The Hedgerow Homeowners' Association, Inc.

November 30, 2023 • Downingtown, PA

RESERVE STUDY

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

The Hedgerow Homeowners' Association, Inc.
Downingtown, Pennsylvania

Dear Board of Directors of The Hedgerow Homeowners' Association, Inc.:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Reserve Study* of The Hedgerow Homeowners' Association, Inc. in Downingtown, Pennsylvania and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, November 30, 2023.

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

An ongoing review by the Board and an Update of this Reserve Study are necessary to ensure an equitable funding plan since a Reserve Study is a snapshot in time. We recommend the Board budget for an Update to this Reserve Study in two- to three-years. We look forward to continuing to help The Hedgerow Homeowners' Association, Inc. plan for a successful future.

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

Respectfully submitted on February 21, 2024 by

Reserve Advisors, LLC

Visual Inspection and Report by: Jonny P. Sileo
Review by: Jon R. Walker, RS[1], Regional Engineering Manager
Alan M. Ebert, RS, PRA[2], Director of Quality Assurance

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

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1. RESERVE STUDY EXECUTIVE SUMMARY

Client: The Hedgerow Homeowners' Association, Inc. (The Hedgerow)
Location: Downingtown, Pennsylvania
Reference: 171423

Property Basics: The Hedgerow Homeowners' Association, Inc. is a style development which consists of 176 units . The buildings were built from 1975 to 1979.

Reserve Components Identified: 60 Common and 6 Townhome Reserve Components.

Inspection Date: November 30, 2023. We conducted previous inspections in 2017 and 2020.

Funding Goal: The Funding Goals of this Reserve Study are to maintain reserves above adequate, not excessive thresholds during one or more years of significant expenditures. Our recommended **Common Funding Plan** recognizes this threshold funding year in 2029 due to replacement of the basketball and tennis court surfaces. Additionally, the Reserve Funding Plan recommends 2053 year end accumulated reserves of approximately $1,114,640. We judge this amount of accumulated reserves in 2053 necessary to fund the likely replacement of the pool structure and deck after 2053. These future needs, although beyond the limit of the Cash Flow Analysis of this Reserve Study, are reflected in the amount of accumulated 2053 year end reserves.

Our recommended **Townhome Funding Plan** recognizes this threshold funding year in 2032 due to replacement of the light poles and fixtures along Wyndham Court.

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

- Current and future local costs of replacement
- 2.0% anticipated annual rate of return on invested reserves
- 3.0% future Inflation Rate for estimating Future Replacement Costs

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

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

- Common:
    - Continued asphalt repaving projects at the streets.
    - An inspection and capital repair project at the drainage swales.
    - Renovation of the kitchen in the clubhouse.
    - Replacement of the asphalt shingle roof assembly at the clubhouse (includes gutters and downspouts).
- Townhome:
    - Partial replacement of the concrete sidewalks near the unit front entrances.
    - Replacement of the light poles and fixtures along Hastings Court.

- Replacement of the mailbox stations.
- Replacement of the remaining older timber retaining walls.

Unaudited Cash Status of the Common Reserve Fund:

- $159,148 as of October 31, 2023.
- The Association budgeted $84,530 for reserves in 2023
- The Association budgeted $84,530 for reserves in 2024

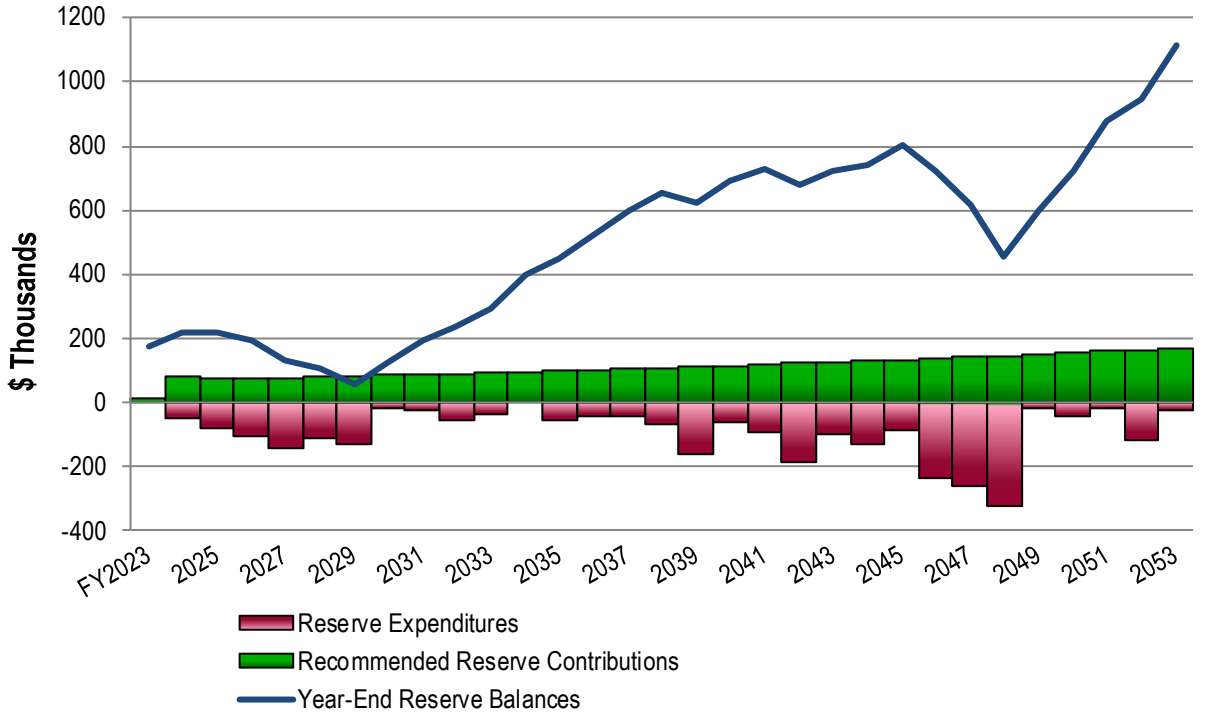
Recommended Common Reserve Funding: We recommend the following in order to achieve a stable and equitable Funding Plans:

- Decrease the reserve contribution to $74,000 in 2025
- Inflationary increases thereafter through 2053, the limit of this study's Cash Flow Analysis

The Hedgerow

Recommended Common Reserve Funding Table and Graph

Year	Reserve Contributions ($)	Reserve Balances ($)	Year	Reserve Contributions ($)	Reserve Balances ($)	Year	Reserve Contributions ($)	Reserve Balances ($)
2024	84,530 (Budgeted)	216,047	2034	96,600	398,886	2044	130,100	739,576
2025	74,000	216,150	2035	99,500	451,414	2045	134,000	802,813
2026	76,200	191,541	2036	102,500	522,957	2046	138,000	721,591
2027	78,500	133,173	2037	105,600	597,678	2047	142,100	615,564
2028	80,900	107,087	2038	108,800	653,706	2048	146,400	453,034
2029	83,300	59,586	2039	112,100	620,195	2049	150,800	599,523
2030	85,800	127,437	2040	115,500	689,156	2050	155,300	723,496
2031	88,400	195,843	2041	119,000	728,360	2051	160,000	878,977
2032	91,100	235,105	2042	122,600	680,485	2052	164,800	946,379
2033	93,800	295,412	2043	126,300	722,615	2053	169,700	1,114,640



Unaudited Cash Status of the Townhome Reserve Fund:

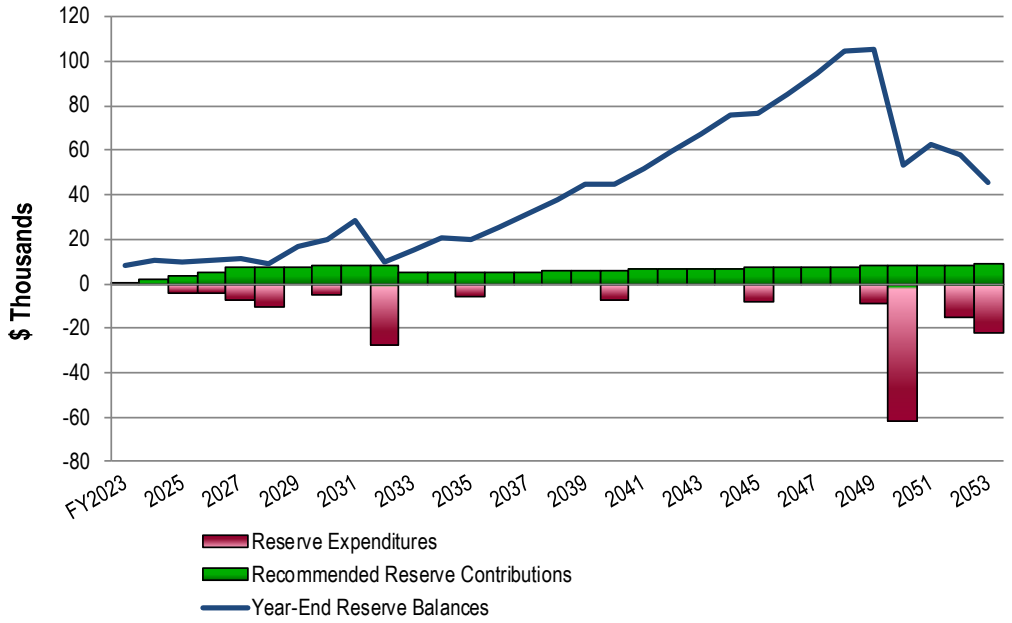
- $8,133 as of October 31, 2023
- The Association budgeted $2,420 for reserves in 2023
- The Association budgeted $1,680 for reserves in 2024

Recommended Townhome Reserve Funding:

- Phased increases of $1,900 from 2025 through 2027
- Inflationary increases from 2028 through 2032
- Decrease to $4,900 by 2033 due to fully funding for the replacement of the light poles and fixtures on Wyndham Court
- Inflationary increases thereafter through 2053, the limit of this study's Cash Flow Analysis
- Initial recommended adjustment in Reserve Contributions of $1,920 represents an average monthly increase of $0.91 per owner and about a less than one percent (0.7%) adjustment in the 2024 total Operating Budget of $258,060.

Recommended Townhome Reserve Funding Table and Graph

Year	Reserve Contributions ($)	Reserve Balances ($)	Year	Reserve Contributions ($)	Reserve Balances ($)	Year	Reserve Contributions ($)	Reserve Balances ($)
2024	1,680 (Budgeted)	10,432	2034	5,000	20,486	2044	6,900	75,975
2025	3,600	9,723	2035	5,100	19,927	2045	7,100	76,441
2026	5,500	10,838	2036	5,300	25,679	2046	7,300	85,343
2027	7,400	11,367	2037	5,500	31,748	2047	7,500	94,625
2028	7,600	8,733	2038	5,700	38,140	2048	7,700	104,294
2029	7,800	16,786	2039	5,900	44,862	2049	7,900	105,210
2030	8,000	19,922	2040	6,100	44,825	2050	8,100	53,462
2031	8,200	28,602	2041	6,300	52,085	2051	8,300	62,914
2032	8,400	9,984	2042	6,500	59,692	2052	8,500	57,763
2033	4,900	15,133	2043	6,700	67,653	2053	8,800	45,743



2. RESERVE STUDY REPORT

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

The Hedgerow Homeowners' Association, Inc.

Downingtown, Pennsylvania

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, November 30, 2023. We conducted previous inspections in 2017 and 2020.

