Reserve Advisors

TABLE OF CONTENTS

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September 22, 2008

Campus East Community Association, Inc.
Virginia Beach, Virginia

EXECUTIVE SUMMARY

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Precision 20/20 Full Reserve Study* of Campus East Community Association, Inc. (Campus East) located in Virginia Beach, Virginia and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, May 5, 2008. We conducted the original Reserve Study on February 13, 2003. This Reserve Study is a budget planning tool that identifies the current status of the reserve fund and a stable and equitable Reserve Funding Plan to offset the anticipated future major common area expenditures.

This study is in compliance with and exceeds the standards set forth by Community Associations Institute (CAI) and the Association of Professional Reserve Analysts (APRA) fulfilling the requirements of a "Full Reserve Study." For brevity, we use the term Reserve Study herein. A Reserve Study comprises two parts:

Physical Analysis

- Component Inventory
- Condition Assessment
- Estimated Useful Life, Remaining Useful Life and Replacement Cost

Financial Analysis

- Fund Status
- Funding Plan

Exhibit B presents the numerical data of the Physical and Financial Analyses.

Campus East Community Association, Inc. is a planned unit development which is responsible for the common elements shared by 905 unit owners. The Association was built from 1984 to 1985. The development contains asphalt pavement, playground equipment, tennis courts, a pool house and a pool. Twenty-four major common elements are likely to require capital repair or replacement during the next 30 years.

The unaudited cash status of the reserve fund, as of March 31, 2008, as reported by Management is $188,449. The Funding Goal of this Reserve Study is to keep the reserve balance above an adequate, not excessive threshold when reserves are needed the most due to one or more years of significant expenditures. Our recommended Funding Plan recognizes this threshold or critical point beyond 2038.

Campus East can fund capital repairs and replacements in any combination of the following:

1) Special assessments or increases in the operating budget during years when the shortages occur,

2) Loans using borrowed capital for major replacement projects, or;

3) Level monthly reserve assessments annually adjusted upward for inflation to increase reserves to fund the expected major future expenditures.

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 applies the Cash Flow Method to compute the Reserve Funding Plan. The Reserve Funding Plan determines adequate, not excessive, Reserve Contributions through a 30-year Cash Flow Analysis that incorporates the current reserve funds, future interest earned, and projected Reserve Expenditures.

The Reserve Expenditures reflect current and future *local* costs of replacement, projected earned interest, the average annual fund balances and anticipated inflation. Sources for *local* costs of replacement include our proprietary database, historical costs and published sources, i.e., R.S. Means, Incorporated.

We identified the anticipated Reserve Expenditures for Reserve Components during the next 30 years as either near term or long term. *Near term* expenditures relate to capital needs from now through 2013, the next five years beyond this current fiscal year. These *near term* expenditures comprise $300,333 or about twenty-three percent (23.3%) of the next 30 years of **Exhibit B *Reserve Expenditures***. Expenditures within the next five years are more important when compared with the future needs of Campus East and tend to govern the amounts of recommended Reserve Contributions. The current Reserve Expenditures relate primarily to replacement of the asphalt pavement, tennis courts and the pool plaster.

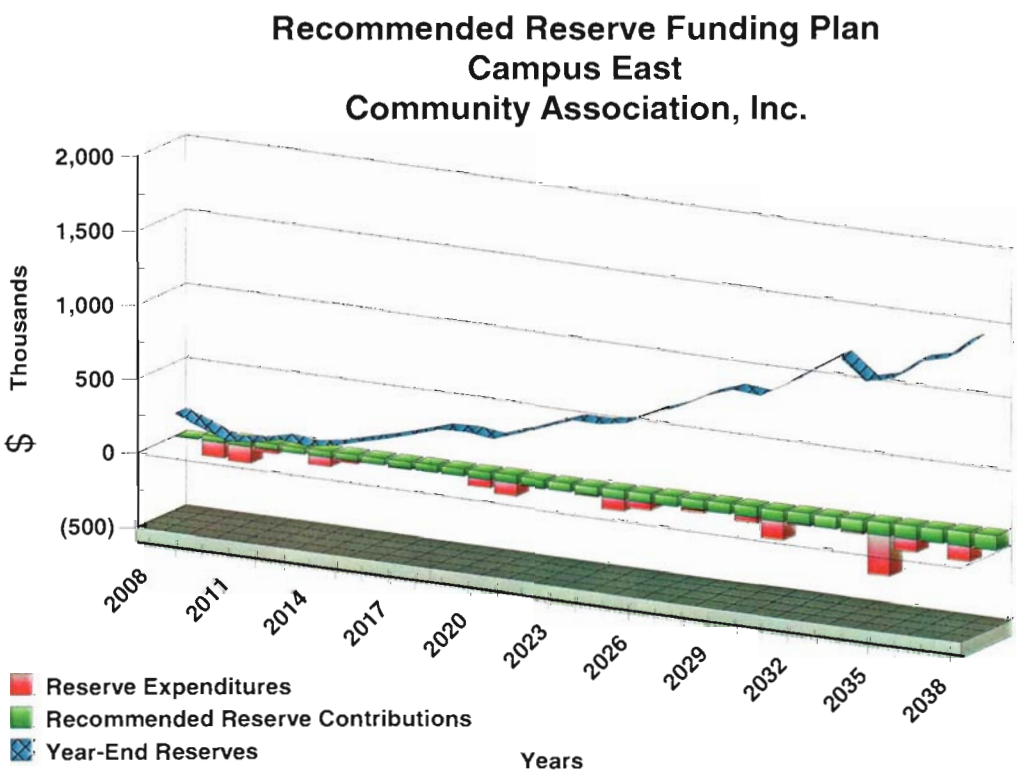
Our revised findings reflect both external market and internal property changes. The result is an overall *increase* in the recommended Reserve Funding Plan since our last Reserve Study on February 13, 2003. The overall increase relates primarily to the increase in cost of petroleum products and a lower than anticipated reserve balance.

The Association budgeted $6,092 for Reserve Contributions in 2008. We recommend that the Association adopt a reserve budget of $35,000 in 2009. Afterwards, the Association can budget less significant increases in reserve funding, that in part consider the effects of inflation through 2038, the limit of this study's Cash Flow Analysis. The recommended year 2009 Reserve Contribution of $35,000 is $28,908 more than the prior budgeted amount and represents about a thirteen percent (12.9%) adjustment in the 2008 total Operating Budget of $224,943. This initial adjustment of $28,908 is equivalent to an average monthly increase of $2.66 per unit owner. These contributions are necessary to maintain a Reserve Fund for the major expenditures as identified in **Exhibit B**. **Exhibit B *Reserve Funding Plan*** enumerates the details regarding recommended annual Reserve Contributions and projected year end reserve balances.

Based on the investigation and analysis as detailed in the accompanying narrative, we recommend the following Reserve Funding Plan (Reserve Contributions) to offset the anticipated future Reserve Expenditures of the subject Reserve Components during the next 30 years.

Recommended Reserve Contributions

Year	$	Year	$	Year	$
2009	35,000	2019	50,600	2029	73,200
2010	36,300	2020	52,500	2030	75,900
2011	37,700	2021	54,500	2031	78,700
2012	39,100	2022	56,500	2032	81,700
2013	40,600	2023	58,600	2033	84,800
2014	42,100	2024	60,800	2034	88,000
2015	43,700	2025	63,100	2035	91,300
2016	45,300	2026	65,500	2036	94,700
2017	47,000	2027	68,000	2037	98,300
2018	48,800	2028	70,600	2038	102,000



Ongoing Board reviews 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 homeowner overfunding or underfunding the reserve account. Examples include deferred or accelerated projects based on Board discretion, interest rate changes on reserve investments and *local* construction inflation rate changes. We have not investigated any liabilities against the property.

Respectfully submitted on September 22, 2008 by
RESERVE ADVISORS, INC.

Michelle A. Stephans

Michelle A. Stephans, PRA[1], RS[2], Director of Quality Assurance
Reference #: 020700
Visual Inspection and Report by: Anthony W. Krupka, RS
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[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 286,000 condominium, cooperative and homeowners associations.

NARRATIVE REPORT

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Precision 20/20 Full Reserve Study* of certain property exhibited to us as that of

Campus East Community Association, Inc.

Virginia Beach, Virginia

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, May 5, 2008. We conducted the original Reserve Study on February 13, 2003.

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.

This Reserve Study uses a 30-year Cash Flow Analysis to project and illustrate the Reserve Funding Plan. National standards[3] require a Reserve Component to have a "predictable remaining Useful Life." Estimating Remaining Useful Lives and Reserve Expenditures beyond 30 years is often indeterminate and may involve more than one life cycle for a particular Reserve Component. Construction inflation can also vary greatly over many years.

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

Manner of Report Presentation

Our report comprises an Executive Summary, Narrative, Conclusion, Supplementary Information, Definitions and Exhibits. The Executive Summary identifies the property, fiscal considerations, recommended reserve funding and projections concerning reserve funding. The Narrative sets forth the nature and extent of the investigation and includes the following sections:

- Manner of Report Presentation
- Considerations and Methodology
- Identification of Reserve Components
- Condition Assessment
- Explanation of the Exhibits
- Conclusion
- Supplementary Information for Financial Statements

Supplementary Information for Financial Statements contains significant unaudited information from the Reserve Expenditures about Reserve Component categories and estimated current and future replacement costs. Definitions contains terms and definitions used throughout this Reserve Study and the industry. **Exhibits A, B, C, D** and **E** contain pertinent information relating to the analysis.

Exhibit A ***Photographs*** documents the conditions of various property components as of the date of our visual inspection, May 5, 2008. The Condition Assessment contains references to these photographs.

Exhibit B presents two tables. The first table Reserve Expenditures includes the Reserve Component Inventory, Reserve Expenditures, estimates of future costs and anticipated times of

replacements during the next 30 years. The second table Reserve Funding Plan includes Reserve Contributions for the next 30 years based on Reserve Expenditures.

Exhibit C ***Reserve Funding Graphs*** contains one graph and one pie chart. The graph Recommended Reserve Funding Plan shows the future fund balances based on the anticipated Reserve Expenditures and recommended annual Reserve Contributions during the next 30 years. The pie chart Estimated Future Reserve Expenditures illustrates the relative importance of Reserve Expenditures and relative funding during the next 30 years.

Exhibit D describes Assumptions of the Reserve Study of how we collect and analyze data. The statement of Professional Service Conditions identifies the general manner of professional services provided, as stated in the original authorized Confirmation of Services for this Reserve Study.

Exhibit E ***Credentials*** contains the Qualifications of the Firm, Responsible Advisor and Review Coordinator, and resources we use in our analysis, i.e., published sources of cost data.

Considerations and Methodology

This Reserve Study is in compliance with and exceeds the standards set forth by Community Associations Institute (CAI) and the Association of Professional Reserve Analysts (APRA) fulfilling the requirements of a "Full Reserve Study." For brevity, we use the term Reserve Study herein. We considered the following factors in our analysis:

Information Furnished by Management	
March 31, 2008 unaudited Cash Status of the Reserve Fund	$188,449
Remaining 2008 Budgeted Reserve Contributions	$4,569
Anticipated Interest on Reserve Fund	$5,436
Less Anticipated Reserve Expenditures	$0
Projected 2008 Year-End Reserve Balance	$198,453

The Cash Flow Method to compute the 30-year Reserve Funding Plan

The identification of individual Reserve Components with their anticipated year of replacement as detailed in **Exhibit B *Reserve Expenditures***

Local[4] costs of material, equipment and labor

The current and future costs of replacement for the Reserve Components

The costs of removal of the worn out elements 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 Virginia Beach, Virginia at an annual inflation rate of 3.8%

The past and current maintenance practices of Campus East and their effects on remaining useful lives

The Funding Plan excludes necessary operating budget expenditures. It is our understanding that the current operating budget and future operating budgets will provide for the ongoing normal maintenance of Reserve Components or property elements unless specifically identified in the *Reserve Component Inventory* of **Exhibit B *Reserve Expenditures***. Campus East should continue to include these costs of maintenance in the operating budget.

[4] See **Exhibit E *Credentials*** for addition information on our use of published sources of cost data.

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 3.8% (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 reserve savings are declining or steady in concert with the U.S. Treasury and Federal Reserve rates. No significant differences 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.

