Reserve Study

For

Reserve at Pilottown

April 21, 2026

Reserve Study Prepared
By
The Whayland Group,LLC
123 Lake Drive
Laurel, Delaware 19956

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Part I General Information – This section will provide background information on reserve studies in general and the reserve study process. Not all information contained herein will have direct application to your study.

INTRODUCTION

Preparing the annual budget and overseeing finances are among the most important responsibilities of the Association and its management team. The annual operating and reserve budgets reflect the planning and goals of the Association and set the level and quality of service for all of the Association activities. The use of the reserve study as a planning tool is key to maintaining the value of individual units as well as the value of the community as a whole. The Association has full rights to reproduce and distribute this report for any lawful purpose.

IMPORTANT INFORMATION

This reserve analysis study and the parameters under which it has been completed are based upon information provided to us in part by representatives of the client, its contractors, assorted vendors, specialist and independent contractors, and various construction pricing and scheduling manuals including, but not limited to: Marshall & Swift Valuation Service, RS Means Facilities Maintenance & Repair Cost Data, RS Means Repair & Remodeling Cost Data, National Construction Estimator, National Repair & Remodel Estimator, Dodge Cost Manual and McGraw-Hill Professional. Additionally, costs are obtained from numerous vendor catalogues, actual quotations or historical costs, and our own experience in the field of property management and reserve study preparation.

It has been assumed, unless otherwise noted in this report, that all assets have been designed and constructed properly and that each estimated useful life will approximate that of the norm per industry standards and/or manufacturer's specifications. In some cases, estimates may have been used on assets, which have an indeterminable but potential liability to the client. The decision for the inclusion of these as well as all assets considered is left to the client.

We recommend that your reserve study be updated on an annual basis (2 or 3 years for studies of limited scope) due to fluctuating interest rates, inflationary changes, and the unpredictable nature of the lives of many of the assets under consideration. All of the information collected during our observation and computations made subsequently in preparing this reserve analysis study are retained in our computer files. Therefore, annual updates may be completed quickly and inexpensively each year.

The Whayland Group would like to thank you for using our services. We invite you to call us at any time, should you have questions, comments or need assistance. In addition, any of the parameters and estimates used in this study may be changed at your request, after which we will provide a revised study.

This reserve analysis study is provided as an aid for planning purposes and not as an accounting tool. Since it deals with events yet to take place, there is no assurance that the results enumerated within it will, in fact, occur as described.

DISCLOSURES

This reserve study is based on information furnished to the preparer and is compiled for the use of the Association and not for the purposes of auditing, forensic investigation, quality determination, historical verification, or any other purpose.

All information furnished by the Association including but not limited to site plans indicating the location of lots, roads, and other improvements, building plans, and certain financial and historical information, is held to be reliable by the reserve study preparer.

On-site observations conducted by the reserve study preparer shall not be considered to be engineering or quality inspections, or quantity or capacity audits.

Unless stated elsewhere in the reserve study, the physical analysis was developed from on-site field observations; quantity surveying was performed on-line via GIS, by drawing-take-off, or by field measurement where GIS and drawing information were not available. On-site surface visual observation was used to determine the condition and/or remaining life of the components. No invasive, chemical, destructive, or other tests were performed.

The reserve balance, actual or projected, contained in the reserve study is based on information provided and was not audited by the reserve study preparer.

The reserve study preparer is not aware of any material issues, which if not disclosed, would result in a distortion of the Association's situation.

The reserve study preparer is not aware of any other business dealings or relationships with the Association or its individual members that could constitute an actual or perceived conflict of interest.

RESERVE STUDY PREPARER'S QUALIFICATIONS

Robert C. Wheatley has a Bachelor of Science degree in Business Administration and 47 years' experience in commercial building construction, and condominium/apartment construction and project management. He has been engaged in the preparation of reserve studies since 2009.

He has met all the criteria for and is designated by the Community Associations Institute (CAI) as Reserve Specialist #309.

He is a licensed real estate broker in Delaware and a licensee in Maryland, an outside Director of LINKBANK, former Chairman of the Sussex County Planning and Zoning Commission, and a former Governor's Sussex County Appointed Member of the Delaware Association Professional Engineers.

FUNDING OPTIONS

When a major repair or replacement is required, there are essentially three options available to address

the expenditure:

The first, and only logical means to ensure its ability to maintain the assets for which it is obligated, is by **setting aside an adequate level reserves** as part of the regular annual budget process. The association is not only comprised of present members, but also future members. Any decision to adopt a calculation method or funding plan, which would disproportionately burden future members in order to make up for past reserve deficits, would be a breach of its fiduciary responsibility to those future members. Unlike individuals determining their own course of action, the trustees are responsible to the association as a whole.

The second option is for the client to **acquire a loan** from a lending institution in order to affect the required repairs. In some cases, banks will lend to a client using "future collections" as collateral for the loan. More often than not, the bank will require real estate collateral or personal guarantees. Regardless, the current trustees are pledging the future assets of the association. They are also incurring the additional expense of interest fees along with the original principal amount. In the case of a $150,000 roofing replacement, the client may be required to pay back the loan over a three to five year period, with interest.

The third option, too often used, is simply to **defer the required repair or replacement**. This option, which is not recommended, can create an environment of declining property values due to expanding lists of deferred maintenance items and the client's financial inability to keep pace with the normal aging process of the common area components.

Ad hoc or special assessments are not considered an appropriate means of funding replacements. The Delaware Uniform Common Interest Ownership Act (DUCIOA) and Maryland HB 107 legislation enacted in recent years to deter special assessments and provide some measure of long term predictability to the funding common element replacement through the reserve study process.

