,490	$291,193	$312,896	$334,599	$355,402	$346,865
Cumulative Expenditures	($20,000)	($20,000)	($21,125)	($51,365)	($51,365)	($71,365)	($71,365)	($71,365)	($72,265)	($102,505)
Cumulative Receipts	$254,043	$275,746	$297,449	$319,152	$340,855	$362,558	$384,261	$405,964	$427,667	$449,370
Year	**2036**	**2037**	**2038**	**2039**	**2040**	**2041**	**2042**	**2043**	**2044**	**2045**
Projected Replacements	($31,500)	($64,110)	($118,500)			($55,080)		($1,125)		
Annual Deposit	$21,703	$21,703	$21,703	$21,703	$21,703	$21,703	$21,703	$21,703	$21,703	$21,703
End of Year Balance	$337,068	$294,661	$197,864	$219,567	$241,270	$207,893	$229,596	$250,174	$271,877	$293,580
Cumulative Expenditures	($134,005)	($198,115)	($316,615)	($316,615)	($316,615)	($371,695)	($371,695)	($372,820)	($372,820)	($372,820)
Cumulative Receipts	$471,073	$492,776	$514,479	$536,182	$557,885	$579,588	$601,291	$622,994	$644,697	$666,400
Year	**2046**	**2047**	**2048**	**2049**	**2050**	**2051**	**2052**	**2053**	**2054**	**2055**
Projected Replacements	($24,200)	($177,240)		($900)		($101,110)	($64,110)	($30,240)		
Annual Deposit	$21,703	$21,703	$21,703	$21,703	$21,703	$21,703	$21,703	$21,703	$21,703	$21,703
End of Year Balance	$291,083	$135,546	$157,249	$178,052	$199,755	$120,348	$77,941	$69,404	$91,107	$112,810
Cumulative Expenditures	($397,020)	($574,260)	($574,260)	($575,160)	($575,160)	($676,270)	($740,380)	($770,620)	($770,620)	($770,620)
Cumulative Receipts	$688,103	$709,806	$731,509	$753,212	$774,915	$796,618	$818,321	$840,024	$861,727	$883,430
Year	**2056**	**2057**	**2058**	**2059**	**2060**	**2061**	**2062**	**2063**	**2064**	**2065**
Projected Replacements	($31,500)		($119,625)	($30,240)		($20,000)			($900)	($30,240)
Annual Deposit	$21,703	$21,703	$21,703	$21,703	$21,703	$21,703	$21,703	$21,703	$21,703	$21,703
End of Year Balance	$103,013	$124,716	$26,794	$18,257	$39,960	$41,663	$63,366	$85,069	$105,872	$97,335
Cumulative Expenditures	($802,120)	($802,120)	($921,745)	($951,985)	($951,985)	($971,985)	($971,985)	($971,985)	($972,885)	($1,003,125)
Cumulative Receipts	$905,133	$926,836	$948,539	$970,242	$991,945	$1,013,648	$1,035,351	$1,057,054	$1,078,757	$1,100,460

EVALUATION OF CURRENT FUNDING

The evaluation of Current Funding (Starting Balance of $232,340 & annual funding of $21,703), is done in today's dollars with no adjustments for inflation or interest earned on Replacement Reserves. The evaluation assumes Replacement Reserves will only be used for the 22 Projected Replacements identified in the Replacement Reserve Inventory and that the Association will continue Annual Funding of $21,703 throughout the 40-year Study Period.

Annual Funding of $21,703 is approximately 99 percent of the $21,901 recommended Annual Funding calculated by the Cash Flow Method for 2026, the Study Year.

See the Executive Summary for the Current Funding Statement.

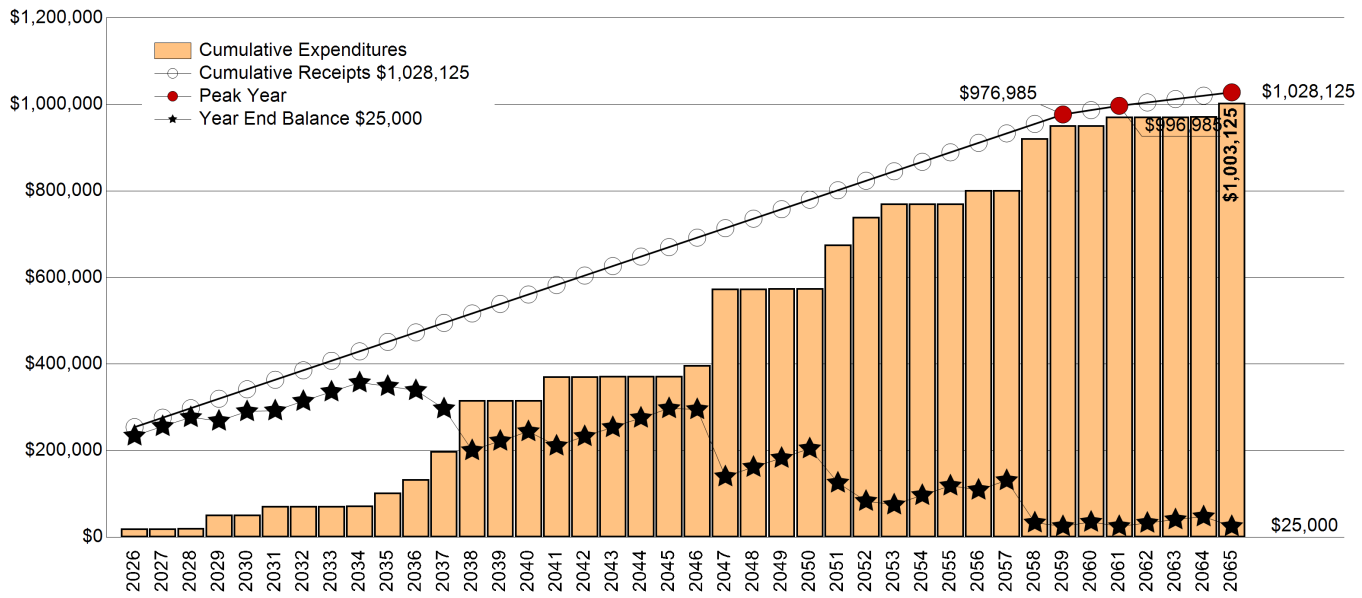
CASH FLOW METHOD FUNDING

$21,901 **RECOMMENDED REPLACEMENT RESERVE FUNDING FOR 2026**
$22.81 Per unit (average), minimum monthly funding of Replacement Reserves

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

- **Peak Years.** The First Peak Year occurs in 2059 with Replacement Reserves on Deposit dropping to the Minimum Balance after the completion of $951,985 of replacements from 2026 to 2059. Recommended funding is anticipated to decline in 2060. Peak Years are identified in Chart 4 and Table 5.
- **Threshold (Minimum Balance).** The calculations assume a Minimum Balance of $25,000 will always be held in reserve, which is calculated by rounding the 12-month 40-year average annual expenditure of $25,078 as shown on Graph #2.
- **Cash Flow Method Study Period.** Cash Flow Method calculates funding for $1,003,125 of expenditures over the 40-year Study Period. It does not include funding for any projects beyond 2065 and in 2065, the end of year balance will always be the Minimum Balance.

#4 - Cash Flow Method - Graph of Cumulative Receipts and Expenditures - Years 0 through 39



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

Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Starting Balance	$232,340									
Projected Replacements	($20,000)		($1,125)	($30,240)		($20,000)			($900)	($30,240)
Annual Deposit	$21,901	$21,901	$21,901	$21,901	$21,901	$21,901	$21,901	$21,901	$21,901	$21,901
End of Year Balance	$234,241	$256,143	$276,919	$268,580	$290,482	$292,383	$314,284	$336,186	$357,187	$348,848
Cumulative Expenditures	($20,000)	($20,000)	($21,125)	($51,365)	($51,365)	($71,365)	($71,365)	($71,365)	($72,265)	($102,505)
Cumulative Receipts	$254,241	$276,143	$298,044	$319,945	$341,847	$363,748	$385,649	$407,551	$429,452	$451,353

Year	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Projected Replacements	($31,500)	($64,110)	($118,500)			($55,080)		($1,125)		
Annual Deposit	$21,901	$21,901	$21,901	$21,901	$21,901	$21,901	$21,901	$21,901	$21,901	$21,901
End of Year Balance	$339,250	$297,041	$200,442	$222,344	$244,245	$211,066	$232,967	$253,744	$275,645	$297,546
Cumulative Expenditures	($134,005)	($198,115)	($316,615)	($316,615)	($316,615)	($371,695)	($371,695)	($372,820)	($372,820)	($372,820)
Cumulative Receipts	$473,255	$495,156	$517,057	$538,959	$560,860	$582,761	$604,662	$626,564	$648,465	$670,366

Year	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055
Projected Replacements	($24,200)	($177,240)		($900)		($101,110)	($64,110)	($30,240)		
Annual Deposit	$21,901	$21,901	$21,901	$21,901	$21,901	$21,901	$21,901	$21,901	$21,901	$21,901
End of Year Balance	$295,248	$139,909	$161,810	$182,812	$204,713	$125,504	$83,296	$74,957	$96,858	$118,760
Cumulative Expenditures	($397,020)	($574,260)	($574,260)	($575,160)	($575,160)	($676,270)	($740,380)	($770,620)	($770,620)	($770,620)
Cumulative Receipts	$692,268	$714,169	$736,070	$757,972	$779,873	$801,774	$823,676	$845,577	$867,478	$889,380

Year	2056	2057	2058	1st Peak - 2059	2060	2nd Peak - 2061	2062	2063	2064	3rd Peak - 2065
Projected Replacements	($31,500)		($119,625)	($30,240)		($20,000)			($900)	($30,240)
Annual Deposit	$21,901	$21,901	$21,901	$21,901	$10,000	$10,000	$7,785	$7,785	$7,785	$7,785
End of Year Balance	$109,161	$131,062	$33,339	$25,000	$35,000	$25,000	$32,785	$40,570	$47,455	$25,000
Cumulative Expenditures	($802,120)	($802,120)	($921,745)	($951,985)	($951,985)	($971,985)	($971,985)	($971,985)	($972,885)	($1,003,125)
Cumulative Receipts	$911,281	$933,182	$955,084	$976,985	$986,985	$996,985	$1,004,770	$1,012,555	$1,020,340	$1,028,125

INFLATION ADJUSTED FUNDING

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

$21,901 **2026 - CASH FLOW METHOD RECOMMENDED FUNDING**

The 2026 Study Year calculations have been made using current replacement costs

$22,558 **2027 - 3.0% INFLATION ADJUSTED FUNDING**

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

- Starting Balance totaling $234,241 on January 1, 2027.
- No Expenditures from Replacement Reserves in 2027.

$23,235 **2028 - 3.0% INFLATION ADJUSTED FUNDING**

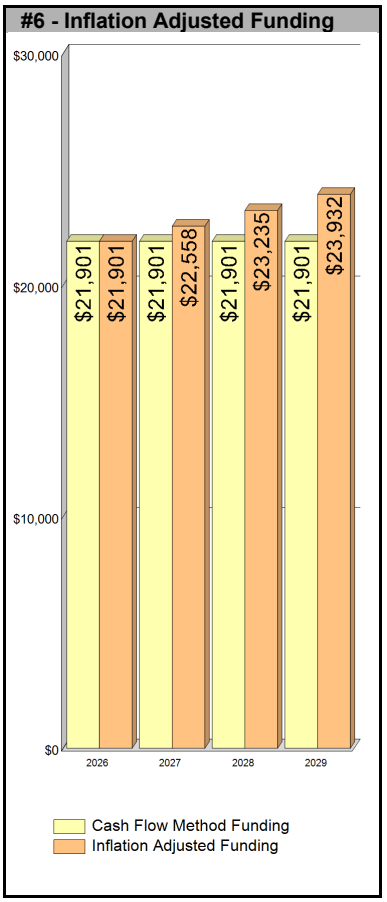
A new analysis calculates the 2028 funding based on three assumptions:

- Starting balance of approximately $256,800 = 2028 Starting Balance $234,241, plus Inflation Adjusted Funding $22,558 for 2027, minus $0 2027 Inflation Adjusted Cost.
- 2028 Non-inflation replacement costs listed in Section C, $1,125, will be replaced at approximately $1,194, 3.0% compounded inflation increase to 2026 costs.
- The $23,235 inflation-adjusted funding in 2028 is a 3.0% increase over the non-inflation-adjusted funding of $22,558 for 2027.

