Atascocita Community Improvement Association

Inspected: March 20, 2025 • Revised on: November 12, 2025
Humble, TX

RESERVE STUDY

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

Atascocita Community Improvement Association
Humble, Texas

Dear Board of Directors of Atascocita Community Improvement Association:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Reserve Study* of Atascocita Community Improvement Association in Humble, Texas and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, March 20, 2025.

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

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

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

Respectfully submitted on November 12, 2025 by

Reserve Advisors, LLC

Visual Inspection and Report by: Jordan M. Rosales, RS[1]
Review by: Keary D. Wass, RS, Quality Assurance Engineer
Alan M. Ebert, RS, PRA[2], Director of Quality Assurance

[1] RS (Reserve Specialist) is the reserve provider professional designation of the Community Associations Institute (CAI) representing America's more than 300,000 condominium, cooperative and homeowners associations.

[2] PRA (Professional Reserve Analyst) is the professional designation of the Association of Professional Reserve Analysts. Learn more about APRA at http://www.apra-usa.com.

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1. RESERVE STUDY EXECUTIVE SUMMARY

Client: Atascocita Community Improvement Association (Atascocita Community)
Location: Humble, Texas
Reference: 140499

Property Basics: Atascocita Community Improvement Association is a homeowner's association which is responsible for the common elements shared by 2,500 single family homes. The community was built in 1975. The community contains two swimming pools, sport courts, playgrounds and a marina.

Reserve Components Identified: 49 Reserve Components.

Inspection Date: March 20, 2025. We conducted previous inspections in 2014, 2019 and 2022.

Funding Goal: The Funding Goal of this Reserve Study is to maintain reserves above an adequate, not excessive threshold during one or more years of significant expenditures. Our recommended Funding Plan recognizes this threshold funding year in 2042 due to the modernization of the pool areas.

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

- Current and future local costs of replacement
- 2.7% anticipated annual rate of return on invested reserves
- 3.3% future Inflation Rate for estimating Future Replacement Costs

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

Unaudited Cash Status of Reserve Fund:

- $476,496 as of February 28, 2025
- 2025 budgeted Reserve Contributions of $72,377

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

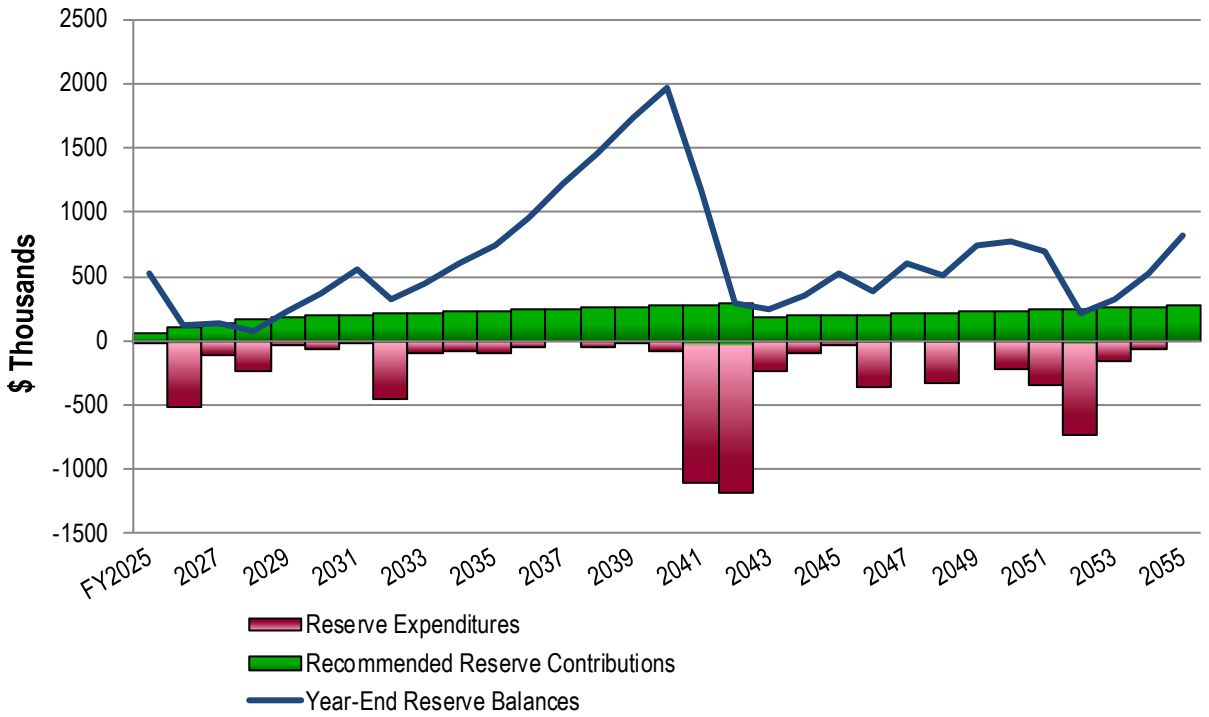
- Repairs and replacements of the playground equipment due to age and areas of deterioration
- Repaving of the boat ramp access drive due to cracks and deterioration throughout.

Recommended Reserve Funding: We recommend the following in order to achieve a stable and equitable Cash Flow Methodology Funding Plan:

- Phased increases of $29,000 each year, from 2026 through 2029
- Inflationary increases from 2030 through 2042
- Decrease to $184,500 by 2043 due to fully funding for modernization of the Shores pool area
- Inflationary increases thereafter through 2055, the limit of this study's Cash Flow Analysis
- Initial adjustment in Reserve Contributions of $29,023 represents an average monthly increase of $0.97 per owner and about a two percent (1.8%) adjustment in the 2025 Total Budget of $1,610,976.

Atascocita Community
Recommended Reserve Funding Table and Graph

Year	Reserve Contributions ($)	Reserve Balances ($)	Year	Reserve Contributions ($)	Reserve Balances ($)	Year	Reserve Contributions ($)	Reserve Balances ($)
2026	101,400	116,227	2036	236,500	953,017	2046	203,400	379,128
2027	130,400	140,037	2037	244,300	1,226,347	2047	210,100	602,301
2028	159,400	71,587	2038	252,400	1,460,299	2048	217,000	508,077
2029	188,400	231,573	2039	260,700	1,737,601	2049	224,200	749,022
2030	194,600	367,028	2040	269,300	1,967,954	2050	231,600	779,624
2031	201,000	552,328	2041	278,200	1,179,362	2051	239,200	696,737
2032	207,600	318,892	2042	287,400	298,198	2052	247,100	219,597
2033	214,500	449,233	2043	184,500	244,176	2053	255,300	322,649
2034	221,600	603,083	2044	190,600	346,164	2054	263,700	522,872
2035	228,900	748,168	2045	196,900	523,056	2055	272,400	813,067



2. RESERVE STUDY REPORT

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

Atascocita Community Improvement Association

Humble, Texas

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, March 20, 2025. We conducted previous inspections in 2014, 2019 and 2022.

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

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

IDENTIFICATION OF PROPERTY

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

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

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

We advise the Board conduct an annual review of these classes of property to confirm its policy concerning the manner of funding, i.e., from reserves or the operating budget. Reserve Components are defined by CAI as property elements with:

- Atascocita Community responsibility
- Limited useful life expectancies
- Predictable remaining useful life expectancies
- Replacement cost above a minimum threshold

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

Excluded Components

for
Atascocita Community
Improvement Association
Humble, Texas

Operating Budget Components

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

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

- Asphalt Pavement, Crack Repair and Patch
- Basketball and Tennis Court Standards
- Boat Ramp, Concrete, Partial Replacements
- Catch Basins, Inspections and Capital Repairs
- Fence, Chain Link, Baseball Backstop
- Fences, Wood, Pool Mechanical Equipment
- Fences, Wood, Split Rail, Shores Parking Area
- Landscape
- Light Fixtures, Pool Houses
- Light Poles and Fixtures, Parking Areas
- Paint Finishes, Touch Up
- Pipes, Interior Building, Pool Houses
- Pool Houses, Masonry, Inspections and Repairs