TYPES OF RESERVE STUDIES

Most reserve studies fit into one of three categories:

Full Reserve Study;

Update with site inspection; and

Update without site inspection.

In a **Full Reserve Study**, the reserve provider conducts a component inventory, a condition assessment (based upon on-site visual observations), and life and valuation estimates to determine both a "fund status" and "funding plan".

In an **Update with site inspection**, the reserve provider conducts a component inventory (verification only, not quantification unless new components have been added to the inventory), a condition assessment (based upon on-site visual observations), and life and valuation estimates to determine both the "fund status and "funding plan."

In an **Update without site inspection**, the reserve provider conducts life and valuation estimates to determine the "fund status" and "funding plan."

PHYSICAL AND FINANCIAL ANALYSIS

There are two components of a reserve study: a physical analysis and a financial analysis.

Physical Analysis

During the physical analysis, a reserve study provider evaluates information regarding the physical status and repair/replacement cost of the client's major common area components. To do so, the provider conducts a component inventory, a condition assessment, and life and valuation estimates.

Developing a Component List

The budget process begins with full inventory of all the major components for which the client is responsible. The determination of whether an expense should be labeled as operational, reserve, or excluded altogether is sometimes subjective. Since this labeling may have a major impact on the financial plans of the client, subjective determinations should be minimized. We suggest the following considerations when labeling an expense.

Operational Expenses

Occur at least annually, no matter how large the expense, and can be budgeted for effectively each year. They are characterized as being reasonably predictable, both in terms of frequency and cost. Operational expenses include all minor expenses, which would not otherwise adversely affect an operational budget from one year to the next. Examples of ***operational expenses*** include:

Utilities:
- Electricity
- Gas
- Water
- Telephone
- Cable TV

Administrative:
- Supplies
- Bank Service Charges
- Dues & Publications
- Licenses, Permits & Fees
- Insurance(s)

Services:
- Landscaping
- Pool Maintenance
- Street Sweeping
- Accounting
- Reserve Study

Repair Expenses:
- Tile Roof Repairs
- Equipment Repairs
- Minor Concrete Repairs
- Operating Contingency

Reserve Expenses

These are major expenses that occur other than annually, and which must be budgeted for in advance in order to ensure the availability of the necessary funds in time for their use. Reserve expenses are reasonably predictable both in terms of frequency and cost. However, they may include significant assets that have an indeterminable but potential liability that may be demonstrated as a likely occurrence. They are expenses that, when incurred, would have a significant effect on the smooth operation of the budgetary process from one year to the next, if they were not reserved for in advance. Examples of reserve expenses include:

- Roof Replacements
- Painting
- Deck Resurfacing
- Fencing Replacement
- Asphalt Seal Coating
- Asphalt Repairs
- Asphalt Overlays
- Equipment Replacement
- Park/Play Equipment
- Pool/Spa Re-plastering
- Pool Equipment Replacement
- Pool Furniture Replacement
- Tennis Court Resurfacing
- Lighting Replacement
- Insurance(s)
- Reserve Study

Interior Furnishings

Budgeting is Normally Excluded for:

Repairs or replacements of assets which are deemed to have an estimated useful life equal to or exceeding the estimated useful life of the facility or community itself, or exceeding the legal life of the community as defined in a client's governing documents or policies. Examples include the complete replacement of elevators, tile roofs, wiring and plumbing. Also excluded are insignificant expenses that may be covered either by an operating or reserve contingency, or otherwise in a general maintenance fund. Expenses that are necessitated by acts of nature, accidents or other occurrences that are more properly insured for, rather than reserved for, are also excluded.

Financial Analysis

The financial analysis assesses the client's reserve balance or "fund status" (measured in cash or as percent fully funded) to determine a recommendation for the appropriate reserve contribution rate in the future, known as the "funding plan".

Preparing the Reserve Study

Once the reserve assets have been identified and quantified, their respective replacement costs, useful lives and remaining lives must be assigned so that a funding schedule can be constructed. Replacement costs and useful lives can be found in published manuals such as construction estimators, appraisal handbooks, and valuation guides. Remaining lives are calculated from the useful lives and ages of assets and adjusted according to conditions such as design, manufactured quality, usage, exposure to the elements and maintenance history.

By following the recommendations of an effective reserve study, the client should avoid any major shortfalls. However, to remain accurate, the report should be updated on an annual basis to reflect such changes as shifts in economic parameters, additions of phases or assets, or expenditures of reserve funds. The client can assist in simplifying the reserve analysis update process by keeping accurate records of these changes throughout the year.

FUNDING METHODS

From the simplest to the most complex, reserve analysis providers use many different computational processes to calculate reserve requirements. However, there are two basic processes identified as industry standards: the cash flow method and the component method.

The cash flow method develops a reserve-funding plan 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 actual anticipated schedule of reserve expenses until the desired funding goal is achieved. This method sets up a "window" in which all future anticipated replacement costs are computed, based upon the individual lives of the components under consideration. The Whayland Group Threshold and The Whayland Group Current Assessment funding models are based upon the cash flow method.

The component method develops a reserve-funding plan where the total contribution is based upon the sum of contributions for individual components. The component method is the more conservative of the two funding options, and assures that the client will achieve and maintain an ideal level of reserve over

time. This method also allows for computations on individual components in the analysis. The Whayland Group Component Funding model is based upon the component methodology.

