Reserve Fund Study

LANARK NORTH CONDOMINIUM CORPORATION NO. 8

Mullett Street
Carleton Place Ontario

PREPARED BY:

STEPHANIE SILVERSON
BA Econ, CRP

DECEMBER 2025

RIVINGTON
COMMERCIAL APPRAISERS

ROBERT C. RIVINGTON
B. COMM., AACI, P.APP.

DON EDEY
B.A., AACI, P.APP.

PATRICK D. SCOTT
B.A. ECON.

JAMES ROWAN
B.A. ECON.

JOSIE LEAMAN
B. COMM., AG. BUS.

STEPHANIE SILVERSON
RESERVE FUND PLANNER, CRP

December 15th 2025

Our File #25RF004

Board of Directors
Lanark North Condominium Corporation No.10
295,315,335, 355 Mullett Street
Carleton Place, On., K7C 4J6

Re: **RESERVE FUND STUDY**

Pursuant to your request for a Reserve Fund Study with Site Visit within the described condominium project, we have prepared and submit to you this report.

The Reserve Fund Study describes the reserve fund concepts and major reserve fund items. It provides current and future replacement reserve estimates and recommends reserve fund actions.

The Reserve Fund Study is a complex document and should be reviewed in detail and within the context of this report.

With caveats, detailed within the report, it is our opinion; the current reserve fund position of Lanark North Condominium Corporation No. 8 is in an adequate position. At the same time with the recommended contributions and with the anticipated expenses falling within the time frame as shown **the Reserve Fund can be considered adequate. It should be noted that all expenses related to capital improvements and repairs to common elements should be funded from the Reserve Account and annual breakdown on these expenses should be reflected. Annual increases to the Reserve Account must be followed to ensure the balance does not become inadequate over the 30-year projections.**

It is also our opinion the adequacy of a reserve fund does not require the test of an estimated fully funded reserve fund. The test as to the adequacy of a reserve fund should be sufficient cash resources to fund all potential repairs and replacements, including unforeseen events and contingencies.

Therefore, a reserve fund deficiency or shortfall does not automatically mean that the reserve fund is not adequate. It is the judgment of the reserve fund planner to conclude whether the fund is adequate or not.

It is recommended that a reserve fund plan and strategy be adopted and implemented, and that the annual contributions to the reserve fund, be increased, as outlined herein.

The Ontario Condominium Act has been updated; these changes will ensure Condominium Corporations remain fiscally responsible.

Rivington Commercial Appraisers would be pleased to provide you with a complete review and updating services for the reserve fund evaluation of Lanark North Condominium Corporation No. 8, as required in the future. We appreciate the opportunity of performing this reserve fund study for you. If you have any questions, please do not hesitate to contact the undersigned.

Respectfully submitted,

Stephanie Silverson BA Econ, CRP
Rivington Commercial Appraisers

TABLE OF CONTENTS

Addenda

EXECUTIVE SUMMARY OF FACTS, ESTIMATES AND RECOMMENDATIONS

Reserve Fund-Common

This executive summary has been prepared as a quick reference of pertinent facts and estimates of this Reserve Fund Study, and it is provided as a convenience only. Readers are advised to refer to the full text of this Reserve Fund Study for detailed information.

Applicant

Board of Directors
Lanark North Condominium
Corporation No. 8
295, 315, 335. 355,
Mullett St
Carleton Place, On., K7C 4J6

Date of Study

December 2025

Property

Lanark North Condominium
Corporation No. 8
295, 315, 335, 355
Mullett St
Carleton Place On.,
K7C 4J6

Reserve Fund Items

Building Components
10 Reserve Components
Site Improvements
7 Reserve Components
Miscellaneous
1 Items

Significant Reserve Fund Estimates (Schedule 'A')

Current Replacement Costs	$1 293 695
Future Replacement Costs	$2 776 491
Current Reserve Fund Requirements	$ 558 739
Future Reserve Fund Accumulation	$ 681 654
Future Reserve Fund Requirements	$2 094 836
Annual Reserve Fund Contributions	$ 110 184

Significant Existing Reserve Fund Facts (Schedule 'B') 2025/2026

Current Reserve Fund Accumulation Year End 2025	$ 142 838
Assumed Reserve Fund Annual Contributions Year End 2026	$ 45 141

Significant Reserve Fund Recommendations (Schedule 'C')

Assumed Contribution Year End 2026		$ 45 141 ($113.99/unit/mth)
Recommended Contribution Year End 2027		$ 48 752 ($123.11/unit/mth)
Future Funding Annual Increase:		
	2028-2029	8% increase /yr
	2030-2056	4% increase/yr

** lower than average costs with reference to other condos of your size and build**

CASH FLOW TABLE

Rivington Commercial Appraisers has prepared the following Cash Flow Table, which projects minimum annual funding requirements proposed to meet estimated Reserve Fund expenditures. The beginning numbers were derived from the information provided to Rivington Commercial Appraisers, and assumed contributions.

Lanark North Condominium Corporation No. 8

Year End August 31st	Opening Balance	Recommended Contribution	Estimated Inflation Adjusted Expenditures	Estimated Interest Earned	Percentage Increase in Recommended Annual Contributions	Closing Balance
2025	159,443	43,615	64,851	6,250		144,457
2026	144,457	45,141	9,947	2,167	3.50%	181,818
2027	181,818	48,752	69,000	2,727	8.00%	164,297
2028	164,297	52,652	57,200	2,464	8.00%	162,214
2029	162,214	56,865	2,500	2,433	8.00%	219,012
2030	219,012	59,139	29,100	3,285	4.00%	252,337
2031	252,337	61,505	16,150	3,785	4.00%	301,476
2032	301,476	63,965	23,500	4,522	4.00%	346,464
2033	346,464	66,524	108,500	5,197	4.00%	309,684
2034	309,684	69,185	23,600	4,645	4.00%	359,914
2035	359,914	71,952	9,200	5,399	4.00%	428,065
2036	428,065	74,830	1,600	6,421	4.00%	507,716
2037	507,716	77,823	18,100	7,616	4.00%	575,055
2038	575,055	80,936	3,500	8,626	4.00%	661,117
2039	661,117	84,174	200,600	9,917	4.00%	554,607
2040	554,607	87,541	177,400	8,319	4.00%	473,067
2041	473,067	91,042	262,050	7,096	4.00%	309,155
2042	309,155	94,684	93,500	4,637	4.00%	314,976
2043	314,976	98,471	32,400	4,725	4.00%	385,772
2044	385,772	102,410	10,000	5,787	4.00%	483,968
2045	483,968	106,506	159,000	7,260	4.00%	438,734
2046	438,734	110,767	14,000	6,581	4.00%	542,082
2047	542,082	115,197	54,100	8,131	4.00%	611,311
2048	611,311	119,805	107,000	9,170	4.00%	633,285
2049	633,285	124,597	138,300	9,499	4.00%	629,082
2050	629,082	129,581	210,000	9,436	4.00%	558,100
2051	558,100	134,765	105,000	8,371	4.00%	596,236
2052	596,236	140,155	134,100	8,944	4.00%	611,235
2053	611,235	145,761	130,000	9,169	4.00%	636,165
2054	636,165	151,592	160,500	9,542	4.00%	636,799
2055	636,799	157,656	114,700	9,552	4.00%	689,307
2056	689,307	163,962	130,000	10,340	4.00%	733,608

Recommendations

Rivington Commercial Appraisers recommendations, set out below and detailed in this report, will assist the corporation to achieve and maintain an adequate reserve fund. In our opinion, the current reserve fund balance, recommended annual contributions and earned investment income will adequately fund immediate and future reserve fund expenditures.

1. **The corporation should prepare and implement a long-term reserve fund strategy.**
2. **Major repairs and replacements should be recorded in, and funded from, a reserve fund account.**
3. **With the budgeted reserve fund contribution to the Reserve Fund of $45 141, in year ending 2026, then a 8% annual increase through to 2029. This annual increase drops to 4.0% per through to 2056.**
4. **The reserve funds should be fully invested in guaranteed securities, yielding at least 1.5 % per annum.**
5. **The Corporation should make such expenditures, as necessary to maintain the property in optimum condition.**
6. **The reserve fund should be reviewed every year to ensure that the underlying assumptions are still valid and that the estimates remain current.**
7. **The Corporation should update the Reserve Fund Study every three (3) years.**

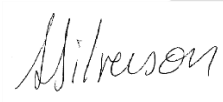
CERTIFICATION

I hereby certify that I have personally inspected the property described within, and that I have personally examined the building plans and/or documents as identified herein.

To the best of my knowledge and belief, the information and data used herein are true and correct.

I have no interest, present or prospective, in the property or its management. Neither the employment to prepare this Reserve Fund Study nor the compensation is contingent on the amount of reserve fund estimates reported. Moreover, I am solely responsible for the reserve fund estimates reported herein.

The Reserve Fund Study was prepared in conformity with the Reserve Fund Study Standards, published by the Real Estate Institute of Canada, and it complies with the Condominium Act, 1998, and Regulations, 2001 and any amendments.



Stephanie Silverson CRP
Certified Reserve Fund Planner
December 2025

LIMITING CONDITIONS

This report is subject to the following limiting conditions.

The legal and survey descriptions of the property as stated herein are those which are recorded by the Registrar of the requisite Land Titles Office and are assumed to be correct and taken from the Lanark North Condominium Corporation No. 8 Declaration.

The architectural, structural, mechanical, electrical and other plans and specifications of the building or buildings and improvements are assumed to be correct. Furthermore, all buildings and improvements are deemed to have been constructed and finished in accordance with such plans and specifications, unless otherwise noted.

Sketches, drawings, diagrams and photographs, if any, presented in this report are included for the sole purpose of illustration. No legal survey, soil tests, engineering investigations, detailed quantity survey compilations, nor exhaustive physical examinations have been made. Accordingly, no responsibility is assumed concerning these matters nor other technical and engineering techniques that would be required to discover any inherent or hidden condition of the property.

In order to arrive at supportable replacement cost estimates, it was found necessary to utilize both documented and other cost data. A concerted effort has been put forth to verify the accuracy of the information contained herein. Accordingly, the information is believed to be reliable and correct, and it has been gathered to standard professional procedures but no guarantee as to the accuracy of the data is implied.

The distribution of cost and other estimates in this report applies only under the program of utilization as identified in this report. The estimates herein must not be used in conjunction with any other appraisal or reserve fund study and may be invalid if so used.

The client to whom this report is addressed may use it in deliberations affecting the subject property only, and in so doing, the report must not be extracted; it must be used in its entirety.

Possession of this report or any copy thereof does not carry with it the right of publication nor may it be used for any purpose by anyone but the applicant without the written consent of the author, and in any event, only with the proper qualifications.

The agreed compensation for services rendered in preparing this report does not include fees for consultations and/or arbitrations, if any. Should personal appearances be required in connection with this report, additional fees will have to be negotiated. Unless otherwise noted, all estimates are expressed in Canadian currency.

