

Revised **FULL RESERVE STUDY**

Woodlake Crossing Homes Association



Yorktown, Virginia
Inspected - April 22, 2021
Revised - September 16, 2021



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Woodlake Crossing Homes Association
Yorktown, Virginia

Dear Board of Directors of Woodlake Crossing Homes Association:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Full Reserve Study* of Woodlake Crossing Homes Association in Yorktown, Virginia and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, April 22, 2021.

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

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 Woodlake Crossing Homes 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 September 16, 2021 by

Reserve Advisors, LLC

Visual Inspection and Report by: Jordan M. Rosales

Review by: Alan M. Ebert, RS¹, PRA², 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>.



Long-term thinking. Everyday commitment.



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1. RESERVE STUDY EXECUTIVE SUMMARY

Client: Woodlake Crossing Homes Association (Woodlake Crossing)

Location: Yorktown, Virginia

Reference: 210274

Property Basics: Woodlake Crossing Homes Association is a homeowners association which is responsible for the common elements shared by 249 single family homes. The community began construction in approximately 1987 and concluded in the 1990's.

Reserve Components Identified: 11 Reserve Components.

Inspection Date: April 22, 2021.

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 2032 due to the replacement of the playground equipment. In addition, the Reserve Funding Plan recommends 2051 year end accumulated reserves of approximately \$105,400. We judge this amount of accumulated reserves in 2051 necessary to fund the likely event of the playground equipment after 2051. Future replacement costs beyond the next 30 years for the playground equipment are likely to be more than double the current cost of replacement. These future needs, although beyond the limit of the Cash Flow Analysis of this Reserve Study, are reflected in the amount of accumulated 2051 year end reserves.

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

- Current and future local costs of replacement
- 1.0% average current annual rate of return on invested reserves
- 2.0% future Inflation Rate for estimating Future Replacement Costs

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

Unaudited Cash Status of Reserve Fund:

- \$61,699 as of February 28, 2021
- 2021 budgeted Reserve Contributions of \$7,050
- A potential deficit in reserves might occur by 2032 based upon continuation of the most recent annual reserve contribution of \$7,050 and the identified Reserve Expenditures.

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:

- Painting of the metal fences to forestall deterioration
- Replacement of the wood signage at the entrances and playground area due to wood deterioration
- Replacement of the message boards at the entrances per Management

