



December 14, 2010

Mr. JR Leonard
Avalon Associates, Inc
247 Woodholme Way
Elkton, MD 21921

RE: WASHINGTON HOUSE REPLACEMENT RESERVES ANALYSIS

Dear Mr. Leonard:

Please find the enclosed Washington House Replacement Reserves Analysis for your use. We have assembled this document based on field measurements and as-build take-offs as well as current unit pricing for projects of similar size in this area and believe this to be an accurate representation of 2010 costs.

Included in this analysis:

1. Inventory of Infrastructure
2. 30-year Schedule of Replacements, and
3. Cash-flow Graphic and schedule of values

We recommend re-inspecting Washington House in three to five years and updating this analysis accordingly to reflect current pricing and conditions. According to this analysis, a per unit share (66 shares) monthly contribution of \$110.74 is required to fund all future infrastructure related improvement activities.

Please let me know if you have any questions or require additional information. We look forward to working with you in the future.

Sincerely,

John W. Schneider, Jr., P.E.

Enclosures

Replacement Reserve Analysis



Washington House
Inventory of Infrastructure - Interval Replacement

12/14/2010

ITEM #	COMPONENT	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	COMPLETE CYCLE (YRS)	INITIAL REPLACEMENT (YRS)	TOTAL REPLACEMENT COST (\$)
1	Mill & Overlay Hot-Mix Parking	SF	5000	\$ 3.50	20	18	\$ 17,500.00
2	Asphalt Repairs - Allowance @	SF	100	\$ 16.00	5	3	\$ 1,600.00
3	Concrete Surfaces Repairs - All	LS	1	\$ 2,500.00	5	3	\$ 2,500.00
4	Roof Replacement - Metal	SQ	145	\$ 1,450.00	30	28	\$ 210,250.00
5	Roof Replacement - EPDM	SQ	160	\$ 660.00	25	23	\$ 105,600.00
6	Ext. Facade Repair	LS	1	\$ 472,500.00	30	28	\$ 472,500.00
7	Balcony Repair/Renovation	LS	1	\$ 3,000.00	5	5	\$ 3,000.00
8	Balcony Railing Replacement	EA	54	\$ 700.00	30	28	\$ 37,800.00
9	Building Main Entry Door	EA	3	\$ 3,200.00	25	23	\$ 9,600.00
10	Del. Ave. Storefront Glass	LS	1	\$ 12,000.00	30	28	\$ 12,000.00
11	Main St. Storefront Glass	LS	1	\$ 18,000.00	30	28	\$ 18,000.00
12	Unit Window Replace - 1st Floor	EA	18	\$ 3,000.00	30	28	\$ 54,000.00
13	Unit Window Replace - 2nd Floor	EA	20	\$ 3,000.00	30	28	\$ 60,000.00
14	Unit Window Replace - 3rd Floor	EA	16	\$ 6,500.00	30	28	\$ 104,000.00
15	Balcony Door Replace - 1st Floor	EA	18	\$ 5,000.00	30	28	\$ 90,000.00
16	Balcony Door Replace - 2nd Floor	EA	20	\$ 4,800.00	30	28	\$ 96,000.00
17	Balcony Door Replace - 3rd Floor	EA	16	\$ 4,000.00	30	28	\$ 64,000.00
18	Garage Concrete Repairs	LS	1	\$ 58,500.00	20	18	\$ 58,500.00
19	Garage Concrete Deck Seal	LS	1	\$ 13,500.00	10	8	\$ 13,500.00
20	Garage Lighting	LS	1	\$ 4,200.00	30	28	\$ 4,200.00
21	Common Area - Floor Covering	SY	645	\$ 62.00	10	8	\$ 39,990.00
22	Common Area - Wall Covering	SF	7400	\$ 3.00	10	8	\$ 22,200.00
23	Unit Door Refurbish	EA	54	\$ 250.00	15	13	\$ 13,500.00
24	Common Area Lighting	LS	1	\$ 18,250.00	25	23	\$ 18,250.00