Updates to this Reserve Study will continue to monitor historical facts and trends concerning the external market conditions. The following table summarizes rates of inflation and key rates for government securities, generally considered as safe investment alternatives.

Interest Rate and Inflation Data

Actual = (A)	2006:2 (A)	2006:4 (A)	2007:1 (A)	2007:2 (A)	2007:3 (A)	2007:4 (A)	2008:1 (A)	2008:2 (A)
Federal Funds	5.00%	5.25%	5.25%	5.25%	5.25%	4.25%	2.25%	2.25%
90-Day Treasury Bill	4.75	5.35	5.30	5.30	5.02	3.00	1.25	1.15
1-Year Treasury Bill	5.00	4.80	4.75	4.75	4.77	3.10	1.60	2.00
10-Year Treasury Note	5.20	4.70	4.65	4.65	4.95	4.05	3.35	3.65
30-Year Treasury Bond	5.30	4.80	4.80	4.80	5.07	4.50	4.15	4.40
Consumer Price Index	3.60	3.90	2.20	2.70	2.80	4.30	4.00	4.00
National Market Savings Rates	0.50%	for Money Market Savings			3.00%	for 3-Year Certificate of Deposit		
	2.90%	for 1-Year Certificate of Deposit			3.25%	for 5-Year Certificate of Deposit		
Estimated Long Term Yield Rate for Reserve Savings	**3.8%**							
Estimated Long Term Inflation Rate for Future Capital Expenditures ..	**3.8%**							

4/17/08

With localized exceptions, the inflation rate for construction materials and labor are trending higher in a sustained manner. Isolated or regional markets of greater construction (development) activity may experience slightly greater rates of inflation for both construction materials and labor.

Identification of Reserve Components

Campus East Community Association, Inc. is a planned unit development which is responsible for the common elements shared by 905 unit owners. The Association was built from 1984 to 1985. The development contains asphalt pavement, playground equipment, tennis courts, a pool house and a pool. Twenty-four major common elements are likely to require capital repair or replacement during the next 30 years.

Our investigation included Reserve Components or property elements as set forth in your Declaration. Our analysis began by segregating the property elements into several areas of responsibility for repair and replacement. We derived these segregated classes of property from our review of the information provided to us and through conversations with Management. These five classes of property include:

1) Reserve Components
2) Long Lived Property Elements
3) Operating Budget Funded Repairs and Replacements
4) Property Maintained by Homeowners
5) Property Maintained by Other Entities

We advise that 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 following pages briefly describe these five classes.

Reserve Components are defined as property elements with: 1) Association responsibility; 2) limited Useful Life expectancies; 3) predictable Remaining Useful Life expectancies; and 4) a replacement cost above a minimum threshold.

The Reserve Components comprise 24 line items likely to require Reserve Expenditures during the next 30 years. **Exhibit B *Reserve Expenditures*** details this first class of property which we summarize as follows:

Property Site Elements (Line Items 1 through 13)

- Asphalt Pavement, Crack Repair, Patch and Seal Coat
- Asphalt Pavement, Repaving
- Catch Basins
- Concrete, Flatwork
- Light Pole, Posts and Fixtures
- Playground Equipment
- Signage, Entrance Monuments
- Tennis Courts, Color Coat
- Tennis Courts, Fence
- Tennis Courts, Surface Replacements

Pool House Elements (Line Items 14 through 18)

- Building Services Equipment
- Interior Renovations
- Roof, Asphalt Shingles
- Security System

Pool Elements (Line Items 19 through 24)

- Concrete Deck, Inspections, Partial Replacements and Repairs
- Covers
- Fence
- Mechanical Equipment
- Plaster Finish Replacement and Tile Repairs

In addition to the Reserve Components listed above, we list the following Long-Lived Property Elements, defined as those items without predictable Remaining Useful Life expectancies:

- Electrical Systems
- Foundations
- Pipes, Interior Building, Water and Sewer
- Pool Structures
- Structural Frames
- Windows and Doors, Pool House (2007)

Long-Lived Property Elements (without predictable Remaining Useful Lives) may require infrequent repairs due to abuse, normal wear and tear or unknown construction defects. Campus East should fund the cost of these infrequent replacements from the operating budget. Funding untimely or unexpected replacements from reserves will necessitate adjustments to future Reserve Contributions. An update of this Reserve Study will help determine the merits of adjusting the Reserve Funding Plan.

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 $2,000 (*These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.*)
- Bike Racks
- Catch Basins, Landscape
- Concrete Picnic Table
- Fences, Wood, Split Rail
- Landscape
- Mailbox, Pool House
- Office Equipment
- Paint Finishes, Touch Up
- Pool, Concrete Deck, Expansion Joint Inspections and Repairs, Interim
- Pool, Fence, Privacy Slats, Interim Replacements
- Pool, Furniture
- Pool House, Exterior Renovations (Excluding Roof)

- Signage, Informational
- Other Repairs normally funded through the Operating Budget

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

- Home and Lots
- Mailboxes, Single Family Homes

Certain items have been designated as the responsibility of other entities to repair or replace. Property Maintained by Other Entities relates to:

Municipality:

- Asphalt Pavement, Streets
- Concrete Curbs and Gutters along Streets
- Concrete Sidewalks along Streets
- Curb Inlets within Streets
- Light Poles and Fixtures along Streets
- Pipes, Subsurface Utilities
- Signage, Traffic

Post Office:

- Mailbox Stations (*Management informs us the Post Office is likely responsible for the mailbox stations. We advise the Association contact legal counsel to determine who is responsible for replacement of the mailbox stations.*)

Condition Assessment

The Condition Assessment of this *Precision 20/20 Full Reserve Study* includes *Enhanced Solutions and Procedures* (*ESP*) 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

Asphalt Pavement, Crack Repair, Patch and Seal Coat - Asphalt pavement comprises 1,675 square yards of parking areas at the pool house. The pavement is in fair overall condition at an unknown age. We did note areas of surface cracks, raveling and potholes. Parked vehicles leak motor oil and other fluids that can damage asphalt pavement. We recommend periodic *seal coat* applications to maintain the pavement. Seal coat applications minimize the damaging effects of these vehicle fluids, maintain a uniform and positive appearance, and maximize the useful life of the pavement. The Association should plan applications every three- to five-years. We elaborate on solutions and procedures necessary for the optimal maintenance of asphalt pavement in the following discussion.

There are four main types of seal coats available: fog coat, acrylic sealer, chip seals and asphaltic emulsion. A *fog coat* is a simple mixture of water and asphalt. *Acrylic sealers* include an acrylic additive to the water and asphalt mixture for greater resistance to abrasion. *Fog coats*

and *acrylic sealers* are typically spray applied and are only for aesthetic purposes. *Chip seal* is the most substantial type of seal coat which involves placement of oil and aggregate on the driving surface. Either a roller or normal vehicular traffic works the gravel into the oil. *Asphaltic emulsions* combine a sharp sand mixture or mineral fibers and an emulsifying agent with the water and asphalt mixture. *Asphaltic emulsions* are typically hand applied with squeegees to ensure that the sealer fills surface abrasions and minor cracks. This prevents the infiltration of water through cracks into the underlying pavement base. Seal coats therefore minimize the damaging effects of water from expansion and contraction. We regard *asphaltic emulsions* as the most effective and economical type of seal coat.

Campus East should repair any isolated areas of deteriorated pavement prior to seal coat applications. Proposals for seal coat applications should include both crack repair and area patching. These activities reduce water infiltration. The contractor should only apply seal coat applications after remedial crack and surface repairs are completed. A seal coat does not bridge or close cracks, therefore, unrepaired cracks render the seal coat applications useless. Our future estimates of cost include an allowance for both crack repair and area patching.

We recommend that Campus East plan the next application of seal coat in 2009 and subsequent applications every four years thereafter except when repaving occurs. Line Item 1 of **Exhibit B *Reserve Expenditures*** notes our estimate of future costs and anticipated times of seal coat applications.

Asphalt Pavement, Repaving - As previously mentioned, asphalt pavement comprises 1,675 square yards of parking areas at the pool house. The pavement is in fair overall condition

at an unknown age. We did note areas of surface cracks, raveling and potholes. We also noted evidence of a previous overlay of the asphalt pavement. Pages 1 through 3 of **Exhibit A *Photographs*** depict these conditions. The useful life of pavement in Virginia Beach is from 20- to 25-years. We include the following solutions and procedures pertaining to ***components*** of the pavement, the ***manner of repaving, time*** of repaving and ***coordination*** of other possible replacements with the repaving for the benefit of the present and future board members.

Components of asphalt pavement include native soil, aggregate and asphalt. First the contractor creates a base course of aggregate or crushed stone and native soil. The base course is individually compacted to ninety-five percent (95%) dry density prior to the application of the asphalt. Compaction assures a stable base for the asphalt that reduces the possibility of settlement. The initial installation of asphalt uses at least two lifts, or two separate applications of asphalt, over the base course. The first lift is the binder course. The second lift is the wearing course. The wearing course comprises a finer aggregate for a smoother more watertight finish.

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

apparent visual condition of the asphalt pavement and evidence of a previous pavement overlay, we recommend the *total replacement* method for initial repaving and the *mill and overlay* method for subsequent repaving at Campus East.

A variety of repairs are necessary to deteriorated pavement prior to the application of an overlay. The contractor should use a combination of area patching, crack repair and milling before the overlayment. The contractor should patch areas that exhibit potholes, alligator or spider web pattern cracks and areas of pavement that are severely deteriorated from oil and gasoline deposits from parking vehicles. Area patching requires total replacement of isolated areas of pavement. The contractor should mechanically rout and fill all cracks with hot emulsion. Crack repair minimizes the chance of the underlying cracks transmitting through the overlayment. In addition to area patching and crack repair, the contractor should mill the pavement prior to overlayment. Properly milled pavement removes part of the existing pavement and permits the overlay to match the elevation of adjacent curbs, catch basins and other areas not subject to repaving. Milling also allows the contractor to make adjustments to the slope of the pavement to ensure proper drainage. The contractor should clean the milled pavement to ensure proper bonding of the new overlayment. We recommend an overlayment thickness that averages 1½ inches (not less than one inch or more than two inches). Variable thicknesses are often necessary to create an adequate slope for proper drainage. The contractor should identify and quantify areas of pavement that require area patching, crack repair and milling to help the Association compare proposed services.

Total replacement requires the removal of all existing asphalt. For area patching, we recommend the contractor use a rectangular saw cut to remove the deteriorated pavement. For

larger areas such as entire parking areas or driveways, we recommend the contractor grind, mill or pulverize the existing pavement to remove it. The contractor should then augment and compact the existing aggregate and native soil to create a stable base. Finally the contractor should install the new asphalt in at least two lifts.

The ***time*** of replacement is dependent on the useful life, age and condition of the pavement. The useful life of 20- to 25-years is dependent in part on the maintenance applied to the pavement, the amounts and concentration of auto solvents that penetrate the pavement, the exposure to sunlight and detrimental effects during inclement weather. Campus East should repair any isolated areas of deteriorated pavement concurrent with periodic seal coat applications. We recommend the Association plan for a total replacement of the asphalt pavement by 2013 and a milling and overlayment of the pavement with area patching of up to fifteen percent (15%) by 2037. We depict this information on Line Items 2 and 3 of **Exhibit B *Reserve Expenditures***. The Association should ***coordinate*** asphalt repaving with related activities such as partial replacement of concrete curbs and capital repairs to catch basins.

Catch Basins - Two catch basins collect storm water from the pavement and conduct it into the storm water system. The overall condition of the catch basins is good to fair without any *significant* settlement visually apparent. The useful life of catch basins is up to 60 years. However, achieving this useful life usually requires interim capital repairs or partial replacements every 20- to 25-years.

The Association should anticipate the occasional displacement or failure of a catch basin and the surrounding pavement from erosion. Erosion causes settlement around the collar of

catch basins. Left unrepaired, the ***entire catch basin*** will shift and need replacement. Campus East should plan to repair or replace any displaced or failed catch basins concurrently with surrounding pavement or gutters. The exact times and amount of capital repairs or replacements are dependent upon variable natural forces. Based on the age and condition of the catch basins, we recommend the Association anticipate the inspection, capital repair or partial replacement of both catch basins in conjunction with each repaving event. We include this information on Line Item 4 of **Exhibit B *Reserve Expenditures***.