Long-Lived Components

These elements may not have predictable Remaining Useful Lives or their replacement may occur beyond the scope of this study. The operating budget should fund infrequent repairs. Funding untimely or unexpected replacements from reserves will necessitate increases to Reserve Contributions. Periodic updates of this Reserve Study will help determine the merits of adjusting the Reserve Funding Plan.	Useful Life	Estimated Cost
• Concrete Boat Ramp, Total Replacement[1]	to 65	N/A
• Electrical Systems, Common	to 70+	N/A
• Foundations, Common Buildings	Indeterminate	N/A
• Pipes, Subsurface Utilities, Common Areas	to 85+	N/A
• Sport Court, Tennis, Replacement, Shores[2]	Indeterminate	N/A
• Structural Frames, Common Buildings	Indeterminate	N/A

[1] Replaced in 2021

[2] Replaced in 2017

Excluded Components

for
Atascocita Community
Improvement Association
Humble, Texas

Owners Responsibility Components
Certain items have been designated as the responsibility of the Owners to repair or replace at their cost, including items billed back.
• Homes and Lots

Others Responsibility Components
Certain items have been designated as the responsibility of Others to repair or replace.
• Light Poles and Fixtures, Streets[1]
• Street Systems[2]
[1] Utility Provider
[2] City of Humble

3. RESERVE EXPENDITURES and FUNDING PLAN

The tables following this introduction present:

Reserve Expenditures

- Line item numbers
- Total quantities
- Quantities replaced per phase (in a single year)
- Reserve component inventory
- Estimated first year of event (i.e., replacement, application, etc.)
- Life analysis showing
  - useful life
  - remaining useful life
- 2025 local cost of replacement
  - Per unit
  - Per phase
  - Replacement of total quantity
- Percentage of future expenditures anticipated during the next 30 years
- Schedule of estimated future costs for each reserve component including inflation

Reserve Funding Plan

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

Five-Year Outlook

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

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

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

RESERVE EXPENDITURES

Atascocita Community Improvement Association
Humble, Texas

Explanatory Notes:
1) **3.3%** is the estimated Inflation Rate for estimating Future Replacement Costs.
2) **FY2025** is Fiscal Year beginning January 1, 2025 and ending December 31, 2025.
3) **2056+** indicates a component which is considered long-lived

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years Useful	Remaining	Costs, $ Unit (2025)	Per Phase (2025)	Total (2025)	Percentage of Future Expenditures	RUL = 0 FY2025	1 2026	2 2027	3 2028	4 2029	5 2030	6 2031	7 2032	8 2033	9 2034	10 2035	11 2036	12 2037	13 2038	14 2039	15 2040
				Property Site Elements																							
4.120	37,500	4,688	Square Feet	Concrete Parking Areas, Partial	2027	to 65	2 to 30+	14.00	65,625	525,000	**6.3%**			70,028								90,797					
4.140	3,500	613	Square Feet	Concrete Sidewalks, Partial	2027	to 65	2 to 30+	13.00	7,963	45,500	**0.8%**			8,497								11,017					
4.225	120	120	Square Feet	Dock, Fishing Pier, Wood, Shores Park	2032	15 to 25	7	60.00	7,200	7,200	**0.4%**								9,037								
4.360	1	1	Each	Gazebo	2033	to 25	8	11,200.00	11,200	11,200	**0.2%**									14,522							
4.420	55	5	Zones	Irrigation System, Phased	2028	to 40+	3 to 43	2,100.00	10,500	115,500	**1.8%**				11,574				13,179				15,007				17,088
4.502	1	1	Allowance	Landscape, Partial Replacements	2028	to 5	3	20,000.00	20,000	20,000	**3.0%**				22,046					25,932				30,502			
4.660	1	1	Allowance	Playground Equipment, Pinehurst	2026	15 to 20	1	56,000.00	56,000	56,000	**2.5%**		57,848														
4.661	1	1	Allowance	Playground Equipment, Shores	2028	15 to 20	3	104,000.00	104,000	104,000	**4.9%**				114,640												
4.800	1	1	Allowance	Signage, Renovation, Entrance Monuments	2036	15 to 20	11	7,500.00	7,500	7,500	**0.2%**												10,719				
4.801	3	3	Each	Signage, Renovation, Entrance Monuments (Proposed)	2026	n/a	1	10,500.00	31,500	31,500	**0.5%**		32,540														
4.820	2	1	Allowance	Site Furniture, Playgrounds, Phased	2032	15 to 25	7 to 17	19,500.00	19,500	39,000	**1.5%**								24,476								
4.830	11,970	11,970	Square Feet	Sport Courts, Tennis, Color Coat, Pinehurst	2032	4 to 6	7	1.30	15,561	15,561	**1.6%**								19,532					23,732			
4.831	11,970	11,970	Square Feet	Sport Courts, Tennis, Color Coat, Shores	2028	4 to 6	3	1.30	15,561	15,561	**1.9%**				17,153						20,842						25,325
4.840	440	440	Linear Feet	Sport Courts, Fence, Pinehurst	2026	to 25	1	41.00	18,040	18,040	**0.9%**		18,635														
4.841	440	440	Linear Feet	Sport Courts, Fence, Shores	2042	to 25	17	41.00	18,040	18,040	**0.5%**																
4.850	6	6	Each	Sport Courts, Light Poles and Fixtures, Pinehurst	2026	to 35	1	3,900.00	23,400	23,400	**0.4%**		24,172														
4.851	6	6	Each	Sport Courts, Light Poles and Fixtures, Shores	2028	to 35	3	3,900.00	23,400	23,400	**0.4%**				25,794												
4.861	11,970	11,970	Square Feet	Sport Courts, Concrete Replacement, Pinehurst	2026	to 40	1	19.00	227,430	227,430	**3.4%**		234,935														
4.682	11,970	11,970	Square Feet	Sport Courts, Concrete Replacement, Shores	2057	to 40	32	15.00	179,550	179,550	**0.0%**																
				Pool Elements																							
6.200	3,590	3,590	Square Feet	Concrete Deck, Textured Coating, Partial Replacements and Repairs, Pinehurst	2032	8 to 12	7	6.00	21,540	21,540	**1.1%**								27,036								
6.201	4,900	4,900	Square Feet	Concrete Deck, Textured Coating, Partial Replacements and Repairs, Shores	2032	8 to 12	7	6.00	29,400	29,400	**1.6%**								36,902								
6.395	750	750	Linear Feet	Fences, Steel, Paint Finishes and Capital Repairs (2025 is Budgeted)	2025	6 to 8	0	18.00	13,500	13,500	**1.1%**	5,379								18,082							
6.400	750	188	Linear Feet	Fences, Steel, Replacement, Phased (2026 is Budgeted)	2026	to 35	1 to 25	65.00	12,188	48,750	**1.1%**		12,590								16,324						
6.500	2	1	Allowance	Furniture, Phased	2027	to 12	2 to 8	16,500.00	16,500	33,000	**2.0%**			17,607						21,394						25,995	
6.600	1	1	Allowance	Mechanical Equipment, Near Term	2025	to 15	0	11,000.00	11,000	11,000	**0.2%**	11,000															
6.601	3	1	Allowance	Mechanical Equipment, Subsequent, Phased	2028	to 15	3 to 11	20,000.00	20,000	60,000	**3.4%**				22,046				25,103				28,585				32,549
6.800	3,800	3,800	Square Feet	Pool Finishes, Plaster, Pinehurst	2032	8 to 12	7	18.00	68,400	68,400	**3.7%**								85,854								
6.801	330	330	Linear Feet	Pool Finishes, Tile and Coping, Pinehurst	2032	15 to 25	7	82.00	27,060	27,060	**0.5%**								33,965								
6.802	3,800	3,800	Square Feet	Pool Finishes, Plaster, Shores	2032	8 to 12	7	18.00	68,400	68,400	**3.7%**								85,854								
6.803	330	330	Linear Feet	Pool Finishes, Tile and Coping, Shores	2032	15 to 25	7	82.00	27,060	27,060	**0.5%**								33,965								
6.840	4	4	Each	Pool Houses, Rest Rooms, Renovations	2030	to 20	5	7,500.00	30,000	30,000	**1.5%**						35,288										
6.860	35	35	Squares	Roofs, Asphalt Shingle, Pool Houses	2033	15 to 20	8	450.00	15,750	15,750	**0.9%**									20,421							
6.865	1	1	Allowance	Security System, Access Systems	2029	10 to 15	4	28,500.00	28,500	28,500	**2.2%**					32,452											
6.870	600	600	Square Feet	Shade Structure, Canvas, Shores	2044	5 to 10	19	10.00	6,000	6,000	**0.2%**																
6.871	600	600	Square Feet	Shade Structure, Canvas and Structure, Shores	2034	to 20	9	33.00	19,800	19,800	**1.1%**										26,520						
6.900	3,800	3,800	Square Feet	Structures and Deck, Total Replacement, Pinehurst	2041	to 60	16	160.00	608,000	608,000	**14.9%**																
6.901	3,800	3,800	Square Feet	Structures and Deck, Total Replacement, Shores	2042	to 60	17	160.00	608,000	608,000	**15.4%**																
6.980	1	1	Each	Water Slide, Replacement, Pinehurst (2026 is Budgeted)	2026	to 20	1	34,000.00	34,000	34,000	**1.5%**		35,122														
6.981	1	1	Each	Water Slide, Replacement, Shores	2032	to 20	7	46,000.00	46,000	46,000	**2.5%**								57,738								

