



Reserve Study
for the
Corrotoman By The Bay Association
Lancaster, Virginia

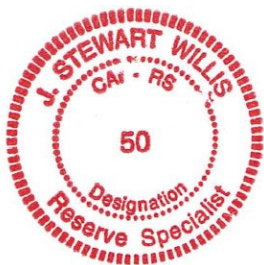


Service: Level 2 (Modified) / Update with Site Visit

5/28/2025; Revised 6/23/2025
Client : 25-0146

Approved by the CBTB Board of Directors
on September 13, 2025

J. Stewart Willis, RS, EBP
Reserve Specialist #50



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Community Description

The Corrotoman By The Bay Association is a planned residential common interest community consisting of 123 single family homes located across 663 original lots (45 lots are owned by the Association). An average completion year of 1967 is used for the purposes of the reserve analysis. This analysis was completed as a 'modified' Level II Update Study with Site Visit and therefore relies on the quantities approved and provided by the Association, and as cross-checked to the previous study prepared by Miller-Dodson with latest revision December 1, 2020.

The Association maintains a clubhouse facility, certain asphalt-paved roadways and parking areas, gravel roadways and parking, and a marina dock. The clubhouse facility includes on-site recreational amenities such as tennis courts, an outdoor swimming pool, and a picnic pavilion.

The community is located off Sullavan's Road and Western Branch Road, in Lancaster, Virginia. The primary feeder roads through the community are the asphalt-paved Corrotoman and Bayview Drives. Corrotoman Drive is maintained by Virginia Department of Transportation (VDOT) up to Bayview Drive, as is the Bayview Drive loop. The community is situated on the west bank of the Western Branch of the Corrotoman River, immediately north of its juncture with Senior Creek, and approximately 2 miles up-river from the Merry Point Ferry.

Executive Summary and Recommendations

The function of a Reserve Study is to inform and advise the Community Association as to the likely capital expenditures for replacement and major maintenance of commonly owned elements of the community over time, and the required annual contributions to the reserve fund needed to avoid having to levy special assessments or seek financing to support the projected future expenditures.

There are 77 component line items in the Reserve Schedule (Page 5) with an estimated one-time replacement cost of \$1,361,280. The total of projected expenditures over the initial 30-year period is \$1,352,013.80.

This analysis has been prepared to assist the Association with the planning for their next Fiscal / Budget Year and so is meant to reflect the physical conditions and the initial fund balance (approximately **\$21,000**) as of **March 1, 2026**.

The '**Full Funding**' or '**Component Method**' funding requirement calculation results in a minimum initial year annual contribution of **\$170,679**.

The '**10% Threshold Cash Flow Method**', which uses a minimum closing balance of 10% of the total estimated expenditures over the initial 30-year period (above), results in a minimum annual contribution of **\$64,700 (see Note #4 regarding modified Cash Flow calculations used)**.

The '**5% Threshold Cash Flow Method**' uses a minimum closing balance of 5% of the total estimated expenditures over the initial 30-year period (above), and results in a minimum annual contribution of **\$59,800 (see Graph of Projected Closing Balances, Figure 1, next page)**.

Blue Ridge Reserves recommends that communities fund capital reserves to at least the 5% Threshold Cash Flow Method level, which in this case is **\$59,800 per year**. The reported annual reserve contribution for Year 2024 is **\$63,500** and is just 1.9% less than the 10% threshold cash flow method contribution recommended by this analysis. The Association appears to be funding at an appropriate level, in today's dollars, to cover the projected expenditures over the initial 30-year period. Reserve studies should be updated, at least for inflation, every 2-1/2 years, and including a site visit every 5 years.

Reserve studies assume that the community association is funding for the forecast expenditures using regular (i.e., annual, quarterly, or monthly), budgeted contributions to a reserve fund (meaning an account set aside for the sole purpose of funding capital reserves).

Note that any deferral of capital replacements and/or major maintenance work tends to result in a gradual decrease in property values as the common elements and overall appearance of the community degrade over time. Any deferrals often result in the eventual replacement costs increasing significantly due to more extensive deterioration and additional damage to other common elements (for example, a roof that has leaked for several years will likely require a greater amount of deck sheathing replacement).

Summary Of Funding Calculations

General Information

Common Interest Association Name: Corrotoman By The Bay

Number of Ownership Units / Dwellings: 123

Location: Lancaster, Virginia

Level of Reserve Study:

Prepared for Fiscal /

Budget Year: 2026

Starting Fund Balance: \$21,000

Level II Update with Site Visit, Physical Condition
Observations, and Limited Quantity Verifications

Time Window of Analysis: 30 years

Financial Analysis Summary

Full Funding Method, or Component Method Analysis

Fully Funded Required Balance for Start of Fiscal Year: \$406,660

Projected Balance for Start of Fiscal Year under Current Funding Level: \$21,000

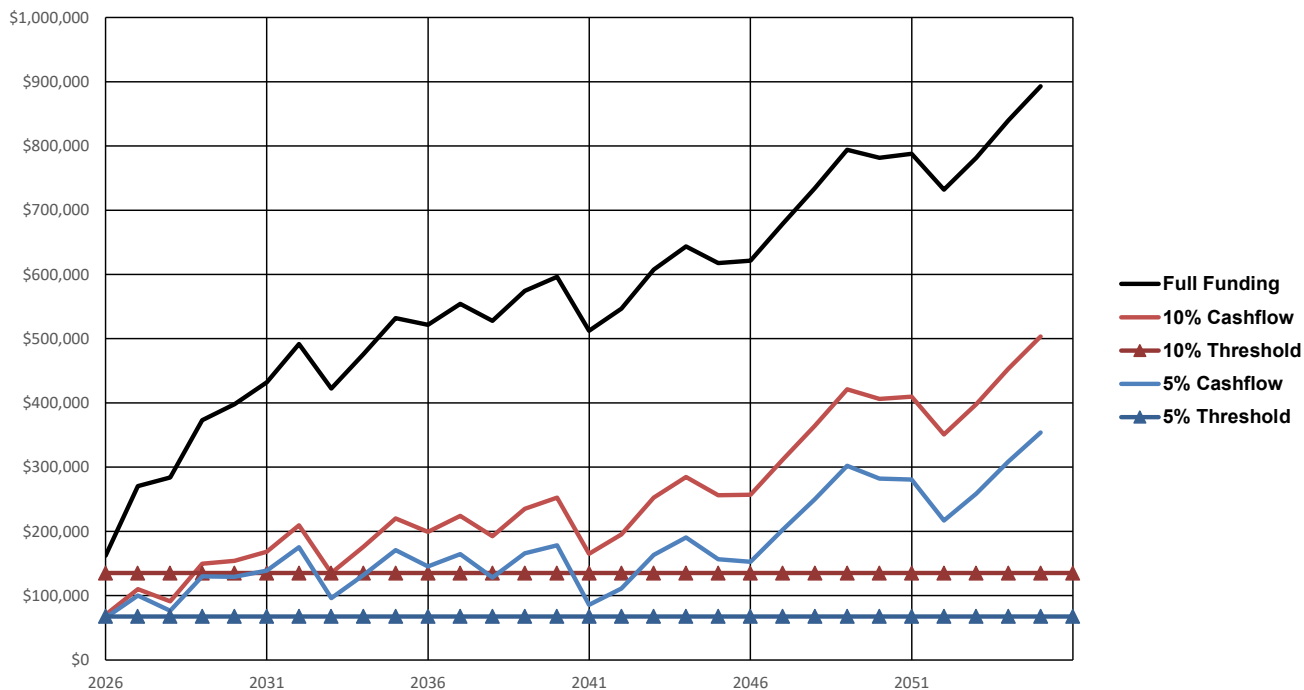
Percent Funded under Full Funding Calculation: 5.16% (see Full Funding in Glossary)

Annualized Funding Recommendations / Three (3) Acceptable Strategies

Approved Funding Strategies	Annual Contribution	Min. Balance	Max. Balance
Full Funding Method	\$170,679	\$162,064	\$892,688
Cash Flow Method with 10% Threshold	\$64,700	\$70,500	\$503,209
Cash Flow Method with 5% Threshold	\$59,800	\$65,600	\$354,009

Graph of Projected Closing Balances; Three Funding Levels

Comparison of Fund Projection End of Year Balances



The Reserve Schedule (Line-Item Component Data)

For Fiscal Year: 2026

TUL: Typical Useful Life

RUL: Remaining Useful Life

#	Description	TUL	RUL	Quantity	Unit	Unit Cost	Total Cost	Note #
1	AMENITY, Basketball, Concrete court & backstop	30	3	1	LS	\$5,900.00	\$5,900	5
2	AMENITY, Boat Dock, Boat ramp, concrete	30	7	700	SF	\$20.00	\$14,000	6
3	AMENITY, Boat Dock, Bulkhead, cap,	15	9	350	LF	\$18.00	\$6,300	6
4	AMENITY, Boat Dock, Bulkhead, replace (across the cove)	40	16	75	LF	\$0.00	\$0	6, 18
5	AMENITY, Boat Dock, Bulkhead, replace (LH of ramp)	40	11	130	LF	\$250.00	\$32,500	6
6	AMENITY, Boat Dock, Bulkhead, replace (RH of ramp)	40	39	350	LF	\$250.00	\$87,500	6
7	AMENITY, Boat Dock, Channel dredging	10	4	1	LS	\$30,000.00	\$30,000	6
8	AMENITY, Boat Dock, Pier decking	20	18	1,300	SF	\$19.00	\$24,700	6
9	AMENITY, Boat Dock, Pier decking reseal	5	4	1,300	SF	\$2.25	\$2,925	6
10	AMENITY, Boat Dock, Pier structure	30	12	1,300	SF	\$34.00	\$44,200	6
11	AMENITY, Boat Dock, Piling, freestanding	30	12	14	EA	\$1,100.00	\$15,400	6
12	AMENITY, Playground, Tot lot play equipment	25	1	1	LS	\$25,000.00	\$25,000	5
13	AMENITY, Playground, Weed barrier, eng. wood mulch, landscaping	3	0	1	LS	\$0.00	\$0	5, 17
14	AMENITY, Shuffleboard, Resurface, concrete	10	1	1	LS	\$0.00	\$0	5, 17
15	AMENITY, Swimming Pool, Chem. controller, acid pump, backup chlorine system	12	12	1	LS	\$3,000.00	\$3,000	7
16	AMENITY, Swimming Pool, Commercial salt chlorine generator	15	15	1	LS	\$10,000.00	\$10,000	7
17	AMENITY, Swimming Pool, Coping and tile	30	30	206	LF	\$78.00	\$16,068	7
18	AMENITY, Swimming Pool, Deck furniture, allowance	7	0	1	LS	\$2,000.00	\$2,000	7
19	AMENITY, Swimming Pool, Deck, concrete	30	30	3,800	SF	\$19.75	\$75,050	7
20	AMENITY, Swimming Pool, Equipment building	40	40	180	SF	\$170.00	\$30,600	7
21	AMENITY, Swimming Pool, Filtration equipment	15	15	2	EA	\$8,000.00	\$16,000	7
22	AMENITY, Swimming Pool, Perimeter fence, 5' (aluminum)	35	35	334	LF	\$48.00	\$16,032	7
23	AMENITY, Swimming Pool, Pump (5 hp)	10	10	1	EA	\$4,685.00	\$4,685	7
24	AMENITY, Swimming Pool, Rugged mesh pool cover	12	12	2,800	SF	\$5.00	\$14,000	7
25	AMENITY, Swimming Pool, Shade sails w/stainless steel posts	15	15	220	SF	\$13.65	\$3,003	7
26	AMENITY, Swimming Pool, Shell, resurfacing (quartz)	15	15	1,875	SF	\$24.00	\$45,000	7
27	AMENITY, Swimming Pool, Shell, structure	50	50	2,146	SF	\$153.00	\$328,338	7
28	AMENITY, Swimming Pool, Shower/footbath/apron	20	20	1	EA	\$3,500.00	\$3,500	7
29	AMENITY, Tennis Court, Color coat	8	8	13,200	SF	\$1.20	\$15,840	8
30	AMENITY, Tennis Court, Drainage swale	40	10	1	LS	\$8,000.00	\$8,000	8
31	AMENITY, Tennis Court, net posts & footings	24	19	2	PR	\$1,600.00	\$3,200	8
32	AMENITY, Tennis Court, Perimeter fence, chain link	35	30	450	LF	\$33.50	\$15,075	8
33	AMENITY, Tennis Court, Tennis court, resurface/overlay	24	19	13,200	SF	\$5.80	\$76,560	8
34	BUILDING, Cladding, Vinyl siding & trim, CH	35	4	1,575	SF	\$8.90	\$14,018	9
35	BUILDING, Cladding, Vinyl siding & trim, SS	35	4	750	SF	\$8.90	\$6,675	10
36	BUILDING, Cladding, Wood siding & trim, T-111, PS	30	9	256	SF	\$0.00	\$0	11, 17
37	BUILDING, Concrete, Concrete apron, SS	40	6	60	SF	\$0.00	\$0	10, 17
38	BUILDING, Concrete, Concrete slab, 10%, PS	20	10	75	SF	\$0.00	\$0	11, 17
39	BUILDING, Domestic Water, Water heater, electric, 30 gal., CH	15	0	2	EA	\$1,300.00	\$2,600	9
40	BUILDING, Doors, Bathroom Door, exterior, wood, 6-panel, CH	25	19	2	EA	\$1,500.00	\$3,000	9
41	BUILDING, Doors, Entry door, composite, 1/2 glass, CH	25	9	1	EA	\$2,000.00	\$2,000	9
42	BUILDING, Doors, Entry door, composite, fan window, CH	25	9	1	EA	\$2,000.00	\$2,000	9
43	BUILDING, Doors, Entry door, metal, 6-panel, CH	25	9	1	EA	\$0.00	\$0	9, 17

