
FULL RESERVE STUDY

Lake Forest Village Association
Waterford Township, Michigan

Commencing First Fiscal Year: March 1, 2025 to February 28, 2026



Photo: View of entry area signage

MICHIGAN
**RESERVE
ASSOCIATES**

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October 8, 2024

Board of Directors
Lake Forest Village Association
300 Lake Forest Drive
Waterford, MI 48327

Re: "Full" Reserve Study
Lake Forest Village Association
Waterford Township, Michigan

Dear Board of Directors:

In fulfillment of our agreement as outlined in the letter of engagement dated June 8, 2024, we are pleased to transmit this "Full" Reserve Study for the Lake Forest Village Association. This report details the development of our study and sets forth our conclusions, along with supporting data and reasoning which forms the basis of our conclusions.

The conclusions in this Reserve Study are qualified by certain definitions, assumptions, limiting conditions, and certifications which are set forth in the attached report.

The intended user of this report is the Lake Forest Village Association. This study is to be used by the intended user for the purpose of budgeting and long-term major repair and replacement planning. The scope of work included in this study is unique to the intended use and intended user, and this report may not be utilized for any other use or user.

This study complies with the standards promulgated by the Community Associations Institute (CAI) for a "Full" Reserve Study. In addition, this study adheres to the applicable sections of the *Uniform Standards of Professional Appraisal Practice* of the Appraisal Foundation, as well as the *Code of Professional Ethics* of the Appraisal Institute.

This letter also confirms that Michigan Reserve Associates has provided the client with an option to receive an **Update With Site Visit** reserve study within five-years of the date shown above. This option provides the client with the right to receive an updated reserve study at a guaranteed update price of **\$1,020** and this option may be used more than once in a five-year period.

Respectfully submitted,

A handwritten signature in black ink that reads "Paul Conahan".

Paul K.T. Conahan, MBA, RS
State Certified General Real Estate Appraiser
License No. 1201002454

A handwritten signature in black ink that reads "Kai Conahan".

Kai B. Conahan, RS

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SUMMARY AND RECOMMENDED FUNDING PLAN

INTRODUCTION

A Reserve Study is a tool which anticipates major common area repair and replacement expenses and develops a prudent Reserve Funding Plan to pay for these expenses. By its nature, a Reserve Study must make assumptions about the future, which can sometimes be unpredictable. However, by using meticulous research and analysis together with proven methodologies, a well-executed Reserve Study provides condominium associations with valuable budget planning information and guidance on upcoming long-term maintenance and repairs.

In addition, a Reserve Study is a key marketing component for well-run condominium associations, since potential buyers can be assured that common elements will be cared for, and that association fees will not increase dramatically due to a lack of foresight and planning.

Lake Forest Village Association (Lake Forest Village) directed Michigan Reserve Associates to do a “Full” Reserve Study. On September 10, 2024 we performed an on-site noninvasive inspection.

A Reserve Study consists of two major components.

Physical Analysis	Financial Analysis
<ul style="list-style-type: none">• Component Survey and Inventory• Assessment of Component Condition• Estimate of Useful Life, Effective Age, Remaining Useful Life, and Replacement Cost	<ul style="list-style-type: none">• Current Reserve Fund Status• Recommended Funding Plan

Lake Forest Village consists of 115 units. The project was built in several phases spanning 1995 to 1997.

The Reserve Components were established based on our review of the governing documents (e.g., master deed and bylaws for condominiums, declaration of covenants and restrictions

and/or bylaws for homeowners associations, or occupancy agreement in a cooperative association), and interviews with representatives of the Association. The following table provides an inventory of the reserve components:

Inventory of Reserve Components

<u>Reserve Component Inventory</u>	<u>Quantities</u> <u>Total</u>	<u>First Year of</u> <u>Replacement</u>	<u>Life Analysis (Yrs.)</u>	
			<u>Normal</u>	<u>Remaining</u>
<u>Site Components</u>				
Concrete Sidewalks (4"); Phased Partial Replacement	26,180 SF	2026	40-50	2
Concrete Curbing; Phased Partial Replacement	10,814 LF	2026	40-50	2
Asphalt; Streets; Seal Coat	111,690 SF	2026	4	2
Asphalt; Streets; Total Replacement	111,690 SF	2035	18	11
Catch Basins and Manholes; Capital Repairs	43 UNITS	2042	18	18
Pole Lights; Replacement	4 UNITS	2034	30	10
Split-Rail Fence; Replacement	164 LF	2034	25	10
Picnic Tables; Replacement	3 UNITS	2031	20	7
Street Signs; Replacement	7 UNITS	2031	25	7
Entry Signage; Replacement	2 UNIT	2035	25	11
<u>Other Components</u>				
Reserve Study; Update (Guaranteed Update Price Years 1-5)	1 UNIT	2029	5	5

RECOMMENDED FUNDING PLAN

The purpose of this reserve study is to assist the client in developing the budget for the next fiscal year. Since the next fiscal year for Lake Forest Village commences March 1, 2025, the reserve fund balance as of March 1, 2025 must be calculated to account for revenues and expenses between the present date and the start of the new fiscal year.

According to information provided by the Association, the Lake Forest Village reserve fund balance as of March 1, 2025 will be \$79,155. This balance was calculated by taking the reserve balance of \$113,222 as of September 10, 2024, then adding \$0 in anticipated reserve revenue until the end of the fiscal year, then adding \$6,000 in remaining asphalt claw back contributions until the end of the current fiscal year, then adding \$1,933 in earned interest until the end of the fiscal year, and deducting \$42,000 in anticipated reserve expenditures until the end of the fiscal year. This calculation is shown below.

Projected Reserve Fund Balance as of – 03/01/2025

Reserve Fund Balance as of – 09/10/2024		\$ 113,222
Plus Remaining Reserve Contribution Until End of Current Fiscal Year		-
Plus Remaining Asphalt Claw Back Contributions Until End of Current Fiscal		6,000
Plus Estimated Interest From Reserve Funds Until End of Current Fiscal Year		1,933
Minus Remaining Reserve Expenditures Until End of Current Fiscal Year		
Catch Basins; Capital Repairs (x14)	\$ 42,000	
Total Expenditures To Deduct		<u>(42,000)</u>
Equals Projected Reserve Fund Balance as of – 03/01/2025		\$ 79,155

Using the current Reserve Contribution amount plus a typical 0% annual increase, the projected Reserve Balance will remain positive until the year 2031-32, at which time there will be a negative balance of \$65,036. The Reserve Balance will be negative \$1,203,976 by the year 2049-50. This indicates that the current Reserve Balance and annual Reserve Contributions will be inadequate to fund the anticipated Reserve Expenditures (see “Reserve Funding Plan Graphs” beginning on page L).

This Reserve Study calculates Reserve Expenditures based on local costs, estimated interest which will accrue to the Reserve Funds collected, and accounting for projected future inflation for materials and workmanship.

The following is our recommended Reserve Funding Plan Contributions for the duration of the projection period, along with a snapshot of the current and Recommended Reserve Contribution.

Recommended Annual Reserve Contributions

Year	Recommended Reserve Contribution	Additional Recommended Reserve Contribution	Year	Recommended Reserve Contribution	Additional Recommended Reserve Contribution
2025-26	\$ 55,900	\$ 11,100	2038-39	\$ 82,100	\$ -
2026-27	57,600	11,100	2039-40	84,600	-
2027-28	59,300	11,100	2040-41	87,100	-
2028-29	61,100	11,100	2041-42	89,700	-
2029-30	62,900	11,100	2042-43	92,400	-
2030-31	64,800	11,100	2043-44	95,200	-
2031-32	66,700	11,100	2044-45	98,100	-
2032-33	68,700	11,100	2045-46	101,000	-
2033-34	70,800	11,100	2046-47	104,000	-
2034-35	72,900	11,100	2047-48	107,100	-
2035-36	75,100	-	2048-49	110,300	-
2036-37	77,400	-	2049-50	113,600	-
2037-38	79,700	-			

Snapshot of Current and Recommended Reserve Contributions

	Annual Amount	Per Unit Per Month (Avg.)
(A) Projected Reserve Contribution at Start of Next Fiscal Year*	\$ 8,044	\$ 5.83
(B) Recommended Reserve Contribution at Start of Next Fiscal Year (Years 1-25 w/3%/Yr Increases)	\$ 55,900	\$ 40.51
(C) Plus Additional Recommended Reserve Contribution (Years 1-10; No Increases)**	\$ 11,100	\$ 8.04
(D) Total Recommended Reserve Contribution Year 1 (B Plus C)	\$ 67,000	\$ 48.55
(E) Amount of Increase/(Decrease) Recommended vs. Current (D Minus A) Year 1	\$ 58,956	\$ 42.72

* Based on the association's current budgeted Reserve Contribution plus 0% typical annual increase

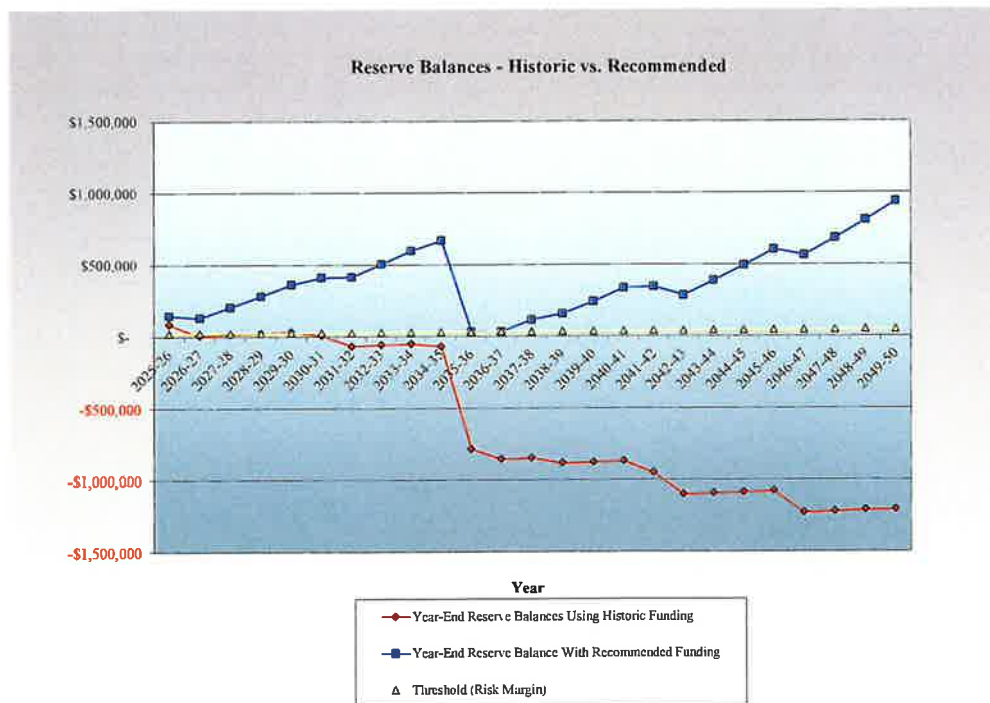
** Additional Reserve Contribution will no longer be needed by 2035-2036; Reserve Contribution in 2035-2036 will be \$75,100 or \$54.42 per unit/month

The recommended year 2025-26 Reserve Contribution is \$55,900 (\$40.51 per unit per month). Because there will be significant reserve expenditures in the near term, a time limited Additional Reserve Contribution of \$11,100 per year for ten years is also required. Starting with the Recommended Reserve Contribution of \$55,900 per annum, plus the Additional Reserve Contribution of \$11,100 per year for ten years, and then increasing the Recommended Reserve Contribution by 3.0% per year, the Association's Reserves will typically remain above zero as well as above the Threshold for all years shown ("Threshold" is discussed in

the next paragraph). By the year 2035-2036 the Additional Reserve Contribution will no longer be needed, and the 2035-2036 Reserve Contribution will be \$75,100 or \$54.42 per unit per month.