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

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

IDENTIFICATION OF PROPERTY

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

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

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

We advise the Board conduct an annual review of these classes of property to confirm its policy concerning the manner of funding, i.e., from reserves or the operating budget. The Reserve Study identifies Reserve Components as set forth in your Declaration or which were identified as part of your request for proposed services. Reserve Components are defined by CAI as property elements with:

- The Hedgerow responsibility
- Limited useful life expectancies
- Predictable remaining useful life expectancies
- Replacement cost above a minimum threshold

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

Excluded Components

for
The Hedgerow
Homeowners' Association, Inc.
Downingtown, Pennsylvania

Operating Budget Components

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

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

- Air Conditioning Units, Through-Wall, Clubhouse
- Baseboard Heaters, Electric, Clubhouse
- Bridge, Wood, Near Basketball Court
- Catch Basins, Landscape
- Concrete Flatwork, Near Clubhouse
- Dehumidifiers, Clubhouse
- Dry Wells, Repairs and Replacement
- Fence, Wood, Behind 19 Wyndham Court
- Fences, Wood, Refuse Areas, Along Hastings and Wyndham Courts
- Floor Coverings, Carpet, Staircase, Clubhouse
- Furnishings, Clubhouse
- Guard Rails, Timber
- Landscape
- Light Fixtures, Clubhouse
- Office Equipment, Clubhouse
- Paint Finishes, Interior, Clubhouse
- Paint Finishes, Touch Up
- Pond, Erosion Control (per Board)
- Sliding Glass Door, Clubhouse
- Sports Courts, Basketball Goal, Backboard and Goal
- Sports Courts, Striping
- Sports Courts, Tennis Nets and Standards
- Water Heater, Domestic Hot Water, Clubhouse

Excluded Components

for
The Hedgerow
Homeowners' Association, Inc.
Downingtown, Pennsylvania

Long-Lived Components

These elements may not have predictable Remaining Useful Lives or their replacement may occur beyond the scope of this study. The operating budget should fund infrequent repairs. Funding untimely or unexpected replacements from reserves will necessitate increases to Reserve Contributions. Periodic updates of this Reserve Study will help determine the merits of adjusting the Reserve Funding Plan.	Useful Life	Estimated Cost
• Electrical Systems, Common	70+ years	N/A
• Fireplace, Clubhouse	Indeterminate	N/A
• Foundation, Clubhouse	Indeterminate	N/A
• Pool Structure	65+ years	$1,254,281
• Stormwater Management System, Inlet/Outlet/Culvert Structures, Concrete	Indeterminate	N/A
• Structural Frame, Clubhouse	Indeterminate	N/A

Owners Responsibility Components

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

- Asphalt Pavement, Driveways, Single Family Homes
- Homes and Lots (excludes concrete sidewalks at townhome entrances)
- Mailboxes, Single Family Homes
- Pipes, Subsurface Utilities, Water and Wastewater, Lateral Lines

Others Responsibility Components

Certain items have been designated as the responsibility of Others to repair or replace.

- Asphalt Pavement System, Hawthorne Drive (includes pavement and catch basins) (Municipality)

3. RESERVE EXPENDITURES and FUNDING PLAN

The tables following this introduction present:

Reserve Expenditures

- Line item numbers
- Total quantities
- Quantities replaced per phase (in a single year)
- Reserve component inventory
- Estimated first year of event (i.e., replacement, application, etc.)
- Life analysis showing
  - useful life
  - remaining useful life
- 2024 local cost of replacement
  - Per unit
  - Per phase
  - Replacement of total quantity
- Percentage of future expenditures anticipated during the next 30 years
- Schedule of estimated future costs for each reserve component including inflation

Reserve Funding Plan

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

Five-Year Outlook

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

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

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

Common

RESERVE EXPENDITURES

The Hedgerow
Homeowners' Association, Inc.
Downingtown, Pennsylvania

Years 2023 to 2038

Explanatory Notes:

1) **3.0%** is the estimated Inflation Rate for estimating Future Replacement Costs.
2) **FY2023** is Fiscal Year beginning January 1, 2023 and ending December 31, 2023.
3) **20XX** indicates a component which is considered long-lived

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years Useful	Remaining	Costs, $ Unit (2023)	Per Phase (2023)	Total (2023)	Percentage of Future Expenditures	RUL = 0 FY2023	1 2024	2 2025	3 2026	4 2027	5 2028	6 2029	7 2030	8 2031	9 2032	10 2033	11 2034	12 2035	13 2036	14 2037	15 2038
				Property Site Elements																							
4.020	20,000	**20,000**	Square Yards	Asphalt Pavement, Crack Repair and Patch	2024	3 to 5	1	0.70	14,000	14,000	**6.5%**		14,420				16,230				18,267				20,559		
4.040	1,285	**1,285**	Square Yards	Asphalt Pavement, Brookfield Court, Mill and Overlay	2026	15 to 20	3	16.50	21,203	21,203	**0.8%**				23,169												
4.041	1,285	**1,285**	Square Yards	Asphalt Pavement, Brookfield Court, Total Replacement	2046	15 to 20	23	35.00	44,975	44,975	**3.2%**																
4.042	1,370	**1,370**	Square Yards	Asphalt Pavement, Cambridge Court, Mill and Overlay	2059	15 to 20	36	16.50	22,605	22,605	**0.0%**																
4.043	1,370	**1,370**	Square Yards	Asphalt Pavement, Cambridge Court, Total Replacement	2039	15 to 20	16	35.00	47,950	47,950	**2.8%**																
4.044	1,375	**1,375**	Square Yards	Asphalt Pavement, Canterbury Court, Mill and Overlay	2063	15 to 20	40	16.50	22,688	22,688	**0.0%**																
4.045	1,375	**1,375**	Square Yards	Asphalt Pavement, Canterbury Court, Total Replacement	2043	15 to 20	20	35.00	48,125	48,125	**3.1%**																
4.046	1,730	**1,730**	Square Yards	Asphalt Pavement, Chapel Court, Mill and Overlay	2026	15 to 20	3	16.50	28,545	28,545	**1.1%**				31,192												
4.047	1,730	**1,730**	Square Yards	Asphalt Pavement, Chapel Court, Total Replacement	2046	15 to 20	23	35.00	60,550	60,550	**4.3%**																
4.048	1,125	**1,125**	Square Yards	Asphalt Pavement, Chatham Court, Mill and Overlay	2061	15 to 20	38	16.50	18,563	18,563	**0.0%**																
4.049	1,125	**1,125**	Square Yards	Asphalt Pavement, Chatham Court, Total Replacement	2041	15 to 20	18	35.00	39,375	39,375	**2.4%**																
4.050	845	**845**	Square Yards	Asphalt Pavement, Essex Court, Mill and Overlay	2027	15 to 20	4	16.50	13,943	13,943	**0.6%**					15,692											
4.051	845	**845**	Square Yards	Asphalt Pavement, Essex Court, Total Replacement	2047	15 to 20	24	35.00	29,575	29,575	**2.2%**																
4.052	1,360	**1,360**	Square Yards	Asphalt Pavement, Glouchester Court, Mill and Overlay	2024	15 to 20	1	16.50	22,440	22,440	**0.8%**		23,113														
4.053	1,360	**1,360**	Square Yards	Asphalt Pavement, Glouchester Court, Total Replacement	2044	15 to 20	21	35.00	47,600	47,600	**3.2%**																
4.054	1,190	**1,190**	Square Yards	Asphalt Pavement, Hastings Court, Mill and Overlay	2027	15 to 20	4	16.50	19,635	19,635	**0.8%**					22,099											
4.055	1,190	**1,190**	Square Yards	Asphalt Pavement, Hastings Court, Total Replacement	2047	15 to 20	24	35.00	41,650	41,650	**3.0%**																
4.056	1,165	**1,165**	Square Yards	Asphalt Pavement, Hedgerow Court, Mill and Overlay	2058	15 to 20	35	16.50	19,223	19,223	**0.0%**																
4.057	1,165	**1,165**	Square Yards	Asphalt Pavement, Hedgerow Court, Total Replacement	2038	15 to 20	15	35.00	40,775	40,775	**2.3%**																63,526
4.058	1,135	**1,135**	Square Yards	Asphalt Pavement, Highland Court, Mill and Overlay	2028	15 to 20	5	16.50	18,728	18,728	**0.8%**						21,710										
4.059	1,135	**1,135**	Square Yards	Asphalt Pavement, Highland Court, Total Replacement	2048	15 to 20	25	35.00	39,725	39,725	**3.0%**																
4.060	1,080	**1,080**	Square Yards	Asphalt Pavement, Lambeth Court, Mill and Overlay	2055	15 to 20	32	16.50	17,820	17,820	**0.0%**																
4.061	1,080	**1,080**	Square Yards	Asphalt Pavement, Lambeth Court, Total Replacement	2035	15 to 20	12	35.00	37,800	37,800	**1.9%**													53,894			
4.062	1,245	**1,245**	Square Yards	Asphalt Pavement, Somerset Court, Mill and Overlay	2028	15 to 20	5	16.50	20,543	20,543	**0.9%**						23,814										
4.063	1,245	**1,245**	Square Yards	Asphalt Pavement, Somerset Court, Total Replacement	2048	15 to 20	25	35.00	43,575	43,575	**3.3%**																
4.064	1,030	**1,030**	Square Yards	Asphalt Pavement, Suffolk Court, Mill and Overlay	2025	15 to 20	2	16.50	16,995	16,995	**0.6%**			18,030													
4.065	1,030	**1,030**	Square Yards	Asphalt Pavement, Suffolk Court, Total Replacement	2045	15 to 20	22	35.00	36,050	36,050	**2.5%**																
4.066	1,580	**1,580**	Square Yards	Asphalt Pavement, Windmere Court, Mill and Overlay	2028	15 to 20	5	16.50	26,070	26,070	**1.1%**						30,222										
4.067	1,580	**1,580**	Square Yards	Asphalt Pavement, Windmere Court, Total Replacement	2048	15 to 20	25	35.00	55,300	55,300	**4.1%**																
4.068	2,485	**2,485**	Square Yards	Asphalt Pavement, Wyndham Court, Mill and Overlay	2062	15 to 20	39	16.50	41,003	41,003	**0.0%**																
4.069	2,485	**2,485**	Square Yards	Asphalt Pavement, Wyndham Court, Total Replacement	2042	15 to 20	19	35.00	86,975	86,975	**5.5%**																
4.100	2	**2**	Each	Catch Basins, Brookfield Court, Inspections and Capital Repairs	2026	15 to 20	3	1,050.00	2,100	2,100	**0.2%**				2,295												
4.101	1	**1**	Each	Catch Basins, Canterbury Court, Inspections and Capital Repairs	2043	15 to 20	20	1,050.00	1,050	1,050	**0.1%**																
4.102	2	**2**	Each	Catch Basins, Chapel Court, Inspections and Capital Repairs	2026	15 to 20	3	1,050.00	2,100	2,100	**0.2%**				2,295												
4.103	1	**1**	Each	Catch Basins, Hedgerow Court, Inspections and Capital Repairs	2038	15 to 20	15	1,050.00	1,050	1,050	**0.1%**																1,636
4.104	1	**1**	Each	Catch Basins, Lambeth Court, Inspections and Capital Repairs	2035	15 to 20	12	1,050.00	1,050	1,050	**0.1%**													1,497			
4.105	1	**1**	Each	Catch Basins, Suffolk Court, Inspections and Capital Repairs	2025	to 65	2	1,050.00	1,050	1,050	**0.1%**			1,114													
4.106	2	**2**	Each	Catch Basins, Wyndham Court, Inspections and Capital Repairs	2042	15 to 20	19	1,050.00	2,100	2,100	**0.1%**																

