FULL RESERVE STUDY

Western Oaks
Property Owner's Association, Inc.

Austin, Texas

January 8, 2015

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1. RESERVE STUDY EXECUTIVE SUMMARY

Client: Western Oaks Property Owner's Association, Inc. (Western Oaks)
Location: Austin, Texas
Reference: 141976

Property Basics: Western Oaks Property Owner's Association, Inc. is a planned unit development which is responsible for the common elements shared by 361 single family homes. The development was built in 1975 and contains perimeter walls, playground equipment, tennis courts and a pool.

Reserve Components Identified: 29 Reserve Components.

Inspection Date: January 8, 2015.

Funding Goal: The Funding Goal of this Reserve Study is to maintain reserves above an adequate, not excessive threshold during one or more years of significant expenditures. Our recommended Funding Plan recognizes these threshold funding years in 2021 and 2038 due to replacement of the basketball court and pool structure.

Cash Flow Method: 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
- 1.1% annual rate of return on invested reserves
- 2.6% 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.

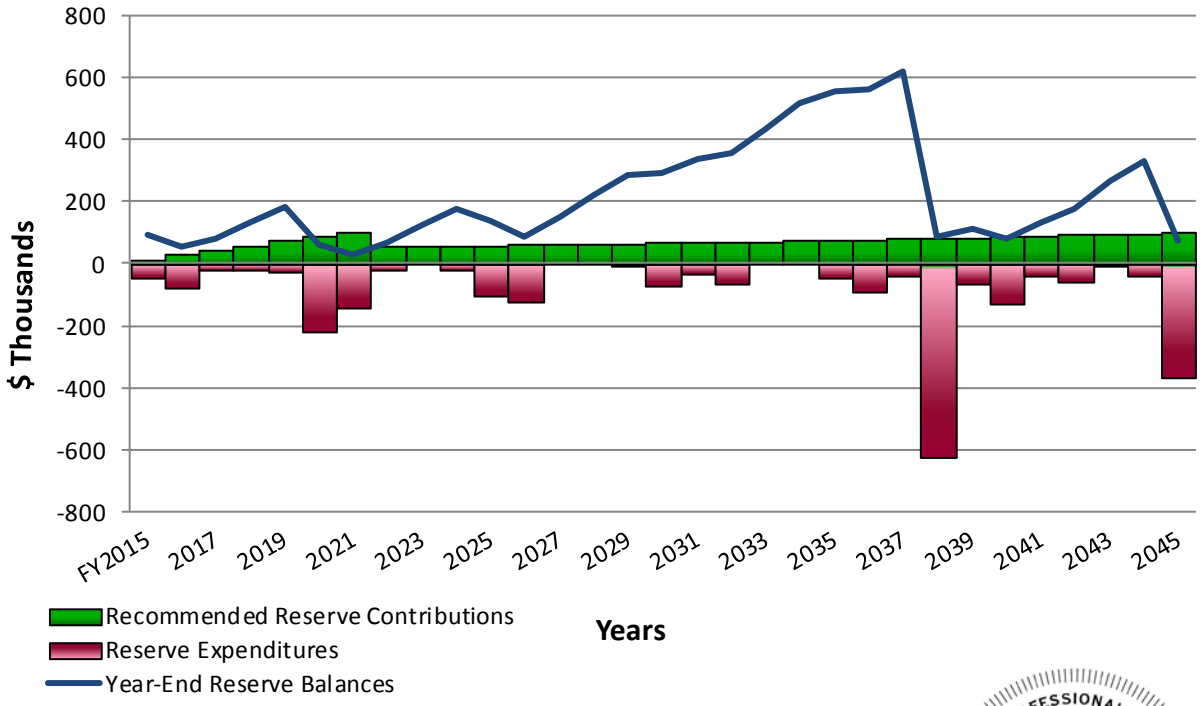
Cash Status of Reserve Fund: $119,434 as of January 31, 2015. A potential deficit in reserves might occur by 2020 based upon continuation of the most recent annual reserve contribution of $18,192 and the identified Reserve Expenditures.

Recommended Reserve Funding: The Association budgeted $18,192 for Reserve Contributions in 2015. We recommend the Association budget annual phased increases in Reserve Contributions of approximately $14,500 from 2016 through 2021. By 2022, the Association will have fully funded for replacement of the basketball court. Therefore, the Association may anticipate a decrease in the annual Reserve Contribution to $57,000. Afterwards, the Association should budget gradual annual increases in reserve funding, that in part consider the effects of inflation through 2045, the limit of this study's Cash Flow Analysis. The initial adjustment in Reserve Contributions of $14,508 represents about an eight percent (7.8%) adjustment in the 2015 total Operating Budget of $186,540. This initial adjustment of $14,508 is equivalent to an average monthly increase of $3.35 per homeowner.

Certification: This *Full Reserve Study* exceeds the Community Associations Institute (CAI) and the Association of Professional Reserve Analysts (APRA) standards fulfilling the requirements of a "Level I Full Reserve Study."

Western Oaks
Recommended Reserve Funding Table and Graph

Year	Reserve Contributions ($)	Reserve Balances ($)	Year	Reserve Contributions ($)	Reserve Balances ($)	Year	Reserve Contributions ($)	Reserve Balances ($)
2016	32,700	53,886	2026	63,200	84,859	2036	81,700	558,722
2017	47,200	82,211	2027	64,800	150,949	2037	83,800	615,526
2018	61,700	131,118	2028	66,500	219,475	2038	86,000	88,190
2019	76,200	184,666	2029	68,200	286,576	2039	88,200	114,546
2020	90,700	60,975	2030	70,000	290,757	2040	90,500	77,660
2021	105,200	25,912	2031	71,800	337,950	2041	92,900	132,729
2022	57,000	68,227	2032	73,700	353,550	2042	95,300	173,260
2023	58,500	127,799	2033	75,600	433,455	2043	97,800	267,933
2024	60,000	173,161	2034	77,600	516,250	2044	100,300	332,362
2025	61,600	138,341	2035	79,600	556,000	2045	102,900	75,070



Respectfully submitted on March 26, 2015 by
RESERVE ADVISORS, INC.

Alan M. Ebert, PRA[1], RS[2], Associate Director of Quality Assurance
Visual Inspection and Report by: Nicholas R. Julia

[1] 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.
[2] 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. RESERVE STUDY REPORT

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

Western Oaks Property Owner's Association, Inc.

Austin, Texas

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, January 8, 2015.

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
- **Condition Assessment -** Describes the reserve components, describes our recommendations for repairs or replacement, and includes detailed solutions and procedures for replacements for the benefit of current and future board members
- **Photographs -** Documentation of Condition of various property elements
- **Methodology -** Lists the national standards, methods and procedures used, financial information relied upon for the Financial Analysis of 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

Western Oaks Property Owner's Association, Inc. is a planned unit development which is responsible for the common elements shared by 361 single family homes. The development was built in 1975 and contains perimeter walls, playground equipment, tennis courts and a pool. We identify 29 major reserve components that are likely to require capital repair or replacement during the next 30 years.

Our investigation includes Reserve Components or property elements as set forth in your Declaration. 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 Homeowners 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 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:

- Western Oaks responsibility
- Limited useful life expectancies

- Predictable remaining useful life expectancies
- Replacement cost above a minimum threshold

Long-Lived Property Elements do not have predictable Remaining Useful Lives. 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. We identify the following Long-Lived Property Elements as excluded from reserve funding at this time.

- Foundations, Common
- Structural Frames, Common
- Tennis Court, Bent Oak Circle, Surface Replacement

The operating budget provides money for the repair and replacement of certain Reserve Components. Operating Budget Funded Repairs and Replacements relate to:

- General Maintenance to the Common Elements
- Expenditures less than $2,500 (These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.)
- Bike Racks
- Detention Basins, Maintenance
- Electrical Systems, Common
- Irrigation System, Controllers
- Landscape
- Mulch, Playground
- Paint Finishes, Touch Up
- Pipes, Interior Building, Water and Sewer, Common
- Pool Furniture
- Shade Structure, Canopy
- Tennis and Basketball Standards
- Other Repairs normally funded through the Operating Budget

Certain items have been designated as the responsibility of others to repair or replace. Property Maintained by Others relates to:

- Home and Lots (Homeowners)
- Light Poles and Fixtures, Streets (City of Austin)
- Pipes, Subsurface Utilities (City of Austin)
- Shed, Pool (Swim Team)
- Street System (City of Austin)

3. RESERVE EXPENDITURES and FUNDING PLAN

The tables following this introduction present:

Reserve Expenditures

- Line item numbers
- Total quantities replaced during the next 30 years
- 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
- Unit cost of replacement
- 2015 local cost of replacement
- Total future costs of replacement anticipated during the next 30 years
- Schedule of estimated future costs for each reserve component including inflation