By following the recommended Reserve Contributions, the Association will gradually accrue a Reserve Fund which will provide the financial means to address the major Reserve Component Expenditures which will arise in the future. The recommended Reserve Contribution amount will provide adequate, but not excessive, levels of Reserves, while still maintaining a reasonable Threshold Margin which suits the particular needs of the Association and will provide a “safety buffer” for unanticipated Reserve Expenditures which are unpredictable but inevitable.

The following graph illustrates the year-end Reserve Fund balance using the Recommended Reserve Funding Plan compared with the Association’s current funding plan for the next 25 years.



In order to ensure that significant overfunding or underfunding does not occur, we recommend that the Lake Forest Village Association update this Reserve Study every three to five years, or when any major changes in the Physical or Financial analysis occur. Such changes include accelerated Reserve Component Expenditures undertaken at the client's discretion, addition (construction) or demolition of Reserve Components, interest rate changes on reserve investments, and changes in local building costs.

INTRODUCTION AND METHODOLOGY

INTRODUCTION

A Reserve Study is a tool which anticipates major common area repair and replacement expenses and develops a prudent Reserve Funding Plan to pay for these expenses. By its nature, a Reserve Study must make assumptions about the future, which can sometimes be unpredictable. However, by using meticulous research and analysis together with proven methodologies, a well-executed Reserve Study provides condominium associations with valuable budget planning information, and guidance on upcoming long-term maintenance and repairs.

In addition, a Reserve Study is a key marketing component for well-run condominium associations, since potential buyers can be assured that common elements will be cared for, and that association fees will not increase dramatically due to a lack of foresight and planning.

There are three levels of service for Reserve Studies as espoused by the Community Associations Institute.¹

I) **Full:** A Full Reserve Study consists of the following:

- Component Inventory
- Condition Assessment (based upon on-site visual observation)
- Life and Valuation Estimates
- Reserve Fund Status
- Recommended Reserve Funding Plan

II) **Update, With-Site-Visit/On-Site Review,** consists of:

- Component Inventory (verification only, not quantification)
- Condition Assessment (based upon on-site visual observation)
- Life and Valuation Estimates

¹ “RS National Reserve Study Standards,” Community Associations Institute, April 2009, p. 2.

- Reserve Fund Status
- Recommended Reserve Funding Plan

III) Update, No-Site-Visit/Off-Site Review, consists of:

- Life and Valuation Estimates
- Reserve Fund Status
- Recommended Reserve Funding Plan

This is a “Full” Reserve Study. For simplicity, the terms “Full” Reserve Study and “Reserve Study” will be used interchangeably following this section.

Typically, the Level I (Full Reserve Study) option is only required for an association’s first Reserve Study. This is our most comprehensive offering and should be used by associations which are ordering their first reserve study, or whose previous reserve study is so dated and/or inaccurate as to require a “blank slate” approach to re-survey the various common element components and their conditions. As part of our scope of work, we will thoroughly review your governing documents, maintenance schedule, and interview Board members and/or property management representatives to determine what items should be included in the list of reserve components. We will then estimate Useful Life, Remaining Useful Life, and Replacement Cost, all documented and supported with color photographs. From this Physical Analysis we will then perform a Financial Analysis which will account for your current reserve funding situation and recommend an ongoing Reserve Funding Plan.

Level II (Update, With-Site-Visit/On-Site Review) reserve studies are recommended if the association is confident that the Reserve Components have been accurately surveyed, and no major changes have occurred since the last Full Reserve Study. The scope of work includes an on-site inspection to update Useful Life, Remaining Useful Life, Cost Figures, and Financial Assumptions, but component quantities will not be re-surveyed.

When doing an “Update With Site Visit” assignment, the Reserve Component inventory is not quantified. The quantification of reserve components as determined by the previous reserve study will be assumed to be accurate.

Level III (Update, No-Site-Visit/Off-Site Review) reserve studies are useful when the association is confident that the Reserve Components have been accurately identified and surveyed, but due to the minimal number of Reserve Components, and short-time period elapsed since the last Reserve Study, the association does not feel an on-site inspection would be required. In order to provide a credible reserve study, we only provide this type of reserve study for existing clients, and our previous reserve study (with site visit) is less than five years old. Narrative content of this type of Reserve Study is extremely limited, with most communication occurring via an Executive Summary, charts and graphs (Reserve Expenditures and Reserve Funding Plan).

When doing an “Update Without Site Visit” assignment, the Reserve Component conditions are not visually confirmed and updated, and the Remaining Useful Lives of the Reserve Components will typically be calculated based on the assumption that the actual time elapsed since the previous reserve study is added to the effective age as determined in the previous reserve study. The quantification of Reserve Components as determined by the previous reserve study will be assumed to be accurate.

Lake Forest Village Association (Lake Forest Village) directed Michigan Reserve Associates to do a “Full” Reserve Study. On September 10, 2024 we performed an on-site noninvasive inspection.

METHODOLOGY

The Physical Analysis precedes the Financial Analysis since we must first determine the projected expenses before evaluating the Association's financial status to develop a Recommended Reserve Funding Plan.

The Physical Analysis therefore starts with an inventory of Reserve Components. To establish what items to include in our inventory, we reviewed the Association's governing documents, recent Reserve expenditures, and conducted interviews with the Association's representatives to determine if there are historical precedents which warrant inclusion in the Reserve Component Inventory.

What Physical Assets Should be Included in an Inventory of Reserve Components?

Reserves are large items that require advance planning to repair or replace. Operating expenses are ongoing, predictable expenses that repeat throughout the year or from year-to-year, with modest unanticipated items typically covered by a maintenance contingency in the budget, whereas larger items may be covered by additional assessments or insurance.

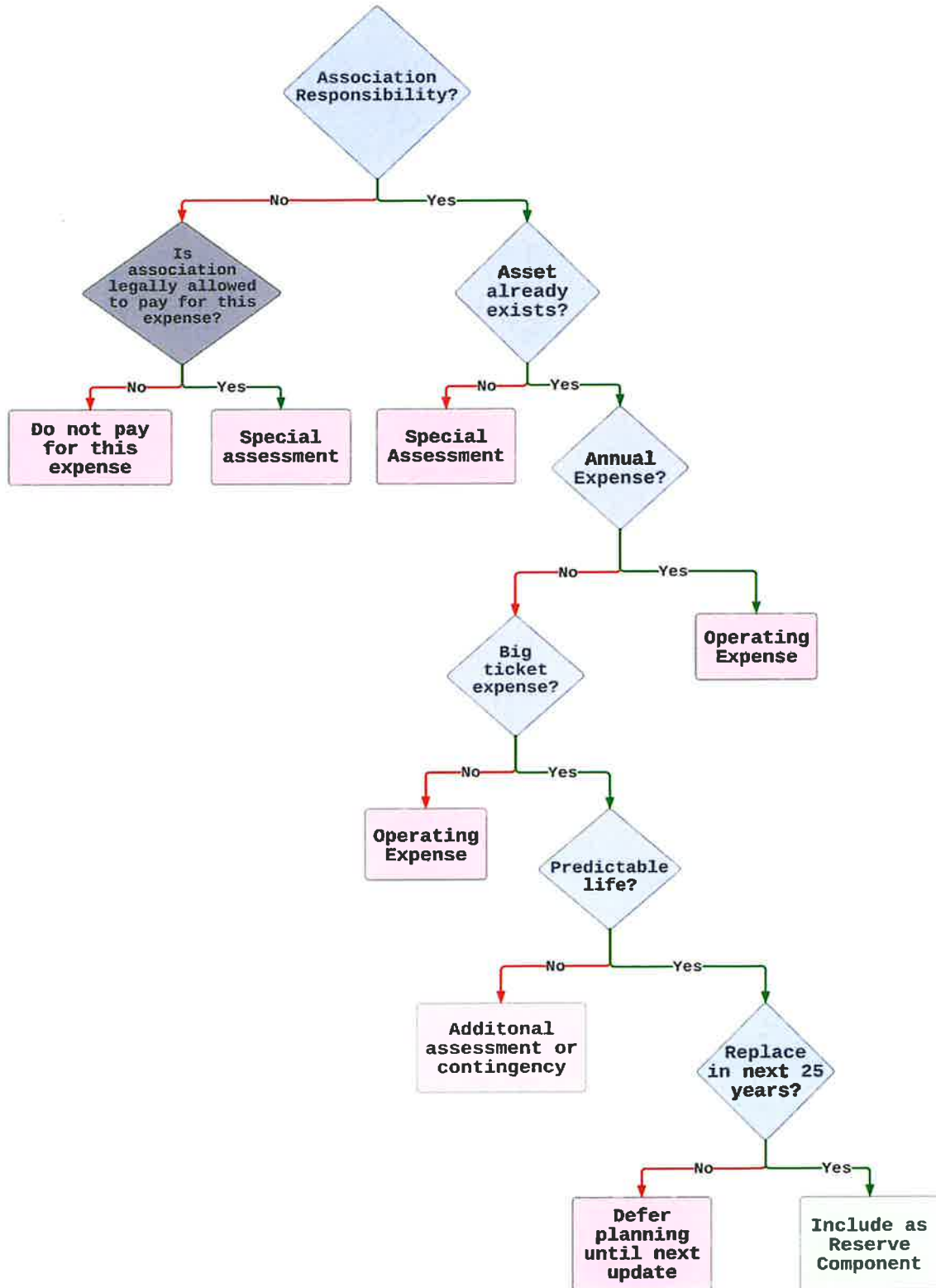
There is a national standard five-part test to establish whether an item should be funded through reserves. First, the item must be a common element maintenance responsibility. Second, the component must have a limited life. Third, the limited life must be predictable. Fourth, the item must be above a threshold cost. Fifth, the item is required by local codes. A sixth criteria is not part of the national standard but is inherent in the methodology used in this Reserve Study. Only Reserve Components which fall within the 25-year time horizon are included in our analysis. Therefore, Reserve Components presented in this Reserve Study are association responsibilities, major items, with limited and predictable lives which fall within the 25-year projection period. Items such as foundations and major infrastructure components are not included in reserves since they do not have limited useful life expectancies which can be predicted. Small items, such as metal street signs are not considered Reserve Components due to their nominal costs (i.e., they do not pass Test # 4 above).²

² *Ibid.*, p. 2.

As it relates to the Association, we suggested that items costing more than \$2,000 and that have a minimum predictable Useful Life of at least three years be considered Reserve Components. The reason for this is that there should be a firewall between the reserve and operating accounts so that reserve funds do not get treated as an extension of operating funds. Reserve expenses are typically defined as being used for major repairs and replacements. We are not lawyers, but we do recommend that the Association adopt a clear definition of what constitutes a Reserve Component which will be funded via Reserve Funds. We recommend that the Association consult with an experienced community association attorney to develop such a definition of Reserve Components.

The flowchart on the following page graphically shows the process for determining whether to include a component in the reserve study.

FLOWCHART TO DETERMINE INCLUSION OF A COMPONENT IN THE RESERVE STUDY



How are Useful Life and Remaining Useful Life Established?

Useful Life is estimated based on our experience with the Reserve Component, after accounting for quality, expected maintenance, and weather exposure. Remaining Useful Life is primarily a function of the current noninvasive observed condition. The complement of Remaining Useful Life is Effective Age. Typically, Effective Age does not equal Actual Age due to differences in quality, rate of wear, and degree of maintenance attention a particular item receives. For Reserve Components where age characteristics are not readily visible (e.g., complex heating/cooling systems, elevators, security systems, etc.), we rely on interviews with the Association's service vendor. If the vendor is no longer available, we use national benchmarks, primarily from the *Marshall & Swift* cost estimating service.

