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SOUTHEASTER, INC.
STRUCTURAL INTEGRITY RESERVE STUDY (SIRS)

For 30-Year Projection Period: FY 2024 through FY 2054

CustomReserves

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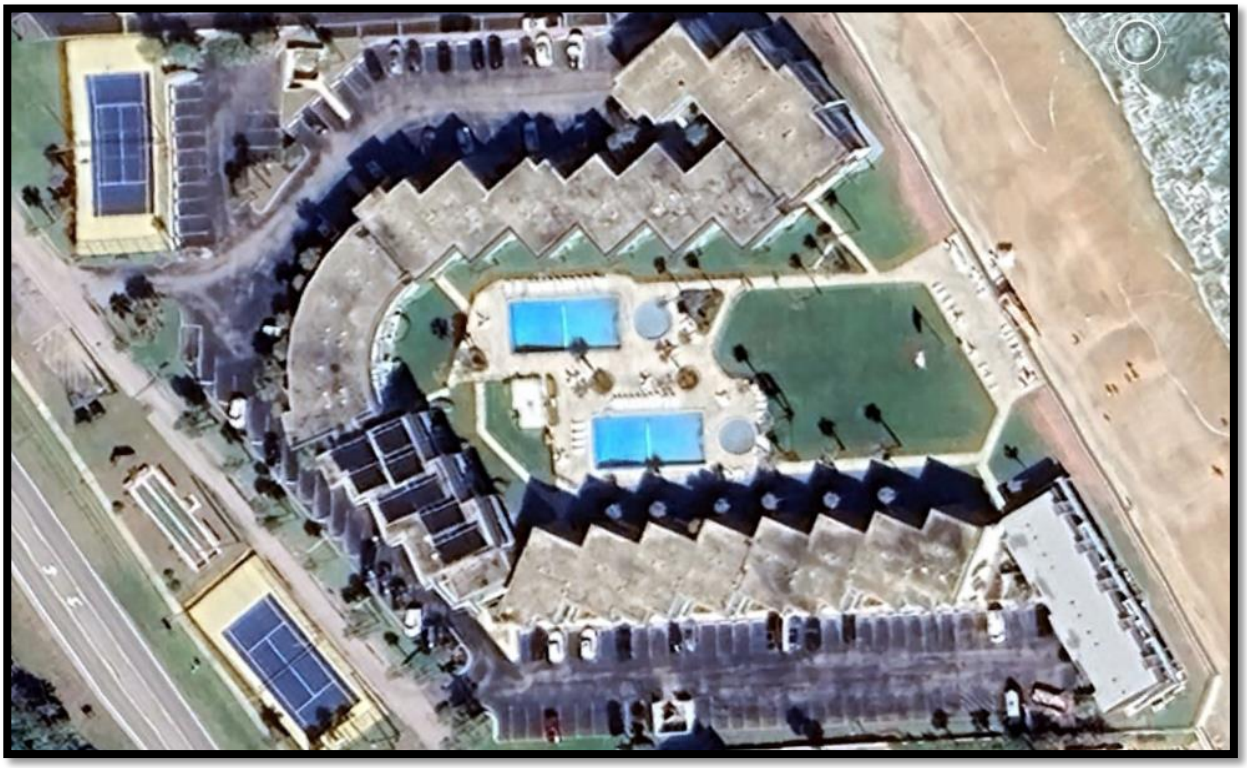
Property Overview



New Smyrna Beach, FL

Latitude: 28°58'44.58"N

Longitude: 80°51'31.80"W

Executive Summary

Custom Reserves, LLC conducted a site visit on May 2, 2024. There are XX common area reserve components identified comprising 28 line items that require reserve funding during the noninvasive, visual inspection of the community. Supplemental information to the physical inspection typically includes the following sources:

1. Association board members, management and staff
2. Client's vendors
3. Declaration
4. Maintenance records of the reserve components where available
5. Project plans where available

Southeaster, Inc. (Southeaster, Inc.) is a apartment style development established in 1968, located in New Smyrna Beach, FL and is responsible for the common elements shared by 78 owners within six three-story building(s). The development contains Building Services, Exterior Building, Interior Building, Pool, and Property Site components.

A Reserve Study comprises two parts:

Physical Analysis	Financial Analysis
• Component Inventory • Condition Assessment • Estimated Useful Life • Remaining Useful Life • Replacement Cost	• Fund Status • Funding Plan

The intention of this Reserve Study is to forecast the Association's ability to repair or replace major components as they wear out in future years. This Reserve Study complies with or exceeds all applicable statutes and national standards. Reserve Studies are a guide and should be used for budgetary purposes. Actual expenditures and times of replacements can and/or will vary.