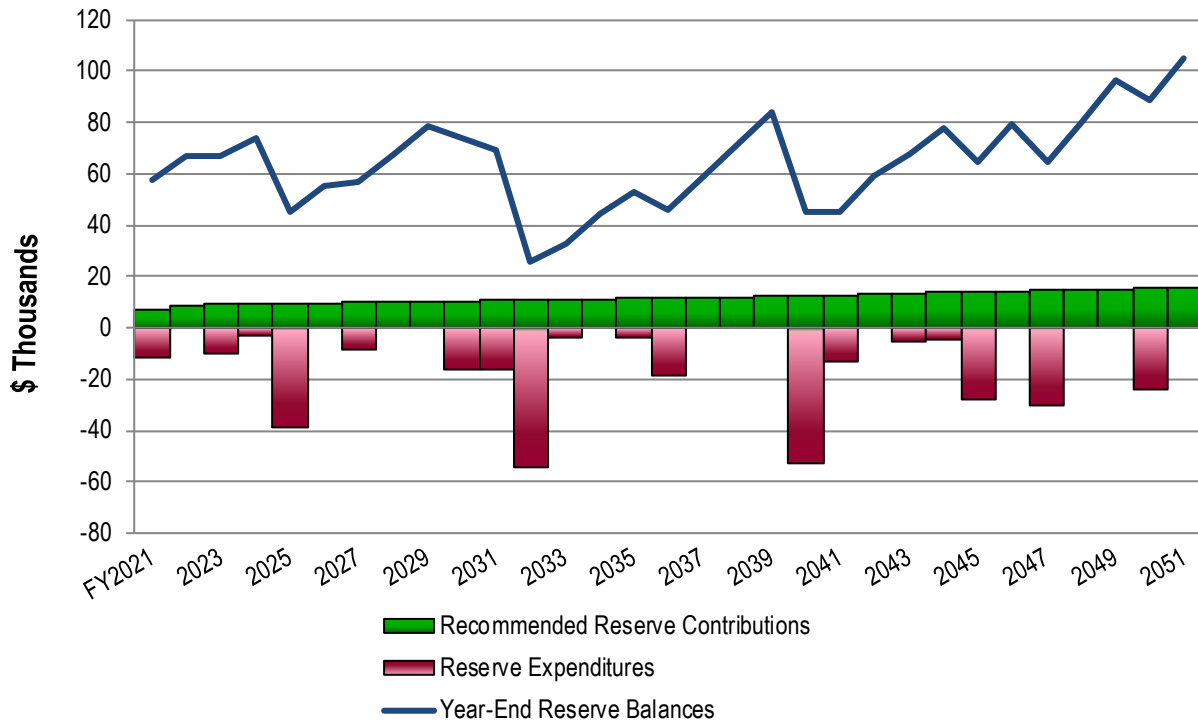


Recommended Reserve Funding: We recommend the following in order to achieve a stable and equitable Funding Plan:

- Increase to \$8,900 in 2022
- Inflationary increases through 2051, the limit of this study's Cash Flow Analysis
- Initial adjustment in Reserve Contributions of \$1,850 represents an average annual increase of \$7.43 per homeowner and about a four percent (3.9%) adjustment in the 2021 total Operating Budget of \$47,335.

Woodlake Crossing
Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2022	8,900	67,267	2032	10,900	25,754	2042	13,100	58,915
2023	9,100	66,902	2033	11,100	32,961	2043	13,400	67,844
2024	9,300	73,867	2034	11,300	44,647	2044	13,700	77,758
2025	9,500	44,990	2035	11,500	52,937	2045	14,000	64,446
2026	9,700	55,188	2036	11,700	46,180	2046	14,300	79,462
2027	9,900	57,201	2037	11,900	58,601	2047	14,600	64,657
2028	10,100	67,924	2038	12,100	71,348	2048	14,900	80,278
2029	10,300	78,955	2039	12,300	84,423	2049	15,200	96,357
2030	10,500	73,963	2040	12,500	45,123	2050	15,500	88,626
2031	10,700	69,090	2041	12,800	45,297	2051	15,800	105,391





2. RESERVE STUDY REPORT

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

Woodlake Crossing Homes Association

Yorktown, Virginia

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, April 22, 2021.

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

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

IDENTIFICATION OF PROPERTY



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

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

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

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



- Woodlake Crossing responsibility
- Limited useful life expectancies
- Predictable remaining useful life expectancies
- Replacement cost above a minimum threshold

Long-Lived Property Elements may not have predictable Remaining Useful Lives or their replacement may occur beyond the 30-year scope of the 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. We identify the following Long-Lived Property Elements as excluded from the 30-year Reserve Expenditures at this time:

- Masonry, Entrances, Full Replacement
- Electrical Systems, Common

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. For purposes of calculating appropriate Reserve Contributions, we identify the following list of Operating Budget Funded Repairs and Replacements:

- General Maintenance to the Common Elements
- Expenditures less than \$1,000 (These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.)
- Catch Basins, Landscape
- Irrigation System, Controls and Maintenance
- Landscape
- Paint Finishes, Touch Up
- Shed, Interim Painting
- Signage, Interim Painting
- Other Repairs normally funded through the Operating Budget

Certain items have been designated as the responsibility of the homeowners to repair or replace at their cost. Property Maintained by Homeowners, including items billed back to Homeowners, relates to:

- Homes and Lots

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

- Street System (Municipality)
- Light Poles and Fixtures (Excluding One Light Pole and Fixture at Playground Area) (Utility Provider)
- Inlet/Outlet Structures, Concrete, Storm Water Management System (York County)



Control gate



Inlet/outlet structure

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
- 2021 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
- Predicted reserves based on current funding level

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

**Woodlake Crossing
Homes Association**
Yorktown, Virginia

Explanatory Notes:

- 1) **2.0%** is the estimated Inflation Rate for estimating Future Replacement Costs.
- 2) **FY2021** is Fiscal Year beginning January 1, 2021 and ending December 31, 2021.

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Costs, \$			Percentage of Future Expenditures	RUL = 0 FY2021	1 2022	2 2023	3 2024	4 2025	5 2026	6 2027	7 2028	8 2029	9 2030	10 2031	11 2032	12 2033	13 2034	14 2035	15 2036	
						Useful	Remaining	Unit (2021)	Per Phase (2021)	Total (2021)																		
4.212	1	1 Allowance		Entrance Monuments, Renovations (2023 is Masonry Wall Capital Repairs Only)	2023	15 to 20	2	10,500.00	10,500	10,500	10.8%			6,700														12,799
4.240	260	260 Linear Feet		Fences, Metal, Paint Finishes (Incl. Decorative Metal Fences at Monuments)	2024	6 to 8	3	11.00	2,860	2,860	3.2%				3,035													3,486
4.245	220	220 Linear Feet		Fences, Metal Replacement	2036	to 35	15	64.00	14,080	14,080	5.5%																	18,950
4.286	670	670 Linear Feet		Fences, Wood, Split Rail	2045	to 25	24	26.00	17,420	17,420	8.2%																	
4.560	1	1 Each		Light Pole and Fixture	2035	to 25	14	2,800.00	2,800	2,800	1.1%																	3,695
4.590	2	2 Each		Message Boards, Replacement	2023	to 10	2	1,650.00	3,300	3,300	3.7%			3,433														4,185
4.660	1	1 Allowance		Playground Equipment	2032	15 to 20	11	44,000.00	44,000	44,000	15.9%																	54,708
4.710	1	1 Allowance		Pond, Erosion Control and Sediment Removal, Partial	2025	to 15	4	36,000.00	36,000	36,000	26.6%					38,968												
4.800	1	1 Allowance		Shed	2027	15 to 20	6	7,500.00	7,500	7,500	6.1%								8,446									
4.815	1	1 Allowance		Signage, Wood, Replacement (Entrance Monuments and Playground Area)	2021	15 to 20	0	8,800.00	8,800	8,800	6.4%	8,800																
4.820	1	1 Allowance		Site Furniture	2030	15 to 25	9	13,600.00	13,600	13,600	11.8%																	16,253
		1 Allowance		2021 Reserve Expenditures	2021	N/A	0	2,700	2,700	2,700	0.8%	2,700																
Anticipated Expenditures, By Year (\$343,583 over 30 years)												11,500	0	10,133	3,035	38,968	0	8,446	0	0	16,253	16,285	54,708	4,185	0	3,695	18,950	