BLUE RIDGE RESERVES, LLC

#	Description	TUL	RUL	Quantity	Unit	Unit Cost	Total Cost	Note #
44	BUILDING, Doors, Entry door, wood, 1/2 glass, SS	25	0	1	EA	\$0.00	\$0	10, 17
45	BUILDING, Doors, Garage door, fiberglass, 7x12, SS	25	0	1	EA	\$2,000.00	\$2,000	10
46	BUILDING, Electrical, Emergency generator, 20kw, CH	30	15	1	EA	\$15,000.00	\$15,000	9
47	BUILDING, Flooring, Ceramic, restrooms, CH	30	6	245	SF	\$0.00	\$0	9, 17
48	BUILDING, Flooring, Interior carpet, CH	10	6	156	SY	\$36.00	\$5,616	9
49	BUILDING, Flooring, Vinyl sheet, kitchen, CH	20	6	200	SF	\$0.00	\$0	9, 17
50	BUILDING, Interior, Interior painting, CH	8	6	1	LS	\$4,500.00	\$4,500	9
51	BUILDING, Interior, Restroom, renovate, men's, CH	25	4	125	SF	\$30.00	\$3,750	9
52	BUILDING, Interior, Restroom, renovate, women's, CH	25	0	120	SF	\$30.00	\$3,600	9
53	BUILDING, Kitchen, Kitchen, appliances, CH	10	6	1	LS	\$5,000.00	\$5,000	9
54	BUILDING, Kitchen, Kitchen, cabinets, CH	30	6	22	SF	\$235.00	\$5,170	9
55	BUILDING, Kitchen, Kitchen, countertop, laminate, CH	30	6	22	SF	\$0.00	\$0	9, 17
56	BUILDING, Mechanical, HVAC, split system, CH	25	12	1	LS	\$12,000.00	\$12,000	9
57	BUILDING, Roofs, Asphalt/fiberglass shingles, CH	30	7	16	SQ	\$485.00	\$7,954	9
58	BUILDING, Roofs, Asphalt/fiberglass shingles, PS	30	7	11	SQ	\$485.00	\$5,335	11
59	BUILDING, Roofs, Asphalt/fiberglass shingles, SS	30	7	8	SQ	\$485.00	\$4,026	10
60	BUILDING, Roofs, Gutter & downspout, 5", CH	30	10	124	LF	\$0.00	\$0	9, 17
61	BUILDING, Roofs, Low-slope, membrane, CH	20	7	8	SQ	\$1,200.00	\$10,080	9
62	BUILDING, Security, Key entry system, CH	15	0	1	LS	\$5,000.00	\$5,000	9
63	BUILDING, Wastewater, Septic tank & drain field, CH	50	10	1	LS	\$9,500.00	\$9,500	9
64	BUILDING, Windows, Window, opening, CH	35	13	18.0	ea	\$800.00	\$14,400	9
65	BUILDING, Windows, Window, opening, SS	35	4	4.0	ea	\$800.00	\$3,200	10
66	SITE, Accessories, Community sign	25	5	1.0	LS	\$2,500.00	\$2,500	12
67	SITE, Accessories, Flagpole, boat dock	40	6	1.0	ea	\$3,065.00	\$3,065	12
68	SITE, Accessories, Flagpole, CH	40	2	1	ea	\$3,635.00	\$3,635	12
69	SITE, Fence, Fence, 2-rail (vinyl) at clubhouse	30	10	272	LF	\$28.00	\$7,616	13
70	SITE, Asphalt Roads, Asphalt overlay, Corrotoman Extended	24	7	3,222	SY	\$16.00	\$51,552	14
71	SITE, Asphalt Roads, Asphalt overlay, Cove Lane	24	7	488	SY	\$16.00	\$7,808	14
72	SITE, Asphalt Roads, Asphalt overlay, Dock Road, to gravel	24	7	976	SY	\$16.00	\$15,616	14
73	SITE, Asphalt Roads, Asphalt overlay, East Highview	24	2	4,310	SY	\$16.00	\$68,960	14
74	SITE, Asphalt Roads, Asphalt overlay, Landsend East	24	2	698	SY	\$16.00	\$11,173	14
75	SITE, Asphalt Roads, Asphalt overlay, parking lot, CH	24	7	1,283	SY	\$16.00	\$20,533	14
76	SITE, Gravel Roads, Power grading & gravel replenishment	5	5	25,958	SY	\$1.85	\$48,022	15
77	SITE, Walkway, Sidewalk, concrete, 6%	10	5	69	SF	\$0.00	\$0	16, 17

Full Funding / Component Method Schedule

Actual Fund Balance: \$21,000

Full Funding Calculated Required Fund Balance (Initial Year): \$406,660

Percent Funded Calculation: 5.16%

Total Basic Annual Contribution: \$59,677

Total Make-up Amount (Initial Year): \$111,001

Total Annual Contribution (Initial Year): \$170,679

#	Description	Replacement Cost	% Share of Total	Required Fund	Actual Fund	Over / Short	TUL	Effective Age	Basic Annual	Make-Up Amount	Total Annual
1	AMENITY - Basketball - Concrete court & backstop	\$5,900	0.43%	\$5,310	\$274	(\$5,036)	30	27	\$197	\$1,679	\$1,875
2	AMENITY - Boat Dock - Boat ramp, concrete	\$14,000	1.03%	\$10,733	\$554	(\$10,179)	30	23	\$467	\$1,454	\$1,921
3	AMENITY - Boat Dock - Bulkhead, cap,	\$6,300	0.46%	\$2,520	\$130	(\$2,390)	15	6	\$420	\$266	\$686
4	AMENITY - Boat Dock - Bulkhead, replace (across the cove)	\$0		\$0	\$0	\$0	40	24	\$0	\$0	\$0
5	AMENITY - Boat Dock - Bulkhead, replace (LH of ramp)	\$32,500	2.39%	\$23,563	\$1,217	(\$22,346)	40	29	\$813	\$2,031	\$2,844
6	AMENITY - Boat Dock - Bulkhead, replace (RH of ramp)	\$87,500	6.43%	\$2,188	\$113	(\$2,075)	40	1	\$2,188	\$53	\$2,241
7	AMENITY - Boat Dock - Channel dredging	\$30,000	2.20%	\$18,000	\$930	(\$17,070)	10	6	\$3,000	\$4,268	\$7,268
8	AMENITY - Boat Dock - Pier decking	\$24,700	1.81%	\$2,470	\$128	(\$2,342)	20	2	\$1,235	\$130	\$1,365
9	AMENITY - Boat Dock - Pier decking reseal	\$2,925	0.21%	\$585	\$30	(\$555)	5	1	\$585	\$139	\$724
10	AMENITY - Boat Dock - Pier structure	\$44,200	3.25%	\$26,520	\$1,369	(\$25,151)	30	18	\$1,473	\$2,096	\$3,569
11	AMENITY - Boat Dock - Piling, freestanding	\$15,400	1.13%	\$9,240	\$477	(\$8,763)	30	18	\$513	\$730	\$1,244
12	AMENITY - Playground - Tot lot play equipment	\$25,000	1.84%	\$24,000	\$1,239	(\$22,761)	25	24	\$1,000	\$22,761	\$23,761
13	AMENITY - Playground - Weed barrier, eng. wood mulch, landscaping	\$0		\$0	\$0	\$0	3	3	\$0	\$0	\$0
14	AMENITY - Shuffleboard - Resurface, concrete	\$0		\$0	\$0	\$0	10	9	\$0	\$0	\$0
15	AMENITY - Swimming Pool - Chem. controller, acid pump, backup chlorine system	\$3,000	0.22%	\$0	\$0	\$0	12		\$250	\$0	\$250
16	AMENITY - Swimming Pool - Commercial salt chlorine generator	\$10,000	0.73%	\$0	\$0	\$0	15		\$667	\$0	\$667
17	AMENITY - Swimming Pool - Coping and tile	\$16,068	1.18%	\$0	\$0	\$0	30		\$536	\$0	\$536
18	AMENITY - Swimming Pool - Deck furniture, allowance	\$2,000	0.15%	\$2,000	\$103	(\$1,897)	7	7	\$286	\$1,897	\$2,182

BLUE RIDGE RESERVES, LLC

#	Description	Replacement Cost	% Share of Total	Required Fund	Actual Fund	Over / Short	TUL	Effective Age	Basic Annual	Make-Up Amount	Total Annual
19	AMENITY - Swimming Pool - Deck, concrete	\$75,050	5.51%	\$0	\$0	\$0	30		\$2,502	\$0	\$2,502
20	AMENITY - Swimming Pool - Equipment building	\$30,600	2.25%	\$0	\$0	\$0	40		\$765	\$0	\$765
21	AMENITY - Swimming Pool - Filtration equipment	\$16,000	1.18%	\$0	\$0	\$0	15		\$1,067	\$0	\$1,067
22	AMENITY - Swimming Pool - Perimeter fence, 5' (aluminum)	\$16,032	1.18%	\$0	\$0	\$0	35		\$458	\$0	\$458
23	AMENITY - Swimming Pool - Pump (5 hp)	\$4,685	0.34%	\$0	\$0	\$0	10		\$469	\$0	\$469
24	AMENITY - Swimming Pool - Rugged mesh pool cover	\$14,000	1.03%	\$0	\$0	\$0	12		\$1,167	\$0	\$1,167
25	AMENITY - Swimming Pool - Shade sails w/stainless steel posts	\$3,003	0.22%	\$0	\$0	\$0	15		\$200	\$0	\$200
26	AMENITY - Swimming Pool - Shell, resurfacing (quartz)	\$45,000	3.31%	\$0	\$0	\$0	15		\$3,000	\$0	\$3,000
27	AMENITY - Swimming Pool - Shell, structure	\$328,338	24.12%	\$0	\$0	\$0	50		\$6,567	\$0	\$6,567
28	AMENITY - Swimming Pool - Shower/footbath/apron	\$3,500	0.26%	\$0	\$0	\$0	20		\$175	\$0	\$175
29	AMENITY - Tennis Court - Color coat	\$15,840	1.16%	\$0	\$0	\$0	8		\$1,980	\$0	\$1,980
30	AMENITY - Tennis Court - Drainage swale	\$8,000	0.59%	\$6,000	\$310	(\$5,690)	40	30	\$200	\$569	\$769
31	AMENITY - Tennis Court - net posts & footings	\$3,200	0.24%	\$667	\$34	(\$632)	24	5	\$133	\$33	\$167
32	AMENITY - Tennis Court - Perimeter fence, chain link	\$15,075	1.11%	\$2,154	\$111	(\$2,042)	35	5	\$431	\$68	\$499
33	AMENITY - Tennis Court - Tennis court, resurface/overlay	\$76,560	5.62%	\$15,950	\$824	(\$15,126)	24	5	\$3,190	\$796	\$3,986
34	BUILDING - Cladding - Vinyl siding & trim, CH	\$14,018	1.03%	\$12,416	\$641	(\$11,774)	35	31	\$401	\$2,944	\$3,344
35	BUILDING - Cladding - Vinyl siding & trim, SS	\$6,675	0.49%	\$5,912	\$305	(\$5,607)	35	31	\$191	\$1,402	\$1,592
36	BUILDING - Cladding - Wood siding & trim, T-111, PS	\$0		\$0	\$0	\$0	30	21	\$0	\$0	\$0
37	BUILDING - Concrete - Concrete apron, SS	\$0		\$0	\$0	\$0	40	34	\$0	\$0	\$0
38	BUILDING - Concrete - Concrete slab, 10%, PS	\$0		\$0	\$0	\$0	20	10	\$0	\$0	\$0
39	BUILDING - Domestic Water - Water heater, electric, 30 gal., CH	\$2,600	0.19%	\$2,600	\$134	(\$2,466)	15	15	\$173	\$2,466	\$2,639