Reference #: 1379.24 **Inspection and Report by**:

Paul Grifoni, PRA, RS

Financial Analysis

Southeaster, Inc. presently utilizes the **Component** method of funding. However, Management informs Custom Reserves that the Board plans to switch to pooling in 2025. Therefore, the pooling method or cash flow funding plan is included to project and illustrate the reserve funding plan as depicted in **Appendix B** is included in this analysis. The unaudited cash status of the Association's **combined** individual reserve funds, as of December 31, 2023, as reported by Management and the Board is $379,578.11. Southeaster, Inc. budgeted $75,250.77 for combined reserve contributions in 2024. A recommended reserve contribution of $195,000 would be required in 2025 to adequately fund reserves based on this analysis of using a threshold amount of 10% in the future high risk year. The Association can budget inflationary increases each year until the next Reserve Study Update. Southeaster, Inc. also needs additional reserve contributions of $1,250,000 in 2024 and $400,000 in 2025 to fund replacement of the roofs. The threshold or risk years fall in 2024 and 2044 due to roof replacements .

Ideally, the Association would fund both SIRS and Non-SIRS as recommended. However, the Association could apply a percentage of SIRS versus Non-SIRS to the total reserve balance and total recommended reserve contribution excluding the additional reserve contributions. The SIRS components equate to 83.4% of the total current expenditures.

This Financial Analysis can be separated into SIRS and Non-SIRS categories based on the percentage of the current expenditures. The Association should consult with legal counsel and obtain the necessary vote to begin SIRS vs Non-SIRS pooled reserve accounts if it's needed to keep the SIRS reserves adequately funded. Within the pooling method, the Association may use reserve funds, as needed, for those expenditures related to components which are included in the Reserve Component inventory as long as the components deemed SIRS are still funded. Voting for all the current reserves into a SIRS pool would be the most cost effective approach. Splitting the reserves into SIRS versus Non-SIRS typically results in an overall increase. When the recommended increase in reserve contributions is significant, the Association can legally partially fund their **Non-SIRS** reserves if a "fully-funded" budget is disclosed to the owners and the appropriate voting procedures are followed.

SIRS components are distinguished between Non-SIRS components in the third column of **Appendix A.** The percentage of SIRS versus Non-SIRS components is depicted in the Expenditure Chart and Funding Graph.

Custom Reserves encourages all clients to adequately fund all their reserves components and recommends the Association consult with management, legal counsel and/or its accounting team to thoroughly understand the options available to them. However, when the recommended increase in reserve contributions is significant, the Association can legally partially fund their Non-SIRS reserves if a "fully-funded" budget is disclosed to the owners and the appropriate voting procedures are followed.

External market factors incorporated in this Reserve Study are an inflation rate of 2.5% based on the Consumer Price Index published by the Bureau of Labor Statistics and an interest rate of 2.5%. Most community association bylaws provide that Association funds shall be held in a bank, with FDIC or similar insurance to cover all funds.

The actual timing of the events depicted may not occur exactly as projected. Internal changes such as deferred or accelerated projects, and external changes such as interest and inflation rates, are likely. Updates to the Reserve Study will incorporate these changes. To ensure equity in the adopted funding plan, ongoing annual reviews and either a Non Site visit or Site Visit update of this Reserve Study is recommended in two- to three-years respectively depending on the complexity of the community, and changes in external and internal factors. It is recommended by the American Institute of Certified Public Accountants (AICPA) that your Reserve Study be updated annually.

Property Component Definitions

The analysis began by separating the property components into specific areas of responsibility for replacement and repair. These classes of property are as follows:

1. Reserve Components are defined as follows:
    - Association responsibility
    - Limited useful life expectancies
    - Predictable remaining useful life expectancies
    - Replacement cost above a minimum threshold

2. Operating Budget Components are defined as follows:
    - Common area components historically funded through operating funds rather than reserve funds
    - Common area components whose replacement or repair costs fall below a specific dollar amount

3. Long-Lived Components are defined as follows:
    - Common area components without a predictable remaining useful life
    - Common area components with a remaining useful life beyond the 30-year scope of this reserve study

4. Owner Components are defined as follows:
    - Components that are not the responsibility of the Association to maintain, repair or replace

5. Other Components are defined as follows:
    - Components that are neither the responsibility of the Association nor the Owner to maintain, repair or replace