Replacement Reserve Analysis



Washington House
 Schedule of Replacements - Years 1 to 6

12/14/2010

2010	
PROJECT MANAGEMENT & ADMIN. (10%)	\$ -
TOTAL FISCAL IMPROVEMENTS	\$ -

2011	
PROJECT MANAGEMENT & ADMIN. (10%)	\$ -
TOTAL FISCAL IMPROVEMENTS	\$ -

2012	
40 MEP Allowance	\$ 2,500.00
PROJECT MANAGEMENT & ADMIN. (10%)	\$ 250.00
TOTAL FISCAL IMPROVEMENTS	\$ 2,750.00

2013	
2 Asphalt Repairs - Allowance @ 2%	\$ 1,600.00
3 Concrete Surfaces Repairs - Allowance	\$ 2,500.00
PROJECT MANAGEMENT & ADMIN. (10%)	\$ 410.00
TOTAL FISCAL IMPROVEMENTS	\$ 4,510.00

2014	
40 MEP Allowance	\$ 2,500.00
PROJECT MANAGEMENT & ADMIN. (10%)	\$ 250.00
TOTAL FISCAL IMPROVEMENTS	\$ 2,750.00

2015	
7 Balcony Repair/Renovation	\$ 3,000.00
PROJECT MANAGEMENT & ADMIN. (10%)	\$ 300.00
TOTAL FISCAL IMPROVEMENTS	\$ 3,300.00

Replacement Reserve Analysis



Washington House
Schedule of Replacements - Years 7 to 12

12/14/2010

2016	
40 MEP Allowance	\$ 2,500.00
PROJECT MANAGEMENT & ADMIN. (10%)	\$ 250.00
TOTAL FISCAL IMPROVEMENTS	\$ 2,750.00

2017	
PROJECT MANAGEMENT & ADMIN. (10%)	\$ -
TOTAL FISCAL IMPROVEMENTS	\$ -

2018	
2 Asphalt Repairs - Allowance @ 2%	\$ 1,600.00
3 Concrete Surfaces Repairs - Allowance	\$ 2,500.00
19 Garage Concrete Deck Seal	\$ 13,500.00
21 Common Area - Floor Covering	\$ 39,990.00
22 Common Area - Wall Covering	\$ 22,200.00
27 Common Furniture	\$ 8,300.00
40 MEP Allowance	\$ 2,500.00
PROJECT MANAGEMENT & ADMIN. (10%)	\$ 9,059.00
TOTAL FISCAL IMPROVEMENTS	\$ 99,649.00

2019	
PROJECT MANAGEMENT & ADMIN. (10%)	\$ -
TOTAL FISCAL IMPROVEMENTS	\$ -

2020	
7 Balcony Repair/Renovation	\$ 3,000.00
40 MEP Allowance	\$ 2,500.00
PROJECT MANAGEMENT & ADMIN. (10%)	\$ 550.00
TOTAL FISCAL IMPROVEMENTS	\$ 6,050.00

2021	
PROJECT MANAGEMENT & ADMIN. (10%)	\$ -
TOTAL FISCAL IMPROVEMENTS	\$ -

Replacement Reserve Analysis



Washington House
 Schedule of Replacements - Years 13 to 18

12/14/2010

2022	
40 MEP Allowance	\$ 2,500.00
PROJECT MANAGEMENT & ADMIN. (10%)	\$ 250.00
TOTAL FISCAL IMPROVEMENTS	\$ 2,750.00

2023	
2 Asphalt Repairs - Allowance @ 2%	\$ 1,600.00
3 Concrete Surfaces Repairs - Allowance	\$ 2,500.00
23 Unit Door Refurbish	\$ 13,500.00
26 Common Rooms Flooring	\$ 28,980.00
41 Fire Pump	\$ 3,000.00
42 Garage - Entry Gate	\$ 13,000.00
PROJECT MANAGEMENT & ADMIN. (10%)	\$ 6,258.00
TOTAL FISCAL IMPROVEMENTS	\$ 68,838.00

