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BECHT ENGINEERING
BUILDING TECHNOLOGIES

CAPITAL RESERVE STUDY

FOR THE

Merion Station

Columbia, Maryland

Project Number: 23-1358

Contact Name: Carol Hutchison

Date: November 21, 2023

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Executive Summary

Merion Station is 144 unit Association located in Columbia, Maryland. The community was build in the early 1970s and consists of fee simple townhouse units. Common owned areas include parking bays, along the streets in the community consisting of Bishops Head Ct, High Tide Ct, Morning Glory Ct, Freshaire Ln, Bushwood Way, Berrypick Ln, Gulf Stream Row and Setter Pl.

Level of Service	Level I: New Study
Fiscal Year of Study	2024

Current Status of Reserve Fund (Component Method)

Current Balance	$26,800
Fully Funded Balance	$135,649
Percent Funded	19.76%

Reserve Budget Recommendations

	Prior Budget Year Contribution	Component Method *	5% Threshold *	10% Threshold *
Contribution/Year	$0	$31,996	$14,229	$14,856
Contribution/Unit	$0	$222	$99	$103
Contribution/Unit/Month	$0	$19	$8	$9

* Please note that this is the contribution for the period of January 2024 through December 2024.

Reserve Study Disclosures

General - Becht Engineering BT is not aware of any involvement with this Association, which would lead to an actual or perceived conflict of interest.

Physical Analysis - The inspections performed to determine the current physical condition of the common elements were visual in nature; no destructive testing or invasive inspections were performed. Quantities were taken from a combination of field counts/measurements and plan take-offs.

Personnel Credentials - Preparation of this Reserve Study was performed by a CAI designated Reserve Specialist and licensed Building Inspector.

Completeness - This Reserve Study assumes that proper preventative and corrective maintenance has been and will continue to be performed on the common elements. Failure to properly maintain the common elements may lead to premature failure. It should be noted that higher rates of inflation, lower earned interest rates or prematurely failing components can result in a negative closing cash balance. In addition, it is important to note that the capital fund contributions each year are assumed to rise at the assumed rate of inflation. Failure to raise the annual contributions with inflation will reduce the closing balance and may lead to a future shortfall.

Reliance on Client Data - This Reserve Study was prepared based on certain information provided by an official representative of the Association. This information includes the current asset balance of the Reserve Fund and the ages of the common elements and dates of most recent replacements.

Scope - This Reserve Study is a reflection of the information provided to us and assembled for the Association's use for budgeting purposes, not for the purpose of performing an audit, quality/forensic analysis or background checks of historical records. Interpretation of contradictions that may exist within the governing document's definition of common elements is not within the scope of this Study.

Reserve Balance - The actual and projected Reserve Fund Balance is based upon information provided by the Association and was not audited.

Component Quantities - Where this Reserve Study is an update of a previously prepared Study, the Association is considered to have deemed previously developed component listings and quantities as accurate and reliable.

Estimated Replacement Costs - Replacement costs are to be considered estimated projections of the cost to replace common elements in kind. These cost estimates are to be considered preliminary until such time as a project specific design or scope of work is developed. These costs can be affected by many variables including inflation, project scope and hidden damage conditions.

Reserve Projects - While the information provided in this Study is to be considered reliable, on-site inspections are not to be considered a project audit or quality inspection.

Introduction

The purpose of a Capital Reserve Study is to estimate the amount of money that must be funded annually to replace those common element components that will require replacement before the end of the effective life of the project.

Mortgage lenders recognize the conditions of inadequate reserves. Reserves are important in preserving the qualities of a particular complex or building and therefore can affect property values. Consequently, capital reserves are directly related to the security and risk of a lender's investment and the marketability of the property.

The Capital Reserve Study develops a recommended basic annual contribution based upon current replacement costs. Inflation may increase future costs unpredictably, and the accumulation of interest on the reserve fund deposits increases available funds. Accurate projection of these factors is not possible. However, the effects of inflation and interest are shown via cash flow projections using assumed inflation and interest rates. Accurate reserve funding requires regular updates. The Community Associations Institute recommends yearly reviews and a formal study every three years.

Capital Reserve Methodology

In preparing this study, when provided, we reviewed the master deed and offering statement to identify the common element components that the Association owns. Industry guidelines suggest that only components with estimated remaining lives of 30 years or less be included in the capital reserve study. Components with estimated remaining lives that are greater than 30 years, such as building structures, piping and electrical wiring are usually replaced during a major renovation and financed at that time. Including these components in the reserve fund would result in an unrealistically high-recommended annual contribution to the capital reserve. With the Board's approval we may include certain items of longer life expectancy, such as retaining walls or building siding when doing so will reduce the likelihood of future substantial increases in contributions.

Quantities of the components to be included in the reserve fund were then determined by field measurements, as well as a review of building and site plans, if available.

Estimates of the costs to replace each component were derived from published industry standards, such as the R.S. Means Company cost-estimating guides and from our own experience in designing and supervising construction of similar projects. These cost estimates are to be considered preliminary until such time as a project specific design or scope of work is developed.

Finally, estimated remaining lives were determined for each of the included components based on the reported or evident present age, available industry data related to typical useful lives and the condition of the component, as determined by our physical inspection.

The capital reserve fund is not intended to cover annual maintenance. If maintenance items are included in the Capital Reserve Study, the tax status of the reserve fund can be jeopardized. However, expected lives are based on the assumption that proper annual maintenance is being performed. Therefore, this annual maintenance should be included in the Association's budget and maintenance fee. Without proper maintenance, accelerated deterioration can be expected, with shortened lives. Please note, it is only possible to reserve for future expenditures and that a current need must be financed separately by borrowing or assessments.