FUNDING STRATEGIES

Once a client has established its funding goals, the client can select an appropriate funding plan. There are four basic strategies from which most clients select. It is recommended that clients consult professionals to determine the best strategy or combination of plans that best suit the client's need. Additionally, clients should consult with their financial advisor to determine the tax implications of selecting a particular plan. Further, consultation with the American Institute of Certified Public Accountants (AICPA) for their reporting requirements is advisable. The four funding plans and descriptions of each are detailed below. Clients will have to update their reserve studies more or less frequently depending on the funding strategy they select.

Full Funding---Given that the basis of funding for reserves is to distribute the costs of the replacements over the lives of the components in question, it follows that the ideal level of reserves would be proportionately related to those lives and costs. If a client has a component with an expected estimated useful life of ten years, it would set aside approximately one-tenth of the replacement cost each year. At the end of three years, one would expect three-tenths of the replacement cost to have accumulated, and if so, that component would be "fully-funded." This model is important in that it is a measure of the adequacy of a client's reserves at any one point of time, and is independent of any particular method which may have been used for past funding or may be under consideration for future funding. This formula represents a snapshot in time and is based upon current replacement cost, independent of future inflationary or investment factors:

Fully Funded Reserves = **Age** divided by **Useful Life** the results multiplied by **Current Replacement Cost**

When a client's total accumulated reserves for all components meet this criterion, its reserves are considered "fully-funded."

The Whayland Group **Threshold Funding Model**. This method is based upon the cash flow funding concept. The goal of this funding method is to keep the reserve cash balance above a certain dollar level. This means that while each individual component may not be fully funded, the reserve balance overall does not drop below a certain level during the projected period. Cash flow funding can result in a more efficient application of funds and is widely used in the industry.

The Whayland Group **Current Assessment Funding Model**. This method is also based upon the cash flow funding concept. The initial reserve assessment is set at the client's current fiscal year funding level and a 30-year projection is calculated to illustrate the adequacy of the current level of funding over time.

The Whayland Group **Component Funding Model**. This is a straight-line funding model. It distributes the cash reserves to individual reserve components and then calculates what the reserve assessment and interest contribution (minus taxes) should be, again by each reserve component. The current annual assessment is then determined by summing all the individual component assessments, hence the name "Component Funding Model". This is the most conservative funding model. It leads to or maintains the fully funded reserve position; however, it can result in a reserve balance in excess of what is needed to adequately fund replacements on an ongoing basis.

USERS' GUIDE TO YOUR RESERVE ANALYSIS STUDY

Part II of your Whayland Group Report contains the reserve analysis study for your client. There are seven types of reports in the study as described below.

Report Summaries

The Report Summary for all funding models lists all of the parameters that were used in calculating the report as well as the summary of your reserve analysis study.

Index Reports

The **Distribution of Accumulated Reserves** report lists all assets in remaining life order. It also identifies the ideal level of reserves that should have accumulated for the client as well as the actual reserves available. This information is valid only for the "Component Funding Model" calculation.

The **Component Listing/Summary** lists all assets by category (i.e. roofing, painting, lighting, etc.) together with their remaining life, current cost, monthly reserve contribution, and net monthly allocation.

Detail Reports

The Detail Report itemizes each asset and lists all measurements, current and future costs, and calculations for that asset. Provisions for percentage replacements, salvage values, and one-time replacements can also be utilized. These reports can be sorted by category or group.

The numerical listings for each asset are enhanced by extensive narrative detailing factors such as design, manufactured quality, usage, exposure to elements and maintenance history.

The Whayland Group Detail Index is an alphabetical listing of all assets, together with the page number of the asset's detail report, the projected replacement year, and the asset number.

Projections

Thirty-year projections add to the usefulness of your reserve analysis study.

DEFINITIONS

Report I.D.
Includes the Report Date (example: November 15, 2012), Account Number (example: 9773), and Version (example: 1.0). Please use this information (displayed on the summary page) when referencing your report.

Budget Year Beginning/Ending
The budgetary year for which the report is prepared. For clients with fiscal years ending December 31st, the monthly contribution figures indicated are for the 12-month period beginning 1/1/20xx and ending 12/31/20xx.

Number of Units and/or Phases
If applicable, the number of units and/or phases included in this version of the report.

Inflation
This figure is used to approximate the future cost to repair or replace each component in the report. The current cost for each component is compounded on an annual basis by the number of remaining years to replacement, and the total is used in calculating the monthly reserve contribution that will be necessary to accumulate the required funds in time for replacement.

Annual Assessment Increase
This represents the percentage rate at which the client will increase its assessment to reserves at the end of each year. For example, in order to accumulate $10,000 in 10 years, you could set aside $1,000 per

year. As an alternative, you could set aside $795 the first year and increase that amount by 5% each year until the year of replacement. In either case you arrive at the same amount. The idea is that you start setting aside a lower amount and increase that number each year in accordance with the planned percentage. Ideally this figure should be equal to the rate of inflation.

Investment Yield Before Taxes

The average interest rate anticipated by the client based upon its current investment practices.

Taxes on Interest Yield
The estimated percentage of interest income that will be set aside to pay income taxes on the interest earned.

Projected Reserve Balance
The anticipated reserve balance on the first day of the fiscal year for which this report has been prepared. This is based upon information provided and not audited.

Percent Fully Funded
The ratio, at the beginning of the fiscal year, of the actual (or projected) reserve balance to the calculated fully funded balance, expressed as a percentage.

Phase Increment Detail and/or Age
Comments regarding aging of the components on the basis of construction date or date of acceptance by the client.

Monthly (or Quarterly or Annually) Assessment
The assessment to reserves required by the client each month (or quarter or year).

Interest Contribution (After Taxes)
The interest that should be earned on the reserves, net of taxes, based upon their beginning reserve balance and monthly contributions for one year. This figure is averaged for budgeting purposes.