RESERVE FUND STUDY

1. Purpose of Reserve Fund Study

This Reserve Fund Study is a financial document. The purpose of a Reserve Fund Study is to provide cost estimates for various reserve components that are subject to major repairs and/or replacement over the lifetime of the property, and to estimate the funding required for such major repairs and replacement in accordance with the provisions of Section 93, 94 and 95 of the Condominium Act, 1998.

This reserve fund study applies as of December 2025.

1.1 Ontario's Condominium Act, 1998 – Reserve Fund

This Reserve Fund Study complies with the reserve fund provisions of The Condominium Act, 1998, to wit:

93. (1) The corporation shall establish and maintain one or more reserve funds.

(2) A reserve fund shall be used solely for the purpose of major repairs and replacement of the common elements and assets of the corporation.

(3) A fund set up for the purpose mentioned in subsection (2) shall be deemed to be a reserve fund even though it may not be so designated.

(4) The corporation shall collect contributions to the reserve fund from the owners, as part of their contributions to the common expenses.

(5) Unless the regulations made under this Act specify otherwise, until the corporation conducts a first reserve fund study and implements a proposed plan under section 95, the total amount of the contributions to the reserve fund shall be the greater of the amount specified in subsection (6) and 10 per cent of the budgeted amount required for contributions to the common expenses exclusive of the reserve fund.

(6) The total amount of the contributions to the reserve fund after the time period specified in subsection (5) shall be the amount that is reasonably expected to provide sufficient funds for the major repair and replacement of the common elements and assets of the corporation, calculated on the basis of the expected repair and replacement costs and the life expectancy of the common elements and assets of the corporation.

(7) Interest and other income earned from the investment of money in the reserve fund shall form part of the fund.

94. (1) The corporation shall conduct periodic studies to determine whether the amount of money in the reserve fund and the amount of contributions collected by the corporation are adequate to provide for the expected costs of major repair and replacement of the common elements and assets of the corporation.

(2) A reserve fund shall be of a prescribed class, shall include the material that is prescribed for its class and shall be performed in accordance with the standards that are prescribed for its class.

(3) For the purposes of this Act, an update to a reserve fund study shall constitute a class of

reserve fund study.

(4) A corporation created on or after this section comes into force shall conduct a reserve fund study within one year following the registration of the declaration and description and subsequently at the prescribed times.

(5) A corporation created before the day this section comes into force shall conduct a reserve fund study at the prescribed times.

(6) A reserve fund study shall be conducted by a person of a prescribed class who shall have no affiliation with the board or with the corporation that is contrary to the regulations made under this Act.

(7) The cost of conducting the study shall be a common expense which the board may charge to the reserve fund.

(8) Within 120 days of receiving a reserve fund study, the board shall review it and propose a plan for the future funding of the reserve fund that the board determines will ensure that, within a prescribed period of time and in accordance with the prescribed requirements, the fund will be adequate for the purpose for which it was established.

(9) Within 15 days of proposing a plan, the board shall,

(a) send to the owners a notice containing a summary of the study, a summary of the proposed plan and a statement indicating the areas, if any, in which the proposed plan differs from the study; and

(b) send to the auditor a copy of the study, a copy of the proposed plan and a copy of the notice sent to the owners under clause (a).

(10) The board shall implement the proposed plan after the expiration of 30 days following the day on which the board complies with subsection (9).

95. (1) No part of a reserve fund shall be used except for the purpose mentioned in subsection 94(2).

(2) The board does not require the consent of the owners to make expenditures out of a reserve fund.

(3) The amount of a reserve fund shall constitute an asset of the corporation and shall not be distributed to the mortgagees of the units or, except on termination of the corporation, to the owners of the units.

METHODOLOGY

2. Methodology

2.1 Reserve Fund Study

A Reserve Fund Study is a financial document, which provides the basis for funding major repairs and replacement of the common elements and assets of the corporation.

This Reserve Fund Study comprises the following elements:

(1) It identifies the reserve components and assesses their quality, normal life span, and present condition;

(2) It estimates the remaining serviceable years for each of the reserve components and proposes a time schedule for repairs and/or replacement;

(3) It provides current replacement cost estimates including the cost of removing worn-out items and special safety provisions;

(4) It projects the future value of current replacement costs at an appropriate and compounded inflation rate;

(5) It projects the future value of current reserve funds compounded at a long-term interest rate;

(6) It calculates current reserve fund contributions required and to be invested in interest bearing securities in order to fund future reserve fund expenditures.

The Reserve Fund Study is a practical guide to assist the Board of Directors to plan budgets and maintenance programs.

2.2 Rivington Commercial Appraisers Inc. Reserve Fund Planning Standards

Regulation 48/01 under the Condominium Act, 1998, requires that a reserve fund consist of a physical analysis and/or a financial analysis.

The Real Estate Institute of Canada has established Reserve Fund Planning Standards that exceed the regulatory requirements and are now recognized and emulated across Canada. These standards, presented throughout this Report, consist of investigations, analyses and calculations that provide realistic and supportable Reserve Fund estimates.

2.3 General Conditions and Assumptions

Reserve fund estimates are subjective, and they are based on an understanding of the life cycle of building components and our experience gained from observing buildings over a 30-year period. It must be appreciated that reserve fund budgeting and projections are not exact sciences. They are, at best, prudent provisions for all possible contingencies, if, as and when they arise. Reserve fund requirements are subject to change and must be reviewed and modified over time, not less than every three years.

2.4 Reserve Fund Projection Factors

The Regulation 48/01 under the Condominium Act, 1998, requires that the financial analysis include the following:

- the estimated cost of major repair or replacement of the common elements and assets of the corporation at the estimated time of the repair or replacement based on an assumed annual inflation rate,
- the annual inflation rate described above,
- the estimated interest that will be earned on the reserve fund based on an assumed annual interest rate, and
- the annual interest rate described above.

In our opinion, the notion of an "assumed" annual inflation rate and an "assumed" interest rate in the Regulation is not realistic, as assumptions are personal perceptions or judgments and, therefore, subjective.

What is required is an objective basis for any estimates of inflation factors and interest rates. Inflation factors and interest rates must be derived from an economic analysis of the marketplace.

The estimated inflation factor and the selected interest rate are powerful factors in projecting reserve fund contributions and requirements. They can vary dramatically over time and must be periodically reviewed to ensure their relevance and accuracy.

Although the Regulations require a reserve fund plan to be projected over a period of at least 30 consecutive years, a long-term horizon in every respect, reserve fund projection factors can only be based on short-term economic conditions because of their volatility over time.

The reserve fund projection factors must be periodically reviewed and adjusted in accordance with changing economic conditions as part of the reserve fund updating process, as mandated by the Regulations.

Inflation Factors

Inflation measurement in reserve fund projections must be based on construction indices rather than the widely quoted Consumer Price Index (CPI), which measures the cost of a basket of consumer goods, not construction costs. The most widely recognized construction cost service providing periodic cost indexes is Marshall Swift/Boeckh.

Marshal Swift/Boeckh (MSB) Time-Location Multiplier

MSB publishes its Time-Location Multipliers quarterly for principal Canadian cities (markets). These multipliers are computer-compiled by combining currently researched wage rates and material prices with weighted schedules that specify how much of each basic cost is in the models.

Each building has its own unique combination of basic costs. MSB uses 83 basic types of costs necessary to build workable weighting schedules, comprising 19 building trades and 64 material types.

The following are the Five (5) year Time and Location Comparative Cost Multiplier percentages as listed under the heading, Ottawa and the Canadian average. The Ottawa figures were used because Carleton Place is not listed as one of the Canadian cities:

Apartment (MSB) Class C

	Ottawa,	Canada
o Five Year Increase	27.0%	26.0%
o Annual Average Increase	5.4%	5.2%

As measured by this index, the local construction inflationary rate in Apartment, Class C, construction was 26%-27% over the past five years and a 5.4% yearly average increase in the City of Ottawa. Inflationary cost in the last year increased 5.5% (July 2024/July 2025). The individual yearly increases July to July are as follows for Ottawa(Ottawa is used as Carleton Place is not listed);

07/2020- 2021	+ 3.0%
07/2021- 2022	+ 13.0%
07/2022-2023	- 1.0%
07/2023-2024	+ 6.5%
07/2024-2025	+ 5.5

The Boeckh/Marshall Swift Time-Location Multiplier is based on Canadian data. We feel the annual inflation rates reflected by Boeckh/Marshall Swift reflect the Canadian construction industry trends and are accurate. Judging from overall construction cost trends, we conclude that the level of inflation in apartment construction is volatile. However, the historical figures do not indicate a stabilization trend and are likely driven by the unpredictable price fluctuations of the various large components in this type of construction.

These inflationary figures drawn from Marshall and Swift documentation are based on the construction new or the replacement cost new of an entire structure. As exterior face brick and internal wood make up the large component of the superstructure (and therefore is one of the major influences to the overall costs of a Class C structure) costs and has a life expectancy of the structure we will implement an inflationary figure to reflect those components that will need to be replaced. For that reason, we will use an annual inflationary rate of 4.5% for calculating the future replacement costs hereinafter. In addition, construction material is volatile this year due to supply issues with vinyl, glass, lumber and steel product manufacturing, prices are expected to continue at inflated levels with a cooling off expected.

This is one of the factors that will be reviewed and changed as required when conducting an update in three years.

Interest Rates

Investment income is a significant and increasing source of revenue into reserve funds, and therefore, it is imperative that reserve funds are prudently invested.

Governments must directly or indirectly guarantee reserve fund investments. Bank deposits and investments are insured by the Canada Deposit Insurance Corporation up to a Maximum of $100,000, covering principal and interest.

The ability of the condominium corporations to earn the highest rate of interest available in the marketplace and the restricted conditions of investments depends on the expertise of financial management and the number of available funds for investment. Therefore, the reserve fund planner must consider management policies, the historical investment performance and the size of the reserve fund available for investment.

In selecting an appropriate interest rate for the reserve fund investments of a particular condominium corporation, the balance of the reserve fund is the most critical consideration, as it dictates the options of the reserve fund investments.

The following are investment returns achievable for various corporations:

Reserve Fund Balances	Interest rates
Up to $100,000	0.5% to 1.5%
$100,000 to $250,000	1.5% to 3.0%
$250,000 to $500,000	3.0% to 3.5%
$500,000 and over	3.5% to 4.5%

Investment opportunities are widely advertised, ranging from bank deposits, term deposits and guarantee investment certificates (GICs) to money market instruments and government bonds.

Prudent reserve fund investment requires that investments be reasonably matched with anticipated reserve fund expenditures, ensuring reserve fund liquidity. Therefore, funds should be invested in a laddered portfolio, which ensures that reserve funds are available when needed.

It is assumed that reserve fund contributions are constantly and continuously invested, as the benchmark calculations and the reserve fund projections are based on that investment assumption.