$23,932 **2029 - 3.0% INFLATION ADJUSTED FUNDING**

A new analysis calculates the 2029 funding based on three assumptions:

- Starting balance of approximately $278,841 = 2029 Starting Balance $256,800, plus Inflation Adjusted Funding $23,235 for 2028, minus $1,194 2028 Inflation Adjusted Cost.
- 2029 Non-inflation replacement costs listed in Section C, $30,240, will be replaced at approximately $33,044, 3.0% compounded inflation increase to 2026 costs.
- The $23,932 inflation-adjusted funding in 2029 is a 3.0% increase over the non-inflation-adjusted funding of $23,235 for 2028.



Year Four and Beyond

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

Inflation Adjustment

Prior to approving a budget based upon the 2027, 2028 and 2029 inflation-adjusted funding calculations above, the 3.00 percent base rate of inflation used in our calculations should be compared to rates published by the Bureau of Labor Statistics. If there is a significant discrepancy (over 1 percentage point), contact Miller+Dodson Associates prior to using the Inflation Adjusted Funding.

Interest on Reserves

The recommended funding calculations do not account for interest earned on Replacement Reserves. In 2026, based on a 1.00 percent interest rate, we estimate the Association may earn $2,333 on an average balance of $233,291, $2,455 on an average balance of $245,521 in 2027, and $2,678 on $267,821 in 2028. The Association may elect to attribute 100 percent of the earned interest to Reserves, resulting in a reduction in the 2026 funding from $21,901 to $19,568 (a 10.65 percent reduction), $22,558 to $20,103 in 2027 (a 10.88 percent reduction), and $23,235 to $20,557 in 2028 (a 11.52 percent reduction).

REPLACEMENT RESERVE STUDY - SUPPLEMENTAL COMMENTS

Maryland's new Reserves and Reserve Study Law, HB-107, is intended to ensure that adequate Reserve Funding is available for capital repair and replacement projects when it is needed. This is done by funding the Reserve Fund annually. The law requires that the Recommended Annual Reserve Funding amount in the most recent Reserve Study be included in the Association's annual budgets. If this is an Association's "initial" (first) professionally conducted Reserve Study, HB-107 gives the Association up to three (3) fiscal years following the fiscal year in which the Reserve Study was completed, to attain the Annual Reserve Funding level recommended in the initial Reserve Study.

SECTION B - REPLACEMENT RESERVE INVENTORY

- **PROJECTED REPLACEMENTS.** Shipleys Crossing HOA -North - Replacement Reserve Inventory identifies 22 items that are Projected Replacements and the periodic replacements of these items are scheduled for funding from Replacement Reserves. The Projected Replacements have an estimated one-time replacement cost of $485,525. Cumulative Replacements totaling $1,003,125 are scheduled in the Replacement Reserve Inventory over the 40-year Study Period. Cumulative Replacements include those components that are replaced more than once during the period of the study.

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

- **TAX CODE.** The United States Tax Code grants favorable tax status to Replacement Reserves, conditioned on expenditures being made within certain guidelines. These guidelines typically exclude maintenance activities, minor repairs, and capital improvements.

- **EXCLUDED ITEMS.** Some of the items contained in the Replacement Reserve Inventory are 'Excluded Items'. Multiple categories of items are typically excluded from funding by Replacement Reserves, including but not limited to:

  Value. Items with a replacement cost of less than $1000 and/or a normal economic life of less than 3 years are typically excluded from funding from Replacement Reserves. This exclusion should reflect the Association policy on the administration of Replacement Reserves. If the Association has selected an alternative level, it will be noted in the Replacement Reserve Inventory - General Comments on Page B1.2.

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

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

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

- **CATEGORIES.** The 22 items included in the Shipleys Crossing HOA -North Replacement Reserve Inventory are divided into 1 major categories. Each category is printed on a separate page, beginning on page B1.3.

- **LEVEL OF SERVICE.** This Replacement Reserve Inventory has been developed in compliance with the standards established for a Level 2 Update, as defined by the National Reserve Study Standards, established in 1998 by the Community Associations Institute, which states:

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

REPLACEMENT RESERVE INVENTORY - GENERAL INFORMATION (CONT'D)

- **INVENTORY DATA.** Each of the 22 Projected Replacements listed in the Replacement Reserve Inventory includes the following data:

  Item Number. The Item Number is assigned sequentially and is intended for identification purposes only.

  Item Description. We have identified each item included in the Inventory. Additional information may be included in the Comments section at the bottom of each page of the Inventory.

  Units. We have used standard abbreviations to identify the number of units including SF-square feet, LF-lineal feet, SY-square yard, LS-lump sum, EA-each, and PR-pair. Non-standard abbreviations are noted in the Comments section at the bottom of the page.

  Number of Units. The methods used to develop the quantities are discussed in "Level of Service" above.

  Unit Replacement Cost. We use four sources to develop the unit cost data shown in the Inventory; actual replacement cost data provided by the client, information provided by local contractors and suppliers, industry standard estimating manuals, and a cost database we have developed based upon our detailed interviews with contractors and service providers who are specialists in their respective lines of work.

  Normal Economic Life (Years). The number of years that a new and properly installed item should be expected to remain in service.

  Remaining Economic Life (Years). The estimated number of years before an item will need to be replaced. In "normal" conditions, this could be calculated by subtracting the age of the item from the Normal Economic Life of the item, but only rarely do physical assets age "normally". Some items may have longer or shorter lives depending on many factors such as environment, initial quality of the item, maintenance, etc.

  Total Replacement Cost. This is calculated by multiplying the Unit Replacement Cost by the Number of Units.

- **PARTIAL FUNDING.** Items may have been included in the Replacement Reserve Inventory at less than 100 percent of their full quantity and/or replacement cost. This is done on items that will never be replaced in their entirety, but which may require periodic replacements over an extended period of time. The assumptions that provide the basis for any partial funding are noted in the Comments section.
- **REMAINING ECONOMIC LIFE GREATER THAN 40 YEARS.** The calculations do not include funding for initial replacements beyond 40 years. These replacements are included in this Study for tracking and evaluation. They should be included for funding in future Studies, when they enter the 40-year window.
- **ACCURACY OF THE ANALYSIS.** The accuracy of the Replacement Reserve Analysis is dependent upon expenditures from Replacement Reserves being made ONLY for the 22 Projected Replacements specifically listed in the Replacement Reserve Inventory. The inclusion/exclusion of items from the Replacement Reserve Inventory is discussed on Page B1.1.

SITE ITEMS - NORTH
PROJECTED REPLACEMENTS

NEL- Normal Economic Life (yrs)
REL- Remaining Economic Life (yrs)

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
Entry Monuments							
1	Entrance monument, repoint masonry	sf	45	$25.00	15	2	$1,125
2	Entrance monument, composite sign	sf	22	$220.00	25	15	$4,840
	Vehicular entry, swing gate (20' x 6')						EXCLUDED
3	Flood light ground mounted	ea	2	$500.00	10	10	$1,000
4	Site light, decorative carriage lamp	ea	2	$850.00	20	20	$1,700
5	Site electric, meter socket and service	ls	1	$4,500.00	50	41	$4,500
Asphalt Roads							
6	Asphalt pavement, mill and overlay	sf	60,000	$2.45	21	21	$147,000
	Asphalt pavement, seal coat						EXCLUDED
7	Asphalt pavement, crack sealing	ft	5,000	$4.00	5	none	$20,000
8	Asphalt pavement, full-depth patching	sf	2,000	$4.50	20	10	$9,000
Asphalt Path							
9	Asphalt path, overlay	sf	10,685	$6.00	15	11	$64,110
	Asphalt path, seal coat						EXCLUDED
10	Asphalt path, full-depth patching	sf	200	$4.50	15	8	$900
Concrete Flatwork and Curbs and Gutters							
11	Concrete, curb and gutter, mountable (6%	ft	260	$42.00	6	3	$10,920
12	Concrete driveway apron (6% allowance)	sf	475	$14.00	6	3	$6,650
13	Concrete flatwork (6% allowance)	sf	905	$14.00	6	3	$12,670
Retaining Walls							
14	Retaining wall, segmental block (reset)	sf	100	$15.00	10	10	$1,500
Fencing							
				Replacement Costs - Page Subtotal			$285,915

COMMENTS

- Vehicular entry, swing gate (20' x 6') - [06/16/2025] excluded per board
- Item #4: Site light, decorative carriage lamp - Lamps are on the two smaller piers which support the gate.
- Item #6: Asphalt pavement, mill and overlay - Do not need to crack seal and seal coat for five years after milling and paving.
- Asphalt pavement, seal coat - [06/16/2025] excluded per board
- Item #7: Asphalt pavement, crack sealing - Crack sealing should be accomplished a week prior to seal coating.
- Item #8: Asphalt pavement, full-depth patching - Estimate of required pavement full-depth repairs based on technical experience.
- Asphalt path, seal coat - [06/16/2025] excluded per board

SITE ITEMS - NORTH - (cont.)

PROJECTED REPLACEMENTS

NEL- Normal Economic Life (yrs)
REL- Remaining Economic Life (yrs)

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
15	Fence, 4' decorative aluminum	ft	375	$52.00	45	25	$19,500
16	Fence, 5' decorative aluminum	ft	70	$57.00	45	25	$3,990
17	Fence, 4' vinyl coated chain link	ft	1,780	$24.00	45	25	$42,720
18	Gate for 4' vinyl coated chain link	ea	4	$600.00	45	25	$2,400
Stormwater Management and Wet Retention Ponds							
19	Stormwater management, per acre (allowance)	ac	16	$1,500.00	20	12	$24,000
20	Retention (wet) ponds	cy	700	$95.00	20	12	$66,500
21	Haul dredging spoils	cy	700	$40.00	20	12	$28,000
Mailboxes							
22	Mailbox, cluster (8-unit CBU)	units	5	$2,500.00	35	25	$12,500

Replacement Costs - Page Subtotal $199,610

COMMENTS

- Item #21: Haul dredging spoils - There is no area on the property that can be used for dredge spoils. Will have to haul spoils to a landfill.

VALUATION EXCLUSIONS
Excluded Items

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	Miscellaneous signage						EXCLUDED
	Bollard/access control devices						EXCLUDED
	Sprinkler head						EXCLUDED
	Emergency lighting, exit light, etc.						EXCLUDED
	Signage						EXCLUDED
	Interior doors						EXCLUDED
	Window unit						EXCLUDED
	Electric heaters						EXCLUDED

VALUATION EXCLUSIONS
Comments

- Valuation Exclusions. For ease of administration of the Replacement Reserves and to reflect accurately how Replacement Reserves are administered, items with a dollar value less than $1000 have not been scheduled for funding from Replacement Reserve. Examples of items excluded by Replacement Reserves by this standard are listed above.

- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

LONG-LIFE EXCLUSIONS
Excluded Items

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	Masonry features						EXCLUDED
	Miscellaneous culverts						EXCLUDED
	Concrete retaining walls						EXCLUDED
	Segmental retaining walls						EXCLUDED
	Exterior brick veneer						EXCLUDED
	Exterior stone veneer						EXCLUDED
	Building foundation(s)						EXCLUDED
	Concrete floor slabs (interior)						EXCLUDED
	Wall, floor, and roof structure						EXCLUDED
	Fire protection/security systems						EXCLUDED
	Common element electrical services						EXCLUDED
	Electrical wiring						EXCLUDED
	Water piping at common facilities						EXCLUDED
	Waste piping at common facilities						EXCLUDED
	Gas services at common facilities						EXCLUDED

LONG-LIFE EXCLUSIONS
Comments

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

UNIT IMPROVEMENTS EXCLUSIONS

Excluded Items

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	Domestic water pipes serving one unit						EXCLUDED
	Sanitary sewers serving one unit						EXCLUDED
	Electrical wiring serving one unit						EXCLUDED
	Cable TV service serving one unit						EXCLUDED
	Telephone service serving one unit						EXCLUDED
	Gas service serving one unit						EXCLUDED
	Driveway on an individual lot						EXCLUDED
	Apron on an individual lot						EXCLUDED
	Sidewalk on an individual lot						EXCLUDED
	Stairs on an individual lot						EXCLUDED
	Curb and gutter on an individual lot						EXCLUDED
	Retaining wall on an individual lot						EXCLUDED
	Fence on an individual lot						EXCLUDED
	Dock on an individual lot						EXCLUDED
	Unit exterior						EXCLUDED
	Unit windows						EXCLUDED
	Unit doors						EXCLUDED
	Unit skylights						EXCLUDED
	Unit deck, patio, and/or balcony						EXCLUDED
	Unit mailbox						EXCLUDED
	Unit interior						EXCLUDED
	Unit HVAC system						EXCLUDED

UNIT IMPROVEMENTS EXCLUSIONS

Comments

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

UTILITY EXCLUSIONS
Excluded Items

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	Primary electric feeds						EXCLUDED
	Electric transformers						EXCLUDED
	Cable TV systems and structures						EXCLUDED
	Telephone cables and structures						EXCLUDED
	Site lighting						EXCLUDED
	Gas mains and meters						EXCLUDED
	Water mains and meters						EXCLUDED
	Sanitary sewers						EXCLUDED
	Stormwater management system						EXCLUDED

UTILITY EXCLUSIONS
Comments

- Utility Exclusions. Many improvements owned by utility companies are on property owned by the Association. We have assumed that repair, maintenance, and replacements of these components will be done at the expense of the appropriate utility company. Examples of items excluded from funding Replacement Reserves by this standard are listed above.

- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

MAINTENANCE AND REPAIR EXCLUSIONS

Excluded Items

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

MAINTENANCE AND REPAIR EXCLUSIONS

Comments

- Maintenance activities, one-time-only repairs, and capital improvements. These activities are NOT appropriately funded from Replacement Reserves. The inclusion of such component in the Replacement Reserve Inventory could jeopardize the special tax status of ALL Replacement Reserves, exposing the Association to significant tax liabilities. We recommend that the Board of Directors discuss these exclusions and Revenue Ruling 75-370 with a Certified Public Accountant.

- Examples of items excluded from funding by Replacement Reserves are listed above. The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

GOVERNMENT EXCLUSIONS

Excluded Items

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	Government, roadways and parking						EXCLUDED
	Government, sidewalks and curbs						EXCLUDED
	Government, lighting						EXCLUDED
	Government, stormwater management						EXCLUDED
	Government, ponds						EXCLUDED
	Government, mailboxes						EXCLUDED

GOVERNMENT EXCLUSIONS

Comments

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

IRRIGATION SYSTEM EXCLUSIONS

Excluded Items

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	Subsurface irrigation pipe						EXCLUDED
	Subsurface irrigation valve						EXCLUDED
	Subsurface irrigation control wiring						EXCLUDED
	Irrigation control system						EXCLUDED
	Irrigation system electrical service						EXCLUDED
	Irrigation system enclosures						EXCLUDED

IRRIGATION SYSTEM EXCLUSIONS

Comments

- Irrigation System Exclusions. We have assumed that the maintenance, repair, and periodic replacement of the components of the extensive irrigation systems at the property will not be funded from Replacement Reserves. These systems should be inspected each spring when the systems are brought online and again each fall when they are winterized. Repair(s) and or replacement(s) should be made in conjunction with these semiannual inspections.

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SECTION C - CALENDAR OF PROJECTED ANNUAL REPLACEMENTS

GENERAL STATEMENT. The 22 Projected Replacements in the Shipleys Crossing HOA -North Replacement Reserve Inventory whose replacement is scheduled to be funded from Replacement Reserves are broken down on a year-by-year basis, beginning on Page C1.2.

REPLACEMENT RESERVE ANALYSIS AND INVENTORY POLICIES, PROCEDURES, AND ADMINISTRATION

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

PROJECTED REPLACEMENTS

Item	2026 - Study Year	$
7	Asphalt pavement, crack sealing	$20,000
	Total Scheduled Replacements	$20,000

Item	2027 - YEAR 1	$
	No Scheduled Replacements	

Item	2028 - YEAR 2	$
1	Entrance monument, repoint masonry	$1,125
	Total Scheduled Replacements	$1,125

Item	2029 - YEAR 3	$
11	Concrete, curb and gutter, mountable (6% allowance)	$10,920
12	Concrete driveway apron (6% allowance)	$6,650
13	Concrete flatwork (6% allowance)	$12,670
	Total Scheduled Replacements	$30,240

Item	2030 - YEAR 4	$
	No Scheduled Replacements	

Item	2031 - YEAR 5	$
7	Asphalt pavement, crack sealing	$20,000
	Total Scheduled Replacements	$20,000

Item	2032 - YEAR 6	$
	No Scheduled Replacements	

Item	2033 - YEAR 7	$
	No Scheduled Replacements	

Item	2034 - YEAR 8	$
10	Asphalt path, full-depth patching	$900
	Total Scheduled Replacements	$900

Item	2035 - YEAR 9	$
11	Concrete, curb and gutter, mountable (6% allowance)	$10,920
12	Concrete driveway apron (6% allowance)	$6,650
13	Concrete flatwork (6% allowance)	$12,670
	Total Scheduled Replacements	$30,240

PROJECTED REPLACEMENTS

Item	2036 - YEAR 10	$
3	Flood light ground mounted	$1,000
7	Asphalt pavement, crack sealing	$20,000
8	Asphalt pavement, full-depth patching	$9,000
14	Retaining wall, segmental block (reset)	$1,500
Total Scheduled Replacements		$31,500

Item	2037 - YEAR 11	$
9	Asphalt path, overlay	$64,110
Total Scheduled Replacements		$64,110

Item	2038 - YEAR 12	$
19	Stormwater management, per acre (allowance)	$24,000
20	Retention (wet) ponds	$66,500
21	Haul dredging spoils	$28,000
Total Scheduled Replacements		$118,500

Item	2039 - YEAR 13	$
No Scheduled Replacements		

Item	2040 - YEAR 14	$
No Scheduled Replacements		

Item	2041 - YEAR 15	$
2	Entrance monument, composite sign	$4,840
7	Asphalt pavement, crack sealing	$20,000
11	Concrete, curb and gutter, mountable (6% allowance)	$10,920
12	Concrete driveway apron (6% allowance)	$6,650
13	Concrete flatwork (6% allowance)	$12,670
Total Scheduled Replacements		$55,080

Item	2042 - YEAR 16	$
No Scheduled Replacements		

Item	2043 - YEAR 17	$
1	Entrance monument, repoint masonry	$1,125
Total Scheduled Replacements		$1,125

Item	2044 - YEAR 18	$
No Scheduled Replacements		

Item	2045 - YEAR 19	$
No Scheduled Replacements		

PROJECTED REPLACEMENTS

Item	2046 - YEAR 20	$
3	Flood light ground mounted	$1,000
4	Site light, decorative carriage lamp	$1,700
7	Asphalt pavement, crack sealing	$20,000
14	Retaining wall, segmental block (reset)	$1,500
Total Scheduled Replacements		$24,200

Item	2047 - YEAR 21	$
6	Asphalt pavement, mill and overlay	$147,000
11	Concrete, curb and gutter, mountable (6% allowance)	$10,920
12	Concrete driveway apron (6% allowance)	$6,650
13	Concrete flatwork (6% allowance)	$12,670
Total Scheduled Replacements		$177,240

Item	2048 - YEAR 22	$
No Scheduled Replacements		

Item	2049 - YEAR 23	$
10	Asphalt path, full-depth patching	$900
Total Scheduled Replacements		$900

Item	2050 - YEAR 24	$
No Scheduled Replacements		

Item	2051 - YEAR 25	$
7	Asphalt pavement, crack sealing	$20,000
15	Fence, 4' decorative aluminum	$19,500
16	Fence, 5' decorative aluminum	$3,990
17	Fence, 4' vinyl coated chain link	$42,720
18	Gate for 4' vinyl coated chain link	$2,400
22	Mailbox, cluster (8-unit CBU)	$12,500
Total Scheduled Replacements		$101,110

Item	2052 - YEAR 26	$
9	Asphalt path, overlay	$64,110
Total Scheduled Replacements		$64,110

Item	2053 - YEAR 27	$
11	Concrete, curb and gutter, mountable (6% allowance)	$10,920
12	Concrete driveway apron (6% allowance)	$6,650
13	Concrete flatwork (6% allowance)	$12,670
Total Scheduled Replacements		$30,240

Item	2054 - YEAR 28	$
No Scheduled Replacements		

Item	2055 - YEAR 29	$
No Scheduled Replacements		

PROJECTED REPLACEMENTS

Item	2056 - YEAR 30	$
3	Flood light ground mounted	$1,000
7	Asphalt pavement, crack sealing	$20,000
8	Asphalt pavement, full-depth patching	$9,000
14	Retaining wall, segmental block (reset)	$1,500
	Total Scheduled Replacements	$31,500

Item	2057 - YEAR 31	$
	No Scheduled Replacements	

Item	2058 - YEAR 32	$
1	Entrance monument, repoint masonry	$1,125
19	Stormwater management, per acre (allowance)	$24,000
20	Retention (wet) ponds	$66,500
21	Haul dredging spoils	$28,000
	Total Scheduled Replacements	$119,625

Item	2059 - YEAR 33	$
11	Concrete, curb and gutter, mountable (6% allowance)	$10,920
12	Concrete driveway apron (6% allowance)	$6,650
13	Concrete flatwork (6% allowance)	$12,670
	Total Scheduled Replacements	$30,240

Item	2060 - YEAR 34	$
	No Scheduled Replacements	

Item	2061 - YEAR 35	$
7	Asphalt pavement, crack sealing	$20,000
	Total Scheduled Replacements	$20,000

Item	2062 - YEAR 36	$
	No Scheduled Replacements	

Item	2063 - YEAR 37	$
	No Scheduled Replacements	

Item	2064 - YEAR 38	$
10	Asphalt path, full-depth patching	$900
	Total Scheduled Replacements	$900

Item	2065 - YEAR 39	$
11	Concrete, curb and gutter, mountable (6% allowance)	$10,920
12	Concrete driveway apron (6% allowance)	$6,650
13	Concrete flatwork (6% allowance)	$12,670
	Total Scheduled Replacements	$30,240

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SECTION D - CONDITION ASSESSMENT

General Comments. MillerDodson Associates conducted a Reserve Study at Shipley's Crossing HOA-North in April 2025. Shipley's Crossing HOA -North appears to be generally in good condition for a homeowner's association constructed between 2007 and 2014. A review of the Replacement Reserve Inventory will show that we anticipate most of the components achieving their normal economic lives.

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

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

General Condition Statements.

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

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

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

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

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

(Continued on next page)

SITE ITEMS

Entry Monument and Signage. The Association maintains one entry monument, two smaller piers which hold a gate, and monument piers placed on the north two corners of the intersection of Brightview Drive, Galliot Drive, and Tremont Drive. The monuments and piers are made of rock of varying degrees of hardness, including soft sedimentary stone. The masonry joints were found to be open in some areas indicating water penetration into the masonry work.The three monument signs are made of painted composite material, The monuments, signage and piers are all in good condition, and have been in place since the construction of the community approximately 15 years ago.

We recommend re-pointing and replacement of defective areas of the masonry in the few areas needed where cracking is visible. Pointing these areas soon will minimize water intrusion and further cracking. The Association may want to consider applying a coating of Siloxane or other appropriate breathable sealants to mitigate water penetration and further degradation of the masonry work. This study does not consider traffic and street signs as they are considered value exclusions and should be replaced using other funds.

Vehicle Swing Gate. The north community access point has a black powder coated metal swing gate that does not currently have a vehicle access system or power installed. The conduit for the access system appears to be in place, but the gate also appears to be only manually operated. We understand that there are no plans to operate the community as a gated community. In the future if the community wishes to be a gated-community it will need to fund this modification with other than reserve funding.. The gate is attached to two smaller masonry piers with carriage lights. The gate appears to be operational and is in good condition.

Maintaining an aluminum swing access gate is essential to ensure its longevity and smooth operation:

- Regular Visual Inspections
  - Frequency: Monthly
  - What to Check: Look for signs of wear and tear, rust, or damage. Pay special attention to hinges, pivot points, gate frame, panels, welds, and joints.

- Lubrication
  - Frequency: Every 3 months
  - What to Use: Apply a high-quality silicone-based lubricant or sprayable white lithium grease to all moving parts, including hinges and pivot points.
- Tightening Hardware
  - Frequency: Every 6 months
  - What to Do: Tighten any loose bolts, screws, and other hardware to ensure the gate remains securely attached to the posts.
- Cleaning
  - Frequency: Quarterly
  - How to Clean: Use a mild detergent and water to clean the gate's surface. Avoid harsh chemicals that could damage the finish. Remove any rust spots with a wire brush and apply a rust-inhibiting primer and touch-up paint.
- Checking for Obstructions
  - Frequency: Monthly
  - What to Do: Ensure the path of the gate is clear of any obstructions like leaves, branches, or debris. Make sure there is adequate ground clearance for the gate to swing freely.

Site Lighting. The Association is responsible for the operation of the facility's two landscape flood lights that highlight the north entry monument, and the carriage lights on the small piers that support the manual swing gate. The north two lights appear to be in good condition. The carriage lights are operational.

This study assumes the replacement of the light fixtures every 15 to 20 years. Maintaining lighting for community monuments is crucial to ensure they remain well-lit and visually appealing.