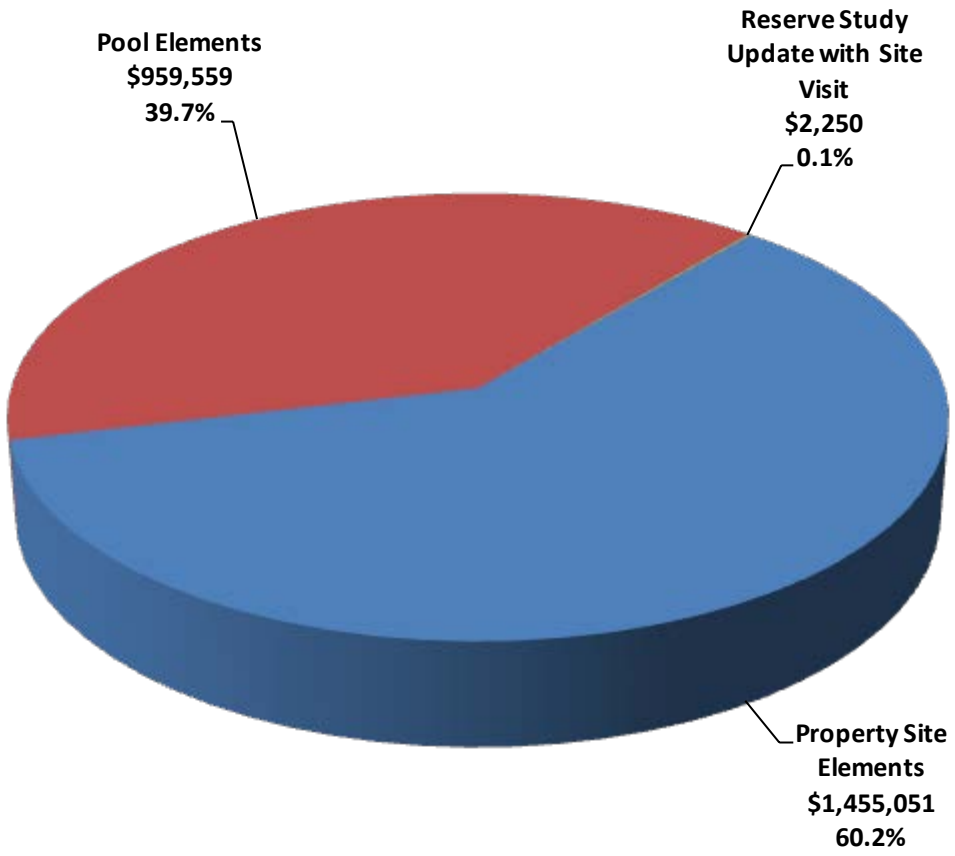
Reserve Funding Plan

- 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
- Predicted reserves based on current funding level

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***.

The following chart illustrates the relative importance of the categories noted in ***Reserve Expenditures*** and relative funding during the next 30 years.

Western Oaks
Future Expenditures Relative Cost Illustration



RESERVE EXPENDITURES

Western Oaks
Property Owner's Association, Inc.
Austin, Texas

Explanatory Notes:

1) 2.6% is the estimated future Inflation Rate for estimating Future Replacement Costs.

2) FY2015 is Fiscal Year beginning January 1, 2015 and ending December 31, 2015.

Line Item	Quantities: 30-Year Total	Per Phase	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years: Useful	Remaining	Unit Cost, $	2015 Cost per Phase, $	Total Future Costs, $	RUL = 0 FY2015	1 2016	2 2017	3 2018	4 2019	5 2020	6 2021	7 2022	8 2023	9 2024	10 2025	11 2026	12 2027	13 2028	14 2029	15 2030
				Property Site Elements																						
4.081	300	300	Linear Feet	Basketball Court, Chain Link Fence	2021	to 25	6	30.00	9,000	10,498							10,498									
4.082	5,550	5,550	Square Feet	Basketball Court, Surface Replacement	2021	40 to 45	6	11.00	61,050	71,215							71,215									
4.140	5,875	1,175	Square Feet	Concrete Flatwork, Partial	2018	to 65	3	11.00	12,925	97,244				13,960						16,284						18,995
4.420	235	235	Heads	Irrigation System	2025	to 40	10	150.00	35,250	45,565											45,565					
4.501	1	1	Allowance	Landscape, Ballfield Renovation (2015 is Budgeted)	2015	N/A	0	4,316.00	4,316	4,316	4,316															
4.640	23,100	7,700	Square Feet	Perimeter Walls, Masonry (Incl. Pillars and Entrance Monuments)	2016	8 to 12	1	2.00	15,400	62,625		15,800										20,424				
4.641	1,860	310	Linear Feet	Perimeter Walls, Panelized Concrete, Phased	2021	45 to 50	6	60.00	18,600	180,787							21,697					24,668				
4.642	1,600	800	Linear Feet	Perimeter Walls, Wood Fences	2021	15 to 20	6	25.00	20,000	62,312							23,330									
4.700	2	1	Allowance	Playground Equipment, Near Term (2015 is Budgeted)	2015	N/A	0	18,000.00	18,000	31,468	13,000	18,468														
4.701	1	1	Allowance	Playground Equipment, Subsequent	2032	15 to 20	17	40,000.00	40,000	61,882																
4.810	2	1	Allowance	Signage, Replacement	2019	15 to 20	4	22,000.00	22,000	65,113					24,379											
4.820	43,200	7,200	Square Feet	Tennis Court, Bent Oak Circle, Color Coat and Partial Concrete Repairs	2020	4 to 6	5	0.80	5,760	55,467						6,549				7,446					8,465
4.830	14,400	2,880	Square Yards	Tennis Courts, Woodcreek Road and Wheeler Branch Trail, Color Coat	2015	4 to 6	0	7.50	21,600	158,389	21,600									27,921					31,744
4.835	360	360	Linear Feet	Tennis Court, Bent Oak Circle, Fence	2025	to 25	10	30.00	10,800	13,960										13,960						
4.840	1,900	950	Linear Feet	Tennis Courts, Woodcreek Road and Wheeler Branch Trail, Fences	2020	to 25	5	30.00	28,500	93,958						32,403										
4.850	28	14	Each	Tennis Courts, Woodcreek Road and Wheeler Branch Trail, Light Poles and Fixtures	2020	to 25	5	2,750.00	38,500	126,926						43,772										
4.860	5,760	2,880	Square Yards	Tennis Courts, Woodcreek Road and Wheeler Branch Trail, Surface Replacement	2020	to 25	5	33.00	95,040	313,326						108,055										
				Pool Elements																						
6.200	10,500	3,500	Square Feet	Concrete Deck, Inspections, Partial Replacements and Repairs	2020	8 to 12	5	1.90	6,650	29,967						7,561										9,773
6.301	260	260	Linear Feet	Fence, Chain Link	2022	to 25	7	20.00	5,200	6,224								6,224								
6.401	4	1	Allowance	Fences, Metal, Paint Finishes (Incl. Wood Pergola) (2015 is Budgeted)	2015	6 to 8	0	2,700.00	2,700	16,736	2,700														3,867	
6.402	150	150	Linear Feet	Fences, Metal	2022	to 35	7	50.00	7,500	8,976								8,976								
6.600	2	1	Allowance	Mechanical Equipment	2026	to 15	11	15,000.00	15,000	48,389												19,894				
6.700	2	1	Each	Pergola, Wood	2020	15 to 25	5	15,300.00	15,300	47,991						17,395										
6.800	7,600	3,800	Square Feet	Pool Finishes, Plaster	2016	8 to 12	1	10.50	39,900	93,854		40,937										52,917				
6.850	2	1	Allowance	Rest Room and Mechanical Building, Exterior Renovations, (Incl. Pavilion Roof)	2021	15 to 20	6	12,000.00	12,000	36,217							13,998									
6.851	4	2	Each	Rest Rooms, Renovation	2017	15 to 20	2	6,000.00	12,000	33,739			12,632													
6.861	2	1	Allowance	Security System	2025	10 to 15	10	2,500.00	2,500	7,629											3,232					
6.871	2	1	Each	Shade Structure	2017	15 to 20	2	4,500.00	4,500	12,652			4,737													
6.900	3,800	3,800	Square Feet	Structure and Deck, Total Replacement	2038	to 65	23	90.00	342,000	617,185																
	1	1	Allowance	Reserve Study Update with Site Visit	2017	2	2	2,250.00	2,250	2,250			2,250													
				Anticipated Expenditures, By Year						$2,416,860	41,616	75,205	19,619	13,960	24,379	215,735	140,738	15,200	0	16,284	98,124	117,903	0	0	3,867	68,977