Considering the investment opportunities available in the subject instance and the size of the established reserve fund and the return on investment that the Corporation has been and can expect with available funds, we have selected a 1.5% interest rate in calculating the investment performance of the Lanark North Condominium Corporation No. 8 reserve fund. This rate of return is a bit low for the current year as some GIC’s are earning over 3%, but that elevated rate of return is not realistic over the course of the 30year span.

This decision also takes into account the investment market as of the date of this report. When anticipating future investment trends, we feel that being conservative is the appropriate and responsible approach to take.

DESCRIPTION OF BUILDING AND IMPROVEMENTS

3. Property Information

3.1 Property Description

CONDOMINIUM COMPLEX - GENERAL DESCRIPTION

Lanark North Condominium
Corporation No. 8
295, 315, 335, 355
Mullett Street
Carleton Place, ON
K7C 4J6

Designed and constructed in 1988, and registered in 1989 as a condominium, this condominium consists of four structures; three townhouse style buildings, 295-335-355, totaling 21 units (7 units apiece in a side by side - back-to-back style) and one three storey building, 315, that contains 12 units. The three-storey building contains 4 ground floor units in the back-to-back style and 8 two storey units (second and third floors) again in the back-to-back style. The two storey units are equipped with sliding doors and a balcony/deck(8). There are no garages and the paved parking offers spaces for 33 owner cars and 9 visitor cars. The parking does have electrical outlets designed for plugging in older style vehicles, these may be removed, with no plans to install EV charging.

The property, known as Mullett Square, is located at the corner of Mullett Street and Townline road, Carleton Place, Ontario.

The site comprises an area of 2.01 acres and the buildings compose 19.60% of the site or a ground floor gross area of 17,168 square feet. The parking lot occupies 17.10% of the site or 15, 000 square feet, with the remaining 63.30% being landscaped with a combination of interlock pathways and exclusive use patio areas.

Basic construction of the three-storey unit consists of reinforced concrete footing and foundations with poured concrete slab on grade. There are "Nascor" and drywall unit separation fire walls, "Nascor" pre-fab exterior wall panel construction with areas of brick veneer. The remainder of the exterior, including the gable ends, are vinyl siding. Windows are double glazed casement windows, vinyl vertical and horizontal sliders, and vinyl patio doors with insulated metal clad entrance doors. The buildings have an intricate roof with a 5-12 pitch and dormers that sport 12-12 and 5-12 pitches. Roof support is pre-engineered trusses with chipboard sheathing and asphalt shingles on all slopes. The roof on all units except unit 295 has been replaced with 25-year asphalt shingles. Aluminium eavestroughing is installed on all buildings. Chimneys have been capped and no longer in use and are covered in vinyl siding.

Construction of the town house unit is similar with the exception of the basements which have poured concrete foundation walls complete with exterior cement parging and waterproof bituminous protection. Interior unit dividing walls in the basement are also poured concrete. "Nascor" pre-fab wall panels are constructed with double 2 x 4 wood studs at 24" OC (16"OC in load bearing walls of unit Type H1 only) with 2 x 6 top and bottom plates and core filled with 5½" of polystyrene insulation. The exterior is covered with two layers of building paper and the interior is covered with ½ gypsum board.

The internal construction and finishing consist of 2 x 4 drywall partitions and interior finishing is comprised of painted walls, broadloom, ceramic tile, various trims and built-in features.

Buildings are finished with a combination of standard horizontal vinyl siding, face brick in standard coursing and finished in standard white aluminium soffit and fascia. The siding was cleaned to prolong the life, no plans to replace vinyl or aluminium in near future.

Equipment includes utility piping for sewer, storm, water, and exterior entrance light fixtures.

Site improvements include an asphalt paved lane way and parking areas, storm sewers, outdoor pole mounted lighting, wood fencing and landscaping. Each unit has an enclosed entry space that is surrounded by privacy fencing. 21 of the 33 units have a type of concrete step, these steps are currently being monitored and possible replacement of a a few are planned. Some have had railings added for extra safety. Decision on straight replacement, repairing or covering is being discussed. There is a privacy/noise barrier wooden fencing along Townline road, the old one along the old train tracks have been removed and no plans to replace.

The project is architecturally designed and has numerous design features. The overall construction, materials, and workmanship are of average quality based on the era of construction and the property is generally well maintained.

3.2 Legal Description

The property is located on Elgin Street in the Town of Carleton Place, the County of Carleton Place, Province of Ontario. It is municipally known as:

295, 315, 335, 355
Mullett Street
Carleton Place, ON
K7S 4J6

The property is legally described as follows: -

In the Town of Carleton Place, in the County of Lanark, being composed of Part of the East Half of Lot 15, Concession 12, designated as Parts 1 to 8 inclusive on Reference Plan 26R-2383.

Reserving unto Canadian Pacific Limited (formerly Canadian Pacific Railway Company) and excepting therefrom any mines, ores, metals, coal, slate, mineral oils, gas, and other minerals in or under the said lands.

Project Data

The following data and information has been compiled from the available building plans, and the inspection of the buildings and improvements. The data has been calculated using building dimensions taken from the building plans.

Building and Site Statistics

Building Coverage	approximately 17 168 sq. ft.	
Asphalt Parking	approximately 15, 000 sq. ft.	
Landscaping/walks	approximately 59 308 sq. ft.	
Building Height	approximately 20-36 variable	
Average Floor/Ceiling Height	8-1 ft.	
Parking	Owner parking Spaces	33
	Visitor parking Spaces	9
Exterior Wall	Face Brick	25%
	Horizontal Siding	75%
	Balconies	8
	Ground patios	25
Site Improvements	Surfaced roadway and parking Water and sewer Exterior lighting & Electrical Exclusive use Patios on ground levels with privacy fencing	

Basic Construction Components

The project was constructed in 1980's and is assumed to be constructed in accordance with applicable building codes, fire codes, city by-laws, and construction practices in existence at that time and updated as Municipal regulations have been altered and upgraded. The quality of construction, materials and workmanship is considered to be good.

Foundation	Excavation and reinforced concrete foundation and slab; insulation and drainage system installations; crushed stone and gravel fill; compacted sand fill.
Framing	Not visible, plans show interior walls to be pre-fabricated wood frame construction (Nascor) and fire walls.
Floors	Finish floor material on wood joists for all floors
External Walls	Face brick, air space, air barrier sheathing, wood, batt insulation, vapor barrier, gyp rock, vinyl siding, replacement thermal vinyl windows.
Balconies	Are cantilever balconies supported on wood columns. They are enclosed with pressure treated railings. Deck is wood construction; vented soffit applied to bottom of balconies and vertical siding around perimeter.
Roof	Architectural wood trusses covered in architectural asphalt 3-tab shingles with aluminium eavestroughing and down spouts.
Electrical	There are standard distribution cables, panels, located on all 4 buildings. Electric heat is only source for heating.
Mechanical	Units have their own hot water tanks, standard piping of water with shut off valves. Each building has an exterior tap.
Site Improvements	Asphalt paving entrance & parking Concrete entrance steps on 21 units 8 elevated balconies Interlocking walkways throughout, (1 section left to be completed) Storage Shed Privacy fencing-mature trees and flower beds

PRINCIPLES AND CONCEPTS

4. Principles and Concepts

4.1 Property Inspection

The property was inspected for the purposes of preparing this report by Stephanie Silverson of Rivington Commercial Appraisers.

4.2 Reserve Fund Studies

This is the reserve fund study with site visit for the Corporation as required by the Condominium Act.

4.3 Component Classification

Reserve Fund Components are conveniently classified in terms of building groups, common element facilities and site improvements. The component inventory consists of the reserve components, described and analyzed hereinafter, and shown in Schedules "A", "B" and "C".

There are a total of 18 reserve components, comprising of 10 building and architectural components, 7 site improvement components. There is 1 miscellaneous component identified as Reserve Fund Study.

4.4 Life Span Analysis

Each reserve component has been analyzed in terms of life cycle condition and expected remaining useful life. The life span analysis considers the following factors:

- Type of Component
- Utilization
- Material
- Workmanship
- Quality
- Exposure to Weather Conditions
- Functional Obsolescence
- Environmental Factors
- Regular Maintenance
- Preventive Maintenance
- Observed Condition

The critical aspect in a Life Span Analysis is the observed condition of each reserve component, which includes and is based on:

- Actual age of the component
- Maintenance of the component
- Observed deficiencies of the component
- Repair and replacement experience
- Probability of hidden conditions

The Life Span Analysis culminates in component life span estimates, as follows:

Normal Life Span

Each reserve component is analyzed in terms of component type, quality of construction, statistical records and normal life experience.

Observed Condition Analysis

This is the critical analysis of a reserve component and consists of determining the effective age of the reserve component within its normal life cycle based on the observed condition of the reserve component. The validity of this analysis depends on the experience of the reserve fund planner or analyst, as this is a subjective estimate rather than an objective assessment.

Remaining Life Span

Given a normal life span estimate and a sound estimate of the effective age, the remaining life span of a reserve component is determined by subtracting the observed condition estimate from the normal life span estimate. This does not mean that reserve expenditures should only be made at the end of the remaining life. Reserve expenditures should and must be made during the remaining life span to maintain building components and facilities in good condition.

A life span analysis is a subjective, or empirical, assessment of the life cycle status of a reserve component, and as such, it is only as good as the considered opinion of the reserve fund planner. Furthermore, the life span of a reserve component is subject to change due to numerous factors.

4.5 Current Cost Estimates

Reserve Fund component assessments and current cost estimates are based on investigation, observation, analyses and our extensive experience in performing reserve fund studies.

Cost data have been calculated using construction cost services, including Marshall & Swift/Boeckh Commercial Building Valuation System, the Means Repair & Remodeling Cost Data, and the Hanscomb's Yardstick for Costing, modified as to time, location and quality of construction. We may also have verified some estimates by seeking quotations from contractors, fabricators and suppliers. In addition, we have used our own computer programs and extensive cost compilations and databases as well as over 25 years of construction experience.

All costs are strictly estimates and are subject to confirmation at the time competitive bids are obtained from contractors specializing in the repair or replacement work required.

The following factors have been considered in calculating the Repair and Replacement Cost Estimates:

Quality of Construction

Replacement cost estimates are based on the assumption of using quality materials, as specified or built, or in the case of older developments, as required under current building code regulations, at contractors' prices, using union labor and current construction techniques, and including contractors' overhead and profit.

The costs of repairs and/or replacements of many reserve components are invariably higher than original building costs when contractors have considerable latitude in planning their work and can utilize economies of scale to keep costs within construction budgets. In contrast, repair work must frequently be performed in an expedient manner with proper safety precautions and within certain constraints.

Cost estimates take into account such additional costs as special construction, safety installations, limited access, noise abatements, and the convenience of the occupants.