This Capital Reserve Study is developed as an aid in the proper financial planning of the Association. As such, the common element components included are evaluated for their physical condition and only for the purpose of estimating their remaining lives. Identification of possible deficient conditions is beyond the intent and scope of the Capital Reserve Study.

Capital Reserve Calculation

We have provided two Capital Reserve calculation methods as described below.

Component Method

The first method provided in this reserve study is what is known as the Component Method. This is the most conservative approach to calculating the reserve requirement. The Component Method analyzes each component individually and assumes that the money collected for each item will only be used to replace that item. Our program uses assumed rates of interest and inflation in the calculation of the annual contribution and fully funded balance. We compare the actual balance in the Association's Reserve Fund with the calculated fully funded balance and determine if a surplus or deficit condition exists. If a deficit condition exists, an additional contribution is calculated for each component to offset the deficit.

Threshold Funding Method

The second calculation method is known as the Threshold Funding Method. This method pools all the components and assumes that the money contributed to the fund is available for replacement of any item. Looking out over the next 30 years, the annual contribution is determined by lowering the contribution until the closing balance for any given year reaches a predetermined threshold. We typically provide two Threshold Method scenarios. These thresholds are based on a percentage of the current replacement cost of all the components in the Reserve Study. Basing the threshold on a percentage of the replacement cost of all components keeps the minimum proportional to the needs of a specific community.

This minimizes the annual contribution while maintaining a minimum closing balance. Determining the optimum minimum closing balance is a subjective task. Certainly, the lower the minimum acceptable balance is the greater the risk that the fund will experience a deficit. It should be noted that this method only considers Reserve Account balances over the next 30 years. Large capital expenditures just beyond the 30-year window will not be considered using this method until in the future they fall within the 30-year window.

Capital Reserve Recommendations

Merion Station has a total of 6 components in the reserve analysis with a current Replacement Cost of $169,483. Merion Station has a total of $26,800 in the reserve fund. Using the Component Method, we have determined that the Basic Annual Contribution to the reserve fund should be $9,027. The fully funded balance required is $135,649. This leaves deficit of $108,849 in the reserve fund. The deficit will be offset on an annual basis, for each reserve component, based on the remaining lives. The total of the Contribution Adjustment is $22,970. This results in a Total Contribution to the reserve fund for the budget year of $31,996.

For the Threshold Funding calculations, as directed by the Association, we have used minimum closing balances of 5% and 10% of the Total Replacement Cost of all components. This means that using the given assumptions, the closing balance will never go below those minimum balances. The Threshold Funding results in first year Annual Contributions of $14,229 and $14,856.

We suggest that you plan your annual contributions over the next few years according to either the Component or Threshold Funding options. At no later than three years, we suggest that you contact us for an update based on a proper engineering review of the facility and replacement costs.

It should be noted that higher rates of inflation, lower earned interest rates or prematurely failing components can result in a negative closing cash balance. In addition, it is important to note that the capital fund contributions each year are assumed to rise at the assumed rate of inflation. Failure to raise the annual contributions with inflation will reduce the closing balance. We recommend that the Association review this Capital Reserve Study with their Certified Public Accountant to be utilized in the preparation of their annual budget.

James H. Stegemerten RS
Senior Project Manager
CAI Reserve Specialist #145

Component Narrative

Project Name: Merion Station
Project Location: Columbia, Maryland
Project Number: 23-1358
Date of Study: November 2023
Month Contributions Commence: January 2024

Interest Rate: 1.00%
Inflation Rate: 3.00%

Site

Description: Asphalt Paving Parking Bays 25%

Quantity:	1,673 SY	Cost Per Unit:	$22.00	Replacement Cost:	$36,806
		Typical Life:	25	Est Rem Life:	3

Comment:
The estimated cost is for the full mill and overlay of the asphalt parking bays located along all the streets in the community. The total area is 6,690 sy.

Asphalt paving requires regular maintenance, including crack filling and pot hole repair to prevent accelerated damage.

Description: Asphalt Paving Parking Bays 25%

Quantity:	1,673 SY	Cost Per Unit:	$22.00	Replacement Cost:	$36,806
		Typical Life:	25	Est Rem Life:	7

Comment:
The estimated cost is for the full mill and overlay of the asphalt parking bays located along all the streets in the community. The total area is 6,690 sy.

Asphalt paving requires regular maintenance, including crack filling and pot hole repair to prevent accelerated damage.

Component Narrative

Project Name: Merion Station
Project Location: Columbia, Maryland
Project Number: 23-1358
Date of Study: November 2023
Month Contributions Commence: January 2024

Interest Rate: 1.00%
Inflation Rate: 3.00%

Site

Description: Asphalt Paving Parking Bays 25%

Quantity:	1,673 SY	Cost Per Unit:	$22.00	Replacement Cost:	$36,806
		Typical Life:	25	Est Rem Life:	10

Comment:
The estimated cost is for the full mill and overlay of the asphalt parking bays located along all the streets in the community. The total area is 6,690 sy.

Asphalt paving requires regular maintenance, including crack filling and pot hole repair to prevent accelerated damage.

Description: Asphalt Paving Parking Bays 25%

Quantity:	1,673 SY	Cost Per Unit:	$22.00	Replacement Cost:	$36,806
		Typical Life:	25	Est Rem Life:	5

Comment:
The estimated cost is for the full mill and overlay of the asphalt parking bays located along all the streets in the community. The total area is 6,690 sy.

Asphalt paving requires regular maintenance, including crack filling and pot hole repair to prevent accelerated damage.