RESERVE EXPENDITURES

Western Oaks
Property Owner's Association, Inc.
Austin, Texas

Line Item	Quantities: 30-Year Total	Per Phase	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years Useful	Remaining	Unit Cost, $	2015 Cost per Phase, $	Total Future Costs, $	16 2031	17 2032	18 2033	19 2034	20 2035	21 2036	22 2037	23 2038	24 2039	25 2040	26 2041	27 2042	28 2043	29 2044	30 2045
				Property Site Elements																					
4.081	300	300	Linear Feet	Basketball Court, Chain Link Fence	2021	to 25	6	30.00	9,000	10,498															
4.082	5,550	5,550	Square Feet	Basketball Court, Surface Replacement	2021	40 to 45	6	11.00	61,050	71,215															
4.140	5,875	1,175	Square Feet	Concrete Flatwork, Partial	2018	to 65	3	11.00	12,925	97,244						22,158						25,847			
4.420	235	235	Heads	Irrigation System	2025	to 40	10	150.00	35,250	45,565															
4.501	1	1	Allowance	Landscape, Ballfield Renovation (2015 is Budgeted)	2015	N/A	0	4,316.00	4,316	4,316															
4.640	23,100	7,700	Square Feet	Perimeter Walls, Masonry (Incl. Pillars and Entrance Monuments)	2016	8 to 12	1	2.00	15,400	62,625						26,401									
4.641	1,860	310	Linear Feet	Perimeter Walls, Panelized Concrete, Phased	2021	45 to 50	6	60.00	18,600	180,787	28,046					31,887				35,334				39,155	
4.642	1,600	800	Linear Feet	Perimeter Walls, Wood Fences	2021	15 to 20	6	25.00	20,000	62,312											38,982				
4.700	2	1	Allowance	Playground Equipment, Near Term (2015 is Budgeted)	2015	N/A	0	18,000.00	18,000	31,468															
4.701	1	1	Allowance	Playground Equipment, Subsequent	2032	15 to 20	17	40,000.00	40,000	61,882		61,882													
4.810	2	1	Allowance	Signage, Replacement	2019	15 to 20	4	22,000.00	22,000	65,113									40,734						
4.820	43,200	7,200	Square Feet	Tennis Court, Bent Oak Circle, Color Coat and Partial Concrete Repairs	2020	4 to 6	5	0.80	5,760	55,467					9,624					10,942					12,441
4.830	14,400	2,880	Square Yards	Tennis Courts, Woodcreek Road and Wheeler Branch Trail, Color Coat	2015	4 to 6	0	7.50	21,600	158,389					36,091					41,033					
4.835	360	360	Linear Feet	Tennis Court, Bent Oak Circle, Fence	2025	to 25	10	30.00	10,800	13,960															
4.840	1,900	950	Linear Feet	Tennis Courts, Woodcreek Road and Wheeler Branch Trail, Fences	2020	to 25	5	30.00	28,500	93,958															61,555
4.850	28	14	Each	Tennis Courts, Woodcreek Road and Wheeler Branch Trail, Light Poles and Fixtures	2020	to 25	5	2,750.00	38,500	126,926															83,154
4.860	5,760	2,880	Square Yards	Tennis Courts, Woodcreek Road and Wheeler Branch Trail, Surface Replacement	2020	to 25	5	33.00	95,040	313,326															205,271
				Pool Elements																					
6.200	10,500	3,500	Square Feet	Concrete Deck, Inspections, Partial Replacements and Repairs	2020	8 to 12	5	1.90	6,650	29,967										12,633					
6.301	260	260	Linear Feet	Fence, Chain Link	2022	to 25	7	20.00	5,200	6,224															
6.401	4	1	Allowance	Fences, Metal, Paint Finishes (Incl. Wood Pergola) (2015 is Budgeted)	2015	6 to 8	0	2,700.00	2,700	16,736						4,629							5,540		
6.402	150	150	Linear Feet	Fences, Metal	2022	to 35	7	50.00	7,500	8,976															
6.600	2	1	Allowance	Mechanical Equipment	2026	to 15	11	15,000.00	15,000	48,389										28,495					
6.700	2	1	Each	Pergola, Wood	2020	15 to 25	5	15,300.00	15,300	47,991												30,596			
6.800	7,600	3,800	Square Feet	Pool Finishes, Plaster	2016	8 to 12	1	10.50	39,900	93,854															
6.850	2	1	Allowance	Rest Room and Mechanical Building, Exterior Renovations, (Incl. Pavilion Roof)	2021	15 to 20	6	12,000.00	12,000	36,217									22,219						
6.851	4	2	Each	Rest Rooms, Renovation	2017	15 to 20	2	6,000.00	12,000	33,739							21,107								
6.861	2	1	Allowance	Security System	2025	10 to 15	10	2,500.00	2,500	7,629							4,397								
6.871	2	1	Each	Shade Structure	2017	15 to 20	2	4,500.00	4,500	12,652							7,915								
6.900	3,800	3,800	Square Feet	Structure and Deck, Total Replacement	2038	to 65	23	90.00	342,000	617,185								617,185							
	1	1	Allowance	Reserve Study Update with Site Visit	2017	2	2	2,250.00	2,250	2,250															
				Anticipated Expenditures, By Year						$2,416,860	28,046	61,882	0	0	45,715	85,075	33,419	617,185	62,953	128,437	38,982	56,443	5,540	39,155	362,421

RESERVE FUNDING PLAN

CASH FLOW ANALYSIS
Western Oaks
Property Owner's Association, Inc.
Austin, Texas

Individual Reserve Budgets & Cash Flows for the Next 30 Years

			FY2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	Reserves at Beginning of Year (Note 1)		119,434	95,573	53,886	82,211	131,118	184,666	60,975	25,912	68,227	127,799	173,161	138,341	84,859	150,949	219,475	286,576
	Total Recommended Reserve Contributions (Note 2)		16,676	32,700	47,200	61,700	76,200	90,700	105,200	57,000	58,500	60,000	61,600	63,200	64,800	66,500	68,200	70,000
Plus	Estimated Interest Earned, During Year (Note 3)		1,079	818	744	1,167	1,727	1,344	475	515	1,072	1,646	1,704	1,221	1,290	2,026	2,768	3,158
Less	Anticipated Expenditures, By Year		(41,616)	(75,205)	(19,619)	(13,960)	(24,379)	(215,735)	(140,738)	(15,200)	0	(16,284)	(98,124)	(117,903)	0	0	(3,867)	(68,977)
	Anticipated Reserves at Year End		$95,573	$53,886	$82,211	$131,118	$184,666	$60,975	$25,912 (NOTE 5)	$68,227	$127,799	$173,161	$138,341	$84,859	$150,949	$219,475	$286,576	$290,757
	Predicted Reserves based on 2015 funding level of:	$18,192	95,573	39,298	38,295	42,972	37,224	(160,996)	(285,987)									

(continued)

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

		2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
	Reserves at Beginning of Year	290,757	337,950	353,550	433,455	516,250	556,000	558,722	615,526	88,190	114,546	77,660	132,729	173,260	267,933	332,362
	Total Recommended Reserve Contributions	71,800	73,700	75,600	77,600	79,600	81,700	83,800	86,000	88,200	90,500	92,900	95,300	97,800	100,300	102,900
Plus	Estimated Interest Earned, During Year	3,439	3,782	4,305	5,195	5,865	6,097	6,423	3,849	1,109	1,051	1,151	1,674	2,413	3,284	2,229
Less	Anticipated Expenditures, By Year	(28,046)	(61,882)	0	0	(45,715)	(85,075)	(33,419)	(617,185)	(62,953)	(128,437)	(38,982)	(56,443)	(5,540)	(39,155)	(362,421)
	Anticipated Reserves at Year End	$337,950	$353,550	$433,455	$516,250	$556,000	$558,722	$615,526	$88,190 (NOTE 5)	$114,546	$77,660	$132,729	$173,260	$267,933	$332,362	$75,070 (NOTE 4)

Explanatory Notes:

1) Year 2015 starting reserves are as of January 31, 2015; FY2015 starts January 1, 2015 and ends December 31, 2015.
2) Reserve Contributions for 2015 are the remaining budgeted 11 months; 2016 is the first year of recommended contributions.
3) 1.1% is the estimated annual rate of return on invested reserves; 2015 is a partial year of interest earned.
4) Accumulated year 2045 ending reserves consider the age, size, overall condition and complexity of the property.
5) Threshold Funding Years (reserve balance at critical point).

4. CONDITION ASSESSMENT

The Condition Assessment of this *Full Reserve Study* includes *Enhanced Solutions and Procedures* for select significant components. These narratives describe the Reserve Components, document specific problems and conditions, 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*.

Property Site Elements

Basketball Court - Western Oaks maintains 5,550 square feet of concrete comprising one basketball court. We comment on the respective quantities, conditions and times of replacements in the following sections of this narrative.

Fence - Approximately 300 linear feet of metal chain link fence enclose the basketball basketball court. The chain link fence is in fair condition at an unknown age. We note fence curl as shown on Page 5.3 of ***Photographs***. Chain link fences of this type have a useful life of up to 25 years. We recommend the Association anticipate replacement of the fence by 2021, concurrent with concrete surface replacement. We depict this information on Line Item 4.081 of ***Reserve Expenditures***.

Surface - The basketball court playing surface is original and in fair to poor overall condition. We note cracks as shown on Page 5.2 of ***Photographs***. Concrete playing surfaces have a useful life of 40- to 45-years. In consideration of the observed

condition and to maintain a safe playing surface, we recommend the Association anticipate replacement by 2021. We note this information on Line Item 4.082 of ***Reserve Expenditures***. We recommend replacement of the basketball standards from the operating budget on an as needed basis.

The times and costs of these replacements may vary. However, the estimated expenditures detailed in ***Reserve Expenditures*** are sufficient to budget appropriate reserves.

Concrete Flatwork - The Association maintains approximately 16,900 square feet of concrete flatwork including sidewalks, drainage structures, drainage channels, the playground border, and curbs and gutters found at the cul-de-sacs of Circle Oak, Bent Oak and Flaming Oak. The remaining concrete curbs and gutters found throughout the community are the responsibility of the City of Austin. The concrete flatwork is in fair overall condition. We note cracks and partial replacements as shown on Pages 5.3 through 5.5 of ***Photographs***. Management also informs us the Association conducted repairs at one of the concrete drainage structures in 2013. These applications of concrete have useful lives of up to 65 years although isolated deterioration of limited areas of concrete is common. Inclement weather, inadequate subsurface preparation and improper concrete mixtures or finishing techniques can result in premature deterioration such as settlement, chips, cracks and spalls. Variable conditions like these result in the need to plan for periodic partial replacements of the concrete flatwork throughout the next 30 years.

We estimate that up to 5,875 square feet of the concrete flatwork, or thirty-five percent (35%) of the total, will require replacement during the next 30 years. We recommend the Association budget for replacement of 1,175 square feet of the concrete flatwork every six years beginning by 2018. Line Item 4.140 of ***Reserve Expenditures*** notes our estimate of future costs

and anticipated times of replacements. We base our estimate of replacement on four-inch thick, 3,000 psi (pounds per square inch) concrete with 6x6 - W1.4xW1.4 steel reinforcing mesh. The times and costs of these replacements may vary. However, the estimated expenditures detailed in ***Reserve Expenditures*** are sufficient to budget appropriate reserves. We also recommend an annual inspection of the sidewalks to identify potential trip hazards. We suggest the Association grind down or mark these hazards with orange safety paint prior to replacement and fund this ongoing activity through the operating budget.