Concrete, Flatwork - The Association maintains applications of concrete flatwork such as *curbs and gutters*, and *sidewalks*. These applications of concrete have useful lives of up to 65 years although premature deterioration of isolated areas of concrete is common. 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 comment on the respective quantities, conditions and times of partial replacements of ***concrete flatwork*** in the following sections of this narrative.

Concrete Curbs and Gutters - Concrete curbs and gutters line the pavement of Campus East. These curbs and gutters comprise 430 linear feet and are in good to fair condition, overall. We estimate that up to 130 linear feet of curbs and gutters, or thirty percent (30%) of the total, will require replacement in conjunction with each repaving event. We depict this information on Line Item 5 of **Exhibit B *Reserve Expenditures***.

Concrete Sidewalks - Concrete sidewalks comprise 3,100 square feet throughout the community. The sidewalks are in good to fair overall condition. We estimate that up to 2,325 square feet of concrete sidewalks, or seventy-five percent (75%) of the total, will require replacement during the next 30 years. We recommend the Association budget for replacement of 465 square feet of concrete sidewalks every six years beginning by 2013. Line Item 6 of **Exhibit B *Reserve Expenditures*** notes our estimate of future costs and anticipated times of replacements. We recommend an annual inspection of the sidewalks to identify potential trip hazards. We suggest that the Association grind down or mark these hazards with orange safety paint prior to replacement and fund this ongoing activity through the operating budget.

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

Light Pole, Posts and Fixtures - The Association uses two metal light fixtures atop one metal pole to illuminate the parking lot at the pool house. Campus East also utilizes 13 globe light fixtures atop plastic posts to illuminate the pool area and sidewalks leading to the pool. The light posts and fixtures are in poor overall condition at an age of 24 years. We noted several loose connections where the posts and concrete intersect. We also noted finish deterioration at the posts. Page 4 of **Exhibit A *Photographs*** depicts this condition. The light pole and fixtures are in good overall condition at an estimated age of four years. Exterior light poles and fixtures have useful lives of up to 30 years and light posts and fixtures have useful lives of up to 25 years. The Association should anticipate the need to replace the light pole and fixtures by 2033.

Campus East also should anticipate replacement of the light posts and fixtures by 2010 and again by 2035. We note this information on Line Items 7 and 8 of **Exhibit B *Reserve Expenditures***.

Playground Equipment - The Association maintains playground equipment near Moores Pond Road. The playground equipment is in good condition at an age of four years. We noted isolated occurrences of damage and deteriorated components at the playground equipment. 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. Playworld Systems[5] is a leading innovator of modular playground equipment. We suggest the Association learn more about the specific requirements of playground equipment at http://www.playworldsystems.com. 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. We recommend replacement of the playground equipment by 2024. We include this information on Line Item 9 of **Exhibit B *Reserve Expenditures***.

Signage, Entrance Monuments - The Association maintains six property identification entrance monuments that include brick masonry and metal letters. The signage is in fair condition at an unknown age. Community signage contributes to the overall aesthetic appearance to owners and potential buyers. Renovation or replacement of community signs is often predicated upon the desire to "update" the perceived identity of the community rather than for utilitarian concerns. Therefore, the specific times for replacement or renovation are

[5] Reserve Advisors, Inc. does not have any financial or other interest in this company and includes this reference for informational purposes only.

discretionary. We recommend the Association plan to renovate the signage every 15 years beginning by 2010. Renovation should include the following work:

- Replacement of the metal letters
- Repointing and repairs to the brick masonry

We note this information on Line Item 10 of **Exhibit B *Reserve Expenditures***. The Association should fund interim repairs and replacements through the operating budget.

Tennis Courts, Color Coat - Campus East maintains 2,100 square yards of asphalt comprising three tennis courts. The tennis court color coat surfaces are in overall poor condition at an unknown age. We recommend the Association apply a new color coat to the asphalt tennis courts every four- to six-years to maximize the useful life of the courts. Prior to the application of the color coat, the Association should require the contractor to rout and fill all cracks with hot emulsion. This deters water infiltration and further deterioration of the asphalt playing surface. We advise the Association to perform crack repairs and apply a new color coat to the asphalt surface by 2014 and every five years thereafter except when subsequent surface replacement occurs. We include this information on Line Item 11 of **Exhibit B *Reserve Expenditures***.

Tennis Courts, Fence - Approximately 555 linear feet of metal chain link fence enclose the tennis courts. The chain link fence is in poor condition at an age of 24 years. We noted damaged fence sections, cross bars and connections. Page 10 of **Exhibit A *Photographs*** depicts this condition. Chain link fence of this type has a useful life of 15- to 25-years. We recommend the Association anticipate replacement of the tennis court chain link fence in 2009, concurrent

with asphalt surface replacement. Subsequent replacement is likely by 2034. We depict this information on Line Item 12 of **Exhibit B *Reserve Expenditures***.

Tennis Courts, Surface Replacements - As stated previously, a total of 2,100 square yards comprise the three asphalt tennis courts at Campus East. The tennis courts are in poor overall condition at an age of 24 years. The tennis courts exhibit significant cracks and areas of organic growth throughout, as depicted on Pages 8 and 9 of **Exhibit A *Photographs***. These courts are subject to soil movements and have useful lives of 20- to 25-years. In consideration of the observed condition and to maintain a safe playing surface, we recommend the Association anticipate replacement of the tennis courts in 2009 and again by 2034. We note this information on Line Item 13 of **Exhibit B *Reserve Expenditures***. We recommend replacement of the tennis standards from the operating budget on an as needed basis.

Pool House Elements

Building Services Equipment - The pool house building services equipment includes one remote condensing unit, one gas-fired forced air furnace and one water heater. The condensing unit has a capacity of four-tons of cooling. We were unable to obtain the capacity of the furnace. The water heater has an 82 gallon capacity. Management informs us that these building services equipment components are in good overall operational condition at an age of four years. The useful life of residential size units is from 12- to 18-years. We recommend the Association anticipate the replacement of these building services components by 2019 and again by 2034. We base our cost on Line Item 14 of **Exhibit B *Reserve Expenditures*** on a 13 SEER (seasonal energy efficiency ratio) condensing unit as required by The Department of Energy since January of 2006.

Interior Renovations - The pool house interior comprises 2,280 square feet of paint finishes, 160 square feet of vinyl wall coverings, 540 square feet of carpet, 65 square feet of vinyl floor covering, plumbing and lighting fixtures, kitchen cabinets and countertops, and various appliances and furnishings. The pool house interior elements are in fair overall condition at their varied ages of up to 24 years. The useful lives of these interior building elements vary significantly. However, due to interrelated nature of these elements and the desire to achieve a uniform appearance, we recommend the Association coordinate their replacements into either *complete* or *partial* interior renovations.

We recommend the Association anticipate complete interior renovations every 25 years. These *complete* renovations should include the following:

- Application of paint finish to all surfaces
- Replacement of all the wall coverings
- Replacement of all the carpet and other floor coverings
- Replacement of all the plumbing fixtures
- Replacement of all the light fixtures
- Renovation of the kitchen cabinets and countertops
- Replacement of up to fifty percent (50%) of the furnishings
- Replacement of all the appliances

Based on the age and visual condition of these interior pool house elements, we recommend the Association budget for the next coordinated complete interior renovation by 2011. A subsequent complete interior renovation is likely by 2035.

Campus East should also anticipate partial interior renovations every eight years. These *partial* renovations should include the following:

- Application of paint finish to all surfaces as needed
- Replacement of all the wall coverings
- Replacement of all the carpet
- Replacement of up to fifty percent (50%) of the furnishings
- Replacement of all the appliances

Based on our recommendation for a near term complete renovation, we recommend the Association budget for coordinated partial interior renovations by 2019 and 2027. Line Items 15 and 16 of **Exhibit B *Reserve Expenditures*** note our estimates of future costs and anticipated times of interior pool house renovations.

Roof, Asphalt Shingles - The pool house roof comprises 16 *squares*[6] of asphalt shingles. The roof is in good condition at an age of three years. The useful life of an asphalt shingle roof is from 15- to 20-years. We recommend the Association anticipate complete replacement of the pool house roof by 2025. We depict this information on Line Item 17 of **Exhibit B *Reserve Expenditures***.

Security System - Campus East utilizes a security system at the pool house. The security system is in good operational condition at an age of two years. As the system ages, service interruptions will increase in frequency. We anticipate a useful life of the system of 12- to 15-years. The Association should anticipate the replacement of the security system by 2020 and again by 2034. We base the cost of replacement in part on the historical replacement cost

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

provided by management. We include this information on Line Item 18 of **Exhibit B *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.

Pool Elements

Concrete Deck, Inspections, Partial Replacements and Repairs - A concrete deck surrounds the pool and wading pool. The concrete deck comprises approximately 7,710 square feet. The deck is in good to fair condition at an age of 24 years. We noted areas of surface cracks. The useful life of a concrete pool deck is up to 60 years. However, we recommend the Association conduct an inspection, partial replacements and repairs to the deck every 8- to 12-years. 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 plan partial replacements of up to ten percent (10%) of concrete sections, crack repairs and caulk replacement beginning by 2010 and every ten years thereafter. The times, amounts and related costs of these repairs and replacements may vary. However, we judge the amounts shown on Line Item 19 of **Exhibit B *Reserve Expenditures*** sufficient to budget appropriate reserves.

Covers - Two vinyl covers protect the pool and wading pool during the off season. Management informs us the pool covers are in poor overall condition at an unknown age. The pool covers protect against unlawful entry and liability exposure, keeps the pools clear of unwanted leaves and debris, and protects the pools from harsh conditions during winter. The useful life of pool covers is from six- to eight-years. We recommend Campus East anticipate

replacement of the covers in 2009 and every seven years thereafter. We depict this information on Line Item 20 of **Exhibit B *Reserve Expenditures***.

Fence - A chain link fence of approximately 520 linear feet surrounds the pool deck. The pool fence is in poor overall condition at an age of 24 years. We noted leaning sections, damaged cross bars and deteriorated finishes at the fence. Pages 16 through 18 of **Exhibit A *Photographs*** depict these conditions. We advise the Association to conduct near term capital repairs to the fence funded through the operating budget. This type of fence has a useful life of 30 years. We recommend the Association anticipate replacement of the pool fence by 2010 concurrent with any necessary replacement of the concrete pool deck. We include this information on Line Item 21 of **Exhibit B *Reserve Expenditures***.

Mechanical Equipment - The pool mechanical equipment comprises a water filter, automatic chlorinators, a water circulation pump, controls, interconnected pipe, fittings and valves. The age of the pool mechanical equipment is unknown and its condition is fair to poor, overall. Pool filters of this type have useful lives of up to 30 years, while pool pumps and chlorination systems have useful lives of 12- to 15-years. We recommend the Association anticipate replacement of the filter by 2010. We also recommend replacement of the pool pump and chlorination system by 2010 and again by 2025. We consider interim replacement of filter media, motors and minor repairs as normal maintenance. We note this information on Line Items 22 and 23 of **Exhibit B *Reserve Expenditures***.

Plaster Finish Replacement and Tile Repairs - The pool and wading pool have a plaster finish of 4,110 square feet based on the horizontal surface area. The pool plaster appears

in poor overall condition at an unknown age. This type of pool finish deteriorates with time and requires periodic maintenance and replacement. Removal also provides the opportunity to inspect the pool structures and to allow for partial repairs of the underlying concrete surfaces as needed. We anticipate the need for only minor repairs to the pool structures with consideration of the age and present observed visual condition. We recommend the Association anticipate the need to replace the plaster finish and conduct related repairs every 8- to 12-years to maintain the integrity of the pool structures. We recommend the Association budget for replacement of the plaster finish and partial replacements of the scuppers, tiles, sealants, coping and partial concrete structure repairs by 2010 and every ten years thereafter. We include this information on Line Item 24 of **Exhibit B *Reserve Expenditures***.

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 homeowner 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.

Explanation of the Exhibits

Exhibit A ***Photographs*** documents the conditions of various property components as of the date of our visual inspection, May 5, 2008. The previous section, Condition Assessment, contains several references to these photographs.