Total Monthly (or Quarterly or Annual) Allocation
Sum of the monthly (or quarterly or annually assessment / interest contribution figures.

Group and Category
The report may be prepared and sorted either by group (location, building, phase, etc.) or by category (roofing, painting, etc.). The standard report printing format is by category.

Percentage of Replacement or Repairs
In some cases, an asset may not be replaced in its entirety or the cost may be shared with a second party. Examples are budgeting for a percentage of replacement of streets over a period of time, or sharing the expense to replace a common wall with a neighboring party.

Placed-In-Service Date
The month and year that the asset was placed-in-service. This may be the construction date, the first escrow closure date in a given phase, or the date of the last servicing or replacement.

Estimated Useful Life
The estimated useful life of an asset based upon industry standards, manufacturer specifications, visual inspection, location, usage, client standards and prior history. All of these factors are taken into consideration when tailoring the estimated useful life to the particular asset. For example, the carpeting in a hallway or elevator (a heavy traffic area) will not have the same life as the identical carpeting in a seldom-used meeting room or office.

Adjustment to Useful Life
Once the useful life is determined, it may be adjusted, up or down, by this separate figure for the current cycle of replacement. This will allow for a current period adjustment without affecting the estimated replacement cycles for future replacements.

Estimated Remaining Life
This calculation is completed internally based upon the report's fiscal year date and the date the asset was placed-in-service.

Replacement Year
The year that the asset is scheduled to be replaced. The appropriate funds will be available by the first day of the fiscal year for which replacement is anticipated.

Annual Fixed Reserves
An optional figure which, if used, will override the normal process of allocating reserves to each asset.

Fixed Assessment
An optional figure which, if used, will override all calculations and set the assessment at this amount. This assessment can be set for monthly, quarterly or annually as necessary.

Salvage Value
The salvage value of the asset at the time of replacement, if applicable.

One-Time Replacement
Notation if the asset is to be replaced on a one-time basis.

Current Replacement Cost
The estimated replacement cost effective at the beginning of the fiscal year for which the report is being prepared

Future Replacement Cost
The estimated cost to repair or replace the asset at the end of its estimated useful life based upon the current replacement cost and inflation.

Component Inventory
The task of selecting and qualifying reserve components. This task can be accomplished through on-site visual, review of client design and organizational documents, a review of established client precedents, and discussion with appropriate client representative(s).

A MULTI-PURPOSE TOOL

Your Whayland Group Report is an important part of your client's budgetary process. Following its recommendations should ensure the client's smooth budgetary transitions from one fiscal year to the next.

In addition, your Whayland Group reserve study serves a variety of useful purposes:

- A reserve analysis study may be required by your accountant during the preparation of the client's annual audit.
- The Whayland Group reserve study is sometimes requested by lending institutions during the process of loan applications.
- Your Whayland Group Report is also a detailed inventory of the client's major assets and serves as a management tool for scheduling, coordinating and planning future repairs and replacements.
- Your Whayland Group Report is a tool that can assist the client in fulfilling its legal and fiduciary obligations for maintaining the facility in a state of good repair.
- Since the Whayland Group reserve analysis study includes measurements and cost estimates of the client's assets, the detail reports may be used as a guide to evaluate the accuracy and price of contractor bids when assets are due to be repaired or replaced.
- Your Whayland Group Report provides a record of the time, cost, and quantities of past reserve replacements. At times the client's management personnel are transitory which may result in the loss of these important records.

Executive Summary

Reserve at Pilottown is a 110 unit single family home development situated of off New Road in Lewes, Delaware. The development was constructed in 2004. The Whayland Group, LLC prepared this reserve study update for Reserve at Pilottown in 2026.

This study was prepared by Robert C. Wheatley, Reserve Specialist #309 as designated by the Community Association Institute. Mr. Wheatley has 47 years' experience in the construction and real estate industries on the Delmarva Peninsula, is a former Chairman of the Sussex County Planning and Zoning Commission, an outside director of LINKBANK, and is a former Sussex County Public Member of the Delaware Association of Professional Engineers. He has been engaged in the preparation of reserve studies since 2009.

The study is a reserve study update of a full reserve study prepared by The Whayland Group, LLC in 2022, including a review of the documents furnished by the Association and on-site observation of the components included in the study. The last field visit was on March 17, 2026.

The in-service date for each component is the year in which that component was completed if known or the date of completion of the development. The components were assigned useful lives and values in accordance with industry standards and our findings. Remaining lives were calculated based on the in-service date with certain adjustments indicated by our site visits.

We recommend the **Component Funding Model (CFM)** for associations that have a relatively low number of replacement components and that have an adequate current reserve account balance. Reserve at Pilottown has 5 replacement components and a reserve balance of $90,471.08, which indicate that the Component Funding Model is appropriate for this study.

Component Funding Model (CFM) is an industry-sanctioned conservative funding approach based on the concept of maintaining a 100% fully funded reserve. "100% fully funded" means that at any given time, 100% of the funds needed for the replacement of each individual item are available in proportion to the remaining useful life of that item. The model strives to maintain a minimum of 100% funding. Any sustained percent funded above 100% is considered well-funded.