Irrigation System - An irrigation system waters multiple locations of the lawn and landscaped areas at Western Oaks. The system includes approximately 27 zones and 235 pop-up heads. The system is original and reported in satisfactory condition. Irrigation systems typically include the following components:

- Electronic controls (timer)
- Impact rotors
- Network of supply pipes
- Pop-up heads
- Valves

Water pressure activates the lawn spray pop-up heads. Controllers operate the main water flow valves. The exact amounts and locations of system components were not ascertained due to the nature of the underground construction and the non-invasive nature of the inspection.

The system as a whole has a useful life of up to 40 years. The system network supply pipes will dislodge as tree roots grow and soil conditions change. Western Oaks should anticipate interim and partial replacements of the system network supply pipes and other components as normal maintenance to maximize the useful life of the irrigation system. The Association should fund these ongoing seasonal repairs through the operating budget. In

addition, we recommend Western Oaks budget for a complete replacement of the system by 2025. We note this information on Line Item 4.420 of ***Reserve Expenditures***.

Landscape, Ballfield Renovation - Western Oaks maintains the ballfield located at Wheeler Branch Trail. The ballfield is original and in fair to poor condition. Management and the Board inform us the Association plans to apply new turfgrass at approximately 10,750 square feet of the landscaped field in 2015 and fund this activity through reserves. Our cost reflects the historic cost provided by management. We recommend future annual maintenance of the ballfield be funded through the operating budget. We depict this information on Line Item 4.501 of ***Reserve Expenditures***. We include replacement of the ballfield chain link fence with the Woodcreek Road and Wheeler Branch Trail tennis court fences.

Perimeter Walls, Masonry - The Association maintains approximately 7,700 square feet of masonry perimeter walls, columns and entrance monuments. This quantity includes both sides of the walls and monuments, and all four sides of the columns. The walls, columns and monuments are found at multiple entrances to the community and at the pool area. The overall condition of the masonry is fair. We note cracks, mortar deterioration, efflorescence, and delamination as shown on Pages 5.5 through 5.7 of ***Photographs***. The delamination and spall of the masonry is most likely caused by water infiltration. Masonry generally requires less maintenance than other types of exterior elements. However, masonry is not maintenance free. Western Oaks should plan for the periodic inspection of the masonry to identify and repair areas of deterioration. Common types of masonry deterioration include efflorescence, spalling and cracking.

The primary cause of *efflorescence, cracks* and *face spall* is water infiltration, therefore prevention of water infiltration is the principal concern for the maintenance of masonry applications. Water infiltration is most likely to occur at the topsides of the walls or columns. Therefore, we recommend the Association consider installation of coping at the topsides of the walls and columns to inhibit further infiltration of water inside the wall and column cavities. This will maximize the useful life of these masonry applications.

Repointing is a process of raking and cutting out defective mortar to a depth of not less than ½ inch nor more than ¾ inch and replacing it with new mortar. We advise a complete inspection of the perimeter walls, and partial repointing with related masonry repairs every 8- to 12-years to forestall deterioration. We suggest that the Association budget for repointing of up to three percent (3%) and partial replacement of up to one percent (1%) of the masonry in 2016 and every 10 years thereafter. We depict this information on Line Item 4.640 of ***Reserve Expenditures***.

Perimeter Walls, Panelized Concrete - The Association maintains approximately 1,860 linear feet of panelized concrete perimeter walls, also referred to as panel fences. The walls are located at the southern perimeter along Convict Hill Road. The walls are in good condition at an unknown age. These walls comprise concrete panels do not utilize a foundation for support. Rather, the panels are supported internally with ladder wire and externally by traditional masonry columns. These types of walls are prone to damage primarily as a result of water infiltration due to precipitation or errant spray from irrigation systems. Water infiltration within the panels or columns results in deterioration of the internal metal support wire. Sag, cracks, spalls and mortar deterioration are evidence of water infiltration and the likely need to replace the panels. Variable

conditions like these result in the need to plan for periodic replacements of the concrete perimeter walls throughout the next 30 years.

Concrete panel walls have a typical useful life of 45- to 50-years. We suggest that the Association budget for a phased replacement of up to seventeen percent (16.7%), or 310 linear feet, of the walls beginning by 2021 and every five years thereafter with an accelerated rate of replacement as the concrete panel walls begin to age. We depict this information on Line Item 4.641 of ***Reserve Expenditures***. To maximize the useful life of these walls, the Association should direct irrigation system heads away from the walls and ensure tree roots do not undermine the support columns.

Perimeter Walls, Wood Fences- Approximately 800 linear feet of stockade wood fences are found at the Robert Dixon Drive entrance. The fences are in good to fair overall condition at an unknown age. We note leaning sections, wood rot and partial replacements as shown on Page 5.8 of ***Photographs***. Wood fences of this type have useful lives of 15- to 20-years. The Association should anticipate periodic partial replacements due to the non-uniform nature of wood deterioration. Along with these partial replacements, the Association should apply periodic paint applications as needed and fund these activities through the operating budget. We suggest the Association plan for replacement by 2021 and again by 2041. We depict this information on Line Item 4.642 of ***Reserve Expenditures***.

Playground Equipment - The Association maintains playground equipment at Woodcreek Road near the pool area. The playground equipment varies in condition and ages and includes:

- Swing set (Original)

- Toddler swing set (Replaced in 2014)
- Jeep rider (Replaced in 2014)
- Wood playset (Replaced in 2003)
- Climbing structure, green and blue (Replaced in 2007)
- Diggers (Replaced in 2014)
- Four person see-saw (Replaced in 2014)
- Riders (Replaced in 2014)
- Slide, metal (Original)
- Merry-go-round, metal (Original)
- Climbing structure, metal (Original)
- Two person see-saws (Original)
- Benches (All original except for one that was added in 2014)
- Picnic Tables (Various ages)

We note rust at the original playground equipment as shown on Pages 5.9 and 5.10 of ***Photographs***. 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. Playground equipment of this type has a useful life of 15- to 20- years. Management informs us the Association budgeted an allowance of $13,000 in 2015 for partial replacement of the original playground equipment. We estimate that the Association should budget an additional allowance of $18,000 plus inflation in 2016 to remove and replace the remaining original playground equipment, including the wood playset structure. We recommend the Association budget for subsequent replacement of all of the playground equipment by 2032. The exact cost of the near term replacements may vary based on the age of the current playground equipment and the selected new replacement equipment. However, we judge the amounts shown on Line Items 4.700 and 4.701 ***Reserve Expenditures*** sufficient to budget appropriate reserves.

Page 4.7 - Condition Assessment

Signage - The Association maintains 12 entrance monuments with metal signs and landscape light fixtures at the various entrances to the community. The signs are original and in fair condition. We note color fade of the metal signs as shown on Page 5.10 of ***Photographs***. The functional useful life of the signs is 15- to 20-years. The community signs contribute to the overall aesthetic appearance to owners and potential buyers. 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 the replacement of the signs is discretionary. We recommend the Association plan to replace the signs by 2019 and again by 2039. We include replacement of the light fixtures in our cost. We note this information on Line Item 4.810 of ***Reserve Expenditures***. We include repairs to the masonry at the monuments with the perimeter walls and columns

Tennis Courts - Western Oaks maintains tennis courts at Bent Oak Circle, Woodcreek Road and Western Branch Trail. The Bent Oak Circle tennis court comprises 7,200 square feet of concrete and is in good condition at an age of one year. We note isolated cracks. The tennis courts at Woodcreek Trail and Western Branch Trail comprise 2,880 square yards, are original and in fair overall condition. We note multiple cracks at both locations. The components of the tennis courts include the *color coats, fences, light poles and fixtures,* and the playing *surfaces*. We comment on the respective quantities, conditions and times of replacements in the following sections of this narrative.

Color Coats - We recommend the Association apply a new color coat every four- to six-years at all of the courts to maximize their useful lives. The color coat at the Bent Oak Circle tennis court is in good condition. We recommend the Association budget for

color coat and crack repairs by 2020 and every five years thereafter and note this on Line Item 4.820 of ***Reserve Expenditures***. The color coats at the Woodcreek Road and Wheeler Branch Trail courts are in fair condition. We recommend the Association require the contractor repair surface cracks prior to the application of the color coat to deter water infiltration. Two separate methods of repairing surface cracks include filling the cracks with hot emulsion or utilizing a knitted fabric system to bridge the cracks. The knitted fabric allows for the cracks to expand and contract but still prevents water infiltration. The fabric is designed to absorb any movement or expansion of the cracks without tearing. This minimizes previously repaired cracks from reappearing on the surface. Based on the age and condition, we advise the Association perform crack repairs and apply a new color coat at the Woodcreek Road and Wheeler Branch Trail courts in 2015 and every five years thereafter except when replacement occurs. We include this information on Line Item 4.830 of ***Reserve Expenditures***.

Fences - Approximately 360 linear feet of metal chain link fence enclose the Bent Oak Circle court and 950 linear feet enclose the Woodcreek Road and Wheeler Branch Trail courts. This quantity also includes the ballfield back stop. The chain link fences are in fair to poor condition. We note rust as shown on Page 5.13 of ***Photographs***. Chain link fences of this type have a useful life of up to 25 years. Based on the condition of the fences, we recommend the Association anticipate replacement of the Bent Oak Circle fence by 2025, and the Woodcreek Road and Wheeler Branch Trail fences by 2020 and again by 2045, concurrent with asphalt surface replacement. We depict this information on Line Items 4.835 and 4.840 of ***Reserve Expenditures***.

Light Poles and Fixtures - The Association maintains 14 light poles and fixtures to illuminate the basketball courts at Woodcreek Road and Wheeler Branch Trail. Our quantity includes the single light pole and fixture at the pool area. The metal poles and fixtures are original and in fair condition. We note rust at the poles as shown on Page 5.14 of ***Photographs***. Light poles and fixtures of this type have a useful life of up to 25 years. We recommend the Association anticipate replacement by 2020 and again by 2045, concurrent with asphalt surface replacement. We include this information on Line Item 4.850 of ***Reserve Expenditures***.