Exhibit B ***Reserve Expenditures and Reserve Funding Plan*** covers a 30-year period. Information about the Reserve Components and Expenditures for the most relevant next 20 years (2008 through 2028) are found on a convenient 11- by 17-inch foldout spreadsheet. The remaining ten years (2029 through 2038) follow in a concise 8½- by 11-inch table. Data for each Reserve Component is presented on a single row with columns of information as follows:

- Line Items are included for reference purposes.
- Total Quantities are the total anticipated quantity for replacement during the next 30 years (*this is not necessarily the "total" quantity maintained by the Association as this quantity may represent more than one Useful Life cycle or a partial replacement*).
- Per Phase Quantities are the anticipated quantity for each replacement event.
- Units clarify the unit of measure used to quantify the elements.
- Reserve Component Inventory identifies each Reserve Component.
- The Estimated First Year of Replacement is included to help the Association understand the priority of future Reserve Expenditures.
- Results of the Life Analysis show both the total Useful Life and Remaining Useful Life for each Reserve Component.
- Unit Cost is the cost per unit we used to calculate the per phase cost.
- The 2008 Cost of Replacement Per Phase is the per phase cost in today's dollars.
- The Total Future Costs of Replacement is the total cost for all phases of replacement during the next 30 years and *includes* the effects of inflation at a 3.8% annual percentage rate.

- The remaining columns in Reserve Expenditures 11- by 17-inch foldout spreadsheet present the estimated future inflated costs for each for the next 20 years.

- The remaining ten years of future Reserve Expenditures from years 2029 to 2038 follow in a concise 8½- by 11-inch table.

Exhibit B *Reserve Funding Plan* includes the Cash Flow Analysis and recommended Reserve Contributions for the next 30 years based on the Reserve Expenditures and a 3.8% annual percentage rate earned on the average annual fund balances. The specific information found on the last 11- by 17-inch foldout spreadsheet includes:

- Reserves at Beginning of Year
- Recommended Reserve Contribution (positive cash flow)
- Estimated Interest Earned
- Anticipated Expenditures (negative cash flow)
- Anticipated Reserves at Year End

Exhibit C *Reserve Funding Graphs* contains one graph and a pie chart based on the numerical data found in the Reserve Funding Plan. The graph illustrates our recommendations and observations pertaining to reserve balances, recommended annual Reserve Contributions and Reserve Expenditures during the next 30 years.

The graph Recommended Reserve Funding Plan shows the following data points:

--□-- Recommended Reserve Balances that are the result of expenditures as matched against existing reserves and contributions to reserves

Recommended Reserve Contributions or additional assessment that increase reserves

Reserve Expenditures

The pie chart Estimated Future Reserve Expenditures illustrates the relative importance of the Reserve Expenditures and relative funding during the next 30 years. Campus East can regard reserve needs for these expenditures as requiring a similar allocation of existing reserves and future Reserve Contributions.

Exhibit D describes Assumptions of the Reserve Study of how we collect and analyze data. The statement of Professional Service Conditions identifies the general manner of professional services provided, as stated in the original authorized Confirmation of Services for this Reserve Study.

Exhibit E *Credentials* contains the Qualifications of the Firm, Responsible Advisor and Review Coordinator. Theodore J. Salgado and John P. Poehlmann are the Principals of Reserve Advisors, Inc., Anthony W. Krupka conducted the visual inspection of Campus East Community Association, Inc. and Matthew C. Kuisle served as Review Coordinator for this Reserve Study.

CONCLUSION

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Precision 20/20 Full Reserve Study* of Campus East Community Association, Inc. (Campus East) located in Virginia Beach, Virginia and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, May 5, 2008. This Reserve Study is a budget planning tool that identifies the current status of the reserve fund and a stable and equitable Reserve Funding Plan to offset the anticipated future major common area expenditures.

We identified the anticipated Reserve Expenditures for Reserve Components during the next 30 years as either near term or long term. *Near term* expenditures relate to capital needs from now through 2013, the next five years beyond this current fiscal year. These *near term* expenditures comprise $300,333 or about twenty-three percent (23.3%) of the next 30 years of **Exhibit B *Reserve Expenditures***. Expenditures within the next five years are more important when compared with the future needs of Campus East and tend to govern the amounts of recommended Reserve Contributions. The current Reserve Expenditures relate primarily to replacement of the asphalt pavement, tennis courts and the pool plaster.

Our revised findings reflect both external market and internal property changes. The result is an overall *increase* in the recommended Reserve Funding Plan since our last Reserve Study on February 13, 2003. The overall increase relates primarily to the increase in cost of petroleum products and a lower than anticipated reserve balance.

The Association budgeted $6,092 for Reserve Contributions in 2008. We recommend that the Association adopt a reserve budget of $35,000 in 2009. Afterwards, the Association can budget less significant increases in reserve funding, that in part consider the effects of inflation through 2038, the limit of this study's Cash Flow Analysis. The recommended year 2009 Reserve Contribution of $35,000 is $28,908 more than the prior budgeted amount and represents about a thirteen percent (12.9%) adjustment in the 2008 total Operating Budget of $224,943. This initial adjustment of $28,908 is equivalent to an average monthly increase of $2.66 per unit owner. These contributions are necessary to maintain a Reserve Fund for the major expenditures as identified in **Exhibit B**. **Exhibit B *Reserve Funding Plan*** enumerates the details regarding recommended annual Reserve Contributions and projected year end reserve balances.

Based on the investigation and analysis as detailed in the accompanying narrative, we recommend the following Reserve Contributions to fund the expected expenditures of the subject Reserve Components during the next 30 years.

Recommended Reserve Contributions

Year	$	Year	$	Year	$
2009	35,000	2019	50,600	2029	73,200
2010	36,300	2020	52,500	2030	75,900
2011	37,700	2021	54,500	2031	78,700
2012	39,100	2022	56,500	2032	81,700
2013	40,600	2023	58,600	2033	84,800
2014	42,100	2024	60,800	2034	88,000
2015	43,700	2025	63,100	2035	91,300
2016	45,300	2026	65,500	2036	94,700
2017	47,000	2027	68,000	2037	98,300
2018	48,800	2028	70,600	2038	102,000

The Reserve Funding Plan recommends 2038 year end accumulated reserves of approximately $1,457,000. We judge this amount of accumulated reserves in 2038 desirable or necessary, to fund the likely replacement of the pool structures and deck after 2038, and in consideration of the age, size and complexity of the property. Future replacement costs beyond the next 30 years for the pool structures and deck are likely to more than double the current cost of replacement, now estimated at approximately $616,500 (4,110 square feet times $150 per square foot). These future needs, although beyond the limit of the Cash Flow Analysis of this Reserve Study, are reflected in the amount of accumulated 2038 year end reserves.

An ongoing review by the Board and an Update of this Reserve Study in two- to three-years are necessary to ensure a continued equitable funding plan since a Reserve Study is a snapshot in time. Many variables change after the Reserve Study is conducted that may result in significant homeowner overfunding or underfunding. Examples include deferred or accelerated capital projects based on Board discretion, changes in the interest rates on reserve investments; and changes in the *local* construction inflation rate.

SUPPLEMENTARY INFORMATION FOR FINANCIAL STATEMENTS

The *Audit and Accounting Guide for Common Interest Realty Associations* presents recommendations on Supplementary Information on Future Major Repairs and Replacements in end of fiscal year Audits of Financial Statements for community associations[7]. Accountants use discretion and judgment on how to present the Supplementary Information on Future Major Repairs and Replacements. However, the Supplementary Information on Future Major Repairs and Replacements often references and includes excerpts from our Reserve Studies. The following table excerpts significant unaudited information from the Reserve Expenditures about Reserve Component categories and estimated current and future replacement costs based on inflation at an annual rate of 3.8%.

Unaudited Supplemental Information on Future Major Repairs and Replacements

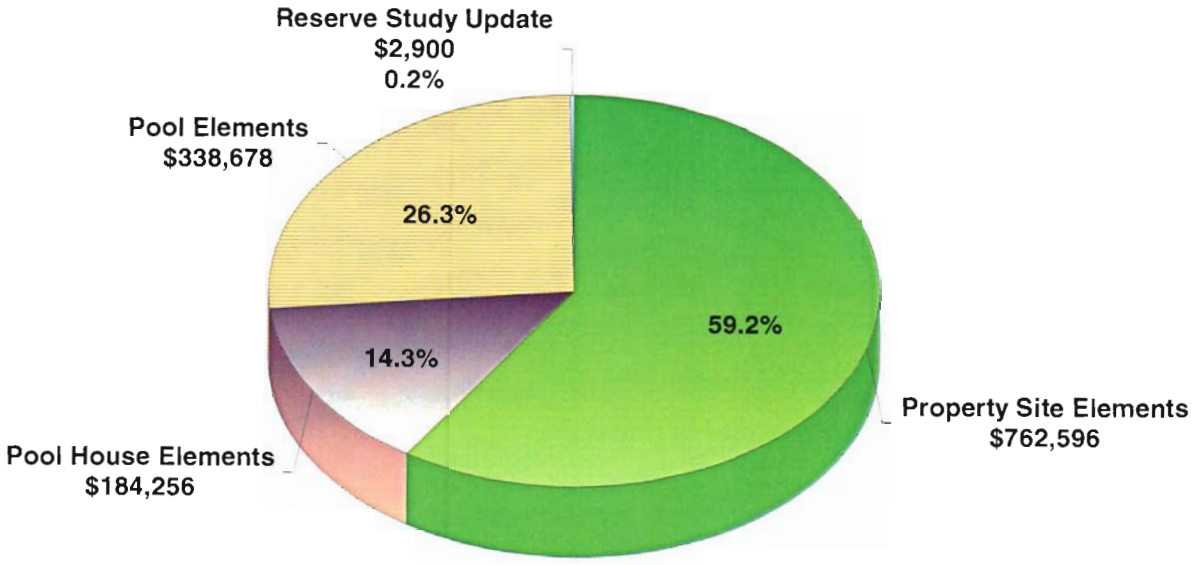
Reserve Component Categories	*Total Current Replacement Costs*	*Total Future or Inflated Replacement Costs*	*% of Total Future Replacements*	*Component of Projected 2008 YE Fund Balance*
Property Site Elements	$424,995	$762,596	59.2%	$117,461
Pool House Elements	$96,000	$184,256	14.3%	$28,380
Pool Elements	$214,048	$338,678	26.3%	$52,166
Reserve Study Update	$2,900	$2,900	0.2%	$447
Totals	*$737,943*	*$1,288,430*	*100%*	*$198,453*

The information included in the table above may be included as part of the Supplementary Information on Future Major Repairs and Replacements. *However, Reserve Advisors, Inc. does not certify that the information in the table will fully satisfy the recommendations of the AICPA guideline.*

[7] American Institute of Certified Public Accountants (AICPA) Audit and Accounting Guide - *Common Interest Realty Associations*; American Institute of Certified Public Accountants, Inc.; 2003

The most important category of Reserve Components noted in **Exhibit B** ***Reserve Expenditures*** is the Property Site Elements. The following chart illustrates the relative importance of the Reserve Expenditures and relative funding during the next 30 years.

Future Expenditures Relative Cost Illustration
Campus East
Community Association, Inc.



DEFINITIONS[1]

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.

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, over time, bonuses for labor or premiums for material and equipment. We include removal and disposal costs in the cost of replacement where applicable.

Funding Goal - The stated purpose of this Reserve Study to determine the adequate, not excessive, future annual, reasonable *Reserve Contributions* to fund future *Reserve Expenditures*.

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 Association 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.

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) Association 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 **Exhibit B *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.

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[1] Definitions are derived from the standards set forth by the Community Associations Institute (CAI) representing America's 286,000 condominium and homeowners associations and cooperatives, and the Association of Professional Reserve Analysts, setting the standards of care for reserve study practitioners.