RESERVE EXPENDITURES

Atascocita Community Improvement Association
Humble, Texas

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years Useful	Remaining	Costs, $ Unit (2025)	Per Phase (2025)	Total (2025)	Percentage of Future Expenditures	16 2041	17 2042	18 2043	19 2044	20 2045	21 2046	22 2047	23 2048	24 2049	25 2050	26 2051	27 2052	28 2053	29 2054	30 2055
				Property Site Elements																						
4.120	37,500	4,688	Square Feet	Concrete Parking Areas, Partial	2027	to 65	2 to 30+	14.00	65,625	525,000	**6.3%**			117,727								152,643				
4.140	3,500	613	Square Feet	Concrete Sidewalks, Partial	2027	to 65	2 to 30+	13.00	7,963	45,500	**0.8%**			14,284								18,521				
4.225	120	120	Square Feet	Dock, Fishing Pier, Wood, Shores Park	2032	15 to 25	7	60.00	7,200	7,200	**0.4%**												17,300			
4.360	1	1	Each	Gazebo	2033	to 25	8	11,200.00	11,200	11,200	**0.2%**															
4.420	55	5	Zones	Irrigation System, Phased	2028	to 40+	3 to 43	2,100.00	10,500	115,500	**1.8%**				19,458				22,156				25,229			
4.502	1	1	Allowance	Landscape, Partial Replacements	2028	to 5	3	20,000.00	20,000	20,000	**3.0%**			35,879					42,202					49,641		
4.660	1	1	Allowance	Playground Equipment, Pinehurst	2026	15 to 20	1	56,000.00	56,000	56,000	**2.5%**						110,738									
4.661	1	1	Allowance	Playground Equipment, Shores	2028	15 to 20	3	104,000.00	104,000	104,000	**4.9%**								219,453							
4.800	1	1	Allowance	Signage, Renovation, Entrance Monuments	2036	15 to 20	11	7,500.00	7,500	7,500	**0.2%**															
4.801	3	3	Each	Signage, Renovation, Entrance Monuments (Proposed)	2026	n/a	1	10,500.00	31,500	31,500	**0.5%**															
4.820	2	1	Allowance	Site Furniture, Playgrounds, Phased	2032	15 to 25	7 to 17	19,500.00	19,500	39,000	**1.5%**		33,864										46,854			
4.830	11,970	11,970	Square Feet	Sport Courts, Tennis, Color Coat, Pinehurst	2032	4 to 6	7	1.30	15,561	15,561	**1.6%**				28,837						35,039					
4.831	11,970	11,970	Square Feet	Sport Courts, Tennis, Color Coat, Shores	2028	4 to 6	3	1.30	15,561	15,561	**1.9%**						30,771						37,389			
4.840	440	440	Linear Feet	Sport Courts, Fence, Pinehurst	2026	to 25	1	41.00	18,040	18,040	**0.9%**											41,961				
4.841	440	440	Linear Feet	Sport Courts, Fence, Shores	2042	to 25	17	41.00	18,040	18,040	**0.5%**		31,329													
4.850	6	6	Each	Sport Courts, Light Poles and Fixtures, Pinehurst	2026	to 35	1	3,900.00	23,400	23,400	**0.4%**															
4.851	6	6	Each	Sport Courts, Light Poles and Fixtures, Shores	2028	to 35	3	3,900.00	23,400	23,400	**0.4%**															
4.861	11,970	11,970	Square Feet	Sport Courts, Concrete Replacement, Pinehurst	2026	to 40	1	19.00	227,430	227,430	**3.4%**															
4.682	11,970	11,970	Square Feet	Sport Courts, Concrete Replacement, Shores	2057	to 40	32	15.00	179,550	179,550	**0.0%**															
				Pool Elements																						
6.200	3,590	3,590	Square Feet	Concrete Deck, Textured Coating, Partial Replacements and Repairs, Pinehurst	2032	8 to 12	7	6.00	21,540	21,540	**1.1%**												51,755			
6.201	4,900	4,900	Square Feet	Concrete Deck, Textured Coating, Partial Replacements and Repairs, Shores	2032	8 to 12	7	6.00	29,400	29,400	**1.6%**												70,641			
6.395	750	750	Linear Feet	Fences, Steel, Paint Finishes and Capital Repairs (2025 is Budgeted)	2025	6 to 8	0	18.00	13,500	13,500	**1.1%**		23,444								30,398					
6.400	750	188	Linear Feet	Fences, Steel, Replacement, Phased (2026 is Budgeted)	2026	to 35	1 to 25	65.00	12,188	48,750	**1.1%**		21,165								27,442					
6.500	2	1	Allowance	Furniture, Phased	2027	to 12	2 to 8	16,500.00	16,500	33,000	**2.0%**					31,586						38,379				
6.600	1	1	Allowance	Mechanical Equipment, Near Term	2025	to 15	0	11,000.00	11,000	11,000	**0.2%**															
6.601	3	1	Allowance	Mechanical Equipment, Subsequent, Phased	2028	to 15	3 to 11	20,000.00	20,000	60,000	**3.4%**				37,063				42,202				48,055			
6.800	3,800	3,800	Square Feet	Pool Finishes, Plaster, Pinehurst	2032	8 to 12	7	18.00	68,400	68,400	**3.7%**												164,348			
6.801	330	330	Linear Feet	Pool Finishes, Tile and Coping, Pinehurst	2032	15 to 25	7	82.00	27,060	27,060	**0.5%**															
6.802	3,800	3,800	Square Feet	Pool Finishes, Plaster, Shores	2032	8 to 12	7	18.00	68,400	68,400	**3.7%**												164,348			
6.803	330	330	Linear Feet	Pool Finishes, Tile and Coping, Shores	2032	15 to 25	7	82.00	27,060	27,060	**0.5%**															
6.840	4	4	Each	Pool Houses, Rest Rooms, Renovations	2030	to 20	5	7,500.00	30,000	30,000	**1.5%**										67,551					
6.860	35	35	Squares	Roofs, Asphalt Shingle, Pool Houses	2033	15 to 20	8	450.00	15,750	15,750	**0.9%**													39,092		
6.865	1	1	Allowance	Security System, Access Systems	2029	10 to 15	4	28,500.00	28,500	28,500	**2.2%**	47,913												70,738		
6.870	600	600	Square Feet	Shade Structure, Canvas, Shores	2044	5 to 10	19	10.00	6,000	6,000	**0.2%**				11,119											
6.871	600	600	Square Feet	Shade Structure, Canvas and Structure, Shores	2034	to 20	9	33.00	19,800	19,800	**1.1%**															50,766
6.900	3,800	3,800	Square Feet	Structures and Deck, Total Replacement, Pinehurst	2041	to 60	16	160.00	608,000	608,000	**14.9%**	1,022,136														
6.901	3,800	3,800	Square Feet	Structures and Deck, Total Replacement, Shores	2042	to 60	17	160.00	608,000	608,000	**15.4%**		1,055,867													
6.980	1	1	Each	Water Slide, Replacement, Pinehurst (2026 is Budgeted)	2026	to 20	1	34,000.00	34,000	34,000	**1.5%**						67,233									
6.981	1	1	Each	Water Slide, Replacement, Shores	2032	to 20	7	46,000.00	46,000	46,000	**2.5%**												110,527			