Common

RESERVE EXPENDITURES

Years 2039 to 2053

The Hedgerow
Homeowners' Association, Inc.
Downingtown, Pennsylvania

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years Useful	Remaining	Costs, $ Unit (2023)	Per Phase (2023)	Total (2023)	Percentage of Future Expenditures	16 2039	17 2040	18 2041	19 2042	20 2043	21 2044	22 2045	23 2046	24 2047	25 2048	26 2049	27 2050	28 2051	29 2052	30 2053
				Property Site Elements																						
4.020	20,000	**20,000**	Square Yards	Asphalt Pavement, Crack Repair and Patch	2024	3 to 5	1	0.70	14,000	14,000	**6.5%**		23,140				26,044				29,313				32,992	
4.040	1,285	**1,285**	Square Yards	Asphalt Pavement, Brookfield Court, Mill and Overlay	2026	15 to 20	3	16.50	21,203	21,203	**0.8%**															
4.041	1,285	**1,285**	Square Yards	Asphalt Pavement, Brookfield Court, Total Replacement	2046	15 to 20	23	35.00	44,975	44,975	**3.2%**								88,762							
4.042	1,370	**1,370**	Square Yards	Asphalt Pavement, Cambridge Court, Mill and Overlay	2059	15 to 20	36	16.50	22,605	22,605	**0.0%**															
4.043	1,370	**1,370**	Square Yards	Asphalt Pavement, Cambridge Court, Total Replacement	2039	15 to 20	16	35.00	47,950	47,950	**2.8%**	76,946														
4.044	1,375	**1,375**	Square Yards	Asphalt Pavement, Canterbury Court, Mill and Overlay	2063	15 to 20	40	16.50	22,688	22,688	**0.0%**															
4.045	1,375	**1,375**	Square Yards	Asphalt Pavement, Canterbury Court, Total Replacement	2043	15 to 20	20	35.00	48,125	48,125	**3.1%**					86,919										
4.046	1,730	**1,730**	Square Yards	Asphalt Pavement, Chapel Court, Mill and Overlay	2026	15 to 20	3	16.50	28,545	28,545	**1.1%**															
4.047	1,730	**1,730**	Square Yards	Asphalt Pavement, Chapel Court, Total Replacement	2046	15 to 20	23	35.00	60,550	60,550	**4.3%**								119,501							
4.048	1,125	**1,125**	Square Yards	Asphalt Pavement, Chatham Court, Mill and Overlay	2061	15 to 20	38	16.50	18,563	18,563	**0.0%**															
4.049	1,125	**1,125**	Square Yards	Asphalt Pavement, Chatham Court, Total Replacement	2041	15 to 20	18	35.00	39,375	39,375	**2.4%**			67,033												
4.050	845	**845**	Square Yards	Asphalt Pavement, Essex Court, Mill and Overlay	2027	15 to 20	4	16.50	13,943	13,943	**0.6%**															
4.051	845	**845**	Square Yards	Asphalt Pavement, Essex Court, Total Replacement	2047	15 to 20	24	35.00	29,575	29,575	**2.2%**									60,120						
4.052	1,360	**1,360**	Square Yards	Asphalt Pavement, Glouchester Court, Mill and Overlay	2024	15 to 20	1	16.50	22,440	22,440	**0.8%**															
4.053	1,360	**1,360**	Square Yards	Asphalt Pavement, Glouchester Court, Total Replacement	2044	15 to 20	21	35.00	47,600	47,600	**3.2%**						88,550									
4.054	1,190	**1,190**	Square Yards	Asphalt Pavement, Hastings Court, Mill and Overlay	2027	15 to 20	4	16.50	19,635	19,635	**0.8%**															
4.055	1,190	**1,190**	Square Yards	Asphalt Pavement, Hastings Court, Total Replacement	2047	15 to 20	24	35.00	41,650	41,650	**3.0%**									84,666						
4.056	1,165	**1,165**	Square Yards	Asphalt Pavement, Hedgerow Court, Mill and Overlay	2058	15 to 20	35	16.50	19,223	19,223	**0.0%**															
4.057	1,165	**1,165**	Square Yards	Asphalt Pavement, Hedgerow Court, Total Replacement	2038	15 to 20	15	35.00	40,775	40,775	**2.3%**															
4.058	1,135	**1,135**	Square Yards	Asphalt Pavement, Highland Court, Mill and Overlay	2028	15 to 20	5	16.50	18,728	18,728	**0.8%**															
4.059	1,135	**1,135**	Square Yards	Asphalt Pavement, Highland Court, Total Replacement	2048	15 to 20	25	35.00	39,725	39,725	**3.0%**										83,175					
4.060	1,080	**1,080**	Square Yards	Asphalt Pavement, Lambeth Court, Mill and Overlay	2055	15 to 20	32	16.50	17,820	17,820	**0.0%**															
4.061	1,080	**1,080**	Square Yards	Asphalt Pavement, Lambeth Court, Total Replacement	2035	15 to 20	12	35.00	37,800	37,800	**1.9%**															
4.062	1,245	**1,245**	Square Yards	Asphalt Pavement, Somerset Court, Mill and Overlay	2028	15 to 20	5	16.50	20,543	20,543	**0.9%**															
4.063	1,245	**1,245**	Square Yards	Asphalt Pavement, Somerset Court, Total Replacement	2048	15 to 20	25	35.00	43,575	43,575	**3.3%**										91,236					
4.064	1,030	**1,030**	Square Yards	Asphalt Pavement, Suffolk Court, Mill and Overlay	2025	15 to 20	2	16.50	16,995	16,995	**0.6%**															
4.065	1,030	**1,030**	Square Yards	Asphalt Pavement, Suffolk Court, Total Replacement	2045	15 to 20	22	35.00	36,050	36,050	**2.5%**							69,076								
4.066	1,580	**1,580**	Square Yards	Asphalt Pavement, Windmere Court, Mill and Overlay	2028	15 to 20	5	16.50	26,070	26,070	**1.1%**															
4.067	1,580	**1,580**	Square Yards	Asphalt Pavement, Windmere Court, Total Replacement	2048	15 to 20	25	35.00	55,300	55,300	**4.1%**										115,786					
4.068	2,485	**2,485**	Square Yards	Asphalt Pavement, Wyndham Court, Mill and Overlay	2062	15 to 20	39	16.50	41,003	41,003	**0.0%**															
4.069	2,485	**2,485**	Square Yards	Asphalt Pavement, Wyndham Court, Total Replacement	2042	15 to 20	19	35.00	86,975	86,975	**5.5%**				152,511											
4.100	2	**2**	Each	Catch Basins, Brookfield Court, Inspections and Capital Repairs	2026	15 to 20	3	1,050.00	2,100	2,100	**0.2%**								4,145							
4.101	1	**1**	Each	Catch Basins, Canterbury Court, Inspections and Capital Repairs	2043	15 to 20	20	1,050.00	1,050	1,050	**0.1%**					1,896										
4.102	2	**2**	Each	Catch Basins, Chapel Court, Inspections and Capital Repairs	2026	15 to 20	3	1,050.00	2,100	2,100	**0.2%**								4,145							
4.103	1	**1**	Each	Catch Basins, Hedgerow Court, Inspections and Capital Repairs	2038	15 to 20	15	1,050.00	1,050	1,050	**0.1%**															
4.104	1	**1**	Each	Catch Basins, Lambeth Court, Inspections and Capital Repairs	2035	15 to 20	12	1,050.00	1,050	1,050	**0.1%**															
4.105	1	**1**	Each	Catch Basins, Suffolk Court, Inspections and Capital Repairs	2025	to 65	2	1,050.00	1,050	1,050	**0.1%**							2,012								
4.106	2	**2**	Each	Catch Basins, Wyndham Court, Inspections and Capital Repairs	2042	15 to 20	19	1,050.00	2,100	2,100	**0.1%**				3,682											

Common

RESERVE EXPENDITURES

The Hedgerow
Homeowners' Association, Inc.
Downingtown, Pennsylvania

Explanatory Notes:

1) **3.0%** is the estimated Inflation Rate for estimating Future Replacement Costs.
2) **FY2023** is Fiscal Year beginning January 1, 2023 and ending December 31, 2023.
3) **20XX** indicates a component which is considered long-lived

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years Useful	Remaining	Costs, $ Unit (2023)	Per Phase (2023)	Total (2023)	Percentage of Future Expenditures	RUL = 0 FY2023	1 2024	2 2025	3 2026	4 2027	5 2028	6 2029	7 2030	8 2031	9 2032	10 2033	11 2034	12 2035	13 2036	14 2037	15 2038
4.190	1,150	**1,150**	Linear Feet	Drainage Swales, Inspection and Capital Repairs	2030	10 to 15	7	14.00	16,100	16,100	**1.7%**								19,801								
4.650	1	**1**	Allowance	Pipes, Subsurface Utilities, Stormwater, Inspection and Capital Repairs	2026	5 to 10	3	22,000.00	22,000	22,000	**4.8%**				24,040							29,566					
4.660	1	**1**	Allowance	Playground Equipment (Near-Term is Planned Safety Surface and Border)	2025	15 to 20	2	20,000.00	20,000	20,000	**3.3%**			20,000							26,095						
4.730	2,250	**1,125**	Square Yards	Pond, Sediment Removal, Partial	2027	to 30	4 to 30+	32.00	36,000	72,000	**1.5%**					40,518											
4.800	2	**2**	Each	Signage, Community Identification	2024	15 to 20	1	3,500.00	7,000	7,000	**0.8%**		8,600														
4.825	575	**575**	Square Yards	Sport Court, Basketball Court, Surface Replacement	2029	to 25	6	51.00	29,325	29,325	**1.3%**							35,016									
4.840	480	**480**	Linear Feet	Sport Courts, Tennis Courts, Fences	2039	to 25	16	52.50	25,200	25,200	**1.4%**																
4.860	1,600	**1,600**	Square Yards	Sport Courts, Tennis Courts, Surface Replacement	2029	to 25	6	51.00	81,600	81,600	**3.5%**							97,435									
				Clubhouse Elements																							
5.040	210	**210**	Square Feet	Balcony, Composite (incl. railings and steps)	2036	20 to 25	13	65.00	13,650	13,650	**0.7%**													20,045			
5.300	80	**80**	Square Yards	Floor Coverings, Vinyl	2025	15 to 20	2	64.00	5,120	5,120	**0.5%**			5,432													
5.521	1	**1**	Allowance	Kitchen, Renovation	2028	to 25	5	15,000.00	15,000	15,000	**1.9%**						17,389										
5.555	1	**1**	Allowance	Pipes, Riser Sections, Domestic Water, Vent and Waste	2050	to 70+	27	20,000.00	20,000	20,000	**1.6%**																
5.560	2	**2**	Each	Rest Rooms, Renovation	2031	to 25	8	4,700.00	9,400	9,400	**0.4%**									11,908							
5.570	120	**120**	Square Feet	Retaining Walls, Timber, Near Clubhouse (replace with masonry)	2025	15 to 25	2	67.00	8,040	8,040	**0.3%**			8,530													
5.600	12	**12**	Squares	Roof Assembly, Asphalt Shingles (incl. gutters and downspouts)	2025	15 to 20	2	650.00	7,800	7,800	**0.8%**			8,275													
5.860	1,600	**1,600**	Square Feet	Walls, Siding, Vinyl	2027	to 40	4	8.60	13,760	13,760	**0.6%**					15,487											
5.899	1	**1**	Allowance	Water Main, Shut Off Valve	2026	to 50+	3	20,000.00	20,000	20,000	**0.8%**				21,855												
5.900	105	**105**	Square Feet	Windows and Doors, Remaining	2027	to 40	4	55.00	5,775	5,775	**0.2%**					6,500											
				Pool Elements																							
6.200	4,950	**4,950**	Square Feet	Concrete Deck, Inspections, Partial Replacements and Repairs	2031	8 to 12	8	1.80	8,910	8,910	**1.7%**									11,287							
6.300	2,070	**2,070**	Square Feet	Covers, Vinyl	2025	6 to 8	2	3.30	6,831	6,831	**1.5%**			7,247								9,180					
6.400	350	**350**	Linear Feet	Fences, Aluminum	2039	to 25	16	47.00	16,450	16,450	**0.9%**																
6.600	2	**1**	Allowance	Mechanical Equipment, Phased	2025	to 15	2 to 9	9,000.00	9,000	18,000	**2.7%**			9,548							11,743						
6.800	1,850	**1,850**	Square Feet	Pool Finish, Plaster	2027	8 to 12	4	15.00	27,750	27,750	**4.6%**					31,233										41,974	
6.801	200	**200**	Linear Feet	Pool Finish, Tile	2027	15 to 25	4	38.00	7,600	7,600	**0.9%**					8,554											
6.900	1,850	**1,850**	Linear Feet	Structure and Deck, Total Replacement	2061	to 65+	38	220.50	407,925	407,925	**0.0%**																
				Anticipated Expenditures, By Year ($2,791,776 over 30 years)								0	46,133	78,176	104,846	140,083	109,365	132,451	19,801	23,195	56,105	38,746	0	55,391	40,604	41,974	65,162