Asphalt pavement overview

Cracked and surface raveled asphalt pavement

Cracked and surface raveled asphalt pavement

Cracked and surface raveled asphalt pavement

Cracked, surface raveled and evidence of a pothole at the asphalt pavement

Cracked and surface raveled asphalt pavement

Cracked concrete sidewalk and curb, evidence of previous asphalt overlay

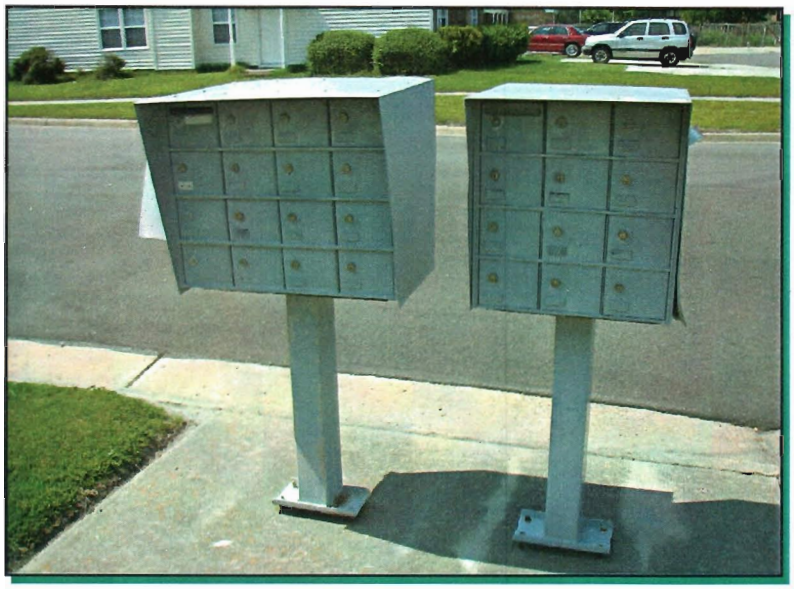
Catch basin

Concrete sidewalk

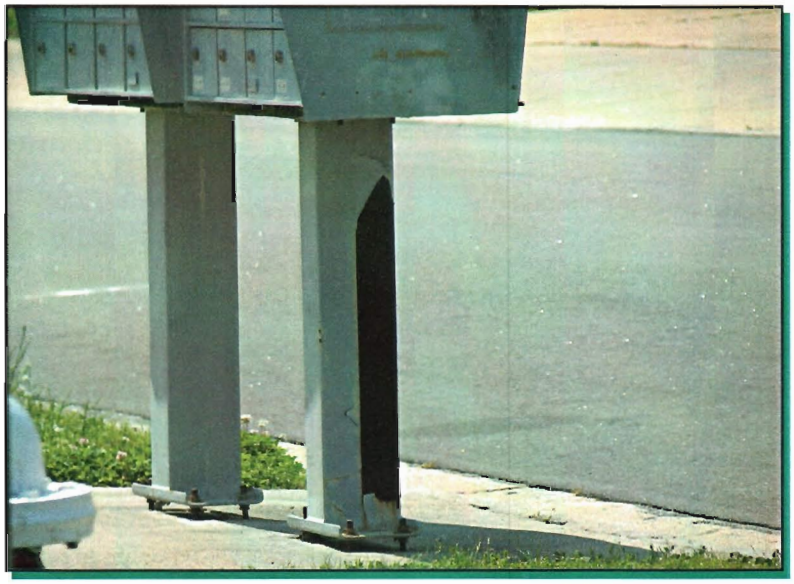
Light pole and fixtures

Light posts and fixtures

Deteriorated finish at light post



Mailbox stations (Post Office Responsibility)



Rusted post of mailbox station (Post Office Responsibility)

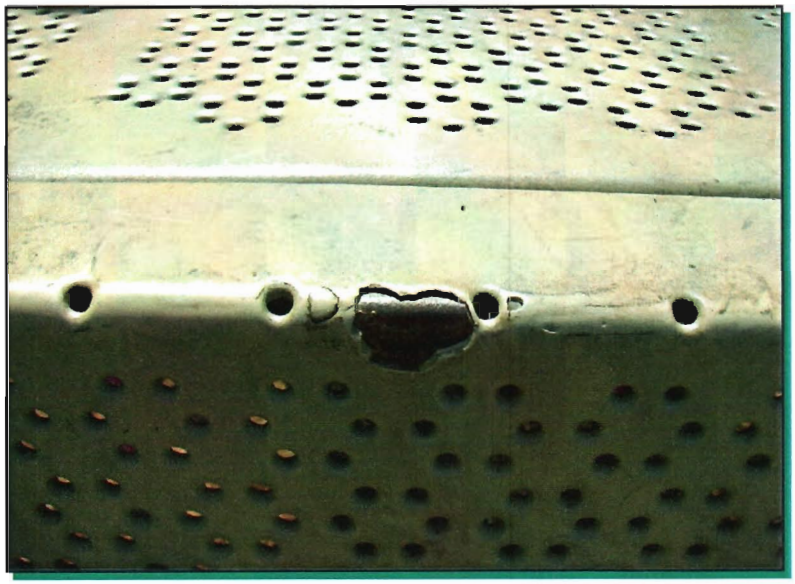
Damaged and rusted post of mailbox station (Post Office Responsibility)

Playground equipment

Playground equipment

Damaged playground component

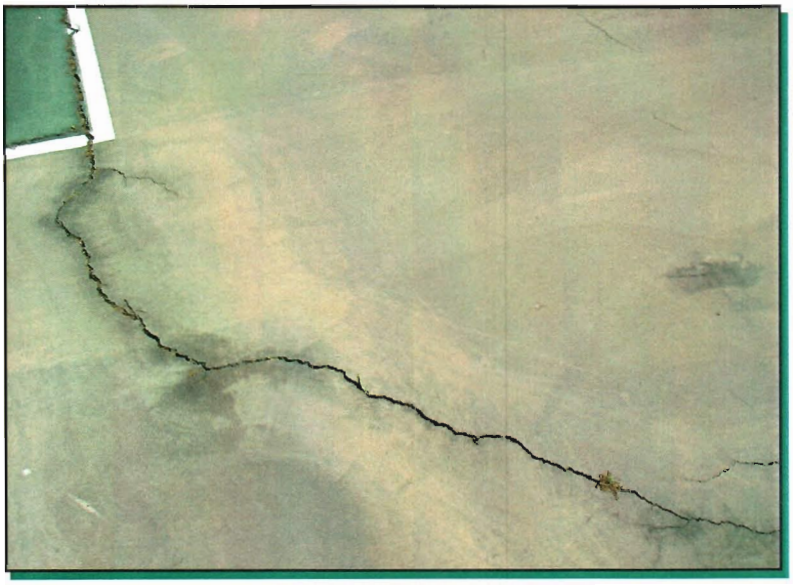
Rusted post of swing set



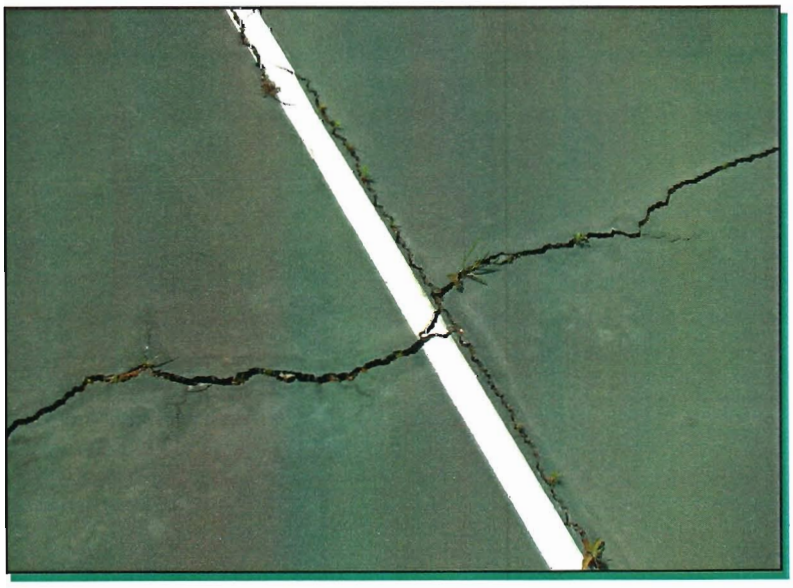
Damaged finish of playground equipment

Small entrance sign

Tennis courts



Cracked asphalt tennis court



Cracked asphalt tennis court

Cracked asphalt tennis court

Cracked and organic growth through asphalt tennis court

Cracked and organic growth through tennis court

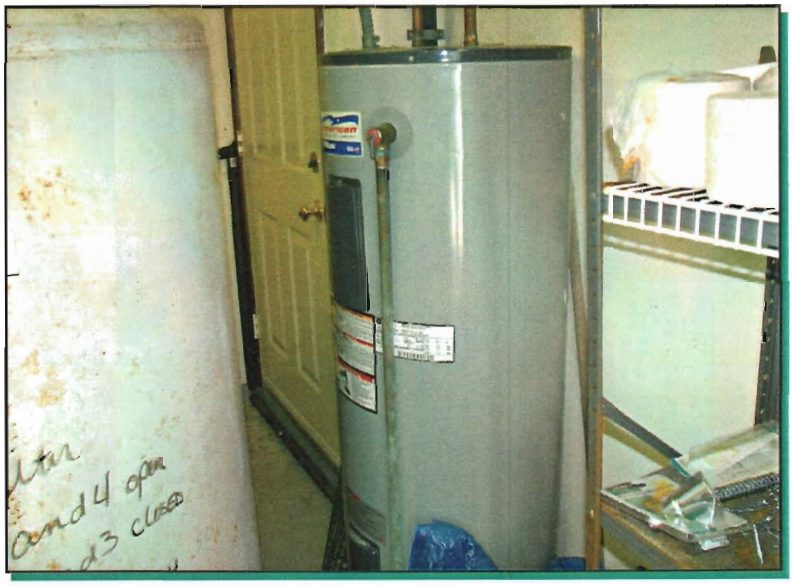
Tennis court fence - *note damaged fence sections*

Damaged cross bar and connection of tennis court fence

Damaged chain link section of tennis court fence

Pool house overview

Condensing unit



Water heater

Stained carpet

Kitchen

Asphalt shingle roof overview

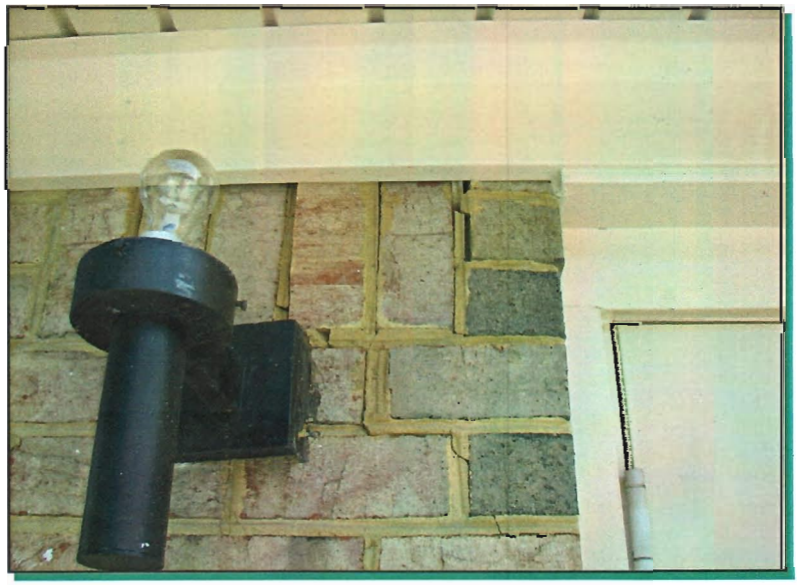
Sheathing deflection of asphalt shingle roof

Security camera

Security system control panel

Damaged light fixture - *replace through the operation budget*

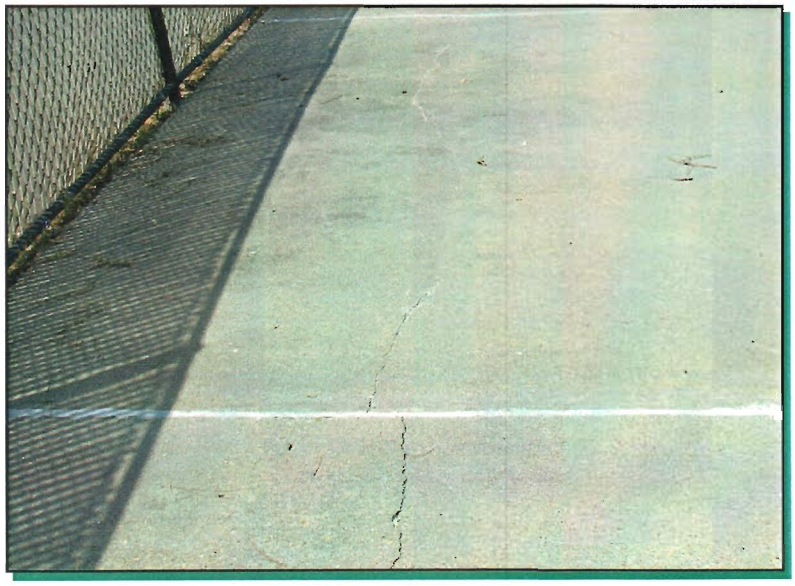
Deteriorated mortar - *repair through the operation budget*