Years 2025 to 2040

RESERVE EXPENDITURES

Atascocita Community Improvement Association
Humble, Texas

Explanatory Notes:

1) **3.3%** is the estimated Inflation Rate for estimating Future Replacement Costs.
2) **FY2025** is Fiscal Year beginning January 1, 2025 and ending December 31, 2025.
3) **2056+** indicates a component which is considered long-lived

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years Useful	Remaining	Costs, $ Unit (2025)	Per Phase (2025)	Total (2025)	Percentage of Future Expenditures	RUL = 0 FY2025	1 2026	2 2027	3 2028	4 2029	5 2030	6 2031	7 2032	8 2033	9 2034	10 2035	11 2036	12 2037	13 2038	14 2039	15 2040
				Marina Elements																							
8.040	1,410	1,410	Square Yards	Asphalt Pavement, Mill and Overlay	2026	15 to 20	1	28.00	39,480	39,480	**0.6%**		40,783													
8.045	1,410	1,410	Square Yards	Asphalt Pavement, Total Replacement	2046	15 to 20	21	45.00	63,450	63,450	**1.8%**															
8.100	205	205	Linear Feet	Bulkhead, Timber, Inspections and Capital Repairs	2046	10 to 15	21	62.00	12,710	12,710	**0.4%**															
8.105	205	205	Linear Feet	Bulkhead, Timber, Replacement	2026	to 40	1	325.00	66,625	66,625	**1.0%**		68,824													
8.125	1	1	Allowance	Canals, Dredging	2031	10 to 15	6	23,000.00	23,000	23,000	**1.8%**							27,947								
8.180	820	820	Linear Feet	Canopies, Canvas	2040	5 to 10	15	10.00	8,200	8,200	**0.2%**															13,345
8.181	820	820	Linear Feet	Canopies, Canvas and Structure	2030	to 20	5	33.00	27,060	27,060	**1.4%**						31,829									
8.400	170	170	Square Feet	Dock and Pilings, Wood, Total Replacement	2033	to 25	8	55.00	9,350	9,350	**0.5%**									12,123						
8.550	790	790	Square Feet	Dock and Walkway, Wood, Interim Deck Board Replacements	2028	12 to 18	3	20.00	15,800	15,800	**0.8%**				17,416											
8.655	1	1	Allowance	Gate System	2027	to 15	2	13,000.00	13,000	13,000	**0.5%**			13,872												
8.750	620	620	Square Feet	Walkway, Wood, Total Replacement	2043	to 25	18	70.00	43,400	43,400	**1.1%**															
				Anticipated Expenditures, By Year ($6,853,371 over 30 years)								16,379	525,448	110,004	230,669	32,452	67,117	27,947	452,640	94,392	81,767	101,814	54,311	0	54,235	25,995	88,306

Years 2041 to 2055

RESERVE EXPENDITURES

Atascocita Community Improvement Association
Humble, Texas

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years Useful	Remaining	Costs, $ Unit (2025)	Per Phase (2025)	Total (2025)	Percentage of Future Expenditures	16 2041	17 2042	18 2043	19 2044	20 2045	21 2046	22 2047	23 2048	24 2049	25 2050	26 2051	27 2052	28 2053	29 2054	30 2055
				Marina Elements																						
8.040	1,410	1,410	Square Yards	Asphalt Pavement, Mill and Overlay	2026	15 to 20	1	28.00	39,480	39,480	**0.6%**															
8.045	1,410	1,410	Square Yards	Asphalt Pavement, Total Replacement	2046	15 to 20	21	45.00	63,450	63,450	**1.8%**						125,470									
8.100	205	205	Linear Feet	Bulkhead, Timber, Inspections and Capital Repairs	2046	10 to 15	21	62.00	12,710	12,710	**0.4%**						25,133									
8.105	205	205	Linear Feet	Bulkhead, Timber, Replacement	2026	to 40	1	325.00	66,625	66,625	**1.0%**															
8.125	1	1	Allowance	Canals, Dredging	2031	10 to 15	6	23,000.00	23,000	23,000	**1.8%**	38,666										53,498				
8.180	820	820	Linear Feet	Canopies, Canvas	2040	5 to 10	15	10.00	8,200	8,200	**0.2%**															
8.181	820	820	Linear Feet	Canopies, Canvas and Structure	2030	to 20	5	33.00	27,060	27,060	**1.4%**										60,931					
8.400	170	170	Square Feet	Dock and Pilings, Wood, Total Replacement	2033	to 25	8	55.00	9,350	9,350	**0.5%**														23,973	
8.550	790	790	Square Feet	Dock and Walkway, Wood, Interim Deck Board Replacements	2028	12 to 18	3	20.00	15,800	15,800	**0.8%**											36,751				
8.655	1	1	Allowance	Gate System	2027	to 15	2	13,000.00	13,000	13,000	**0.5%**		22,576													
8.750	620	620	Square Feet	Walkway, Wood, Total Replacement	2043	to 25	18	70.00	43,400	43,400	**1.1%**			77,857												
				Anticipated Expenditures, By Year ($6,853,371 over 30 years)								1,108,715	1,188,245	245,746	96,476	31,586	359,345	0	326,014	0	221,360	341,752	736,445	159,471	74,739	0

RESERVE FUNDING PLAN

CASH FLOW ANALYSIS
Atascocita Community Improvement Association
Humble, Texas

Individual Reserve Budgets & Cash Flows for the Next 30 Years

		FY2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Reserves at Beginning of Year	*(Note 1)*	476,496	531,646	116,227	140,037	71,587	231,573	367,028	552,328	318,892	449,233	603,083	748,168	953,017	1,226,347	1,460,299	1,737,601
Total Recommended Reserve Contributions	*(Note 2)*	**60,314**	**101,400**	**130,400**	**159,400**	**188,400**	**194,600**	**201,000**	**207,600**	**214,500**	**221,600**	**228,900**	**236,500**	**244,300**	**252,400**	**260,700**	**269,300**
Estimated Interest Earned, During Year	*(Note 3)*	11,215	8,630	3,413	2,819	4,038	7,973	12,246	11,605	10,232	14,017	17,999	22,660	29,030	35,787	42,597	49,359
Anticipated Expenditures, By Year		(16,379)	(525,448)	(110,004)	(230,669)	(32,452)	(67,117)	(27,947)	(452,640)	(94,392)	(81,767)	(101,814)	(54,311)	0	(54,235)	(25,995)	(88,306)
Anticipated Reserves at Year End		$531,646	$116,227	$140,037	$71,587	$231,573	$367,028	$552,328	$318,892	$449,233	$603,083	$748,168	$953,017	$1,226,347	$1,460,299	$1,737,601	$1,967,954

(continued)

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

	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055
Reserves at Beginning of Year	1,967,954	1,179,362	298,198	244,176	346,164	523,056	379,128	602,301	508,077	749,022	779,624	696,737	219,597	322,649	522,872
Total Recommended Reserve Contributions	**278,200**	**287,400**	**184,500**	**190,600**	**196,900**	**203,400**	**210,100**	**217,000**	**224,200**	**231,600**	**239,200**	**247,100**	**255,300**	**263,700**	**272,400**
Estimated Interest Earned, During Year	41,923	19,681	7,225	7,863	11,578	12,017	13,073	14,790	16,745	20,362	19,665	12,206	7,223	11,262	17,795
Anticipated Expenditures, By Year	(1,108,715)	(1,188,245)	(245,746)	(96,476)	(31,586)	(359,345)	0	(326,014)	0	(221,360)	(341,752)	(736,445)	(159,471)	(74,739)	0
Anticipated Reserves at Year End	$1,179,362	$298,198 *(NOTE 5)*	$244,176	$346,164	$523,056	$379,128	$602,301	$508,077	$749,022	$779,624	$696,737	$219,597	$322,649	$522,872	$813,067 *(NOTE 4)*

Explanatory Notes:

1) Year 2025 starting reserves are as of February 28, 2025; FY2025 starts January 1, 2025 and ends December 31, 2025.
2) Reserve Contributions for 2025 are the remaining budgeted 10 months; 2026 is the first year of recommended contributions.
3) **2.7%** is the estimated annual rate of return on invested reserves; 2025 is a partial year of interest earned.
4) Accumulated year 2055 ending reserves consider the age, size, overall condition and complexity of the property.
5) Threshold Funding Year (reserve balance at critical point).