- Regular Inspections
  - Frequency: Monthly
  - What to Check: Inspect the lighting fixtures for any signs of damage, wear, or malfunction. Ensure all bulbs are functioning and check for any flickering lights.
- Cleaning Fixtures
  - Frequency: Quarterly
  - How to Clean: Use a soft cloth and mild detergent to clean the fixtures. Remove any dirt, dust, or debris that may have accumulated. Avoid using harsh chemicals that could damage the fixtures.
- Replacing Bulbs
  - Frequency: As needed
  - What to Use: Replace any burnt-out bulbs with energy-efficient LED bulbs. LEDs are long-lasting and consume less power, making them ideal for outdoor lighting.
- Checking Electrical Connections
  - Frequency: Every 6 months

  - What to Do: Ensure all electrical connections are secure and free from corrosion. If you notice any issues, contact a professional electrician to address them.
- Adjusting Light Angles
  - Frequency: Quarterly
  - What to Do: Adjust the angles of the lights to ensure they are properly highlighting the monuments. Make sure the lighting is even and covers the entire area.
- Testing Timers and Sensors
  - Frequency: Quarterly
  - What to Test: Test any timers or motion sensors to ensure they are functioning correctly. Adjust settings as needed to optimize lighting schedules.

Asphalt Pavement. The Association is responsible for the roadways and parking areas within the north section of the community. In general, the Association's asphalt pavements appear to be in good condition.

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

Street/Area	SF
Caracle Court	15,625
Shallop Court	10,730
Wherry Court	8,200
Galiot Drive	19,415

Damage to asphalt pavement consists of the following potential types of failures which should be looked for:

- **Open Cracks.** There are multiple locations where open cracks allow water to penetrate the asphalt base and the bearing soil beneath. Over time, water will erode the base and accelerate the deterioration of the asphalt pavement. Remove the damaged areas and replace defective materials if cracks extend to the base and bearing materials. As a part of normal maintenance, clean and fill all other cracks.
- **Alligatoring.** There are multiple locations where the asphalt has developed a cracking pattern known as alligatoring. The primary cause of alligatoring is an unstable base Once these cracks extend through the asphalt, they will allow water to penetrate the base, accelerating the rate of deterioration and eventually leading to potholes. The only solution is to remove the defective asphalt, compact the base, and install new base materials and asphalt.
- **Improper Grading.** The asphalt pavement is not properly graded, resulting in water ponding. Proper grading of the asphalt pavement will require replacing portions of the asphalt. It may also require resetting improperly sloped curb and gutter segments not conveying water to the stormwater management system. If ponding is left unattended, it can result in unsafe travel areas by creating conditions for hydroplaning and pockets of ice to form.
- **Potholes.** Potholes have formed due to full-depth pavement failure, including base materials. The repair will require the removal of the asphalt and base materials, installation and compaction of new base materials, and asphalt resurfacing.
- **Depressions.** There are areas where the asphalt surface is depressed due to deformation in the surface or underlying layers. These depressions may continue to grow with exposure to traffic. Water ponding is evident in several of these areas. Repairing these areas will require the removal of the asphalt and base material and reinstallation by compacting the new base material and resurfacing with asphalt.
- **Wheel Rutting.** Depressions along the wheel lines extend along portions of the roadway. Repairing these areas will require full-depth and full-width pavement replacement. Wheel rutting, if left unattended, can adversely affect vehicle steering.
- **Heaving.** This is damage to pavement surfaces caused by tree roots. Repairing these areas requires removing the asphalt and the tree roots, then replenishing and re-compacting the base material and resurfacing the asphalt. Root trimming can also be an effective way to control this defect.
- **Reflective Cracking.** The asphalt pavement has a significant number of reflective cracks. Reflective cracks occur when a new asphalt overlay is placed over an existing cracked pavement. With time and movement, existing cracks will migrate through the new asphalt. Installing a bridging membrane or fabric during overlay can control reflective cracking.

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

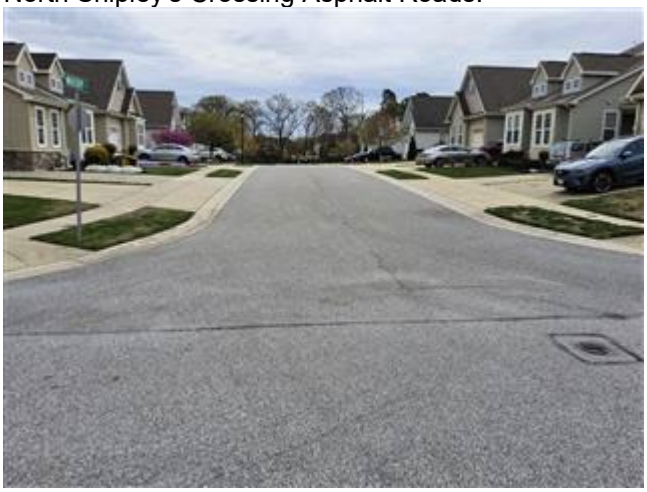
As a rule of thumb, asphalt should be overlaid when approximately 5% of the surface area is cracked or otherwise deteriorated. The normal service life of asphalt pavement is typically 18 to 20 years.

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

- **Cleaning.** Long-term exposure to oil or gas breaks down asphalt. Because this asphalt pavement is generally not used for long-term parking, It is unlikely that frequent cleaning will be necessary. When necessary, spill areas should be cleaned or patched if deterioration has penetrated the asphalt. This is a maintenance activity, and we have assumed that Reserves will not fund it.
- **Crack Repair.** All cracks should be repaired with an appropriate compound to prevent water infiltration through the asphalt into the base. This repair should be done annually. Crack repair is normally considered a maintenance activity and is not funded by Reserves. Areas of extensive cracking or deterioration that cannot be made watertight should be cut out and patched.

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

North Shipley's Crossing Asphalt Roads.



Asphalt Paths. The Association is responsible for the paths throughout the north side of the community. The paths appear to be in good condition with minimal cracking, trip hazards and damage from tree roots. The Association has installed lateral drains in areas where water collects which keep water from pooling and damaging the sub-base of the paths.

Asphalt paths are typically constructed on native soil. As a result, defects can begin to develop in a few years, leading to costly repairs, early replacement, and tripping hazards. Additionally, paths typically do not have proper edge confinement and support resulting in longitudinal cracking along the edges of the path. Compacted soil or gravel along the edges of the path can mitigate this problem. Lastly, tree root damage is a common issue with asphalt paths, and some communities have had success with a process called root trimming.

As a rule of thumb, asphalt should be overlaid when approximately 5% of the surface area is cracked or otherwise deteriorated.

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

- **Cleaning.** Long-term exposure to oil or gas breaks down asphalt. Because this asphalt pavement is generally not used for long-term parking, it is unlikely that frequent cleaning will be necessary. When necessary, spill areas should be cleaned or patched if deterioration has penetrated the asphalt. This is a maintenance activity, and we have assumed that it will not be funded by Reserves.
- **Crack Repair.** All cracks should be repaired with an appropriate compound to prevent water infiltration through the asphalt into the base. This repair should be done annually. Crack repair is normally considered a maintenance activity and is not funded by Reserves. Areas of extensive cracking or deterioration that cannot be made watertight should be cut out and patched.

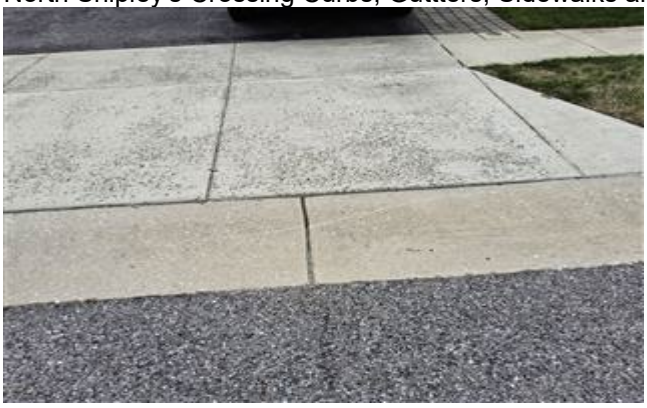
Concrete Work. The North Shipley's Crossing community's concrete work includes aprons, sidewalks, curbs, and gutters as well as other flat work. We have modeled for curb replacement when the asphalt pavement is overlaid. The overall condition of the concrete work appears to be in good condition with some popouts and cracks starting to be observable.

The standards we use for recommending replacement are as follows:

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

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

North Shipley's Crossing Curbs, Guttters, Sidewalks and Aprons



Retaining Walls. The Association maintains six segmented block retaining retaining walls. The retaining walls appear to be in good condition as no leaning, displacement, bowing, or movement observed.

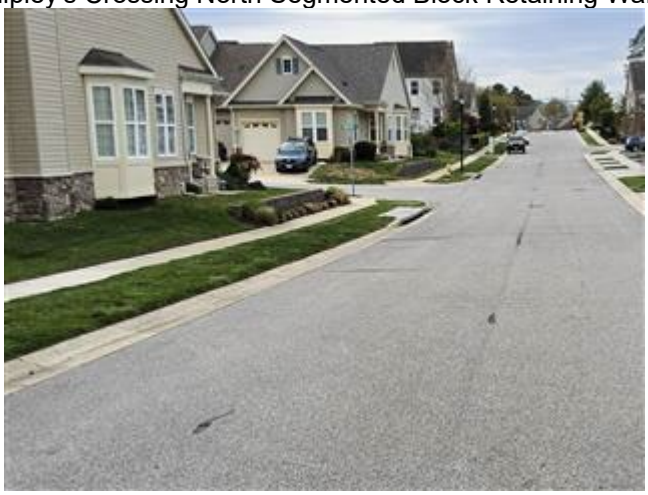
Retaining walls, in general, are designed to provide slope stabilization and soil retention using a structural system. Typically, walls that are three feet high or more require some level of design. The movement and displacement of retaining walls is a sign of general settlement or failure. This typically is in the form of leaning and bowing and can involve the entire wall or localized sections of the wall.

Typically, these types of movements are gradual and may require the replacement of the wall. The movement of retaining walls located near other buildings or structures may negatively affect the stability of the adjacent structure. These conditions can become extremely costly if not properly identified, monitored, and addressed. Segmental block retaining walls can have an extended useful life (up to 80 years), and if stable, are likely to only require localized resetting of displaced blocks, typically near the top of the wall. This study assumes that resetting will be performed incrementally as needed. When and if it becomes necessary to replace these walls, we recommend the Association continues to utilize the segmental block retaining wall systems.

These systems are very low maintenance. If over time the wall experiences movement, sections of the walls can be re-stacked at a very small portion of the cost of a new wall. Segmental block retaining walls can have a service life of 80 years or more. Retaining wall replacement can be costly, and early planning on the part of the Association can help to reduce the impact of this work on the community's budget in the future.

We, therefore, recommend having a Professional Engineer inspect the walls and develop preliminary replacement alternatives and recommendations based on the site conditions, replacement costs, and recommended replacement wall types. This information can then be incorporated into future updates to the Reserve Study.

Shipley's Crossing North Segmented Block Retaining Walls.






Decorative Aluminum Fencing. The Association maintains decorative aluminum fencing at the entrance to the community and on top of retaining walls that appear to be in good condition. Fencing systems have a large number of configurations and finishes that can usually be repaired as a maintenance activity by replacing individual components as they become damaged or weathered.

Protection from weed trimmer string during lawn maintenance can extend the useful life of some fence types. Protection from this type of damage is typically provided by applying herbicides around post bases or installing protective sheathing. Aluminum fencing can have a useful life of 40 years or more. Periodic cleaning and touch-up painting may be required to keep the fence attractive.

North Shipley's Crossing Enterance.


Retaining Wall Fencing.

As part of normal maintenance, we recommend the following:

- Lift or remove ornamental base covers, if applicable.
- Remove the existing caulk completely.
- Clean, prime, and paint all posts.
- Apply an appropriate caulk around each post base.
- Tool and shape caulking to shed water from the post.
- Reinstall base covers, and seal and paint all joints.

Fence posts can have an extended useful life if these simple maintenance activities are performed. If left unattended, the pressure from expansive post rust can crack and damage the supporting material.

Vinyl Coated Chain Link Fencing. The Association maintains chain link fencing as a perimeter around the two retention ponds with four chain link gates that appear to be in good condition. Fencing systems have a large number of configurations and finishes that can usually be repaired as a maintenance activity by replacing individual components as they become damaged or weathered.

Protection from weed trimmer string during lawn maintenance can extend the useful life of some fence types. Protection from this type of damage is typically provided by applying herbicides around post bases or installing protective sheathing. Chain link fencing can have a useful life of 40 years or more. Periodic repair or replacement of posts or top rails may be required as regular maintenance.