Damaged light fixture and deteriorated mortar- *replace and repair through the operation budget*

Pool overview

Wading pool



Cracked concrete deck

Cracked concrete deck

Pool furniture, life guard chair and pool covers

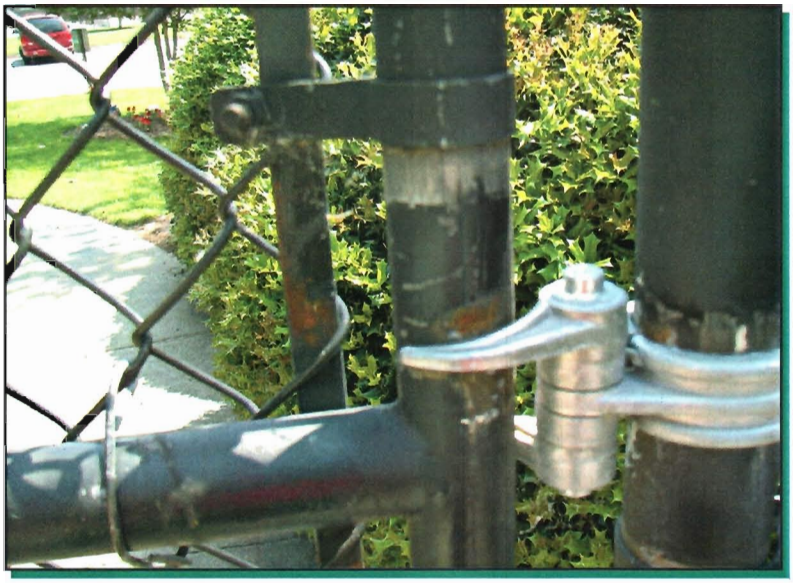
Pool fence lean

Damaged cross bar of pool fence

Damaged cross bar of pool fence

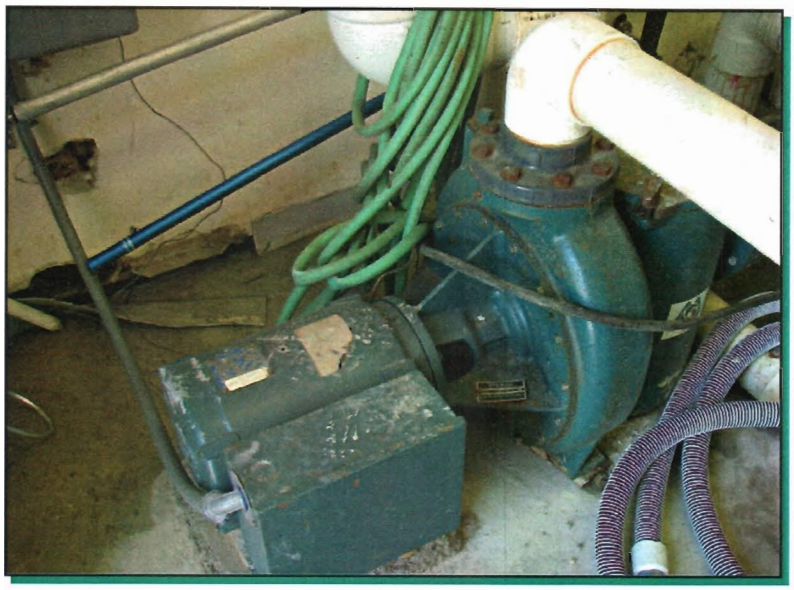
Damaged cross bar of pool fence

Finish deterioration of pool fence

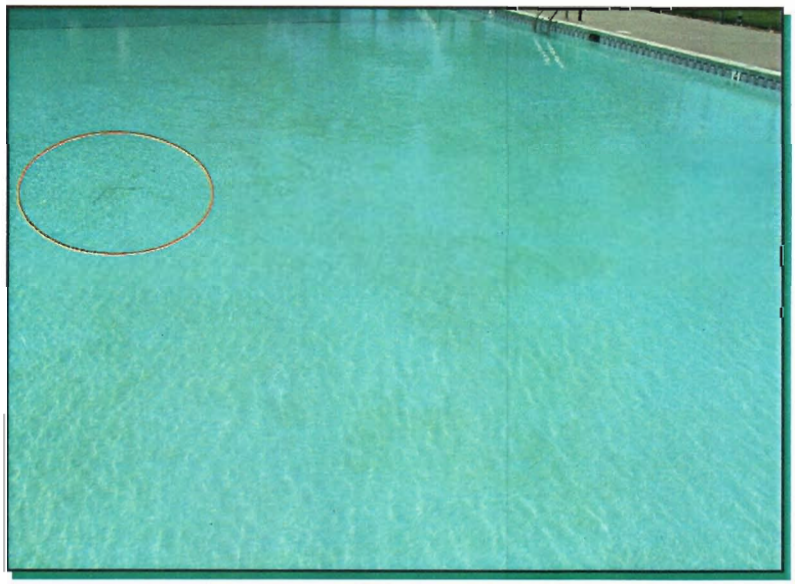


Rusted pool fence

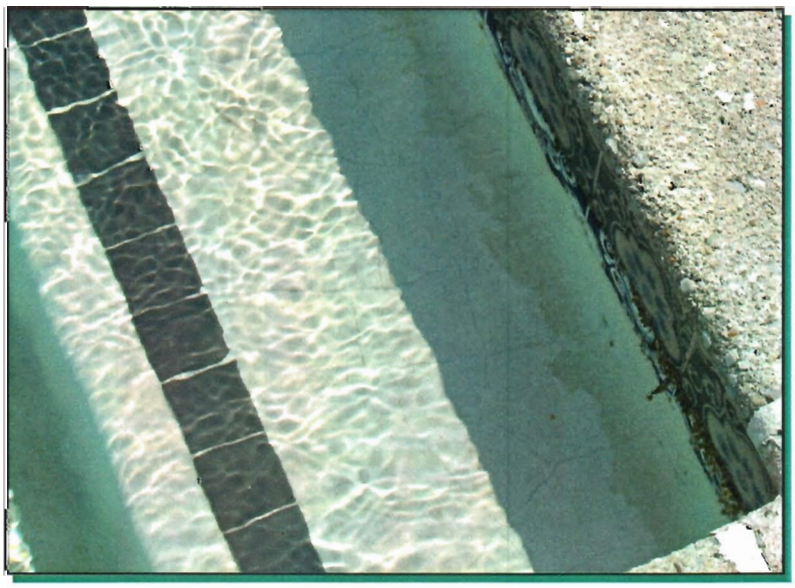
Pool filter



Pool pump



Spalled and stained plaster finish



Cracked plaster finish

Cracked plaster finish at wading pool

Informational signage - *replace through the operating budget*

Reserve Advisors, Inc.

RESERVE EXPENDITURES

for

Campus East

Community Association, Inc.

Virginia Beach, Virginia

Explanatory
1) 3.8% i
2) FY 2008 is

Line Item	Quantities: 30-Year Total	Quantities: Per Phase	Units	Reserve Component Inventory	Estimated 1st Year of Replacement	Life Analysis, Years Useful	Life Analysis, Years Remaining	Unit Cost, $	2008 Cost of Replacement per Phase, $	Total Future Costs of Replacement, $	(See Notes 1 & 2) RUL = 0 FY2008	1 2009
				Property Site Elements								
1	10,050	**1,675**	Square Yards	Asphalt Pavement, Crack Repair, Patch and Seal Coat	2009	3 to 5	1	1.60	2,680	**28,383**		2,781
2	1,675	**1,675**	Square Yards	Asphalt Pavement, Mill and Overlay	2037	20 to 25	29	11.00	18,425	**53,587**		
3	1,675	**1,675**	Square Yards	Asphalt Pavement, Total Replacement	2013	20 to 25	5	23.50	39,363	**47,318**		
4	4	**2**	Each	Catch Basins, Capital Repairs	2013	20 to 25	5	1,200.00	2,400	**9,865**		
5	260	**130**	Linear Feet	Concrete Curbs and Gutters, Partial Replacements	2013	to 65	5	36.00	4,680	**19,237**		
6	2,325	**465**	Square Feet	Concrete Sidewalks, Partial Replacements	2013	to 65	5	9.50	4,418	**43,343**		
7	1	**1**	Each	Light Pole and Fixtures	2033	to 30	25	2,600.00	2,600	**6,526**		
8	26	**13**	Each	Light Posts and Fixtures	2010	to 25	2	800.00	10,400	**39,295**		
9	1	**1**	Allowance	Playground Equipment	2024	15 to 20	16	30,000.00	30,000	**54,067**		
10	12	**6**	Each	Signage, Entrance Monuments	2010	12 to 18	2	1,600.00	9,600	**28,284**		
11	8,400	**2,100**	Square Yards	Tennis Courts, Color Coat	2014	4 to 6	6	7.10	14,910	**100,122**		
12	1,110	**555**	Linear Feet	Tennis Courts, Fence	2009	15 to 25	1	34.00	18,870	**68,721**		19578
13	4,200	**2,100**	Square Yards	Tennis Courts, Surface Replacements	2009	20 to 25	1	34.50	72,450	**263,848**		75167
				Pool House Elements								
14	2	**1**	Allowance	Building Services Equipment	2019	12 to 18	11	7,500.00	7,500	**30,776**		
15	2	**1**	Allowance	Interior Renovations, Complete	2011	to 25	3	22,000.00	22,000	**84,012**		
16	2	**1**	Allowance	Interior Renovations, Partial	2019	to 8	11	10,000.00	10,000	**35,119**		
17	16	**16**	Squares	Roof, Asphalt Shingles	2025	15 to 20	17	300.00	4,800	**8,975**		
18	2	**1**	Allowance	Security System	2020	12 to 15	12	6,100.00	6,100	**25,374**		
				Pool Elements								
19	23,130	**7,710**	Square Feet	Concrete Deck, Inspections, Partial Replacements and Repairs	2010	8 to 12	2	1.50	11,565	**56,433**		
20	20,550	**4,110**	Square Feet	Covers	2009	6 to 8	1	1.25	5,138	**47,641**		830
21	520	**520**	Linear Feet	Fence	2010	to 30	2	20.25	10,530	**11,335**		
22	1	**1**	Each	Mechanical Equipment, Filter	2010	to 30	2	14,000.00	14,000	**15,070**		
23	2	**1**	Allowance	Mechanical Equipment, Pump and Chlorination System	2010	12 to 15	2	6,000.00	6,000	**17,677**		
24	12,330	**4,110**	Square Feet	Plaster Finish Replacement and Tile Repairs	2010	8 to 12	2	9.50	39,045	**190,522**		
		1	Allowance	**Reserve Study Update with Site Visit**	2010	2	2	2,900.00	2,900	**2,900**		
				Anticipated Expenditures, By Year						$1,288,430	0	10256

Notes:
s the estimated future Inflation Rate for estimating Future Replacement Costs.
s Fiscal Year beginning January 1 and ending December 31.

2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
							3,733				4,325				5,011			
			47,318															
			2,885															
			5,626															
			5,310						6,623						8,260			
11,195																		
														54,067				
10,334															17,950			
				18,595					22,354					26,871				
									11,244									
	24,569																	
									14,992								20,127	
															8,975			
										9,488								
12,449										17,989								
						6,897							8,924					
11,335																		
15,070																		
6,458															11,219			
42,028										60,733								
2,900																		
111,769	24,569	0	61,139	18,595	0	6,897	3,733	0	55,213	88,210	4,325	0	8,924	80,938	51,415	0	20,127	0

RESERVE EXPENDITURES

for

Campus East

Community Association, Inc.