BLUE RIDGE RESERVES, LLC

#	Description	Replacement Cost	% Share of Total	Required Fund	Actual Fund	Over / Short	TUL	Effective Age	Basic Annual	Make-Up Amount	Total Annual
40	BUILDING - Doors - Bathroom Door, exterior, wood, 6-panel, CH	\$3,000	0.22%	\$720	\$37	(\$683)	25	6	\$120	\$36	\$156
41	BUILDING - Doors - Entry door, composite, 1/2 glass, CH	\$2,000	0.15%	\$1,280	\$66	(\$1,214)	25	16	\$80	\$135	\$215
42	BUILDING - Doors - Entry door, composite, fan window, CH	\$2,000	0.15%	\$1,280	\$66	(\$1,214)	25	16	\$80	\$135	\$215
43	BUILDING - Doors - Entry door, metal, 6-panel, CH	\$0		\$0	\$0	\$0	25	16	\$0	\$0	\$0
44	BUILDING - Doors - Entry door, wood, 1/2 glass, SS	\$0		\$0	\$0	\$0	25	25	\$0	\$0	\$0
45	BUILDING - Doors - Garage door, fiberglass, 7x12, SS	\$2,000	0.15%	\$2,000	\$103	(\$1,897)	25	25	\$80	\$1,897	\$1,977
46	BUILDING - Electrical - Emergency generator, 20kw, CH	\$15,000	1.10%	\$7,500	\$387	(\$7,113)	30	15	\$500	\$474	\$974
47	BUILDING - Flooring - Ceramic, restrooms, CH	\$0		\$0	\$0	\$0	30	24	\$0	\$0	\$0
48	BUILDING - Flooring - Interior carpet, CH	\$5,616	0.41%	\$2,246	\$116	(\$2,130)	10	4	\$562	\$355	\$917
49	BUILDING - Flooring - Vinyl sheet, kitchen, CH	\$0		\$0	\$0	\$0	20	14	\$0	\$0	\$0
50	BUILDING - Interior - Interior painting, CH	\$4,500	0.33%	\$1,125	\$58	(\$1,067)	8	2	\$563	\$178	\$740
51	BUILDING - Interior - Restroom, renovate, men's, CH	\$3,750	0.28%	\$3,150	\$163	(\$2,987)	25	21	\$150	\$747	\$897
52	BUILDING - Interior - Restroom, renovate, women's, CH	\$3,600	0.26%	\$3,600	\$186	(\$3,414)	25	25	\$144	\$3,414	\$3,558
53	BUILDING - Kitchen - Kitchen, appliances, CH	\$5,000	0.37%	\$2,000	\$103	(\$1,897)	10	4	\$500	\$316	\$816
54	BUILDING - Kitchen - Kitchen, cabinets, CH	\$5,170	0.38%	\$4,136	\$214	(\$3,922)	30	24	\$172	\$654	\$826
55	BUILDING - Kitchen - Kitchen, countertop, laminate, CH	\$0		\$0	\$0	\$0	30	24	\$0	\$0	\$0
56	BUILDING - Mechanical - HVAC, split system, CH	\$12,000	0.88%	\$6,240	\$322	(\$5,918)	25	13	\$480	\$493	\$973
57	BUILDING - Roofs - Asphalt/fiberglass shingles, CH	\$7,954	0.58%	\$6,098	\$315	(\$5,783)	30	23	\$265	\$826	\$1,091
58	BUILDING - Roofs - Asphalt/fiberglass shingles, PS	\$5,335	0.39%	\$4,090	\$211	(\$3,879)	30	23	\$178	\$554	\$732
59	BUILDING - Roofs - Asphalt/fiberglass shingles, SS	\$4,026	0.30%	\$3,086	\$159	(\$2,927)	30	23	\$134	\$418	\$552

BLUE RIDGE RESERVES, LLC

#	Description	Replacement Cost	% Share of Total	Required Fund	Actual Fund	Over / Short	TUL	Effective Age	Basic Annual	Make-Up Amount	Total Annual
60	BUILDING - Roofs - Gutter & downspout, 5", CH	\$0		\$0	\$0	\$0	30	20	\$0	\$0	\$0
61	BUILDING - Roofs - Low-slope, membrane, CH	\$10,080	0.74%	\$6,552	\$338	(\$6,214)	20	13	\$504	\$888	\$1,392
62	BUILDING - Security - Key entry system, CH	\$5,000	0.37%	\$5,000	\$258	(\$4,742)	15	15	\$333	\$4,742	\$5,075
63	BUILDING - Wastewater - Septic tank & drain field, CH	\$9,500	0.70%	\$7,600	\$392	(\$7,208)	50	40	\$190	\$721	\$911
64	BUILDING - Windows - Window, opening, CH	\$14,400	1.06%	\$9,051	\$467	(\$8,584)	35	22	\$411	\$660	\$1,072
65	BUILDING - Windows - Window, opening, SS	\$3,200	0.24%	\$2,834	\$146	(\$2,688)	35	31	\$91	\$672	\$763
66	SITE - Accessories - Community sign	\$2,500	0.18%	\$2,000	\$103	(\$1,897)	25	20	\$100	\$379	\$479
67	SITE - Accessories - Flagpole, boat dock	\$3,065	0.23%	\$2,605	\$135	(\$2,471)	40	34	\$77	\$412	\$488
68	SITE - Accessories - Flagpole, CH	\$3,635	0.27%	\$3,453	\$178	(\$3,275)	40	38	\$91	\$1,637	\$1,728
69	SITE - Fence - Fence, 2-rail (vinyl) at clubhouse	\$7,616	0.56%	\$5,077	\$262	(\$4,815)	30	20	\$254	\$482	\$735
70	SITE - Asphalt Roads - Asphalt overlay, Corrotoman Extended	\$51,552	3.79%	\$36,516	\$1,886	(\$34,630)	24	17	\$2,148	\$4,947	\$7,095
71	SITE - Asphalt Roads - Asphalt overlay, Cove Lane	\$7,808	0.57%	\$5,531	\$286	(\$5,245)	24	17	\$325	\$749	\$1,075
72	SITE - Asphalt Roads - Asphalt overlay, Dock Road, to gravel	\$15,616	1.15%	\$11,061	\$571	(\$10,490)	24	17	\$651	\$1,499	\$2,149
73	SITE - Asphalt Roads - Asphalt overlay, East Highview	\$68,960	5.07%	\$63,213	\$3,264	(\$59,949)	24	22	\$2,873	\$29,974	\$32,848
74	SITE - Asphalt Roads - Asphalt overlay, Landsend East	\$11,173	0.82%	\$10,242	\$529	(\$9,713)	24	22	\$466	\$4,857	\$5,322
75	SITE - Asphalt Roads - Asphalt overlay, parking lot, CH	\$20,533	1.51%	\$14,544	\$751	(\$13,793)	24	17	\$856	\$1,970	\$2,826
76	SITE - Gravel Roads - Power grading & gravel replenishment	\$48,022	3.53%	\$0	\$0	\$0	5		\$9,604	\$0	\$9,604
77	SITE - Walkway - Sidewalk, concrete, 6"	\$0		\$0	\$0	\$0	10	5	\$0	\$0	\$0

Financial Analysis

The reserve study financial analysis consists of a series of calculation tables and associated summary of results and graphs, which represent the community's current common element devaluation, the forecast capital reserve expenditures, and the projected cash flow requirements, to determine annualized funding requirements.

The reserve funding analysis, although based on the same data set in each scenario, is presented with a Full Funding Method calculation, as well as two (2) different levels of Cash Flow Threshold Method funding calculations (using different minimum 'threshold' balances) to permit the Association to examine its possible reserve funding strategy options. Note that cash flow and component methodologies cannot be directly compared on a line item by line-item basis due to the different mathematics involved.

This reserve analysis is intended as a guide for the Association to use when planning their fiscal year budget; however, certain states and jurisdictions may have specific legislation regarding community reserves.

Blue Ridge Reserves, LLC recommends that common interest community associations update their reserve study every two (2) to three (3) years to allow the updating of estimated replacement costs to reflect inflation, technological advances, changes in the construction industry, and current market forces, as well as for current fund balances and adjusted remaining useful lives. Florida, Maryland, New Jersey, and Virginia currently require communities to update their reserve study with a site visit-based professional analysis at least every five (5) years.

Qualifying Line-Item Components for Inclusion

In accordance with the recently updated Reserve Study Standards, as published by the Community Associations Institute (CAI) in 2023, a component should meet a 3-Part Test to be included in the Reserve Fund.

1. Ownership. The component should be identified in the founding community documents as an element that is the responsibility of the Association to maintain or replace. These components are typically referred to as common or limited common elements. Limited common elements generally serve just one, or a group of owners, and the individual owners are often responsible for routine maintenance; however, the Association is typically responsible for eventual replacement.
2. Finite Useful Life. The need and schedule for the project can be reasonably anticipated. In other words, the component should have a predictable typical useful life (TUL), and a reasonably predictable remaining useful life (RUL). Some components may be considered 'long-lived' elements, whose RUL is not yet predictable; however, these items should be identified in the reserve study for future reference during updates.
3. Substantial Cost. The cost of the project is considered 'material' to the Association and can be reasonably estimated, including direct and related costs where possible. Most communities will establish a threshold, or minimum cost, for including line-item components in the reserve schedule.

There are a few choices and business decisions to consider when deciding whether to include a project or work component in the Capital Reserve Funding Schedule.

- Budget Threshold (Substantial Cost) – The budget threshold is simply the lowest total project cost that the community Association wishes to fund using the Capital Reserve Fund. This is normally a function of the community Association's size, operating budget, maintenance budget, and administrative/fiscal history – some communities will fund a \$5,000 project out of the operating budget, while others prefer to schedule and fund a \$500 project out of the reserve budget. Many community associations never make a formal decision, leaving this decision to the professionals who prepare their Capital Reserve Fund Analyses. In accordance with the Association's resolution, we have assumed that any single line-item less than \$2,000 will be funded out of a separate maintenance or operating account.

- Federal Housing Authority / Housing & Urban Development Limitations – the federal government is the largest mortgage insurance provider in the United States. The FHA / HUD mortgage insurance programs currently require that community associations fund reserves for capital expenditures with at least ten percent (10%) of their “overall operating budget” to meet eligibility requirements for FHA mortgage insurance. Failure to maintain at least this level of funding for reserves can potentially trigger a request for a recently completed Reserve Study (less than 36 months old), Level I or II with site visit, by an independent third party, to justify any existing reserves budget that is lower than the 10% of overall.
- Maintenance Budget – No project or work should be funded in two places. All maintenance contracts for common elements should be reviewed, and any common element whose complete replacement is included in the maintenance contract should be removed from consideration in the Capital Reserve Analysis, since the Association is already allocating funds for the work.
- Operating Budget – Any common elements that the community Association is planning to replace in a series of incremental projects on an annual or irregular (as-needed) basis using the operating budget funds should be removed from consideration in the Reserve Analysis, since the community Association is already allocating funds to replace the element.
- Preventive Maintenance Budget – The community Association should compare the Reserve Schedule to their budget line items for preventive and/or corrective maintenance. Line items existing in both schedules should be removed from one or the other.
- Statutory Requirements – some jurisdictions require that certain elements are included in a reserve fund analysis, and other municipalities agree to accept responsibility for some elements (most commonly dedicated / ‘public’ roadways). Such factors cannot be determined by site inspection – the community Association will need to inform the professionals conducting the Reserve Study of these factors.
- Time Window – Certain line-item components may have very long service lives, beyond 50 or 60 years or more, such as certain plumbing, wiring, ductwork, certain types of reinforced concrete and masonry structures, etc., and may not yet present reasonably anticipated remaining useful life estimates. These line items may be considered ‘long-life’ exclusion components that are not yet being funded until such time as they become a reasonably anticipated expenditure at some point in the future. The default for our study is to include funding for any line-item component that is estimated to come due for work within the next 40 years, although certain graphs may only go out to 30 years.
- Interest and Inflation – Interest, or rate of return on fund balances, and inflation can have a significant impact on future values of replacement costs and overall cash flow requirements. When interest rates earned on the fund balances exceed inflation rates, the annualized funding requirement (budget) tends to decrease. Increasing inflation rates will generally increase the annualized funding requirement. Blue Ridge Reserves has assumed that the overall rate of inflation will exceed interest earned on balances by 0.50 to 1.0 basis (%) points. We also emphasize the need to revisit the reserve study in approximately two (2) to three (3) years for at least an ‘administrative’ (Level III) update – no site visit, to allow for periodic adjustments to estimated replacement costs and the effects of interest and inflation in real-time.