2024	
40 MEP Allowance	\$ 2,500.00
PROJECT MANAGEMENT & ADMIN. (10%)	\$ 250.00
TOTAL FISCAL IMPROVEMENTS	\$ 2,750.00

2025	
7 Balcony Repair/Renovation	\$ 3,000.00
PROJECT MANAGEMENT & ADMIN. (10%)	\$ 300.00
TOTAL FISCAL IMPROVEMENTS	\$ 3,300.00

2026	
40 MEP Allowance	\$ 2,500.00
PROJECT MANAGEMENT & ADMIN. (10%)	\$ 250.00
TOTAL FISCAL IMPROVEMENTS	\$ 2,750.00

2027	
PROJECT MANAGEMENT & ADMIN. (10%)	\$ -
TOTAL FISCAL IMPROVEMENTS	\$ -

Replacement Reserve Analysis



Washington House
Schedule of Replacements - Years 19 to 24

12/14/2010

2028	
1 Mill & Overlay Hot-Mix Parking	\$ 17,500.00
3 Concrete Surfaces Repairs - Allowance	\$ 2,500.00
18 Garage Concrete Repairs	\$ 58,500.00
19 Garage Concrete Deck Seal	\$ 13,500.00
21 Common Area - Floor Covering	\$ 39,990.00
22 Common Area - Wall Covering	\$ 22,200.00
27 Common Furniture	\$ 8,300.00
28 Building Entry System	\$ 3,500.00
36 Trash Chute Doors	\$ 2,200.00
40 MEP Allowance	\$ 2,500.00
PROJECT MANAGEMENT & ADMIN. (10%)	\$ 17,069.00
TOTAL FISCAL IMPROVEMENTS	\$ 187,759.00

2029	
PROJECT MANAGEMENT & ADMIN. (10%)	\$ -
TOTAL FISCAL IMPROVEMENTS	\$ -

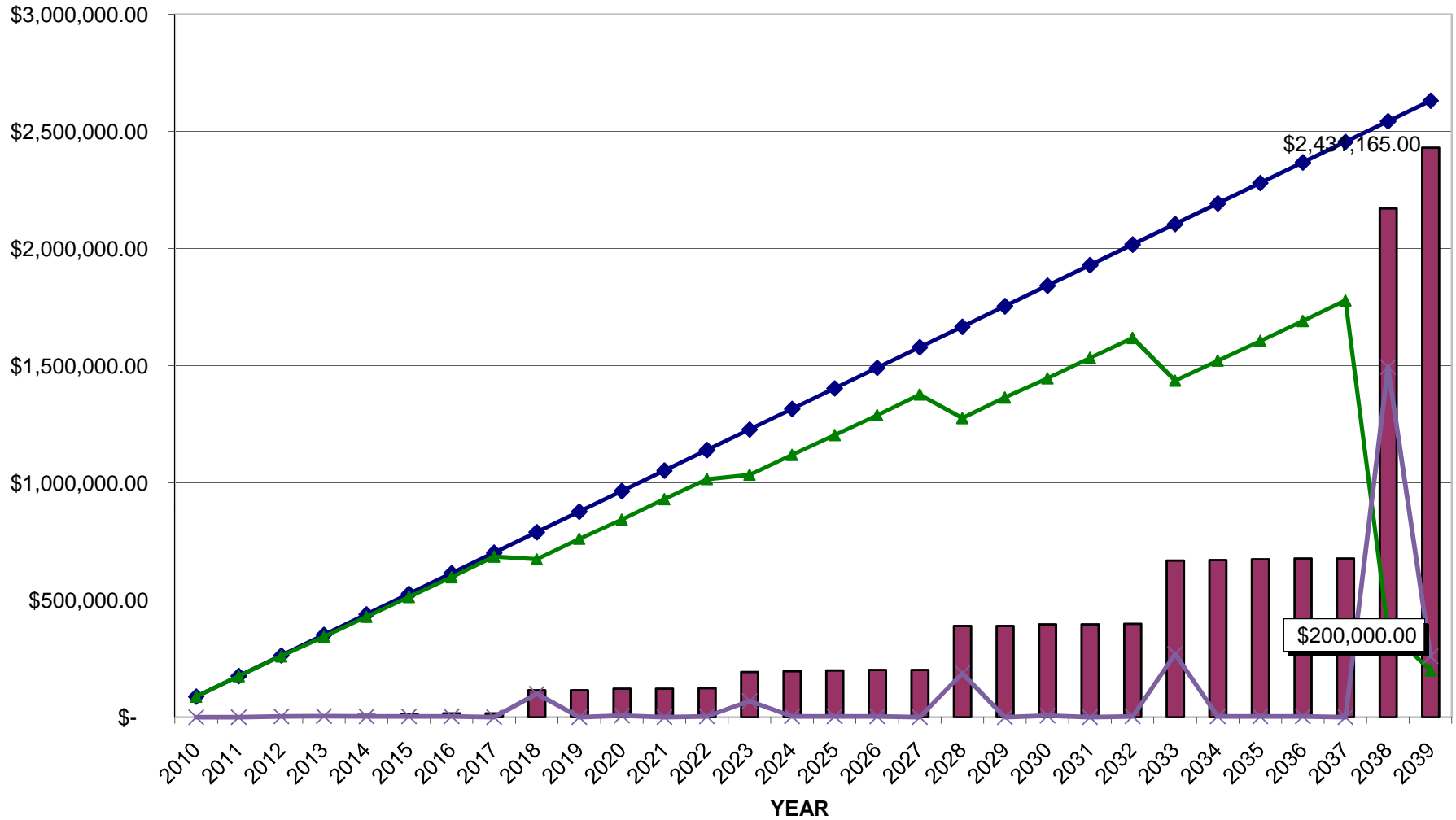
2030	
7 Balcony Repair/Renovation	\$ 3,000.00
40 MEP Allowance	\$ 2,500.00
PROJECT MANAGEMENT & ADMIN. (10%)	\$ 550.00
TOTAL FISCAL IMPROVEMENTS	\$ 6,050.00