Component Narrative

Project Name: Merion Station
Project Location: Columbia, Maryland
Project Number: 23-1358
Date of Study: November 2023
Month Contributions Commence: January 2024

Interest Rate: 1.00%
Inflation Rate: 3.00%

Site

Description: Community Signage

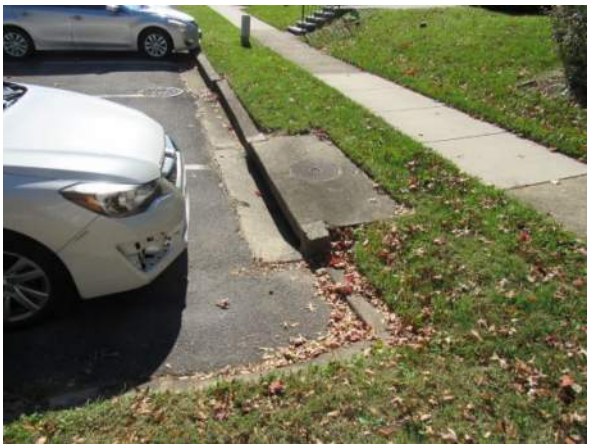
Quantity:	1 LS	Cost Per Unit:	$4,500.00	Replacement Cost:	$4,500
		Typical Life:	25	Est Rem Life:	6

Comment:
The estimated cost is for the replacement of the sign placard, including the framing and base repair.

Description: Curbing, Concrete, 10%

Quantity:	413 LF	Cost Per Unit:	$43.00	Replacement Cost:	$17,759
		Typical Life:	20	Est Rem Life:	10

Comment:
The estimated cost is for the replacement of the concrete curbing located at the parking bay areas. Concrete can have an extended useful life, so a percentage is provided based on age and condition during our site inspections. The total area is 4,137 lf.



Capital Reserve Calculations

Tuesday, November 21, 2023

Reserve Summary

Project Name: Merion Station
Project Location: Columbia, Maryland
Project Number: 23-1358
Date of Study: November 2023
Month Contributions Commence: January 2024

Interest Rate: 1.00%
Inflation Rate: 3.00%

		RESERVES			CONTRIBUTION		
Site	Replacement Cost	Present Fund	Required Fund	Surplus (Deficit)	Basic Annual	Adjustment*	Total
Site	$169,483	$26,800	$135,649	($108,849)	$9,027	$22,970	$31,996
TOTALS	$169,483	$26,800	$135,649	($108,849)	$9,027	$22,970	$31,996

Component Schedule

Project Name: Merion Station
Project Location: Columbia, Maryland
Project Number: 23-1358
Date of Study: November 2023
Month Contributions Commence: January 2024

Interest Rate: 1.00%
Inflation Rate: 3.00%

Description	Replacement Cost	Est. Rem. Life	Typical Life	Basic Annual Contrib.	Percent Total	Present Fund	Required Fund	Surplus (Deficit)	Contrib. Adjustment
Site									
Asphalt Paving Parking Bays 25%	$36,806	3	25	$1,917	25.20%	$6,754	$34,185	($27,431)	$9,651
Asphalt Paving Parking Bays 25%	$36,806	7	25	$1,917	21.87%	$5,862	$29,670	($23,808)	$3,808
Asphalt Paving Parking Bays 25%	$36,806	10	25	$1,917	18.90%	$5,066	$25,643	($20,577)	$2,389
Asphalt Paving Parking Bays 25%	$36,806	5	25	$1,917	23.64%	$6,334	$32,061	($25,727)	$5,603
Community Signage	$4,500	6	25	$234	2.78%	$746	$3,778	($3,031)	$558
Curbing, Concrete, 10%	$17,759	10	20	$1,124	7.60%	$2,037	$10,311	($8,274)	$961
Totals	$169,483			$9,027	100.00%	$26,800	$135,649	($108,849)	$22,970

Component Detail

Project Name: Merion Station
Project Location: Columbia, Maryland
Project Number: 23-1358
Date of Study: November 2023
Month Contributions Commence: January 2024

Interest Rate: 1.00%
Inflation Rate: 3.00%

Site	Quantity	Replacement Cost	RESERVES Present Fund	RESERVES Required Fund	RESERVES Surplus (Deficit)	CONTRIBUTION Basic Annual	CONTRIBUTION Adjustment*	CONTRIBUTION Total
Asphalt Paving Parking Bays 25%	1,673 SY	$36,806	$6,754	$34,185	($27,431)	$1,917	$9,651	$11,568
Asphalt Paving Parking Bays 25%	1,673 SY	$36,806	$5,862	$29,670	($23,808)	$1,917	$3,808	$5,725
Asphalt Paving Parking Bays 25%	1,673 SY	$36,806	$5,066	$25,643	($20,577)	$1,917	$2,389	$4,306
Asphalt Paving Parking Bays 25%	1,673 SY	$36,806	$6,334	$32,061	($25,727)	$1,917	$5,603	$7,520
Community Signage	1 LS	$4,500	$746	$3,778	($3,031)	$234	$558	$792
Curbing, Concrete, 10%	413 LF	$17,759	$2,037	$10,311	($8,274)	$1,124	$961	$2,085
TOTALS		$169,483	$26,800	$135,649	($108,849)	$9,027	$22,970	$31,996

Disbursement Schedule

Project Name: Merion Station
Project Location: Columbia, Maryland
Project Number: 23-1358
Date of Study: November 2023
Month Contributions Commence: January 2024