Funding Strategies

There are a few different options to consider when planning to budget for reserves, each with a different level of risk aversion. Funding goals can be categorized by their fiscal aggressiveness (willingness to risk the need to levy a special assessment or take out a loan) – more aggressive funding goals tend to result in lower annual levels of contribution to the Reserve Fund, however with associated higher risks of shortfalls requiring

special assessments or loans. The two main types of funding strategies are either component 'straight-line depreciation' based (full funding method) or projected cash flow requirement ('pooling') based.

The component-based funding methods ('full funding') calculate the yearly contributions necessary to fund the replacement of each separate common element line-item based on its own separate life cycle economics. Each element is considered separately, producing a series of distinct line-item entries of necessary contributions, which are summed to produce the total annual contribution to meet the Funding Goal.

The cash flow / threshold methods are instead based solely on the projections of the future expenditures, in terms of timing and cost. The annualized funding requirement is then determined based on the plotted expenditures, typically along with a minimum closing balance contingency amount, or "threshold".

The following funding strategies can be used by communities when planning for funding reserves:

- Full Funding Method ('Component Method', or 'Straight-line Method') This is the most conservative funding strategy for reserves. The Full Funding Method and the Fully Funded Balance calculation is best understood as an attempt to maintain the capital reserve fund at or near 100% of the common elements' straight-line depreciation. As an example: assuming element X has a life cycle of 10 years, is presently 5 years old, and has a replacement cost of \$10,000, then the full funding goal would be $\frac{5}{10} \times \$10,000$, or \$5,000 in the Capital Reserve for this item after 5 years.

For the purposes of this analysis, we have calculated a 'Basic Annual Contribution' amount for the Full Funding Method, which is simply the line-item's replacement cost divided by the typical useful life expectancy. In the above example the Basic Annual Contribution would be \$1,000 per year ($\$1,000 \times 10$ years of useful life = \$10,000). However, if there is an existing deficit in the fund, the deficit amounts (prorated to each line-item) are made up over the remaining useful life of each line-item. This additional funding is called the 'Make-Up Amount'. If, in the above example, the actual funding for the \$10,000 item was only \$4,000 after 5 years, then there would also be a Make-Up Amount of $\$1,000 / 5 = \200 over the remaining useful life of 5 years. The Total Annual Contribution required to 'fully fund' the line-item would be the Basic Annual (\$1,000) plus the Make-Up (\$200), or \$1,200 per year over the remaining 5 years (\$6,000).

Note that the Full Funding Method, as defined by the Community Associations Institute's Guide for Association Practitioner (GAP) Report #24 ("A Complete Guide to Reserve Funding & Reserve Investment Strategies", 4th edition) tends to result in an over-funded or surplus condition in future years.

- Cash Flow-Threshold Funding is typically based on an analysis of projected future cash flow requirements and presents a more moderate funding goal. The essential goal of cashflow-threshold funding is to avoid having a reserve fund balance below some predetermined contingency level (the "threshold balance"), which can be determined as a percentage of the total cost to replace the considered common elements, by some minimum absolute balance, or as some multiple of the annual contribution (such as no less than 9 months of reserve fund contributions).

Blue Ridge Reserves, LLC demonstrates two versions of cashflow-threshold funding scenarios in this study, one with a threshold balance equal to 10% of all projected future expenditures over the initial 30-year period, and one with a threshold balance equal to 5% of all projected future expenditures over the initial 30-year period. Note that Baseline Funding is essentially a cashflow-threshold funding goal where the threshold balance equals zero.

- Baseline Funding is the most aggressive funding goal commonly used by communities. Baseline funding is essentially a type of Cash Flow-Threshold Method where the 'threshold', or minimum closing balance over the timeline of the analysis, is set at zero dollars (\$0). As this funding goal provides no margin for errors, unexpected or unforeseeable expenses, or market forces, **Blue Ridge Reserves does not recommend this funding strategy.**

- Statutory Funding is a funding goal (and/or Methodology) that the community is legally obligated to meet or exceed. Such funding goals are typically the result of state or local statutes or the result of one or more provisions in the governing documents of the Community Association. The relative aggressiveness of such funding goals will vary depending upon the statute or provision involved.

Fund Projection Tables

Projection of Future Balances - Full Funding Method

Minimum Fund Balance	\$162,064	Year	2026
Maximum Fund Balance	\$892,688	Year	2055

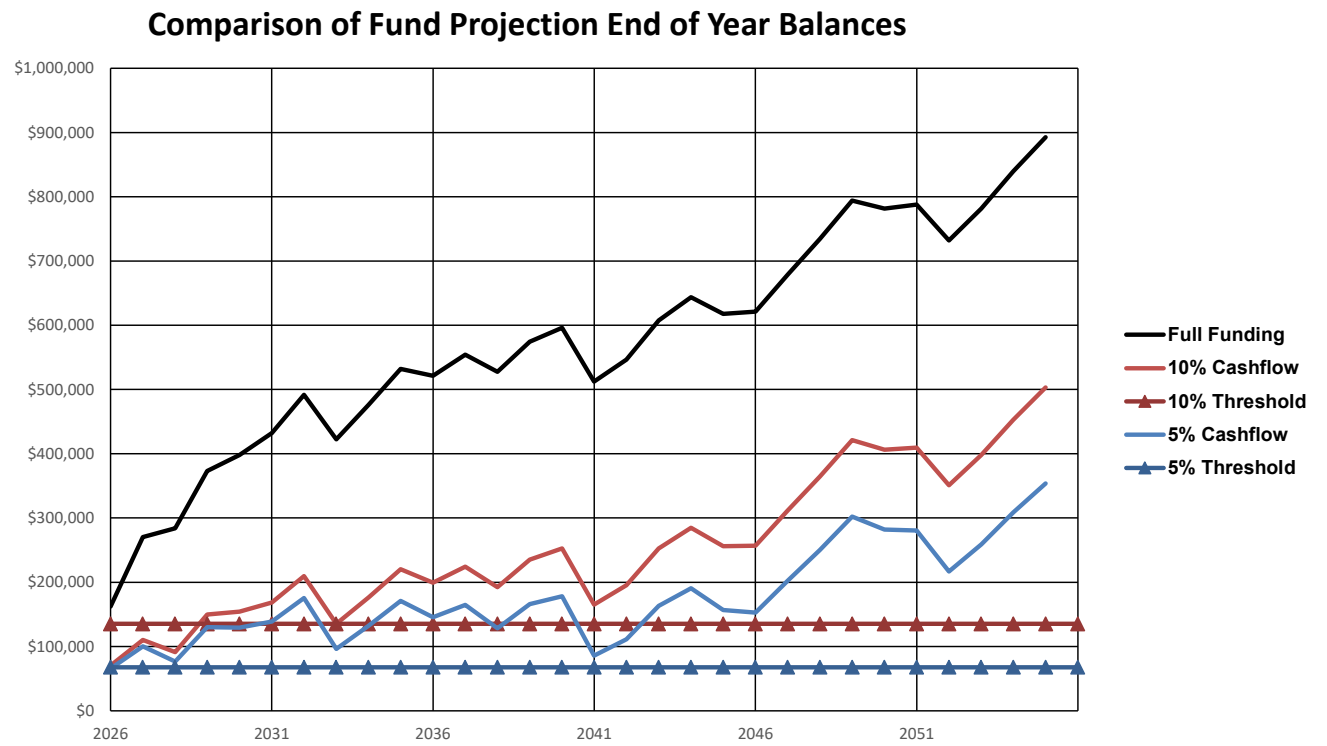
	Year	Starting Balance	Expenditures	Basic Contribution	Make-Up Amount	Total Contribution	Ending Balance
1	2026	\$21,000	\$15,200	\$59,677	\$96,586	\$156,264	\$162,064
2	2027	\$162,064	\$25,000	\$59,677	\$73,826	\$133,503	\$270,567
3	2028	\$270,567	\$83,768	\$59,677	\$37,357	\$97,034	\$283,832
4	2029	\$283,832	\$5,900	\$59,677	\$35,679	\$95,356	\$373,288
5	2030	\$373,288	\$60,568	\$59,677	\$25,508	\$85,185	\$397,906
6	2031	\$397,906	\$50,522	\$59,677	\$25,129	\$84,806	\$432,190
7	2032	\$432,190	\$23,351	\$59,677	\$23,214	\$82,891	\$491,730
8	2033	\$491,730	\$138,904	\$59,677	\$9,909	\$69,586	\$422,412
9	2034	\$422,412	\$15,840	\$59,677	\$9,909	\$69,586	\$476,158
10	2035	\$476,158	\$13,225	\$59,677	\$9,373	\$69,050	\$531,983
11	2036	\$531,983	\$77,823	\$59,677	\$7,602	\$67,279	\$521,439
12	2037	\$521,439	\$32,500	\$59,677	\$5,570	\$65,248	\$554,186
13	2038	\$554,186	\$88,600	\$59,677	\$2,251	\$61,928	\$527,515
14	2039	\$527,515	\$14,400	\$59,677	\$1,591	\$61,268	\$574,383
15	2040	\$574,383	\$39,425	\$59,677	\$1,591	\$61,268	\$596,226
16	2041	\$596,226	\$144,625	\$59,677	\$1,117	\$60,794	\$512,394
17	2042	\$512,394	\$26,456	\$59,677	\$1,117	\$60,794	\$546,732
18	2043	\$546,732	\$0	\$59,677	\$1,117	\$60,794	\$607,526
19	2044	\$607,526	\$24,700	\$59,677	\$987	\$60,664	\$643,490
20	2045	\$643,490	\$85,685	\$59,677	\$121	\$59,798	\$617,603
21	2046	\$617,603	\$56,207	\$59,677	\$121	\$59,798	\$621,194
22	2047	\$621,194	\$2,000	\$59,677	\$121	\$59,798	\$678,993
23	2048	\$678,993	\$4,500	\$59,677	\$121	\$59,798	\$734,291
24	2049	\$734,291	\$0	\$59,677	\$121	\$59,798	\$794,090
25	2050	\$794,090	\$72,065	\$59,677	\$121	\$59,798	\$781,823
26	2051	\$781,823	\$53,622	\$59,677	\$121	\$59,798	\$787,999
27	2052	\$787,999	\$115,749	\$59,677	\$121	\$59,798	\$732,048
28	2053	\$732,048	\$10,080	\$59,677	\$121	\$59,798	\$781,767
29	2054	\$781,767	\$2,000	\$59,677	\$121	\$59,798	\$839,565
30	2055	\$839,565	\$6,675	\$59,677	\$121	\$59,798	\$892,688

Projection of Future Balances – Cash Flow Method

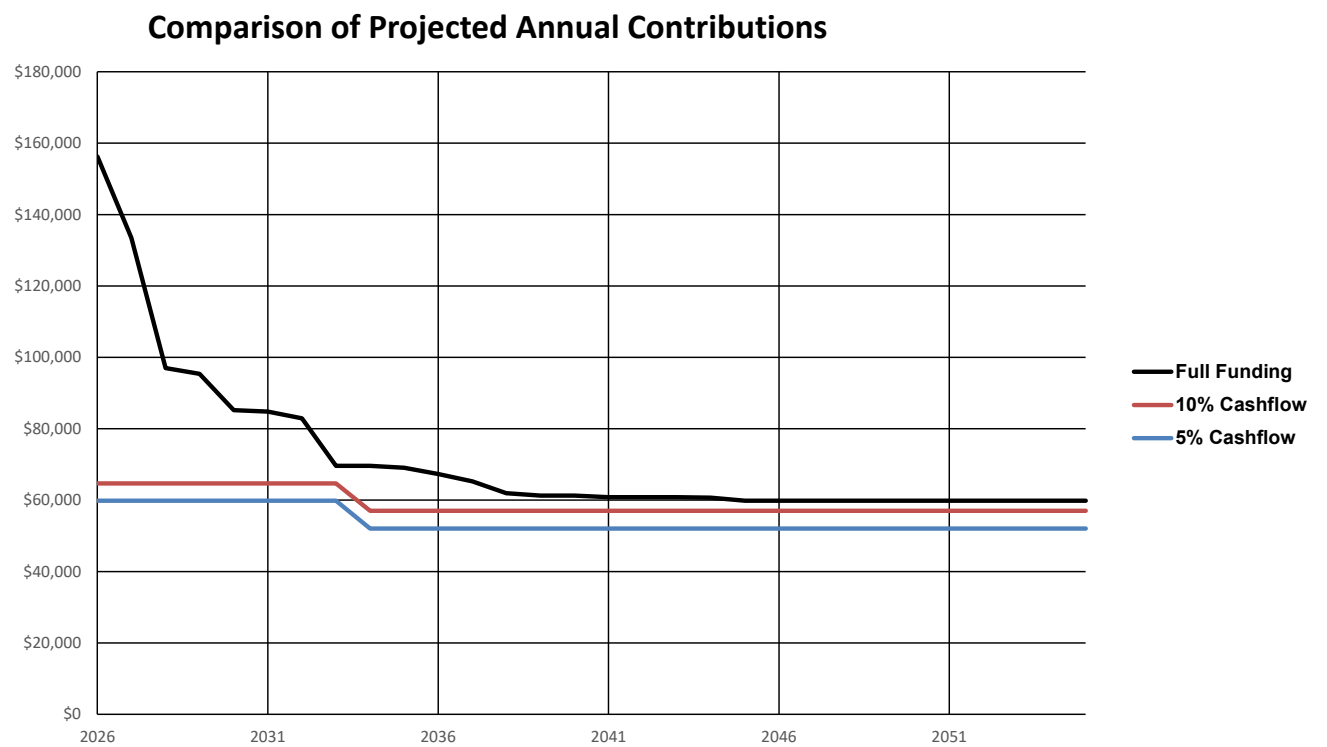
10% Cash Flow-Threshold Method	Minimum Fund Balance	\$70,500	Year	2026
	Maximum Fund Balance	\$503,209	Year	2055
5% Cash Flow-Threshold Method	Minimum Fund Balance	\$65,600	Year	2026
	Maximum Fund Balance	\$354,009	Year	2055