RESERVE FUNDING PLAN

CASH FLOW ANALYSIS
Woodlake Crossing
Homes Association
 Yorktown, Virginia

Individual Reserve Budgets & Cash Flows for the Next 30 Years

	FY2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Reserves at Beginning of Year	(Note 1) 61,699	57,745	67,267	66,902	73,867	44,990	55,188	57,201	67,924	78,955	73,963	69,090	25,754	32,961	44,647	52,937
Total Recommended Reserve Contributions	(Note 2) 7,050	8,900	9,100	9,300	9,500	9,700	9,900	10,100	10,300	10,500	10,700	10,900	11,100	11,300	11,500	11,700
Estimated Interest Earned, During Year	(Note 3) 496	622	668	700	591	498	559	623	731	761	712	472	292	386	485	493
Anticipated Expenditures, By Year	(11,500)	0	(10,133)	(3,035)	(38,968)	0	(8,446)	0	0	(16,253)	(16,285)	(54,708)	(4,185)	0	(3,695)	(18,950)
Anticipated Reserves at Year End	<u>\$57,745</u>	<u>\$67,267</u>	<u>\$66,902</u>	<u>\$73,867</u>	<u>\$44,990</u>	<u>\$55,188</u>	<u>\$57,201</u>	<u>\$67,924</u>	<u>\$78,955</u>	<u>\$73,963</u>	<u>\$69,090</u>	<u>\$25,754</u>	<u>\$32,961</u>	<u>\$44,647</u>	<u>\$52,937</u>	<u>\$46,180</u>
Predicted Reserves based on 2021 funding level of:	\$7,050	57,745	65,408	62,964	67,629	36,228	43,676	42,710	50,222	57,809	49,138	40,348	(NOTE 5) (7,145)	(4,337)		

(continued)

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

	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051
Reserves at Beginning of Year	46,180	58,601	71,348	84,423	45,123	45,297	58,915	67,844	77,758	64,446	79,462	64,657	80,278	96,357	88,626
Total Recommended Reserve Contributions	11,900	12,100	12,300	12,500	12,800	13,100	13,400	13,700	14,000	14,300	14,600	14,900	15,200	15,500	15,800
Estimated Interest Earned, During Year	521	647	775	645	450	518	631	724	707	716	717	721	879	920	965
Anticipated Expenditures, By Year	0	0	0	(52,445)	(13,076)	0	(5,102)	(4,510)	(28,019)	0	(30,122)	0	0	(24,151)	0
Anticipated Reserves at Year End	<u>\$58,601</u>	<u>\$71,348</u>	<u>\$84,423</u>	<u>\$45,123</u>	<u>\$45,297</u>	<u>\$58,915</u>	<u>\$67,844</u>	<u>\$77,758</u>	<u>\$64,446</u>	<u>\$79,462</u>	<u>\$64,657</u>	<u>\$80,278</u>	<u>\$96,357</u>	<u>\$88,626</u>	<u>\$105,391</u>

Explanatory Notes:

- 1) Year 2021 starting reserves are as of February 28, 2021; FY2021 starts January 1, 2021 and ends December 31, 2021.
- 2) Reserve Contributions for 2021 are budgeted; 2022 is the first year of recommended contributions.
- 3) 1.0% is the estimated annual rate of return on invested reserves; 2021 is a partial year of interest earned.
- 4) Accumulated year 2051 ending reserves consider the need to fund for replacement of the pond sediment removal shortly after 2051, and the age, size, overall condition and complexity of the property.
- 5) Threshold Funding Year (reserve balance at critical point).

FIVE-YEAR OUTLOOK

**Woodlake Crossing
Homes Association**
Yorktown, Virginia

Line Item	Reserve Component Inventory	RUL = 0 FY2021	1 2022	2 2023	3 2024	4 2025	5 2026
4.212	Entrance Monuments, Renovations (2023 is Masonry Wall Capital Repairs Only)			6,700			
4.240	Fences, Metal, Paint Finishes (Incl. Decorative Metal Fences at Monuments)				3,035		
4.590	Message Boards, Replacement			3,433			
4.710	Pond, Erosion Control and Sediment Removal, Partial					38,968	
4.815	Signage, Wood, Replacement (Entrance Monuments and Playground Area)	8,800					
2021 Reserve Expenditures		2,700					
Anticipated Expenditures, By Year (\$343,583 over 30 years)		11,500	0	10,133	3,035	38,968	0

4. RESERVE COMPONENT DETAIL

The Reserve Component Detail of this *Full 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.*

Entrance Monuments

Line Item: 4.212

Quantity: Four property identification monuments. The signage includes the following elements:

- Fences
- Landscape
- Letters
- Light fixtures
- Masonry
- Retaining wall
- Signage, Wood

History: The entrance monuments were renovated in 2016 with the masonry and fences being painted, and the addition of the retaining wall and landscape.