Demolition and Disposal Costs

The estimates herein include provisions for demolition and disposal costs including dumping fees. These costs have been rising in recent years. Particularly, dumping of certain materials has become problematic and very costly. It appears that certain codes and environmental regulations will become more stringent in future years, all of which will further increase disposal costs.

Harmonized Sales Tax

The Harmonized Sales Tax ("HST") applies to all repairs and replacements including disposal costs. Therefore, these costs are included in the reserve fund estimates hereinafter.

Contingency Reserves

It is frequently impossible to forecast the incidence of repairs or replacements of various reserve components, particularly, major components, such as road pavement, sewer and water systems. Therefore, reserve estimates are of a contingency nature, and as such, they are subject to changing conditions and repair experience over time.

RESERVE COMPONENTS AND DESCRIPTION

5. RESERVE COMPONENTS AND DESCRIPTION

5.1 Reserve Component Description and Deficiency Analyses

The following lists each reserve fund component and provides the following information:

- Description
- Unit Costs
- Current Repair or Replacement Costs
- Life Span Analysis
- Estimated Year of Replacement
- Deficiency Analysis (Noted deficiencies and potential deterioration)

5.2 Reserve Components

Reserve Component (1) Foundation & Slab
Description:

This reserve is a provision for repair of the exposed foundation. It is a nominal expense.

The building has a foundation wall that is made up of reinforced concrete, with parging on the portion above grade. Cracks in the foundation can cause further damage due to freeze and thaw cycles. Ensuring any cracks are fixed should be part of the ongoing preventative maintenance.

Unit Quantity	Complex
Current Cost Estimate $	18 000
Future Cost Estimate $	54 098
Normal Life Span (years)	40
Effective Age (years)	15
Remaining Life Span (years)	25
Estimated year of Major Repair or Replacement	2050/2051

Deficiency Analysis:

At the time of the inspection there appeared to be no major areas of concern due to previous work completed. This expense is spread out over the 30-year projection period. Noted that more work has been completed since time of site.

Exposed parged foundation, minor cracking and spalling at time of site

Exposed foundation reaired

Reserve
Component (2) Exterior Wall Assemblies-Brick 15%

Description:
The exterior brick facade will probably never have to be replaced in its entirety and this reserve is for repair, which would include re-pointing, replacing damaged or deteriorated brick and any replacement of brick fasteners. Exterior walls are 25% made up of face brick applied in standard courses, with some architectural arches. Brick is present on the first-floor walls at entry points on 3 of the 4 buildings and 2 storeys at entry points of the one remaining building. Bathroom and/or dryer exhaust vents along with wall A/C units and their penetrations are covered in next component.

Unit Quantity	Complex
Current Cost Estimate $	10 000
Future Cost Estimate $	30 054
Normal Life Span (years)	40
Effective Age (years)	15
Remaining Life Span (years)	25
Estimated year of Major Repair or Replacement	2050/2051

Deficiency Analysis:

Ongoing monitoring of any ladder cracks, failure of mortar or sills should be addressed.

Standard Brick coursing on 1st floor entry elevations.

Minimal Brick on 315, on the 2 storey entry elevations.

Reserve
Component (3) Exterior Wall Assemblies-Horizontal & Aluminium

Description:
This is a replacement provision with a small repair provision to cover expenses related to broken pieces, cleaning to prolong the life of the siding component. The exterior walls are approximately 75% covered in standard horizontal vinyl siding on all elevations. Located at the overhang of the roof there are standard vented aluminium soffits and fascia's installed. Vinyl siding is basic standard double cove sand and grey applications, soffit is white. The cost to replace is based on quality currently installed, any upgrade to quality, color and type will affect the cost to replace. Vents & A/C wall units are located throughout the exterior wall assemblies and is covered in the next section.

	Vinyl/Alum	Repair
Unit Quantity	4	Complex
Current Cost Estimate $	100 000	2 000
Future Cost Estimate $	199 334	2 282
Normal Life Span (years)	35	5
Effective Age (years)	20	2
Remaining Life Span (years)	15	3
Estimated year of Major Repair or Replacement	2040/2041	2029/2030

Deficiency Analysis:

The siding was installed at the time of construction; it is still in good shape, although outdated in color and quality. On going monitoring of trim and caulking should be done to prolong the life expectancy. The cleaning of this component in 2023, can prolong this component at the same time address any issues. The repair component was added for this 2025/2026 study as discussed.

Vinyl on 315

Typical application on 2 storey buildings

Reserve
Component (3)b Exterior Wall Assemblies-Protrusions

Description:
This is a replacement provision to cover the various wall penetrations located on the exterior walls. Bathroom and dryer vents are located throughout the condominium complex. Included here are standard electrical Wall Air Conditioning units. They are installed through the exterior wall and as such are included in this component.

	Vents	A/C units
Unit Quantity	33u	33u
Current Cost Estimate $	8 500	35 000
Future Cost Estimate $	16 450	70 106
Normal Life Span (years)	30	30
Effective Age (years)	15	15
Remaining Life Span (years)	15	15
Estimated year of Major Repair or Replacement	2040/2041	2040/2041

Deficiency Analysis:

Some wall vents were repaired/replaced in 2025. At the time the siding is to be replaced (15 years as per discussion) the A/C units will be done at the same time. These components may be pushed out to be repaired and replaced at the same time assuming no damage or failure occurs sooner. On going monitoring of trim and caulking around these protrusions should be done to prolong the exterior wall structure. Noted that some vents did not have duct work present, this has been rectified after site visit.

A/C and wall vents

Reserve
Component (4) Window Assemblies

Description:
This is a replacement provision for the windows. They are predominately white vinyl horizontal and vertical sliders with double glazed thermal glass units. On the front elevations there are fixed units. Windows are to be replaced with similar units at end of life-cycle. Included is a repair provision to cover and cracked thermal panes, seal failure, lock failure not covered under warranty.

	Windows
Unit Quantity	4 buildings
Current Cost Estimate $	185 000
Future Cost Estimate $	358 027
Normal Life Span (years)	30
Effective Age (years)	15
Remaining Life Span (years)	15
Estimated year of Major Repair or Replacement	2040/2041

Deficiency Analysis:

This component was in good condition. Some units are on order, historically this component has been replaced as needed and not all at once. This component is spread out over 30 years with expenses every few years as per discussion. Caulking around windows should be monitored and replaced when fails.

Casement-Fixed and sliders

Various fixed, sliders and casements.

Reserve
Component (5) Door assemblies

Description:

This reserve covers the replacement of unit doors, balcony/patio doors. Doors will be replaced with similar units (i.e., insulated metal with insulated metal) Entrance doors are single white steel doors with half glass insert with levered handles. Patio doors are a regular single sliding 6ft vinyl white patio door. The life expectancy on these doors is directly related to use, and damage caused by human/weather issues.

	Unit	Patio
Unit Quantity	33	8
Current Cost Estimate $	66 000	16 000
Future Cost Estimate $	198 359	30 965
Normal Life Span (years)	30	25
Effective Age (years)	5	10
Remaining Life Span (years)	25	15
Estimated year of Major Repair or Replacement	2050/2051	2040/2041

Deficiency Analysis:

Usage will play a role in any requirement for replacement. Unit doors have been upgraded to ½ glass, over time. The patio doors may need to be replaced prior, expense spread out. Caulking around doors should be monitored and replaced when fails.

Entry Configuration

Patio Door

Reserve
Component (6) Exterior Painting

Description:
This is a repair provision to cover the various exterior components that require waterproof painting. Examples are the privacy fencing, railings that have not been upgraded etc.

Unit Quantity	allowance
Current Cost Estimate $	14 000
Future Cost Estimate $	17 447
Normal Life Span (years)	10
Effective Age (years)	5
Remaining Life Span (years)	5
Estimated year of Major Repair or Replacement	2029/2030

Deficiency Analysis:

None. This is considered a reserve expense, at the time of the next study, if no longer required, due to all being upgraded/replaced, can look at removing.

Reserve
Component (7) Roofing Replacement

Description:

The roof cover is made up of asphalt shingles, roof vents. This reserve covers the complete replacement of the 3-tab asphalt shingle roof cover. Drainage is covered separately.

	295	355	335	315
Unit Quantity	1	1	1	1
Current Cost Estimate $	25 000	25 000	25 000	35 000
Future Cost Estimate $	27 301	60 293	68 804	100 660
Normal Life Span (years)	25	25	25	25
Effective Age (years)	23	5	2	1
Remaining Life Span (years)	2	20	23	24
Estimated year of Major Repair or Replacement	2027/2028	2045/2046	2048/2049	2049/2050

Deficiency Analysis:

Only roof left to replace is unit 295, to be done in 1-2 years, in report its in year ending 2027, may be pushed out to fall of 2027 making it year ending 2028. 315 was replaced since site visit.

315 at time of site, since replaced.

295 left to do

Reserve
Component (8) Drainage

Description:

This is a repair/replace component of the existing eavestroughing, downspouts and elbows. Included here is a repair component to cover minor issues. Each building has their own eavestroughing system, standard no leaf guard.

	Drainage	
Unit Quantity	4	allowance
Current Cost Estimate $	45 000	1 200
Future Cost Estimate $	99 382	1 563
Normal Life Span (years)	25	8
Effective Age (years)	7	2
Remaining Life Span (years)	18	6
Estimated year of Major Repair or Replacement	2043/2044	2031/2032

Deficiency Analysis:

There has been work on this component over last 10 years, effective age adjusted to account for repair.

Various downspouts, eavestroughing

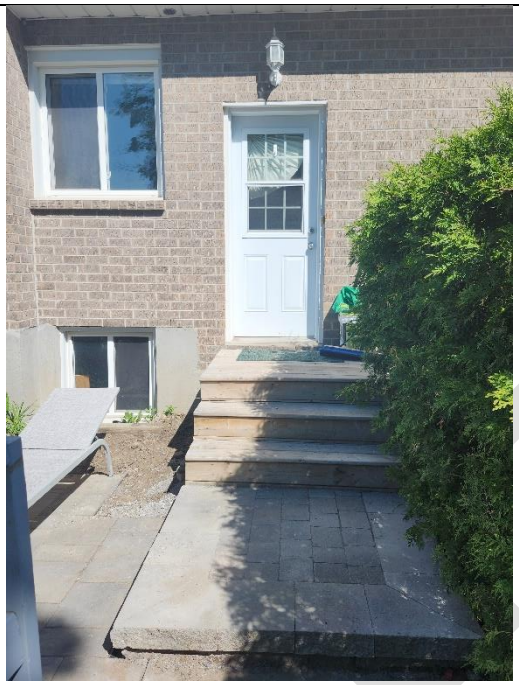
Reserve
Component (9) Balconies

Description:

This is a repair/replacement reserve to cover the elevated wood constructed balconies, entry steps and guards on steps for code compliance. At the time of the build, no railings were installed, with safety and building code changes some of the 21 entry concrete steps have had some installed. The balconies are of wood construction, supported on pressure treated posts. Entry steps are mostly pre formed concrete steps. Some have been changed to a wood and wood/stone combination. Railings/Guards that have been installed are pre-painted metal.