FIVE-YEAR OUTLOOK

Atascocita Community Improvement Association
Humble, Texas

Line Item	Reserve Component Inventory	RUL = 0 FY2025	1 2026	2 2027	3 2028	4 2029	5 2030
	Property Site Elements						
4.120	Concrete Parking Areas, Partial			70,028			
4.140	Concrete Sidewalks, Partial			8,497			
4.420	Irrigation System, Phased				11,574		
4.502	Landscape, Partial Replacements				22,046		
4.660	Playground Equipment, Pinehurst		57,848				
4.661	Playground Equipment, Shores				114,640		
4.801	Signage, Renovation, Entrance Monuments (Proposed)		32,540				
4.831	Sport Courts, Tennis, Color Coat, Shores				17,153		
4.840	Sport Courts, Fence, Pinehurst		18,635				
4.850	Sport Courts, Light Poles and Fixtures, Pinehurst		24,172				
4.851	Sport Courts, Light Poles and Fixtures, Shores				25,794		
4.861	Sport Courts, Concrete Replacement, Pinehurst		234,935				
	Pool Elements						
6.395	Fences, Steel, Paint Finishes and Capital Repairs (2025 is Budgeted)	5,379					
6.400	Fences, Steel, Replacement, Phased (2026 is Budgeted)		12,590				
6.500	Furniture, Phased			17,607			
6.600	Mechanical Equipment, Near Term	11,000					
6.601	Mechanical Equipment, Subsequent, Phased				22,046		
6.840	Pool Houses, Rest Rooms, Renovations						35,288
6.865	Security System, Access Systems					32,452	
6.980	Water Slide, Replacement, Pinehurst (2026 is Budgeted)		35,122				
	Marina Elements						
8.040	Asphalt Pavement, Mill and Overlay		40,783				
8.105	Bulkhead, Timber, Replacement		68,824				
8.181	Canopies, Canvas and Structure						31,829
8.550	Dock and Walkway, Wood, Interim Deck Board Replacements				17,416		
8.655	Gate System			13,872			
	Anticipated Expenditures, By Year ($982,069 over 5 years)	16,379	525,448	110,004	230,669	32,452	67,117

4. RESERVE COMPONENT DETAIL

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

Property Site Elements

Concrete Parking Areas

Line Item: 4.120

Quantity: Approximately 37,500 square feet at the amenity areas

Condition: Good to fair overall with periodic cracks and settlement evident.

Parking area overview

Cracks and spalls

Parking area overview

Parking area overview

Concrete cracks

Parking area overview

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

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

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

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We estimate that up to 18,750 square feet of concrete driveways, or fifty percent (50%) of the total, will require replacement during the next 30 years.

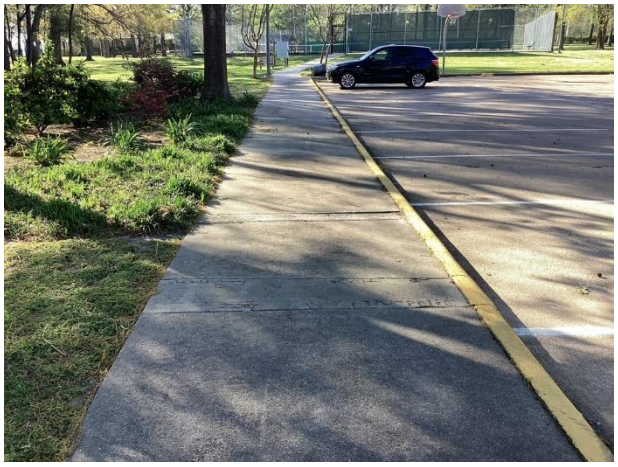
Concrete Sidewalks

Line Item: 4.140

Quantity: Approximately 3,500 square feet at the common areas

Condition: Fair overall with frequent settlement and trip hazards evident.

Concrete sidewalk



Concrete sidewalk

Concrete sidewalk with crack

Concrete sidewalk with partial replacement

Concrete sidewalk with cracks

Concrete sidewalk with cracks

Concrete sidewalk

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

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

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

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We estimate that up to 2,450 square feet of concrete sidewalks, or seventy percent (70%) of the total, will require replacement during the next 30 years.

Dock, Fishing Pier, Wood

Line Item: 4.225

Quantity: 120 square feet at Shores Park

History: The railings and frame were repaired in 2021

Condition: Good to fair with loose boards evident

Dock with wood decking

Useful Life: 15- to 25-years

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We recommend the Association budget for interim repairs through the operating budget.

Gazebo

Line Item: 4.360

Quantity: One each

History: Poured concrete floor and painted in 2021

Condition: Good to fair overall

Gazebo overview

Shingle roof

Useful Life: Up to 25 years with periodic maintenance

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We recommend the Association budget for paint applications and repairs through the operating budget. Our cost for renovation includes allowances for replacement of the asphalt shingle roof and repairs at the gazebo structure.

Irrigation System

Line Item: 4.420

Quantity: 55 zones

History: Mostly original

Condition: Satisfactory operational condition and Management does not report any deficiencies

Useful Life: Up to and sometimes beyond 40 years

Component Detail Notes: Irrigation systems typically include the following components:

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

Atascocita Community should anticipate interim and partial replacements of the system network supply pipes and other components as normal maintenance to maximize the useful life of the irrigation system. The Association should fund these ongoing seasonal repairs through the operating budget.

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

- Semi-annually:
    - Conduct seasonal repairs which includes valve repairs, controller repairs, partial head replacements and pipe repairs
    - Blow out irrigation water lines and drain building exterior faucets each fall if applicable

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. It is unlikely for the system to fail in a single event, therefore, we depict the replacement in a phased manner.

Landscape

Line Item: 4.502

Component Detail Notes: The Association contains a large quantity of trees, shrubbery and other landscape elements. Replacement of these elements is an ongoing need. Many associations budget for these replacements as normal maintenance. Other associations fund ongoing replacements from reserves. Large amounts of landscape may need replacement due to disease, drought or other forces of nature. If the cost of removal and replacement is substantial, funding from reserves is logical. The Association may also desire to periodically update the appearance of the community through major improvements to the landscape.

Landscape overview

Landscape overview

Useful Life: At the request of Management, we include a landscape allowance for partial replacements every five years.

Priority/Criticality: Per Board discretion

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

Playground Equipment

Line Items: 4.660 and 4.661

Quantity: Playground equipment includes the following elements:

- Playsets and swings
- Safety surfaces with plastic and timber borders

History: Exact age is unknown

Condition: Fair overall with rust and deterioration evident. We note the slide at Pinehurst is inoperable.

Playground equipment

Playground equipment

Inoperable slide

Playground equipment

Equipment finish deterioration

Equipment finish deterioration

Useful Life: 15- to 20-years

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

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

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

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We include an allowance in the unit cost for replacement of the safety surface and border. We recommend the Association budget for interim repairs through the operating budget.

Signage, Entrance Monuments

Line Item: 4.800

Quantity: The property identification signage includes the following elements:

- Light fixtures
- Concrete
- Masonry

History: Components vary in ages with repairs and partial renovations in recent years.

Condition: Good to fair overall

Landscape overview

Landscape overview

Useful Life: 15- to 20-years

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

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

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

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Our cost for renovation includes repairs to the concrete and replacement of the remaining components listed above.

Site Furniture

Line Item: 4.820

Quantity:

- Benches
- Picnic tables
- Trash receptacles

History: Vary in ages

Condition: Good to fair overall

Site furniture

Site furniture with rust and deterioration

Site furniture

Useful Life: 15- to 25-years

Priority/Criticality: Per Board discretion

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

Sport Courts, Fences

Line Items: 4.840 and 4.841

Quantity: Each set of courts includes 440 linear feet of fence

History: The Pinehurst fence is unknown in age and the Shores fence was replaced in 2017.

Condition: The Shores fence is in good condition and the Pinehurst fence is in far condition with warped webbing throughout.