Condition: Good overall with minor brick deterioration



Overview of entry monument



Signage and entry monument



Retaining wall at monument



Overview of landscape and decorative fencing



Masonry repair



Masonry crack

Useful Life: 15- to 20-years for renovations

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 repointing and repairs

to the masonry and replacement of the remaining components listed above. The replacement of the wood signage is depicted in Line Item 4.815. The Association should budget the painting of the signage through the operating budget. We depict an event in 2023 to address areas of concern with the masonry walls and to perform capital repairs.

Fences, Steel

Line Items: 4.240 and 4.245

Quantity: Approximately 220 linear feet located at the entrance along Big Bethel Road and 260 linear feet of paint finishes which includes the decorative paint finishes at the monuments.

History: The fence is an unknown age and the protective finishes were applied in 2016.

Condition: The fence is in good overall condition and the protective finishes are in good to fair condition with minor paint deterioration evident.



Metal fence



Metal fence and paint finishes



Metal fence

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

Component Detail Notes: Steel components at grade and key structural connections are especially prone to failure if not thoroughly maintained. Secure and rust free fasteners and connections will prevent premature deterioration. Preparation of the steel before application of the paint finish is critical to maximize the useful life of the finish.

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, finish deterioration, and damage
 - Repair leaning sections and clear vegetation from fence areas which could cause damage

Priority/Criticality: Per Board discretion

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

Fence, Wood, Split Rail

Line Item: 4.286

Quantity: 670 linear feet located around the playground area along Lakeland Crescent

History: Repaired and replaced in 2020

Condition: Good overall



Split rail fence



Split rail fence



Split rail fence

Useful Life: Up to 25 years

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

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

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. The Association should anticipate periodic partial replacements funded through the operating budget due to the non-uniform nature of wood deterioration.

Light Pole and Fixture

Line Item: 4.560

Quantity: One concrete pole with a light fixture

History: Installed in 2010

Condition: Good overall



Light pole and fixture

Useful Life: Up to 25 years

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

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

Priority/Criticality: Per Board discretion

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

Message Boards

Line Item: 4.590

Quantity: Two message boards at the entrances of the community

History: Original with new backboards inserted in 2016

Condition: Good to fair overall



Message board

Useful Life: Up to 10 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 Item: 4.660

History: Installed in approximately 2006 with inspections and repairs performed in 2021

Condition: Good to fair overall



Overview of playground equipment



Playground stairs



Paint finish deterioration



Playground safety border

Useful Life: 15- to 20-years for replacement

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. The Association conducts a playground inspection every three years and performs periodic repairs and partial replacements. The Association should continue to budget for this through the operating budget.

Pond, Erosion Control and Sediment Removal

Line Item: 4.710

Quantity: Approximately 4,400 linear feet of shoreline which includes the inflows of the pond and 48,000 square yards of water surface area comprise the pond

Condition: Good to fair overall with minor shoreline erosion and some sediment build up is evident near the inflows of the pond. According to the bathymetric analysis conducted by *Virginia Lake Management*, the mean depth of the pond was 5.4 feet which is above the 4 foot average threshold. Additionally, the report identifies buildup near the inflow points which was visually apparent during the time of our onsite inspection.



Overview of shoreline



Shoreline with minor erosion



Overview of shoreline



Rip rap



Overview of inflow point



Inflow point with rip rap



Overview of pond



Sediment buildup at inflow



Buildup of sediment and leaves at northeast corner of the pond



Sediment buildup



Sediment buildup



Area of low water level

Useful Life: Shorelines are subject to fluctuations in water levels, increased plant growth and migrating storm and ground water resulting in the need for erosion control measures up to every 15 years.