How are Cost Estimates Established?

Whenever possible, we use recent historical information for Reserve Components which have been replaced or repaired, since this gives an actual localized data point from which to estimate future costs. Additional sources of information are comparisons with other condominium and homeowners associations for which we have performed work, as well as interviews with local vendors. Costs are also compared with those published by *Marshall & Swift* to provide a feedback mechanism to verify local vendor costs against national and regional cost data.

How Much Reserves Should We Contribute?

We utilize four principles when developing a Recommended Reserve Funding Plan. First, there must be sufficient cash on hand to handle the Reserve projects which arise. Second, we seek to provide a stable rate of contribution since this makes it easier for the Association and Association residents to plan their budgets year-to-year. Third, the Reserve Funding Recommendation attempts to evenly distribute the contributions over the years so that owners pay their fair share in proportion to the time that they have owned their unit. Finally, the Recommended Reserve Funding Plan must be fiscally responsible using reasonable and prudent financial assumptions with a risk profile tailored to the client.³

What is Our Funding Goal?

There are four different funding goals which are independent of the methodology utilized. These goals are:

- 1) **Baseline Funding:** Anticipated costs and their expected timing over the projection period are calculated. The reserve contribution is then set to keep the reserve cash balance above zero.
- 2) **Full Funding:** Setting a reserve funding goal of attaining and maintaining reserves at or near 100% funded. For example, an association would set aside \$10,000 per year for a component (e.g., roof) which will cost \$100,000 to replace in 10 years. Full funding is considered the most expensive (and therefore conservative) funding formula since money for all reserve components is set aside and accounted for.
- 3) **Statutory Funding:** Establishing a reserve funding goal of setting aside the specific minimum or regulatory amount of reserves requires by local statutes.
- 4) **Threshold Funding:** Establishing a reserve funding goal of keeping the reserve balance above a specified dollar or percent funded amount. Depending on the threshold, this funding goal may be more or less conservative than Full Funding.

³ *Ibid.*, p. 4.

With Baseline Funding, there is no margin for error, and if expenses are higher than budgeted, or projects occur earlier than planned, additional assessments can occur, although this risk can be somewhat alleviated by regular updates to the Reserve Study.

Statutory Funding is not recommended because there is no direct correlation between the statutory minimum and the association's actual financial needs. For example, a statutory 10% minimum for the reserve contribution might be acceptable for a newer development with relatively few common elements, and a properly developed maintenance and overall budget plan. However, the 10% minimum might be wildly off the mark for an older development with extensive common element obligations and a maintenance and overall budget that are themselves underfunded.

In our opinion, Full Funding provides an excessive level of funding since the Association is typically setting aside money that it will not be using for decades. On the other hand, this funding goal has the distinction of typically being the most conservative funding formula which may be seen as a virtue by some associations.

We recommend using Threshold Funding with a safety margin set above 100% of Baseline Funding. Although the safety margin is arbitrary, it should be customized to the client's risk profile. As a rule of thumb, we suggest a safety margin of \$210 per unit as prudent for associations similar to the subject. When an association is considering what their threshold safety margin should be, a good question to ask is "What is a reasonable level of money to have on hand due to unpredictable events?" Small amounts can usually be covered by maintenance contingency funds or short-term loans, while very large unplanned events are typically covered by insurance.⁴

An added benefit of using Threshold Funding as recommended above is that it provides a layer of global risk management against the many future unknowns which must be assumed for the purposes of a reserve study. For example, reserve studies must make assumptions about future rates of inflation, rates of return on reserve investments, and the Useful Lives of Reserve

⁴ *Ibid.*, p. 3.

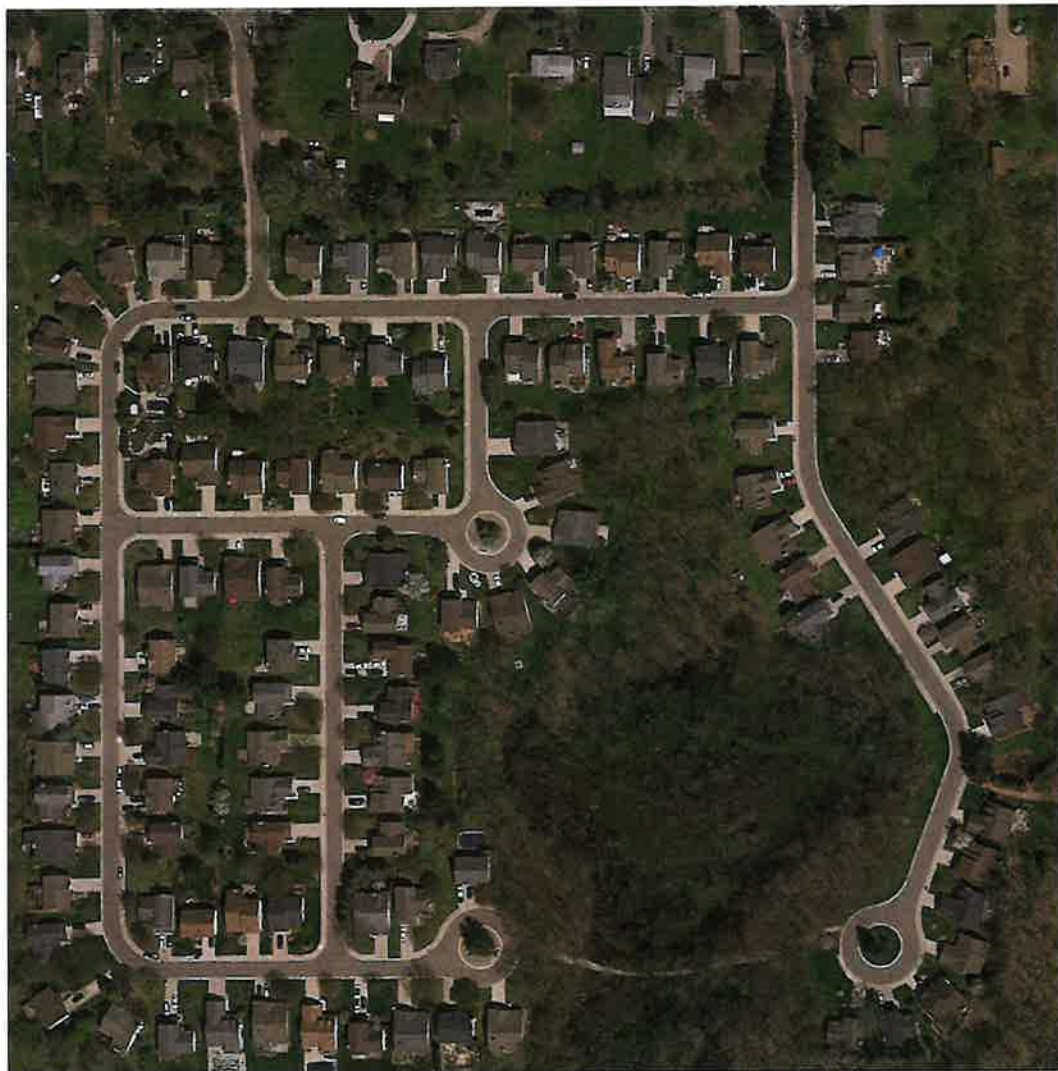
Components. One way of accounting for the many different risk factors inherent in reserve study assumptions would be to attempt to individually forecast the future replacement cost for each Reserve Component. For example, certain Reserve Components which depend on petroleum-based commodity materials (such as paving and roof shingles) have recently been increasing at a rate significantly greater than inflation. However, not only would it be impractical to forecast future Replacement Costs for potentially dozens of Reserve Components (some of which may actually experience deflation over time), it is more straightforward to concede that future risk can realistically only be managed at a macro, rather than micro, level.

PHYSICAL ANALYSIS

IDENTIFICATION OF RESERVE COMPONENTS

Lake Forest Village consists of 115 units. The project was completed in several phases spanning 1995 to 1997. The following graphic provides an aerial view of the project.

AERIAL AND LOCATION MAP



The Physical Analysis starts with an inventory of Reserve Components. To establish what items to include in our inventory, we reviewed the Association's governing documents, recent Reserve expenditures, and conducted interviews with the Association's representatives. Please see the Reserve Expenditures spreadsheet in the Addenda for a listing of individual line items, estimates for Useful Life, Remaining Useful Life, and current Replacement Cost for each component.

For our on-site observations, we:

- Inspected all common areas
- Field measured all reserve components

Based on the national five-part test described on page 11, there are certain items which have not been included in this reserve study.

Items which may pass the five-part inclusion test as a Reserve Component discussed on page 11 but were specifically excluded in this Reserve Study at the direction of the client are:

- None noted

Items which may fail the five-part inclusion test as a Reserve Component discussed on page 11 but were specifically included in this Reserve Study at the direction of the Client are:

- Site; asphalt seal coating – The primary function of the seal coat is an aesthetic one, and therefore this item is considered optional and has been included at the client's request. Although co-owners typically find the uniform appearance of the roadways appealing, the sealcoat does not penetrate the asphalt and provides little rejuvenative effect. An annual crack filling maintenance program should still be implemented regardless of whether there is a seal coating program in place or not.

In addition, there is growing concern that coal tar sealants, which are commonly used in seal coating applications, pose a cancer risk to humans, and may also appear in runoff which can adversely impact the environment. Asphalt-based products typically

cost about the same as coal tar products and contain significantly lower levels of cancer-linked chemicals, although there is some debate on whether asphalt-based sealants perform as well as coal tar sealants.

Noteworthy items which did not meet the criteria (see page 11) for inclusion as Reserve Components are broken down by category below:

Item failed test #1 (Not an Association common element maintenance/replacement responsibility)

- All site and building improvements within each unit/lot; replacement (co-owner responsibility)
- Site; mail stations; replacement (USPS responsibility)

Item failed test #2 (No limited life)

- None noted

Item failed test #3 (No Predictable Limited Life)

- Site; electrical power distribution systems; replacement
- Site; sewer and water mains; replacement
- Site; trees and shrubs; replacement
- Site; asphalt pavement; routine crack filling and repair

Item failed test #4 (Cost is Below the Assumed Threshold Amount of \$2,000)

- Items in this category which are assumed to be funded (either on an “as needed” or scheduled basis) by the Association’s operating budget are:
 - Site; outdoor grills; replacement
 - Site; smaller metal street signs; replacement

Noteworthy items which passed Tests 1-4 on page 11, and are thus considered Reserve Components, but were not explicitly accounted for in this Reserve Study because the Remaining Useful Life is beyond the 25-year time horizon:

- Site; adhered stone entry monument; replacement
- Site; underground sprinkler equipment; line replacement (sprinkler head repair and replacement; sprinkler valve repair and replacement; sprinkler control box repair and replacement are assumed to be funded “as needed” from operations)

CONDITION ASSESSMENT

The following narrative details the condition assessment of the significant Reserve Components, along with relevant commentary and cost source, if applicable.

SITE COMPONENTS

Concrete Sidewalks: Typical useful life is 40-50 years. Current observed condition is average based on this item's reported age and replacement history. Replacement will be 4” of concrete. Since sections of concrete can be selectively replaced, and since concrete can vary significantly in wear and tear, only partial replacement of the concrete sidewalks was assumed, with the remainder being easily repaired or simply used for an extended period. It was assumed that approximately 5-10% of concrete sidewalks would require replacement after 15-20 years of original installation, and then an additional 5-10% would be replaced every five years thereafter. These replacements are assumed to work together with ongoing maintenance (such as leveling) and smaller concrete replacements (i.e., those projects costing less than \$2,000), which will occur via operations.