Common

RESERVE EXPENDITURES

Years 2039 to 2053

The Hedgerow
Homeowners' Association, Inc.
Downingtown, Pennsylvania

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years Useful	Remaining	Costs, $ Unit (2023)	Per Phase (2023)	Total (2023)	Percentage of Future Expenditures	16 2039	17 2040	18 2041	19 2042	20 2043	21 2044	22 2045	23 2046	24 2047	25 2048	26 2049	27 2050	28 2051	29 2052	30 2053
4.190	1,150	**1,150**	Linear Feet	Drainage Swales, Inspection and Capital Repairs	2030	10 to 15	7	14.00	16,100	16,100	**1.7%**				28,231											
4.650	1	**1**	Allowance	Pipes, Subsurface Utilities, Stormwater, Inspection and Capital Repairs	2026	5 to 10	3	22,000.00	22,000	22,000	**4.8%**		36,363							44,721						
4.660	1	**1**	Allowance	Playground Equipment (Near-Term is Planned Safety Surface and Border)	2025	15 to 20	2	20,000.00	20,000	20,000	**3.3%**														47,131	
4.730	2,250	**1,125**	Square Yards	Pond, Sediment Removal, Partial	2027	to 30	4 to 30+	32.00	36,000	72,000	**1.5%**															
4.800	2	**2**	Each	Signage, Community Identification	2024	15 to 20	1	3,500.00	7,000	7,000	**0.8%**						13,022									
4.825	575	**575**	Square Yards	Sport Court, Basketball Court, Surface Replacement	2029	to 25	6	51.00	29,325	29,325	**1.3%**															
4.840	480	**480**	Linear Feet	Sport Courts, Tennis Courts, Fences	2039	to 25	16	52.50	25,200	25,200	**1.4%**	40,439														
4.860	1,600	**1,600**	Square Yards	Sport Courts, Tennis Courts, Surface Replacement	2029	to 25	6	51.00	81,600	81,600	**3.5%**															
				Clubhouse Elements																						
5.040	210	**210**	Square Feet	Balcony, Composite (incl. railings and steps)	2036	20 to 25	13	65.00	13,650	13,650	**0.7%**															
5.300	80	**80**	Square Yards	Floor Coverings, Vinyl	2025	15 to 20	2	64.00	5,120	5,120	**0.5%**					9,247										
5.521	1	**1**	Allowance	Kitchen, Renovation	2028	to 25	5	15,000.00	15,000	15,000	**1.9%**														35,348	
5.555	1	**1**	Allowance	Pipes, Riser Sections, Domestic Water, Vent and Waste	2050	to 70+	27	20,000.00	20,000	20,000	**1.6%**												44,426			
5.560	2	**2**	Each	Rest Rooms, Renovation	2031	to 25	8	4,700.00	9,400	9,400	**0.4%**															
5.570	120	**120**	Square Feet	Retaining Walls, Timber, Near Clubhouse (replace with masonry)	2025	15 to 25	2	67.00	8,040	8,040	**0.3%**															
5.600	12	**12**	Squares	Roof Assembly, Asphalt Shingles (incl. gutters and downspouts)	2025	15 to 20	2	650.00	7,800	7,800	**0.8%**							14,946								
5.860	1,600	**1,600**	Square Feet	Walls, Siding, Vinyl	2027	to 40	4	8.60	13,760	13,760	**0.6%**															
5.899	1	**1**	Allowance	Water Main, Shut Off Valve	2026	to 50+	3	20,000.00	20,000	20,000	**0.8%**															
5.900	105	**105**	Square Feet	Windows and Doors, Remaining	2027	to 40	4	55.00	5,775	5,775	**0.2%**															
				Pool Elements																						
6.200	4,950	**4,950**	Square Feet	Concrete Deck, Inspections, Partial Replacements and Repairs	2031	8 to 12	8	1.80	8,910	8,910	**1.7%**			15,169									20,385		
6.300	2,070	**2,070**	Square Feet	Covers, Vinyl	2025	6 to 8	2	3.30	6,831	6,831	**1.5%**			11,629								14,732				
6.400	350	**350**	Linear Feet	Fences, Aluminum	2039	to 25	16	47.00	16,450	16,450	**0.9%**	26,397														
6.600	2	**1**	Allowance	Mechanical Equipment, Phased	2025	to 15	2 to 9	9,000.00	9,000	18,000	**2.7%**	14,442							17,762							21,845
6.800	1,850	**1,850**	Square Feet	Pool Finish, Plaster	2027	8 to 12	4	15.00	27,750	27,750	**4.6%**									56,410						
6.801	200	**200**	Linear Feet	Pool Finish, Tile	2027	15 to 25	4	38.00	7,600	7,600	**0.9%**									15,449						
6.900	1,850	**1,850**	Linear Feet	Structure and Deck, Total Replacement	2061	to 65+	38	220.50	407,925	407,925	**0.0%**															
				Anticipated Expenditures, By Year ($2,791,776 over 30 years)								158,224	59,503	93,831	184,424	98,062	127,616	86,034	234,315	261,366	319,510	14,732	44,426	20,385	115,471	21,845

RESERVE FUNDING PLAN

Common

CASH FLOW ANALYSIS

The Hedgerow

Homeowners' Association, Inc.

Downingtown, Pennsylvania

Individual Reserve Budgets & Cash Flows for the Next 30 Years

		FY2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
Reserves at Beginning of Year	*(Note 1)*	159,148	173,790	216,047	216,150	191,541	133,173	107,087	59,586	127,437	195,843	235,105	295,412	398,886	451,414	522,957	597,678
Total Recommended Reserve Contributions	*(Note 2)*	**14,088**	**84,530**	**74,000**	**76,200**	**78,500**	**80,900**	**83,300**	**85,800**	**88,400**	**91,100**	**93,800**	**96,600**	**99,500**	**102,500**	**105,600**	**108,800**
Estimated Interest Earned, During Year	*(Note 3)*	554	3,860	4,279	4,037	3,215	2,379	1,650	1,852	3,201	4,267	5,253	6,874	8,419	9,647	11,095	12,390
Anticipated Expenditures, By Year		0	(46,133)	(78,176)	(104,846)	(140,083)	(109,365)	(132,451)	(19,801)	(23,195)	(56,105)	(38,746)	0	(55,391)	(40,604)	(41,974)	(65,162)
Anticipated Reserves at Year End		$173,790	$216,047	$216,150	$191,541	$133,173	$107,087	$59,586	$127,437	$195,843	$235,105	$295,412	$398,886	$451,414	$522,957	$597,678	$653,706
								(NOTE 5)									

(continued)

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

	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
Reserves at Beginning of Year	653,706	620,195	689,156	728,360	680,485	722,615	739,576	802,813	721,591	615,564	453,034	599,523	723,496	878,977	946,379
Total Recommended Reserve Contributions	**112,100**	**115,500**	**119,000**	**122,600**	**126,300**	**130,100**	**134,000**	**138,000**	**142,100**	**146,400**	**150,800**	**155,300**	**160,000**	**164,800**	**169,700**
Estimated Interest Earned, During Year	12,613	12,964	14,035	13,949	13,892	14,477	15,271	15,093	13,239	10,580	10,421	13,099	15,866	18,073	20,406
Anticipated Expenditures, By Year	(158,224)	(59,503)	(93,831)	(184,424)	(98,062)	(127,616)	(86,034)	(234,315)	(261,366)	(319,510)	(14,732)	(44,426)	(20,385)	(115,471)	(21,845)
Anticipated Reserves at Year End	$620,195	$689,156	$728,360	$680,485	$722,615	$739,576	$802,813	$721,591	$615,564	$453,034	$599,523	$723,496	$878,977	$946,379	$1,114,640
															(NOTE 4)

Explanatory Notes:

1) Year 2023 starting reserves are as of October 31, 2023; FY2023 starts January 1, 2023 and ends December 31, 2023.

2) Reserve Contributions for 2023 are the remaining budgeted 2 months; 2024 is budgeted; 2025 is the first year of recommended contributions.

3) **2.0%** is the estimated annual rate of return on invested reserves; 2023 is a partial year of interest earned.

4) Accumulated year 2053 ending reserves consider the age, size, overall condition and complexity of the property.

5) Threshold Funding Year (reserve balance at critical point).

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

Common

FIVE-YEAR OUTLOOK

The Hedgerow
Homeowners' Association, Inc.
Downingtown, Pennsylvania

Line Item	Reserve Component Inventory	RUL = 0 FY2023	1 2024	2 2025	3 2026	4 2027	5 2028
	Property Site Elements						
4.020	Asphalt Pavement, Crack Repair and Patch		14,420				16,230
4.040	Asphalt Pavement, Brookfield Court, Mill and Overlay				23,169		
4.046	Asphalt Pavement, Chapel Court, Mill and Overlay				31,192		
4.050	Asphalt Pavement, Essex Court, Mill and Overlay					15,692	
4.052	Asphalt Pavement, Glouchester Court, Mill and Overlay		23,113				
4.054	Asphalt Pavement, Hastings Court, Mill and Overlay					22,099	
4.058	Asphalt Pavement, Highland Court, Mill and Overlay						21,710
4.062	Asphalt Pavement, Somerset Court, Mill and Overlay						23,814
4.064	Asphalt Pavement, Suffolk Court, Mill and Overlay			18,030			
4.066	Asphalt Pavement, Windmere Court, Mill and Overlay						30,222
4.100	Catch Basins, Brookfield Court, Inspections and Capital Repairs				2,295		
4.102	Catch Basins, Chapel Court, Inspections and Capital Repairs				2,295		
4.105	Catch Basins, Suffolk Court, Inspections and Capital Repairs			1,114			
4.650	Pipes, Subsurface Utilities, Stormwater, Inspection and Capital Repairs				24,040		
4.660	Playground Equipment (Near-Term is Planned Safety Surface and Border)			20,000			
4.730	Pond, Sediment Removal, Partial					40,518	
4.800	Signage, Community Identification		8,600				
	Clubhouse Elements						
5.300	Floor Coverings, Vinyl			5,432			
5.521	Kitchen, Renovation						17,389
5.570	Retaining Walls, Timber, Near Clubhouse (replace with masonry)			8,530			
5.600	Roof Assembly, Asphalt Shingles (incl. gutters and downspouts)			8,275			
5.860	Walls, Siding, Vinyl					15,487	
5.899	Water Main, Shut Off Valve				21,855		
5.900	Windows and Doors, Remaining					6,500	
	Pool Elements						
6.300	Covers, Vinyl			7,247			
6.600	Mechanical Equipment, Phased			9,548			
6.800	Pool Finish, Plaster					31,233	
6.801	Pool Finish, Tile					8,554	
	Anticipated Expenditures, By Year ($2,791,776 over 30 years)	0	46,133	78,176	104,846	140,083	109,365

Townhome

RESERVE EXPENDITURES

The Hedgerow
Homeowners' Association, Inc.
Downingtown, Pennsylvania

Explanatory Notes:

1) **3.0% is the estimated Inflation Rate for estimating Future Replacement Costs.**
2) **FY2023 is Fiscal Year beginning January 1, 2023 and ending December 31, 2023.**

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years Useful	Remaining	Costs, $ Unit (2023)	Per Phase (2023)	Total (2023)	Percentage of Future Expenditures	RUL = 0 FY2023	1 2024	2 2025	3 2026	4 2027	5 2028	6 2029	7 2030	8 2031	9 2032	10 2033	11 2034	12 2035	13 2036	14 2037	15 2038
				Property Site Elements																							
4.140	3,400	**340**	Square Feet	Concrete Sidewalks, Entrances, Partial	2025	to 65	2 to 30+	12.50	4,250	42,500	**21.5%**			4,509					5,227					6,060			
4.560	3	**3**	Each	Light Poles and Fixtures, Hastings Court	2028	to 25	5	3,000.00	9,000	9,000	**17.2%**						10,433										
4.562	7	**7**	Each	Light Poles and Fixtures, Wyndham Court	2032	to 25	9	3,000.00	21,000	21,000	**14.6%**										27,400						
4.600	3	**3**	Each	Mailbox Stations	2027	to 25	4	2,100.00	6,300	6,300	**11.7%**					7,091											
4.745	320	**320**	Square Feet	Retaining Wall, Masonry, Behind 19 Wyndham Court	2050	to 35	27	60.00	19,200	19,200	**22.7%**																
4.760	140	**70**	Square Feet	Retaining Walls, Timber, Phased	2026	15 to 25	3 to 4	60.00	4,200	8,400	**12.2%**				4,589												
				Anticipated Expenditures, By Year ($187,644 over 30 years)								0	0	4,509	4,589	7,091	10,433	0	5,227	0	27,400	0	0	6,060	0	0	0

Townhome

RESERVE EXPENDITURES

The Hedgerow
Homeowners' Association, Inc.
Downingtown, Pennsylvania

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years Useful	Remaining	Costs, $ Unit (2023)	Per Phase (2023)	Total (2023)	Percentage of Future Expenditures	16 2039	17 2040	18 2041	19 2042	20 2043	21 2044	22 2045	23 2046	24 2047	25 2048	26 2049	27 2050	28 2051	29 2052	30 2053
				Property Site Elements																						
4.140	3,400	**340**	Square Feet	Concrete Sidewalks, Entrances, Partial	2025	to 65	2 to 30+	12.50	4,250	42,500	**21.5%**		7,025					8,144					9,441			
4.560	3	**3**	Each	Light Poles and Fixtures, Hastings Court	2028	to 25	5	3,000.00	9,000	9,000	**17.2%**															21,845
4.562	7	**7**	Each	Light Poles and Fixtures, Wyndham Court	2032	to 25	9	3,000.00	21,000	21,000	**14.6%**															
4.600	3	**3**	Each	Mailbox Stations	2027	to 25	4	2,100.00	6,300	6,300	**11.7%**														14,846	
4.745	320	**320**	Square Feet	Retaining Wall, Masonry, Behind 19 Wyndham Court	2050	to 35	27	60.00	19,200	19,200	**22.7%**												42,649			
4.760	140	**70**	Square Feet	Retaining Walls, Timber, Phased	2026	15 to 25	3 to 4	60.00	4,200	8,400	**12.2%**											9,058	9,329			
				Anticipated Expenditures, By Year ($187,644 over 30 years)								0	7,025	0	0	0	0	8,144	0	0	0	9,058	61,419	0	14,846	21,845

RESERVE FUNDING PLAN

Townhome

CASH FLOW ANALYSIS

The Hedgerow

Homeowners' Association, Inc.