Interest Rate: 1.00%
Inflation Rate: 3.00%

Year	Description	Base Cost	Future Replacement Cost
2027			
	Asphalt Paving Parking Bays 25%	$36,806	$40,219
		$36,806	**$40,219**
2029			
	Asphalt Paving Parking Bays 25%	$36,806	$42,668
		$36,806	**$42,668**
2030			
	Community Signage	$4,500	$5,373
		$4,500	**$5,373**
2031			
	Asphalt Paving Parking Bays 25%	$36,806	$45,267
		$36,806	**$45,267**
2034			
	Asphalt Paving Parking Bays 25%	$36,806	$49,464
	Curbing, Concrete, 10%	$17,759	$23,867
		$54,565	**$73,331**
2052			
	Asphalt Paving Parking Bays 25%	$36,806	$84,209
		$36,806	**$84,209**
2054			
	Asphalt Paving Parking Bays 25%	$36,806	$89,338
	Curbing, Concrete, 10%	$17,759	$43,106
		$54,565	**$132,444**

Reserve Fund Scenario

Project Name: Merion Station
Project Location: Columbia, Maryland
Project Number: 23-1358
Date of Study: November 2023
Month Contributions Commence: January 2024

Calculation Method: Component
Interest Rate: 1.00%
Inflation Rate: 3.00%

Year	Opening Balance	Annual Contribution	Contribution Adjustment	Disbursements	Earned Interest	Closing Balance
2024	$26,800	$9,027	$22,970	$0	$441	$59,238
2025	$59,238	$9,298	$23,659	$0	$771	$92,965
2026	$92,965	$9,577	$24,368	$0	$1,114	$128,023
2027	$128,023	$9,864	$14,554	$40,219	$1,412	$113,635
2028	$113,635	$10,160	$14,990	$0	$1,273	$140,057
2029	$140,057	$10,465	$8,945	$42,668	$1,506	$118,305
2030	$118,305	$10,778	$8,547	$5,373	$1,288	$133,545
2031	$133,545	$11,102	$4,120	$45,267	$1,418	$104,918
2032	$104,918	$11,435	$4,244	$0	$1,134	$121,731
2033	$121,731	$11,778	$4,371	$0	$1,305	$139,185
2034	$139,185	$12,131	$0	$73,331	$1,458	$79,443
2035	$79,443	$12,495	$0	$0	$862	$92,800
2036	$92,800	$12,870	$0	$0	$998	$106,668
2037	$106,668	$13,256	$0	$0	$1,138	$121,063
2038	$121,063	$13,654	$0	$0	$1,285	$136,001
2039	$136,001	$14,063	$0	$0	$1,436	$151,501
2040	$151,501	$14,485	$0	$0	$1,593	$167,579
2041	$167,579	$14,920	$0	$0	$1,757	$184,256
2042	$184,256	$15,368	$0	$0	$1,926	$201,549
2043	$201,549	$15,829	$0	$0	$2,101	$219,479
2044	$219,479	$16,303	$0	$0	$2,283	$238,066
2045	$238,066	$16,793	$0	$0	$2,472	$257,330
2046	$257,330	$17,296	$0	$0	$2,667	$277,293
2047	$277,293	$17,815	$0	$0	$2,869	$297,978
2048	$297,978	$18,350	$0	$0	$3,079	$319,406
2049	$319,406	$18,900	$0	$0	$3,296	$341,603
2050	$341,603	$19,467	$0	$0	$3,521	$364,592
2051	$364,592	$20,051	$0	$0	$3,755	$388,397
2052	$388,397	$20,653	$0	$84,209	$3,996	$328,836
2053	$328,836	$21,272	$0	$0	$3,404	$353,512
2054	$353,512	$21,910	$0	$132,444	$3,654	$246,633

Reserve Fund Scenario

Project Name: Merion Station
Project Location: Columbia, Maryland
Project Number: 23-1358
Date of Study: November 2023
Month Contributions Commence: January 2024

Calculation Method: 5% of Rep. Cost
Minimum Balance: $8,474
Interest Rate: 1.00%
Inflation Rate: 3.00%

Year	Opening Balance	Annual Contribution	Contribution Adjustment	Disbursements	Earned Interest	Closing Balance
2024	$26,800	$14,229	$0	$0	$345	$41,374
2025	$41,374	$14,656	$0	$0	$493	$56,523
2026	$56,523	$15,096	$0	$0	$647	$72,266
2027	$72,266	$15,549	$0	$40,219	$807	$48,403
2028	$48,403	$16,015	$0	$0	$571	$64,989
2029	$64,989	$16,495	$0	$42,668	$739	$39,555
2030	$39,555	$16,990	$0	$5,373	$488	$51,660
2031	$51,660	$17,500	$0	$45,267	$611	$24,504
2032	$24,504	$18,025	$0	$0	$343	$42,872
2033	$42,872	$18,566	$0	$0	$529	$61,967
2034	$61,967	$19,123	$0	$73,331	$723	$8,482
2035	$8,482	$19,697	$0	$0	$192	$28,371
2036	$28,371	$20,288	$0	$0	$394	$49,053
2037	$49,053	$20,897	$0	$0	$604	$70,554
2038	$70,554	$21,524	$0	$0	$822	$92,900
2039	$92,900	$22,170	$0	$0	$1,049	$116,119
2040	$116,119	$22,835	$0	$0	$1,285	$140,239
2041	$140,239	$23,520	$0	$0	$1,530	$165,289
2042	$165,289	$24,226	$0	$0	$1,784	$191,299
2043	$191,299	$24,953	$0	$0	$2,048	$218,300
2044	$218,300	$25,702	$0	$0	$2,322	$246,324
2045	$246,324	$26,473	$0	$0	$2,607	$275,404
2046	$275,404	$27,267	$0	$0	$2,902	$305,573
2047	$305,573	$28,085	$0	$0	$3,208	$336,866
2048	$336,866	$28,928	$0	$0	$3,525	$369,319
2049	$369,319	$29,796	$0	$0	$3,855	$402,970
2050	$402,970	$30,690	$0	$0	$4,196	$437,856
2051	$437,856	$31,611	$0	$0	$4,550	$474,017
2052	$474,017	$32,559	$0	$84,209	$4,917	$427,284
2053	$427,284	$33,536	$0	$0	$4,454	$465,274
2054	$465,274	$34,542	$0	$132,444	$4,840	$372,212