Surface - As previously stated, the Bent Oak Circle concrete playing surface is in good condition at an age of one year. We note isolated edge cracks as shown on Page 5.11 of ***Photographs***. The Woodcreek Road and Wheeler Branch Trail asphalt surfaces are in fair overall condition. We note multiple cracks at both locations as shown on Pages 5.11 and 5.12 of ***Photographs***. Concrete tennis courts have a useful life of 40- to 45-years. Therefore, we do not anticipate complete replacement in the next 30 years with proper maintenance and color coat applications. The asphalt tennis courts have a shorter useful life of up to 25 years. In consideration of the observed condition and to maintain a safe playing surface at the asphalt pavement courts, we recommend the Association anticipate replacement by 2020 and again by 2045. We note this information on Line Item 4.860 of ***Reserve Expenditures***. We recommend replacement of the tennis standards from the operating budget on an as needed basis.

The times and costs of these replacements may vary. However, the estimated expenditures detailed in ***Reserve Expenditures*** are sufficient to budget appropriate reserves.

Pool Elements

Concrete Deck - A textured concrete deck surrounds the pool and comprises approximately 3,500 square feet. The deck is original and in good to fair condition. We note cracks and joint sealant deterioration as shown on Page 5.15 of ***Photographs***. The useful life of a concrete pool deck is up to 60 years. However, we recommend the Association conduct inspections, partial replacements and repairs to the deck every 8- to 12-years.

Inadequate subsurface preparation, improper concrete mixtures, poor finishing techniques, soil movement and water infiltration underneath the concrete deck can cause significant settlement and cracks in the concrete. The pool deck should also be free of trip hazards for the safety of residents and their guests. We recommend the Association budget for the following by 2020 and every 10 years thereafter:

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

The times, amounts and related costs of these repairs and replacements may vary. However, we judge the amounts shown on Line Item 6.200 of ***Reserve Expenditures*** sufficient to budget appropriate reserves.

Fence, Chain Link - Approximately 260 linear feet of chain link fence are found at the east, south and west perimeters of the pool area. The fence is in good to fair condition at an unknown age. We note minor rust and leaning sections. Chain link fences have useful lives of up to 25 years. We recommend the Association anticipate replacement by 2022 in conjunction with replacement of the metal fences. We suggest the Association install vinyl coated fence at

the time of replacement. We depict this information on Line Item 6.301 of ***Reserve Expenditures***.

Fences, Metal - Approximately 150 linear feet of metal fences are found at the north and west perimeters of the pool area. The fences are in good overall condition at an unknown age. The protective finishes are original and in good to fair overall condition. Fences of this type have a long useful life but are not maintenance free. Periodic maintenance should include periodic applications of protective paint finish to the metal surfaces and partial replacement of deteriorated sections as needed. Metal components at grade and key structural connections are especially prone to failure if not thoroughly maintained. Secure and rust free fasteners and connections will prevent premature deterioration. We recommend paint applications every six- to eight-years and we anticipate a useful life of up to 35 years for the fence.

Periodic applications of paint to the metal will help maximize the useful life. Preparation of the metal before application of the paint finish is important. The paint contractor should remove all soil, dirt, oil, grease and other foreign materials before application of the paint finish to maximize its useful life. The contractor should also remove paint blisters and rust prior to the paint finish application. We recommend the use of a power wire brush, scraper and/or sander as effective means of removal. The Association should require the application of a primer on bare metal. The primer for metal surfaces should include a rust inhibitor for added protection. The Association has budgeted for paint finish applications to the fence and wood pergola in 2015. We include this event and recommend the Association budget for subsequent refinishes every seven years thereafter except when replacement occurs. We anticipate replacement of the metal fences by 2022. We depict this information on Line Items 6.401 and 6.402 of ***Reserve***

Expenditures. We include inspections and repairs to the masonry columns with the masonry perimeter walls and entrance monuments.

Mechanical Equipment - The pool mechanical equipment comprises the following:

- Automatic chlorinator
- Controls
- Filter
- Interconnected pipe, fittings and valves
- Pumps
- Electrical panel

The pool mechanical equipment is in good condition at an age of less than one year. Pool mechanical equipment has a useful life of up to 15 years. We recommend the Association anticipate replacement of the pool mechanical equipment by 2026 and every 14 years thereafter. We consider interim replacement of motors and minor repairs as normal maintenance. We note this information on Line Item 6.600 of ***Reserve Expenditures***.

Pergola, Wood - Western Oaks maintains a wood pergola at the pool area. The pergola is in fair condition at an age of approximately 20 years. Wood pergolas of this type have a useful life of 15- to 25-years. We recommend the Association budget for replacement by 2020 and again by 2042. We depict this information on Line Item 6.700 of ***Reserve Expenditures***. Our cost reflects the historic cost provided by Management.

Pool Finish, Plaster - The main pool and wading pool wall and floor surfaces have a plaster finish of 3,800 square feet based on the horizontal surface area. The finish is in fair to poor condition at an age of six years. We note multiple areas of pool finish deterioration as shown on Page 5.18 of ***Photographs***. This type of pool finish deteriorates with time and requires periodic maintenance and replacement. We recommend the Association anticipate the need to

replace the finish and conduct related repairs every 8- to 12-years to maintain the integrity of the pool structure. Removal and replacement provides the opportunity to inspect the pool structure and to allow for partial repairs of the underlying concrete surfaces as needed. Based on the condition noted at the time of inspection, we recommend the Association budget for the following in 2016 and every 10 years thereafter except when replacement of the entire structure occurs:

- Removal and replacement of the finish
- 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

We include this information on Line Item 6.800 of ***Reserve Expenditures***.

Rest Room and Mechanical Building, Exterior Renovations - Western Oaks maintains the rest room building and mechanical building found at the pool area. The exterior elements of these buildings comprise the following:

- 1,900 square feet of brick masonry
- 15 squares of asphalt shingle roofs (Including the pavilion)
- Three exterior doors

The building exterior elements are in good to fair overall condition. The building structures are original and the roofs were replaced approximately ten years ago. We note isolated shingle lift at the asphalt shingle roofs and delamination and cracks at the brick masonry as shown on Pages 5.20 and 5.21 of ***Photographs***. The useful lives of the building exterior elements vary significantly. However, due to the relatively small quantities and interrelated nature of these elements, we recommend the Association combine their replacements into coordinated exterior renovations.

We recommend the Association anticipate exterior renovations every 15- to 20-years. These renovations should include the following:

- Inspection of the brick veneer including partial repointing of up to five percent (5%)
- Replacement of the asphalt shingle roof assembly
- Replacement of the exterior doors

Based on the age and visual condition of these exterior clubhouse elements, we recommend the Association budget for the next coordinated complete exterior renovation by 2021 and again by 2039. Line Item 6.850 of ***Reserve Expenditures*** notes this information.

Rest Rooms - The Association maintains two common area rest rooms at the pool area. Components of the rest rooms include painted wall finishes, tile wall finishes in the showers, plumbing fixtures and wood benches. The components are original and in poor overall condition. We note shower tile deterioration as shown on Page 5.21 of ***Photographs***. The useful life of rest room components varies from 15- to 20-years. Periodic renovations are an astute practice to maintain a positive overall appearance of the Association. We recommend the Association budget for a renovation by 2017 and again by 2037. We note this information on Line Item 6.851 of ***Reserve Expenditures***. The Association should verify the rest room renovations comply with the Americans with Disabilities Act (ADA).

Security System - Western Oaks utilizes a security system for added security within the pool area including cameras, monitor and recording devices. The security system is reported in satisfactory operational condition at an age of two years. As the system ages, service interruptions will increase in frequency. We anticipate a useful life of 10- to 15-years for the system. The Association should anticipate replacement of the security system by 2025 and again by 2037. We include this information on Line Item 6.861 of ***Reserve Expenditures***. The

Association should anticipate interim replacements of a limited quantity of components as normal maintenance to achieve a uniform useful life for the entire system.

Shade Structure - Western Oaks maintains a shade structure to provide shade at the wading pool. The shade structure is in fair condition at an age of 15 years. We note discoloration of the canopy and rust at the structure as shown on Page 5.22 of ***Photographs***. These elements have a useful life of 15- to 20-years. We recommend the Association budget for replacement by 2017 and again by 2037. We depict this information on Line Item 6.871 of ***Reserve Expenditures***.

Structure and Deck - The concrete pool structure comprises approximately 3,800 square feet of horizontal surface area. The structure is original and visually appears in good condition. Management does not report any past or current leaks. The concrete floor and walls have a plaster finish. This finish makes it difficult to thoroughly inspect the concrete structure during a noninvasive visual inspection.

We anticipate a total useful life of up to 65 years for the pool structure. The need to replace a pool structure depends on the condition of the concrete structure, the condition of the embedded or concealed water circulation piping, possible long term uneven settlement of the structure, and the increasing cost of repair and maintenance. Deterioration of any one of these component systems could result in complete replacement of the pool. For example, deferral of a deteriorated piping system could result in settlement and cracks in the pool structure. This mode of failure is more common as the system ages and deterioration of the piping system goes undetected. For reserve budgeting purposes, we recommend Western Oaks plan to replace the following components by 2038.

- Concrete deck
- Pool structure
- Subsurface piping

The time and cost of this project may vary. However, we judge the amount shown on Line Item 6.900 of ***Reserve Expenditures*** sufficient to budget appropriate reserves.

Reserve Study Update

An ongoing review by the Board and an Update of this Reserve Study in two- to three-years 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.