Downingtown, Pennsylvania

Individual Reserve Budgets & Cash Flows for the Next 30 Years

		FY2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
Reserves at Beginning of Year	*(Note 1)*	8,133	8,564	10,432	9,723	10,838	11,367	8,733	16,786	19,922	28,602	9,984	15,133	20,486	19,927	25,679	31,748
Total Recommended Reserve Contributions	*(Note 2)*	**403**	**1,680**	**3,600**	**5,500**	**7,400**	**7,600**	**7,800**	**8,000**	**8,200**	**8,400**	**4,900**	**5,000**	**5,100**	**5,300**	**5,500**	**5,700**
Estimated Interest Earned, During Year	*(Note 3)*	28	188	200	204	220	199	253	363	480	382	249	353	400	452	569	692
Anticipated Expenditures, By Year		0	0	(4,509)	(4,589)	(7,091)	(10,433)	0	(5,227)	0	(27,400)	0	0	(6,060)	0	0	0
Anticipated Reserves at Year End		$8,564	$10,432	$9,723	$10,838	$11,367	$8,733	$16,786	$19,922	$28,602	$9,984 *(NOTE 5)*	$15,133	$20,486	$19,927	$25,679	$31,748	$38,140

(continued)

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

	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
Reserves at Beginning of Year	38,140	44,862	44,825	52,085	59,692	67,653	75,975	76,441	85,343	94,625	104,294	105,210	53,462	62,914	57,763
Total Recommended Reserve Contributions	**5,900**	**6,100**	**6,300**	**6,500**	**6,700**	**6,900**	**7,100**	**7,300**	**7,500**	**7,700**	**7,900**	**8,100**	**8,300**	**8,500**	**8,800**
Estimated Interest Earned, During Year	822	888	960	1,107	1,261	1,422	1,509	1,602	1,782	1,969	2,074	1,571	1,152	1,195	1,025
Anticipated Expenditures, By Year	0	(7,025)	0	0	0	0	(8,144)	0	0	0	(9,058)	(61,419)	0	(14,846)	(21,845)
Anticipated Reserves at Year End	$44,862	$44,825	$52,085	$59,692	$67,653	$75,975	$76,441	$85,343	$94,625	$104,294	$105,210	$53,462	$62,914	$57,763	$45,743 *(NOTE 4)*

Explanatory Notes:

1) Year 2023 starting reserves are as of October 31, 2023; FY2023 starts January 1, 2023 and ends December 31, 2023.

2) Reserve Contributions for 2023 are the remaining budgeted 2 months; 2024 is budgeted; 2025 is the first year of recommended contributions.

3) **2.0%** is the estimated annual rate of return on invested reserves; 2023 is a partial year of interest earned.

4) Accumulated year 2053 ending reserves consider the age, size, overall condition and complexity of the property.

5) Threshold Funding Year (reserve balance at critical point).

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

Townhome

FIVE-YEAR OUTLOOK

The Hedgerow
Homeowners' Association, Inc.
Downingtown, Pennsylvania

Line Item	Reserve Component Inventory	RUL = 0 FY2023	1 2024	2 2025	3 2026	4 2027	5 2028
	Property Site Elements						
4.140	Concrete Sidewalks, Entrances, Partial			4,509			
4.560	Light Poles and Fixtures, Hastings Court						10,433
4.600	Mailbox Stations					7,091	
4.760	Retaining Walls, Timber, Phased				4,589		
	Anticipated Expenditures, By Year ($187,644 over 30 years)	0	0	4,509	4,589	7,091	10,433

4. RESERVE COMPONENT DETAIL

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

Common - Property Site Elements

Asphalt Pavement, Crack Repair and Patch

Line Item: 4.020

Quantity: Approximately 20,000 square yards of asphalt pavement streets and parking areas

History: Previous repairs have been conducted in the past

Condition: The following narrative "Asphalt Pavement, Repaving" details our condition assessment.

Useful Life: Three- to five-years

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Our cost includes an allowance for crack repairs and patching of up to two percent (2%) of the pavement.

Asphalt Pavement, Repaving

Line Items: 4.040 through 4.069

Quantity, History and Condition: The following list describes the locations, quantities (pavement and catch basins at streets and parking areas), ages, conditions and anticipated future repaving events for the asphalt pavement throughout the community:

Location	Pavement (sd. yd.)	Catch Basins	Ages (Years)	Conditions
Brookfield Court	1,285	2	Unknown	Fair
Cambridge Court	1,370	0	2019	Good
Canterbury Court	1,375	1	2023	Good
Chapel Court	1,730	2	Unknown	Fair
Chatham Court	1,125	0	2021	Good
Essex Court	845	0	Unknown	Fair
Glouchester Court	1,360	0	Unknown	Fair to Poor
Hastings Court	1,190	0	Unknown	Fair
Hedgerow Court	1,165	1	2018	Good
Highland Court	1,135	0	Unknown	Fair
Lambeth Court	1,080	1	2015	Good
Somerset Court	1,245	0	Unknown	Fair
Sulfolk Court	1,030	1	Unknown	Fair to Poor
Windmere Court	1,580	0	Unknown	Fair
Wyndham Court	2,485	2	2022	Good

Condition (continued): We observe longitudinal, alligator and edge cracks, previous crack and patch repairs, vehicle fluid stains and deterioration at the asphalt pavement.

Typical asphalt pavement overview

Typical asphalt pavement overview

Pavement alligator cracks on Suffolk Court

Pavement cracks on Essex Court

Pavement cracks on Essex Court

Alligator and edge cracks on Essex Court

Pavement cracks on Gloucester court

Alligator cracks on Hastings Court

Pavement cracks on Hastings Court

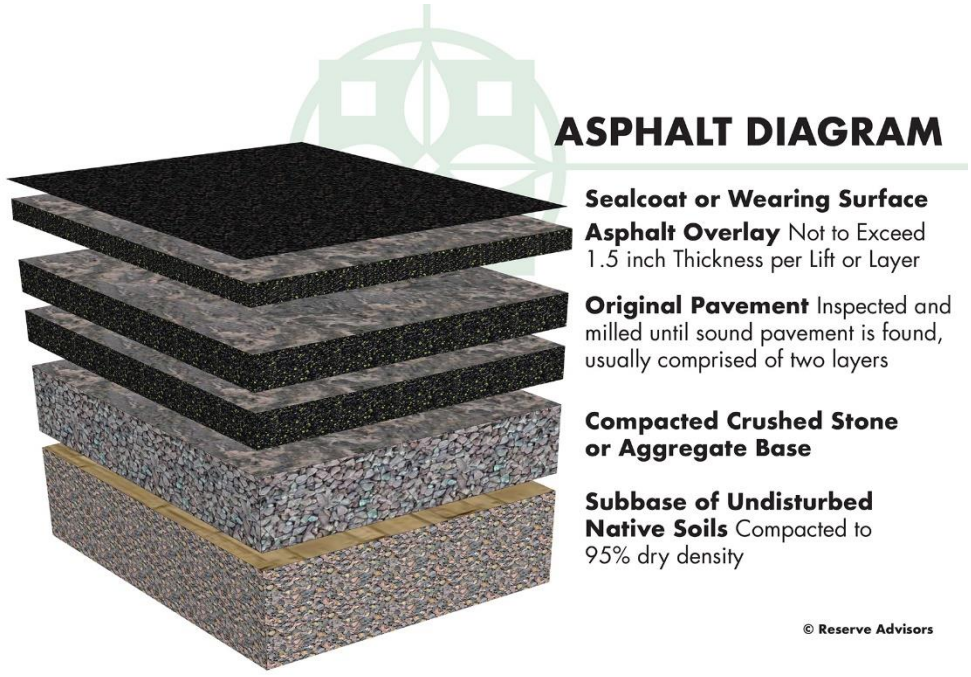
Longitudinal cracks on Hastings Court

Alligator cracks on Somerset Court

Alligator and edge cracks on Somerset Court

Useful Life: 15- to 20-years with the benefit of timely crack repairs and patching

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



The manner of repaving is either a mill and overlay or total replacement. A mill and overlay is a method of repaving where cracked, worn and failed pavement is mechanically removed or milled until sound pavement is found. A new layer of asphalt is overlaid atop the remaining base course of pavement. Total replacement includes the removal of all existing asphalt down to the base course of aggregate and native soil followed by the application of two or more new lifts of asphalt. We recommend mill and overlayment on asphalt pavement that exhibits normal deterioration and wear. We recommend total replacement of asphalt pavement that exhibits severe deterioration, inadequate drainage, pavement that has been overlaid multiple times in the past or where the configuration makes overlayment not possible. Based on the apparent visual condition and configuration of the asphalt pavement, we recommend the methods of repaving as noted in the table on Page 4.2 of ***Reserve Component Detail***.

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

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

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Our cost for milling and overlayment includes area patching of up to ten percent (10%).

Catch Basins

Line Items: 4.100 through 4.106

Quantity: 10 catch basins[1]

History: Original

Condition: Good to fair overall

Useful Life: Indeterminately long useful life with inspections and capital repairs every 15- to 20-years.

Component Detail Notes: Erosion causes settlement around the collar of catch basins. Left unrepaired, the entire catch basin will shift and need replacement.

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

- Annually:
    - Inspect and repair any settlement and collar cracks
    - Ensure proper drainage and inlets are free of debris
    - If property drainage is not adequate in heavy rainfall events, typically bi-annual cleaning of the catch basins is recommended

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We recommend the Association plan for inspections and capital repairs to the catch basins in conjunction with repaving.

Drainage Swales

Line Item: 4.190

Quantity: Approximately 1,150 linear feet of drainage swales

History: Original

Condition: Good to fair condition

[1] We utilize the terminology catch basin to refer to all storm water collection structures including curb inlets.

Drainage swale overview

Useful Life: Indeterminately long useful life with inspections and capital repairs every 10- to 15-years

Component Detail Notes: The Association should maintain the drainage swales to prevent erosion to impenetrable material, e.g. bedrock. When this type of erosion occurs, the walls of the drainage swales will begin to erode and expand, causing accelerated deterioration of the adjacent landscape. Capital repairs may vary based on location and the extent of deterioration. Typical capital repairs include, but are not limited to, regrading and/or augmenting topsoil at swale beds and walls, installing stone rip rap and modifying landscape along the drainage swales. These erosion control measures may not completely eliminate drainage swale deterioration. Therefore, the Association may anticipate less significant, interim repairs to the drainage swales in the future and should fund these activities through the operating budget.

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Our cost estimate includes allowances for a complete inspection and capital repairs of up to five percent (5%) of the swales.

Pipes, Subsurface Utilities, Stormwater

Line Item: 4.650

Condition: Reported in satisfactory condition

Useful Life: Indeterminately long useful life with inspections and capital repairs every 5- to 10-years

Component Detail Notes: The Association maintains the subsurface corrugated steel stormwater utility pipes throughout the property. The exact amounts and locations of the subsurface utility pipes were not ascertained due to the nature of the underground construction and the non-invasive nature of the inspection.

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

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

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

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

Playground Equipment

Line Item: 4.660

Quantity: Playground equipment includes the following elements:

- Playsets
- Swing set
- Jungle gym

History: Dates to 2012

Condition: Good to fair overall

Playground equipment

Jungle gym overview

Playset overview

Useful Life: 15- to 20-years

Component Detail Notes: Safety is the major purpose for maintaining playground equipment. We recommend an annual inspection of the playground equipment to identify and repair as normal maintenance loose connections and fasteners or damaged elements. We suggest the Association learn more about the specific requirements of playground equipment at PlaygroundSafety.org. We recommend the use of a specialist for the design or replacement of the playground equipment environment.

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

- Annually:
    - Inspect and repair loose connections and fasteners or damaged elements
    - Inspect for safety hazards and adequate coverage of ground surface cover

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We include an allowance in the unit cost for replacement of the safety surface and border. Our near-term cost estimate is based off information received from the Board.

Pond, Sediment Removal

Line Item: 4.730

Quantity: Approximately 2,250 square yards of water surface area are located at the pond north of Lambeth and Chapel Courts.

Condition: Good to fair overall

Pond overview

Shoreline overview

Useful Life: Based on the visual condition, construction, adjacent deciduous trees and visibly apparent erosion, we recommend the Association anticipate the need to remove pond sediment up to every 30 years.

Component Detail Notes: The gradual build-up of natural debris, including tree leaves, branches and silt, may eventually change the topography of areas of the pond. Silt typically accumulates at inlets, outlets and areas of shoreline erosion. Sediment removal of ponds becomes necessary if this accumulation alters the quality of pond water or the functionality of the ponds as storm water management structures. Sediment removal is the optimal but also the most capital-intensive method of pond management. Excavation equipment used for sediment removal includes clamshells, draglines and suction pipe lines. Sediment removal can also include shoreline regrading. Regrading includes removal of collapsed and eroded soil, and redefining the shoreline.