	Elevated	Entry Steps	Railing
Unit Quantity	8	21	allowance
Current Cost Estimate $	40 000	65 000	10 000
Future Cost Estimate $	77 411	125 793	27 522
Normal Life Span (years)	25	30	25
Effective Age (years)	10	15	2
Remaining Life Span (years)	15	15	23
Estimated year of Major Repair or Replacement	2040/2041	2040/2041	2048/2049

Deficiency Analysis:
There have been guards added to a few entry steps for updated code compliance, only one's present that have recently been installed are included. (Previously, some owners have installed guards). There are plans to fix a few of the steps, possibly covering existing with wood construction. This component is based on what is present, not what they may be repaired with. Note at the time the buildings were constructed; the steps met code therefore no railings were included. There is ongoing discussion on replacing old entry steps with newer systems. Next few years there are expenses related to steps and guards, at time of next study, further discussion is required.



Concrete steps covered/replaced with wood & stone

Old concrete, off set, to be fixed or replaced, guard rails for code compliance.

Elevated balcony

Original concrete with Guards and railing installed.

Reserve
Component (10) Electrical

Description:
This component includes the electrical power main feed, distribution systems and distribution panels. Included here is a repair provision for the original plug ins located in Parking for residents. Exterior and Bollard lighting is covered separately. This reserve is a long-term reserve provision, and consists of a contingency estimate, which is deemed to be sufficient for any electrical repairs or electrical component replacements. It is not a total replacement estimate, as the electrical distribution system should last the life of the building. A/C units were covered with Exterior Wall protrusions.

	Electrical	Panel Build outs
Unit Quantity	Complex	4
Current Cost Estimate $	25 000	4 000
Future Cost Estimate $	48 382	7 741
Normal Life Span (years)	40	20
Effective Age (years)	25	5
Remaining Life Span (years)	15	15
Estimated year of Major Repair or Replacement	2040/2041	2040/2041

Deficiency Analysis:

No deficiencies were noted at the time of inspection; this provision is spread out over the 30-year period. It is important to conduct preventive maintenance on the electrical distribution & panels to promote long trouble-free service. This is a long-term contingency but the electrical system should be regularly inspected and all panels should have the wire terminals tightened (torqued) at a maximum of seven-year intervals. There is no plan to remove the electrical outlets due to outdated use and NO plan to add EV plug ins. If in future adding EV Plug ins, that cost would be considered an addition NOT a major repair/replacement. The associated cost would be significant and would require a discussion and vote among unit owners and The Board.

Electrical panel build outs

Parking Plug Ins

Reserve
Component (11) Asphalt Paving and Paint

Description:

This is a complete replacement provision for all the asphalt, repair of the concrete surfaces with a general repair provision to cover minor issues that occur prior to life expectancy included.

This component covers all the asphalt drive and parking areas; the walkways are covered separately. Included here is a repair provision to cover: cracking, minor damage caused by snow removal. Freeze and thaw cycles will affect this component, annual inspections can identify spalling or cracking of this component, and a repair plan can be implemented to stop further breakdown of this component over time.

	Replace	Repair
Unit Quantity	15000	allow
Current Cost Estimate $	75 000	7 500
Future Cost Estimate $	106 658	8 944
Normal Life Span (years)	25	8
Effective Age (years)	17	4
Remaining Life Span (years)	8	4
Estimated year of Major Repair or Replacement	2033/2034	2029/2030

Deficiency Analysis:

The exterior asphalt is subject to damage from freeze thaw cycles, impacts and wear and tear. Salt damage can also accelerate deterioration. The use of this money is not to be used on yearly repairs; the repair component is to be used for areas failing before the anticipated lifespan has been reached.
This component is spread out over 30 years, work was done in 2024, with plans for a major repair within 8 years, depending on scope of work, cost may be less.

Asphalt Parking

Repair has been completed

Reserve
Component (12) Site Services

Description:

This reserve includes sanitary, water supply and storm services and installations within the property boundaries from the building edge to the property line leading to the connection with the city's main lines. This is a contingency reserve that covers repairs and replacement of piping and drains and covers for the sewer and storm water for the property.

Sewer pipes are prone to invasion by tree roots which can cause waste back up. Older water mains can break due to seismic pressure, weak joints or poor installation. Water mains and sewer pipes may simply deteriorate to the point of collapse.

Unit Quantity	Complex
Current Cost Estimate $	35 000
Future Cost Estimate $	67 735
Normal Life Span (years)	40
Effective Age (years)	25
Remaining Life Span (years)	15
Estimated year of Major Repair or Replacement	2040/2041

Deficiency Analysis:

The systems are unseen and assumed to be in good condition. There has been work on the storm drains. The system should be regularly inspected and repaired as required.

Storm drains

Reserve
Component (13) Outdoor Lighting & Electrical

Description:

This is a replacement provision to cover replacing exterior lighting located at all the access doors, on exterior of building and light standards.

This reserve covers any replacements of the exterior light fixtures as well as any exterior common electrical wiring and underground cables. Minor repairs and bulb replacement should be part of the regular maintenance budget. Exterior lighting is mounted on the exterior walls and light standards. Parking plug ins covered previously.

	Lighting	**Bollards**
Unit Quantity	45	6
Current Cost Estimate $	12 000	20 000
Future Cost Estimate $	28 941	48 234
Normal Life Span (years)	25	25
Effective Age (years)	5	5
Remaining Life Span (years)	20	20
Estimated year of Major Repair or Replacement	2045/2046	2045/2046

Deficiency Analysis:

Deterioration primarily results from exposure to elements which will corrode casings and materials. Other sources of deterioration might be premature electrical component failure. Any deteriorated or faulty light fixtures and any outdoor wiring should be replaced as required to ensure safety in and around the condominium property. There is no plan, in the immediate future, replace lights or change light standards, as some have been replaced as required. For this report, when siding is done, any lighting fixtures installed in the siding could be changed at that point.

1 of 6 existing light standards

Exterior wall lighting

Reserve
Component (14) Landscape Facilities

Description:
This reserve provision includes various site improvements, such as hedges, mature trees and the shed, but it does **not** include the grass, flowerbeds, or annual plantings and relates only to the landscaping within the property boundaries. Large trees may need to removed or have significant pruning which is covered here. Annual expenses should be covered under operating expense.
This reserve is an overall provision and can be allocated on a regular basis. Included here is the future interlocking walkway that is currently asphalt. (once completed to be included in next section)

	Building	Landscaping	Future walk
Unit Quantity	1	Allow	complex
Current Cost Estimate $	10 000	3 000	56 500
Future Cost Estimate $	15 530	3 276	61 699
Normal Life Span (years)	25	5	25
Effective Age (years)	15	3	23
Remaining Life Span (years)	10	2	12
Estimated year of Major Repair or Replacement	2035/2036	2027/2028	2037/2038

Deficiency Analysis:
Asphalt walk is being replaced, quote has been received.
Tis fiscal year there may be some landscaping expense in relation to trees.

Last walks still asphalt

Existing greenspace

Reserve
Component (15) Walkways

Description:
This reserve provision includes various interlocking paths that have been installed to replace the old asphalt paths. The exclusive use patio space have new rules and regulations on what owners are allowed to use and alter; any work must be approved. The entry steps were covered previously. The old asphalt walkways have mostly been replaced with interlocking stone to tackle drainage issues.

	Walks
Unit Quantity	complex
Current Cost Estimate $	130 000
Future Cost Estimate $	445 861
Normal Life Span (years)	30
Effective Age (years)	2
Remaining Life Span (years)	28
Estimated year of Major Repair or Replacement	2053/2054

Deficiency Analysis:
The work that has been completed is in good condition, some expense spread out over projections to tackle repair that may be required. The interlock pathways still will need to be repaired and/or replaced in the future, major expenses should be expected after 30 years of use and exposure to snow removal .

New interlocking walks

Interlocking walks

Reserve
Component (16) Wood Fencing

Description:
This reserve provision includes the various privacy fencing throughout condominium complex. The Ground level patios have privacy fencing (gates installed are historically the owners' responsibility). Some fencing have been replaced with new pressure treated wood panels and posts. Some are the original painted privacy fencing; these older ones will need to be changed when required. The privacy fencing on the southern border has been removed and no plans to replace. Privacy fencing on the north side is constructed with wood; some panels have been replaced. No plans to replace, only repair as needed.

	Units	Townline
Unit Quantity	8	1
Current Cost Estimate $	125 000	60 000
Future Cost Estimate $	241 910	116 117
Normal Life Span (years)	30	25
Effective Age (years)	15	10
Remaining Life Span (years)	15	15
Estimated year of Major Repair or Replacement	2040/2041	2040/2041

Deficiency Analysis:

Expenses spread out over 30-year projections. When siding is replaced, further work on privacy fencing should be expected to accommodate equipment needed to install the exterior siding. When the fence was removed on the south, the boards were retained to tackle repair on fence to the north.

Townline fence

Older original privacy

Newer privacy fencing sections

Newer privacy

Reserve
Component (17) Signs

Description:
There are several signs indicating layout and unit numbers throughout condominium complex. This is a replacement reserve to cover future expense.

Unit Quantity	allow
Current Cost Estimate $	800
Future Cost Estimate $	1 618
Normal Life Span (years)	20
Effective Age (years)	4
Remaining Life Span (years)	16
Estimated year of Major Repair or Replacement	2041/2042

Deficiency Analysis:

None.

RESERVE FUND ESTIMATES

6. Reserve Fund Component Estimates

6.1 Benchmark Analysis

The Benchmark Analysis shows the physical aspects of the various reserve components, including the life cycle analysis and the cost estimates on a single spreadsheet for convenient examination and easy reference. The cost estimates are pursuant to prudent reserve fund practices, which provide for inflationary cost increases over time and interest income from reserve fund investments.

The reserve fund estimates have been prepared without regard to the current financial position of the corporation or the current reserve fund contributions by unit owners, and as such, they represent the optimum **(fully funded)** reserve fund operation, which assumes that the corporation has continuously assessed adequate reserve funding from the beginning.

This Benchmark Analysis is the foundation of the Real Estate Institute of Canada reserve fund planning system, as it provides the basis for comparison to the actual reserve fund operation. The Benchmark Analysis provides the standard for reserve fund planning and property maintenance, and as such, it is a valuable management and maintenance resource document.

The foregoing program represents the practical application of reserve fund budget planning and management. When applied, as outlined, the reserve fund will cover anticipated reserve fund expenditures and any contingencies.

6.2 Schedule A - Reserve Fund Component Estimates

The following Schedule of Reserve Fund Component Estimates shows detailed computations for the various reserve items using the projection factors explained in Section 2.4 of this Report:

Long-term inflation rate: 4.50%
Long-term interest rate: 1.50%.