The Component Method Funding Model is based on the following assumptions:

Reserve Study Assumptions

Effective Date of Study	January 1, 2026
Length of Study	30 years
Number of Units	110
Annual Interest Rate Earned on Reserves	0.15% per annum
Tax Rate on Reserve Interest Income	30.00%
Annual Inflation Rate	3.00%
Beginning Reserve Account Balance	$90,471
Minimum Account Balance	$5,000.00
Annual Increase in Reserve Requirement	3.00%

SUMMARY OF FINDINGS

Study Year 2026	Component Funding Model
Total Current Cost of Replacements	**$90,250.00**
Annual Contribution Requirement for 2026	**$4,953.00**
Annual Contribution Requirement Per Unit	**$45.02**

Summary of Findings Notes:

1. **Figures are for 2026. Full 30-year projections can be found on page 2-2**
2. **Since the annual contribution projections fluctuate in a non-linear manner, we recommend adjusting the annual contribution in accordance with the projections shown on page 2-2**

The study indicates that Reserve at Pilottown is very well-funded at this time, despite the high inflation experienced 2022-2025 and the early replacement of and parcel box addition to the mail box clusters at a cost much higher than the previous study anticipated. You will note that the annual contribution has increased due to these circumstances and the passage of time, but this is mitigated by the decrease in the budget for dredging.

We recommend that the Association engage its pond maintenance contractor to measure the sediment in the pond and provide the Association with a projection of when dredging might be required. If the projection differs substantially from that which is indicated in the study. We will update the study at that time at no additional cost.

The Association also must bear in mind that the reserve fund is for regular, expected repairs and replacements only. It is not intended to fund unexpected or catastrophic losses. The Association must be diligent in insuring itself against acts of God, accidents, and other insurable events. We urge you to consult an insurance specialist in this regard.

It is important to note that the funding model does not assume any delinquency. Contributions must be made on time in full.

Reserve at Pilottown appears to be a well-managed community. The Association representatives appear engaged and sincerely interested in preserving and enhancing unit owners' investment in the community. We thank you for the privilege of serving you and look forward to a long association with Reserve at Pilottown.

Submitted by: Robert C. Wheatley CAI RS#309
Robert C. Wheatley

Date: April 21, 2026

Reserve at Pilottown
Lewes, DE
RA Component Funding Model Summary

Report Date	April 21, 2026
Account Number	202607
Budget Year Beginning	January 1, 2026
Budget Year Ending	December 31, 2026
Total Units	110

Report Parameters

Inflation	3.00%
Interest Rate on Reserve Deposit	0.15%
Tax Rate on Interest	30.00%
2026 Beginning Balance	$90,471

Component Funding Model Summary of Calculations

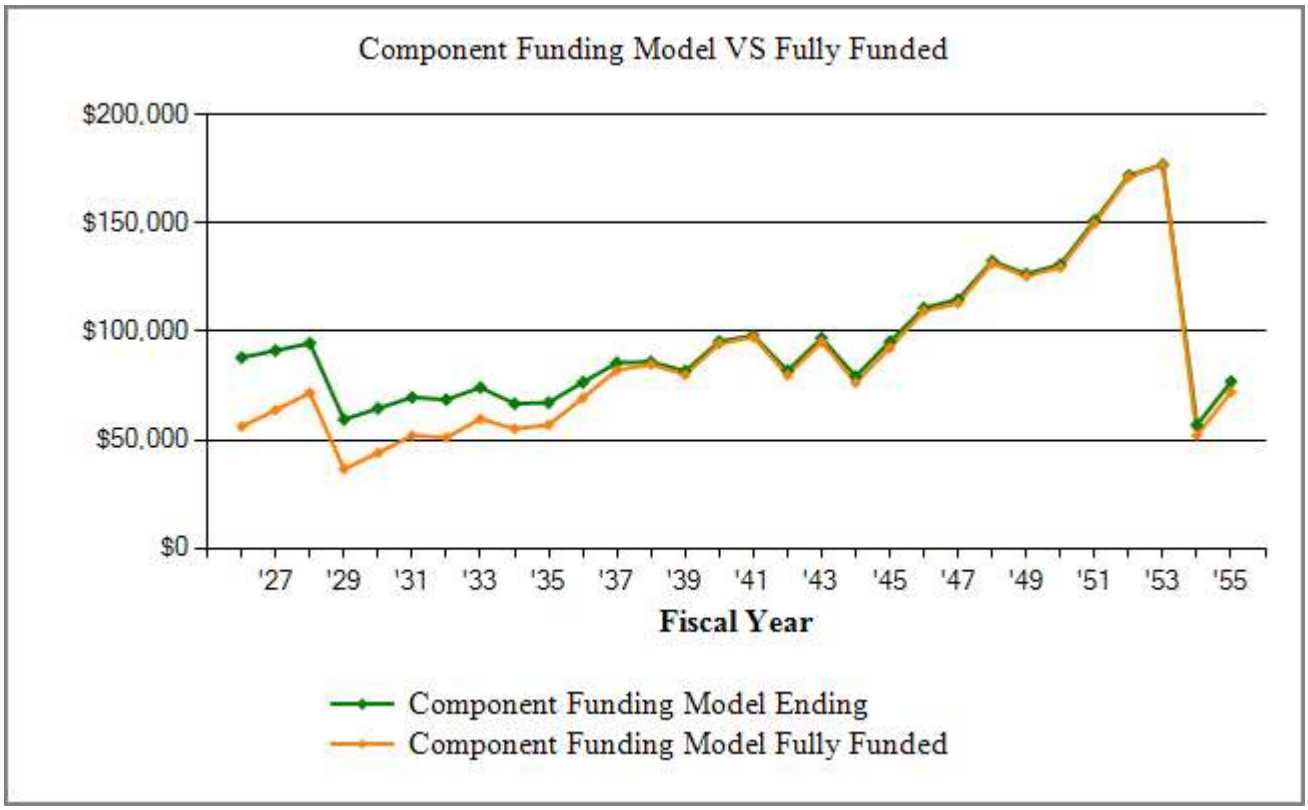
Required Annual Contribution	$4,952.54
$45.02 per unit annually	
Average Net Annual Interest Earned	$92.32
Total Annual Allocation to Reserves	$5,044.86
$45.86 per unit annually	