Based on the concrete sidewalks' current condition, we anticipate that partial replacement will be required beginning in the 2026-27 fiscal year. We recommend that any weeds that are growing between or through the concrete slabs be immediately treated with an herbicide such as Roundup. If the Association wishes to limit the use of herbicides, application of a vinegar solution (20% acetic acid) and water has been shown to be effective for approximately two months (these results are comparable to the use of Roundup). Failure to implement a regular weed abatement program can dramatically shorten the Useful Life of the concrete sidewalks.

Cost source for this item is based on cost data from our in-house database of associations which completed similar projects in the 2023-2024 fiscal years.

Concrete Curbing: Typical useful life is 40-50 years. Current observed condition is average based on this item's reported age and replacement history. Since sections of concrete can be selectively replaced, and since concrete can vary significantly in wear and tear, only partial replacement of the concrete curbs was assumed, with the remainder being easily repaired or simply used for an extended period. It was assumed that approximately 5-10% of concrete curbing would require replacement after 15-20 years of original installation, and then an additional 5-10% of concrete curbing would be replaced every five years thereafter. These replacements are assumed to work together with ongoing maintenance and smaller curb replacements (i.e., those projects costing less than \$2,000), which will occur via operations.

Based on the concrete curbs' current condition, we anticipate that partial replacement will be required beginning in the 2026-27 fiscal year.

Cost source for this item is based on cost data from our in-house database of associations which completed similar projects in the 2023-2024 fiscal years.

Asphalt Seal Coat: Typical useful life is 4 years. The asphalt should be sealed every four years, but can be suspended for 3-5 years after a new asphalt installation. As part of this maintenance item, minor cracks and divots should be filled by the contractor as part of the scope of services performed. The primary function of the seal coat is an aesthetic one. Although co-owners typically find the uniform appearance of the roadways appealing, the sealcoat does not penetrate the asphalt and provides little rejuvenative effect. Even if the seal coat is omitted, an annual crack filling maintenance program should be implemented. Current observed condition is average based on the client's reported last seal coating in the 2022 fiscal year.

Based on the seal coat's current condition, we anticipate that sealing will be required beginning in the 2026-27 fiscal year.

It is worth noting that there is growing concern that coal tar sealants, which are commonly used in seal coating applications, pose a cancer risk to humans, and may also appear in runoff which can adversely impact the environment. Asphalt-based products typically cost about the same as coal tar products and contain significantly lower levels of cancer-linked chemicals, although there is some debate on whether asphalt-based sealants perform as well as coal tar sealants.

Cost source for this item is based on cost data from our in-house database of associations which completed similar projects in the 2023-2024 fiscal years.

Asphalt Streets (Total Replacement): Typical useful life is 18 years. Current observed condition is average overall with typical transverse and longitudinal cracking beginning to form throughout the project. For total replacement, the entire asphalt layer is removed, and the underlying base is typically repaired and recompact where needed, then new asphalt is installed, typically in two lifts with a finished thickness of approximately four inches. Total replacement is recommended when the asphalt is structurally failing (typically indicated by alligator cracking), or when the most robust replacement solution is desired.

A more affordable but less robust alternative to total replacement is mill and overlay. This consists of milling out the existing asphalt, at a minimum depth of 1½", and then capping with new asphalt. Mill and overlay is recommended when the wearing course of asphalt does not exhibit extensive structural failure, such as alligator cracking.

Regardless of which approach is used, we recommend that any weeds that are growing between or through the asphalt be immediately treated with an herbicide such as Roundup. If the Association wishes to limit the use of herbicides, application of a vinegar solution (20% acetic acid) and water has been shown to be effective for approximately two months (these results are comparable to the use of Roundup). Failure to implement a regular weed abatement program can dramatically shorten the Useful Life of the asphalt surfacing.

Based on the asphalt streets' current condition, we anticipate that replacement will be required beginning in the 2035-36 fiscal year.

Cost source for this item is based on cost data from our in-house database of associations which completed similar projects in the 2023-2024 fiscal years.

Catch Basins and Manholes: Typical useful life is 18 years. Because of their function of channeling storm water runoff, catch basins and manholes typically require capital repairs to account for the steady impact of water erosion. Capital repairs typically take the form of removing the surrounding asphalt and/or concrete, partially rebuilding portions of the below grade structure, and then installing new asphalt and/or concrete around the metal catch basin or manhole grate. When evaluating this item's current condition we determined that invasive analysis which goes beyond the scope of this report's methodology would be required in order to render an objective opinion. We therefore relied on historical information provided by the client when developing our analysis.

Not all units will require capital repairs at any given interval depending on the specific volume of runoff each unit is subject to. Approximately 50% of total units are assumed to require repairs during each service interval, and this is accounted for by using a 50% cost factor which results in a cost of \$1,500 per unit ($\$3,000 \text{ per unit capital repair} \times 50\% \text{ of unit will require repairs} = \$1,500 \text{ per unit}$).

A relatively recent alternative repair procedure involves application of a structural polymer which fills voids and hardens upon application and is typically guaranteed for 10 years. The structural polymer method of repairs typically costs 25%-50% of the cost of the traditional rebuilding method. However, the traditional method of partially rebuilding each unit has been assumed in this reserve study since it typically lasts twice as long as the structural polymer guarantee.

Based on historical information provided by the client, we anticipate that the catch basins and manholes will require capital repairs beginning in the 2042-43 fiscal year.

Cost source for this item is based on cost data from our in-house database of associations which completed similar projects in the 2023-2024 fiscal years.

Pole Lights: Typical useful life is 30 years. Current observed condition is fair and replacement is not anticipated in the near term. However, eventually replacement will be required and we recommend that the Association begin planning accordingly. At time of replacement the existing underground wiring and conduit is assumed to not require significant replacement. Replacement units are assumed to be metal bases and poles with contemporary Light Emitting Diode (LED) bulbs using a standard base (e.g., E-27 base).

Based on the pole lights' current condition, we anticipate that replacement will be required beginning in the 2034-35 fiscal year.

Cost source for this item is based on cost data from our in-house database of associations which completed similar projects in the 2023-2024 fiscal years.

Split-Rail Fence: Typical useful life is 25 years. Current observed condition is good relative to the fence's age.

Based on the split-rail fence's current condition, we anticipate that replacement will be required beginning in the 2034-35 fiscal year.

Cost source for this item is based on cost data from our in-house database of associations which completed similar projects in the 2023-2024 fiscal years.

Picnic Tables: Typical useful life is 20 years. Current observed condition ranges from fair to poor.

Based on the picnic tables' current condition, we anticipate that replacement will be required beginning in the 2031-32 fiscal year.

Cost source for this item is based on cost data from our in-house database of associations which completed similar projects in the 2023-2024 fiscal years.

Street Signs: Typical useful life is 25 years. The useful life of street signs is dependent on their orientation to the elements. Over time, extended exposure to sunlight will cause sign lettering to fade which will eventually necessitate replacement. Current observed condition is fair with minor cosmetic damage and corrosion located on the base of most units.

Based on the street signs' current condition, we anticipate that replacement will be required beginning in the 2031-32 fiscal year.

Cost source for this item is based on cost data from our in-house database of associations which completed similar projects in the 2023-2024 fiscal years.

Entry Signage: Typical useful life is 25 years. Current observed condition is average based on this item's reported age and replacement history. Current replacement cost is an allowance budget and assumes the signage will be replaced with similar quality of design and materials.

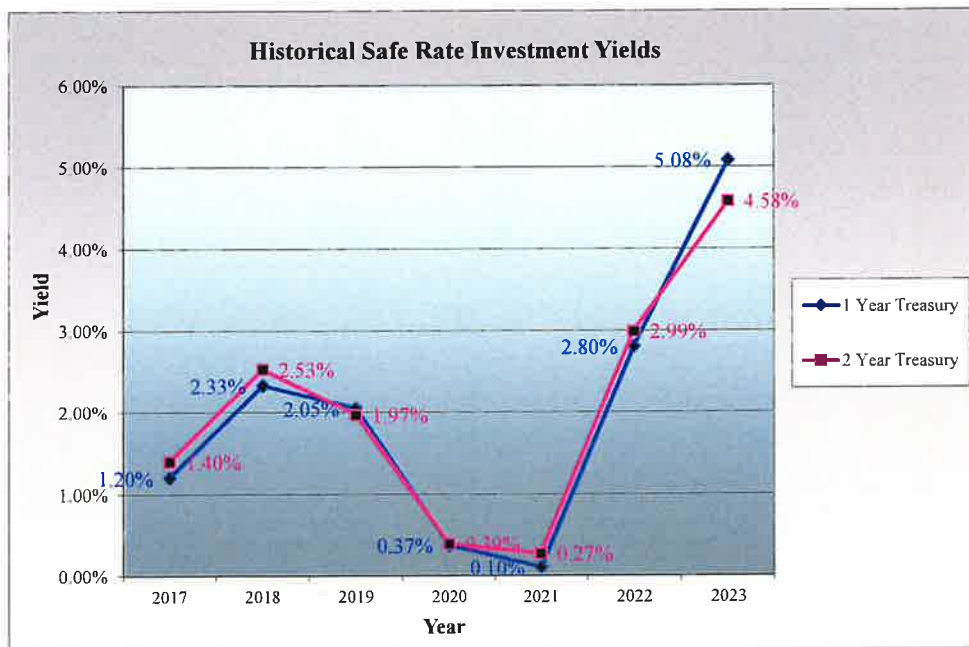
Based on the entry signage's current condition, we anticipate that replacement will be required beginning in the 2035-36 fiscal year.

Cost source for this item is based on cost data from our in-house database of associations which completed similar projects in the 2023-2024 fiscal years.

FINANCIAL ANALYSIS

FINANCIAL ASSUMPTIONS

The following chart details the historical trend for typical safe rate investment vehicles (one- and two-year Treasuries) as published by the U.S. Treasury Department.



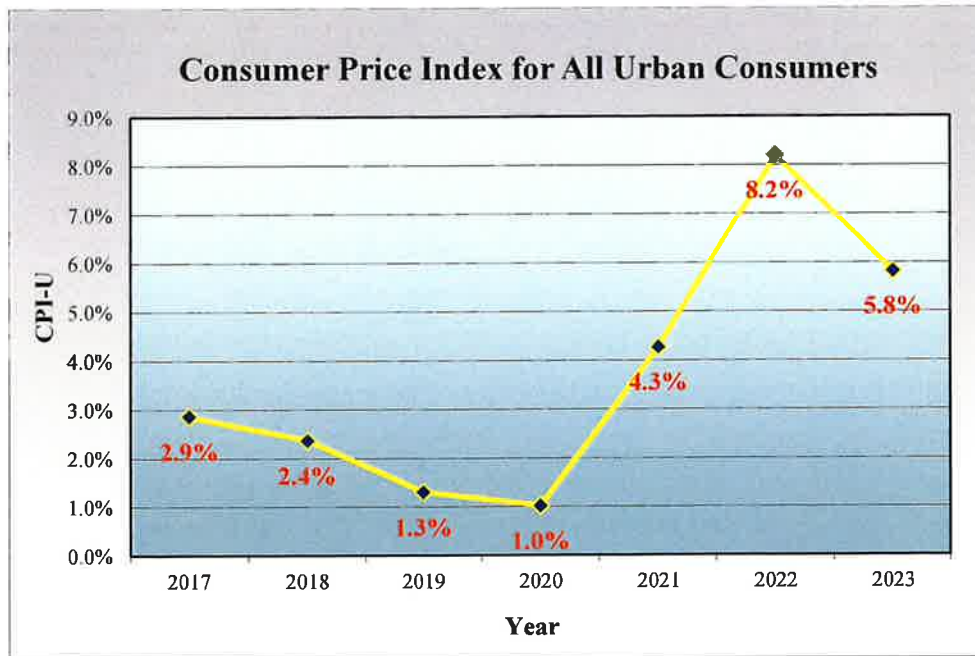
Treasuries provide a good investment benchmark since they reflect a very safe investment whose risk profile matches that of most condominium associations. By using “laddering” in which maturities are staggered over time, an Association can often gain some of the higher yield of a longer-term investment, while still having access to liquid funds as the various investments mature over time.