Reserve Fund Scenario

Project Name: Merion Station
Project Location: Columbia, Maryland
Project Number: 23-1358
Date of Study: November 2023
Month Contributions Commence: January 2024

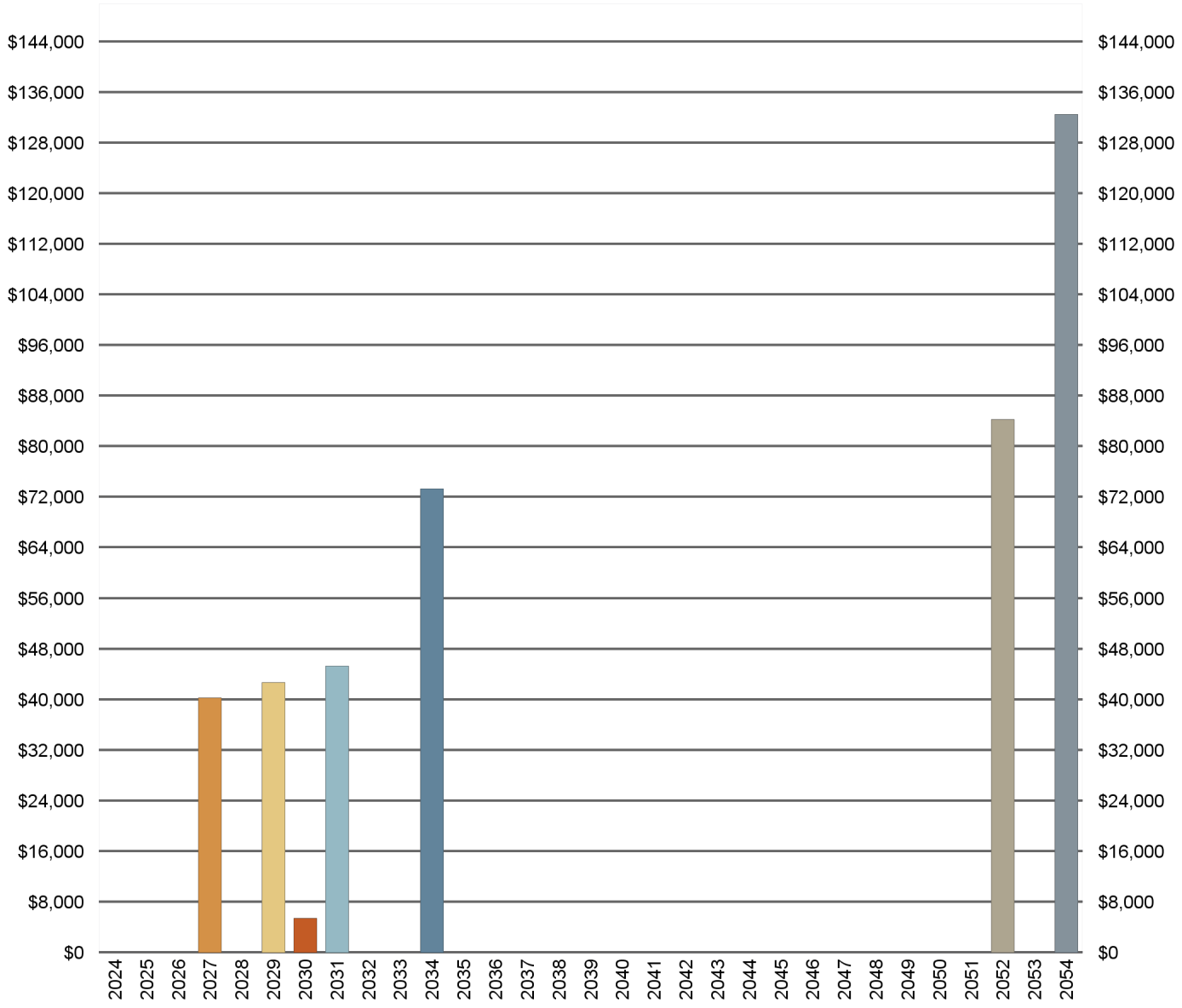
Calculation Method: 10% of Rep. Cost
Minimum Balance: $16,948
Interest Rate: 1.00%
Inflation Rate: 3.00%