Chain link fence

Chain link fence

Chain link fence with warped webbing

Fence overview

Useful Life: Up to 25 years

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We recommend the Association replaces the windscreens through the operating budget.

Sport Courts, Light Poles and Fixtures

Line Items: 4.850 and 4.851

Quantity: Each court utilizes six light poles and fixtures

History: Exact age is unknown

Condition: Fair overall with rust evident

Light poles and fixtures

Pole finish deterioration

Light pole and fixture

Rusted fasteners

Useful Life: Up to 35 years

Priority/Criticality: Per Board discretion

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

Sport Courts, Surface

Line Items: 4.830, 4.831, 4.861, and 4.862

Quantity: Each court comprises approximately 11,970 square feet of concrete.

History:

- Pinehurst: Resurfaced in 2023

- Shores: The courts were replaced in 2017 and the color coat is original to replacement

Condition: Good to fair overall

Pickle ball court overview

Pickle ball court overview

Tennis court overview

Tennis court overview

Useful Life: Up to 40 years for replacement of the surface with the benefit of color coat applications and repairs every four- to six-years

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

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

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

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

Pool Elements

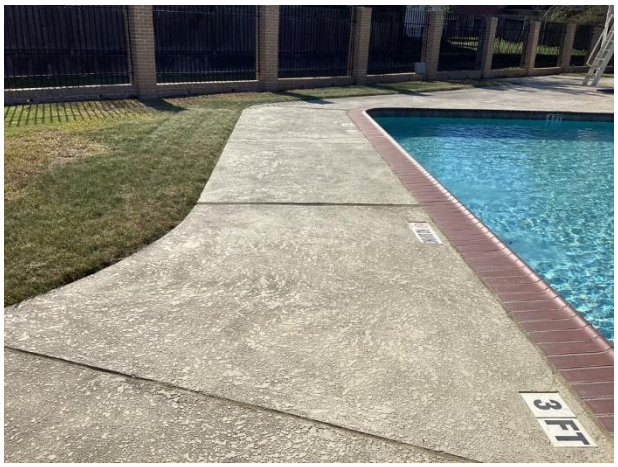
Concrete Deck

Line Items: 6.200 and 6.201

Quantity: Approximately 3,590 square feet at the Pinehurst pool and 4,900 square feet at the Shores pool

History: Resurface and repaired in 2022

Condition: Good to fair overall



Concrete pool deck overview

Concrete pool deck overview

Concrete pool deck overview

Concrete pool deck overview

Concrete pool deck overview

Concrete pool deck overview

Concrete pool deck overview

Useful Life: The useful life of a concrete pool deck is up to 60 years or more with timely repairs. We recommend the Association conduct inspections, partial replacements and repairs to the deck every 8- to 12-years in conjunction with coating replacements.

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

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

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

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

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

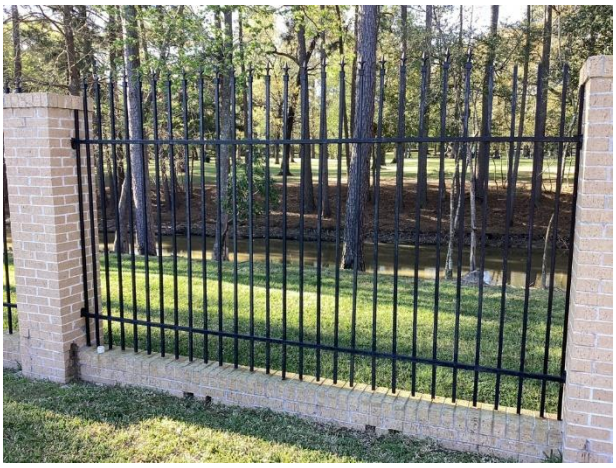
Fences, Steel

Line Items: 6.395 and 6.400

Quantity: 750 linear feet at the two pools

History: The fences were replaced in 2014 and painted in 2020. Management and the Board informs us of repairs conducted in 2025 and budgeted partial replacements in 2026.

Condition: Good to fair overall with isolated paint finish deterioration



Steel pool fence

Steel pool fence

Steel pool fence

Steel pool fence Pinehurst

Fence finish deterioration

Steel pool fence

Useful Life: Six- to eight-years for paint finishes and up to 35 years for replacement

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

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

Priority/Criticality: Not recommended to defer

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

Furniture

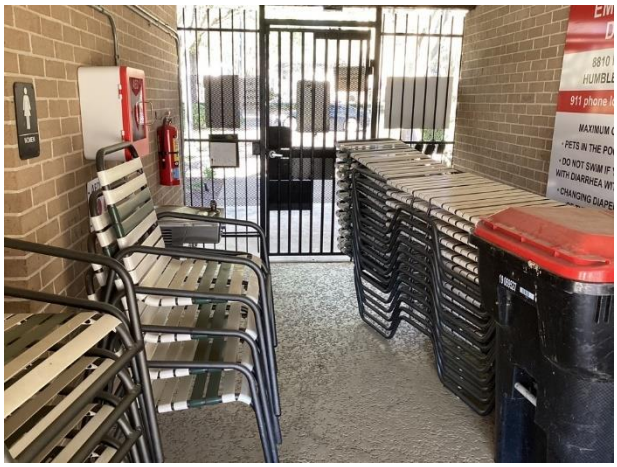
Line Item: 6.500

Quantity: The pool furniture includes the following:

- Chairs
- Lounges
- Tables
- Picnic tables
- Lifeguard chairs
- Ladders and life safety equipment

History: Exact age is unknown

Condition: Good to fair overall



Pool furniture

Useful Life: Up to 12 years

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We recommend interim re-strapping, refinishing and other repairs to the furniture as normal maintenance to maximize its useful life. We depict replacement in a phased manner.

Mechanical Equipment

Line Item: 6.600

Quantity: The mechanical equipment includes the following:

- Automatic chlorinators
- Controls

- Interconnected pipe, fittings and valves
- Pumps and filters

History: Vary in ages with replacement as needed

Condition: Reported satisfactory

Pool mechanical equipment shores

Pool mechanical equipment Pinehurst

Useful Life: Up to 15 years

Preventative Maintenance Notes: The status of preventative maintenance was unavailable to us during our inspection. We recommend the Association maintain a maintenance contract with a qualified professional and follow the manufacturer's specific recommended maintenance and local, state and/or federal inspection guidelines.

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3. Failure of the pool mechanical equipment as a single event is unlikely. Our subsequent costs includes replacement of up to thirty-three percent (33%) of the equipment per event. Our near-term cost includes phased replacement of the pumps, filters, valves and pipes. We consider interim replacement of motors and minor repairs as normal maintenance.

Pool Finishes, Plaster and Tile

Line Items: 6.800 through 6.803

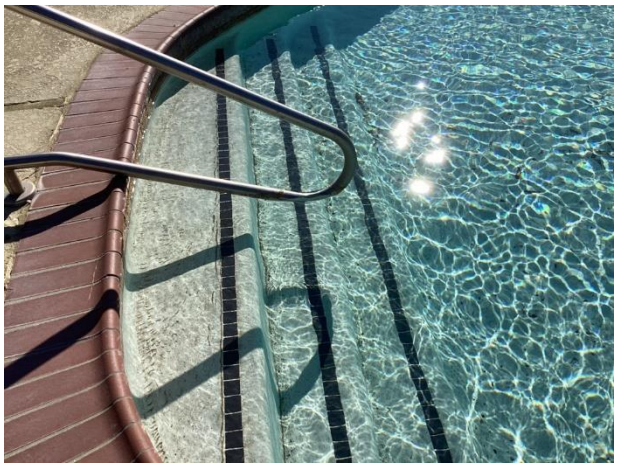
Quantity: Each pool comprises 3,800 square feet of plaster based on the horizontal surface area and approximately 330 linear feet of tile and coping

History:

- Plaster finish: Replaced in 2022.
- Tile: Exact age is unknown

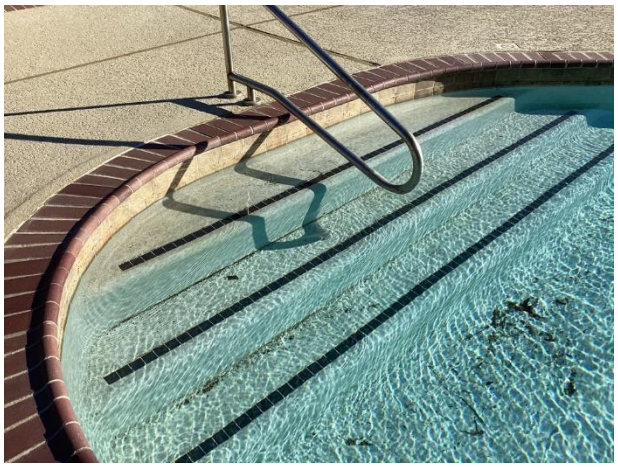
Condition: Fair overall

Pool plaster overview



Pool plaster overview

Pool plaster overview



Pool plaster overview

Pool plaster finish with tile perimeter

Pool plaster overview

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

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

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

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

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

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

Pool Houses, Rest Rooms

Line Item: 6.840

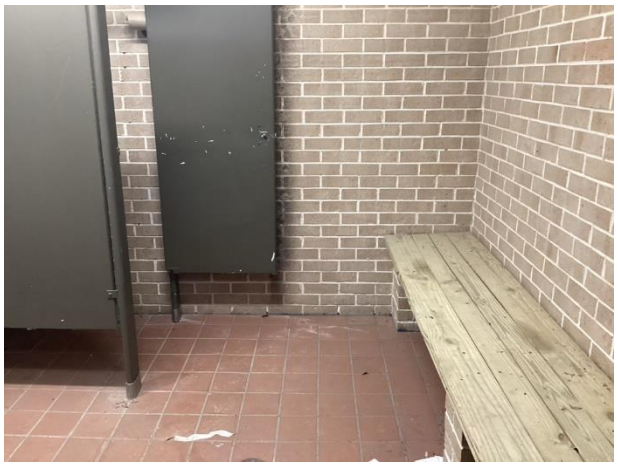
Quantity: Four rest rooms, components include:

- Light fixtures
- Plumbing fixtures
- Tile floor coverings

History: Partially renovated in 2022

Condition: Good to fair overall condition

Rest room overview



Rest room overview

Useful Life: Renovation up to every 20 years

Priority/Criticality: Per Board discretion

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

Roofs, Asphalt Shingles

Line Item: 6.860

Quantity: Approximately 35 *squares*[1]

History: Replaced in 2014

Condition: Good to fair overall condition

Roof overview

Roof overview

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

Roof overview

Roof overview

Useful Life: 15- to 20-years

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

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

Security System, Access System

Line Item: 6.865

History: Exact age is unknown

Condition: Reported operational

Useful Life: 10- to 15-years

Priority/Criticality: Per Board discretion

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

Shade Structure

Line Items: 6.870 and 6.871

Quantity: One shade structure at the Shores pool comprises approximately 600 square feet

History: Installed in 2014

Condition: Good overall

Shade structure overview

Shade structure overview

Useful Life: Up to 20 years with interim replacement of the canvas every five- to ten-years

Priority/Criticality: Per Board discretion

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

Structures and Deck

Line Items: 6.900 and 6.901

Quantity: 3,800 square feet of horizontal surface area

History: Original

Conditions: Visually appear in good condition. The concrete floors and walls have a plaster finish. This finish makes it difficult to thoroughly inspect the concrete structures during a noninvasive visual inspection.

Useful Life: Up to 60 years

Component Detail Notes: The need to replace a pool structure depends on the condition of the concrete structure, the condition of the embedded or concealed water circulation piping, possible long term uneven settlement of the structure, and the increasing cost of repair and maintenance. Deterioration of any one of these component systems could result in complete replacement of the pool. For example, deferral of a deteriorated piping system could result in settlement and cracks in the pool structure. This mode of failure is more common as the system ages and deterioration of the piping system goes undetected. For reserve budgeting purposes, we recommend Atascocita Community plan to replace the following components:

- Concrete deck
- Pool structures

- Subsurface piping

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

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

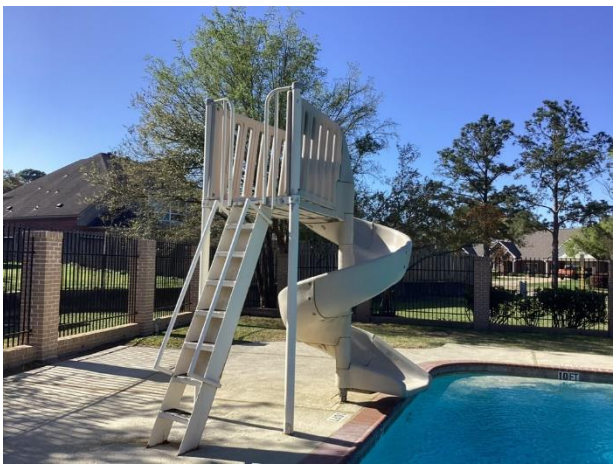
Water Slides

Line Items: 6.980 and 6.981

Quantity: One water slide at each pool

History: The Shores pool water slide was replaced in 2014. The Pinehurst water slide is at an unknown age and is budgeted to be replaced in 2026 per information provided by Management and the Board.

Conditions: The Shores slide is in good to fair condition and the Pinehurst pool is in fair to poor condition.



Water slide overview

Rusted fasteners

Water slide overview

Water slide overview

Useful Life: Up to 20 years

Component Detail Notes: Safety is the major purpose for maintaining the water slide. We recommend an annual inspection of the water slide to identify and repair as normal maintenance loose connections and fasteners or damaged elements. We recommend the use of a specialist for the design or replacement of the water slide environment.

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

- Weekly:
    - Inspect and repair loose connections and fasteners or damaged elements. Check handrails for stability.
    - Inspect for safety hazards
- Annually:
    - Drain all lines if applicable
    - Clean with non-abrasive cleaner and wax as needed
    - Reseal joints as needed

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

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

Marina Elements

Asphalt Pavement, Repaving

Line Items: 8.040 and 8.045

Quantity: Approximately 1,410 square yards

History: Exact age is unknown

Condition: Poor condition with significant cracks, deterioration and settlement

Pavement overview with cracks

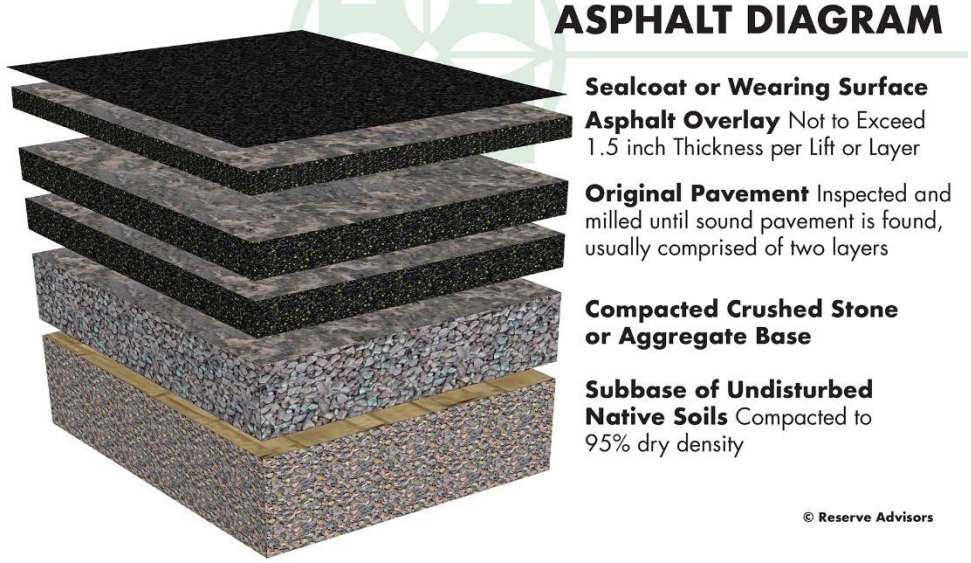
Pavement overview with cracks

Pavement overview with cracks

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

Component Detail Notes: Patch repairs are conducted at areas exhibiting settlement, potholes, or excessive cracking. These conditions typically occur near high traffic areas, catch basins, and pavement edges.

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



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

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

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

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Our cost includes an allowance for patching of up to

two percent (2%) of the pavement. Our cost for milling and overlayment includes area patching of up to ten percent (10%).