Reserve at Pilottown
RA Component Funding Model Projection

Beginning Balance: $90,471

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2026	90,250	4,953	92	7,500	88,016	53,121	166%
2027	92,957	3,182	96		91,293	60,599	151%
2028	95,746	3,241	99		94,634	68,478	138%
2029	98,619	7,174	62	42,343	59,527	33,161	180%
2030	101,577	5,010	68		64,605	40,586	159%
2031	104,624	5,084	73		69,762	48,427	144%
2032	107,763	7,821	72	8,955	68,700	47,477	145%
2033	110,996	5,500	78		74,278	55,928	133%
2034	114,326	8,343	70	15,835	66,856	51,251	130%
2035	117,756	9,667	70	9,786	66,807	52,964	126%
2036	121,288	8,111	79		74,997	65,114	115%
2037	124,927	7,650	87		82,733	77,946	106%
2038	128,675	10,648	87	10,693	82,775	80,476	103%
2039	132,535	13,433	82	18,357	77,933	75,524	103%
2040	136,511	12,861	95		90,890	89,677	101%
2041	140,607	15,052	99	11,685	94,356	92,576	102%
2042	144,825	15,378	115		109,849	107,964	102%
2043	149,169	15,164	131		125,144	124,192	101%
2044	153,645	15,607	112	34,049	106,814	106,227	101%
2045	158,254	17,052	93	35,070	88,889	87,073	102%
2046	163,002	16,405	111		105,405	103,879	101%
2047	167,892	17,675	115	13,952	109,242	107,244	102%
2048	172,928	17,364	133		126,739	125,520	101%
2049	178,116	18,343	126	24,670	120,538	119,386	101%
2050	183,460	19,503	131	15,246	124,927	123,240	101%
2051	188,963	19,990	152		145,069	143,392	101%
2052	194,632	20,184	174		165,426	164,642	100%
2053	200,471	21,314	179	16,660	170,259	169,879	100%
2054	206,485	23,324	53	143,567	50,069	45,081	111%
2055	212,680	19,686	73		69,828	64,954	108%

Reserve at Pilottown
RA Component Funding Model & Fully Funded Comparison Chart



The **Component Funding Model's** long-term objective is to provide a plan to a fully funded reserve position over the longest period of time practical. This is the most conservative funding model.

Reserve at Pilottown
RA Component Funding Model Assessment & Category Summary

Description	Replacement Year	Useful Life	Adjustment	Remaining Life	Current Cost	Assigned Reserves	Fully Funded
Grounds Components							
Bio- Swale Replace/Refurbish Allowance	2034	5	25	8	12,500	12,500	9,167
Bio-Swale Pruning and Clean-up	2026	3	0	0	7,500	7,721	7,500
Entrance Features	2054	50	0	28	19,000	19,000	8,360
Mailboxes - Replacement	2045	20	0	19	20,000	20,000	1,000
Storm Water Pond - Dredging Allowance	2029	25	0	3	31,250	31,250	27,500
Grounds Components - Total					$90,250	$90,471	$53,527
Total Asset Summary					$90,250	$90,471	$53,527

Excess Funds:

Percent Fully Funded	169%
Current Average Equity per Unit (Total Units: 110)	$336

Reserve at Pilottown
RA Distribution of Accumulated Reserves

Description	Remaining Life	Replacement Year	Assigned Reserves	Fully Funded Reserves
Bio-Swale Pruning and Clean-up	0	2026	7,721	7,500
Bio- Swale Replace/Refurbish Allowance	8	2034	12,500	9,167
Mailboxes - Replacement	19	2045	20,000	1,000
Storm Water Pond - Dredging Allowance	3	2029	31,250	27,500
Entrance Features	28	2054	19,000	8,360
Total Asset Summary			$90,471	$53,527

Excess Funds:

Percent Fully Funded	169%
Current Average Equity per Unit (Total Units: 110)	$336

Reserve at Pilottown
RA Annual Expenditure Detail

Description	Expenditures
Replacement Year 2026	
Grounds Components	
Bio-Swale Pruning and Clean-up	7,500
Total for 2026	**$7,500**
No Replacement in 2027	
No Replacement in 2028	
Replacement Year 2029	
Grounds Components	
Bio-Swale Pruning and Clean-up	8,195
Storm Water Pond - Dredging Allowance	34,148
Total for 2029	**$42,343**
No Replacement in 2030	
No Replacement in 2031	
Replacement Year 2032	
Grounds Components	
Bio-Swale Pruning and Clean-up	8,955
Total for 2032	**$8,955**
No Replacement in 2033	
Replacement Year 2034	
Grounds Components	
Bio- Swale Replace/Refurbish Allowance	15,835
Total for 2034	**$15,835**
Replacement Year 2035	
Grounds Components	
Bio-Swale Pruning and Clean-up	9,786
Total for 2035	**$9,786**
No Replacement in 2036	