A broad-based analysis of rates is required since the investment yield-rate selected will be utilized for the entire 25-year projection period, and the rate selected should therefore reflect what can be expected during a 25-year time period, with only partial consideration given to current investment rates.

For the purposes of this Reserve Study, we will use a Reserve savings yield rate of 2.0%. We did not make any adjustments to account for the impact of Federal Income Tax on investment income since the Association's tax situation can change over time. We advise the client to consult with its accountant and/or professional investment advisor to develop or refine an investment strategy consistent with the Association's risk profile and Reserve investment profile.

ESTIMATION OF INFLATION RATE

The following graph illustrates the five-year historical trend for the Consumer Price Index (CPI-U; all Items; urban consumers) as published by the U.S. Bureau of Labor Statistics.



As discussed for Reserve savings rates, a broad-based analysis of rates is required since the inflation rate selected will be utilized for the entire 25-year projection period. In addition, the CPI-U measures inflation for a wide-range of goods, and therefore does not correlate directly with changes in the cost of materials and labor for repair/replacement of Reserve Components.

For the purposes of this Reserve Study, we will use a 3.0% annual inflation rate. Although inflation may be above or below a 3.0% annual inflation rate during any particular year of the 25-year projection period, we anticipate a 3.0% annual inflation rate to represent the long-term average.

SUMMARY AND CONCLUSION OF SELECTED RATES

Having the Reserve savings yield rate less than the expected long-term inflation rate is a conservative assumption since most investments are made with the primary purpose of matching or exceeding inflation. However, associations typically follow a reserve investment policy which strongly emphasizes safety and preservation of capital. Since risk and reward are directly related, the lower risk profile utilized by associations typically results in a lower rate of return, and therefore having the reserve savings investment yield be less than the expected inflation rate was considered reasonable.

ADDENDA

PHOTOGRAPHS



Photograph 1: View of entry area signage



Photograph 2: Typical view of concrete sidewalk

PHOTOGRAPHS



Photograph 3: Typical view of concrete curb



Photograph 4: Typical view of asphalt street

PHOTOGRAPHS



Photograph 5: Typical view of asphalt street



Photograph 6: Typical view of metal catch basin

PHOTOGRAPHS



Photograph 7: Typical view of manhole



Photograph 8: Typical view of pole light

PHOTOGRAPHS



Photograph 9: Typical view of pole light



Photograph 10: Typical view of pole light

PHOTOGRAPHS



Photograph 11: Typical view of split-rail fence



Photograph 12: Typical view of picnic table

PHOTOGRAPHS



Photograph 13: Typical view of street sign



Photograph 14: Typical view of street sign

PHOTOGRAPHS



Photograph 15: Typical view of street sign

HISTORIC AND RECOMMENDED RESERVE FUNDING PLAN

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Assumptions

- 2.0% Average Interest Rate Earned on Invested Reserves
- 3.0% Annual Increase in Collected Reserve Funds for Historic Projection
- 3.0% Annual Increase in Collected Reserve Funds for Recommended Funding Plan
- 210 Per Unit, Threshold Per 1st Year
- 115 Number of Units
- No Anticipated Reserve Contributions

Historic Reserve Funding Projection

	2005-26	2006-27	2007-28	2008-29	2009-30	2009-31	2010-32	2010-33	2010-34	2010-35	2010-36	2010-37	2010-38	2010-39	2010-40	2010-41	2010-42	2010-43	2010-44	2010-45	2010-46	2010-47	2010-48	2010-49	2010-50	
Reserve Balance at Beginning of Fiscal Year	\$ 79,153	\$ 88,870	\$ 10,563	\$ 18,906	\$ 27,415	\$ 34,912	\$ 9,067	\$ 65,046	\$ 56,905	\$ 48,773	\$ 66,268	\$ 793,162	\$ 852,181	\$ 844,059	\$ 873,844	\$ 873,301	\$ 946,477	\$ 1,075,059	\$ 1,075,059	\$ 1,075,059	\$ 1,075,059	\$ 1,075,059	\$ 1,075,059	\$ 1,075,059	\$ 1,075,059	\$ 1,075,059
Plus Recurring Reserve Contribution	8,044	8,044	8,044	8,044	8,044	8,044	8,044	8,044	8,044	8,044	8,044	8,044	8,044	8,044	8,044	8,044	8,044	8,044	8,044	8,044	8,044	8,044	8,044	8,044	8,044	8,044
Plus Additional Reserve Contribution																										
Equals Interim Reserve Balance	87,199	96,913	18,607	26,950	35,459	42,956	17,111	73,092	64,949	56,817	74,312	860,273	860,225	852,103	881,844	881,301	954,521	1,083,103	1,083,103	1,083,103	1,083,103	1,083,103	1,083,103	1,083,103	1,083,103	1,083,103
Plus Estimated Interest Earned, During Year ¹	1,671	1,865	299	466	636	796	269	88	88	88	88	88	88	88	88	88	88	88	88	88	88	88	88	88	88	88
Equals New Reserve Balance	88,870	98,778	18,906	27,415	36,095	43,742	17,380	73,180	65,035	57,705	75,200	860,361	860,313	854,011	881,932	881,389	955,609	1,084,991	1,084,991	1,084,991	1,084,991	1,084,991	1,084,991	1,084,991	1,084,991	1,084,991
Less Anticipated Expenditures, By Year	-	(88,215)	-	-	(1,182)	(33,675)	(82,416)	-	-	(23,638)	(73,038)	(77,151)	-	(43,925)	(1,588)	-	(86,438)	(159,245)	(1,084,991)	(1,084,991)	(1,084,991)	(1,084,991)	(1,084,991)	(1,084,991)	(1,084,991)	(1,084,991)
Equals Anticipated Balance of Reserve Fund at Year End	\$ 88,870	\$ 10,563	\$ 18,906	\$ 27,415	\$ 34,912	\$ 9,067	\$ 65,036	\$ 65,035	\$ 57,705	\$ 54,067	\$ 72,172	\$ 859,603	\$ 859,555	\$ 851,086	\$ 880,344	\$ 879,801	\$ 949,173	\$ 1,078,000	\$ 1,078,000	\$ 1,078,000	\$ 1,078,000	\$ 1,078,000	\$ 1,078,000	\$ 1,078,000	\$ 1,078,000	\$ 1,078,000
Threshold	\$24,130	\$ 24,875	\$ 25,621	\$ 26,367	\$ 27,113	\$ 27,859	\$ 28,605	\$ 29,351	\$ 30,097	\$ 30,843	\$ 31,589	\$ 32,335	\$ 33,081	\$ 33,827	\$ 34,573	\$ 35,319	\$ 36,065	\$ 36,811	\$ 37,557	\$ 38,303	\$ 39,049	\$ 39,795	\$ 40,541	\$ 41,287	\$ 42,033	\$ 42,779
Target	\$ 63,995	\$ 69,957	\$ 75,919	\$ 81,881	\$ 87,843	\$ 93,805	\$ 99,767	\$ 105,729	\$ 111,691	\$ 117,653	\$ 123,615	\$ 129,577	\$ 135,539	\$ 141,501	\$ 147,463	\$ 153,425	\$ 159,387	\$ 165,349	\$ 171,311	\$ 177,273	\$ 183,235	\$ 189,197	\$ 195,159	\$ 201,121	\$ 207,083	\$ 213,045
Amount Over/Under Threshold	\$ 24,875	\$ 10,563	\$ 18,906	\$ 27,415	\$ 34,912	\$ 9,067	\$ 65,036	\$ 65,035	\$ 57,705	\$ 54,067	\$ 72,172	\$ 859,603	\$ 859,555	\$ 851,086	\$ 880,344	\$ 879,801	\$ 949,173	\$ 1,078,000	\$ 1,078,000	\$ 1,078,000	\$ 1,078,000	\$ 1,078,000	\$ 1,078,000	\$ 1,078,000	\$ 1,078,000	