The Association can expense the fee for an Update with site visit from the reserve account. This fee is included in the Reserve Funding Plan. We base this budgetary amount on updating the same property components and quantities of this Reserve Study report. 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. PHOTOGRAPHS

Photographs document the conditions of various property components as of the date of our visual inspection, January 8, 2015. The Condition Assessment contains references to these photographs.

The following is an overview image of the subject pool area and Woodcreek Road tennis courts:

The next pages contain the photographs related to the Condition Assessment.

Basketball court

Basketball court concrete crack

Basketball court crack and patch

Chain link fence curl at basketball court

Concrete sidewalk overview

Sidewalk cracks

Sidewalk cracks

Sidewalk settlement

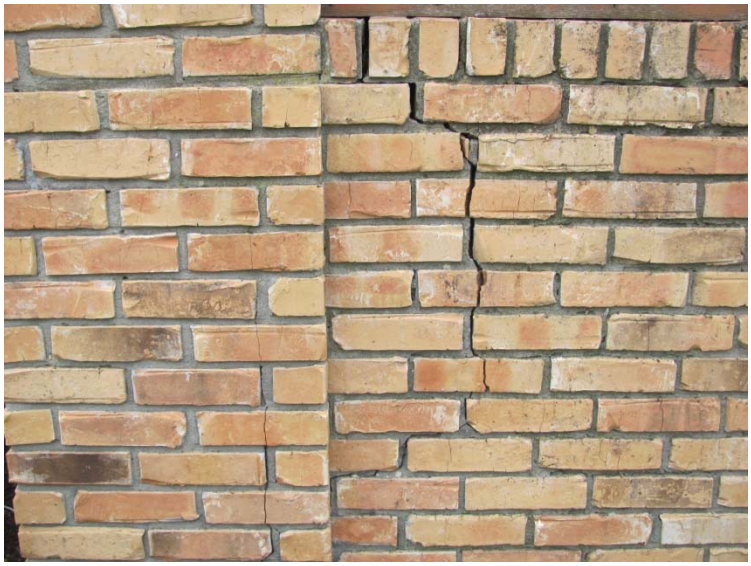
Sidewalk partial replacements

Concrete drainage swale

Note: Cracks

Masonry perimeter walls

Masonry crack at entrance monument



Masonry crack at entrance monument

Masonry mortar deterioration

Masonry pillar delamination at pool

Masonry efflorescence

Panelized concrete perimeter wall

Wood perimeter fence

Fence leaning sections

Fence wood rot

Fence partial replacements

Playground equipment

Playground equipment

Playground equipment rust

Playground equipment rust

Entrance monument signage

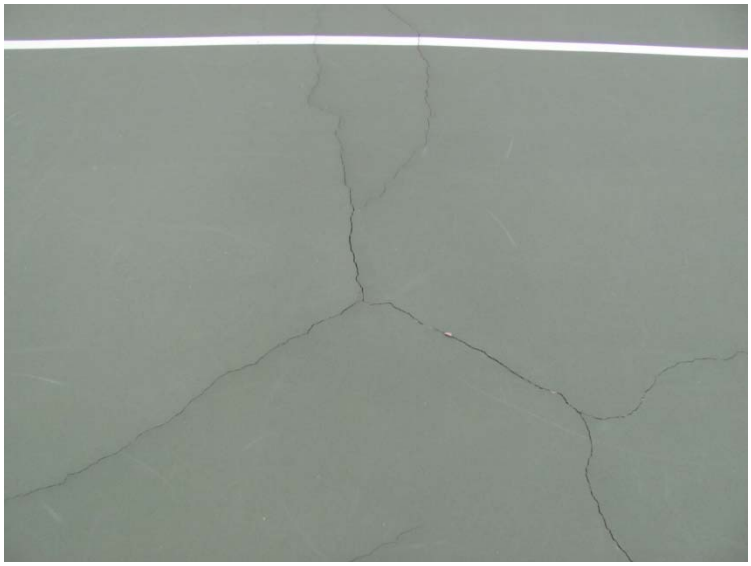
Note: Color fade

Bent Oak Circle concrete tennis court

Woodcreek Road tennis courts

Wheeler Branch Trail tennis courts

Isolated edge crack at Bent Oak Circle court



Tennis court cracks at Wheeler Branch Trail

Tennis court cracks at Woodcreek Road

Tennis court cracks Woodcreek Road

Gate rust at Bent Oak Circle tennis court

Tennis court chain link fence rust

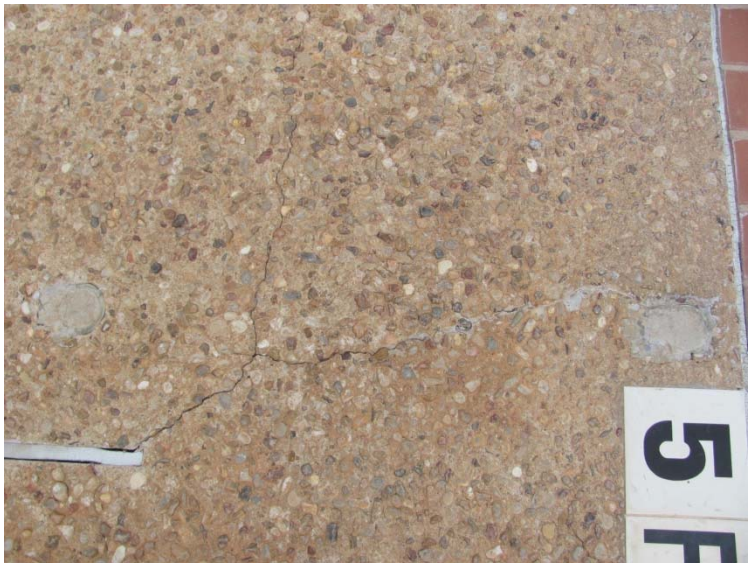
Tennis court light pole and fixtures

Light pole rust

Pool overview

Wading pool

Concrete deck crack



Concrete deck crack

Sealant deterioration

Leaning chain link sections

Metal pool fence

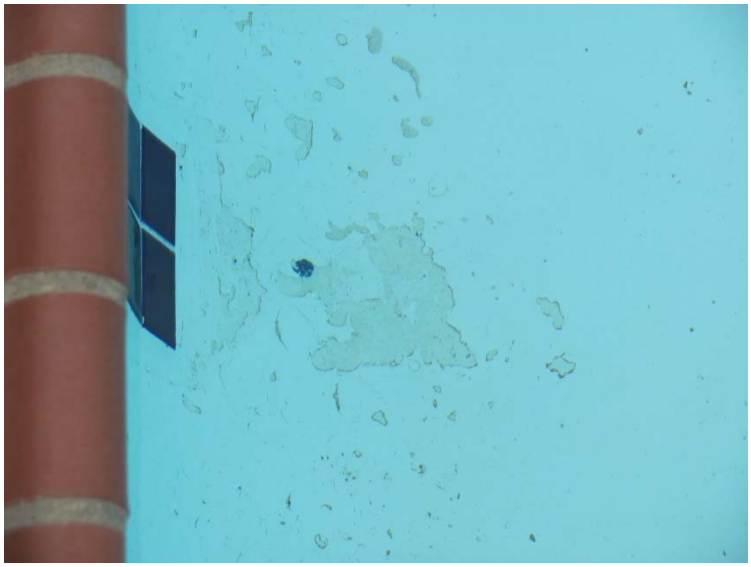
Wicker pool furniture

Metal pool furniture

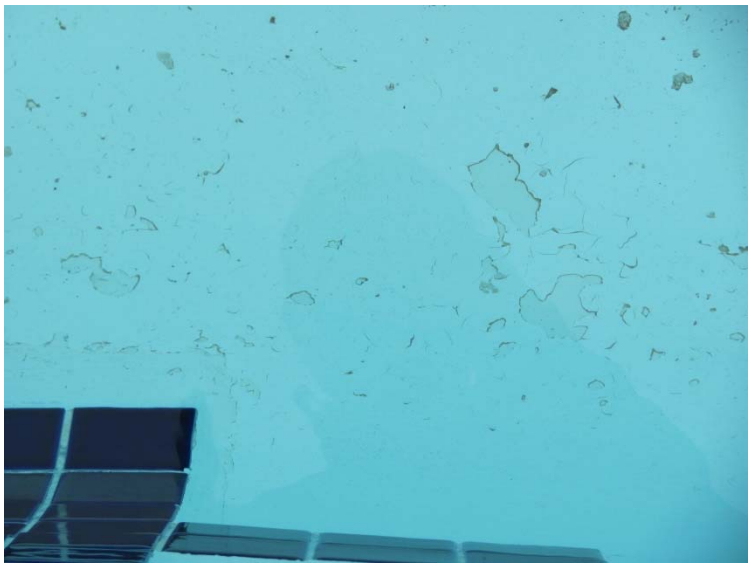
Mechanical equipment

Wood pergola

Pool finish deterioration



Pool finish deterioration



Pool finish deterioration

Pool tile discoloration

Pool mechanical building

Pool rest room building

Pavilion

Asphalt shingle roof

Note: Isolated shingle lift

Masonry delamination at rest room building

Masonry wall crack at rest room building

Rest room

Shower tile deterioration

Security system

Shade structure

Note: Discoloration of the canopy

Rust at shade structure support column

6. 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.

Western Oaks 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 Homeowners 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 Community Associations Institute (CAI) and the Association of Professional Reserve Analysts (APRA) fulfilling the requirements of a "Full Reserve Study." 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:

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

Information Furnished by the Association	
2015 unaudited Cash Status of the Reserve Fund	119,434
2015 Remaining Budgeted Reserve Contribution	16,676
Anticipated Interest on Reserve Fund	1,079
Less Anticipated Reserve Expenditures	(41,616)
Projected 2015 Year-End Reserve Balance	$95,573

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 Austin, Texas at an annual inflation rate of 2.6%. Isolated or 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 Western Oaks and their effects on remaining useful lives

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.