Reserve at Pilottown
RA Annual Expenditure Detail

Description	Expenditures
No Replacement in 2037	
Replacement Year 2038	
Grounds Components	
Bio-Swale Pruning and Clean-up	10,693
Total for 2038	**$10,693**
Replacement Year 2039	
Grounds Components	
Bio- Swale Replace/Refurbish Allowance	18,357
Total for 2039	**$18,357**
No Replacement in 2040	
Replacement Year 2041	
Grounds Components	
Bio-Swale Pruning and Clean-up	11,685
Total for 2041	**$11,685**
No Replacement in 2042	
No Replacement in 2043	
Replacement Year 2044	
Grounds Components	
Bio- Swale Replace/Refurbish Allowance	21,280
Bio-Swale Pruning and Clean-up	12,768
Total for 2044	**$34,049**
Replacement Year 2045	
Grounds Components	
Mailboxes - Replacement	35,070
Total for 2045	**$35,070**
No Replacement in 2046	
Replacement Year 2047	
Grounds Components	
Bio-Swale Pruning and Clean-up	13,952
Total for 2047	**$13,952**

Reserve at Pilottown
RA Annual Expenditure Detail

Description	Expenditures
No Replacement in 2048	
Replacement Year 2049	
Grounds Components	
Bio- Swale Replace/Refurbish Allowance	24,670
Total for 2049	**$24,670**
Replacement Year 2050	
Grounds Components	
Bio-Swale Pruning and Clean-up	15,246
Total for 2050	**$15,246**
No Replacement in 2051	
No Replacement in 2052	
Replacement Year 2053	
Grounds Components	
Bio-Swale Pruning and Clean-up	16,660
Total for 2053	**$16,660**
Replacement Year 2054	
Grounds Components	
Bio- Swale Replace/Refurbish Allowance	28,599
Entrance Features	43,471
Storm Water Pond - Dredging Allowance	71,498
Total for 2054	**$143,567**
No Replacement in 2055	

Reserve at Pilottown
RA Asset Summary Report

Description	Asset ID	Next Replacement	Current Cost	Useful Life	Adjustment	Remaining	Future Cost	Quantity	Unit Cost
Grounds Components									
Bio- Swale Replace/Refurbish Allowa..	1002	2034	12,500	5	25	8	15,835	1 @	12,500.00
Bio-Swale Pruning and Clean-up	1003	2026	7,500	3	0	0	7,500	1 @	7,500.00
Entrance Features	1004	2054	19,000	50	0	28	43,471	2 @	9,500.00
Mailboxes - Replacement	1005	2045	20,000	20	0	19	35,070	1 @	20,000.00
Storm Water Pond - Dredging Allow..	1001	2029	31,250	25	0	3	34,148	1 @	31,250.00

Bio- Swale Replace/Refurbish Allowance - 2034

		1 lot	@ $12,500.00
Asset ID	1002	Asset Actual Cost	$12,500.00
		Percent Replacement	100%
Category	Grounds Components	Future Cost	$15,834.63
Placed in Service	January 2004	Assigned Reserves	$12,500.00
Useful Life	5		
Adjustment	25	Annual Assessment	$535.16
Replacement Year	2034	Interest Contribution	$13.55
Remaining Life	8	Reserve Allocation	$548.70

In consultation with Solitude, the Association's storm water system maintenance contract, it was determined that an allowance should be made to repair/refurbish a section of bio-swale every five years, beginning in 2034.

Bio-Swale Pruning and Clean-up - 2026

		1 lot	@ $7,500.00
Asset ID	1003	Asset Actual Cost	$7,500.00
		Percent Replacement	100%
Category	Grounds Components	Future Cost	$7,500.00
Placed in Service	January 2023	Assigned Reserves	$7,721.00
Useful Life	3		
Replacement Year	2026	Annual Assessment	$3,533.08
Remaining Life	0	Interest Contribution	$2.78
		Reserve Allocation	$3,535.86

The Association reports that the bio-swales are re-mulched every year as part of the operating budget and that every third year substantaial pruning and clean-up is performed. This component creates a budget to prune, mulch, and clean-up every third year.

Entrance Features - 2054

		2 each	@ $9,500.00
Asset ID	1004	Asset Actual Cost	$19,000.00
		Percent Replacement	100%
Category	Grounds Components	Future Cost	$43,470.62
Placed in Service	January 2004	Assigned Reserves	$19,000.00
Useful Life	50		
Replacement Year	2054	Annual Assessment	$1,119.98
Remaining Life	28	Interest Contribution	$20.83
		Reserve Allocation	$1,140.82

Stone entrance features are long-life components that are projected to last slightly beyond the 30-year horizon of the study and may well last far beyond that, however, we have funded them

Entrance Features continued...

as the Association may wish to update the entrance features for a more contemporary appearance at the scheduled time.

Mailboxes - Replacement - 2045

		1 lot	@ $20,000.00
Asset ID	1005	Asset Actual Cost	$20,000.00
		Percent Replacement	100%
Category	Grounds Components	Future Cost	$35,070.12
Placed in Service	January 2025	Assigned Reserves	$20,000.00
Useful Life	20		
Replacement Year	2045	Annual Assessment	$1,017.55
Remaining Life	19	Interest Contribution	$21.80
		Reserve Allocation	$1,039.35

Mail box clusters are replaced in 2022 due to vehicle accident that destroyed them. The new boxes include additional parcel boxes. Total 2022 cost was $18,000.00. The Asscociation anticipates a useful life of 20 years.

Storm Water Pond - Dredging Allowance - 2029

		1 lot	@ $31,250.00
Asset ID	1001	Asset Actual Cost	$31,250.00
		Percent Replacement	100%
Category	Grounds Components	Future Cost	$34,147.72
Placed in Service	January 2004	Assigned Reserves	$31,250.00
Useful Life	25		
Replacement Year	2029	Annual Assessment	$1,240.28
Remaining Life	3	Interest Contribution	$33.79
		Reserve Allocation	$1,274.07

In consultation with Solitude, the Association's storm water system maintance contractor, it was determined that a dredging allowance should be established to fund future dredging operations. Currently this activity is scheduled to occur every 25 years and can be adjusted going forward based on pond silt measurements. Association reports that only the three forebays are to be dredged per Sussex Conservation District, Tributaries, and Envirotech.