			Ten Percent (10%) Threshold Threshold = \$ 135,201			Five Percent (5%) Threshold Threshold = \$ 67,601		
	Fiscal Year	Expenditures	Starting Balance	Total Contributions	End Balance	Starting Balance	Total Contributions	End Balance
1	2026	(\$15,200)	\$21,000	\$64,700	\$70,500	\$21,000	\$59,800	\$65,600
2	2027	(\$25,000)	\$70,500	\$64,700	\$110,200	\$65,600	\$59,800	\$100,400
3	2028	(\$83,768)	\$110,200	\$64,700	\$91,132	\$100,400	\$59,800	\$76,432
4	2029	(\$5,900)	\$91,132	\$64,700	\$149,932	\$76,432	\$59,800	\$130,332
5	2030	(\$60,568)	\$149,932	\$64,700	\$154,064	\$130,332	\$59,800	\$129,564
6	2031	(\$50,522)	\$154,064	\$64,700	\$168,242	\$129,564	\$59,800	\$138,842
7	2032	(\$23,351)	\$168,242	\$64,700	\$209,591	\$138,842	\$59,800	\$175,291
8	2033	(\$138,904)	\$209,591	\$64,700	\$135,387	\$175,291	\$59,800	\$96,187
9	2034	(\$15,840)	\$135,387	\$57,000	\$176,547	\$96,187	\$52,000	\$132,347
10	2035	(\$13,225)	\$176,547	\$57,000	\$220,322	\$132,347	\$52,000	\$171,122
11	2036	(\$77,823)	\$220,322	\$57,000	\$199,499	\$171,122	\$52,000	\$145,299
12	2037	(\$32,500)	\$199,499	\$57,000	\$223,999	\$145,299	\$52,000	\$164,799
13	2038	(\$88,600)	\$223,999	\$57,000	\$192,399	\$164,799	\$52,000	\$128,199
14	2039	(\$14,400)	\$192,399	\$57,000	\$234,999	\$128,199	\$52,000	\$165,799
15	2040	(\$39,425)	\$234,999	\$57,000	\$252,574	\$165,799	\$52,000	\$178,374
16	2041	(\$144,625)	\$252,574	\$57,000	\$164,948	\$178,374	\$52,000	\$85,748
17	2042	(\$26,456)	\$164,948	\$57,000	\$195,492	\$85,748	\$52,000	\$111,292
18	2043	\$0	\$195,492	\$57,000	\$252,492	\$111,292	\$52,000	\$163,292
19	2044	(\$24,700)	\$252,492	\$57,000	\$284,792	\$163,292	\$52,000	\$190,592
20	2045	(\$85,685)	\$284,792	\$57,000	\$256,107	\$190,592	\$52,000	\$156,907
21	2046	(\$56,207)	\$256,107	\$57,000	\$256,900	\$156,907	\$52,000	\$152,700
22	2047	(\$2,000)	\$256,900	\$57,000	\$311,900	\$152,700	\$52,000	\$202,700
23	2048	(\$4,500)	\$311,900	\$57,000	\$364,400	\$202,700	\$52,000	\$250,200
24	2049	\$0	\$364,400	\$57,000	\$421,400	\$250,200	\$52,000	\$302,200
25	2050	(\$72,065)	\$421,400	\$57,000	\$406,335	\$302,200	\$52,000	\$282,135
26	2051	(\$53,622)	\$406,335	\$57,000	\$409,713	\$282,135	\$52,000	\$280,513
27	2052	(\$115,749)	\$409,713	\$57,000	\$350,964	\$280,513	\$52,000	\$216,764
28	2053	(\$10,080)	\$350,964	\$57,000	\$397,884	\$216,764	\$52,000	\$258,684
29	2054	(\$2,000)	\$397,884	\$57,000	\$452,884	\$258,684	\$52,000	\$308,684
30	2055	(\$6,675)	\$452,884	\$57,000	\$503,209	\$308,684	\$52,000	\$354,009

Graph of Projected Closing Balances

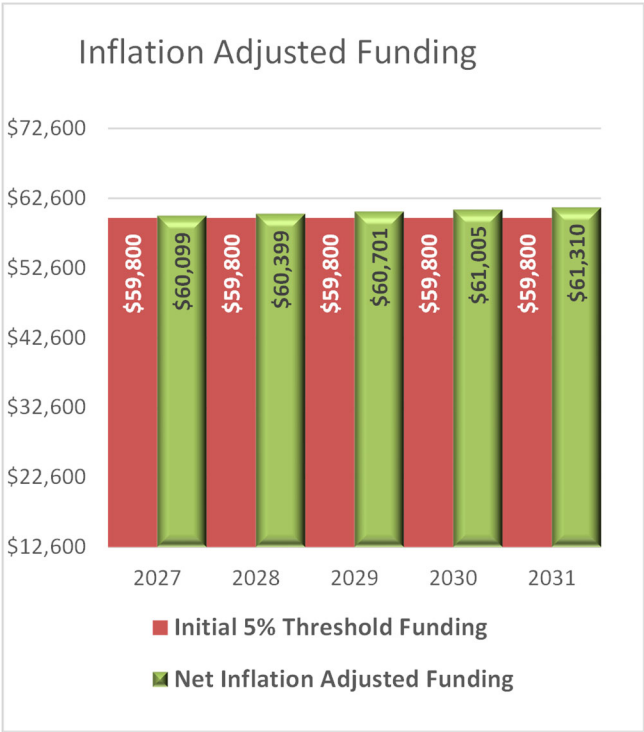


Graph of Projected Annual Contributions



Graph of Inflation Adjusted Funding

(Based on overall rate of inflation exceeding interest rate by 0.50% per year).



Expenditure Schedule / Calendar

Study Year: 1		Study Year: 2		Study Year: 3	
2026		2027		2028	
Deck furniture, allowance	\$2,000	Tot lot play equipment	\$25,000	Flagpole, CH	\$3,635
Water heater, electric, 30 gal., CH	\$2,600			Asphalt overlay, East Highview	\$68,960
Garage door, fiberglass, 7x12, SS	\$2,000			Asphalt overlay, Landsend East	\$11,173
Restroom, renovate, women's, CH	\$3,600				
Key entry system, CH	\$5,000				
Total Expenditure in Year	\$15,200	Total Expenditure in Year	\$25,000	Total Expenditure in Year	\$83,768
Study Year: 4		Study Year: 5		Study Year: 6	
2029		2030		2031	
Concrete court & backstop	\$5,900	Channel dredging	\$30,000	Community sign	\$2,500
		Pier decking reseal	\$2,925	Power grading & gravel replenishment	\$48,022
		Vinyl siding & trim, CH	\$14,018		
		Vinyl siding & trim, SS	\$6,675		
		Restroom, renovate, men's, CH	\$3,750		
		Window, opening, SS	\$3,200		
Total Expenditure in Year	\$5,900	Total Expenditure in Year	\$60,568	Total Expenditure in Year	\$50,522
Study Year: 7		Study Year: 8		Study Year: 9	
2032		2033		2034	
Interior carpet, CH	\$5,616	Boat ramp, concrete	\$14,000	Color coat	\$15,840
Interior painting, CH	\$4,500	Deck furniture, allowance	\$2,000		
		Asphalt/fiberglass shingles, CH	\$7,954		
Kitchen, appliances, CH	\$5,000	Asphalt/fiberglass shingles, PS	\$5,335		
Kitchen, cabinets, CH	\$5,170	Asphalt/fiberglass shingles, SS	\$4,026		
Flagpole, boat dock	\$3,065	Low-slope, membrane, CH	\$10,080		
		Asphalt overlay, Corrotoman Extended	\$51,552		
		Asphalt overlay, Cove Lane	\$7,808		
		Asphalt overlay, Dock Road, to gravel	\$15,616		
		Asphalt overlay, parking lot, CH	\$20,533		
Total Expenditure in Year	\$23,351	Total Expenditure in Year	\$138,904	Total Expenditure in Year	\$15,840
Study Year: 10		Study Year: 11		Study Year: 12	
2035		2036		2037	
Bulkhead, cap,	\$6,300	Pump (5 hp)	\$4,685	Bulkhead, replace (LH of ramp)	\$32,500
Pier decking reseal	\$2,925	Drainage swale	\$8,000		
Entry door, composite, 1/2 glass, CH	\$2,000	Septic tank & drain field, CH	\$9,500		
Entry door, composite, fan window, CH	\$2,000	Fence, 2-rail (vinyl) at clubhouse	\$7,616		
		Power grading & gravel replenishment	\$48,022		
Total Expenditure in Year	\$13,225	Total Expenditure in Year	\$77,823	Total Expenditure in Year	\$32,500