Due to rounding automatically executed by computer, there may be minor discrepancies in the data, which are not deemed significant.

1. Reserve fund estimates are grouped into categories which can readily be used for reserve fund budget preparation and accounting.

2. The reserve fund components are identified, and current replacement reserves are estimated.

3. Future replacement costs are estimated by applying a long-term inflationary factor to the current replacement reserve estimates.

4. Current reserve requirements are calculated by applying the effective age to the current replacement reserve estimates.

5. Current reserve fund requirements when invested over time will grow at the compound rate of interest selected, and hence, they become future reserve accumulations.

6. Subtracting future reserve accumulations from future replacement costs, the difference is the amount of reserves to be funded by reserve fund contributions, or future reserve requirements.

7. Since reserve fund contributions are continually invested, the payments of such contributions represent discounted payments, which must be assessed by the condominium corporation.

The foregoing program represents the practical application of reserve fund budget planning and management. When applied, as outlined, the reserve fund will cover anticipated reserve fund expenditures and any contingencies. Moreover, unit owners at all times will contribute their fair share to the reserve fund.

The following Schedules of Reserve Fund Estimates shows detailed computations of various reserve items using the inflationary factor of 4.50% and a long-term interest rate of 1.50%.

Due to rounding automatically executed by computer, there may be minor discrepancies in the data, which are not deemed significant.

6.3 Schedule A – BENCHMARK ANALYSIS - SCHEDULE OF RESERVE FUND ESTIMATES

Lanark North Condominium Corporation No.8

Carleton Place Ontario

RESERVE COMPONENTS-2025	EXPECTED LIFESPAN Years	OBSERVED CONDITION Years	REMAINING LIFE SPAN Years	Unit Quantity	CURRENT REPLACEMENT	FUTURE REPLACEMENT COSTS	CURRENT RESERVE FUND REQUIREMENTS	FUTURE RESERVE FUND ACCUMULATION	FUTURE RESERVE FUND REQUIREMENTS	ANNUAL RESERVE FUND ASSESSMENT	RESERVE FUND ASSESSMENT ALLOCATION
Building - Structural & Architectural											
1. Footings Foundation & Slabs	40	15	25	allow	**18,000**	54,098	6,750	9,794	44,304	1,474	1.3%
2. Exterior Wall Assemblies-Brick	40	15	25	allow	**10,000**	30,054	3,750	5,441	24,613	819	0.7%
3. Exterior Wall Assemblies-Siding	35	20	15	4	**100,000**	199,334	57,143	71,442	127,892	7,666	7.0%
Repair	5	2	3	allow	**2,000**	2,282	800	837	1,446	475	0.4%
3b. Exterior Wall-Protrusions											
Vents	30	15	15	33u	**8,500**	16,450	4,250	5,313	11,136	668	0.6%
A/C Units	30	15	15	33u	**35,000**	70,106	17,500	21,879	48,227	2,891	2.6%
4. Window Assemblies	30	15	15	allowance	**185,000**	358,027	92,500	115,646	242,381	14,529	13.2%
5. Door Assemblies	30	5	25	33	**66,000**	198,359	11,000	15,960	182,398	6,067	5.5%
Patio Doors	25	10	15	8	**16,000**	30,965	6,400	8,001	22,963	1,377	1.2%
6. Exterior Painting-Privacy Fencing	10	5	5	allow	**14,000**	17,447	7,000	7,541	9,906	1,923	1.7%
7. Roofing											
Unit 295	25	23	2	1	**25,000**	27,301	23,000	23,695	3,605	1,789	1.6%
Unit 355	25	5	20	1	**25,000**	60,293	5,000	6,734	53,559	2,316	2.1%
Unit 335	25	2	23	1	**25,000**	68,804	2,000	2,817	65,987	2,424	2.2%
Unit 315	25	1	24	1	**35,000**	100,660	1,400	2,001	98,659	3,446	3.1%
8. Drainage	25	7	18	complex	**45,000**	99,382	12,600	16,472	82,909	4,046	3.7%
Repair	8	2	6	allow	**1,200**	1,563	300	328	1,235	198	0.2%
9. Balconies											
Elevated	25	10	15	8	**40,000**	77,411	16,000	20,004	57,408	3,441	3.1%
Entry Steps	30	15	15	21	**65,000**	125,793	32,500	40,633	85,161	5,105	4.6%
Railing on Steps	25	2	23	allow	**10,000**	27,522	800	1,127	26,395	970	0.9%
Building Systems											
10. Electrical	40	25	15	allow	**25,000**	48,382	15,625	19,535	28,847	1,729	1.6%
Electrical panel Build Outs	20	5	15	4	**4,000**	7,741	1,000	1,250	6,491	389	0.4%
Site Improvements											
11. Asphalt Pavement and Paint	25	17	8	15000	**75,000**	106,658	51,000	57,451	49,206	5,835	5.3%
Repair	3	1	2	allow	**2,200**	2,402	733	755	1,647	817	0.7%
12. Site Services	40	25	15	allow	**40,000**	77,411	25,000	31,256	46,155	2,767	2.5%
13. Outdoor Electrical											
Exterior Lighting	25	5	20	45	**12,000**	28,941	2,400	3,232	25,708	1,112	1.0%
Bollards	25	5	20	6	**20,000**	48,234	4,000	5,387	42,847	1,853	1.7%
14. Landscape Facilities	25	15	10	1	**10,000**	15,530	6,000	6,963	8,566	800	0.7%
Landscaping	5	3	2	allow	**3,000**	3,276	1,800	1,854	1,422	706	0.6%
Future Interlock(old asphalt)	25	23	2	complex	**56,500**	61,699	51,980	53,551	8,148	4,044	3.7%
15. Walkways-New Interlock	30	2	28	4 bldgs	**130,000**	445,861	8,667	13,149	432,712	12,549	11.4%
16. Wood Fencing											
- Privacy Units	30	15	15	8	**125,000**	241,910	62,500	78,140	163,771	9,817	8.9%
- Privacy at Townline	25	10	15	allow	**60,000**	116,117	24,000	30,006	86,111	5,162	4.7%
17. Signage	20	4	16	3	**800**	1,618	160	203	1,415	79	0.1%
18. Reserve Fund											
Study without Site Visit	6	3	3	complex	1,695	1,934	848	886	1,048	344.17	0.3%
Study with Site Visit	6	5	1	complex	2,800	2,926	2,333	2,368	558	557.67	0.5%
TOTAL RESERVES					**1,293,695**	**2,776,491**	**558,739**	**681,654**	**2,094,836**	**110,184**	**100.0%**

6.4 Summary of Reserve Fund Estimates-Common

The Reserve Fund position and requirements of Lanark North Condominium Corporation No. 8 as estimated herein are as follows they represent the optimum **(fully funded)** reserve fund operation, which assumes that the corporation has continuously assessed adequate reserve funding from the beginning:

Current Replacement Costs which are provisions for all major repairs and replacements at current prices	**$ 1 293 695**
Future Replacement Costs which are provisions for all major repair and replacement costs in the future at the end of the expected life span	**$ 2 776 491**
Current Reserve Fund Requirements which are reserve fund estimates based on the notion of effective age and should have been contributed by unit owners	**$ 558 739**
Future Reserve Fund Accumulation which are the current reserve fund requirements together with interest compounded over the remaining life span	**$ 681 654**
Future Reserve Fund Requirements which are to be funded by unit owners' payments to the reserve fund plus any interest earned	**$ 2 094 836**
Annual Reserve Fund Assessments which are the annual reserve fund payments to be made by unit owners	**$ 110 184**

In accordance with these estimates, we have determined that the Lanark North Condominium Corporation No. 8 Common Elements does have a short fall in its reserve fund at the end of 2025 of (349 431). The balance in the Reserve Fund remains adequate over the 30-year projections is deposits to Reserve account are followed. To create a reserve fund that is required by the legislation to be adequate to address the repair and replacement of the identified reserve components the assessed annual payments or contributions to the reserve fund by unit owners will have to be prepared for increases beginning in 2026. These increases are illustrated in Schedule "C" and based on the stated assumptions.

RESERVE FUND ANALYSIS
AND RECOMMENDATIONS

7. Analysis of Reserve Fund Operations

In analyzing the reserve fund position and practices of Lanark North Condominium Corporation No. 8 for three previous years we noticed that they have been following the recommendations from the 2022 study. Expenses have been recorded, with the indication that there will be a few areas that will need to be addressed. All capital repairs and replacements of common property must be funded from the reserve account and reflected in the financial statements. Annual breakdown of expenses is strongly recommended to ensure the adequacy of the Reserve Account is properly represented.

7.1 Reserve Fund Operations

The Corporation established its reserve fund in the first year following registration as required by the Condominium Act of Ontario.

If there are funds in the general account after all expenses have been paid, and these are dedicated to the reserve fund this will have an obvious effect on the closing balance and could result in estimated reserve fund contributions being lowered. However, it is recommended that Lanark North Condominium Corporation No. 8 follow the recommendations and reserve fund contributions until 2028/2029, and then during the review at that time re-evaluate the contributions and the expenditures that have been made and make changes as necessary.