Recommended Funding Plan

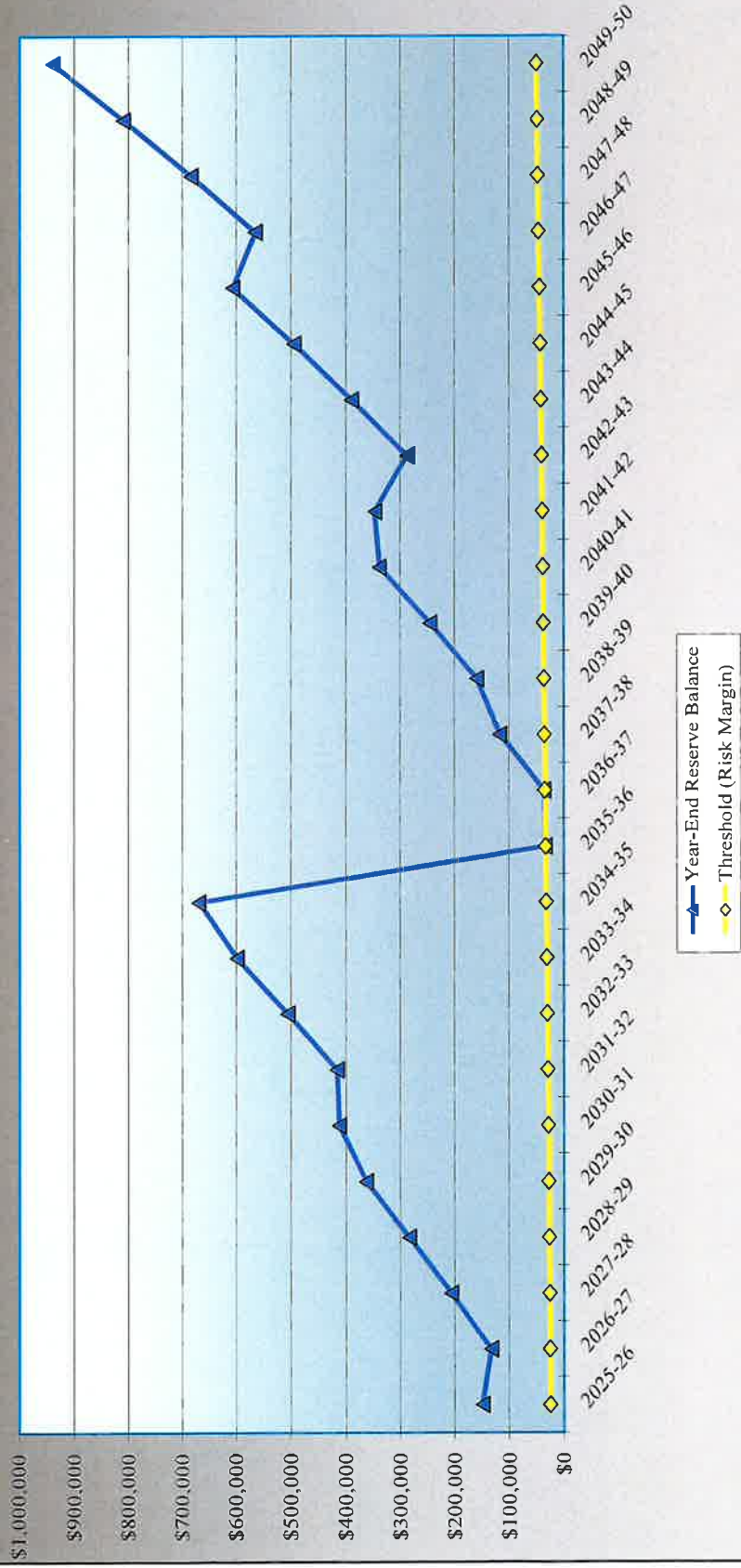
	2005-26	2006-27	2007-28	2008-29	2009-30	2009-31	2010-32	2010-33	2010-34	2010-35	2010-36	2010-37	2010-38	2010-39	2010-40	2010-41	2010-42	2010-43	2010-44	2010-45	2010-46	2010-47	2010-48	2010-49	2010-50
Reserve Balance at Beginning of Fiscal Year	\$ 79,153	\$ 148,409	\$ 132,672	\$ 206,493	\$ 285,609	\$ 364,725	\$ 443,841	\$ 522,957	\$ 602,073	\$ 681,189	\$ 760,305	\$ 839,421	\$ 918,537	\$ 997,653	\$ 1,076,769	\$ 1,155,885	\$ 1,234,999	\$ 1,314,115	\$ 1,393,231	\$ 1,472,347	\$ 1,551,463	\$ 1,630,579	\$ 1,709,695	\$ 1,788,811	\$ 1,867,927
Plus Recommended Reserve Contribution	55,900	57,480	59,060	60,640	62,220	63,800	65,380	66,960	68,540	70,120	71,700	73,280	74,860	76,440	78,020	79,600	81,180	82,760	84,340	85,920	87,500	89,080	90,660	92,240	93,820
Plus Additional Reserve Contribution	11,100	11,100	11,100	11,100	11,100	11,100	11,100	11,100	11,100	11,100	11,100	11,100	11,100	11,100	11,100	11,100	11,100	11,100	11,100	11,100	11,100	11,100	11,100	11,100	
Equals Interim Reserve Balance	146,153	217,169	203,832	278,693	357,609	436,525	515,441	594,357	673,273	752,189	831,105	910,021	988,937	1,067,853	1,146,769	1,225,685	1,304,601	1,383,517	1,462,433	1,541,349	1,620,265	1,699,181	1,778,097	1,857,013	1,935,929
Plus Estimated Interest Earned, During Year ¹	2,313	3,718	3,421	4,917	6,413	7,909	9,405	10,901	12,397	13,893	15,389	16,885	18,381	19,877	21,373	22,869	24,365	25,861	27,357	28,853	30,349	31,845	33,341	34,837	36,333
Equals New Reserve Balance	148,469	220,887	207,253	283,610	364,022	445,434	526,846	608,258	689,670	771,082	852,494	933,906	1,015,318	1,096,730	1,178,142	1,259,554	1,340,966	1,422,378	1,503,790	1,585,202	1,666,614	1,748,026	1,829,438	1,910,850	1,992,262
Less Anticipated Expenditures, By Year	(68,215)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equals Anticipated Balance of Reserve Fund at Year End	\$ 148,469	\$ 132,672	\$ 206,493	\$ 285,609	\$ 364,725	\$ 443,841	\$ 522,957	\$ 602,073	\$ 681,189	\$ 760,305	\$ 839,421	\$ 918,537	\$ 997,653	\$ 1,076,769	\$ 1,155,885	\$ 1,234,999	\$ 1,314,115	\$ 1,393,231	\$ 1,472,347	\$ 1,551,463	\$ 1,630,579	\$ 1,709,695	\$ 1,788,811	\$ 1,867,927	
Threshold	\$24,130	\$ 24,875	\$ 25,621	\$ 26,367	\$ 27,113	\$ 27,859	\$ 28,605	\$ 29,351	\$ 30,097	\$ 30,843	\$ 31,589	\$ 32,335	\$ 33,081	\$ 33,827	\$ 34,573	\$ 35,319	\$ 36,065	\$ 36,811	\$ 37,557	\$ 38,303	\$ 39,049	\$ 39,795	\$ 40,541	\$ 41,287	\$ 42,033
Target	\$ 63,995	\$ 69,957	\$ 75,919	\$ 81,881	\$ 87,843	\$ 93,805	\$ 99,767	\$ 105,729	\$ 111,691	\$ 117,653	\$ 123,615	\$ 129,577	\$ 135,539	\$ 141,501	\$ 147,463	\$ 153,425	\$ 159,387	\$ 165,349	\$ 171,311	\$ 177,273	\$ 183,235	\$ 189,197	\$ 195,159	\$ 201,121	\$ 207,083
Amount Over/Under Threshold	\$ 24,875	\$ 10,563	\$ 18,906	\$ 27,415	\$ 34,912	\$ 9,067	\$ 65,036	\$ 65,035	\$ 57,705	\$ 54,067	\$ 72,172	\$ 859,603	\$ 859,555	\$ 851,086	\$ 880,344	\$ 879,801	\$ 949,173	\$ 1,078,000	\$ 1,078,000	\$ 1,078,000	\$ 1,078,000	\$ 1,078,000	\$ 1,078,000	\$ 1,078,000	\$ 1,078,000

¹ Assuming reserves are invested monthly, during the course of the year.

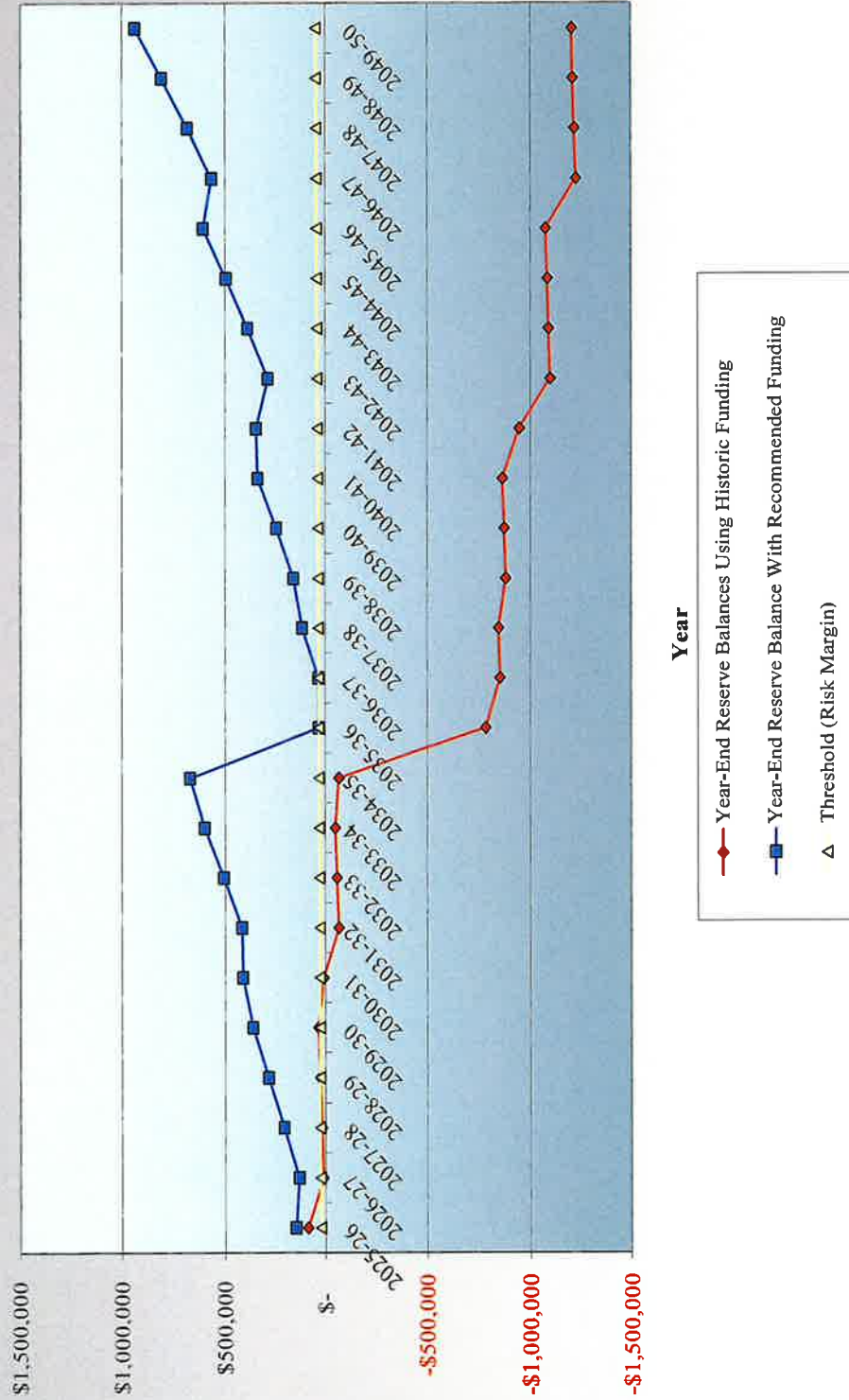
Amount Over/Under Threshold

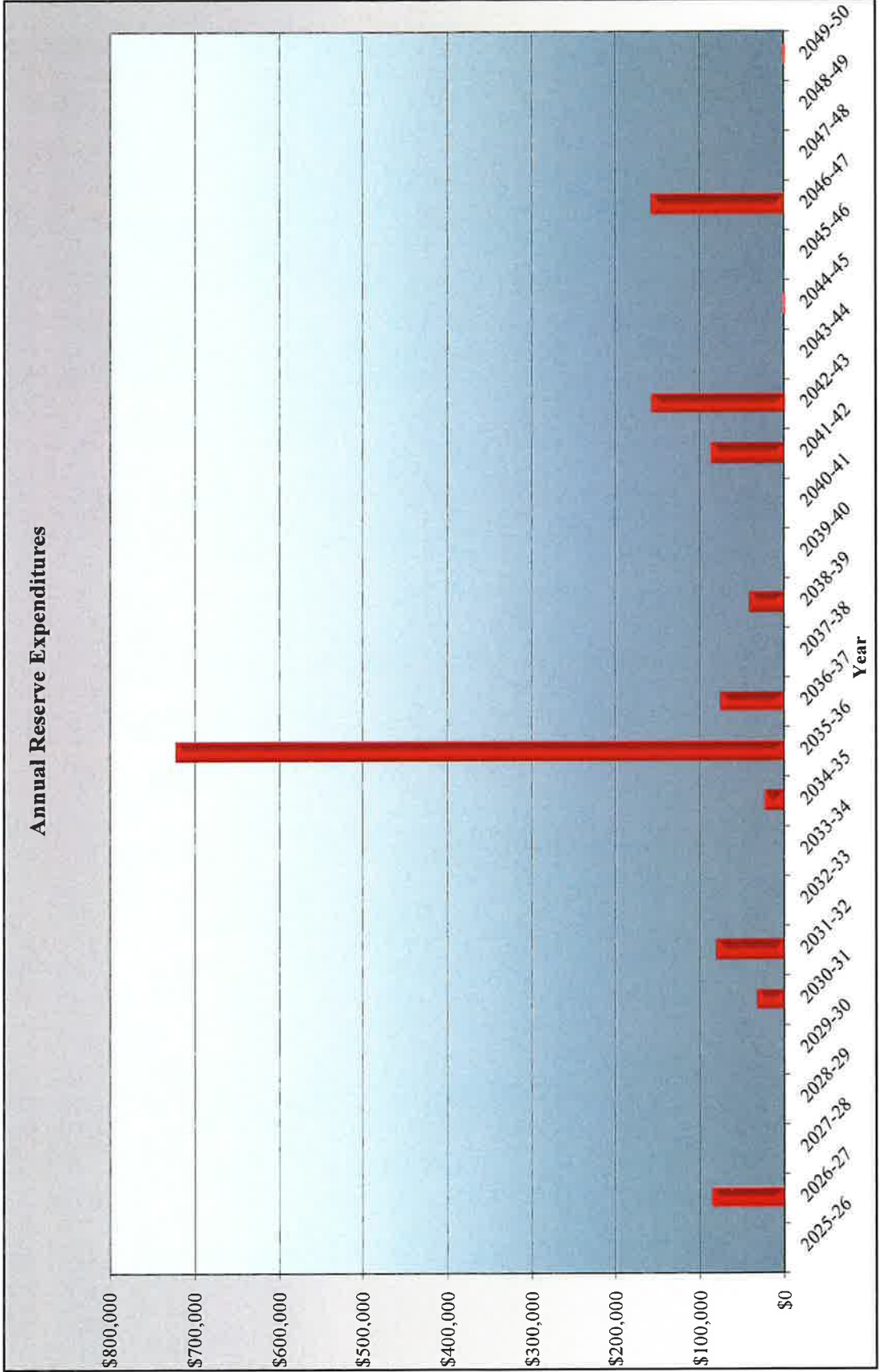
RESERVE FUNDING PLAN GRAPHS

Recommended Reserve Funding



Reserve Balances - Historic vs. Recommended





CERTIFICATIONS, ASSUMPTIONS AND LIMITING CONDITIONS

Certifications

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined outcome that favors the cause of the client, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions are developed, and this report has been prepared, in conformity with the relevant sections of the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and the Code of Professional Ethics of the Appraisal Institute.
- I have made a non-invasive inspection of the property that is the subject of this report.
- No other person(s) provided significant professional assistance to the persons signing this report.
- I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- In Michigan, appraisers are required to be licensed/certified and are regulated by the Michigan Department of Consumer and Industry Services, Licensing Division, P.O. Box 30018, Lansing, Michigan 48909.