Component Detail Notes: The steep shoreline embankments are likely to exacerbate soil movement and erosion. The use and maintenance of landscape, natural vegetation and/or stone rip rap along the pond shoreline will help maintain an attractive appearance and prevent soil erosion. During periods of heavy rain, the inflow points will likely experience erosion over time.

Shoreline plantings are referred to as buffer zones. Buffer zones provide the following advantages:

- Control insects naturally
- Create an aesthetically pleasing shoreline
- Enhance water infiltration and storage
- Filter nutrients and pollutants
- Increase fish and wildlife habitat
- Reduce lawn maintenance
- Stabilize shoreline and reduce erosion
- Trap sediments

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We recommend the Association plan to install a combination of plantings and rip rap around the pond along 880 linear feet, or approximately twenty percent (20%), of the shoreline per event, particularly at the inflow points to combat erosion during heavy rain. Based on the visual inspection of the pond at Woodlake Crossing, it would appear a mechanical sediment removal is needed at the inflows of the pond due to the inflows depositing heavier sediment.

Shed

Line Item: 4.800

History: Constructed in approximately 2006 with repainting in 2016 and the ramp being replaced in 2020

Condition: Good to fair overall



Overview of shed



Shed

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. The Association should budget for painting and repairs through the operating budget.

Signage

Line Item: 4.815

Quantity: Four wooden property identification signs located at the entrances and three signs varying in sizes at the playground area.

History: Original to construction with painting conducted as needed

Condition: Fair overall with wood rot and paint deterioration evident



Entry monument wood signage



Wood signage at playground area



Wood post deterioration



Entry monument wood signage

Useful Life: 15- to 20-years

Component Detail Notes: The community signs contribute to the overall aesthetic appearance of the property to owners and potential buyers. Replacement of community signs is often predicated upon the desire to "update" the perceived identity of the community rather than for utilitarian concerns. Therefore, the specific time for replacement of the signs is 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 if applicable
 - 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. The cost of the wooden signs may vary due to the current cost of lumber and the amount of customization desired. The Association should continue to budget for the repainting of the wood signs through the operating budget. Our cost estimation is based on information provided by Management and the Board.

Site Furniture

Line Item: 4.820

Quantity:

- Benches
- Picnic tables
- Trash receptacles

History: Installed between 2006 and 2009

Condition: Good overall



Picnic tables



Bench and picnic table

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.

2021 Reserve Expenditures

Component Detail Notes: Woodlake Crossing will expend approximately \$2,700 in reserve expenditures in 2021 to replace the wooden headwall and repair erosion at the entrance of the park.

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

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 in two- to 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.

Woodlake Crossing can fund capital repairs and replacements in any combination of the following:

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

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

This Reserve Study is in compliance with and exceeds the National standards¹ set forth by the Association of Professional Reserve Analysts (APRA) fulfilling the requirements of a "Level I Full Reserve Study." These standards require a Reserve Component to have a "predictable remaining Useful Life." Estimating Remaining Useful Lives and Reserve Expenditures beyond 30 years is often indeterminate. Long-Lived Property Elements are necessarily excluded from this analysis. We considered the following factors in our analysis:

- The Cash Flow Method to compute, project and illustrate the 30-year Reserve Funding Plan
- Local² 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 Yorktown, Virginia at an annual inflation rate³. 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 Woodlake Crossing 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.

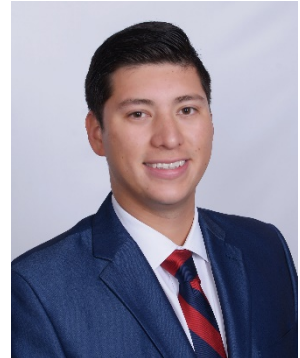
OLD TO NEW

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
Associate Engineer, West Region
Responsible Advisor

CURRENT CLIENT SERVICES

Jordan M Rosales, an Associate 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.

