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**TAX BASIS LETTER**

January 30, 2018

Board of Directors  
Watergate at Landmark  
Condominium Unit Owners Association  
211 Yoakum Parkway  
Alexandria, VA 22304-3862

Dear Board Members:

At your request, we have prepared this letter to provide information for unit owners to use to make potential increases to the tax basis of their units. This information is not provided as tax advice to the unit owners. The unit owners should consult with their own tax preparer to determine if a tax basis adjustment is appropriate for them.

Generally, unit owners may increase the tax basis of their units for their portion of the Association's total contribution to reserves, if those items were originally set aside for, and ultimately used for capital items rather than operating items. This information would be useful when a unit is sold, and there is a gain on the sale that exceeds the level that is considered to be exempt from tax. In that situation, an increase in the tax basis may reduce such a taxable gain. Again, we stress that unit owners should consult with their own tax preparer before making any basis adjustments.

Based on the information the Association has provided to us, the total potential addition to tax basis for qualified contributions to reserves for the fiscal years ended 1979 through 2017 is calculated as follows:

1979	\$ 87,400
1980	107,200
1981	213,592
1982	329,324
1983	255,360
1984	239,323
1985	382,308
1986	337,153
1987	376,233
1988	500,000
1989	500,000

1990	600,000
1991	700,000
1992	800,000
1993	800,000
1994	800,000
1995	800,000
1996	800,000
1997	800,000
1998	1,000,000
1999	1,200,000
2000	1,400,000
2001	1,500,000
2002	1,107,878
2003	1,312,075
2004	1,350,000
2005	1,073,000
2006	1,171,108
2007	1,058,275
2008	0
2009	370,677
2010	1,925,415
2011	1,860,767
2012	2,569,266
2013	2,525,005
2014	3,046,301
2015	2,733,354
2016	3,342,508
2017	<u>3,747,856</u>
Total	<u>\$ 43,721,378</u>

These amounts should be applied to an individual unit owner's percentage of ownership and prorated for the period of ownership in order to calculate the addition to tax basis for a unit. The percentage of ownership for a particular unit may be obtained from the governing documents or from the management agent.

We hope this information is helpful.

Sincerely,

*Goldklang Group CPAs, P.C.*

GOLDKLANG GROUP CPAs, P.C.