Virginia Beach, Virginia

Line Item	Reserve Component Inventory	21 2029	22 2030	23 2031	24 2032	25 2033	26 2034	27 2035	28 2036	29 2037	30 2038
	Property Site Elements										
1	Asphalt Pavement, Crack Repair, Patch and Seal Coat	5,806				6,727					
2	Asphalt Pavement, Mill and Overlay									53,587	
3	Asphalt Pavement, Total Replacement										
4	Catch Basins, Capital Repairs									6,980	
5	Concrete Curbs and Gutters, Partial Replacements									13,611	
6	Concrete Sidewalks, Partial Replacements			10,302						12,848	
7	Light Pole and Fixtures					6,526					
8	Light Posts and Fixtures							28,100			
9	Playground Equipment										
10	Signage, Entrance Monuments										
11	Tennis Courts, Color Coat	32,302									
12	Tennis Courts, Fence						49,143				
13	Tennis Courts, Surface Replacements						188,681				
	Pool House Elements										
14	Building Services Equipment						19,532				
15	Interior Renovations, Complete							59,443			
16	Interior Renovations, Partial										
17	Roof, Asphalt Shingles										
18	Security System						15,886				
	Pool Elements										
19	Concrete Deck, Inspections, Partial Replacements and Repairs		25,995								
20	Covers		11,548							14,942	
21	Fence										
22	Mechanical Equipment, Filter										
23	Mechanical Equipment, Pump and Chlorination System										
24	Plaster Finish Replacement and Tile Repairs		87,761								
	Reserve Study Update with Site Visit										
	Anticipated Expenditures, By Year	38,108	125,304	10,302	0	13,253	273,242	87,543	0	101,968	0

Reserve Advisors, Inc.

RESERVE FUNDING PLAN

CASH FLOW ANALYSIS
Campus East
Community Association, Inc.
Virginia Beach, Virginia

		Individual Reserve Budgets & Cash Flows for the				
		FY2008	2009	2010	2011	2012
	Reserves at Beginning of Year (Note 1)	188,449	198,453	136,849	65,146	81,002
	Total Recommended Reserve Contributions (Note 2)	**4,569**	**35,000**	**36,300**	**37,700**	**39,100**
Plus	Estimated Interest Earned, During Year (Note 3)	5,436	6,252	3,766	2,725	3,821
Less	Anticipated Expenditures, By Year	0	(102,856)	(111,769)	(24,569)	0
	Anticipated Reserves at Year End	$198,453	136,849	65,146	81,002	123,923

(continued)

		Individual Reserve Budgets & Cash Flows for the			
		2024	2025	2026	2027
	Reserves at Beginning of Year	535,093	534,906	567,139	655,435
	Total Recommended Reserve Contributions	**60,800**	**63,100**	**65,500**	**68,000**
Plus	Estimated Interest Earned, During Year	19,951	20,548	22,796	25,816
Less	Anticipated Expenditures, By Year	(80,938)	(51,415)	0	(20,127)
	Anticipated Reserves at Year End	534,906	567,139	655,435	729,124

Explanatory Notes:

1) Year 2008 starting reserves are as of March 31, 2008; FY 2008 starts January 1 and ends December 31.
2) Reserve Contributions for 2008 are the remaining budgeted 9 months; 2009 is the first year of recommended contributions.
3) 3.8% is the estimated annual rate of return on invested reserves; 2008 is a partial year of interest earned.
4) Accumulated year 2038 ending reserves consider the need to fund for replacement of pool structures and deck shortly after 2038,

Next 30 Years

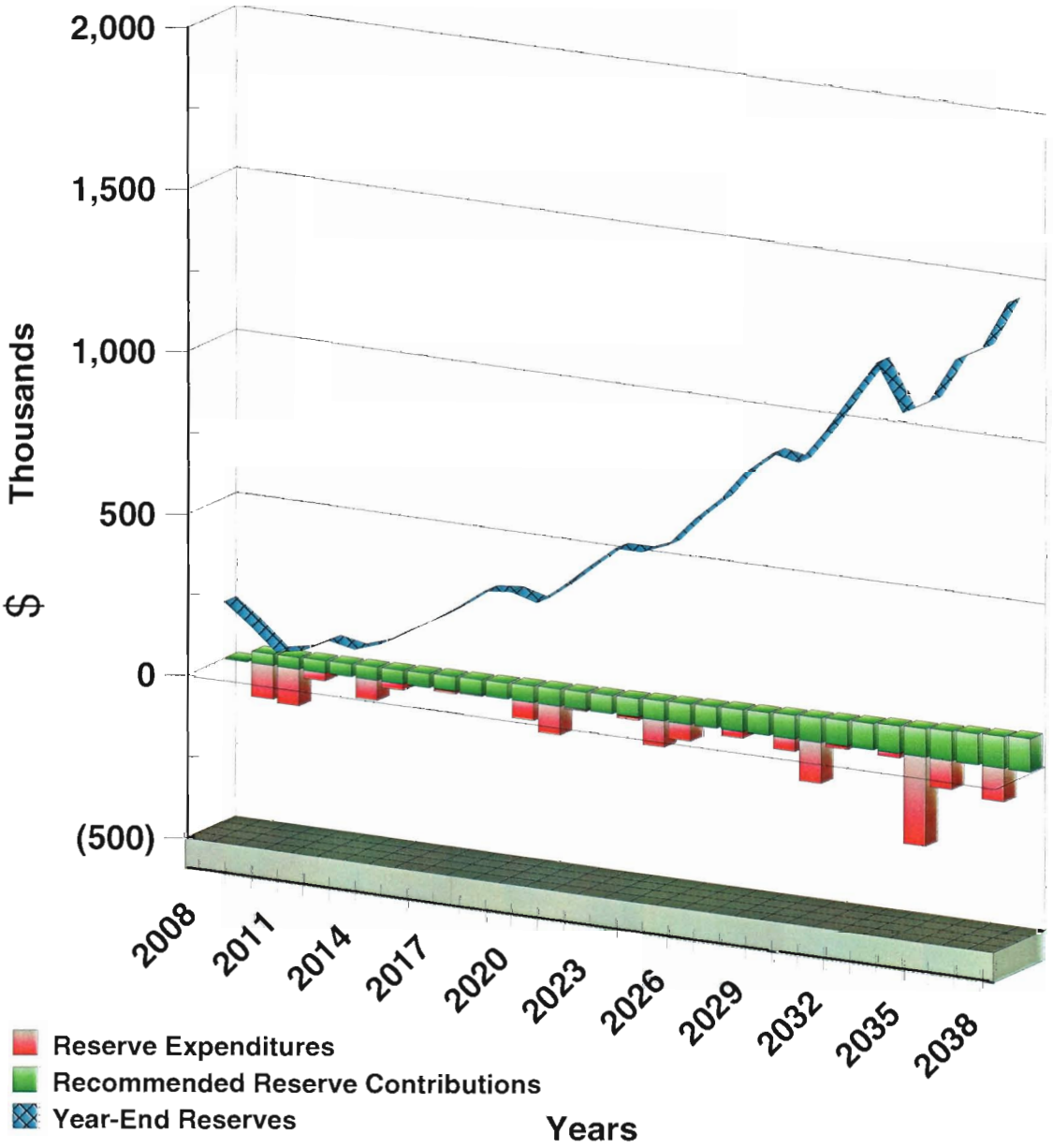
2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
123,923	107,703	135,747	185,436	231,615	284,505	345,043	353,454	330,497	394,184	466,737
40,600	**42,100**	**43,700**	**45,300**	**47,000**	**48,800**	**50,600**	**52,500**	**54,500**	**56,500**	**58,600**
4,319	4,539	5,989	7,776	9,623	11,738	13,024	12,753	13,512	16,053	18,680
(61,139)	(18,595)	0	(6,897)	(3,733)	0	(55,213)	(88,210)	(4,325)	0	(8,924)
107,703	135,747	185,436	231,615	284,505	345,043	353,454	330,497	394,184	466,737	535,093

Next 30 Years, Continued

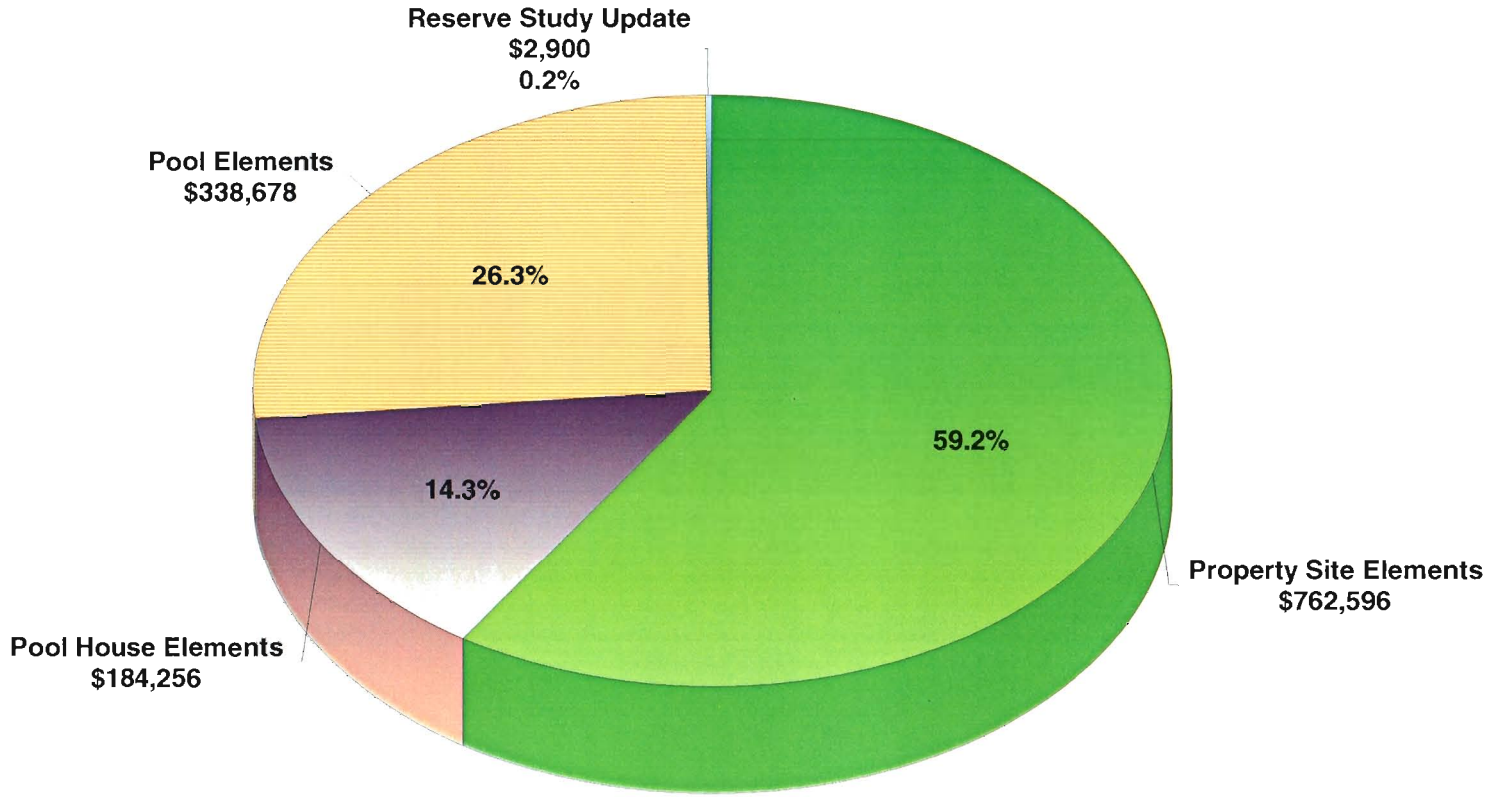
2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
729,124	828,772	896,024	879,730	982,857	1,103,458	1,218,296	1,075,830	1,120,540	1,259,620	1,303,748
70,600	**73,200**	**75,900**	**78,700**	**81,700**	**84,800**	**88,000**	**91,300**	**94,700**	**98,300**	**102,000**
29,048	32,160	33,110	34,729	38,901	43,291	42,776	40,953	44,380	47,796	51,480
0	(38,108)	(125,304)	(10,302)	0	(13,253)	(273,242)	(87,543)	0	(101,968)	0
828,772	896,024	879,730	982,857	1,103,458	1,218,296	1,075,830	1,120,540	1,259,620	1,303,748	1,457,228
										(NOTE 4)

and the age, size, overall condition and complexity of the property.

Recommended Reserve Funding Plan
Campus East
Community Association, Inc.



Future Expenditures Relative Cost Illustration
Campus East
Community Association, Inc.