Year	Opening Balance	Annual Contribution	Contribution Adjustment	Disbursements	Earned Interest	Closing Balance
2024	$26,800	$14,856	$0	$0	$348	$42,004
2025	$42,004	$15,302	$0	$0	$503	$57,809
2026	$57,809	$15,761	$0	$0	$663	$74,233
2027	$74,233	$16,234	$0	$40,219	$830	$51,078
2028	$51,078	$16,721	$0	$0	$601	$68,400
2029	$68,400	$17,223	$0	$42,668	$777	$43,732
2030	$43,732	$17,740	$0	$5,373	$533	$56,632
2031	$56,632	$18,272	$0	$45,267	$665	$30,302
2032	$30,302	$18,820	$0	$0	$405	$49,527
2033	$49,527	$19,385	$0	$0	$600	$69,512
2034	$69,512	$19,967	$0	$73,331	$803	$16,951
2035	$16,951	$20,566	$0	$0	$281	$37,798
2036	$37,798	$21,183	$0	$0	$493	$59,474
2037	$59,474	$21,818	$0	$0	$713	$82,005
2038	$82,005	$22,473	$0	$0	$942	$105,420
2039	$105,420	$23,147	$0	$0	$1,180	$129,747
2040	$129,747	$23,841	$0	$0	$1,427	$155,015
2041	$155,015	$24,556	$0	$0	$1,683	$181,254
2042	$181,254	$25,293	$0	$0	$1,950	$208,497
2043	$208,497	$26,052	$0	$0	$2,226	$236,775
2044	$236,775	$26,834	$0	$0	$2,513	$266,122
2045	$266,122	$27,639	$0	$0	$2,811	$296,572
2046	$296,572	$28,468	$0	$0	$3,120	$328,160
2047	$328,160	$29,322	$0	$0	$3,440	$360,922
2048	$360,922	$30,202	$0	$0	$3,773	$394,897
2049	$394,897	$31,108	$0	$0	$4,117	$430,122
2050	$430,122	$32,041	$0	$0	$4,475	$466,638
2051	$466,638	$33,002	$0	$0	$4,845	$504,485
2052	$504,485	$33,992	$0	$84,209	$5,229	$459,497
2053	$459,497	$35,012	$0	$0	$4,785	$499,294
2054	$499,294	$36,062	$0	$132,444	$5,188	$408,100

Disbursements by Year

Project Name:	Merion Station
Project Location:	Columbia, Maryland
Project Number:	23-1358
Date of Study:	November 2023

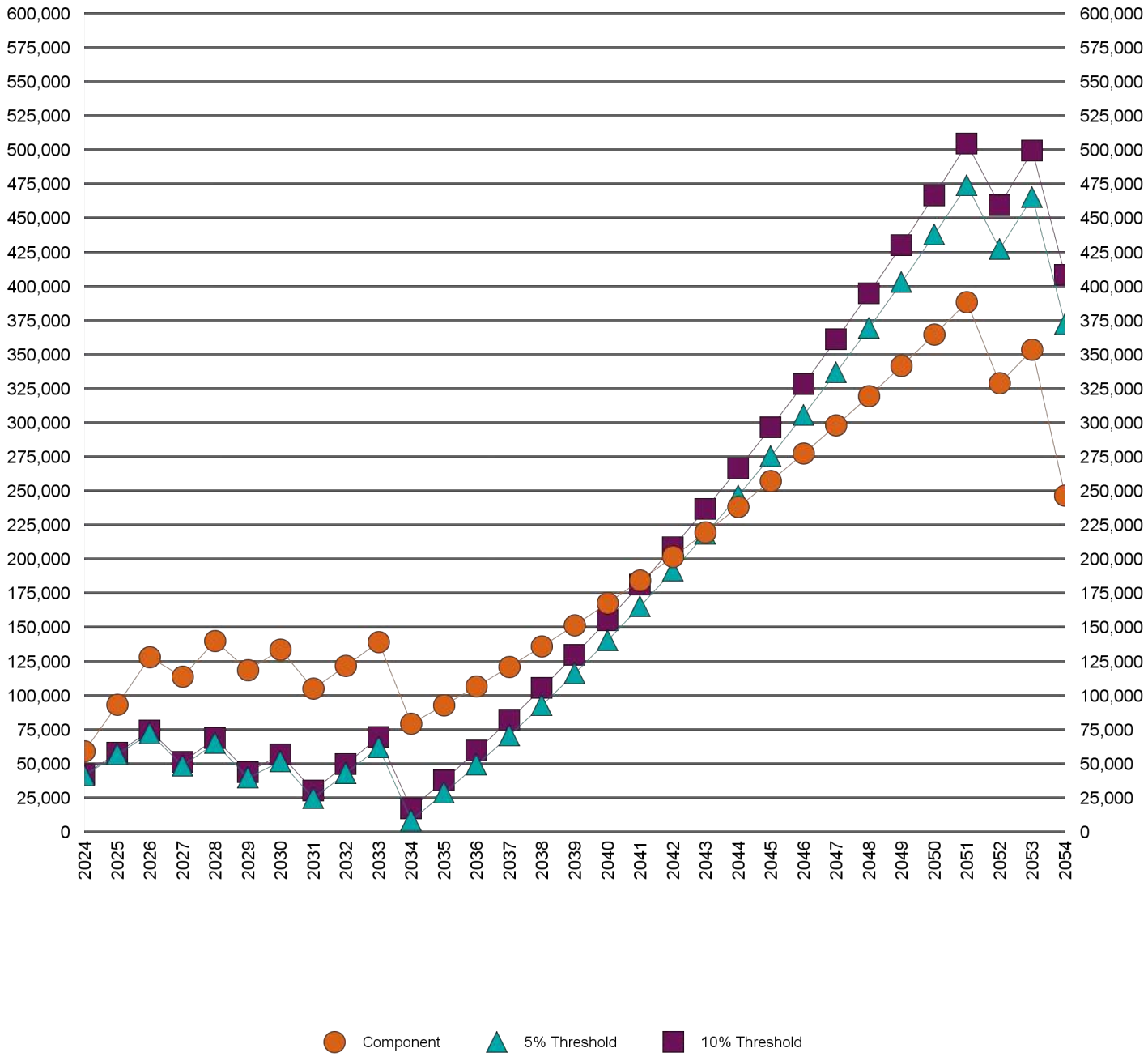
Interest Rate:	1.00%
Inflation Rate:	3.00%



Reserve Fund Closing Balance

Project Name:	Merion Station
Project Location:	Columbia, Maryland
Project Number:	23-1358
Date of Study:	November 2023