2031	
PROJECT MANAGEMENT & ADMIN. (10%)	\$ -
TOTAL FISCAL IMPROVEMENTS	\$ -

2032	
40 MEP Allowance	\$ 2,500.00
PROJECT MANAGEMENT & ADMIN. (10%)	\$ 250.00
TOTAL FISCAL IMPROVEMENTS	\$ 2,750.00

2033	
2 Asphalt Repairs - Allowance @ 2%	\$ 1,600.00
3 Concrete Surfaces Repairs - Allowance	\$ 2,500.00
5 Roof Replacement - EPDM	\$ 105,600.00
9 Building Main Entry Door	\$ 9,600.00
24 Common Area Lighting	\$ 18,250.00
29 HVAC Hallway	\$ 80,000.00
30 HVAC Gym	\$ 4,500.00
31 HVAC Common	\$ 4,500.00
32 HVAC Lobby	\$ 7,000.00
33 HVAC Elevator Mech. Room	\$ 3,400.00
34 HVAC Unit Storage	\$ 3,400.00
35 HVAC Utility Room	\$ 5,000.00
PROJECT MANAGEMENT & ADMIN. (10%)	\$ 24,535.00
TOTAL FISCAL IMPROVEMENTS	\$ 269,885.00

Cumulative Receipts & Expenditures



Replacement Reserve Analysis



Washington House
Schedule of Expenditures

12/14/10

2009 Year-End Reserves: \$ -
Calculated Monthly Contribution: \$ 110.74 per share (66 shares)

YEAR	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	TEN YEAR SUMMARIES
Starting Balance	\$ -										
Annual Deposit	\$ 87,705.50	\$ 87,705.50	\$ 87,705.50	\$ 87,705.50	\$ 87,705.50	\$ 87,705.50	\$ 87,705.50	\$ 87,705.50	\$ 87,705.50	\$ 87,705.50	
Expenditures	\$ -	\$ -	\$ 2,750.00	\$ 4,510.00	\$ 2,750.00	\$ 3,300.00	\$ 2,750.00	\$ -	\$ 99,649.00	\$ -	\$ 115,709.00
Year End Balance	\$ 87,705.50	\$ 175,411.00	\$ 260,366.50	\$ 343,562.00	\$ 428,517.50	\$ 512,923.00	\$ 597,878.50	\$ 685,584.00	\$ 673,640.50	\$ 761,346.00	
Cumulative Expenditures	\$ -	\$ -	\$ 2,750.00	\$ 7,260.00	\$ 10,010.00	\$ 13,310.00	\$ 16,060.00	\$ 16,060.00	\$ 115,709.00	\$ 115,709.00	\$ 115,709.00
Cumulative Receipts	\$ 87,705.50	\$ 175,411.00	\$ 263,116.50	\$ 350,822.00	\$ 438,527.50	\$ 526,233.00	\$ 613,938.50	\$ 701,644.00	\$ 789,349.50	\$ 877,055.00	\$ 877,055.00