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

- Annually:

- Inspect and remediate shoreline erosion and areas of sediment accumulation
- Clear and remove debris and vegetation overgrowth at pond edges, and inlet and outlet structures
- Inspect for algae blooms and remedy as needed through a chemical treatment program or aeration

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. For reserve budgeting purposes, we estimate the need to remove an average depth of one yard from approximately fifty percent (50%) of the surface area. However, the actual volume of material to remove may vary dependent upon an invasive analysis at the time of removal. A visual inspection of a body of water cannot reveal the amount of accumulated silt. This is especially true on larger bodies of water. It is therefore inaccurate to assume an entire body of water will require sediment removal. It is more cost effective to spot remove in areas of intense silt accumulation as noted through bathymetric surveys. The amount or depth of silt is determined through prodding into the silt until a relatively solid base is found or through bathymetric surveys. A bathymetric survey establishes a base of data about the depth of the body of water over many locations against which the data of future surveys is compared. These invasive procedures are beyond the scope of a Reserve Study and require multiple visits to the site. We recommend The Hedgerow contract with a local engineer for periodic bathymetric surveys. Future updates of the Reserve Study can incorporate future anticipated expenditures based on the results of the bathymetric surveys.

Unit costs per cubic yard to remove can vary significantly based on the type of equipment used, quantity of removed material and disposal of removed material. Sediment removal costs must also include mobilization, or getting the equipment to and from the site. Also, the portion of the overall cost to remove associated with mobilization varies based on the volume removed. Costs for sediment disposal also vary depending on the site. Compact sites will require hauling and in some cases disposal fees.

Signage, Community Identification

Line Item: 4.800

Quantity: Two community identification signs are located at the west entrance of the property

History: The Board informs us of renovations in 2023

Condition: We assume the signs to be in good condition following the renovation

Entrance monument

Signage crack

Sign lighting

Useful Life: 15- to 20-years

Component Detail Notes: Community signage contributes to the overall aesthetic appearance of the property to owners and potential buyers. Renovation or replacement of community signs is often predicated upon the desire to "update" the perceived identity of the community rather than for utilitarian concerns. Therefore, the specific times for replacement or renovation are discretionary.

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

- Annually:
    - Inspect and repair damage, vandalism and loose components
    - Verify lighting is working properly
    - Touch-up paint finish applications if applicable

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Our near term cost estimate is based on information received form the Board.

Sport Court, Basketball Court, Surface

Line Item: 4.825

Quantity: Approximately 575 square yards of asphalt pavement comprises one basketball court

History: Unknown age

Condition: Fair overall condition with cracks, standing water and deterioration evident

Basketball court overview

Shattered backboard

Surface cracks

Surface cracks

Useful Life: Up to 25 years

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

- Annually:
    - Inspect and repair large cracks, trip hazards and possibly safety hazards
    - Verify gate and fencing is secure
    - Verify lighting is working properly if applicable
    - Inspect and repair standards and windscreens as needed

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

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

Sport Courts, Tennis Courts, Fences

Line Item: 4.840

Quantity: Approximately 480 linear feet of chain link fences are located at the perimeters of the tennis courts.

History: Date to 2014

Condition: Good overall condition with no significant deterioration evident

Chain link fence

Chain link fence

Useful Life: Up to 25 years

Priority/Criticality: Per Board discretion

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

Sport Courts, Tennis Courts, Surface

Line Item: 4.860

Quantity: Approximately 1,600 square yards of asphalt pavement comprises two tennis courts

History: Unknown age

Condition: Fair overall condition with cracks and deterioration evident

Tennis court overview

Surface cracks

Surface cracks

Surface cracks

Useful Life: Up to 25 years

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

- Annually:
    - Inspect and repair large cracks, trip hazards and possibly safety hazards

- Verify gate and fencing is secure
- Verify lighting is working properly if applicable
- Inspect and repair standards and windscreens as needed

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

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

Common – Clubhouse Elements

Clubhouse overview

Balcony, Composite

Line Item: 5.040

Quantity: One composite deck balcony with wood frames which comprise a total of 210 square feet

History: Dates to 2012

Condition: Good to fair overall with organic growth evident

Balcony overview – We note organic growth

Balcony overview

Balcony overview

Balcony overview

Useful Life: 20- to 25-years

Component Detail Notes: Balcony construction includes the following:

- Deck boards fastened with screws
- Vinyl railings with vertical pickets
- Wood column supported frames
- Exposed concrete footings
- Metal joist hanger and bolt fasteners
- Cross bracing exists to stabilize the frames
- No toe-nailed connections

The composition of composite materials used in the construction of balconies typically includes a combination of wood waste material, plastic and recycled materials. These composite materials are low maintenance and do not split, cup or splinter. Composite materials do not require periodic stain or sealer applications.

Composite balcony materials are not structural components and therefore require traditional framing members, such as wood or metal. In addition, some manufacturers

require closer spacing of framing components to minimize sagging. In addition to the added cost of framing, composite balcony deck materials can cost up to twice as much as natural wood.

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

- Annually:
    - Inspect to identify and correct any unsafe conditions
    - Secure loose fasteners and replace deteriorated fasteners
    - Check railing stability and fasteners
    - Clean as necessary

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

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

Floor Coverings, Vinyl

Line Item: 5.300

Quantity: Approximately 80 square yards of vinyl floor coverings are located throughout the clubhouse interior.

History: Date to 2019

Condition: Fair overall condition with bulging and deterioration evident

Vinyl floor coverings

Useful Life: 15- to 20-years

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Our timing is based on information received from the Board.

Kitchen

Line Item: 5.520

Quantity: Components of the kitchen include:

- Paint finishes
- Appliances
- Cabinets and countertops
- Light fixtures

History: Unknown age

Condition: Fair overall condition with minor deterioration evident

Kitchen overview

Kitchen overview

Useful Life: Renovation up to every 25 years

Priority/Criticality: Per Board discretion

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

Pipes, Riser Sections, Domestic Water, Waste and Vent

Line Item: 5.555

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

History:

- Domestic Water, Supply and Return – Original
- Sanitary Waste Disposal and Vent – Original

Condition:

- Domestic Water, Supply and Return – Reported satisfactory without operational deficiencies
- Sanitary Waste Disposal and Vent – Reported satisfactory without operational deficiencies

Component Detail Notes:

Domestic Water, Supply and Return - The useful life of domestic supply and return pipes is up to and sometimes beyond 70 years.

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

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

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

Preventative Maintenance Notes: The required preventative maintenance may vary in frequency and scope based on the building's age and demands of the piping systems. We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

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

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Our cost for a single riser section assumes replacement of all pipes located within each wall opening, associated branch piping, fittings and minimal interior finishes. However, the cost does not include temporary housing for affected residents, pipes within the units or significant interior finishes.

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

Although it is likely that the times of replacement and extent of repair costs may vary from the budgetary allowance, The Hedgerow could budget sufficient reserves for the beginning of these pipe replacements and have the opportunity to adjust its future reserves up or down to meet any changes to these budgetary estimates. Updates of this Reserve Study would incorporate changes to budgetary costs through a continued historical analysis of the rate of deterioration and actual pipe replacements to budget sufficient reserves.

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

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

Rest Rooms

Line Item: 5.560

Quantity: Two common rest rooms are located in the clubhouse. The rest room components include:

- Tile floor coverings
- Paint finishes
- Light fixtures
- Plumbing fixtures

History: Unknown age

Condition: Fair overall condition with minor deterioration evident

Rest room overview

Useful Life: Renovation up to every 25 years

Priority/Criticality: Per Board discretion

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

Retaining Walls, Timber

Line Item: 5.570

Quantity: Approximately 120 square feet of timber retaining walls are located near the clubhouse.

History: Unknown age

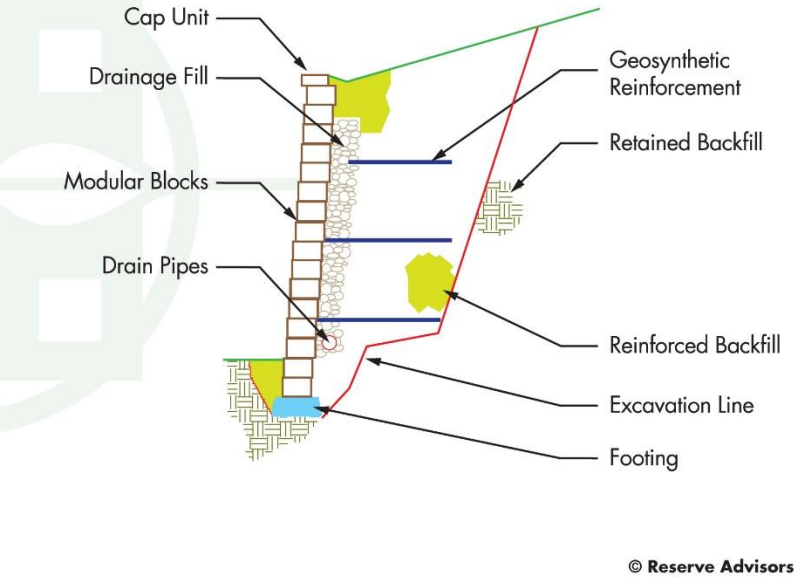
Condition: Fair overall condition with minor deterioration evident

Timber retaining wall

Leaning section

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

Component Detail Notes: We advise The Hedgerow replace with a modular, interlocking dry-set masonry retaining wall system. The cost of dry-set masonry retaining walls is similar to the cost of timber walls. However, dry-set masonry retaining walls offer a longer useful life of up to 35 years and lower total maintenance costs. The following schematic depicts the typical components of a retaining wall system although it may not reflect the actual configuration at The Hedgerow:



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

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

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

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

Roofs, Asphalt Shingles

Line Item: 5.600

Quantity: Approximately 12 *squares*[2] of asphalt shingle roofing and 90 linear feet of aluminum gutters and downspouts are located at the clubhouse.

History: Unknown age

Condition: Fair overall condition with stains and sheathing deflection evident from our visual inspection from the ground. Management and the Board does not report a history of leaks.

Roof overview

Sheathing deflection and stains

Waste pipe with metal boot

Useful Life: 15- to 20-years

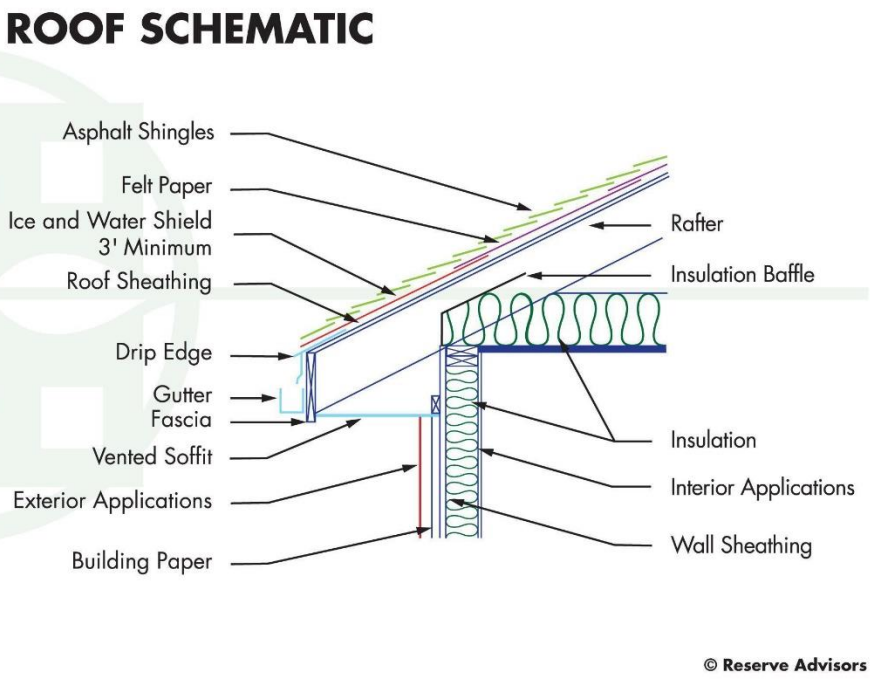
Component Detail Notes: The existing roof assembly comprises the following:

- Three tab shingles
- Boston style ridge caps
- Rubber seal with metal base boot flashing at waste pipes
- Soffit and ridge vents

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

- Metal drip edge

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



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

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

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

- Annually:

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

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

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

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

Walls, Siding, Vinyl

Line Item: 5.860

Quantity: Approximately 1,600 square feet of the exterior walls comprises vinyl siding (note this quantity includes the trim, soffit and fascia)