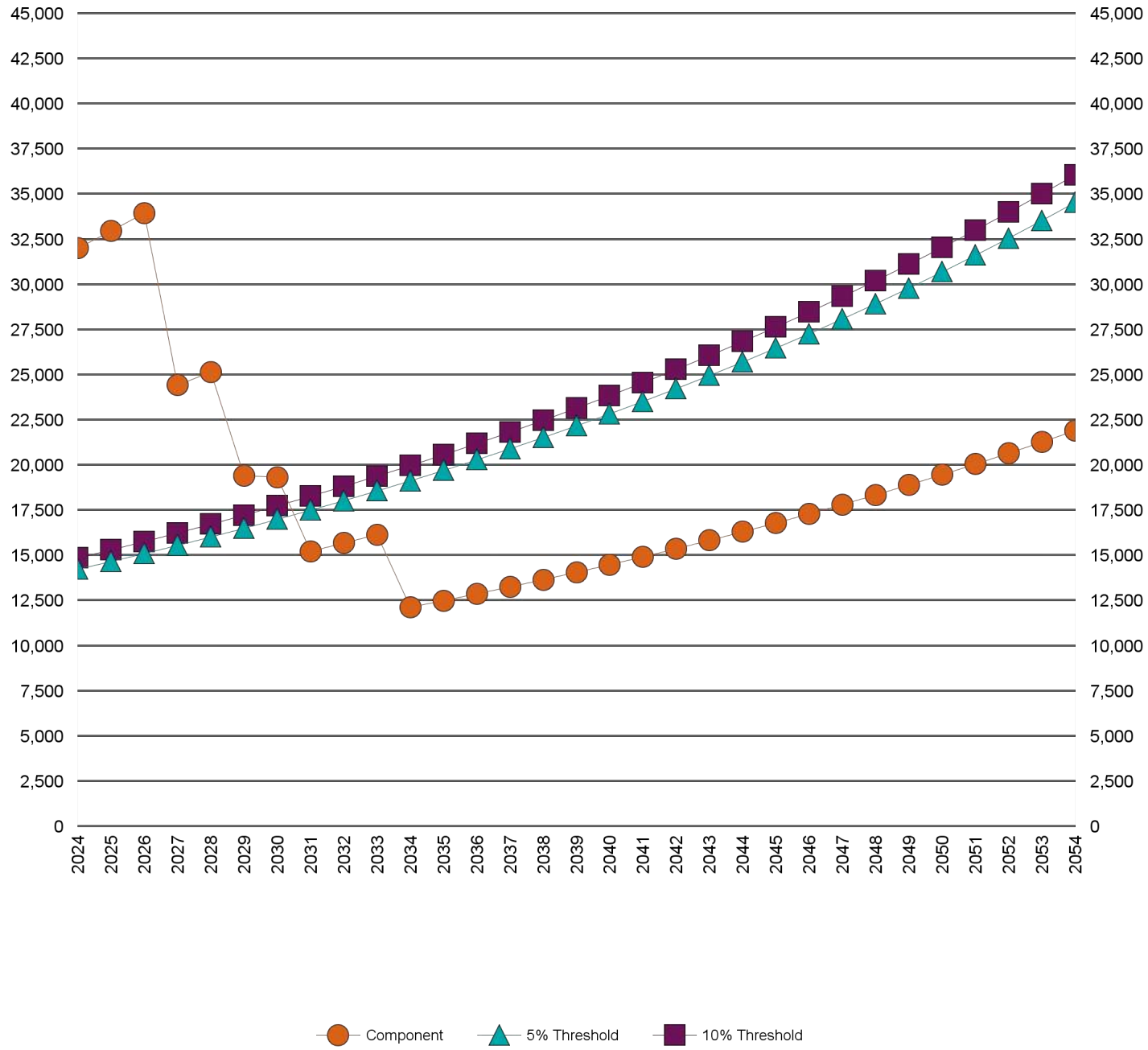
Interest Rate:	1.00%
Inflation Rate:	3.00%



Reserve Fund Contributions

Project Name: Merion Station
Project Location: Columbia, Maryland
Project Number: 23-1358
Date of Study: November 2023