BLUE RIDGE RESERVES, LLC

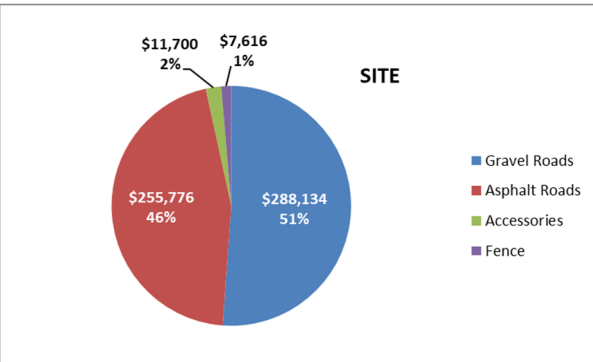
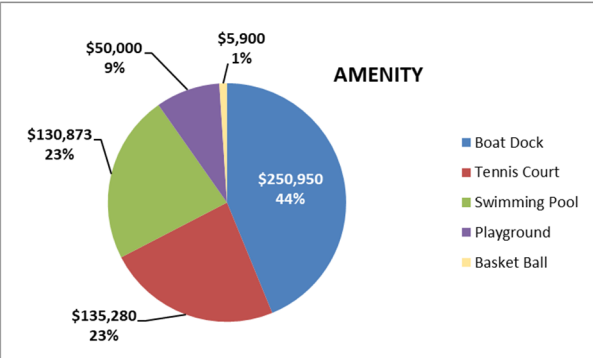
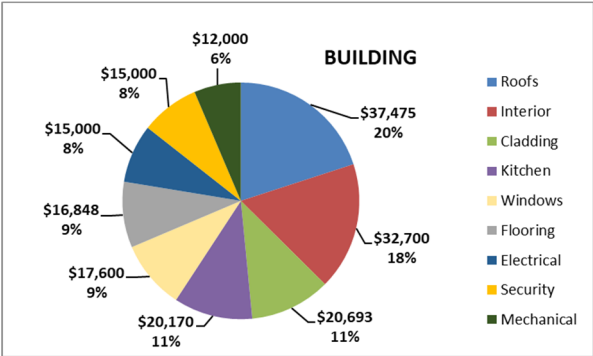
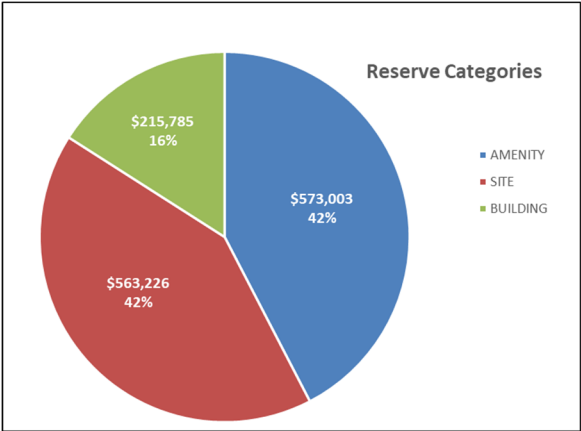
Study Year: 13		Study Year: 14		Study Year: 15	
2038		2039		2040	
Pier structure	\$44,200	Window, opening, CH	\$14,400	Channel dredging	\$30,000
Piling, freestanding	\$15,400			Pier decking reseal	\$2,925
Chem. controller, acid pump, backup chlorine system	\$3,000			Deck furniture, allowance	\$2,000
Rugged mesh pool cover	\$14,000			Interior painting, CH	\$4,500
HVAC, split system, CH	\$12,000				
Total Expenditure in Year	\$88,600	Total Expenditure in Year	\$14,400	Total Expenditure in Year	\$39,425
Study Year: 16		Study Year: 17		Study Year: 18	
2041		2042		2043	
Commercial salt chlorine generator	\$10,000	Color coat	\$15,840		
Filtration equipment	\$16,000	Interior carpet, CH	\$5,616		
Shade sails w/stainless steel posts	\$3,003	Kitchen, appliances, CH	\$5,000		
Shell, resurfacing (quartz)	\$45,000				
Water heater, electric, 30 gal., CH	\$2,600				
Emergency generator, 20kw, CH	\$15,000				
Key entry system, CH	\$5,000				
Power grading & gravel replenishment	\$48,022				
Total Expenditure in Year	\$144,625	Total Expenditure in Year	\$26,456	Total Expenditure in Year	\$0
Study Year: 19		Study Year: 20		Study Year: 21	
2044		2045		2046	
Pier decking	\$24,700	Pier decking reseal	\$2,925	Pump (5 hp)	\$4,685
		net posts & footings	\$3,200	Shower/footbath/apron	\$3,500
		Tennis court, resurface/overlay	\$76,560	Power grading & gravel replenishment	\$48,022
		Bathroom Door, exterior, wood, 6-panel, CH	\$3,000		
Total Expenditure in Year	\$24,700	Total Expenditure in Year	\$85,685	Total Expenditure in Year	\$56,207
Study Year: 22		Study Year: 23		Study Year: 24	
2047		2048		2049	
Deck furniture, allowance	\$2,000	Interior painting, CH	\$4,500		
Total Expenditure in Year	\$2,000	Total Expenditure in Year	\$4,500	Total Expenditure in Year	\$0
Study Year: 25		Study Year: 26		Study Year: 27	
2050		2051		2052	
Bulkhead, cap,	\$6,300	Garage door, fiberglass, 7x12, SS	\$2,000	Tot lot play equipment	\$25,000
Channel dredging	\$30,000	Restroom, renovate, women's, CH	\$3,600	Interior carpet, CH	\$5,616
Pier decking reseal	\$2,925	Power grading & gravel replenishment	\$48,022	Kitchen, appliances, CH	\$5,000
Chem. controller, acid pump, backup chlorine system	\$3,000			Asphalt overlay, East Highview	\$68,960
Rugged mesh pool cover	\$14,000			Asphalt overlay, Landsend East	\$11,173
Color coat	\$15,840				
Total Expenditure in Year	\$72,065	Total Expenditure in Year	\$53,622	Total Expenditure in Year	\$115,749

BLUE RIDGE RESERVES, LLC

Study Year: 28		Study Year: 29		Study Year: 30	
2053		2054		2055	
Low-slope, membrane, CH	\$10,080	Deck furniture, allowance	\$2,000	Pier decking reseal	\$2,925
				Restroom, renovate, men's, CH	\$3,750
Total Expenditure in Year	\$10,080	Total Expenditure in Year	\$2,000	Total Expenditure in Year	\$6,675

Pie Charts of Component Categories and Major Types

(Based on Total Expenditures over the initial 30-Year Period).



Community Conditions & Commentary

Component Notes & Observations

The following are notes that provide specific comments for use with the Reserve Study. These notes are numbered and correspond to the numbers given in the Reserve Schedule (Page 5).

1. General Note Regarding Aging / Remaining Useful Life Estimates: Many of the items vary slightly in age and/or condition; however, the items have been given an average remaining useful life based upon observed general conditions. Single or isolated replacements may be needed and should be funded through reserves as the need arises. This may be especially true for items such as pieces of concrete sidewalk, damaged siding or trim, gravel replenishment, etc. For purposes of establishing the funding strategies, complete replacement projects are assumed in most cases (with exceptions for partial quantities where complete replacement is not needed). Capital reserve replacement work is generally more economical when completed as larger, more comprehensive scopes of work due to realized economies of scale.
2. General Note Regarding Cost Estimates: Similarly, the estimated per-unit costs used are average costs for type, quality, and class of existing components, recognizing that actual realized future costs may vary above or below the estimates used in this analysis. As recommended by the Community Associations Institute's (CAI) Reserve Study Standards, this analysis should be reviewed and updated at least every three (3) years as a best practice.

Virginia requires a formally updated reserve study, including a site visit, at least every 5 years. Periodic professional updates of the Reserve Study for pricing, aging, physical conditions, and actual fund balances are required to prevent an underfunded condition from developing in the future.

Due to the current escalation in costs for construction and building materials from the effects of continued global supply chain issues, the wars in Europe, and shipping tariffs, it is recommended that the Association perform at least an administrative ('paper') update within the next two (2) to three (3) years, when material costs and availability may have normalized.

3. General Note Regarding Component Quantity Calculations: Previous Capital Reserve Replacement Analysis quantities were utilized in the current Capital Reserve Analysis, and the accuracy of the current analysis is therefore dependent upon the accuracy of the previous analysis quantity information.

Certain component items in this analysis were field measured to verify quantities. Field measurements performed as part of this analysis are not intended to be used for contractor bidding, design calculations, or any other function other than budget estimates.

The current analysis uses line-item component quantities obtained from public sources such as satellite imagery, scaled plans and/or maps, etc.

4. General Note on Threshold / Cash Flow Based Funding Calculations: Please note that, although the initial year contributions for the 5% and 10% Cash Flow Projection Table and Graphs have been allowed to fall slightly below the minimum threshold balances, we have used annual contribution amounts that reach the minimum threshold balances by Year 8 of the study (2033). At Year 9 (2034) required funding levels drop by approximately 12.5%, while still maintaining the minimum threshold balances (see Projection Tables Page 16, and Graph of Projected Closing Balances, Page 17).
5. Playground Equipment. The Association currently maintains a basketball court with single pole and backboard, and several pieces of outdated play structures such as spring toys, a slide, a domed climber, a swing set, and a spin structure. Refinishing of the concrete shuffleboard court is not included, as the expenditure is projected to be less than \$2,000 (see Note 17).

The children's play equipment in its current condition is a safety concern, as there are exposed mounting bolts and plates at the bases of the spring toys, and none of the play equipment has been provided with fall attenuating ground cover as is recommended by the U.S. Consumer Product Safety Commission's "Public Playground Safety Handbook", (Publication Number 325, <https://www.cpsc.gov/s3fs-public/325.pdf>).

Blue Ridge Reserves recommends that the existing play equipment be closed to public use until such time as proper fall attenuating ground cover can be installed. We understand that the Association plans to replace the various existing stand-alone pieces of equipment with more modern modular multipurpose play structures within the next year or two.



This reserve analysis is not intended to serve as a safety inspection of the play equipment and facilities, and this is beyond the scope of this study.

6. Boat Dock. The Association maintains approximately 1,300 square feet of wood boat dock, including finger piers. The facility also includes a concrete boat ramp, a deeper-water navigation channel, bulkhead structures and capping boards to retain soil from the waters' edge, stand-alone docking pilings, and a marina flagpole. The deck boards at the dock were reportedly replaced within the last year and appear to be in very good condition. The section

of bulkhead to the right of the boat ramp when driving to the parking area is currently being reconstructed.

Note that we physically measured the current dock structure, including the finger piers, during our site visit and our quantity is about twice that of the square feet reported in the previous Miller-Dodson study. We have also updated the unit pricing estimates based on regional and industry standard published costs.

We have assumed that the picnic table and park benches will be replaced as needed using other funds, such as operating or maintenance accounts.



7. Swimming Pool Facility. The Association is in the process of completely replacing the outdoor swimming pool structure and related equipment and accessories. Component descriptions and costs have been provided by the Association based on actual contractor quotes for the work. This analysis assumes that the concrete swimming pool, equipment, and accessories, including a new pool equipment shed, will be new as of March 1, 2026.

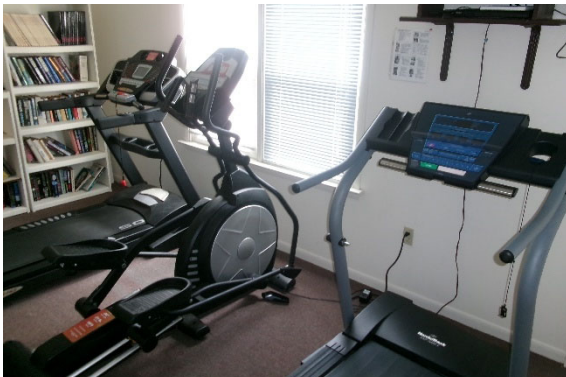
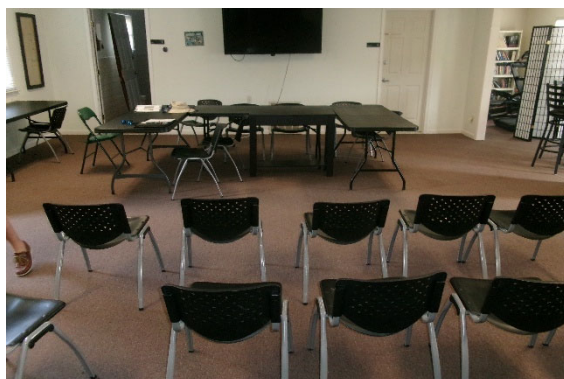


8. Tennis Courts. The Association has maintained the tennis courts in very good condition. We have utilized the quantities, aging, and cost information provided by the Association for these components.



9. Clubhouse. The Association maintains a clubhouse building that consists of a multipurpose room, a kitchen, an office room, storage areas, and a men's and women's restroom accessible from the swimming pool side of the building. The building is conditioned by a split system central HVAC forced air system. There is an emergency electrical power generator at the building. Other current reserve components included for the Clubhouse include the asphalt roofing, the low-slope membrane roof, the vinyl siding, windows and exterior doors, restroom renovations, two electric water heaters, flooring, interior painting, the septic tank and drainage field, and kitchen renovation.

This analysis assumes that clubhouse furniture, office equipment, audio/visual equipment, and fitness equipment, will be replaced as needed using other funds, as was indicated by the reserve component quantity data provided by the Association. Future update studies should consider adding these components to the reserve schedule.



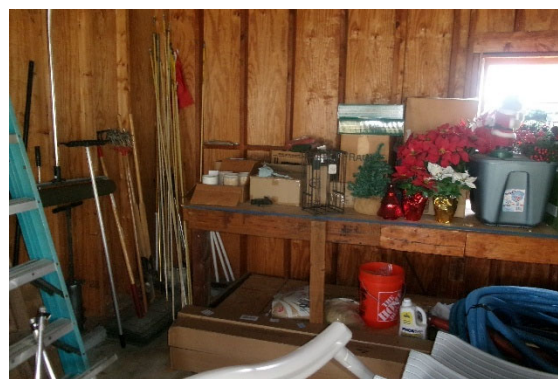
Roof reconstruction costs assume complete tear-offs and replacements of the existing roofing systems with allowances for new flashings, perimeter edge metals, underlayments, and ventilation enhancements. Please note that detailed roof level nor attic interior observations were made for the completion of this analysis, and that the remaining useful life (RUL) estimates are based chiefly on the reported ages of the roofs, the quality of the existing

materials and installation, information provided by the Association, and our general visual observations from grade level.

Note that the horizontal clapboard type vinyl siding at the Clubhouse and Storage Building was observed to be approaching the latter stages of typical useful service life. Particularly at southern elevations, the siding has become very brittle and chalky in appearance. We anticipate that the Association will want to replace the vinyl siding within the next 5 years.