The Association maintains steel fence posts and fasteners that are embedded in concrete or masonry. As part of normal maintenance, we recommend the following:

- Lift or remove ornamental base covers, if applicable.
- Remove the existing caulk completely.
- Clean, prime, and paint all posts.
- Apply an appropriate caulk around each post base.
- Tool and shape caulking to shed water from the post.

- Reinstall base covers, and seal and paint all joints.

Fence posts can have an extended useful life if these simple maintenance activities are performed. If left unattended, the pressure from expansive post rust can crack and damage the supporting material.

Stormwater Management. The community features stormwater management. The stormwater system consists of surface drainage, structured drainage, erosion control, and runoff. The overall condition of the stormwater management is good. The concrete over spill structures as well as headwalls and ouflows are long life items which require little or no maintenance and repair funding. Storm water reserve funding which is programmed is for the patching off concrete fixtures if needed, as well as the replacement of rip rap in the two outflow areas to minimize erosion damage from fast running water during storms. The community should maintain the stormwater system to function as designed, limit erosion, and channel water to the drainage system.

Retention (Wet) Ponds. The two wet retention ponds that the HOA is responsible for are designed and constructed stormwater retention pools where physical, biological, and chemical processes can remove pollutants from stormwater runoff. Pollutants removed include suspended solids, organic matter, dissolved metals, and nutrients. Retention ponds control stormwater flow, which prevents downstream flooding. As stormwater enters the pond, treated water is displaced and discharged into a receiving body of water. Enhanced treatment of stormwater runoff can be achieved through extended detention and the use of aquatic plants on the pond's perimeter. Pond depth can play a critical role in pollutant removal and storage, but caution should be taken when increasing the depth of the pond. Water within the pond is discharged through a wet pond outlet. The wet pond outlets consist of a concrete vertical riser, attached to a horizontal barrel that conveys stormwater flow under the embankment to a receiving stream. The outlet is designed to pass excess water while maintaining a permanent pool. Risers are typically placed in or on the embankment's edge and capped with a trash rack to prevent clogging. This is precisely how the two Shipley's Crossing Ponds are designed and constructed.

Estimates of cost and the frequency of dredging the ponds are a function of many variables, including the volume of the pond, the siltation rate, the nature of the material being removed, the method of removal, and the haul distance to a site that will accept the spoil material.This information is unknown and must be assumed for Reserve Study planning purposes. The rate of siltation and the cost of periodically dredging the ponds to remove this material are very speculative and will vary greatly with local conditions.

As a rule of thumb, dredging should be accomplished when approximately one-third of the pond's volume has been filled with silt. In the absence of accurate information about the original depth of the pond and the local siltation rate, we have assumed that it will be necessary to remove one cubic yard of material over one-third of the pond area every 20 years. We have also assumed that the removed material is free of heavy metals and hydrocarbons and will be accepted as fill at a local landfill. The cost to remove, haul, and dispose of the material is normally estimated to be between $20 and $105 per cubic yard. A more accurate prediction will require a hydrologic analysis and testing of the silt for contaminants, which is beyond the scope of our study.

Because of the significance of the cost of this work in establishing the correct reserve contribution, it is recommended that the Association undertake studies to refine the information and replace the assumptions we have had to make with more factual information as a basis for the estimates.

We recommend the following:

- Survey the ponds to establish the current profile of the bottom. After five years of operation, re-survey the pond to establish new depths to determine the local siltation rate. This will establish the frequency required for periodic dredging.
- Periodically sample and test for contaminants.
- Consult with local contractors to determine the cost of removing and disposing of the spoil once its nature is known. Firms specializing in this work can typically be found by searching Lake and Pond, Construction and Maintenance for your state or area of the country. Some states provide shortlists of companies that specialize in this type of work.

In addition to incorporating features into the pond design to minimize maintenance, some regular maintenance and inspection practices are needed. The table below outlines some of these practices according to the EPA.

Typical Maintenance Activities for Wet Ponds

Activity	Schedule
• Note erosion of pond banks or bottom	Semi-Annual Inspection
• Inspect for damage to the embankment • Monitor for sediment accumulation in the facility and fore-bay • Examine to ensure that inlet and outlet devices are free of debris and operational	Annual Inspection
• Repair undercut or eroded areas • Mow side slopes • Pesticide/Nutrient management • Litter/Debris Removal	Standard Maintenance
• Seed or sod to restore dead or damaged ground cover, as needed	Annual Maintenance
• Removal of sediment from the forebay	5 to 7-year Maintenance
• Monitor sediment accumulations and remove sediment when the pond volume has been reduced by 25%	25 to 50-year Maintenance

Please note that the periodic removal of overgrown vegetation from the pond is considered a maintenance activity and is not included in the Reserve Analysis.

East Retention Pond.

West Retention Pond.

Mailboxes. The North Shipley's Crossing Community has five cluster mailboxes located throughout the community. These mailboxes appear to be in good condition.

Mailboxes should be maintained to the extent that rust does not develop on the structure or pedestal, and all mail slot doors remain intact with operable hinges and locks. Our replacement estimate assumes that these units will be replaced with fiberglass or composite units in the future.

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

End of Condition Assessment

SECTION A - FINANCIAL ANALYSIS

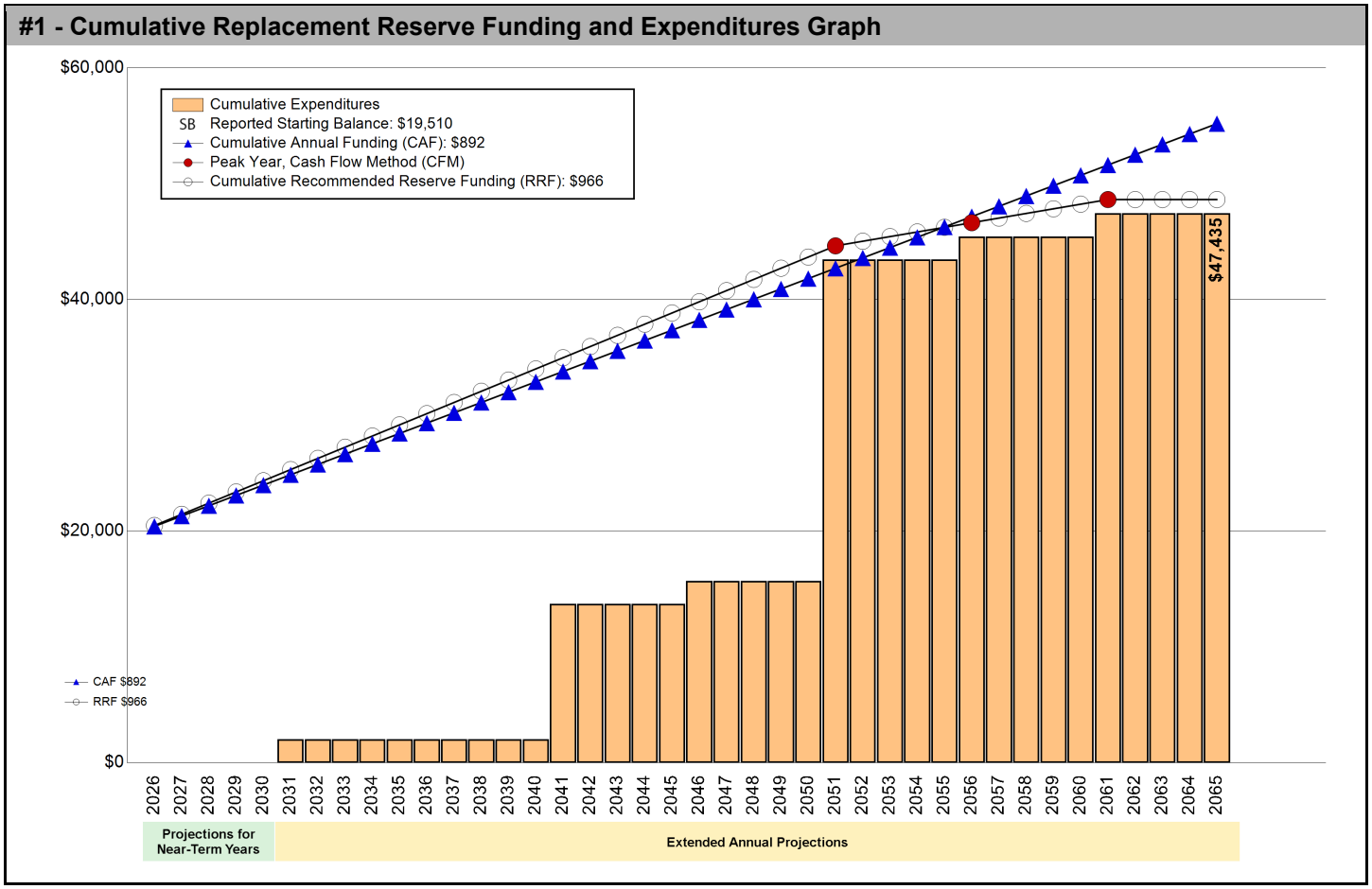
The Shipleys Crossing-South Replacement Reserve Analysis uses the Cash Flow Method (CFM) to calculate Replacement Reserve funding for the periodic replacement of the 7 Projected Replacements identified in the Replacement Reserve Inventory.

$966 **RECOMMENDED REPLACEMENT RESERVE FUNDING FOR THE STUDY YEAR, 2026**
$1.36 Per unit (average), minimum monthly funding of Replacement Reserves

We recommend the Association adopt a Replacement Reserve Funding Plan based on the annual funding recommendation above. Inflation adjusted funding for subsequent years is shown on Page A2.5.

Shipleys Crossing-South reports a Starting Balance of $19,510 and Annual Funding totaling $892, which is inadequate to fund projected replacements starting in 2051. See Page A2.3 for a more detailed evaluation.

#1 - Cumulative Replacement Reserve Funding and Expenditures Graph



The slight increase in Annual Funding shown above is primarily due to the effects of inflation on the replacement costs.

REPLACEMENT RESERVE ANALYSIS - GENERAL INFORMATION

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

2026 **STUDY YEAR**

The Association reports that their accounting year begins on January 1, and the Study Year, the first year evaluated by the Replacement Reserve Analysis, begins on January 1, 2026.

40 Years **STUDY PERIOD**

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

$19,510 **STARTING BALANCE**

The Association reports Replacement Reserves on Deposit totaling $19,510 at the start of the Study Year.

Level Two **LEVEL OF SERVICE**

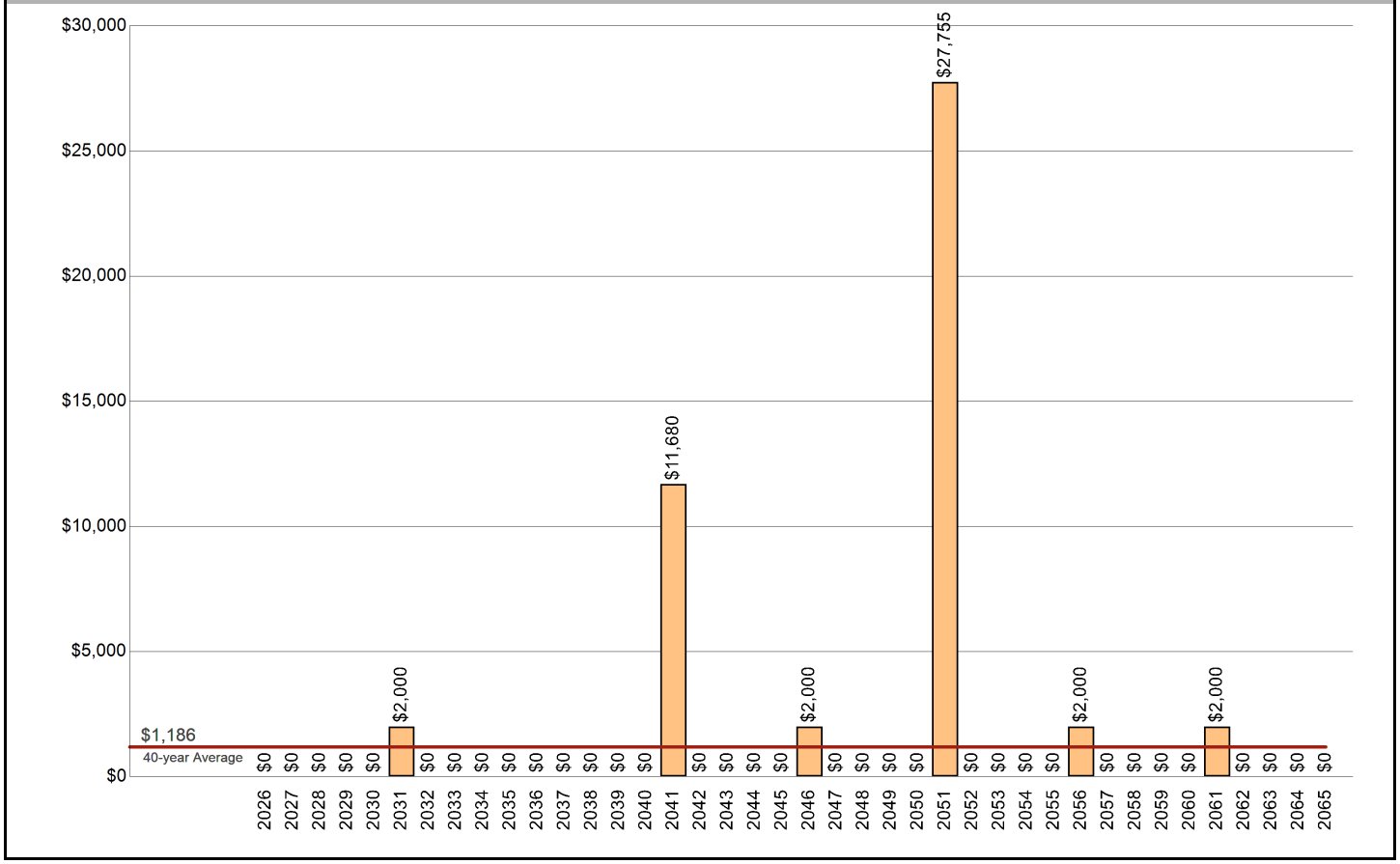
The Replacement Reserve Inventory has been developed in compliance with the National Reserve Study Standards for a Level Two Study, as defined by the Community Associations Institute (CAI).