History: Unknown age

Condition: Fair overall condition with previous partial replacements, organic growth and deterioration evident

Vinyl siding overview

Vinyl siding overview

Organic growth

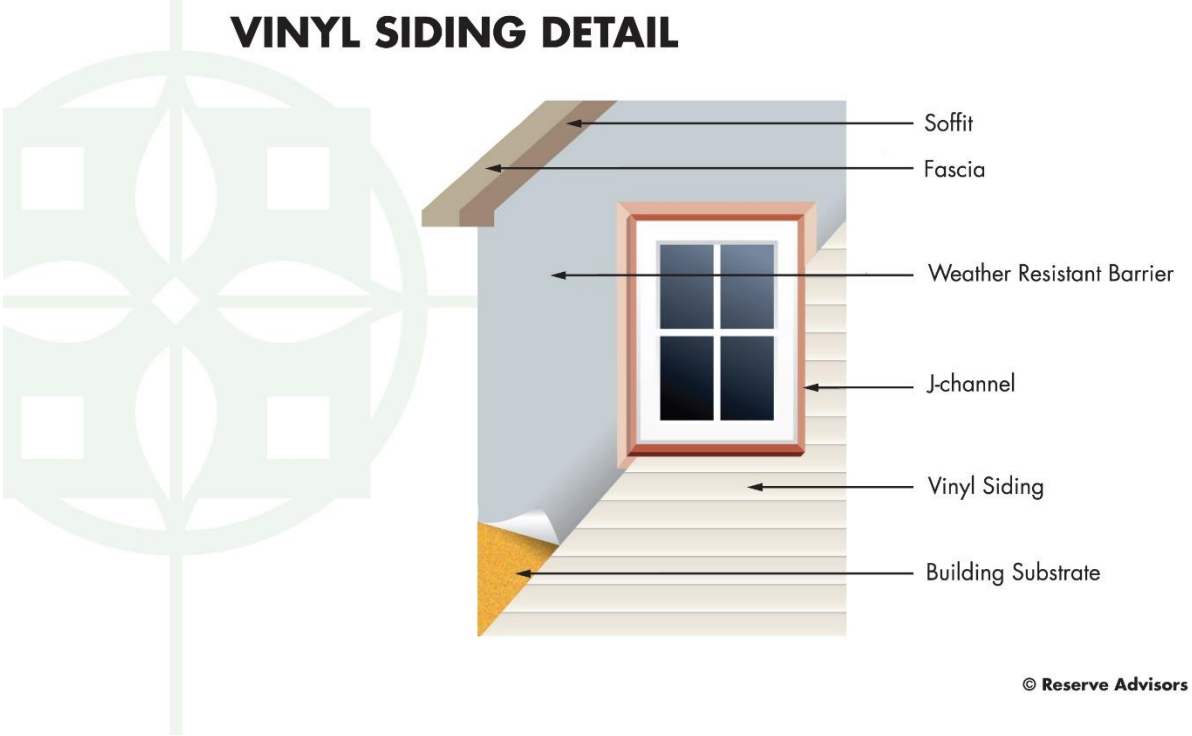
Deterioration

Useful Life: Up to 40 years

Component Detail Notes: The siding at The Hedgerow consists of the following:

- Clapboard double four-inch profile
- J-channel trim at window and door perimeters, and other penetrations
- Water-vapor permeable building paper protects the buildings

The following diagram details the use of building wrap in a vinyl siding system:



The Association should install new vinyl siding as recommended by the *Vinyl Institute, Inc*. The vinyl siding should be installed over a continuous weather resistant barrier and

properly integrated flashing around all penetrations. Fasteners used should include aluminum, galvanized steel or other corrosion-resistant fasteners. Siding panels should overlap by approximately one inch. Joints should be staggered so that no two courses are aligned vertically, unless separated by at least three courses. The siding should not be caulked where the siding meets trim accessories, such as J-channel, or at overlap joints. J-channel should be installed a minimum of ½ inch off of roof lines.

The lack of water-vapor permeable building paper underneath the siding can result in premature loosening of the siding fasteners from water damage to the substrate sheathing. Therefore, the Association should anticipate a decreased useful life due to the lack of water proofing beneath the siding.

Properly installed vinyl siding utilizes a vinyl J-channel which encompasses windows, doors and inside corners. The J-channel masks the thermal expansion and contraction of vinyl siding at these locations. Sealant would typically fail at this location due to the excessive movement of the vinyl siding. However, the siding utilizes sealants rather than J-channels. The Association should fund replacement of these sealants through the operating budget. Future replacement of the vinyl siding should include the use of J-channels.

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

- Annually:
    - Inspect and repair loose siding, warping or damage from wind driven objects or lawn care equipment
    - Periodically clean siding as necessary at areas of organic growth. A non-abrasive household cleaner or manufacturer specified vinyl siding cleaner will remove more intense stains. We do not recommend pressure cleaning at vinyl siding due to the siding's brittle nature.

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

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

Water Main, Shut Off Valve

Line Item: 5.899

History: The Board informs us of plans to install a water main shut off valve at the clubhouse

Useful Life: Up to 50+ years

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Our cost estimate and timing is based off of information received from the Board.

Windows and Doors, Remaining

Line Item: 5.900

Quantity: Approximately 105 square feet of windows and doors are located at the clubhouse (note this quantity excludes the sliding glass doors, which were replaced in 2019).

History: Unknown age

Condition: Fair overall condition with deterioration evident

Common windows and doors

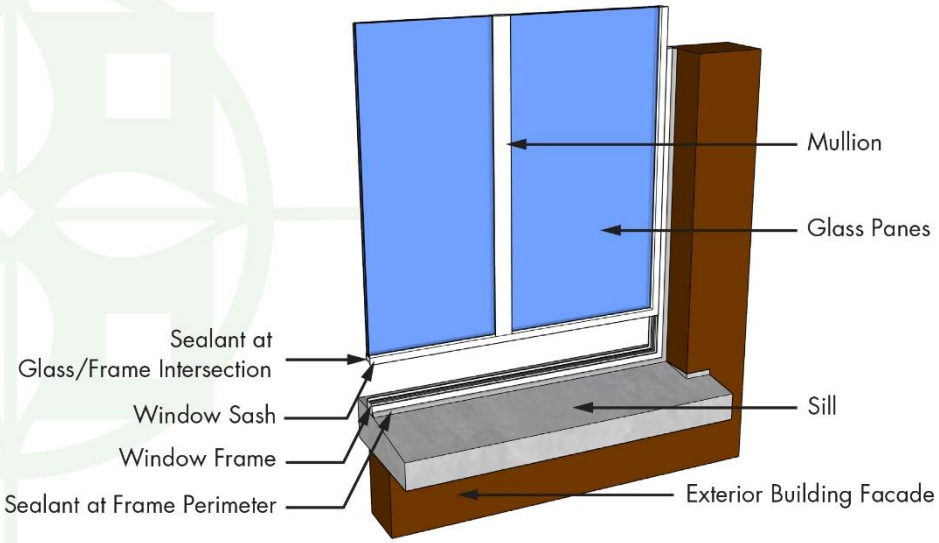
Useful Life: Up to 40 years

Component Detail Notes: Construction includes the following:

- Aluminum frames
- Dual pane glass
- Sliding windows
- Hinged doors

The following schematic depicts the typical components of a window system although it may not reflect the actual configuration at The Hedgerow:

WINDOW DETAIL



Properly designed window and door assemblies anticipate the penetration of some storm water beyond the gaskets. This infiltrated storm water collects in an internal drainage system and drains, or exits, the frames through weep holes. These weep holes can become clogged with dirt or if a sealant is applied, resulting in trapped storm water. However, as window frames, gaskets and sealants deteriorate, leaks into the interior can result. The windows and doors will eventually need replacement or major capital repairs to prevent water infiltration and damage from wind driven rain.

The thermal efficiencies of the window and door assemblies are affected by their design and construction components. These components include glazings, thickness of air space between glazings, low-conductivity gas, tinted coatings, low-e coatings and thermal barriers. The Association should thoroughly investigate these component options at the time of replacement. Some manufacturers may include these components as part of the standard product and other manufacturers may consider these components as options for an additional cost. The Hedgerow should review the specifications provided by the manufacturers to understand the thermal design and construction components of the proposed assemblies.

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

- Annually:
    - Inspect and repair loose weather stripping and/or lock damage
    - Inspect for broken glass and damaged screens
    - Record instances of water infiltration, trapped moisture or leaks

- As-needed:
    - Verify weep holes are unobstructed and note blocked with dirt or sealant
    - Replace damaged or deteriorated sliding glass rollers

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

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

Common – Pool Elements

Concrete Deck

Line Item: 6.200

Quantity: Approximately 4,950 square feet of concrete is located at the pool deck.

History: The Board informs us of concrete deck repairs in 2023 due to the pool structure heaving.

Condition: Good to fair overall with cracks evident

Concrete pool deck overview

Concrete pool deck overview

Concrete cracks

Stamped concrete overview

Useful Life: We recommend the Association conduct inspections, partial replacements and repairs to the deck every 8- to 12-years.

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

- Semi-annually:
    - Inspect and repair large cracks, trip hazards, and possible safety hazards
    - Inspect and repair pool coping for cracks, settlement, heaves or sealant deterioration
    - Repair concrete spalling and conduct coating repairs in areas with delamination
    - Schedule periodic pressure cleanings as needed

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We recommend the Association budget for the following per event:

- Selective cut out and replacements of up to ten percent (10%) of concrete
- Crack repairs as needed
- Mortar joint repairs
- Caulk replacement
- Coating replacement

Covers, Vinyl

Line Item: 6.300

Quantity: Approximately 2,070 square feet comprise the vinyl pool covers.

History: Unknown age

Condition: Fair overall with minor tears evident

Pool cover

Vinyl cover tear

Useful Life: Six- to eight-years

Priority/Criticality: Per Board discretion

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

Fences, Aluminum

Line Item: 6.400

Quantity: Approximately 350 linear feet of aluminum picket fences are located at the pool area.

History: Date to 2014

Condition: Good to fair overall

Aluminum pool fence

Aluminum pool fence

Aluminum pool fence

Useful Life: Up to 25 years

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

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

Priority/Criticality: Not recommended to defer

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

Mechanical Equipment

Line Item: 6.600

Quantity: The mechanical equipment includes the following:

- Automatic chlorinator and controls
- Electrical panel
- Interconnected pipe, fittings and valves
- Pumps, filters, and heaters

History: Varied ages; however most of the equipment is three- to eight-years of age

Condition: Reported satisfactory overall

Pool mechanical equipment

Pool mechanical equipment

Useful Life: Up to 15 years

Preventative Maintenance Notes: We recommend the Association maintain a maintenance contract with a qualified professional and follow the manufacturer's specific recommended maintenance and local, state and/or federal inspection guidelines.

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Failure of the pool mechanical equipment as a single event is unlikely. Therefore, we include replacement of up to fifty percent (50%) of the equipment per event. We consider interim replacement of motors and minor repairs as normal maintenance.

Pool Finishes, Plaster and Tile

Line Items: 6.800 and 6.801

Quantity: Approximately 1,850 square feet of plaster based on the horizontal surface area and approximately 200 linear feet of tile

History: The plaster and tile finish date to 2019.

Condition: Fair overall as reported to us by the association

Useful Life: 8- to 12-years for the plaster and 15- to 25-years for the tile and coping

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

- Semi-annually:
    - Inspect and patch areas of significant plaster delamination, coping damage and structure cracks
    - Inspect main drain connection and anti-entrapment covers, pressure test circulation piping and valves
    - Test handrails and safety features for proper operation

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Our timing is based on information received from the Board. We recommend the Association budget for full tile and coping replacement every other plaster replacement event. Removal and replacement of the finish provides the opportunity to inspect the pool structures and to allow for partial repairs of the underlying concrete surfaces as needed. To maintain the integrity of the pool structures, we recommend the Association budget for the following:

- Removal and replacement of the plaster finishes
- Partial replacements of the scuppers and coping as needed
- Replacement of tiles as needed
- Replacement of joint sealants as needed
- Concrete structure repairs as needed

Townhome – Property Site Elements

Concrete Sidewalks

Line Item: 4.140

Quantity: Approximately 3,400 square feet of concrete entrance sidewalks are located along Hastings and Wyndham Courts.

Condition: Fair overall with cracks and deterioration evident

Concrete sidewalk

Concrete sidewalk

Concrete sidewalk

Cracks and deterioration

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

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

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

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We estimate that up to 2,040 square feet of concrete sidewalks, or sixty percent (60%) of the total, will require replacement during the next 30 years.