10. Storage Shed / Garage. The Association maintains a Storage Shed / Garage building near the Clubhouse. The storage building is equipped with windows and a fiberglass garage-type door.

Current reserve component items for the storage building include the asphalt shingle roofing, pedestrian and vehicle garage doors, and vinyl siding.



11. Picnic Pavilion / Shelter. The Association also maintains a Picnic Shelter, or 'Pavilion' structure, which consists of a wood framed open sided and steep asphalt-shingled roof. There is a small storage closet integrated into the back of the structure. Reserve components include the shingle roofing.



This analysis assumes that the Picnic Pavilion furniture and grilling equipment will be replaced as needed using other funds, as was indicated by the reserve component quantity data provided by the Association. Partial replacements of the concrete floor slab, and the small amount of wood siding have not been funded due to the costs estimated at less than \$2,000. Future update studies should consider adding these components to the reserve schedule.

Please note that we did observe a structural concern at the Picnic Pavilion, where at least two (2) of the main horizontal wood beams appear to be pulling away from their wood column supports. This capital reserve study does not include detailed engineering structural inspections of the building structures. Blue Ridge Reserves recommends that a licensed professional structural engineer (PE) inspect the apparently separating beam conditions as soon as possible.

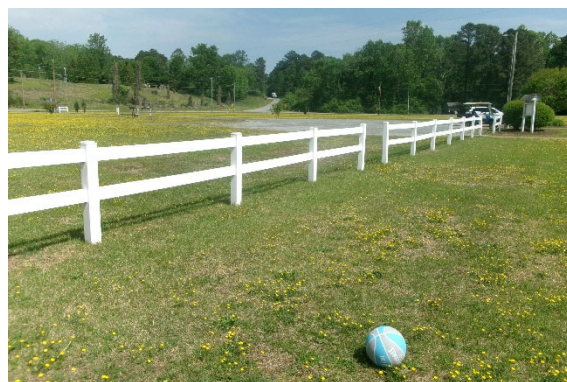


12. Community Sign. We have added a component line item for the eventual replacement of the community sign located on Corrotoman Drive before entering the main community. It is generally considered industry standard to include reserves for community identification signage, as this keeps the community looking fresh and well-maintained.



Other site accessory reserve components include the flagpoles located at the Clubhouse, and at the Marina / Boat Dock area.

13. Fence. The Association maintains approximately 272 linear feet of white, two-rail, vinyl fence, with sections located at the main entrance to the Clubhouse, and between the Clubhouse parking lot and the front yard area. This type of fence will typically provide service life for some 35 to 40 years. The Association may wish to consider protecting the post bases from damage by lawn trimming equipment by spraying herbicide or installing metal shielding at the post bases.



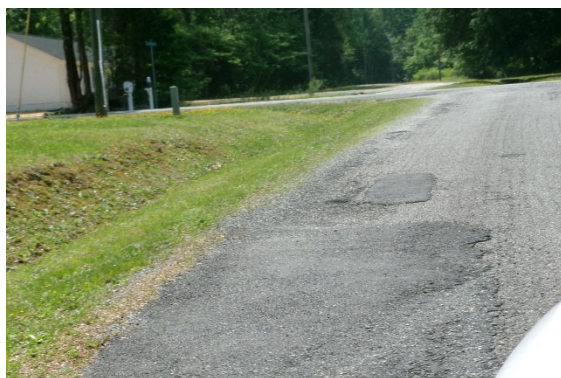
14. Asphalt Roadways and Parking Areas. The Association is responsible for six (6) different sections of asphalt paved roadway and parking area, comprising approximately 10,678 square yards, including Dock Road up to the gravel parking area at the marina, the Corrotoman Extension Road beyond the Bayview Drive loop, Cove Lane, East Highview Drive, Landsend East, and the entrance drive and parking lot at the Clubhouse. Quantities are based on measurements provided by the Association and have been converted to square yards for industry standard unit pricing.

With the exceptions of East Highview Drive and Landsend East, where we observed loss of pavement edge, patching, and alligator cracking, the asphalt pavements were observed to be in heavily weathered but fair and stable condition. Many sections of the existing asphalt roadways appeared to be a culmination of many years of 'chip and tar' applications which, after several applications, have formed a pavement structure. In general, the asphalt pavements appeared to be in fair to good condition for the community's age, with approximately 5% or less showing 'alligator' type cracking. Alligator cracking is a symptom of the pavement structure losing its structural integrity and indicates that these sections of road will likely need to be cut out or at least milled down prior to repaving.

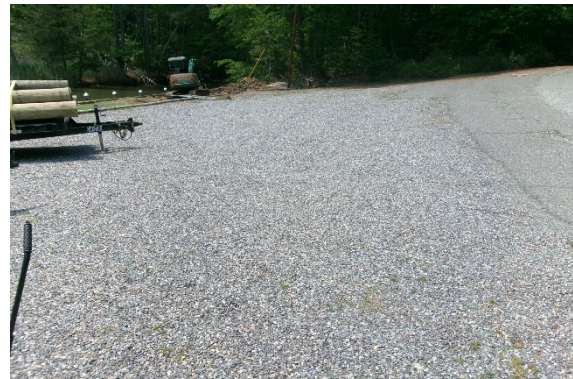
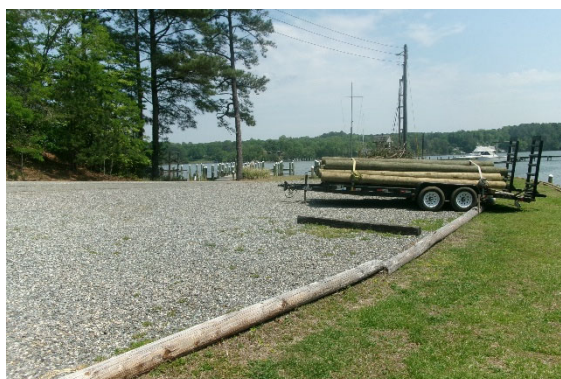
We have estimated that the Association will want to resurface East Highview and Landsend East within the next 2 to 3 years, with the remainder of the asphalt pavements within approximately 7 years. The typical useful service life for asphalt pavement like this, with relatively light, residential usage, is generally considered to be 18 to 20 years. Based on our observations during our site visit we have used 24 years as a typical useful life (TUL).

The unit pricing used for resurfacing the asphalt pavements is based on approximately 5% of the total area being structurally patch by either local milling or excavation, and then a two-inch overlay of new compacted hot mix asphalt pavement installed. Because there are no curbs, gutters, or street sidewalks to maintain a vertical reveal on, there is no need to mill down the entire road surface. Milling and paving is generally about 1/3 higher cost compared to a simple overlay.





15. Gravel Roadways and Parking Areas. The Association also maintains approximately 25,958 square yards of gravel roadways located throughout the community, including Pine Place, Club View Drive, Landsend West, Ridge Road, Sutherland Street, Wishing Well Lane, Tiny Place, Windward Lane, Senior Creek Place, Middle Road, Evergreen Drive, Sandy Lane, Meadowview Drive, West Highview Drive, Forest Lane, the end of Dock Road, parking area at the dock, Landsend East, and Cove Lane. Again, quantities are based on measurements provided by the Association and have been converted to square yards for industry standard unit pricing. With the exception of less than a half-dozen small potholes developing at locations such as the entrance to Club View Drive, and a few wash-out eroded areas, we observed the vast majority of the gravel roads to be in stable relatively well-maintained condition during our site visit.



We understand that the Association typically needs to spend funds on localized power grading and replenishment of gravel operations every one or two years. How much to fund to repair potholes, repair local grading, and replenish the gravel surface is very much a 'best business decision' by the governing Board and depends largely on the preferences and tolerances of the community regarding aesthetic and ride comfort considerations. At some level the roads need to be maintained to repair occasional washouts and to maintain some level of erosion control and stabilization for the road structure. This analysis assumes that the gravel

roadways and parking areas will be inspected by the Association at least once a year, likely after winter snowplow operations if any, and spot grading and replenishment operations conducted as needed.

Based on a recent history of expenditure records provided for our review, we have preliminarily included funding for gravel replenishment and local grade repairs at a rate of approximately \$48,000 every 5 years, or roughly \$9,600 per year, or approximately \$1.85 per square yard every 5 years. The estimated funding requirement for the gravel roads is based on 5-year average projected costs for repairing local grading or washout issues and replenishment of gravel where needed. The lump sum amount does not necessarily need to be spent on Year 5, 10, 15, and so on, but the estimated annual funding requirement is based on 5-year average projected costs.

The Association should review this rate of funding for the estimated gravel surface grading repairs and replenishments and let us know of any adjustments that may be applicable based on historical expenditures.

This analysis assumes that the occasional repair or replacement of stormwater drainage structures such as culvert pipes will be completed as needed using other funds, as was indicated by the reserve component quantity data provided by the Association. Infrastructure items such as these are rarely replaced in their entirety or as a whole system, but rather have certain components repaired or replaced, or are partially included in other capital replacement projects, and therefore subsequently funded from deferred maintenance or operating budgets. Future update studies should consider adding these components to the reserve schedule if costs start to become substantial and/or frequent.

16. Concrete Sidewalk. The Association is responsible for the concrete sidewalk located around the Clubhouse facility. We believe that there was an error in the previous Miller-Dodson study where they had reserved for "6%" every 60 years. This was likely a consequence of them having previously used 10 consecutive line items, each for 6%, on a cycle of every 6 years like they used to do (100% replaced after 60 years).

The quantity used for 6% was 69 square feet in the Miller-Dodson study, and we have carried over this number for the component quantity; however, the Typical Useful Life has been corrected to every 10 years, based on our site visit observations and industry standard approach, rather than every 60 years. This line-item has not been funded due to the cost estimated at less than \$2,000. Future update studies should consider adding this component to the reserve schedule based on observed conditions.



17. Cost Exclusion. This repeating line-item expenditure has not been funded since the estimated one-time cost falls below the Association's minimum threshold of at least \$2,000.
18. Note Regarding Bulkhead Across the Channel. Per the Reserve Study Committee, the wood bulkhead structure located on the far side of the navigation channel is located on private property and may not be maintained by the Association.

Exclusions

Please note that the following building and site components have been excluded from this Capital Reserve Analysis:

- Annual maintenance tasks (e.g., filling potholes & sealing pavement cracks).
- Landscaping and irrigation systems, including maintenance, replacement, or enhancement.
- Painting, sealing, or staining of exterior or interior wooden components.
- Painting of exterior or interior metal components.
- Preventive maintenance tasks (e.g., power-washing vinyl siding, annual inspections).
- Protected or concealed structural components, such as foundations, wall, floor/ceiling or roof framing, and similar structural components.
- Radon mitigation systems.
- Routine (e.g., sweeping stoops, snow clearing) and emergency (e.g., repairing broken stair treads) maintenance tasks.
- Concrete & steel retaining wall structures.
- Wood bulkhead at the opposite side of the navigation channel (per Association's exclusion).
- Capital improvements.
- Government maintained infrastructure.
- Underground utilities, including domestic water and gas supply piping and valves, electrical power supply and transformers, sanitary sewers, storm sewers, and fire hydrants.

Please contact us regarding any errors and/or omissions in the above list if needed.

These items are excluded from this analysis because they do not meet the '3-Part Test', and are typically considered to be:

- Minor maintenance or operating expenses and are therefore expected to be accounted for in those budgets,
- Not classified as common or limited common elements and therefore not the Association's responsibility (maintained and/or replaced by unit owners or other entities),
- Long-lived elements that do not yet have a reasonably predictable remaining useful life (RUL) and cost.
- A future 'capital improvement' and not an existing asset owned by the Association.

The Association should review all maintenance and operating budgets to confirm that sufficient funding is being allocated toward all maintenance and operating budget items.

Glossary of Terms

The following terms, defined and described below in accordance with the CAI Reserve Study Standards, may be found within the Reserve Study Analysis.

Adequate Reserves: A replacement reserve fund and stable and equitable multiyear funding plan that together provide for the reliable and timely execution of the association's major repair and replacement projects as defined herein without reliance on additional supplemental funding.

Capital Improvements: Additions to the association's common area that previously did not exist. While these components should be added to the reserve study for future replacement, the cost of construction or installation cannot be taken from the reserve fund.

Cash Flow Method (also known as pooling): A method of developing a reserve funding plan where funding of reserves is designed to offset the annual expenditures from the reserve fund.

To determine the selected funding plan, different reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

Common Area: The areas identified in the community association's master deed or declarations of covenant easements and restrictions that the association is obligated to maintain and replace or based on a well-established association precedent.