$47,435 **REPLACEMENT RESERVE INVENTORY - PROJECTED REPLACEMENTS**

The Shipleys Crossing-South Replacement Reserve Inventory identifies 7 items that will require periodic replacement, that are to be funded from Replacement Reserves. We estimate the cost of these replacements will be $47,435 over the 40-year Study Period. The Projected Replacements are divided into 1 major categories starting on Page B2.3. Pages B2.1-B2.2 provide detailed information on the Replacement Reserve Inventory.

#2 - Annual Expenditures for Projected Replacements Graph

This graph shows annual expenditures for Projected Replacements over the 40-year Study Period. The red line shows the average annual expenditure of $1,186. Section C2 provides a year by year Calendar of these expenditures.



UPDATING OF THE FUNDING PLAN

The Association has a responsibility to review the Funding Plan annually. The review should include a comparison and evaluation of actual reserve funding with recommended levels shown on Page A2.4 and A2.5. The Projected Replacements listed on Page C2.2 should be compared with any replacements accomplished and funded from Replacement Reserves. Discrepancies should be evaluated and if necessary, the Reserve Study should be updated or a new study commissioned. We recommend annual increases in replacement reserve funding to account for the impact of inflation. Inflation Adjusted Funding is discussed on Page A2.5.

UPDATING OF THE REPLACEMENT RESERVE STUDY

At a minimum, the Replacement Reserve Study should be professionally updated every three to five years or after completion of a major replacement project. Updating should also be considered if during the annual review of the Funding Plan, discrepancies are noted between projected and actual reserve funding or replacement costs. Updating may also be necessary if there is a meaningful discrepancy between the actual inflation rate and the inflation rate used for the Inflation Adjusted Funding of Replacement Reserves on Page A2.5.

ANNUAL EXPENDITURES AND CURRENT FUNDING

The annual expenditures that comprise the $47,435 of Projected Expenditures over the 40-year Study Period and the impact of the Association continuing to fund Replacement Reserves at the current level are detailed in Table 3.

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

Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Starting Balance	$19,510									
Projected Replacements						($2,000)				
Annual Deposit	$892	$892	$892	$892	$892	$892	$892	$892	$892	$892
End of Year Balance	$20,402	$21,294	$22,186	$23,078	$23,970	$22,862	$23,754	$24,646	$25,538	$26,430
Cumulative Expenditures						($2,000)	($2,000)	($2,000)	($2,000)	($2,000)
Cumulative Receipts	$20,402	$21,294	$22,186	$23,078	$23,970	$24,862	$25,754	$26,646	$27,538	$28,430
Year	**2036**	**2037**	**2038**	**2039**	**2040**	**2041**	**2042**	**2043**	**2044**	**2045**
Projected Replacements						($11,680)				
Annual Deposit	$892	$892	$892	$892	$892	$892	$892	$892	$892	$892
End of Year Balance	$27,322	$28,214	$29,106	$29,998	$30,890	$20,102	$20,994	$21,886	$22,778	$23,670
Cumulative Expenditures	($2,000)	($2,000)	($2,000)	($2,000)	($2,000)	($13,680)	($13,680)	($13,680)	($13,680)	($13,680)
Cumulative Receipts	$29,322	$30,214	$31,106	$31,998	$32,890	$33,782	$34,674	$35,566	$36,458	$37,350
Year	**2046**	**2047**	**2048**	**2049**	**2050**	**2051**	**2052**	**2053**	**2054**	**2055**
Projected Replacements	($2,000)					($27,755)				
Annual Deposit	$892	$892	$892	$892	$892	$892	$892	$892	$892	$892
End of Year Balance	$22,562	$23,454	$24,346	$25,238	$26,130	($733)	$159	$1,051	$1,943	$2,835
Cumulative Expenditures	($15,680)	($15,680)	($15,680)	($15,680)	($15,680)	($43,435)	($43,435)	($43,435)	($43,435)	($43,435)
Cumulative Receipts	$38,242	$39,134	$40,026	$40,918	$41,810	$42,702	$43,594	$44,486	$45,378	$46,270
Year	**2056**	**2057**	**2058**	**2059**	**2060**	**2061**	**2062**	**2063**	**2064**	**2065**
Projected Replacements	($2,000)					($2,000)				
Annual Deposit	$892	$892	$892	$892	$892	$892	$892	$892	$892	$892
End of Year Balance	$1,727	$2,619	$3,511	$4,403	$5,295	$4,187	$5,079	$5,971	$6,863	$7,755
Cumulative Expenditures	($45,435)	($45,435)	($45,435)	($45,435)	($45,435)	($47,435)	($47,435)	($47,435)	($47,435)	($47,435)
Cumulative Receipts	$47,162	$48,054	$48,946	$49,838	$50,730	$51,622	$52,514	$53,406	$54,298	$55,190

EVALUATION OF CURRENT FUNDING

The evaluation of Current Funding (Starting Balance of $19,510 & annual funding of $892), is done in today's dollars with no adjustments for inflation or interest earned on Replacement Reserves. The evaluation assumes Replacement Reserves will only be used for the 7 Projected Replacements identified in the Replacement Reserve Inventory and that the Association will continue Annual Funding of $892 throughout the 40-year Study Period.

Annual Funding of $892 is approximately 92 percent of the $966 recommended Annual Funding calculated by the Cash Flow Method for 2026, the Study Year.

See the Executive Summary for the Current Funding Statement.

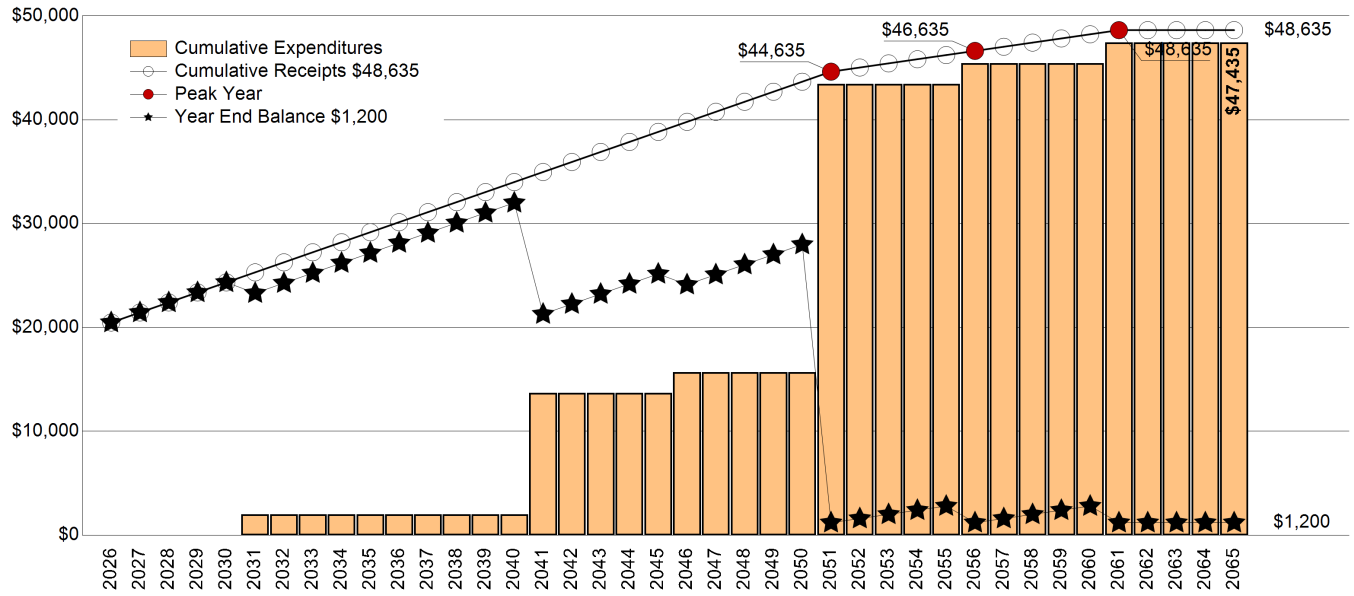
CASH FLOW METHOD FUNDING

$966 **RECOMMENDED REPLACEMENT RESERVE FUNDING FOR 2026**
$1.36 Per unit (average), minimum monthly funding of Replacement Reserves

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

- **Peak Years.** The First Peak Year occurs in 2051 with Replacement Reserves on Deposit dropping to the Minimum Balance after the completion of $43,435 of replacements from 2026 to 2051. Recommended funding is anticipated to decline in 2052. Peak Years are identified in Chart 4 and Table 5.
- **Threshold (Minimum Balance).** The calculations assume a Minimum Balance of $1,200 will always be held in reserve, which is calculated by rounding the 12-month 40-year average annual expenditure of $1,186 as shown on Graph #2.
- **Cash Flow Method Study Period.** Cash Flow Method calculates funding for $47,435 of expenditures over the 40-year Study Period. It does not include funding for any projects beyond 2065 and in 2065, the end of year balance will always be the Minimum Balance.

#4 - Cash Flow Method - Graph of Cumulative Receipts and Expenditures - Years 0 through 39



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

Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Starting Balance	$19,510									
Projected Replacements						($2,000)				
Annual Deposit	$966	$966	$966	$966	$966	$966	$966	$966	$966	$966
End of Year Balance	$20,476	$21,443	$22,409	$23,375	$24,342	$23,308	$24,274	$25,241	$26,207	$27,173
Cumulative Expenditures						($2,000)	($2,000)	($2,000)	($2,000)	($2,000)
Cumulative Receipts	$20,476	$21,443	$22,409	$23,375	$24,342	$25,308	$26,274	$27,241	$28,207	$29,173

Year	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Projected Replacements						($11,680)				
Annual Deposit	$966	$966	$966	$966	$966	$966	$966	$966	$966	$966
End of Year Balance	$28,140	$29,106	$30,072	$31,039	$32,005	$21,292	$22,258	$23,224	$24,191	$25,157
Cumulative Expenditures	($2,000)	($2,000)	($2,000)	($2,000)	($2,000)	($13,680)	($13,680)	($13,680)	($13,680)	($13,680)
Cumulative Receipts	$30,140	$31,106	$32,072	$33,039	$34,005	$34,972	$35,938	$36,904	$37,871	$38,837

Year	2046	2047	2048	2049	2050	1st Peak - 2051	2052	2053	2054	2055
Projected Replacements	($2,000)					($27,755)				
Annual Deposit	$966	$966	$966	$966	$966	$966	$400	$400	$400	$400
End of Year Balance	$24,123	$25,090	$26,056	$27,022	$27,989	$1,200	$1,600	$2,000	$2,400	$2,800
Cumulative Expenditures	($15,680)	($15,680)	($15,680)	($15,680)	($15,680)	($43,435)	($43,435)	($43,435)	($43,435)	($43,435)
Cumulative Receipts	$39,803	$40,770	$41,736	$42,702	$43,669	$44,635	$45,035	$45,435	$45,835	$46,235

Year	2nd Peak - 2056	2057	2058	2059	2060	3rd Peak - 2061	2062	2063	2064	2065
Projected Replacements	($2,000)					($2,000)				
Annual Deposit	$400	$400	$400	$400	$400	$400				
End of Year Balance	$1,200	$1,600	$2,000	$2,400	$2,800	$1,200	$1,200	$1,200	$1,200	$1,200
Cumulative Expenditures	($45,435)	($45,435)	($45,435)	($45,435)	($45,435)	($47,435)	($47,435)	($47,435)	($47,435)	($47,435)
Cumulative Receipts	$46,635	$47,035	$47,435	$47,835	$48,235	$48,635	$48,635	$48,635	$48,635	$48,635

INFLATION ADJUSTED FUNDING

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

$966 **2026 - CASH FLOW METHOD RECOMMENDED FUNDING**

The 2026 Study Year calculations have been made using current replacement costs

$995 **2027 - 3.0% INFLATION ADJUSTED FUNDING**

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

- Starting Balance totaling $20,476 on January 1, 2027.
- No Expenditures from Replacement Reserves in 2027.