Paul K.T. Conahan, MBA, RS
State Certified General Real Estate Appraiser
License No. 1201002454



Kai B. Conahan, RS

Assumptions and Limiting Conditions

Assumptions

- When doing an “Update With Site Visit” assignment, the Reserve Component inventory was not quantified, although minor additions/deletions of the component inventory, along with their quantities and install dates, were accounted for. The quantification of Reserve Components as determined by the previous reserve study were assumed to be accurate.
- When doing an “Update Without Site Visit” assignment, the Reserve Component conditions were not visually confirmed and updated, and the Remaining Useful Lives of the Reserve Components were calculated based on the assumption that the actual time elapsed since the previous reserve study was added to the effective age as determined in the previous reserve study. However, minor additions/deletions of the Reserve Components, along with their quantities and dates of installation, as reported by the client, were accounted for. Excluding any changes reported by the client, the quantification of Reserve Components as determined by the previous reserve study were assumed to be accurate.
- Responsible and competent property management are assumed. This includes not only responsible and competent oversight with regard to the repair and replacement of the Reserve Components, but also responsible and competent financial management, with particular regard to prudent investment of the Association’s reserve funds.
- Information furnished by representatives of the Association regarding financial, physical, quantity, or historical issues were assumed reliable. However, no warranty is given for the accuracy of this information. The actual or projected total reserve balance presented in the Reserve Study is based upon information provided but was not audited. Client’s receipt of the final reserve study will serve as verification that the client has reviewed the reserve study and confirmed that all information provided by the Association has been accurately represented in the final reserve study.
- It is assumed that there are no hidden or unapparent conditions on the property, subsoil or structure. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
- Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the author of this report. The author has no knowledge of the existence of such materials on or in the property. The author, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, lead-based paint, or other potentially hazardous materials may adversely affect the property and require remediation. We assumed that there are no such materials on the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
- It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws, and all other applicable laws and regulations.

- It is assumed that all required licenses, certificates of occupancy, consents or other legislative or administrative authority from any local, state or national government or private entity or organization have been obtained.
- The client is assumed to have deemed previously developed component quantities as accurate and reliable (for update reports only).
- The current work is reliant on the validity of prior Reserve Studies (for update reports only).

Limiting Conditions

- Any dispute arising under this agreement will be settled using binding arbitration under the rules of the American Arbitration Association. Arbitration shall be held in the City of Ann Arbor, Michigan, and one arbitrator will be appointed. Any arbitration award may be entered by any court of competent jurisdiction. The Client understands that absent these provisions, the Client would have the right to sue in court and have a jury trial.
- Unless the time frame is shorter under applicable law, any legal action or claim relating to the reserve study or reserve study provider shall be filed in the applicable arbitration tribunal, within two years from the date of delivery to Client of the reserve study to which the claims or causes of action relate or, in the case of acts or conduct after delivery of the report, two years from the date of the alleged acts or conduct. The time frame stated in this section shall not be extended by any delay in the discovery or accrual of the underlying claims, causes of action or damages. The time frame stated shall apply to all non-criminal claims or causes of action of any type.
- By its nature, a reserve study must make assumptions about the future. Michigan Reserve Associates LLC cannot be held responsible for unforeseeable events that dramatically alter future costs from those projected in the reserve study.
- Reserve Studies do not typically include the repair or replacement of plumbing, electrical wiring, or telephone lines.
- Information provided about reserve projects will be considered reliable. Any on-site inspection should not be considered a project audit or quality inspection.
- For mechanical systems, we have observed those parts of the mechanical equipment and systems that constitute an integral part of the property and that are generally visible. From such observation, we have reported any apparent conditions that we believe might bear on the conclusions of this report. We have not, however, extensively tested such mechanical systems and equipment, and we assume no responsibility for their operating performance.
- No invasive testing was performed on the Reserve Components. We render no opinion on the structural integrity of the property, nor do we offer an opinion as to conformity with governmental code requirements.
- Our opinion of Remaining Useful Life is not a guarantee or warranty of the Reserve Components.

- This study is to be used by the intended user for the purpose of budgeting and long-term major repair and replacement planning. The scope of work included in this study is unique to the intended use and intended user, and this report may not be utilized for any other use or user. Such other uses include, but are not limited to, performing an audit, quality/forensic analysis, or background checks of historical records. The client and its representatives may not transmit this reserve study in any fashion to persons or entities that perform reserve studies.
- Client agreed to furnish Michigan Reserve Associates LLC with a complete and up-to-date set of governing documents. Michigan Reserve Associates LLC cannot be held responsible for incomplete or incorrect documents. We are not attorneys and we cannot guarantee that all reserve components have been properly included or excluded in the reserve study. Client agrees to review the reserve study for accuracy during the review process, and seek legal counsel when necessary. Client agrees that all responsibility for the list of reserve components presented in the final reserve study shall be borne by the client.
- The Americans with Disabilities Act (ADA) became effective on January 26, 1992. We have not made a specific compliance survey and analysis of the subject property to determine whether or not it is in conformity with the various requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more requirements of the ADA. If so, this fact could have a negative impact on the property and trigger compliance costs. We did not consider noncompliance with the ADA requirements for this assignment.
- Our inspection did not address or render an opinion on repairs or replacements arising from original construction defects or unpredictable acts of nature.
- We are not financial advisors, and we recommend that the client consult with its accountant and/or professional investment advisor(s) to develop and refine an investment strategy consistent with the Association's risk profile and Reserve investment profile.
- We are not attorneys, and we recommend that the client consult with its attorney regarding reserve requirements and any other interpretations of relevant law, such as, but not limited to, the Michigan Condominium Act, complementary legislation such as the Nonprofit Corporation Act, and Administrative Rulings.
- Roof areas were measured from the ground using generally accepted techniques which take into account the building footprint, roof overhang, roof pitch, and unique roofing characteristics.
- Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of Michigan Reserve Associates LLC, and in any event only with properly written qualifications and only in its entirety.
- Any illustrative material in this report is included only to assist the reader in visualizing the property and/or provide graphical support to the narrative text.

- We are not by reason of this report, required to give further in-person consultation, testimony or be in attendance in court with reference to the property in question unless prior arrangements have been made.
- Liability due to negligence is limited to the actual cost paid by the client for this engagement.
- Michigan Reserve Associates LLC reserves the right to include your Association's name in our client list and utilize financial and physical information provided by the Association in our various product offerings. However, any information which we may utilize will be shared with third parties strictly in aggregate format so as to preserve the privacy of the client.

QUALIFICATIONS – PAUL K.T. CONAHAN, MBA, RS

CONTACT INFORMATION

Mail: 424 Little Lake Drive, Suite 23, Ann Arbor, Michigan 48103

Phone: Office: (734) 661-1259
Direct: (734) 417-4736

E-mail: paul@MichiganReserveAssociates.com

Web: www.MichiganReserveAssocaites.com



EMPLOYMENT RECORD

Principal, Michigan Reserve Associates LLC, Ann Arbor, Michigan, 2005-Present

Principal, Davis M. Somers Commercial Appraisal Company, Ann Arbor, Michigan, 2018 to the present

Principal, Davis M. Somers Company, Ann Arbor, Michigan, 1991-2018

REALTOR® Associate, Fee Simple Realty, Honolulu, Hawaii, 1985-1987

ADDITIONAL EXPERIENCE

Qualified as Expert Witness, Washtenaw County Circuit Court

Michigan Department of Transportation Approved Level II Appraiser

Approved Fee Appraiser for the United States Veterans Administration

EDUCATION AND DESIGNATIONS

Bachelor of Arts (BA), Biopsychology, Vassar College, Poughkeepsie, New York, Graduated in 1991

Master of Business Administration (MBA) With an Emphasis in Real Estate and Finance, Stephen M. Ross School of Business, University of Michigan, Graduated in 1999

Reserve Specialist (RS), Community Associations Institute, Alexandria, Virginia, Awarded in 2010

APPRAISAL EDUCATION (MOST RECENT SHOWN FIRST)

Residential Property Inspection for Appraisers, McKissock, January 2023

Green Building Concepts for Appraisers, McKissock, January 2023

Residential Construction and the Appraisers, January 2022

Residential Property Inspection for Appraisers, McKissock, January 2021

Residential Construction and the Appraiser, McKissock, January 2021

2020-2021 7-Hour National USPAP Update Course, McKissock, February 2020
Michigan Law, McKissock, February 2020
Essential Elements of Disclosures and Disclaimers, February 2020
Residential Construction for Appraisers, McKissock, February 2019
Essential Elements of Disclosures and Disclaimers, McKissock, February 2019
Understanding Residential Construction, McKissock, February 2018
2018-2019 7-Hour National USPAP Update Course, McKissock, February 2018
Michigan Law, McKissock, February 2018
Green Building Construction, McKissock, January 2017

LICENSES

Certified General Real Estate Appraiser Number 1201002454, State of Michigan, Obtained in 1993
Remote Pilot (Drone) License, Certificate Number 4880289, Issued August 18, 2023
Active Real Estate Associate Broker License Number 6502139365, State of Michigan, Obtained in 2002 (Michigan Real Estate Salesperson License obtained in 1992)
Inactive Real Estate Sales License Number RS-36782, State of Hawaii, Obtained in 1985

ASSOCIATIONS

Member, Community Associations Institute, Since 2005
Member, United Condominium Owners of Michigan, Since 2005
Member, International Right of Way Association, Gardena, California, Since 1996

REGULATORY NOTES

In Michigan, appraisers are required to be licensed/certified and are regulated by the Michigan Department of Labor and Economic Growth, Licensing Division, P.O. Box 30018, Lansing, Michigan 48909.