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Property Component Model

		COMMON COMPONENTS (X)			REMAINING COMPONENTS (O)	
CATEGORY	COMPONENT	RESERVES	OPERATING	LONG-LIVED	OWNER	OTHER
Property Site	Asphalt Pavement, Repaving	X				
SIRS Exterior Building	Balconies and Patios, Waterproof Coating Removal	X				
SIRS Exterior Building	Balconies and Patios, Waterproof Coatings	X				
Property Site	Beach Access, Staircase	X				
SIRS Exterior Building	Breezeways, Waterproof Coating Removal	X				
SIRS Exterior Building	Breezeways, Waterproof Coatings	X				
	Ceilings, Acoustical Tiles And Grid		X			
	Chimney Caps, Building A				O	
	Concrete Flatwork		X			
SIRS Exterior Building	Concrete Restoration	X				
	Curb Stops		X			
Pool	Deck, Pavers	X				
	Doors, Serving Individual Units				O	
Exterior Building	Downspouts	X				
SIRS Building Services	Electrical Systems, Partial	X				
	Electrical Systems, Serving Individual Units				O	
	Exhaust Fans		X			
	Expenses Less Than $10,000		X			
Pool	Fence, Aluminum	X				
	Fire Extinguishers		X			
	Flag Pole		X			
Interior Building	Floor Coverings, Tile	X				
	Foundation(s)			X		
	Furniture, Recreational Room		X			
Building Services	HVAC Equipment	X				
	HVAC Equipment, Serving Individual Units				O	
	Ice Machines		X			
	Irrigation System		X			
	Kitchen, Renovations		X			
	Landscaping		X			
	Laundry Equipment					O
	Light Fixtures		X			
	Mailboxes		X			
	Office Equipment		X			
	Other Repairs Normally Funded Through the Operating Budget		X			
SIRS Exterior Building	Paint Finish Applications	X				
	Pipes, Interior Building, Serving Individual Units				O	
SIRS Building Services	Plumbing System, Partial	X				
	Pool Equipment		X			
Pool	Pool Finishes	X				
	Pool Furniture		X			
Property Site	Railing, Sea Wall	X				
SIRS Exterior Building	Railings, Aluminum	X				
	Rest Room Fixture Replacements		X			
SIRS Exterior Building	Roof, Flat, Building A	X				
SIRS Exterior Building	Roofs, Flat, Remaining	X				
SIRS Exterior Building	Roofs, Mansard, Partial	X				
SIRS Property Site	Sea Wall, Concrete	X				
	Security System		X			
	Shuffleboard Courts		X			
	Signage		X			
	Skylights				O	
Building Services	Solar Photovoltaic System, Remove and Reset	X				
Building Services	Solar Photovoltaic System, Replace	X				

		COMMON COMPONENTS (X)			REMAINING COMPONENTS (O)	
CATEGORY	COMPONENT	RESERVES	OPERATING	LONG-LIVED	OWNER	OTHER
	Structural Frame(s)			X		
Property Site	Tennis Courts, Color Coat	X				
Property Site	Tennis Courts, Fence	X				
Property Site	Tennis Courts, Surface Replacement	X				
	Unit Interiors				O	
	Water Heaters		X			
	Water Heaters, Serving Individual Units				O	
SIRS Exterior Building	Windows and Doors, Common, Phased	X				
	Windows, Serving Individual Units				O	

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Reserve Expenditures

Southeaster, Inc.