$1,025 **2028 - 3.0% INFLATION ADJUSTED FUNDING**

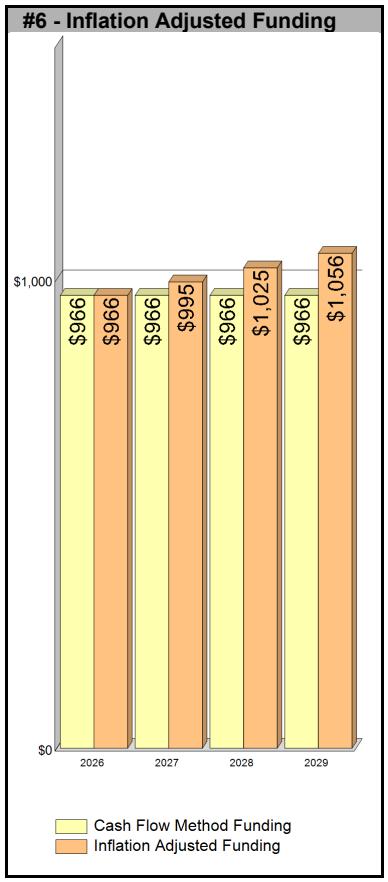
A new analysis calculates the 2028 funding based on three assumptions:

- Starting balance of approximately $21,472 = 2028 Starting Balance $20,476, plus Inflation Adjusted Funding $995 for 2027, minus $0 2027 Inflation Adjusted Cost.
- No Expenditures from Replacement Reserves in 2028.

$1,056 **2029 - 3.0% INFLATION ADJUSTED FUNDING**

A new analysis calculates the 2029 funding based on three assumptions:

- Starting balance of approximately $22,497 = 2029 Starting Balance $21,472, plus Inflation Adjusted Funding $1,025 for 2028, minus $0 2028 Inflation Adjusted Cost.
- No Expenditures from Replacement Reserves in 2029.



Year Four and Beyond

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

Inflation Adjustment

Prior to approving a budget based upon the 2027, 2028 and 2029 inflation-adjusted funding calculations above, the 3.00 percent base rate of inflation used in our calculations should be compared to rates published by the Bureau of Labor Statistics. If there is a significant discrepancy (over 1 percentage point), contact Miller+Dodson Associates prior to using the Inflation Adjusted Funding.

Interest on Reserves

The recommended funding calculations do not account for interest earned on Replacement Reserves. In 2026, based on a 1.00 percent interest rate, we estimate the Association may earn $200 on an average balance of $19,993, $210 on an average balance of $20,974 in 2027, and $220 on $21,984 in 2028. The Association may elect to attribute 100 percent of the earned interest to Reserves, resulting in a reduction in the 2026 funding from $966 to $766 (a 20.68 percent reduction), $995 to $786 in 2027 (a 21.07 percent reduction), and $1,025 to $805 in 2028 (a 21.44 percent reduction).

REPLACEMENT RESERVE STUDY - SUPPLEMENTAL COMMENTS

Maryland's new Reserves and Reserve Study Law, HB-107, is intended to ensure that adequate Reserve Funding is available for capital repair and replacement projects when it is needed. This is done by funding the Reserve Fund annually. The law requires that the Recommended Annual Reserve Funding amount in the most recent Reserve Study be included in the Association's annual budgets. If this is an Association's "initial" (first) professionally conducted Reserve Study, HB-107 gives the Association up to three (3) fiscal years following the fiscal year in which the Reserve Study was completed, to attain the Annual Reserve Funding level recommended in the initial Reserve Study.

SECTION B - REPLACEMENT RESERVE INVENTORY

- **PROJECTED REPLACEMENTS.** Shipleys Crossing-South - Replacement Reserve Inventory identifies 7 items that are Projected Replacements and the periodic replacements of these items are scheduled for funding from Replacement Reserves. The Projected Replacements have an estimated one-time replacement cost of $43,935. Cumulative Replacements totaling $47,435 are scheduled in the Replacement Reserve Inventory over the 40-year Study Period. Cumulative Replacements include those components that are replaced more than once during the period of the study.

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

- **TAX CODE.** The United States Tax Code grants favorable tax status to Replacement Reserves, conditioned on expenditures being made within certain guidelines. These guidelines typically exclude maintenance activities, minor repairs, and capital improvements.

- **EXCLUDED ITEMS.** Some of the items contained in the Replacement Reserve Inventory are 'Excluded Items'. Multiple categories of items are typically excluded from funding by Replacement Reserves, including but not limited to:

  Value. Items with a replacement cost of less than $1000 and/or a normal economic life of less than 3 years are typically excluded from funding from Replacement Reserves. This exclusion should reflect the Association policy on the administration of Replacement Reserves. If the Association has selected an alternative level, it will be noted in the Replacement Reserve Inventory - General Comments on Page B2.2.

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

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

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

- **CATEGORIES.** The 7 items included in the Shipleys Crossing-South Replacement Reserve Inventory are divided into 1 major categories. Each category is printed on a separate page, beginning on page B2.3.

- **LEVEL OF SERVICE.** This Replacement Reserve Inventory has been developed in compliance with the standards established for a Level 2 Update, as defined by the National Reserve Study Standards, established in 1998 by the Community Associations Institute, which states:

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

REPLACEMENT RESERVE INVENTORY - GENERAL INFORMATION (CONT'D)

- **INVENTORY DATA.** Each of the 7 Projected Replacements listed in the Replacement Reserve Inventory includes the following data:

  Item Number. The Item Number is assigned sequentially and is intended for identification purposes only.

  Item Description. We have identified each item included in the Inventory. Additional information may be included in the Comments section at the bottom of each page of the Inventory.

  Units. We have used standard abbreviations to identify the number of units including SF-square feet, LF-lineal feet, SY-square yard, LS-lump sum, EA-each, and PR-pair. Non-standard abbreviations are noted in the Comments section at the bottom of the page.

  Number of Units. The methods used to develop the quantities are discussed in "Level of Service" above.

  Unit Replacement Cost. We use four sources to develop the unit cost data shown in the Inventory; actual replacement cost data provided by the client, information provided by local contractors and suppliers, industry standard estimating manuals, and a cost database we have developed based upon our detailed interviews with contractors and service providers who are specialists in their respective lines of work.

  Normal Economic Life (Years). The number of years that a new and properly installed item should be expected to remain in service.

  Remaining Economic Life (Years). The estimated number of years before an item will need to be replaced. In "normal" conditions, this could be calculated by subtracting the age of the item from the Normal Economic Life of the item, but only rarely do physical assets age "normally". Some items may have longer or shorter lives depending on many factors such as environment, initial quality of the item, maintenance, etc.

  Total Replacement Cost. This is calculated by multiplying the Unit Replacement Cost by the Number of Units.

- **PARTIAL FUNDING.** Items may have been included in the Replacement Reserve Inventory at less than 100 percent of their full quantity and/or replacement cost. This is done on items that will never be replaced in their entirety, but which may require periodic replacements over an extended period of time. The assumptions that provide the basis for any partial funding are noted in the Comments section.
- **REMAINING ECONOMIC LIFE GREATER THAN 40 YEARS.** The calculations do not include funding for initial replacements beyond 40 years. These replacements are included in this Study for tracking and evaluation. They should be included for funding in future Studies, when they enter the 40-year window.
- **ACCURACY OF THE ANALYSIS.** The accuracy of the Replacement Reserve Analysis is dependent upon expenditures from Replacement Reserves being made ONLY for the 7 Projected Replacements specifically listed in the Replacement Reserve Inventory. The inclusion/exclusion of items from the Replacement Reserve Inventory is discussed on Page B2.1.

SITE ITEMS - SOUTH
PROJECTED REPLACEMENTS

NEL- Normal Economic Life (yrs)
REL- Remaining Economic Life (yrs)

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
Entry Monuments							
1	Entrance monument, repoint masonry (10%	sf	200	$10.00	10	20	$2,000
2	Entrance monument, composite sign	sf	44	$220.00	25	15	$9,680
3	Flood light, ground mounted	ea	4	$500.00	10	5	$2,000
4	Site electric, meter socket and service	ls	1	$4,500.00	50	40	$4,500
Aluminum Fencing							
5	Fence, 4' decorative aluminum	ft	145	$52.00	45	25	$7,540
6	Fence, 5' decorative aluminum	ft	95	$57.00	45	25	$5,415
Mailboxes							
7	Pedestal mailbox, with ornamental base and top	ea	4	$3,200.00	35	25	$12,800

Replacement Costs - Page Subtotal $43,935

COMMENTS

- Item #1: Entrance monument, repoint masonry (10% allowance) - Allowance for 10% of surface area every 10 years, starting 30 years after construction.

VALUATION EXCLUSIONS
Excluded Items

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	Site lighting fixtures						EXCLUDED
	Property identification signage						EXCLUDED
	Miscellaneous signage						EXCLUDED
	Mailboxes						EXCLUDED
	Bollard/access control devices						EXCLUDED
	Bench						EXCLUDED
	Picnic table						EXCLUDED
	BBQ						EXCLUDED
	Handrail						EXCLUDED
	Fire extinguisher cabinet						EXCLUDED
	Sprinkler head						EXCLUDED
	Emergency lighting, exit light, etc.						EXCLUDED
	Signage						EXCLUDED
	Interior doors						EXCLUDED
	Window unit						EXCLUDED
	Electric heaters						EXCLUDED

VALUATION EXCLUSIONS
Comments

- Valuation Exclusions. For ease of administration of the Replacement Reserves and to reflect accurately how Replacement Reserves are administered, items with a dollar value less than $1000 have not been scheduled for funding from Replacement Reserve. Examples of items excluded by Replacement Reserves by this standard are listed above.

- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

LONG-LIFE EXCLUSIONS
Excluded Items

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	Masonry features						EXCLUDED
	Miscellaneous culverts						EXCLUDED
	Bridge structure and foundations						EXCLUDED
	Concrete retaining walls						EXCLUDED
	Segmental retaining walls						EXCLUDED
	Exterior brick veneer						EXCLUDED
	Exterior stone veneer						EXCLUDED
	Building foundation(s)						EXCLUDED
	Concrete floor slabs (interior)						EXCLUDED
	Wall, floor, and roof structure						EXCLUDED
	Fire protection/security systems						EXCLUDED
	Common element electrical services						EXCLUDED
	Electrical wiring						EXCLUDED
	Water piping at common facilities						EXCLUDED
	Waste piping at common facilities						EXCLUDED
	Gas services at common facilities						EXCLUDED
	Trash chute						EXCLUDED

LONG-LIFE EXCLUSIONS
Comments

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

UNIT IMPROVEMENTS EXCLUSIONS

Excluded Items

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	Domestic water pipes serving one unit						EXCLUDED
	Sanitary sewers serving one unit						EXCLUDED
	Electrical wiring serving one unit						EXCLUDED
	Cable TV service serving one unit						EXCLUDED
	Telephone service serving one unit						EXCLUDED
	Gas service serving one unit						EXCLUDED
	Driveway on an individual lot						EXCLUDED
	Apron on an individual lot						EXCLUDED
	Sidewalk on an individual lot						EXCLUDED
	Stairs on an individual lot						EXCLUDED
	Curb and gutter on an individual lot						EXCLUDED
	Retaining wall on an individual lot						EXCLUDED
	Fence on an individual lot						EXCLUDED
	Dock on an individual lot						EXCLUDED
	Unit exterior						EXCLUDED
	Unit windows						EXCLUDED
	Unit doors						EXCLUDED
	Unit skylights						EXCLUDED
	Unit deck, patio, and/or balcony						EXCLUDED
	Unit mailbox						EXCLUDED
	Unit interior						EXCLUDED
	Unit HVAC system						EXCLUDED

UNIT IMPROVEMENTS EXCLUSIONS

Comments

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

UTILITY EXCLUSIONS

Excluded Items

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	Primary electric feeds						EXCLUDED
	Electric transformers						EXCLUDED
	Cable TV systems and structures						EXCLUDED
	Telephone cables and structures						EXCLUDED
	Site lighting						EXCLUDED
	Gas mains and meters						EXCLUDED
	Water mains and meters						EXCLUDED
	Sanitary sewers						EXCLUDED
	Stormwater management system						EXCLUDED

UTILITY EXCLUSIONS

Comments

- Utility Exclusions. Many improvements owned by utility companies are on property owned by the Association. We have assumed that repair, maintenance, and replacements of these components will be done at the expense of the appropriate utility company. Examples of items excluded from funding Replacement Reserves by this standard are listed above.

- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

MAINTENANCE AND REPAIR EXCLUSIONS

Excluded Items

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

MAINTENANCE AND REPAIR EXCLUSIONS

Comments

- Maintenance activities, one-time-only repairs, and capital improvements. These activities are NOT appropriately funded from Replacement Reserves. The inclusion of such component in the Replacement Reserve Inventory could jeopardize the special tax status of ALL Replacement Reserves, exposing the Association to significant tax liabilities. We recommend that the Board of Directors discuss these exclusions and Revenue Ruling 75-370 with a Certified Public Accountant.

- Examples of items excluded from funding by Replacement Reserves are listed above. The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

GOVERNMENT EXCLUSIONS

Excluded Items

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	Government, roadways and parking						EXCLUDED
	Government, sidewalks and curbs						EXCLUDED
	Government, lighting						EXCLUDED
	Government, stormwater management						EXCLUDED
	Government, ponds						EXCLUDED
	Government, mailboxes						EXCLUDED

GOVERNMENT EXCLUSIONS

Comments

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

IRRIGATION SYSTEM EXCLUSIONS

Excluded Items

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	Subsurface irrigation pipe						EXCLUDED
	Subsurface irrigation valve						EXCLUDED
	Subsurface irrigation control wiring						EXCLUDED
	Irrigation control system						EXCLUDED
	Irrigation system electrical service						EXCLUDED
	Irrigation system enclosures						EXCLUDED

IRRIGATION SYSTEM EXCLUSIONS

Comments

- Irrigation System Exclusions. We have assumed that the maintenance, repair, and periodic replacement of the components of the extensive irrigation systems at the property will not be funded from Replacement Reserves. These systems should be inspected each spring when the systems are brought online and again each fall when they are winterized. Repair(s) and or replacement(s) should be made in conjunction with these semiannual inspections.

OTHER EXCLUSIONS
Excluded Items

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	Small Cemetary on Southwest side of intersection behind south western entry monument						EXCLUDED

OTHER EXCLUSIONS
Comments

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SECTION C - CALENDAR OF PROJECTED ANNUAL REPLACEMENTS

GENERAL STATEMENT. The 7 Projected Replacements in the Shipleys Crossing-South Replacement Reserve Inventory whose replacement is scheduled to be funded from Replacement Reserves are broken down on a year-by-year basis, beginning on Page C2.2.

REPLACEMENT RESERVE ANALYSIS AND INVENTORY POLICIES, PROCEDURES, AND ADMINISTRATION

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

PROJECTED REPLACEMENTS

Item	2026 - Study Year	$
No Scheduled Replacements		

Item	2027 - YEAR 1	$
No Scheduled Replacements		

Item	2028 - YEAR 2	$
No Scheduled Replacements		

Item	2029 - YEAR 3	$
No Scheduled Replacements		

Item	2030 - YEAR 4	$
No Scheduled Replacements		

Item	2031 - YEAR 5	$
3	Flood light, ground mounted	$2,000
Total Scheduled Replacements		$2,000

Item	2032 - YEAR 6	$
No Scheduled Replacements		

Item	2033 - YEAR 7	$
No Scheduled Replacements		

Item	2034 - YEAR 8	$
No Scheduled Replacements		

Item	2035 - YEAR 9	$
No Scheduled Replacements		

PROJECTED REPLACEMENTS

Item	2036 - YEAR 10	$
No Scheduled Replacements		

Item	2037 - YEAR 11	$
No Scheduled Replacements		

Item	2038 - YEAR 12	$
No Scheduled Replacements		

Item	2039 - YEAR 13	$
No Scheduled Replacements		

Item	2040 - YEAR 14	$
No Scheduled Replacements		

Item	2041 - YEAR 15	$
2	Entrance monument, composite sign	$9,680
3	Flood light, ground mounted	$2,000
Total Scheduled Replacements		$11,680

Item	2042 - YEAR 16	$
No Scheduled Replacements		

Item	2043 - YEAR 17	$
No Scheduled Replacements		

Item	2044 - YEAR 18	$
No Scheduled Replacements		

Item	2045 - YEAR 19	$
No Scheduled Replacements		

PROJECTED REPLACEMENTS

Item	2046 - YEAR 20	$
1	Entrance monument, repoint masonry (10% allowance)	$2,000
	Total Scheduled Replacements	$2,000

Item	2047 - YEAR 21	$
	No Scheduled Replacements	

Item	2048 - YEAR 22	$
	No Scheduled Replacements	

Item	2049 - YEAR 23	$
	No Scheduled Replacements	

Item	2050 - YEAR 24	$
	No Scheduled Replacements	

Item	2051 - YEAR 25	$
3	Flood light, ground mounted	$2,000
5	Fence, 4' decorative aluminum	$7,540
6	Fence, 5' decorative aluminum	$5,415
7	Pedestal mailbox, with ornamental base and top	$12,800
	Total Scheduled Replacements	$27,755

Item	2052 - YEAR 26	$
	No Scheduled Replacements	

Item	2053 - YEAR 27	$
	No Scheduled Replacements	

Item	2054 - YEAR 28	$
	No Scheduled Replacements	

Item	2055 - YEAR 29	$
	No Scheduled Replacements	

PROJECTED REPLACEMENTS

Item	2056 - YEAR 30	$
1	Entrance monument, repoint masonry (10% allowance)	$2,000
	Total Scheduled Replacements	$2,000

Item	2057 - YEAR 31	$
	No Scheduled Replacements	

Item	2058 - YEAR 32	$
	No Scheduled Replacements	

Item	2059 - YEAR 33	$
	No Scheduled Replacements	

Item	2060 - YEAR 34	$
	No Scheduled Replacements	

Item	2061 - YEAR 35	$
3	Flood light, ground mounted	$2,000
	Total Scheduled Replacements	$2,000

Item	2062 - YEAR 36	$
	No Scheduled Replacements	

Item	2063 - YEAR 37	$
	No Scheduled Replacements	

Item	2064 - YEAR 38	$
	No Scheduled Replacements	

Item	2065 - YEAR 39	$
	No Scheduled Replacements	

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SECTION D - CONDITION ASSESSMENT

General Comments. MillerDodson Associates conducted a Reserve Study at Shipley's Crossing-South in April 2025. Shipley's Crossing-South appears to be generally in good condition for a homeowner's association constructed between 2007 and 2014. A review of the Replacement Reserve Inventory will show that we anticipate most of the components achieving their normal economic lives.

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

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

General Condition Statements.

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

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

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

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

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

(Continued on next page)

SITE ITEMS

Entry Monument and Signage. The Association maintains two South Shipley's Crossing monuments, monument piers placed on the two southern corners of the intersection of Brightview Drive, Galliot Drive, and Tremont Drive. The monuments and piers are made of rock of varying degrees of hardness, including soft sedimentary stone. The masonry joints were found to be open in some areas indicating water penetration into the masonry work.The two southern monument signs are made of painted composite material, The monuments, signage and piers are all in good condition, and have been in place since the construction of the community approximately 15 years ago.

We recommend re-pointing and replacement of defective areas of the masonry in the few areas needed where cracking is visible. Pointing these areas soon will minimize water intrusion and further cracking. The Association may want to consider applying a coating of Siloxane or other appropriate breathable sealants to mitigate water penetration and further degradation of the masonry work. This study does not consider traffic and street signs, as they are considered value exclusions, and should be replaced using other funds.

Site Lighting. The Association is responsible for the operation of the facility's landscape lights that highlight the south entry monuments. The south section of Shipley's Crossing four lights appears to be in good condition and operational. The lights were on at the time of our site visit and need to be adjusted for correct timing.

This study assumes the replacement of the light fixtures every 15 to 20 years. Maintaining lighting for community monuments is crucial to ensure they remain well-lit and visually appealing.

- Regular Inspections
  - Frequency: Monthly
  - What to Check: Inspect the lighting fixtures for any signs of damage, wear, or malfunction. Ensure all bulbs are functioning and check for any flickering lights.
- Cleaning Fixtures
  - Frequency: Quarterly
  - How to Clean: Use a soft cloth and mild detergent to clean the fixtures. Remove any dirt, dust, or debris that may have accumulated. Avoid using harsh chemicals that could damage the fixtures.
- Replacing Bulbs
  - Frequency: As needed
  - What to Use: Replace any burnt-out bulbs with energy-efficient LED bulbs. LEDs are long-lasting and consume less power, making them ideal for outdoor lighting.
- Checking Electrical Connections
  - Frequency: Every 6 months
  - What to Do: Ensure all electrical connections are secure and free from corrosion. If you notice any issues, contact a professional electrician to address them.
- Adjusting Light Angles
  - Frequency: Quarterly
  - What to Do: Adjust the angles of the lights to ensure they are properly highlighting the monuments. Make sure the lighting is even and covers the entire area.
- Testing Timers and Sensors
  - Frequency: Quarterly
  - What to Test: Test any timers or motion sensors to ensure they are functioning correctly. Adjust settings as needed to optimize lighting schedules.

Mailboxes. The South Shipley's Landing Community has four ornamental community cluster mailboxes which appear to be in good condition.

Mailboxes should be maintained to the extent that rust does not develop on the structure or pedestal, and all mail slot doors remain intact with operable hinges and locks. Our replacement estimate assumes that these units will be replaced with fiberglass or composite units in the future.

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

End of Condition Assessment

1. COMMON INTEREST DEVELOPMENTS - AN OVERVIEW

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

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

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

2. REPLACEMENT RESERVE STUDY

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

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

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

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

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

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

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

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

3. METHODS OF ANALYSIS

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

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

4. REPLACEMENT RESERVE STUDY DATA

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

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

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

5. DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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What is a Reserve Study?
Who are we?

https://youtu.be/m4BcOE6q3Aw

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

https://youtu.be/40SodajTW1g

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

https://youtu.be/pYSMZO13VjQ

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

https://youtu.be/Qx8WHB9Cgnc

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

https://youtu.be/ZfBoAEhtf3E

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

https://youtu.be/1J2h7FIU3qw

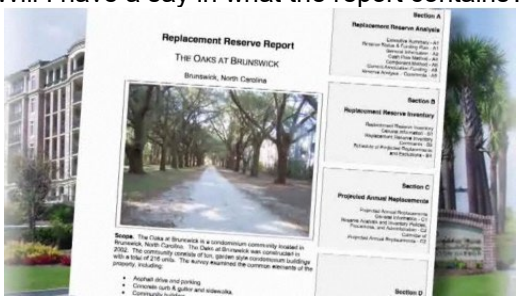
What is my role as a community Board Member?
Will a Reserve Study meet my needs?

https://youtu.be/aARD1B1Oa3o

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

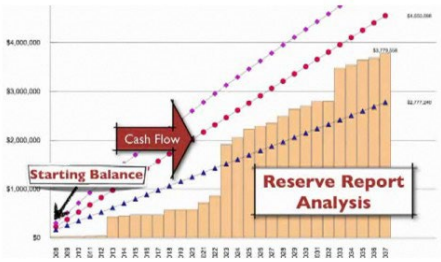
https://youtu.be/diZfM1IyJYU

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



https://youtu.be/qCeVJhFf9ag

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

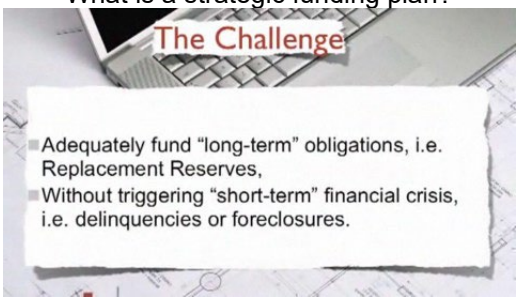


https://youtu.be/SePdwVDvHWI

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

https://youtu.be/W8CDLwRIv68

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



https://youtu.be/hIxV9X1tIcA