CREDENTIALS

FIRM'S QUALIFICATIONS

HISTORY AND DEPTH OF SERVICE TO AMERICA

Founded in 1991, Reserve Advisors, Inc. is the leading provider of reserve studies and independent property consulting services, serving community associations, clubs, non-profit organizations, apartment building owners, religious institutions and educational facilities, office and commercial building owners, and other entities in over 40 states and Canada.

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 has the **largest staff of Reserve Specialists** with bachelors degrees in engineering dedicated to Reserve Study services. Our principals are founders of Community Associations Institute's (CAI) Reserve Committee. Also, 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 our determining accurate remaining useful life estimates of building components.

No Conflict of Interest - As 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 Peer Review, exclusive to Reserve Advisors, Inc., and by utilizing the experience of other staff gained from serving hundreds of other clients. A peer review is an internal quality assurance review of an assignment including the inspection, costing, lifing and technical report phases of the assignment. Each peer review requires the attendance of at least four staff including a Principal of the Firm, a Review Coordinator 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 variety of different communities and building types. Our clients include institutional governmental entities, master associations, clubs, schools and religious organizations. 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.

THEODORE J. SALGADO, P.E., PRA
Principal

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, defect identification transition studies, and consulting services for a nationwide portfolio of more than 4,000 clients. Under his direction, the firm conducts reserve study services for apartment complexes, churches, hotels, resorts, office towers and vintage architecturally ornate buildings.

PRIOR RELEVANT EXPERIENCE

Before founding Reserve Advisors, Inc. 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 and the North Shore Club Associations in South Bend, Indiana have successfully assisted the parties in arriving at out of court settlements.

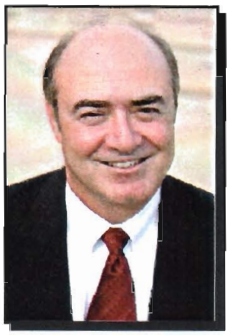
EDUCATION - Milwaukee School of Engineering - B.S. Architectural Engineering

PROFESSIONAL AFFILIATIONS/DESIGNATIONS

American Association of Cost Engineers - Past President, Wisconsin Section
Association of Construction Inspectors - Senior Designated Member and Certified Construction Inspector
Association of Professional Reserve Analysts - Past President, and Professional Reserve Analyst (PRA).
Community Associations Institute - Member and Volunteer Leader of multiple chapters throughout USA
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

CURRENT CLIENT SERVICES



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 Peer Reviews of Reserve Study reports.

Mr. Poehlmann directs corporate marketing, including 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 nearly 286,000 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. The videotape is available through Reserve Advisors or CAI's website, www.caionline.org. It is also available in all libraries in the State of Virginia.

INDUSTRY SERVICE AWARDS

CAI National Rising Star Award, 2002 - To an individual whose leadership abilities and professional contributions have earmarked them for even greater accomplishments in the future.

CAI Michigan Chapter Award, 2003 - "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 2002 CAI Michigan Chapter Award."

EDUCATION

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

PROFESSIONAL AFFILIATIONS

Community Associations Institute (CAI): Founding member of Reserve Committee; Reserve Specialist (RS) designation; Member of multiple chapters
Association of Condominium, Townhouse, & Homeowners Associations (ACTHA), member
United Condominium Owners of Michigan (UCOM), member

QUALIFICATIONS
ANTHONY W. KRUPKA, RS
Responsible Advisor

CURRENT CLIENT SERVICES

Anthony W. Krupka, an Architectural/Structural engineer, is an Advisor for ***Reserve Advisors, Inc.*** Mr. Krupka 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. Mr. Krupka frequently participates in the Peer Review Meetings for Recreational, Townhome and Mid Rise communities.

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

Martin's Landing Master Association consisting of 1,946 homes within 12 sub-associations. Located in a suburb of Atlanta, this development includes a five-lake and a pond, 13 asphalt tennis courts, 2 Har-Tru tennis courts, three clubhouses and three pools.

Sommers Estates Community of 40 townhome units within 20 buildings located in a suburb of Milwaukee, Wisconsin. The development includes attractive landscape and a pond shared with another Association.

The Estates of Inverness Ridge A master association responsible for two separate homeowner associations. Located in a suburb of Chicago, Illinois, the development contains two ponds, a conservatory area, retaining walls, a gatehouse with gates at the entrances, and masonry bridges.

Wellington Park Located in Chicago, there are 94 townhome units in nine buildings and 16 single family homes. This community includes unique architecture, interior stairwells that lead to rooftop decks, and a park.

Assisi Homes-Saxony, Inc. Elderly community that maintains 224 units within 12 buildings located in a suburban Milwaukee. This property is government HUD-sanctioned. The property includes a central office, complex mechanical systems, gazebos, and common interiors.

Montgomery Mutual Located in a suburb of Washington D.C., it maintains 898 units within 93 buildings. This property features a unique residential park that spans about a half mile of property between the buildings. It also contains attractive landscape and provides an atmosphere of a "city within a city."

Pelican Creek Community located in Clearwater, Florida. This property contains 67 units in 39 buildings. The property consist of a timber bridge, attractive landscape, complex roof designs, a pool and pool house.

New England Village Club Community of 48 units within 12 buildings. This Association is located in a Chicago suburb. The property consist of complex roof designs and many varieties of concrete flatwork.

Sutton Place This property, located outside of Chicago, Illinois, maintains 96 units in 21 buildings. This property is divided into four building phases and a common element phase. The property contains luxury townhomes with complex roofs. Each building includes a private drive, decorated by landscaping.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, Inc., Mr. Krupka attended Milwaukee School of Engineering in Milwaukee, Wisconsin where he specialized in Structural Engineering. He participated in the structural and architectural design of an auditorium, banquet facility and museum for the Holy Redeemer Church of Christ in Milwaukee, Wisconsin.

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

PROFESSIONAL AFFILIATIONS / DESIGNATIONS

Reserve Specialist (RS) - Community Associations Institute
Engineer In Training (E.I.T.) Registration - *Wisconsin 2006*

QUALIFICATIONS
MICHELLE A. STEPHANS, P.E., RS, PRA
Director of Quality Assurance

CURRENT CLIENT SERVICES
Michelle Stephans, a graduate of Milwaukee School of Engineering, is an Advisor for ***Reserve Advisors, Inc.*** Ms. Stephans is responsible for the inspection and analysis of the property's current condition, applying principles of engineering to prolong the lives of the building components, forecasting capital expenditures for the repair and/or replacement of the property components, and preparing technical Reserve Study reports on assignments.

The following is a partial list of clients served by Michelle Stephans demonstrating her breadth of experiential knowledge of community associations in construction and related buildings systems.

The Fordham Upscale postmodern 52-story apartment style condominium located in the Cathedral District of downtown Chicago. Amenities include 11th floor rooftop plaza, wine cellar, indoor pool and fitness room.

Fox Meadow Community Association Upscale community of 53 single family homes with private roads and ponds, located in suburban Chicago.

Indian Hills Village Condominiums Located in Louisville, Indian Hills Village condominiums comprise 53 townhome style units in 11 buildings.

Lighthouse Cove Owners Association Community of 101 apartment style condominiums located lakeside in Wisconsin Dells. Amenities include tennis courts, indoor and outdoor pools, clubhouse and a volleyball court.

Le Marin Condominiums and Marina Townhome style development in Port Clinton, Ohio comprising 117 units in 22 buildings. This lakeside community offers a 117 slip marina, tennis courts, indoor pool and clubhouse.

400 E. Ohio Condominium Association A 50-story apartment style condominium located in downtown Chicago. Amenities include indoor pool, fitness room, third floor rooftop deck and parking garage.

The John Thomas Dye School Located in the hills of Bel Air, Los Angeles, California, this independent primary school consists of 320 students. The campus includes various classroom buildings, a main hall, athletic field and gymnasium.

Grand Sierra Hotel Condominium This community of 824 units occupies the top 11 floors within the Grand Sierra Resort and Casino in Reno, Nevada.

Franciscan Ministries of Illinois Seven housing properties located throughout Suburban Chicago, including unit interiors and common amenities.

Village of Glenview Municipal buildings owned by the Village of Glenview, including two police stations, the village hall, three public works buildings, five fire stations, two parking garages, two pavilions, and two train stations.

PRIOR RELEVANT EXPERIENCE
Before joining ***Reserve Advisors, Inc.***, Ms. Stephans was a Mechanical Engineer at Affiliated Engineers, Inc. in the State off Wisconsin. She was responsible for the design of heating, ventilating and air conditioning systems for research and development laboratories throughout the United States, including Bayer Pharmaceuticals and University of Illinois-Chicago. Ms. Stephans also worked at Monroe Equipment, Inc. where she designed heating, ventilating and air conditioning systems for commercial buildings.

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

PROFESSIONAL AFFILIATIONS/DESIGNATIONS
Professional Engineering Licenses - Wisconsin 2004, Minnesota 2006, Illinois 2008
Reserve Specialist (RS) - Community Associations Institute
Professional Reserve Analyst (PRA) - Association of Professional Reserve Analysts
American Society of Heating, Refrigeration and Air Conditioning Engineers (ASHRAE)

QUALIFICATIONS
JAYME R. RADOMSKI, PRA, RS
Quality Assurance Review Coordinator

CURRENT CLIENT SERVICES

Jayme R. Radomski, an Architectural Engineer, is an Advisor for ***Reserve Advisors, Inc***. Ms. Radomski is responsible for the inspection and analysis of the condition of clients' properties, and recommending engineering solutions to prolong the lives of the components. She also forecasts capital expenditures for the repair and/or replacement of the property components and prepares technical reports on assignments. She is responsible for conducting Life Cycle Cost Analysis and Capital Replacement Forecast services on apartments, townhomes, high rise condominium towers, planned unit developments, and religious and educational facilities. Jayme Radomski frequently serves as the *Review Coordinator* for multistory and townhome communities, and religious and educational facilities. Ms. Radomski is fully versed in ***Reserve Studies*** and ***Property Insurance Advisory Studies.***

The following is a partial list of clients served by Jayme Radomski demonstrating her breadth of experiential knowledge of community associations in construction and related buildings systems.

Ballston Park Condominium This 137 unit, nine story, high rise building is located in Arlington, Virginia. This development features flat roof assemblies, brick masonry walls, balconies, mechanical systems, interior finishes, a parking garage and an elevated terrace.

Church of the Resurrection Located in New Albany, Ohio, this recently expanded church includes a church, and a social hall and classrooms. These two unique buildings comprise asphalt shingle and metal roof assemblies, brick masonry walls, complex mechanical systems, audio visual and sound equipment, and a kitchen.

Brookfield Academy This five building campus is located in Brookfield, Wisconsin. This independent school consists of students from levels K4 to 12. The campus includes various buildings and an athletic complex.

Highland Park Housing Commission Located in Highland Park, Illinois, this development contains 38 units in 10 buildings. The development is spread throughout four properties. The properties include asphalt shingle roofs, flat roof assemblies, brick masonry walls, aluminum siding, complex mechanical systems, interior finishes and asphalt pavement systems.

Royal Ambassador This property is located in Louisville, Kentucky. The property contains 68 units within two mid-rise buildings. The buildings feature balconies, parking garages, interior finishes, community rooms and a pool. This property contains concrete flatwork, tennis courts and site amenities including furniture and a putting green.

Swan Pointe Council of Co-owners Community of 320 units within 38 townhome and mid-rise buildings located in Louisville, Kentucky. The development includes asphalt shingle roofs, brick and cement board siding, asphalt pavement, retaining walls, a clubhouse, pool and tennis court.

Sonoma Homeowners Association This planned unit development is located in Lake Zurich, Illinois. The development features four stormwater retention ponds, entrance monuments and landscaping.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, Inc., Ms. Radomski was a Designer for Ahern Fire Protection in Menomonee Falls, WI. She was responsible for designing and drafting of fire protection systems in accordance with all applicable codes while selecting the most efficient fabrication, installation and stocklisting techniques, and performing hydraulic calculations to ensure proper flow and pressure of sprinkler systems.

EDUCATION

Milwaukee School of Engineering - M.S. Environmental Engineering, B.S. Architectural Engineering
University of Wisconsin-Madison - B.S. Consumer Science

PROFESSIONAL AFFILIATIONS

Reserve Specialist (RS) - Community Associations Institute
Professional Reserve Analyst (PRS) - Association of Professional Reserve Analysts
American Society of Civil Engineers (ASCE)

Reserve Advisors, Inc.

RESOURCES WE USE IN OUR ANALYSIS

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.

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, 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.