The anticipated effects of appreciation of the reserves over time in accord with an anticipated future return or yield on investment of your cash equivalent assets at an annual rate of 1.1% (We did not consider the costs, if any, of Federal and State Taxes on income derived from interest and/or dividend income).

Interest rates on reserves are steady or increasing in concert with the certificates of deposit and money market rates. Slight increases exist in the savings rates of one, two or three-year CDs. Without significant differences in these savings rates, shorter term investments are the choice of many investors. We recommend consultation with a professional investment adviser before investing reserves to determine an appropriate investment strategy to maximize a safe return on reserve savings. The following

[2] See Credentials for addition information on our use of published sources of cost data.

table summarizes rates of inflation and key rates for government securities, generally considered as safe investment alternatives.

Interest Rate and Inflation Data	2013				2014			
Average or Last Actual = (A)	2013:1 (A)	2013:2 (A)	2013:3 (A)	2013:4 (A)	2014:1 (A)	2014:2 (A)	2014:3 (A)	2014:4 (E)
1-Year Treasury Bill	0.15%	0.13%	0.13%	0.12%	0.13%	0.15%	0.13%	0.01%
10-Year Treasury Note	1.86	1.86	2.65	2.70%	2.80%	2.65%	2.40%	2.25%
30-Year Treasury Bond	3.10	3.08	3.70	3.85%	3.90%	3.50%	3.35%	3.00%
Consumer Price Index (annualized rate)	3.21%	-1.68%	1.30%	1.50%	1.50%	2.00%	2.40%	2.60%
Residential Construction" Producer Price Index-Inflation Rate, Bureau of Labor Statistics (Year over Year to April 2014)								2.0%
National Market Savings Rates as found in	0.40%	for Money Market Savings			0.90%	for 2-Year Certificate of Deposit		
http://www.bankrate.com	0.80%	for 1-Year Certificate of Deposit			1.10%	for 3-Year Certificate of Deposit		
Estimated Near Term Yield Rate for Reserve Savings				1.1%				
Est. Near Term Local Inflation Rate for Future Capital Expenditures				2.6%				**10/21/2014**

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

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 Western Oaks 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) Western Oaks 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, Inc. will perform its services as an independent contractor in accordance with our professional practice standards. Our compensation is not contingent upon our conclusions.

Our inspection and analysis of the subject property is limited to visual observations and is noninvasive. We will inspect sloped roofs from the ground. We will inspect flat roofs where safe access (stairs or ladder permanently attached to the structure) is available. The report is based upon a "snapshot in time" at the moment of our observation. Conditions can change between the time of inspection and the issuance of the report. Reserve Advisors does not investigate, nor assume any responsibility for any existence or impact of any hazardous materials, structural, latent or hidden defects which may or may not be present on or within the property. Our opinions of estimated costs and remaining useful lives are not a guarantee of the actual costs of replacement, a warranty of the common elements or other property elements, or a guarantee of remaining useful lives.

We assume, without independent verification, the accuracy of all data provided to us. You agree to indemnify and hold us harmless against and from any and all losses, claims, actions, damages, expenses or liabilities, including reasonable attorneys' fees, to which we may become subject in connection with this engagement, because of any false, misleading or incomplete information which we have relied upon as 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. Your obligation for indemnification and reimbursement shall extend to any controlling person of Reserve Advisors, Inc., including any director, officer, employee, affiliate, or agent. Liability of Reserve Advisors, Inc. and its employees, affiliates, and agents for errors and omissions, if any, in this work is limited to the amount of its compensation for the work performed in this engagement.

Report - Reserve Advisors, Inc. will complete the services in accordance with the Proposal. The Report represents a valid opinion of our findings and recommendations and is deemed complete. However, we will consider any additional information made available to us in the interest of promptly issuing a Revised Report if changes are requested within six months of receiving the Report. We retain the right to withhold a Revised Report if payment for services is not rendered in a timely manner. All files, work papers or documents developed by us during the course of the engagement remains our property.

Your Obligations - You agree to provide us access to the subject property during our on-site visual inspection and tour. You will provide to us to the best of your ability and if reasonably available, historical and budgetary information, the governing documents, and other information that we request and deem necessary to complete our Study. You agree to pay our actual attorneys' fees and any other costs incurred in the event we have to initiate litigation to collect on any unpaid balance for our services.

Use of Our Report and Your Name - Use of this Report is limited to only the purpose stated herein. Any use or reliance for any other purpose, by you or third parties, is invalid. Our Reserve Study Report in whole or part is not and cannot be used as a design specification, design engineering services or an appraisal. You may show our report in its entirety to those third parties who need to review the information contained herein. The Client and other third parties viewing this report should not reference our name or our report, in whole or in part, in any document prepared and/or distributed to third parties without our written consent. ***This report contains intellectual property developed by Reserve Advisors, Inc. specific to this engagement and cannot be reproduced or distributed to those who conduct reserve studies without the written consent of Reserve Advisors, Inc.***

We reserve the right to include our client's name in our client lists, but we will maintain the confidentiality of all conversations, documents provided to us, and the contents of our reports, subject to legal or administrative process or proceedings. These conditions can only be modified by written documents executed by both parties.

Payment Terms, Due Dates and Interest Charges - The retainer payment is due upon authorization and prior to shipment of the report. The final payment of the fee is due immediately upon receipt of the Report. Subsequent changes to the report can be made for up to six months from the initial report date. Any outstanding balance after 30 days of the invoice date is subject to an interest charge of 1.5% per month. Any litigation necessary to collect an unpaid balance shall be venued in Milwaukee County Circuit Court in the State of Wisconsin.

CONDITIONS OF OUR SERVICE ASSUMPTIONS

To the best of our knowledge, all data set forth in this report are true and accurate. Although gathered from reliable sources, we make no guarantee nor assume liability for the accuracy of any data, opinions, or estimates identified as furnished by others that we used in formulating this analysis.

We did not make any soil analysis or geological study with this report; nor were any water, oil, gas, coal, or other subsurface mineral and use rights or conditions investigated.

Substances such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, environmental mold or other potentially hazardous materials could, if present, adversely affect the validity of this study. Unless otherwise stated in this report, the existence of hazardous substance, that may or may not be present on or in the property, was not considered. Our opinions are predicated on the assumption that there are no hazardous materials on or in the property. We assume no responsibility for any such conditions. We are not qualified to detect such substances, quantify the impact, or develop the remedial cost.

We have made a visual inspection of the property and noted visible physical defects, if any, in our report. Our inspection and analysis was made by employees generally familiar with real estate and building construction; however, we did not do any invasive testing. Accordingly, we do not opine on, nor are we responsible for, the structural integrity of the property including its conformity to specific governmental code requirements, such as fire, building and safety, earthquake, and occupancy, or any physical defects that were not readily apparent during the inspection.

Our opinions of the remaining useful lives of the property elements do not represent a guarantee or warranty of performance of the products, materials and workmanship.

9. CREDENTIALS

HISTORY AND DEPTH OF SERVICE

Founded in 1991, Reserve Advisors, Inc. 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 principals are founders of Community Associations Institute's (CAI) Reserve Committee, that developed national standards for reserve study providers. One of our principals 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 a 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, Inc., 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. Each Team Review requires the attendance of several engineers, a Review Coordinator, Director of Quality Assurance and other participatory peers. 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, Inc. 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 the 100-story John Hancock Center in Chicago. 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 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.

QUALIFICATIONS
THEODORE J. SALGADO
Principal Owner

CURRENT CLIENT SERVICES

Theodore J. Salgado is a co-founder of Reserve Advisors, Inc., which is dedicated to serving community associations, city and country clubs, religious organizations, educational facilities, and public and private entities throughout the United States. He is responsible for the production, management, review, and quality assurance of all reserve studies, property inspection services and consulting services for a nationwide portfolio of more than 6,000 clients. Under his direction, the firm conducts reserve study services for community associations, apartment complexes, churches, hotels, resorts, office towers and vintage architecturally ornate buildings .

PRIOR RELEVANT EXPERIENCE

Before founding Reserve Advisors, Inc. with John P. Poehlmann in 1991, Mr. Salgado, a professional engineer registered in the State of Wisconsin, served clients for over 15 years through American Appraisal Associates, the world's largest full service valuation firm. Mr. Salgado conducted facilities analyses of hospitals, steel mills and various other large manufacturing and petrochemical facilities and casinos.

He has served clients throughout the United States and in foreign countries, and frequently acted as project manager on complex valuation, and federal and state tax planning assignments. His valuation studies led to negotiated settlements on property tax disputes between municipalities and property owners.

Mr. Salgado has authored articles on the topic of reserve studies and facilities maintenance. He also co-authored "Reserves", an educational videotape produced by Reserve Advisors on the subject of Reserve Studies and maintaining appropriate reserves. Mr. Salgado has also written in-house computer applications manuals and taught techniques relating to valuation studies.

EXPERT WITNESS

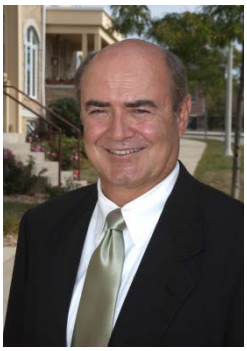
Mr. Salgado has testified successfully before the Butler County Board of Tax Revisions in Ohio. His depositions in pretrial discovery proceedings relating to reserve studies of Crestview Estates Condominium Association in Wauconda, Illinois, Rivers Point Row Property Owners Association, Inc. in Charleston, South Carolina and the North Shore Club Associations in South Bend, Indiana have successfully assisted the parties in arriving at out of court settlements.