Appendix A

Projected Inflation Rate 2.5%

Line Item	Reserve Components	Statutory Classification	Total Quantity	Per Phase Quantity	Unit of Measurement	1st Year of Replacement	Useful Life Years	Age (Year)	Remaining Life Years	2024 Unit Cost	2024 Cost of Replacement per Phase	2024 Cost of Replacement per Total	Total 30 Year Future Costs of Replacement	Fiscal Year 2024	Year 1 2025	Year 2 2026	Year 3 2027	Year 4 2028	Year 5 2029	Year 6 2030	Year 7 2031	Year 8 2032	Year 9 2033
	Building Services Components										***$159,200***	***$159,200***	***$754,254***										
1	Electrical Systems, Partial	SIRS	**1**	1	Allowance	2034	to 75+	varies	10	$10,000.00	$10,000	$10,000	**$50,163**										
2	HVAC Equipment	Non SIRS	**2**	2	Each	2031	8 to 12	2021	7	$8,000.00	$16,000	$16,000	**$74,530**								$19,019		
3	Plumbing System, Partial	SIRS	**1**	1	Allowance	2028	to 75	varies	4	$95,000.00	$95,000	$95,000	**$509,608**					$104,862					$118,642
4	Solar Photovoltaic System, Remove and Reset	Non SIRS	**1**	1	Allowance	2025	15 to 20	2006	1	$9,200.00	$9,200	$9,200	**$24,652**		$9,200								
4.1	Solar Photovoltaic System, Replace	Non SIRS	**1**	1	Allowance	2031	to 25	2006	7	$29,000.00	$29,000	$29,000	**$95,301**								$34,472		
	Exterior Building Components										***$3,956,174***	***$2,506,149***	***$7,733,414***										
5	Balconies and Patios, Waterproof Coatings	SIRS	**8,105**	8,105	Square Feet	2025	5 to 10	2015	1	$5.00	$40,525	$40,525	**$302,304**		$41,538							$49,376	
5.1	Balconies and Patios, Waterproof Coating Removal	SIRS	**8,105**	8,105	Square Feet	2025	10 to 15	2008	1	$6.30	$51,062	$51,062	**$230,783**		$52,338								
6	Breezeways, Waterproof Coatings	SIRS	**10,785**	10,785	Square Feet	2025	5 to 10	2015	1	$5.00	$53,925	$53,925	**$402,263**		$55,273							$65,702	
6.1	Breezeways, Waterproof Coating Removal	SIRS	**10,785**	10,785	Square Feet	2025	10 to 15	2008	1	$6.30	$67,946	$67,946	**$307,094**		$69,644								
7	Concrete Restoration	SIRS	**1**	1	Allowance	2024	5 to 10	2008	0	$10,000.00	$10,000	$10,000	**$414,347**	$75,000	$275,000							$12,184	
8	Downspouts	Non SIRS	**525**	525	Linear Feet	2044	to 25	2019	20	$20.00	$10,500	$10,500	**$17,205**										
9	Paint Finish Applications	SIRS	**96,160**	96,160	Square Feet	2024	5 to 10	2015	0	$2.73	$262,517	$262,517	**$1,951,728**	$262,517								$319,851	
10	Railings, Aluminum	SIRS	**4,215**	4,215	Linear Feet	2038	to 30	2008	14	$110.00	$463,650	$463,650	**$655,125**										
11	Roof, Flat, Building A	SIRS	**41**	41	Squares	2044	15 to 20	2024	20	$3,300.00	$135,300	$135,300	**$221,705**										
11.1	Roofs, Flat, Remaining	SIRS	**335**	335	Squares	2024	15 to 20	1994	0	$3,300.00	$1,105,500	$1,105,500	**$2,916,990**	$1,105,500									
12	Roofs, Mansard, Partial	SIRS	**73**	73	Squares	2024	to 35	2008	0	$3,425.00	$250,025	$250,025	**$250,025**	$250,025									
13	Windows and Doors, Common, Phased	SIRS	**460**	120	Square Feet	2029	to 40	Unknown	5	$120.00	$14,400	$55,200	**$63,845**						$16,292				
											$1,490,825												
	Interior Building Components										***$27,700***	***$27,700***	***$42,149***										
14	Floor Coverings, Tile	Non SIRS	**2,770**	2,770	Square Feet	2041	to 30	2011	17	$10.00	$27,700	$27,700	**$42,149**										
	Pool Components										***$261,900***	***$261,900***	***$643,905***										
15	Deck, Pavers	Non SIRS	**15,000**	15,000	Square Feet	2043	20 to 30	2008	19	$10.00	$150,000	$150,000	**$239,798**										
16	Fence, Aluminum	Non SIRS	**545**	545	Linear Feet	2053	to 30	2023	29	$60.00	$32,700	$32,700	**$66,918**										
17	Pool Finishes	Non SIRS	**4,400**	4,400	Square Feet	2025	10 to 15	Unknown	1	$18.00	$79,200	$79,200	**$337,190**		$81,180								
	Property Site Components										***$725,518***	***$725,518***	***$1,387,739***										
18	Asphalt Pavement, Repaving	Non SIRS	**5,580**	5,580	Square Yards	2030	15 to 25	Unknown	6	$20.00	$111,600	$111,600	**$129,422**							$129,422			
19	Beach Access, Staircase	Non SIRS	**1**	1	Allowance	2042	to 20	2022	18	$25,000.00	$25,000	$25,000	**$38,991**										
20	Railing, Sea Wall	Non SIRS	**445**	445	Linear Feet	2052	to 30	2022	28	$140.00	$62,300	$62,300	**$124,382**										
21	Sea Wall, Concrete	SIRS	**470**	470	Linear Feet	2052	to 50	2002	28	$1,000.00	$470,000	$470,000	**$938,353**										
22	Tennis Courts, Color Coat	Non SIRS	**1,205**	1,205	Square Yards	2025	4 to 6	2020	1	$8.50	$10,243	$10,243	**$87,688**		$10,499					$11,878			
23	Tennis Courts, Fence	Non SIRS	**645**	645	Linear Feet	2054	to 30	2024	30	$25.00	$16,125	$16,125	**$33,823**										
24	Tennis Courts, Surface Replacement	Non SIRS	**605**	605	Square Yards	2030	to 30	Unknown	6	$50.00	$30,250	$30,250	**$35,081**							$35,081			
	Total Expenditures										$5,130,491	$3,680,466	**$10,561,462**	**$1,693,042**	**$594,672**	**$0**	**$0**	**$104,862**	**$16,292**	**$176,381**	**$53,491**	**$447,113**	**$118,642**