PARTIAL LIST OF CLIENTS

Condominium/Homeowners Associations

1001 Covington Association (Detroit)	Bay Cliff Estates Association (Suttons Bay)
297 Condominium Owners Association (Muskegon)	Bellefontaine Meadows Homeowners Association (Dayton, Ohio)
Aberdeen at Hartford Association (Macomb)	Benstein Crossing Condominium Association (Commerce Township)
Autumn Woods Condominium Association (Ypsilanti)	Birch Grove II Condominium Association (Chesterfield)
	Black Bear Farms Co-Owners' Association (Traverse City)

Breaker Cove (Bay City)	Fairways at Oak Pointe Condominium Association (Brighton)
Brentwood Park Condominium Association (East Lansing)	Fieldstone Village Condominium Association (Chelsea)
Bridgewater Place Condominium Association (Bridgewater)	Forest at Orchard Lake Association (Farmington Hills)
Byron Forest Condominium Association (Byron Center)	Fox Pointe Association (Ann Arbor)
Cedar Creek Commons Association (Traverse City)	Gallery Park Homeowners Association (Ann Arbor)
Centennial Farm Phase I, Inc. (South Lyon)	Glen Arbor Condominium Association (Grand Blanc)
Centennial Farm Phase II, Inc. (South Lyon)	Great Oak Cohousing Association (Ann Arbor)
Chateau Vert Association (Ypsilanti)	Grosse Pointe Gardens Association (Harper Woods)
Chapel Hill Condominium Association (Ann Arbor)	Hamilton House Condominium Association (Okemos)
Chelsea Square Condominium Association (Canton)	Hampton Ridge North HOA (Canton)
Colony Farms Condominium Association (Plymouth)	Harbour Towne Condominium Association (Muskegon)
Cornerstone Village Homeowners Association (Macomb)	Haven Condominium Association (South Haven)
Cottage Glens Owners Association (Williamsburg)	Heatherwood Condominium Association (Ann Arbor)
Creekwood Estates Association (Bay City)	Highland Park Condominium Association (Cleveland, Ohio)
Crossings at Irving Avenue Condominium Association (Royal Oak)	Heritage Falls Condominium Association (Ann Arbor)
Crystal Village Manor (Marysville)	Hidden Creek of Oceola Condominium Association (Howell)
Douglas Harbor Village Condominium Association (Douglas)	Hidden Glen Condominium Association (Canton)
Eaglecrest Condominium Association (Grand Rapids)	Hidden Lake Community Association (South Lyon)
East Lansing City Center Condominium Association (East Lansing)	Hometown Village of Marion Association (Howell)
Echo Valley Condominium Association (Farmington Hills)	Hometown Village at Waterstone Association (Oxford)
Fairlane Woods Association (Dearborn)	

Indian Village Condominium Association (Grand Rapids)	Northville Hills Golf Club Homeowners Association (Northville)
Island Lake of Novi Community Association (Novi)	Northville Hollow Condominium Association (Northville)
Island Lake South Harbor Association (Novi)	Oakhurst Owners' Association (Clarkston)
Island Lake Woods Association (Novi)	Oakley Meadow Condominiums Association (Tiffin, Ohio)
Kirkway Homeowners Association (Canton)	Okemos Preserve Condominium Association (East Lansing)
Knightsbridge Gate Association (Novi)	Oxford Park Condominium Association (Canton)
Lake Ridge Condominium Association (Traverse City)	Parkview Manor Association (Flint)
Lakeside Village Association (Haslett)	Parkway Condominium Association (Livonia)
Lakeside Village North Association (Haslett)	Perry Farm Village Association (Harbor Springs)
Lake Village II (Walled Lake)	Pheasant Run Condominium Association (Portage)
Legacy Park Condominium Association (Dearborn Heights)	Pine Creek Condominiums of Haslett Association (Haslett)
Liberty Lofts Condominium Association (Ann Arbor)	Pinehurst Condominium Association (Trenton)
Links of Pheasant Run Condominium Association (Canton)	Pittsfield Village Condominium Association (Ann Arbor)
Locklin Pines Cluster Condominium Association (West Bloomfield)	Plymouth Corners Condominium Association (Plymouth)
Lost Creek Condominium Association (East Lansing)	Plymouth Landing Association (Canton)
LVP Property Owners Association (Findlay, Ohio)	Pointe Park Homeowners Association (Grosse Point Park)
Marquette Village Condominium Association (Westland)	Providence Tower Association (Southfield)
Meadowview Common Condominium Association (Elk Rapids)	Quail Run of South Lyon Condominium Association (South Lyon)
Newberry Place Cohousing Condominium Association (Grand Rapids)	Raintree Condominiums of Chesterfield Association (Chesterfield)
Northridge Estates Homeowners Association (Northville)	Reserve at Tull Lake Condominium Association (White Lake)
Northridge Villas Association (Northville)	

River House Co-Op (Detroit)	The Courtyards at Little Bear Condominium Association (Lewis Center, Ohio)
River Park Estates Condominium Association (Lansing)	The Landings at Rayner Ponds Condominium Association (Mason)
River's Edge at Cherry Hill Village I Homeowners Association (Canton)	The Links of Northville Hills Golf Club Condominium Association (Northville)
Riverside Glen Homeowners Association (Macomb)	The Lodge at East Bay Co-Owners Association (Elk Rapids)
Riverside Park Place Condominium Association (Ann Arbor)	The Maples of Novi, Maple Pointe Association (Novi)
River South Homeowners Association (Fairview Park, Ohio)	The Mountain Grand Owners' Association (Boyne Falls)
Rochester Park II Association (Rochester)	The Ponds Cooperative Homes (Okemos)
Saddlebrook Condominium Homeowners Association (Plymouth)	The Preserve at Maple Lake Association (Milford)
Saddle Creek Association (South Lyon)	The Ravines of Northville Homeowners Association (Northville)
Sand Piper Condominium Association (Glen Arbor)	The Reserve at the Fairways Condominium Phase 1 Association, Inc. (Huber Heights, Ohio)
St. Lawrence Estates Condominium Association (Northville)	The Residences at TPC Association (Dearborn)
Scio Village Condominium Association (Ann Arbor)	The Village Condominium Association (Grosse Pointe)
Spruce Manor Condominium Association (Royal Oak)	The Willits Condominium Association (Birmingham)
Steeple Chase of Northville Owners Association (Northville)	Thornberry Condominium Association (Midland)
Steeple Ridge Condominium Association (Clarkston)	Thornton Farms Condominium Association (Dexter)
Stone Lake Condominium Association (East Lansing)	Tollgate Woods Homeowners Association (Novi)
Stonewater Homeowners Association (Northville)	Touchstone Cohousing Association (Ann Arbor)
Stratford Townhouses Consumer Housing Cooperative (Grand Rapids)	Traditions at Cambridge Association (Canton)
Sunset Torch Association (Bellaire)	University Commons Condominium Association (Ann Arbor)
The Atrium Inn Condominium Association (Boyne City)	

Valley Wood Condominium Association (Livonia)
Vantage Pointe Condominium Association (Glen Arbor)
Venn Manor (Detroit)
Verndale Lakes Condominium Association (Lansing)
Versailles Place Condominium Association (Farmington Hills)
Village Oaks Common Areas Association (Novi)
Villa Capri Condominium Association (Warren)
Villas at Northville Hills Condominium Association (Northville)
Villas at Stonehenge Condominium Association (Kalamazoo)
Vistas of Central Park Condominium Association (Canton)
Walden Hills II Condominium Association (Ann Arbor)
Walnut Woods Condominium Association (West Bloomfield)
Walton Pond Condominium Association (Pontiac)
Waters Edge Condominium Association (Clarkston)
Waterside Homeowners Association (Maumee, Ohio)
Wedgewood Village Association (Plymouth)
Whetherstone Condominium Association (White Lake)
Whitney Court of West Bloomfield (West Bloomfield)
Windward Court Condominium Association (Detroit)
Woodfield Square Association (Brighton)

Woodland Creek Condominium Association (Kentwood)
Woodland Ridge of Commerce Association (Commerce Township)
Woodland Trails Condominium Association (Okemos)
Woodlore Condominium Owners Association (Livonia)
Woods of Northville (Plymouth)
Woodside Meadows Condominium Association (Ann Arbor)
Woodward Place Association (Birmingham)
Woodward Place at Brush Park I Association (Detroit)
Woodwind Glen Condominium Association (South Lyon)

Educational/Institutional/Non-Residential Organizations

Anthroposophical Society in America (Ann Arbor)
Chelsea District Library (Chelsea)
Dexter Township (Dexter)
Frankenmuth James E. Wickson District Library (Frankenmuth)
Gateway Center Association (Office Condominiums; Saline)
Grace Lutheran Church (La Grange, Illinois)
Michigan Friends Center (Chelsea)
New Life Church (Ann Arbor)
Oak Grove AME Church (Detroit)
Oak Valley Office Condominium Association (Ann Arbor)
Orion Township Public Library (Orion Township)

Rudolph Steiner School of Ann Arbor
(Ann Arbor)

St. Joseph River Yacht Club (St. Joseph)

Southeast Michigan Construction
Academy (Madison Heights)

The Waterfront Marina of St. Joseph (St.
Joseph)

Ward Evangelical Presbyterian Church
(Northville)

Ward Evangelical Presbyterian Church
(Farmington Hills)

QUALIFICATIONS – KAI B. CONAHAN

CONTACT INFORMATION

Mail: 424 Little Lake Drive, Suite 23, Ann Arbor, Michigan 48103
Phone: Office: (734) 237-1828
E-mail: kconahan@MichiganReserveAssociates.com
Web: www.MichiganReserveAssocaites.com



EMPLOYMENT RECORD

Project Manager, Michigan Reserve Associates LLC, Ann Arbor, Michigan, 2021-Present

Para-Professional, KPMG U.S., New York, New York, June 2021 to August 2021

EDUCATION AND DESIGNATIONS

Bachelor of Science (BS), Business and Finance, New York University Shanghai, Shanghai, China, Graduated in 2021

Reserve Specialist (RS), Community Associations Institute, Alexandria, Virginia, Awarded in 2024

PARTIAL LIST OF CLIENTS

Condominium/Homeowners Associations

Ann Arbor Ridgewood Condominium Association (Ann Arbor)

Bridgetown Condominium Association (Chelsea)

Central Lofts Condominium Association (South Haven)

River Bluff Condominium Association (Rockford)

Indian Mill Creek Condominium Association (Grand Rapids)

Whetherstone Condominium Association (White Lake)

Newport West Condominium Association (Ann Arbor)

200 River Place Lofts Association (Detroit)

Villas at Stonebrook Condominium Association (Novi)

Beacon Cove Condominium Association (Port Austin)

Crystal Waters Condominium Association (Holland)

The Village of Camelot at Tullymore Homeowners Association (Stanwood)

Central Parkway Condominium Association (Westland)

Sand Piper Condominium Association (Glen Arbor)

Quail Run Owners Association (Battle Creek)

The Legacy of Farmington Hills Condominium Association (Farmington Hills)

Country Club Village of Northville III
Condominium Association (Northville)

Huntington Woods II Condominium
Association (Saline)

South Beach Condominium Association
(Glen Arbor)

Benstein Crossing Condominium
Association (Commerce Township)

Summit View Condominium Association
(Ann Arbor)

Northville Colony Estates Association
(Northville)

Cobblestone Ridge Manor Condominium
Association (Van Buren)

Locklin Pines Cluster Condominium
Association (West Bloomfield)

Bennington Green Association (Bloomfield
Hills)

Townes at Mill Street Condominium
Association (Plymouth)

Wedgewood Village Association
(Plymouth)

Evans Landing Condominium Association
(Luna Pier)

Cannon Place North Condominium
Association (Rockford)

Hamilton House Condominium
Association (Okemos)

Carriage Pointe at Applegate
Condominium Association (Kalamazoo)

Northridge Village Association
(Northville)

Willowcreek Condominiums of Delta
Township Association (Lansing)

The Commons at Sierrafield Condominium
Association (Byron Center)

Brentwood Park Condominium
Association (East Lansing)

Heritage at Riverbend Condominium
Association (Detroit)

Franklin Village Townhouse
Condominium Association (Southfield)

Educational/Institutional/Non-Residential
Organizations

Chelsea District Library (Chelsea)

Frankenmuth James E. Wickson District
Library, Frankenmuth

New Life Church (Ann Arbor)

Orion Township Public Library (Orion
Township)

Southeast Michigan Construction Academy
(Madison Heights)

Dexter Township (Dexter)