Bulkheads, Wood

Line Items: 8.100 and 8.105

Quantity: Approximately 205 linear feet

History: Exact age is unknown

Conditions: Fair to poor overall with erosion behind bulkhead and wood deterioration evident.

Wood bulkhead

Wood bulkhead with wood rot and deterioration

Wood bulkhead with wood rot and deterioration

Wood bulkhead

Useful Life: Inspections and capital repairs every 10- to 15-years and complete replacement at up to 40 years

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Our cost includes allowances for a complete inspection and partial replacement of up to twenty percent (20%) of the bulkheads.

Canals, Dredging

Line Item: 8.125

History: The timing of the last dredging project is unknown.

Useful Life: Based on previous discussions with Management and the Board, we recommend the Association budget for dredging projects up to every 10 years.

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Our cost is based on information provided by the Association.

Canopies

Line Items: 8.180 and 8.181

Quantity: Two each comprising 820 square feet

History: The structures were replaced in 2011 and the canvases were replaced in recent years

Condition: Good to fair overall condition with tears in the canvases, debris accumulation and finish deterioration evident

Canopy overview

Useful Life: Up to 20 years with interim replacement of the canvases every five- to ten-years

Priority/Criticality: Per Board discretion

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

Dock and Walkway, Wood

Line Items: 8.400, 8.550 and 8.750

Quantity: The dock includes 170 square feet of surface area and the walkway includes 620 square feet of surface area

History: The dock was replaced in 2011 and the walkway age is unknown

Condition: Good to fair overall

Dock overview

Walkway

Walkway boards

Warped board

Useful Life: Up to 25 years with replacement of the deck boards every 12- to 18-years

Component Detail Notes: The wood docks sit atop wood pilings. The height of the docks are manually adjustable at the piles to accommodate changes in water levels. Atascocita Community should fund this activity through the operating budget when necessary. Atascocita Community should also anticipate replacement of the utility lines for the docks at the time of replacement.

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Our cost for replacement of the dock includes allowances for complete replacement of the decking and partial replacement of up to fifty percent (50%) of the structure and pilings. Our cost for replacement of the walkway includes allowances for complete replacement of the decking and partial replacement of up to twenty percent (20%) of the structure and pilings. We recommend the Association coordinate replacement of the walkway with the timber bulkheads.

Gate System

Line Item: 8.655

History: The Association currently maintains a swinging gate with a key system.

Condition: Reported satisfactory

Gate system overview

Useful Life: Up to 25 years for the gate

Priority/Criticality: Per Board discretion

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

Reserve Study Update

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

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

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

5. METHODOLOGY

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

Atascocita Community can fund capital repairs and replacements in any combination of the following:

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

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

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

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

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

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

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

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

6. CREDENTIALS

HISTORY AND DEPTH OF SERVICE

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

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

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

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

TOTAL STAFF INVOLVEMENT

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

OUR GOAL

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

VAST EXPERIENCE WITH A VARIETY OF BUILDINGS

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

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

OLD TO NEW

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

JORDAN M. ROSALES, RS
Engineer II, West Region
Responsible Advisor

CURRENT CLIENT SERVICES

Jordan M Rosales, an Engineer, is an Advisor for Reserve Advisors.
Mr. Rosales is responsible for the inspection and analysis of the condition of clients' property, recommending engineering solutions to prolong the lives of the components, forecasting capital expenditures for the repair and/or replacement of the property components, and preparation of technical reports on assignments. He is responsible for conducting Life Cycle Cost Analysis and Capital Replacement Forecast services and the preparation of Reserve Study Reports for condominiums, townhomes, and homeowner associations.

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

Copper Lakes Homeowners Association is a large homeowners association located in Houston, Texas consisting of over 1,400 homes. The sprawling property features two pools, six playgrounds, three ponds, tennis courts, a spacious clubhouse, and extensive site infrastructure.

Thousand Oaks Condominium Association, Inc. is a condominium community located in San Antonio, Texas comprised of 10 architecturally unique buildings containing 86 units built in 1984. The three-story Spanish Styled buildings are adorned with stucco, concrete tile roofs, and balconies to create a variety of challenging maintenance and replacement needs.

Cobb Farm Homeowners Association, Inc. is a development in Frisco, Texas constructed from 2007 to 2018. The Association maintains a pool amenity area along with various site elements including panelized masonry perimeter walls, multiple entry monuments, and a playground.

2208 Post Office Condominium Association, Inc. is located in Galveston, Texas. The 1920's historical building was converted to condominiums in 2008. The peculiar building consists of a thermoplastic roof, parking garage housing the original timber columns, hydraulic elevators and various mechanical equipment, and a grand atrium.

Grovewood Condominiums Association, Inc. is a condominium community located in Houston, Texas, and comprises six masonry buildings totaling 96 units. Constructed in 1978, the buildings feature wood siding, staircases, and concrete topped balconies. The community also maintains two boilers, interior domestic water pipes, and carports.

PRIOR RELEVANT EXPERIENCE

Mr. Rosales earned his Bachelor of Science degree in Petroleum Engineering from Louisiana State University. His studies largely focused on application of the principles of science and mathematics to develop cost-effective solutions to technical problems. Before joining Reserve Advisors, Mr. Rosales was a Production Enhancement Engineer where he helped optimize oil and gas wells in West Texas and New Mexico. Mr. Rosales has also worked in the industrial general contracting space as a Design Build Manager and completed multiple warehouse construction projects.

EDUCATION

Louisiana State University– B.S. Petroleum Engineering

PROFESSIONAL AFFILIATIONS

Reserve Specialist (RS) - Community Associations Institute

KEARY D. WASS, PE, RS
West Quality Assurance Engineer

CURRENT CLIENT SERVICES

Keary D. Wass, a Civil Engineer, is the Director of Product Development for Reserve Advisors. Mr. Wass has been with Reserve Advisors since 2014 and 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 apartments, high rises, condominiums, townhomes and homeowners associations. Mr. Wass frequently serves as the Quality Assurance Review Coordinator for all types of developments.

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

Frisco Stonewater Crossing Homeowners Association is a 243 unit homeowners association located in Frisco, Texas. This development boasts an impressive in-ground pool, pool house and large playground. It also has two ponds surrounded by decorative concrete retaining walls.

1301 Canyon Condominium Association is a 31 unit mixed use midrise condominium building located in Boulder, Colorado. This building comprises of a shared underground parking structure, hydraulic elevators and building mechanical systems. The Association maintains the common area hallways and flat roof system.

311 Superior Homeowners' Association is a 33 unit mixed use midrise condominium building located in Duluth, Minnesota. Located in downtown Duluth, this building comprises of on-grade and elevated parking structures, lobbies, flat roofs, building mechanical systems, elevators and common area hallways.

Woods at Elk River Station is a townhome style development comprising of 298 units in 41 buildings located in Elk River, Minnesota. This townhome style development maintains the asphalt shingle roof systems, driveway pavement and siding. Additionally they provide amenities including playground equipment, a community gazebo and a common area pond.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, Mr. Wass worked as a civil engineer for a construction engineering firm specializing in the repair and construction of underground structures. He was responsible for soil condition analysis, inspection of existing structures, repair and new construction design, and construction oversight of a variety of municipal and private engineering projects. Mr. Wass attended the University of Minnesota in Minneapolis, Minnesota where he attained his Bachelor of Science degree in Civil Engineering. At the University of Minnesota, Mr. Wass performed undergraduate research in the field of non-destructive testing of rigid pavements.

EDUCATION

University of Minnesota - B.S. Civil Engineering

PROFESSIONAL AFFILIATIONS

Professional Engineer (PE) - Minnesota Board of Architecture, Engineering, Land Surveying Landscape Architecture, Geoscience and Interior Design (AELSLAGID)
Reserve Specialist (RS) - Community Associations Institute

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

CURRENT CLIENT SERVICES

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

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

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

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

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

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

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

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

PRIOR RELEVANT EXPERIENCE

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

EDUCATION

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

PROFESSIONAL AFFILIATIONS/DESIGNATIONS

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

RESOURCES

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

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

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

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

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

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

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

7. DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8. PROFESSIONAL SERVICE CONDITIONS

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

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

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

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

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

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

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

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

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

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

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