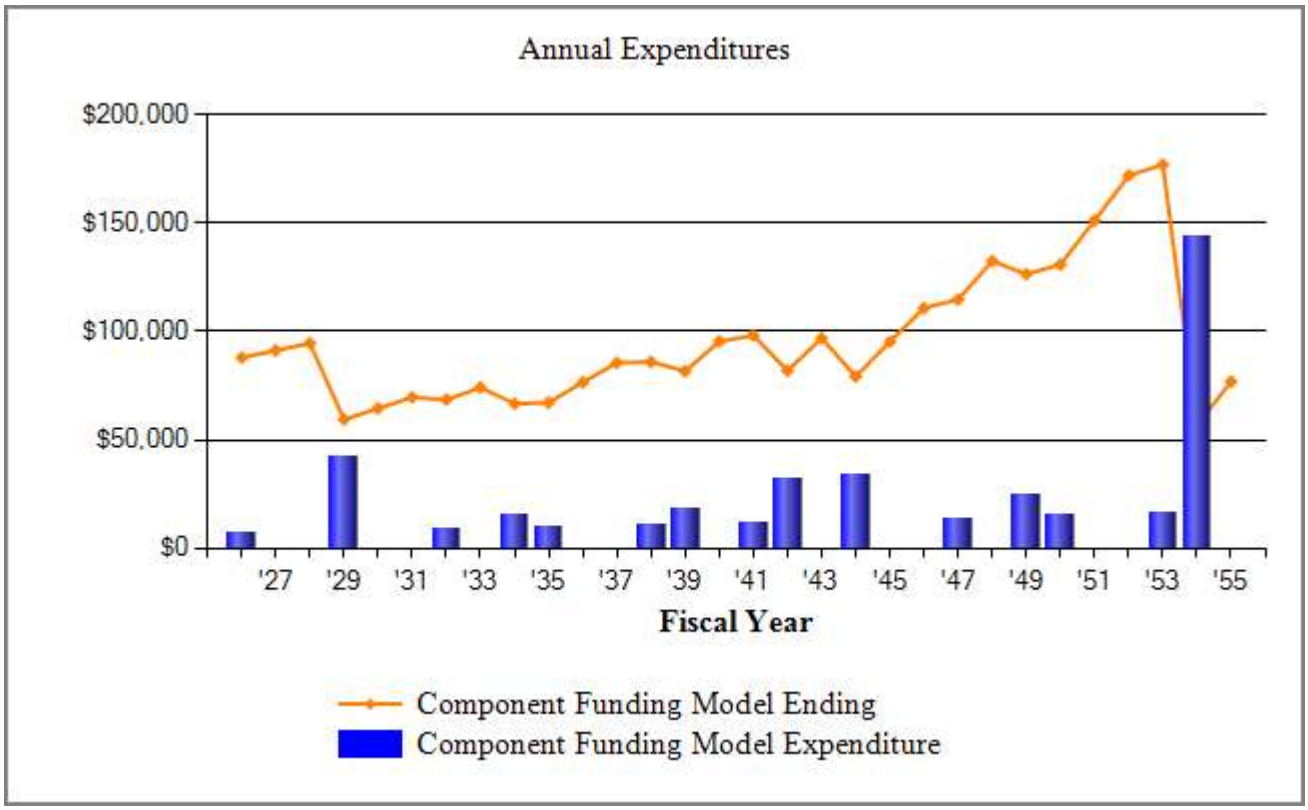
Grounds Components - Total Current Cost	**$90,250**
Assigned Reserves	**$90,471**
Fully Funded Reserves	**$53,527**

Reserve at Pilottown
RA Category Detail Index

Asset ID	Description	Replacement	Page
1002	Bio- Swale Replace/Refurbish Allowance	2034	2-10
1003	Bio-Swale Pruning and Clean-up	2026	2-10
1004	Entrance Features	2054	2-10
1005	Mailboxes - Replacement	2045	2-11
1001	Storm Water Pond - Dredging Allowance	2029	2-11

Total Funded Assets	5
Total Unfunded Assets	0
Total Assets	5

Reserve at Pilottown
RA Annual Asset Expenditure Charts



Reserve at Pilottown
RA Spread Sheet

Description	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Bio-Swale Pruning and Clean-up	7,500			8,195			8,955			9,786
Storm Water Pond - Dredging Allowance				34,148						
Bio- Swale Replace/Refurbish Allowance									15,835	
Mailboxes - Replacement										
Entrance Features										
Year Total:	**7,500**			**42,343**			**8,955**		**15,835**	**9,786**

Reserve at Pilottown
RA Spread Sheet

Description	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Bio-Swale Pruning and Clean-up			10,693			11,685			12,768	
Storm Water Pond - Dredging Allowance										
Bio- Swale Replace/Refurbish Allowance				18,357					21,280	
Mailboxes - Replacement										35,070
Entrance Features										
Year Total:			**10,693**	**18,357**		**11,685**			**34,049**	**35,070**

Reserve at Pilottown
RA Spread Sheet

Description	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055
Bio-Swale Pruning and Clean-up		13,952			15,246			16,660		
Storm Water Pond - Dredging Allowance									71,498	
Bio- Swale Replace/Refurbish Allowance				24,670					28,599	
Mailboxes - Replacement										
Entrance Features									43,471	
Year Total:		**13,952**		**24,670**	**15,246**			**16,660**	**143,567**	

Reserve at Pilottown
RA Asset Current Cost by Category