Groewood 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.

Park at Jackson Square Community Owners Association, Inc. is a unique nine building and 27 unit townhome community in Houston, Texas that dates to 2003. The property consists of several distinct unit styles comprised of brick, fiber cement siding, and balconies.

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.

EDUCATION

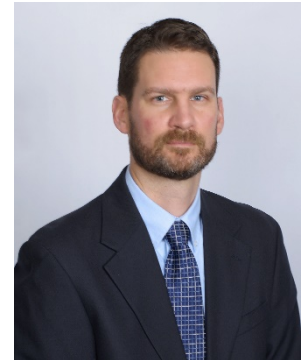
Louisiana State University– B.S. Petroleum Engineering



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

CURRENT CLIENT SERVICES

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



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

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

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

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

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

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

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

PRIOR RELEVANT EXPERIENCE

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

EDUCATION

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

PROFESSIONAL AFFILIATIONS/DESIGNATIONS

Professional Engineering License – Wisconsin, North Carolina, Illinois, Colorado

Reserve Specialist (RS) - Community Associations Institute

Professional Reserve Analyst (PRA) - Association of Professional Reserve Analysts



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 Woodlake Crossing 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) Woodlake Crossing 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 property.

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. The report is based upon a "snapshot in time" at the moment of inspection. RA may note visible physical defects in our report. The inspection is made by employees generally familiar with real estate and building construction but in the absence of invasive testing RA cannot opine on, nor is RA responsible for, the structural integrity of the property including its conformity to specific governmental code requirements for fire, building, earthquake, and occupancy, or any physical defects that were not readily apparent during the inspection.

RA is not responsible for conditions that have changed between the time of inspection and the issuance of the report. 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 water, oil, gas, coal, or other subsurface mineral and use rights or such hidden conditions. RA assumes no responsibility for any such conditions. The Report contains opinions of estimated costs and remaining useful lives which are neither a guarantee of the actual costs of replacement nor a guarantee of remaining useful lives of any property element.

RA assumes, without independent verification, the accuracy of all data provided to it. You agree to indemnify and hold RA harmless against and from any and all losses, claims, actions, damages, expenses or liabilities, including reasonable attorneys' fees, to which we may become subject in connection with this engagement, because of any false, misleading or incomplete information which we have relied upon supplied by you or others under your direction, or which may result from any improper use or reliance on the Report by you or third parties under your control or direction. Your obligation for indemnification and reimbursement shall extend to any director, officer, employee, affiliate, or agent of RA. Liability of RA and its employees, affiliates, and agents for errors and omissions, if any, in this work is limited to the amount of its compensation for the work performed in this engagement.

Report - RA completes the services in accordance with the Proposal. The Report represents a valid opinion of RA's findings and recommendations and is deemed complete. RA, however, considers any additional information made available to us within 6 months of issuing the Report if a timely request for a revised Report is made. 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.

Your Obligations - You agree to provide us access to the subject property for an on-site visual 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. 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 this Report is limited to only the purpose stated herein. You hereby acknowledge that any use or reliance by you on the Report for any unauthorized purpose is at your own risk and you shall hold RA harmless from any consequences of such use. Use by any unauthorized third party is unlawful. 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 our Report in its entirety to the following third parties: members of your organization, your accountant, attorney, financial institution and property manager who need to review the information contained herein. Without the written consent of RA, you shall not disclose the Report to any other third party. The Report contains intellectual property developed by RA and **shall not be reproduced or distributed to any party that conducts reserve studies without the written consent of RA**.

RA will include your name in our client lists. RA reserves the right to 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 - Retainer payment is due upon authorization and prior to inspection. The balance is due net 30 days from the report shipment date. Any balance remaining 30 days after delivery of the Report shall accrue an interest charge of 1.5% per month. Any litigation necessary to collect an unpaid balance shall be venued in Milwaukee County Circuit Court for the State of Wisconsin.