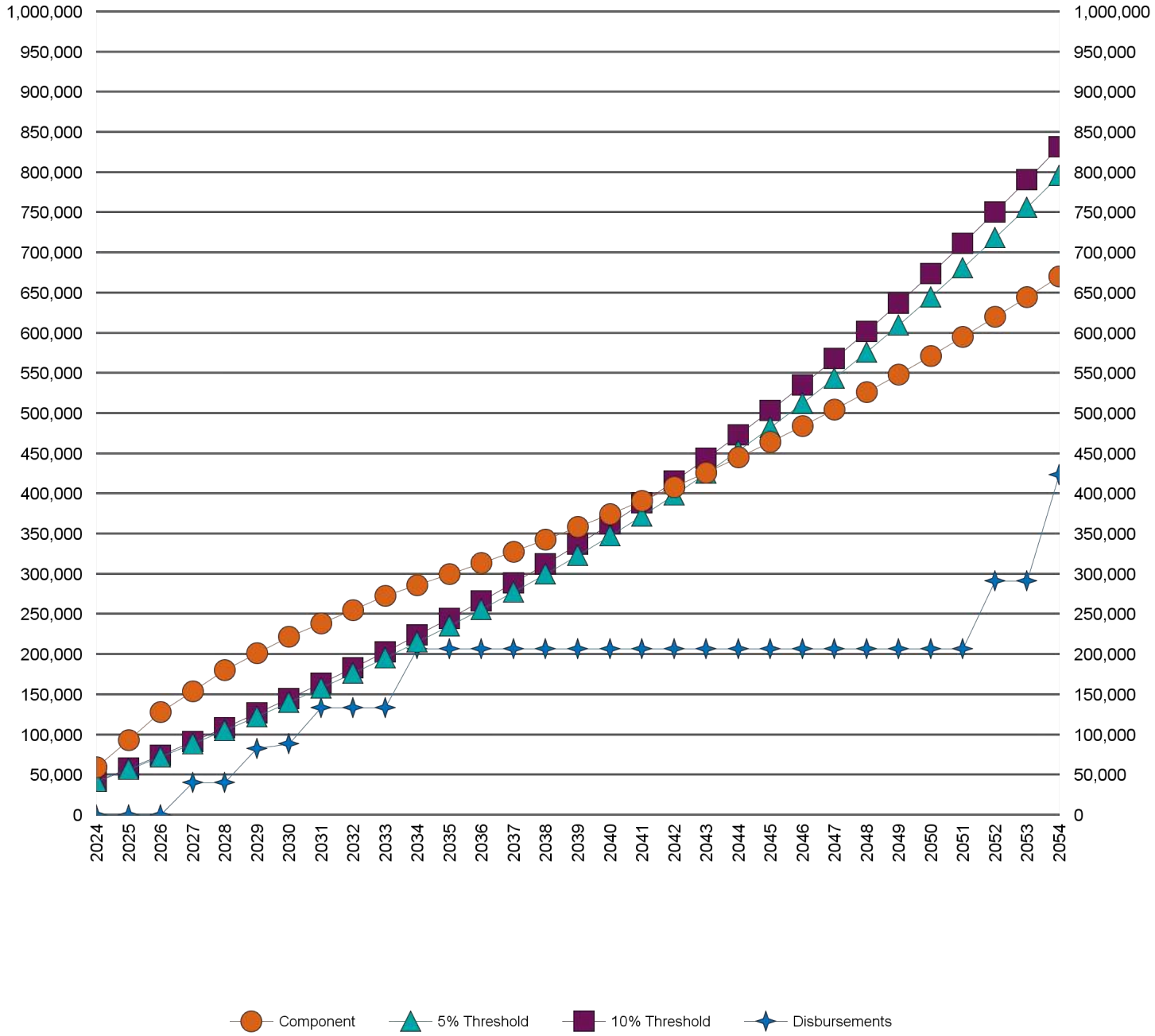
Interest Rate: 1.00%
Inflation Rate: 3.00%



Cumulative Contributions and Disbursements

Project Name:	Merion Station
Project Location:	Columbia, Maryland
Project Number:	23-1358
Date of Study:	November 2023

Interest Rate:	1.00%
Inflation Rate:	3.00%



Definitions

Definitions

Base Cost - See definition "Current Replacement Cost Allowance." This calculation, based on current costs, is increased according to the assumed rates of inflation in the "Disbursement Schedule."

Basic Annual Contribution - This is the amount that should have been contributed each year, while considering assumed rates of interest and inflation, to accumulate a reserve equal to the Current Replacement Cost at the anticipated replacement time (end-of-life). This is roughly calculated.

Contribution Adjustment - If the capital reserve fund for a component is not fully funded, this is the increase in annual contributions that would be required to fully fund the reserve before the estimated end-of-life. If the capital reserve fund for a component is over-funded, this is the decrease in annual contributions that would offset the over-funded condition.

Contribution, Total - This is the recommended Basic Annual Contribution plus the "Contribution Adjustment" (see definition) required to make up for past underfunding before replacement of the component is estimated to be required. The amount can decrease in future years because the required Contribution Adjustment decreases each year in which a reserve fund for a capital component is fully funded.

Current Replacement Cost - The estimated cost to replace a component in kind at the time of the Study.

Estimated Remaining Life - The anticipated number of years before replacement of this component can be expected to be necessary. This is based on the normal life, the current age, and an engineering assessment that considers site-specific condition.

Deficit - This shows the amount that the Present Fund is undercapitalized. It is the present fund minus the Required Fund, A positive number (surplus) means excess cash reserves have been set aside to date. A negative number indicates a deficit in the Present Fund; this underfunding can be made up in one of two ways: 1) an increase in the annual fees to catch up or, 2) a special assessment between now and when the component requires replacement. This Study assumes the second method is used and recommends annual makeup on that basis.

Interest - Interest accumulated on the capital reserve fund deposit based on the assumed interest rate listed at the top of the "Projected Cash Flow" pages.

Inflation - The increased cost of future replacement expenditures are based on an assumed rate of inflation.

Opening Balance - On the "Projected Cash Flow" pages, this is the reported total reserve fund on deposit

for the condominium Association.

Percent Funded - Represents the ratio of the Reserve Fund balance to the Required Fund or Fully Funded Balance. This is a measure of the financial health of the Reserve Fund and an indicator of the risk of the future necessity of special assessments.

Percentage Of Total - Percent of total recommended Basic Annual Contribution. This shows the significance of specific components relative to required contributions to the capital reserve fund.

Present Age - Age of the component at the time of this Study.

Present Fund - Present funds set aside for capital component replacement at this time. If present funds are not reserved for specific components but are an unallocated pool, the total present funds allocated between the components according to the Percentage Of Total column.

Required Fund - This amount should have been set aside for each component in the fund to be considered fully funded.

Surplus - This shows the amount that the Present Fund is overcapitalized. It is the present fund minus the Required Fund. A positive number (surplus) means excess cash reserves have been set aside to date.

Typical Life - The anticipated number of years that a component may be expected to provide adequate service. Please note that this is based on industry standards. A component may outlive, or require replacement prior to, its typical life.

Abbreviations:

EA - Each

LF - Linear Foot

LS - Lump Sum

SF - Square Foot

SY - Square Yard