Community Association: A nonprofit entity that exists to preserve the nature of the community and protect the value of the property owned by members. Membership in the community association is mandatory and automatic for all owners. All owners pay mandatory lien-based assessments that fund the operation of the association and maintain the common area or elements, as defined in the governing documents. The community association is served and lead by an elected board of trustees or directors.

Component Inventory: The task of selecting and quantifying reserve components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, review of association precedents, and discussion with appropriate representative(s) of the association.

The Reserve Specialist, in coordination with the client, will determine the methodology for including these components in the study. Typical evaluation techniques for consideration include:

- Inclusion of long-life components with funding in the study.
- Addition of long-life components with funding at the time when they fall within the 30-year period from the date of study preparation.
- Identification of long-life components in the component inventory even when they are not yet being funded in the 30-year funding plan.

Component Method (also known as Straight Line): A method of developing a reserve funding plan where the total funding is based on the sum of funding for the individual components.

Condition Assessment: The task of evaluating the current condition of the component based on observed or reported characteristics. The assessment is limited to a visual, non-invasive evaluation.

Effective Age: The difference between useful life and estimated remaining useful life. Not always equivalent to chronological age since some components age irregularly. Used primarily in computations.

Financial Analysis: The portion of a reserve study in which the current status of the reserves (measured as cash or percent funded) and a recommended reserve funding plan are derived, and the projected reserve income and expense over a period of time are presented. The financial analysis is one of the two parts of a reserve study. A minimum of 30 years of income and expense are to be considered.

Fully Funded: 100 percent funded (based on the 'Full Funding' calculation, see 'FFB' as follows). When the actual (or projected) reserve balance is equal to the fully funded balance.

Fully Funded Balance (FFB): An indicator against which the actual (or projected) reserve balance can be compared. The reserve balance that is in direct proportion to the fraction of life “used up” of the current repair or replacement cost. This number is calculated for each component and then summed for an association total.

$$\text{FFB} = \text{Current Cost} \times \text{Effective Age/Useful Life (Full Funding calculation)}$$

Example: For a component with a \$10,000 current replacement cost, a 10-year useful life, and effective age of 4 years, the fully funded balance would be \$4,000.

Fund Status: The status of the reserve fund reported in terms of cash or percent funded (based on a ‘Full Funding’ calculation).

Funding Goals:

The three funding goals listed below range from the most aggressive to most conservative:

Baseline Funding

Establishing a reserve funding goal of allowing the reserve cash balance to approach but never fall below zero during the cash flow projection. This is the funding goal with the greatest risk of being prepared to fund future repair and replacement of major components, **and it is not recommended** as a long-term solution/plan. Baseline funding may lead to project delays, the need for a special assessment, and/or a line of credit for the community to fund needed repairs and replacement of major components.

Threshold Funding (Cash Flow)

Establishing a reserve funding goal of keeping the reserve balance above a specified dollar or percent funded amount. Depending on the threshold selected, this funding goal may be weaker or stronger than “fully funded” with respective higher risk or less risk of cash problems. In determining the threshold, many variables should be considered, including things such as investment risk tolerance, community age, building type, components that are not readily inspected, and components with a remaining useful life of more than 30 years.

Note¹: Blue Ridge Reserves, LLC calculates both a 5% and a 10% Threshold Funding calculation based on the Cash Flow Method, with the goal of maintaining a minimum future closing balance equal to either 5% or 10% of the total projected expenditures over a 30-year period.

Full Funding

Setting a reserve funding goal to attain and maintain reserves at or near 100 percent funded (based on a ‘Full Funding’ calculation). Fully funded is when the actual or projected reserve balance is equal to the fully funded balance (see ‘FFB’ above).

It should be noted that, in certain jurisdictions, there may be statutory funding requirements that would dictate the funding requirements. In all cases, these standards are considered the minimum to be referenced.

Funding Plan: An association’s plan to provide income to a reserve fund to offset anticipated expenditures from that fund. The plan must be a minimum of 30 years of projected income and expenses.

Funding Principles: A funding plan addressing these principles. These funding principles are the basis for the recommendations included within the reserve study:

- Sufficient funds when required.
- Stable funding rate over the years.
- Equitable funding rate over the years.
- Fiscally responsible.

Initial Fund Balance¹: The projected reserve fund balance as of the beginning of the fiscal year of the study.

Initial Year: The first fiscal year in the financial analysis or funding plan.

Life Estimates: The task of estimating useful life and remaining useful life of the reserve components.

Life Cycle Cost: The ongoing cost of deterioration which must be offset in order to maintain and replace common area components at the end of their useful life. Note that the cost of preventive maintenance and corrective maintenance determined through periodic structural inspections (if required) are included in the calculation of life cycle costs and often result in overall net lower life cycle costs.

Maintenance: Maintenance is the process of maintaining or preserving something, or the state of being maintained. Maintenance is often defined in three ways: preventive maintenance, corrective maintenance, and deferred maintenance. Maintenance projects commonly fall short of “replacement” but may pass the defining test of a reserve component and be appropriate for reserve funding.

Maintenance types are categorized below:

Preventive Maintenance: Planned maintenance carried out proactively at predetermined intervals, aimed at reducing the performance degradation of the component such that it can attain, at minimum, its estimated useful life.

Deferred Maintenance: Maintenance which is not performed and leads to premature deterioration to the common areas due to lack of preventive maintenance.

This results in a reduction in the remaining useful life of the reserve components and the potential of inadequate funding. Typically, deferred maintenance creates a need for corrective maintenance.

Corrective Maintenance: Maintenance performed following the detection of a problem, with the goal of remediating the condition such that the intended function and life of the component or system is restored, preserved, or enhanced.

Many corrective maintenance projects could be prevented with a proactive, preventive maintenance program. Note that when the scope is minor, these projects may fall below the threshold of cost significance and thus are handled through the operational budget. In other cases, the cost and timing should be included within the reserve study.

Percent Funded: The ratio, at a particular point in time clearly identified as either the beginning or end of the association’s fiscal year, of the actual (or projected) reserve balance to the fully funded balance, expressed as a percentage.

While percent funded is an indicator of an association’s reserve fund size, it should be viewed in the context of how it is changing due to the association’s reserve funding plan, in light of the association’s risk tolerance and is not by itself a measure of “adequacy.”

Periodic Structural Inspection: Structural system inspections aimed at identifying issues when they become evident.

Additional information and recommendations are included within the Condominium Safety Public Policy Report. www.condosafety.com

Physical Evaluation: The portion of the reserve study where the component inventory, condition assessment, and life and valuation estimate tasks are performed. This represents one of the two parts of the reserve study.

Preventive Maintenance Schedule: A summary of the preventive maintenance tasks included within a maintenance manual which should be performed such that the useful lives of the components are attained or exceeded. This schedule should include both the timing and the estimated cost of the task(s).

Remaining Useful Life (RUL): Also referred to as “remaining life” (RL). The estimated time, in years, that a component can be expected to serve its intended function, presuming timely preventive maintenance. Projects expected to occur in the initial year have zero remaining useful life.

Replacement Cost: The cost to replace, repair, or restore the component to its original functional condition during that particular year, including all related expenses (including but not limited to shipping, engineering, design, permits, installation, disposal, etc.).

Reserve Balance: Actual or projected funds, clearly identified as existing either at the beginning or end of the association's fiscal year, which will be used to fund reserve component expenditures. The source of this information should be disclosed within the reserve study.

Also known as beginning balance, reserves, reserve accounts, or cash reserves. This balance is based on information provided and not audited.

Reserve Study: A reserve study is a budget planning tool which identifies the components that a community association is responsible to maintain or replace, the current status of the reserve fund, and a stable and equitable funding plan to offset the anticipated future major common area expenditures.

This limited evaluation is conducted for budget and cash flow purposes. Tasks outside the scope of a reserve study include, but are not limited to, design review, construction evaluation, intrusive or destructive testing, preventive maintenance plans, and structural or safety evaluations.

Reserve Study Provider: An individual who prepares reserve studies. In many instances, the reserve study provider will possess a specialized designation such as the Reserve Specialist® (RS) designation administered by Community Associations Institute (CAI). This designation indicates that the provider has shown the necessary skills to perform a reserve study that conforms to these standards. In some instances, qualifications in excess of the RS designation will be required if supplemental subject matter expertise is required.

Reserve Study Provider Firm: A company that prepares reserve studies as one of its primary business activities.

Reserve Schedule¹: The Reserve Schedule is the list of all line-item components included in the study, along with their typical useful lives, their estimated remaining useful lives (RUL), and their replacement unit and total costs. The Reserve Schedule represents all of the raw data that is input for the financial analysis.

Line-Item Footnotes¹: The footnotes that are provided at the end of certain of the more impactful line-item components refer to the Component Notes, under the Community Conditions & Commentary section of the report, where narrative discussion and color photographs are included to further illustrate the current physical conditions and other pertinent observations.

Site Visit: A visual assessment of the accessible areas of the components included within the reserve study.

The site visit includes tasks such as, but not limited to, on-site visual observations, a review of the association's design and governing documents, review of association precedents, and discussion with appropriate representative(s) of the association.

Special Assessment: A temporary assessment levied on the members of an association in addition to regular assessments. Note that special assessments are often regulated by governing documents or local statutes.

Special assessments, when used to make up for unplanned reserve fund shortfalls, may be an indicator of deferred maintenance, improper reserve project planning, and unforeseen catastrophes and accidents, as well as other surprises.

Structural System: The structural components within a building that, by contiguous interconnection, form a path by which external and internal forces, applied to the building, are delivered to the ground. This is generally a combination of structural beams, columns, and bracing and is not included within the reserve study, although it is reviewed as part of the recommended periodic structural inspections.

It is important to recognize that individual structural components which are not a part of the structural system, such as decks, balconies, and podium deck components may be included for reserve funding if they otherwise satisfy the three-part test.

Unit of Measure Abbreviations¹: **EA** – Each; **LF** – Linear (or Lineal) Feet; **LS** – Lump Sum; **PR** – Pair; **SF** – Square Feet; **SY** – Square Yard (9 SF); **SQ** – Square (100 SF).

Useful Life (UL): Also called **Typical Useful Life (TUL)¹**. The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed presuming proactive, planned, preventive maintenance.

Best practice is to note the preventive maintenance that will be necessary to achieve the useful life estimate appearing in the reserve study.

Valuation Estimates: The task of estimating the current repair or replacement costs for the reserve components.

Note¹: Terms included by Blue Ridge Reserves LLC, in addition to the standard terms included from the CAI Reserve Study Standards.

Disclaimers

Blue Ridge Reserves, LLC, will not accept responsibility for the detection or analysis of conditions not visible to the naked eye under normal lighting conditions, or conditions located in areas which cannot be accessed by inspectors.

The conditions stated in the report are representative of the general observed physical conditions of each line item. Isolated areas of above or below average conditions may exist for any item.

Future Interest and Inflation Rates. As a default scenario, Blue Ridge Reserves will assume interest earned on fund balances and inflation rates will roughly offset each other in the long term, and rather than attempt to calculate the possible impact on future values, we emphasize the need to revisit the Reserve Study in approximately two (2) to three (3) years for at least a 'Level III' administrative only update study. By conducting a Level III update study in between the mandatory 5-year updates with site visits, the Association can periodically adjust their funding requirements for the effects of interest and inflation, and estimated replacement costs, in real time. The Association should consult with its accountant to verify these assumptions.

Previous Capital Reserve Replacement Analysis quantities were utilized in the current Capital Reserve Analysis, and the accuracy of the current analysis is therefore dependent upon the accuracy of the previous analysis quantity information.

Information provided by official representatives of the Association is assumed to be reliable and accurate. This analysis reflects the information supplied and has been assembled for the Association's use; this analysis is not meant to be an audit, quality/forensic analysis, or background check of historical information. Similarly, on-site observations performed as part of this analysis should not be considered a project audit or quality inspection of any reserve components or community.

For this study to be effective, it should be reviewed by the Board of Directors, those responsible for the management of the items included in the reserve inventory, and the accounting professionals employed by the Association.

Unless otherwise stated in the Common Element Descriptions & General Comments, no invasive examinations or probes, or performance tests were conducted.

No destructive or materials testing of any kind was undertaken.

At no time was any private residence entered, nor were the interior conditions of any private residence examined. No security measures (locks, alarms, etc.) were circumvented, and areas within secure buildings, rooms, or perimeters were examined with the assistance of management or the Association Board.

No area of the site inaccessible to pedestrian traffic was evaluated.

No areas requiring special tools to access or necessitating specific equipment or training to work in safely were entered.

Blue Ridge Reserves LLC is not aware of any prior or existing relationship with the Association that would represent a real or perceived conflict of interest.