EDUCATION - Milwaukee School of Engineering - B.S. Architectural Engineering

PROFESSIONAL AFFILIATIONS/DESIGNATIONS

American Association of Cost Engineers - Past President, Wisconsin Section
Association of Construction Inspectors - Certified Construction Inspector
Association of Professional Reserve Analysts - Past President & Professional Reserve Analyst (PRA)
Community Associations Institute - Member and Volunteer Leader of multiple chapters
Concordia Seminary, St. Louis - Member, National Steering Committee
Milwaukee School of Engineering - Member, Corporation Board
Professional Engineer, Wisconsin, Registered in 1982

JOHN P. POEHLMANN, RS
Principal



John P. Poehlmann is a co-founder of Reserve Advisors, Inc. He is responsible for the finance, accounting, marketing, and overall administration of Reserve Advisors, Inc. He also regularly participates in internal Quality Control Team Reviews of Reserve Study reports.

Mr. Poehlmann directs corporate marketing, including business development, advertising, press releases, conference exhibiting, and direct mail promotions. He frequently speaks throughout the country at seminars and workshops on the benefits of future planning and budgeting for capital repairs and replacements of building components and other assets.

Mr. Poehlmann served on the national Board of Trustees of Community Associations Institute. Community Associations Institute (CAI) is a national, nonprofit 501(c)(6) trade association created in 1973 to provide education and resources to America's 305,000 residential condominium, cooperative and homeowner associations and related professionals and service providers. The Institute is dedicated to fostering vibrant, responsive, competent community associations that promote harmony, community, and responsible leadership.

He is a founding member of the Institute's Reserve Committee. The Reserve Committee developed national standards and the Reserve Specialist (RS) Designation Program for Reserve Study providers. Mr. Poehlmann has authored numerous articles on the topic of Reserve Studies, including Planning for Replacement of Property Doesn't Have to Be Like a Trip to the Dentist, Reserve Studies for the First Time Buyer, Sound Association Planning Parallels Business Concepts, and Reserve Studies Minimize Liability. He has worked with a variety of publications, including the Chicago Tribune, The Milwaukee Journal/Sentinel, Common Ground, Common Interest, and Condo Management. He also co-authored "Reserves", an educational videotape produced by Reserve Advisors on the subject of Reserve Studies and the benefits of maintaining appropriate reserves.

INDUSTRY SERVICE AWARDS

CAI National Rising Star Award - To an individual whose leadership abilities and professional contributions have earmarked them for even greater accomplishments in the future.

CAI Michigan Chapter Award - "Given to the individual who contributed their time, expertise, and resources toward improving the quality of services offered by the chapter. Mr. Poehlmann was unanimously selected as the winner of the CAI Michigan Chapter Award."

EDUCATION

University of Wisconsin-Milwaukee - Master of Science Management
University of Wisconsin - Bachelor of Business Administration

PROFESSIONAL AFFILIATIONS

Community Associations Institute (CAI) - Founding member of Reserve Committee; former member of National Board of Trustees; Reserve Specialist (RS) designation; Member of multiple chapters

Association of Condominium, Townhouse, & Homeowners Associations (ACTHA) – member

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

CURRENT CLIENT SERVICES

Alan M. Ebert, a Geological Engineer, is an Advisor for Reserve Advisors, Inc. Mr. Ebert 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 and homeowner associations.

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, Inc., 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

Reserve Specialist (RS) - Community Associations Institute
Professional Reserve Analyst (PRA) - Association of Professional Reserve Analysts
Professional Engineering License - Wisconsin 2012

NICHOLAS R. JULIA, RS
Responsible Advisor

CURRENT CLIENT SERVICES

Nicholas R. Julia, a Civil Engineer, is an Advisor for ***Reserve Advisors, Inc***. Mr. Julia is responsible for the inspection and analysis of the condition of clients' property, and recommending engineering solutions to prolong the lives of the components. He also forecasts capital expenditures for the repair and/or replacement of the property components and prepares technical reports on assignments. He is responsible for conducting Life Cycle Cost Analysis and Capital Replacement Forecast services and the preparation of Reserve Study Reports for condominiums, townhomes and homeowner associations.

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

Community Homeowners Association of Lake Forest Nestled in a wooded area of Round Rock, Texas, this expansive property consists of 622 single family homes. The development contains a clubhouse, pool, tennis and basketball courts, playground and walking trails. The site includes asphalt pavement and parking area, a pond, and creek.

Fox Chapel Mews II Condominium Association An upscale seven story brick midrise building located in Pittsburgh, Pennsylvania containing 85 units. Residents enjoy amenities such as a party room, fitness center, indoor pool, library, guest suites and tennis court. There is also asphalt pavement parking, stone pavers and two heated parking garages on site.

River Hills Reserve Homeowners Association Located in Orange Park, Florida this exclusive gated community was built in 2003 and contains 99 single family homes. The entrance to the community includes metal gates, a barcode reader for resident access, an intercom system, and decorative brick pavers leading into the development.

Northridge Manor Condominium Association This townhome style development of 80 units in 10 buildings is located in Northville, Michigan. Converted from apartments to condominiums in 2000 and 2001, this complex includes private balconies, a fitness center and storage shed. The site contains asphalt pavement parking areas and overhead metal carports.

Wyoming Glen Homeowners Association Located in Wyoming, Ohio this attractive community includes a total of 23 buildings of varying styles. The houses contain asphalt shingle roofs, modern brick veneer and vinyl siding. The residents' amenities include an upscale clubhouse with a fitness center and pool area complete with lounge seating.

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

The Lofts at River Shores Modern mixed use midrise built in 2006 with 28 residential units located on the top two floors in West Bend, Wisconsin. Each floor contains open interior common areas that include lounges and tables for residents to relax and socialize. The building also has multiple lobbies and a two level concrete parking garage.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, Inc., Mr. Julia attended Marquette University in Milwaukee, Wisconsin where he attained his Bachelor of Science degree in Civil Engineering. His studies focused on transportation engineering and construction management engineering. Mr. Julia also worked for the Village of Libertyville as an intern engineer where he was responsible for the oversight of village projects.

EDUCATION

Marquette University - B.S. Civil Engineering

PROFESSIONAL AFFILIATIONS / DESIGNATIONS

Reserve Specialist (RS) - Community Association Institute

KYLE L. NELSON, RS
Review Coordinator

CURRENT CLIENT SERVICES

Kyle L. Nelson, a Biological Systems Engineer, is an Advisor for ***Reserve Advisors, Inc***. Mr. Nelson is responsible for the inspection and analysis of the condition of clients' property, and recommending engineering solutions to prolong the lives of the components. He also forecasts capital expenditures for the repair and/or replacement of the property components and prepares technical reports on assignments. He is responsible for conducting Life Cycle Cost Analysis and Capital Replacement Forecast services and the preparation of Reserve Study Reports and Transition Study Reports for condominiums, townhomes and homeowner associations.

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

2400 McCue Owners Association This four-story condominium style building located in Houston, Texas was constructed in 2001 and consists of 200 units. The building comprises asphalt shingle and EPDM roofs, concrete balconies with metal rails, and stucco and brick veneer walls. The enclosed courtyard features a pool and a separate fitness facility. The building utilizes an underground parking garage.

Highlands Falls Community Association This planned unit development in Highlands, North Carolina is responsible for common elements shared by 383 single family homes. The development was constructed from the 1970's to the 1980's and comprises nearly 100,000 square yards of asphalt pavement, maintenance equipment and buildings. The community provides water to its residents via wells and water towers, and sewerage via a 135,000 gallons/day wastewater treatment facility.

Somerset Heights Condominium Association This high-rise apartment style development, located in Decatur, Georgia, comprises 172 units in a 20-story building, and was constructed in 1969. Converted from apartments to condos in 1999, this octagonal building provides spectacular views of Atlanta's downtown skyline. The exterior of the building comprises brick and concrete walls, flat roofs and common windows and entrance doors. The interior contains common areas and various mechanical equipment. The development contains a concrete parking structure, pool and asphalt pavement.

Cinco Ranch II Residential Association Located in Katy, Texas, this master association is responsible for common elements shared by over 6,000 single family homes. The community consists of three pools and pool houses with large water slides and other features, over 25 miles of fences and perimeter walls, over 20 separate playgrounds as well as other common recreational areas, five tennis courts, three ponds and an extensive irrigation system.

The Villa Belmont Condominium Apartments This condominium development located near Wilmington, Delaware comprises 282 units in eight buildings. The buildings were constructed in the 1960's and the development contains a pool and asphalt pavement drives and parking areas.

Lakelands Club Consolidated Homeowners Association Located in Plainfield, Illinois, this planned unit development features single family homes and duplexes which line the perimeter of a 43-acre private lake. The development contains a large clubhouse, a swimming pool, nearly a mile of aluminum fences, asphalt pavement streets, parking areas and walking paths, gates and operators, brick pavers, large retaining walls and an irrigation system.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, Inc., Mr. Nelson attended the University of Wisconsin in Madison, Wisconsin where he attained his Bachelor of Science degree in Biological Systems Engineering. His studies focused on construction engineering and management, project estimating and structural analysis. He also worked for J.P. Cullen and Sons as a Student Engineer.

EDUCATION

University of Wisconsin - B.S. Biological Systems Engineering

PROFESSIONAL AFFILIATIONS

Reserve Specialist (RS) - Community Associations Institute

RESOURCES

Reserve Advisors, Inc. 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 http://www.iami.org. Several advisors and a Principal of Reserve Advisors, Inc. hold Senior Memberships with ACI.

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 http://www/ashrae.org. Reserve Advisors, Inc. 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 http://www.msbinfo.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 http://www.rsmeans.com

Reserve Advisors, Inc., 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.