Light Poles and Fixtures

Line Items: 4.560 and 4.562

Quantity, History and Condition: The following list describes the locations, types, quantities, histories and conditions of the light poles and fixtures:

- Hastings Court: three metal poles with fixtures; unknown age; fair to poor overall condition with deterioration evident
- Wyndham Court: seven metal poles with fixtures; replaced with the last 13 years; good to fair overall condition

Light pole and fixture

Light pole and fixture

Useful Life: Up to 25 years

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

- As-needed:
    - Inspect and repair broken or dislodged fixtures, and leaning or damaged poles
    - Replaced burned out bulbs as needed

Priority/Criticality: Per Board discretion

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

Mailbox Stations

Line Item: 4.600

Quantity: Three mailbox stations are located along Hastings and Wyndham Courts.

History: Unknown exact age

Condition: Fair overall with rust and deterioration evident

Mailbox stations

Rust and deterioration

Useful Life: Up to 25 years

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

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

Priority/Criticality: Per Board discretion

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

Retaining Wall, Masonry

Line Item: 4.745

Quantity: Approximately 320 square feet of dry-set, interlocking masonry retaining wall are located behind 19 Wyndham Court.

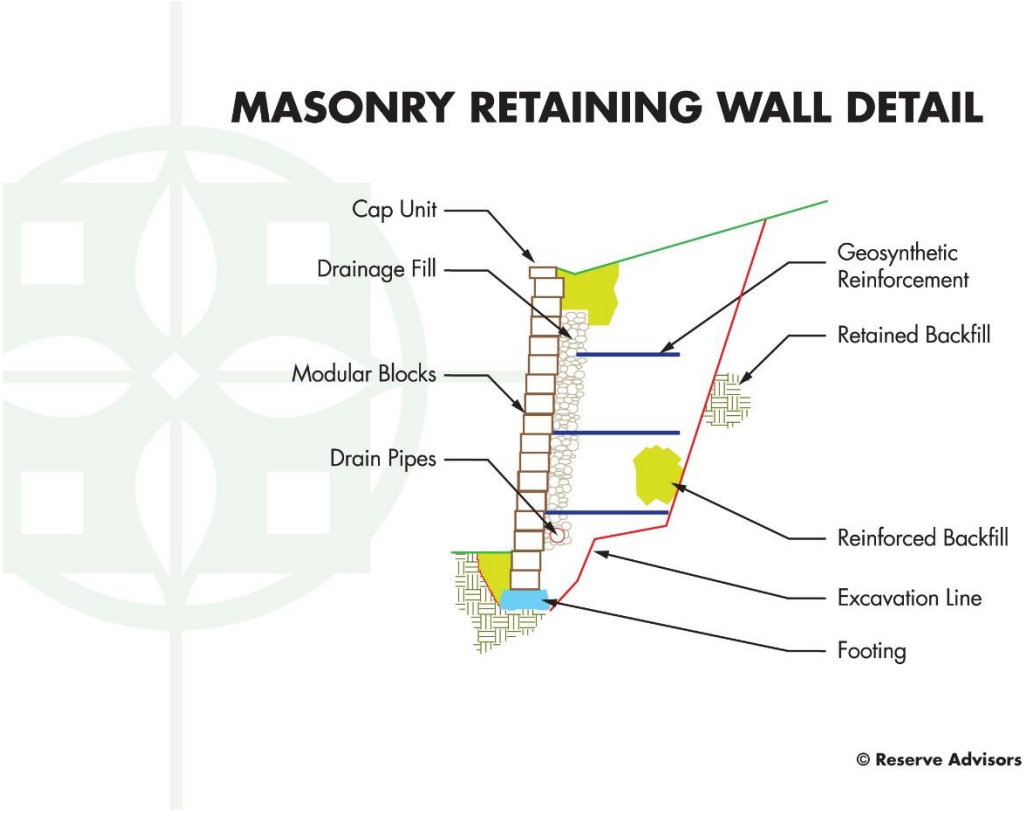
History: Dates to 2015

Condition: Good to fair overall

Masonry retaining wall

Useful Life: Up to 35 years

Component Detail Notes: Properly constructed interlocking masonry retaining walls utilize geosynthetic reinforcement and a drainage system to stabilize the wall and prevent the buildup of hydrostatic pressure behind the wall. Water stains may indicate inadequate drainage or blocked drainage from behind the wall. The following schematic depicts the typical components of a retaining wall system although it may not reflect the actual configuration at The Hedgerow:



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

- Annually:
    - Inspect and repair leaning sections or damaged areas
    - Water stains which may indicate possible blocked drainage should be investigated further
    - Inspect and repair erosion at the wall base and backside

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

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

Retaining Wall, Timber

Line Item: 4.760

Quantity: Approximately 140 square feet of timber retaining walls are located along Wyndham Court.

History and Condition: Approximately fifty percent (50%), or 70 square feet, of timber retaining walls were recently replaced and are in good overall condition. In addition, the retaining fifty percent (50%) of the walls are original and in fair overall condition.

Timber retaining wall

Useful Life: 15- to 20-years

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

- Annually:
    - Inspect and repair leaning sections or damaged areas

- Inspect and repair erosion at the wall base and backside

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Our near term cost estimate includes for the replacement of the remaining 50% of original retaining walls.

Reserve Study Update

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

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

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

5. METHODOLOGY

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

The Hedgerow can fund capital repairs and replacements in any combination of the following:

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

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

This Reserve Study is in compliance with and exceeds the National standards[1] set forth by the Association of Professional Reserve Analysts (APRA) fulfilling the requirements of a "Level II Reserve Study Update." These standards require a Reserve Component to have a "predictable remaining Useful Life." Estimating Remaining Useful Lives and Reserve Expenditures beyond 30 years is often indeterminate. Long-Lived Property Elements are necessarily excluded from this analysis. We considered the following factors in our analysis:

- The Cash Flow Method to compute, project and illustrate the 30-year Reserve Funding Plan
- Local[2] costs of material, equipment and labor
- Current and future costs of replacement for the Reserve Components
- Costs of demolition as part of the cost of replacement
- Local economic conditions and a historical perspective to arrive at our estimate of long-term future inflation for construction costs in Downingtown, Pennsylvania at an annual inflation rate[3]. Isolated or

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

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

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

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

6. CREDENTIALS

HISTORY AND DEPTH OF SERVICE

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

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

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

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

TOTAL STAFF INVOLVEMENT

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

OUR GOAL

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

VAST EXPERIENCE WITH A VARIETY OF BUILDINGS

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

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

OLD TO NEW

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

JONNY P. SILEO
Engineer, Northeast Region
Responsible Advisor

CURRENT CLIENT SERVICES

Jonny Sileo, an Associate Mechanical Engineer, is an Advisor for Reserve Advisors. Mr. Sileo is responsible for the inspection and analysis of the condition of clients' properties, and recommending engineering solutions to prolong the lives of the components. He also forecasts capital expenditures for the repair and/or replacement of the property components and prepares technical reports on assignments. He is responsible for conducting Life Cycle Cost Analyses and Capital Replacement Forecast services and the preparation of Reserve Study Reports for condominiums, townhomes, planned unit developments and homeowner associations.

The following is a partial list of clients served by Jonny Sileo demonstrating the breadth of experiential knowledge of community associations in construction and related systems.

Silver Maple Farm Inc. – Located in Middletown, Delaware, this community consists of 299 single family homes. Silver Maple features an extensive clubhouse, pool, various sport courts and over 8,300 square yards of walking paths for the residents to use.

Hickory Hills Condominium Association – Located in Bel Air, Maryland, Hickory Hills is comprised of 400 units at 23 buildings constructed in the 1970s. The Association maintains the masonry exteriors, sloped asphalt shingle roofs, pool, composite balconies, asphalt pavement, and entrance lobbies.

Hart's Landing Homeowners Association – Located in Lewes, Delaware, this community boasts a dock and pier for residents of the 143 single family homes to enjoy. Amenities include a pool, pool house, pavilion, tennis court, and asphalt pavement walking paths.

Seaheaven – Located in Ocean City, Maryland, this four-story midrise building built in 1986 is located less than two blocks from the ocean. This community features an elevator, concrete breezeways, asphalt pavement parking areas, as well as concrete balconies that overlook the water.

The Parke at Ocean Pines – Located in Berlin, Maryland, The Parke at Ocean Pines comprises of 503 single family homes and features over twenty ponds, a Clubhouse with an indoor pool and fitness center, in addition to a dock and pier for their residents to enjoy.

Club Ocean Villas II Condominium – Located in Ocean City, Maryland, this community is comprised of 276 condos throughout 25 buildings. Some of the amenities at Club Ocean Villas include a boardwalk, finger piers, pool, tennis courts and racquetball court.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, LLC, Mr. Sileo attended Temple University in Philadelphia, Pennsylvania where he attained his Bachelor of Science degree in Mechanical Engineering. His rigorous coursework focused on using problem solving to understand mechanical systems and principles.

EDUCATION

Temple University – B.S. Mechanical Engineering

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

CURRENT CLIENT SERVICES

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

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

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

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

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

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

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

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

PRIOR RELEVANT EXPERIENCE

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

EDUCATION

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

PROFESSIONAL AFFILIATIONS/DESIGNATIONS

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

JON R. WALKER, RS
Regional Engineering Manager, Northeast Region
Responsible Advisor

CURRENT CLIENT SERVICES

Jon R. Walker, an Engineer, is an Advisor and Northeast Regional Engineering Manager for Reserve Advisors. Mr. Walker is responsible for the inspection and analysis of the condition of clients' properties, and recommending engineering solutions to prolong the lives of the components. He also forecasts capital expenditures for the repair and/or replacement of the property components and prepares technical reports on assignments. He is responsible for conducting Life Cycle Cost Analyses and Capital Replacement Forecast services and the preparation of Reserve Study Reports for condominiums, townhomes, planned unit developments and homeowner associations.

The following is a partial list of clients served by Jon Walker demonstrating the breadth of experiential knowledge of community associations in construction and related systems.

Jefferson Chase Condominium is a four-building condominium-style community located in Frederick Maryland that features construction elements that date back to 1955. Jefferson Chase utilizes a variety of unique amenities including a fitness center, outdoor picnic and grilling area, and playground. The community also features a wide-ranging collection of exterior building elements including modified bitumen and EPDM flat roofs, concrete balconies, and masonry.

The Ponds at Chesterbrook are located in the Northwest suburbs of Philadelphia, Pennsylvania. The community is home to 48 units across 15 buildings that range in styles from condominiums and townhomes to lofts and single family homes. Constructed in 1983, The Ponds contain a variety of stone masonry chimneys in addition to two ponds.

Parker House – Located in downtown Washington, D.C., this well-known six-story midrise dates back to 1928. Converted to condominiums in 1978, Parker House now services 55 units and lay in the heart of the Wakefield neighborhood. The mid-rise features a unique blend of masonry and limestone exteriors and decorative terrazzo interior lobby floor coverings.

Quaker Hill Condominium – Built in 1991, Quaker Hill is located within the Taylor Run neighborhood in Alexandria, Virginia. The large midrise contains various unique elements including elevated and on-grade breezeways, hydraulic elevators, balconies, terraces, and large concrete retaining walls.

King James Landing is a waterfront community built in 1987 and located in Annapolis, Maryland. Residents enjoy a marina that backs up to Back Creek Harbor, a service waterway to the Chesapeake Bay. King James Landing represents a wide range of exterior styles and time periods within the attached-home style community. Features of King James Landing include a gate entry system, retaining walls, wood decks, bulkheads, and docks.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, Mr. Walker attended Virginia Tech University in Blacksburg, Virginia where he attained his Bachelor of Science degree in Aerospace Engineering. His studies largely focused on application of the principles of science and mathematics to develop cost-effective solutions to technical problems.

EDUCATION

Virginia Tech University – B.S. Aerospace Engineering

PROFESSIONAL AFFILIATIONS

Reserve Specialist (RS) – Community Association Institute

RESOURCES

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

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

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

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

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

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

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

7. DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8. PROFESSIONAL SERVICE CONDITIONS

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

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

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

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

Report - RA will complete the services in accordance with the Proposal. The Report represents a valid opinion of RA's findings and recommendations with respect to the reserve study and is deemed complete. RA will consider any additional information made available to RA within 6 months of issuing the Report and issue a revised Report based on such additional information if a timely request for a revised Report is made by you. RA retains the right to withhold a revised Report if payment for services was not tendered in a timely manner. All information received by RA and all files, work papers or documents developed by RA during the course of the engagement shall remain the property of

RA and may be used for whatever purpose it sees fit. RA reserves the right to, and you acknowledge and agree that RA may, use any data provided by you in connection with the services, or gathered as a result of providing such services, including in connection with creating and issuing any Report, in a de-identified and aggregated form for RA's business purposes.

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

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

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

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

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