7.2 SCHEDULE B – STATEMENT OF RESERVE FUND OPERATIONS

Lanark North Condominium Corporation No. 8

Lanark North Condominium Corporation No. 8																	
	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	
	End	End	End	End	End	End	End	End	End	End	End	End	End	End	End	End	
August 31st	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**Total**
OPENING BALANCE - July 1st 2010	85,124	87,924	81,379	106,316	122,221	138,810	178,349	211,903	218,015	219,552	196,831	179,384	191,714	187,956	159,443	144,457	
Reserve Fund Contributions	34,020	31,980	32,000	32,640	32,000	34,130	36,000	36,000	36,751	37,080	38,192	39,338	40,715	42,140	43,615	45,141	591,742
Transfer	1,249	2851	15156	5535		9345	5380							**12**			24791
Reserve Fund Interest Income	2060	2040	2208	2644	3382	3630	4446	5257	4945	4549	3762	3750	5227	5674	6250	2143	61,967
Total Cash Resources	**122,453**	**######**	**130,743**	**147,135**	**157,603**	**185,915**	**224,175**	**253,160**	**259,711**	**261,181**	**238,785**	**222,472**	**237,656**	**235,782**	**209,308**	**191,741**	
Building - Structural & Architectural																	
1. Footings Foundation & Slabs															17,176		17,176
2. Exterior Wall Assemblies-Brick																	0
3. Exterior Wall Assemblies-Siding													8,475				8475
3b. Exterior Wall Protrusions															6,249		
4. Window Assemblies	14,528	3,327				3,356	3,560			328						4,500	29599
5. Door Assemblies														2,034			2034
Patio Doors		1,441		3,441													4882
6. Exterior Painting-Privacy Fencing	891	964	15,961	3,112					500	2,837	3,725						27990
7a. Roofing	57	3,922	2,098	1,717													7794
Unit 295																	0
Unit 355										22,120							22120
Unit 335													25,538				25538
Unit 315															35,087		35087
7b. Drainage					7,040		6,050	26,820		1,356							41266
Repair													1,230				1230
8. Balconies																	0
Elevated	5,195	31,301	140			661											37297
Entry Steps															6,339		6339
Railing on Steps														9,594			9594
Building Systems																	0
9. Electrical																	0
A/C Units																	
10. Plumbing													1,128	813			1941
Site Improvements																	0
11. Asphalt Pavement and Paint																	0
Repair											848			2,260			3108
12. Site Services	4,540					1,557	540										6637
13. Outdoor Electrical										2,102							2102
Lighting																	
Bollards																	
14. Landscape Facilities			6,228	7,367				6,325	1,711	6,532	10,683						38846
Landscaping	410	1,218			6,159	1,582							5,085				14454
Old Asphalt																28,000	28000
15. Walkways-New Interlock	8,520			2,078				2,130	14,444	27,360	35,737	25,628	7,002				122899
15. Wood Fencing				7,200		221	2,122			1,715	5,287			55,062			71,607
- Privacy Units														5,085		10,500	15,585
- Privacy at Townline									21,809								21,809
16. Signage											595						595
Unspecified Expense	388				1,639	189					2,526	3,209	1,242	1,491			10,684
21. Fees		1,243			3,955				1,695			1,921				2,147	10,961
Total Expenses	**34,529**	**43,416**	**24,427**	**24,915**	**18,793**	**7,566**	**12,272**	**35,145**	**40,159**	**64,350**	**59,401**	**30,758**	**49,700**	**76,339**	**64,851**	**45,147**	**631768**
Amount due to operating YE 2024(to leave in RF for now)															10,427		
Closing Balance	**87,924**	**81,379**	**106,316**	**122,220**	**138,810**	**178,349**	**211,903**	**218,015**	**219,552**	**196,831**	**179,384**	**191,714**	**187,956**	**159,443**	**144,457**	**146,594**	

NOTE: There is an amount due to operating, reflected in the Financials Year ending 2025. This amount, $10427, has been left in The Reserve Account for now, address this at time of next study.

RESERVE FUND
MANAGEMENT ND 30-YEAR PROJECTIONS

8. Reserve Fund Management and 30 Year Projections

8.1 30 Year Projected Cash Flow and Deficiency Analysis

Management Program

Adequate reserve funding must be the primary objective of management since a sound reserve fund ensures the long-term integrity and viability of a condominium project, and hence, it will enhance the value to the owner and the property value in the marketplace. The following comments and projections are based on the assumption that the Corporation will implement a proactive management program.

Reserve Fund Program

It is important that a formal Reserve Fund Program be established and implemented. A Reserve Fund Program will ensure that reserve fund requirements are adequate for contemplated major repairs and replacements and that reserve fund contributions are sufficient to cover all foreseen contingencies. Moreover, the Reserve Fund Program must be reviewed and adjusted from time to time to keep pace with changing conditions.

Reserve Fund Contributions

Based on the assumptions, estimates and projections of this Reserve Fund Study, the reserve fund contributions should be increased, as recommended herein, until the reserve fund shortfall has been reduced. Upon completion of the garage and townhouse projects, any extra monies may be used to fund the re-working of the front entrance area.

Reserve Fund Expenditures

The Corporation should implement a reserve fund expenditure program compiled by management to ensure appropriate expenditures and the maintenance of the property in excellent condition.

Major reserve fund expenditures are projected in the 30 Year Cash Flow Projections hereinafter.

30-Year Projections

The Reserve Fund - Projected Cash Flow and Deficiency Analysis presents a 30-year reserve fund projection showing cash positions, cash flows and cash expenditures in a form and detail, which conforms to financial statement presentation of reserve fund operations.

Opening Balance (Cash)

This is the reserve fund position at the beginning of each and every fiscal year showing the cash resources available, which consist of (1) bank deposits, (2) qualified investments, and (3) accrued interest earned.

Contributions and Interest (Cash Flows)

These are the regular reserve fund contributions, special assessments, and interest income based on 1.50% of the opening balance.

Total Cash Resources

These represent the total cash resources available in any fiscal year and include the current year's cash flow.

Reserve Fund Expenditures (Cash)

These are annual expenditures listed in the categories established by the Reserve Fund Study. Records or ledger accounts of these expenditure categories should be kept showing reserve fund allocations and charges in a chronological order for control and reference. This information should be supplied to the corporation's accountant and the allocations, chronologically, should be identified in the "Statement of Revenue, Expenditure and Surplus - Reserve Fund" of the corporation's year-end Financial Statements.

Closing Balance (Cash)

This is the reserve fund position at the end of each and every fiscal year, which is carried forward to the next year.

Deficiency Analysis

The Reserve Deficiency has been projected by formula taking into account the inflation factor, interest rates and reserve fund expenditures. Therefore, any reserve fund expenditures will not affect the reserve fund deficiency because such expenditures will also
affect the reserve requirements

8.2 Schedule C - RESERVE FUND CASH FLOW PROJECTIONS- 30 YEAR PROJECTIONS

Lanark North Condominium Corporation No. 8

Lanark North Condominium Corporation No. 8																
		Year End	Year End	Year End	Year End	Year End	Year End	Year End	Year End	Year End	Year End	Year End	Year End	Year End	Year End	Year End
Year Ending August 31st		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
OPENING BALANCE		159,443	144,457	181,818	164,297	162,214	219,012	252,337	301,476	346,464	309,684	359,914	428,065	507,716	575,055	661,117
Reserve Fund Contributions		43,615	45,141	48,752	52,652	56,865	59,139	61,505	63,965	66,524	69,185	71,952	74,830	77,823	80,936	84,174
Reserve Fund Interest Income		6,250	2,167	2,727	2,464	2,433	3,285	3,785	4,522	5,197	4,645	5,399	6,421	7,616	8,626	9,917
Due To Operating($10427 this is left in for now)																
Total Cash Resources		209,308	191,765	233,297	219,414	221,512	281,437	317,626	369,964	418,184	383,514	437,265	509,316	593,155	664,617	755,207
Average Cost per unit per month		***110.14***	***113.99***	***123.11***	***132.96***	***143.60***	***149.34***	***155.32***	***161.53***	***167.99***	***174.71***	***181.70***	***188.96***	***196.52***	***204.38***	***212.56***
Average Cost per unit per year		***1321.67***	***1367.91***	***1477.34***	***1595.53***	***1723.17***	***1792.10***	***1863.78***	***1938.33***	***2015.87***	***2096.50***	***2180.36***	***2267.58***	***2358.28***	***2452.61***	***2550.71***
	Current Reserve															
Building - Structural & Architectural	Requirements															
1. Footings Foundation & Slabs	6,750	17,176							5,500							
2. Exterior Wall Assemblies-Brick	3,750								1,500							
3. Exterior Wall Assemblies-Siding	57,143															50000
Repair	800				2,300					2,500						
3b. Exterior Wall-Protrusions																
Vents	4,250	6,249														4,100
A/C Units	17,500											1,200				18,000
4. Window Assemblies	92,500		4,500		5,000			5,000			6,000			6,000		
5. Door Assemblies	11,000							1,800							3,500	
Patio Doors	6,400															
6. Exterior Painting-Privacy Fencing	7,000						17,500									
7. Roofing																
Unit 295	23,000			28,000												
Unit 355	5,000															
Unit 335	2,000															
Unit 315	1,400	35,087														
8. Drainage	12,600															
Repair	300							1,550								
9. Balconies																
Elevated	16,000															
Entry Steps	32,500	6,339			7,500		7,500									15,000
Railing on Steps	800				1,500		1,500									
Building Systems																
10. Electrical	15,625								2,500							3,500
Electrical panel Build Outs	1,000															2,000
Site Improvements																
11. Asphalt Pavement and Paint	51,000									106,000						
Repair	733			2,500			2,600									
12. Site Services	25,000					2,500								5,500		
13. Outdoor Electrical																
Exterior Lighting	2,400															
Bollards	4,000											8,000				
14. Landscape Facilities	6,000										15,500					
Landscaping	1,800		3,300						3,500					3,700		
Future Stone Walks	51,980			28,000	28,500											
15. Walkways-New Interlock	8,667								10,500							
16. Wood Fencing																
- Privacy Units	62,500			10,500	10,500											50,000
- Privacy at Townline	24,000							5,000								58,000
17. Signage	160												1,600			
18. Reserve Fund																
Study without Site Visit	848				1,900						2,100					
Study with Site Visit	2,333		2,147					2,800						2,900		
		64,851	9,947	69,000	57,200	2,500	29,100	16,150	23,500	108,500	23,600	9,200	1,600	18,100	3,500	200,600
		144,457	181,818	164,297	162,214	219,012	252,337	301,476	346,464	309,684	359,914	428,065	507,716	575,055	661,117	554,607
DEFICIENCY ANALYSIS																
RESERVE REQUIREMENTS	558,739	493,888	599,064	646,238	705,685	820,425	909,714	1,012,845	1,109,657	1,122,438	1,220,246	1,333,433	1,455,351	1,561,989	1,684,292	1,610,719
RESERVE FUND SURPLUS		-349,431	-417,246	-481,941	-543,470	-601,413	-657,377	-711,368	-763,194	-812,754	-860,332	-905,368	-947,635	-986,934	-1,023,176	-1,056,112
CLOSING BAL. % OF RESERVE REQUIREMENTS		**29**	**30**	**25**	**23**	**27**	**28**	**30**	**31**	**28**	**29**	**32**	**35**	**37**	**39**	**34**