YEAR	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	TEN YEAR SUMMARIES
Annual Deposit	\$ 87,705.50	\$ 87,705.50	\$ 87,705.50	\$ 87,705.50	\$ 87,705.50	\$ 87,705.50	\$ 87,705.50	\$ 87,705.50	\$ 87,705.50	\$ 87,705.50	
Expenditures	\$ 6,050.00	\$ -	\$ 2,750.00	\$ 68,838.00	\$ 2,750.00	\$ 3,300.00	\$ 2,750.00	\$ -	\$ 187,759.00	\$ -	\$ 274,197.00
Year End Balance	\$ 843,001.50	\$ 930,707.00	\$ 1,015,662.50	\$ 1,034,530.00	\$ 1,119,485.50	\$ 1,203,891.00	\$ 1,288,846.50	\$ 1,376,552.00	\$ 1,276,498.50	\$ 1,364,204.00	
Cumulative Expenditures	\$ 121,759.00	\$ 121,759.00	\$ 124,509.00	\$ 193,347.00	\$ 196,097.00	\$ 199,397.00	\$ 202,147.00	\$ 202,147.00	\$ 389,906.00	\$ 389,906.00	\$ 389,906.00
Cumulative Receipts	\$ 964,760.50	\$ 1,052,466.00	\$ 1,140,171.50	\$ 1,227,877.00	\$ 1,315,582.50	\$ 1,403,288.00	\$ 1,490,993.50	\$ 1,578,699.00	\$ 1,666,404.50	\$ 1,754,110.00	\$ 877,055.00

YEAR	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	TEN YEAR SUMMARIES
Annual Deposit	\$ 87,705.50	\$ 87,705.50	\$ 87,705.50	\$ 87,705.50	\$ 87,705.50	\$ 87,705.50	\$ 87,705.50	\$ 87,705.50	\$ 87,705.50	\$ 87,705.50	
Expenditures	\$ 6,050.00	\$ -	\$ 2,750.00	\$ 269,885.00	\$ 2,750.00	\$ 3,300.00	\$ 2,750.00	\$ -	\$ 1,494,174.00	\$ 259,600.00	\$ 2,041,259.00
Year End Balance	\$ 1,445,859.50	\$ 1,533,565.00	\$ 1,618,520.50	\$ 1,436,341.00	\$ 1,521,296.50	\$ 1,605,702.00	\$ 1,690,657.50	\$ 1,778,363.00	\$ 371,894.50	\$ 200,000.00	
Cumulative Expenditures	\$ 395,956.00	\$ 395,956.00	\$ 398,706.00	\$ 668,591.00	\$ 671,341.00	\$ 674,641.00	\$ 677,391.00	\$ 677,391.00	\$ 2,171,565.00	\$ 2,431,165.00	\$ 2,431,165.00
Cumulative Receipts	\$ 1,841,815.50	\$ 1,929,521.00	\$ 2,017,226.50	\$ 2,104,932.00	\$ 2,192,637.50	\$ 2,280,343.00	\$ 2,368,048.50	\$ 2,455,754.00	\$ 2,543,459.50	\$ 2,631,165.00	\$ 877,055.00