Lanark North Condominium Corporation No. 8																	
	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year
	End	End	End	End	End	End	End	End	End	End	End	End	End	End	End	End	End
Year Ending August 31st	**2040**	**2041**	**2042**	**2043**	**2044**	**2045**	**2046**	**2047**	**2048**	**2049**	**2050**	**2051**	**2052**	**2053**	**2054**	**2055**	**2056**
OPENING BALANCE	554,607	473,067	309,155	314,976	385,772	483,968	438,734	542,082	611,311	633,285	629,082	558,100	596,236	611,235	636,165	636,799	689,307
Reserve Fund Contributions	87,541	91,042	94,684	98,471	102,410	106,506	110,767	115,197	119,805	124,597	129,581	134,765	140,155	145,761	151,592	157,656	163,962
Reserve Fund Interest Income	8,319	7,096	4,637	4,725	5,787	7,260	6,581	8,131	9,170	9,499	9,436	8,371	8,944	9,169	9,542	9,552	10,340
Transfer																	
Total Cash Resources	650,467	571,205	408,476	418,172	493,968	597,734	556,082	665,411	740,285	767,382	768,100	701,236	745,335	766,165	797,299	804,007	863,608
Average Cost per unit per month	***221.06***	***229.90***	***239.10***	***248.66***	***258.61***	***268.96***	***279.71***	***290.90***	***302.54***	***314.64***	***327.23***	***340.31***	***353.93***	***368.08***	***382.81***	***398.12***	***414.04***
Average Cost per unit per year	***2652.74***	***2758.85***	***2869.21***	***2983.98***	***3103.33***	***3227.47***	***3356.57***	***3490.83***	***3630.46***	***3775.68***	***3926.71***	***4083.78***	***4247.13***	***4417.01***	***4593.69***	***4777.44***	***4968.54***
Building - Structural & Architectural																	
1. Footings Foundation & Slabs	6,500								8,500								10,500
2. Exterior Wall Assemblies-Brick	2,500								3,500								4,500
3. Exterior Wall Assemblies-Siding	50,000	50,000	50,000														
Repair													5500				
3b. Exterior Wall-Protrusions																	
Vents	4,100	4,100	4,100														
A/C Units	18,000	18,000	18,000														
4. Window Assemblies	6,000			7,000			7,000			7,000			8,000			8,000	
5. Door Assemblies											105,000	105,000	105,000				
Patio Doors	23,000	23,000															
6. Exterior Painting-Privacy Fencing				19,500										20,500			
7. Roofing																	
Unit 295											80,000						
Unit 355						60,000											
Unit 335									70,000								
Unit 315										100,000							
8. Drainage						25,000			25,000	25,000	25,000						
Repair		1,750															
9. Balconies																	
Elevated	40,000	40,000															
Entry Steps	15,000	15,000	15,000														
Railing on Steps					10,000												
Building Systems																	
10. Electrical						4,500							5,500				
Electrical panel Build Outs	2,000	2,200	2,500														
Site Improvements																	
11. Asphalt Pavement and Paint																	
Repair				2,800			2,900			3,000			3,100			3,200	
12. Site Services						7,500								9,500			
13. Outdoor Electrical																	
Exterior Lighting						30,000											
Bollards	8,000					32,000											
14. Landscape Facilities															5,500		
Landscaping			3,900					4,100					4,300				
Future Stone Walks																	
15. Walkways-Interlocking														100,000	100,000	100,000	115,000
16. Wood Fencing																	
- Privacy Units		50,000						50,000							55,000		
- Privacy at Townline		58,000															
17. Signage							1,600										
18. Reserve Fund																	
Study without Site Visit	2,300						2,500						2,700				
Study with Site Visit				3,100						3,300						3,500	
TOTAL EXPENSES	177,400	262,050	93,500	32,400	10,000	159,000	14,000	54,100	107,000	138,300	210,000	105,000	134,100	130,000	160,500	114,700	130,000
CLOSING BALANCE	473,067	309,155	314,976	385,772	483,968	438,734	542,082	611,311	633,285	629,082	558,100	596,236	611,235	636,165	636,799	689,307	733,608
DEFICIENCY ANALYSIS																	
RESERVE REQUIREMENTS	1,559,611	1,423,341	1,454,258	1,546,585	1,662,234	1,630,041	1,742,525	1,816,034	1,837,379	1,827,637	1,746,097	1,768,742	1,762,513	1,760,322	1,727,610	1,740,370	1,737,958
RESERVE FUND SURPLUS	-1,086,544	-1,114,186	-1,139,282	-1,160,813	-1,178,266	-1,191,307	-1,200,443	-1,204,724	-1,204,093	-1,198,554	-1,187,997	-1,172,506	-1,151,279	-1,124,158	-1,090,811	-1,051,063	-1,004,350
CLOSING BAL. % OF RESERVE REQUIREMENTS	**30**	**22**	**22**	**25**	**29**	**27**	**31**	**34**	**34**	**34**	**32**	**34**	**35**	**36**	**37**	**40**	**42**

RESERVE FUND DEFICIENCY ANALYSIS

9. Deficiency Analysis

9.1 Deficiency Analysis

The Deficiency Analysis shows the difference between the actual reserve fund balance and the current reserve fund requirement, as calculated in the Benchmark Analysis.

The Current Reserve Fund Requirement is an estimate of a **fully funded reserve fund**, based on the Benchmark calculations.

The Benchmark Deficiency Analysis has been developed as a guide for property managers and the board of directors to ensure that the reserve fund is neither under-funded nor over-funded.

The current reserve fund requirements (2025), as estimated in this reserve fund study FOR common, are $563 022. Therefore, the reserve fund has a positive balance, as illustrated:

Opening Balance, September 1st, 2024	**$ 159 443**
Budgeted Reserve Fund Contribution for the Year End August 2025	**$ 43 615**
Interest Income to be Earned on the Reserve Fund (YE 2025)	**$6 250**
Transfer funds	**$0**
Less: Estimated Reserve Fund Expenditures for Fiscal Year End 2025	**$(64 851)**
Reserve Fund Balance As of August 31st 2025,	**$144 457**
Estimated Reserve Fund Requirements after Expenditures in 2025	**$493 888**
Estimated Reserve Fund Surplus or (Deficiency)	**($349 431)**

9.2 Adequacy of the Reserve Fund

Adequacy of the reserve fund may be defined as the reserve fund balance together with the regular contributions and investment income, which constitutes sufficient cash resources available for all possible and potential reserve fund expenditures, required repairing or replacing common elements or assets of the corporation when needed.

The measure of adequacy of the reserve fund is the reserve fund deficiency analysis, whereby the actual closing balance is compared with the currently required reserve fund balance, as estimated by a competent reserve fund planner.

Any significant difference between the actual reserve fund balance and the required reserve fund balance will show the amount of a reserve fund surplus or reserve fund deficiency (shortfall).

A reserve fund surplus, particularly when such a surplus is increased by excessive reserve fund contributions, means that unit owners have contributed too much to the reserve fund, a situation which should be corrected to eliminate such reserve fund surpluses.

In our opinion the adequacy of a reserve fund does not require the test of a fully funded reserve fund. The test as to the adequacy of a reserve fund should be sufficient cash resources to fund all potential repairs and replacements, excluding unforeseen events.

Therefore, a reserve fund deficiency or shortfall does not automatically mean that the reserve fund is not adequate. It is the judgment of the reserve fund planner to conclude whether the fund is adequate or not.

The Regulations under the Condominium Act, 2005, state that a Corporation registered after May 5, 2001 shall have a reserve fund to accommodate any anticipated repair and replacement costs by the year end of the fiscal year following that of the year the Reserve Fund was completed. The Regulations also requires that Corporations created before May 5, 2001 shall have 15 years from the date of the first reserve fund study to establish adequate funds in a reserve fund to accommodate any anticipated repair and replacement costs identified in the reserve fund study.

Lanark North Condominium Corporation No. 8 falls under the second part of the regulations.

The criterion is important in reserve fund projections and deficiency analysis, when reserve shortfalls exceed the time horizons in the Regulations.

Ontario Regulation 48/01 made March 5, 2001
Condominium Act, 2005

Plan for Future Funding

33(1) Except in the case of a corporation to which subsection (2) applies, the prescribed period of time for the purpose of subsection 94(8) of the Act shall be the fiscal year of the corporation following the fiscal year in which the reserve fund study is complete. O Reg. 48/1, s. 33 (1)

33(2) In the case of all reserve fund studies that a corporation created before the day section 94 of the Act comes into force is required to conduct after that date under subsection 31(1) and within 15 years after the date of the first reserve fund study that it is required to conduct after that coming into force date, the prescribed period of time for the purpose of subsection 94(8) of the Act shall be 15 years from the date of that first reserve fund study.

Application of the Regulation 33(2), in its strictest terms, would mean that the owners of Lanark North Condominium Corporation No. 8 would have to apply a substantial number of funds to the Reserve Fund in order to comply with the regulation. Analysis of the Corporation's potential Reserve Fund contributions, in conjunction with the provided financial statements, has indicated that the budgeted contribution of $45 141 in year ending 2026 will be reflected in financials. We recommend to increase the annual contribution to the Reserve account by 8% per year through to 2029. The recommended increase per year then decreases to 4.0% per year from 2030-2056, and will create a Reserve Fund that is **adequate**.

In our opinion these increases in the reserve contributions create an adequately funded reserve fund.

9.3 Recommendations

The reserve fund for Lanark North Condominium Corporation No. 8 is in an adequate position. By following our 30-year plan, the balance in the Reserve Account remains adequate.

This deficiency must be addressed over time in order to meet the adequacy requirement set out in the Ontario *Condominium Act, 1998*.

Rivington Commercial Appraisers recommendations, set out below and detailed in this report, will assist the corporation to achieve and maintain an adequate reserve fund. In our opinion, the current reserve fund balance, recommended annual contributions and earned investment income will adequately fund immediate and future reserve fund expenditures.

1. **The corporation should prepare and implement a long-term reserve fund strategy.**

2. **Major repairs and replacements should be recorded in, and funded from, a reserve fund account.**

3. **With the budgeted reserve fund contribution to the Reserve Fund of $45 141, in year ending 2026, then a 8% annual increase through to 2029. This annual increase drops to 4.0% per through to 2056.**

4. **The reserve fund should be fully invested in guaranteed securities, yielding at least 1.50% per annum.**

5. **The Corporation should make such expenditures, as necessary to maintain the property in optimum condition.**

6. **The reserve fund should be reviewed every year to ensure that the underlying assumptions are still valid and that the estimates remain current.**

7. **The Corporation should update the Reserve Fund Study every three (3) years.**

9.4 Future Reserve Fund Management

CONDOMINIUM ACT, 2005

Plan for Future Funding

The Act provides that the board of Directors prepare their own plan for the future funding of the reserve fund, and they are not bound by the recommendations of the reserve fund planner, provided that the reserve fund is adequate for financing all future major repairs and replacements, to wit:

> 94(8) Within 120 days of receiving a reserve fund study, the board shall review it and propose a plan for the future funding of the reserve fund that the board determines will ensure that, within a prescribed period of time and in accordance with the prescribed requirements, the fund will be adequate for the purpose for which it was established.

This means that the Board of Directors can vary the recommended funding. In the subject instance, instead of increasing reserve fund contributions, the Board may levy a special assessment or several assessments to eliminate the shortfall.

Projected Reserve Fund Expenditures

The proposed reserve fund expenditures in the 30-year Cash Flow Projection are mere guides in terms of timing, based on the remaining life span analysis.

Reserve fund expenditures should readily be varied to conform to actual management and maintenance plans and, therefore, they should not be restrictively interpreted.

In essence, reserve fund expenditures are the responsibility of management, and any targeted expenditures are guidelines only.

Note:

The Ontario Condominium Act has undergone changes; these changes will ensure Condominium Corporations remain fiscally responsible.

ADDENDA

Changes to Condominium Corporation:

1-Declaration was amended regarding Section 3, changes to section 4
No changes to Common Element description included.

2-Changes to Rules and Regulations of Condominium Complex provided to owners'

3-New By Laws 7, 8 and 9 (replaced 1,2 and3)

All can be found on www.lncc8.ca