Reserve Expenditures

Southeaster, Inc.

Line Item	Reserve Components	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
		2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
	Building Services Components																					
1	Electrical Systems, Partial	$12,801										$16,386										$20,976
2	HVAC Equipment								$24,346										$31,165			
3	Plumbing System, Partial					$134,233					$151,872											
4	Solar Photovoltaic System, Remove and Reset												$15,452									
4.1	Solar Photovoltaic System, Replace																					$60,829
	Exterior Building Components																					
5	Balconies and Patios, Waterproof Coatings						$58,692							$69,767							$82,931	
5.1	Balconies and Patios, Waterproof Coating Removal						$73,952														$104,493	
6	Breezeways, Waterproof Coatings						$78,099							$92,836							$110,353	
6.1	Breezeways, Waterproof Coating Removal						$98,405														$139,044	
7	Concrete Restoration						$14,483							$17,216							$20,464	
8	Downspouts											$17,205										
9	Paint Finish Applications						$380,203							$451,941							$537,216	
10	Railings, Aluminum					$655,125																
11	Roof, Flat, Building A											$221,705										
11.1	Roofs, Flat, Remaining											$1,811,490										
12	Roofs, Mansard, Partial																					
13	Windows and Doors, Common, Phased						$20,855										$26,697					
	Interior Building Components																					
14	Floor Coverings, Tile								$42,149													
	Pool Components																					
15	Deck, Pavers										$239,798											
16	Fence, Aluminum																				$66,918	
17	Pool Finishes				$109,178												$146,832					
	Property Site Components																					
18	Asphalt Pavement, Repaving																					
19	Beach Access, Staircase									$38,991												
20	Railing, Sea Wall																			$124,382		
21	Sea Wall, Concrete																			$938,353		
22	Tennis Courts, Color Coat		$13,439					$15,205					$17,203					$19,464				
23	Tennis Courts, Fence																					$33,823
24	Tennis Courts, Surface Replacement																					
	Total Expenditures	**$12,801**	**$13,439**	**$0**	**$109,178**	**$789,358**	**$724,690**	**$15,205**	**$66,495**	**$38,991**	**$391,669**	**$2,066,787**	**$32,655**	**$631,760**	**$0**	**$0**	**$173,529**	**$19,464**	**$31,165**	**$1,062,734**	**$1,061,418**	**$115,628**

Cash Flow Funding Plan (Pooling Method)

Southeaster, Inc.

	FY	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Beginning of Year Reserves	**Note 2**	**$379,578**	$21,276	$22,136	$222,589	$433,054	$549,018	$761,751	$825,114	$1,018,451	$828,699	$968,474	$1,223,485	$1,490,333	$1,783,491	$1,981,200	$1,510,272
Recommended Reserve Contributions	**Note 2**	**75,251**	**195,000**	199,900	204,900	210,000	215,300	220,700	226,200	231,900	237,700	243,600	249,700	255,900	262,300	268,900	275,600
Additional Reserve Contributions		1,250,000	400,000														
Total Recommended Reserve Contributions		1,325,251	595,000	199,900	204,900	210,000	215,300	220,700	226,200	231,900	237,700	243,600	249,700	255,900	262,300	268,900	275,600
Anticipated Interest Earned	**2.5%**	9,489	532	553	5,565	10,826	13,725	19,044	20,628	25,461	20,717	24,212	30,587	37,258	44,587	49,530	37,757
Projected Expenditures		(1,693,042)	(594,672)	0	0	(104,862)	(16,292)	(176,381)	(53,491)	(447,113)	(118,642)	(12,801)	(13,439)	0	(109,178)	(789,358)	(724,690)
Projected Year End Reserves		21,276	22,136	222,589	433,054	549,018	761,751	825,114	1,018,451	828,699	968,474	1,223,485	1,490,333	1,783,491	1,981,200	1,510,272	1,098,938
		Threshold/ Risk Year															

	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Beginning of Year Reserves	$1,098,938	$1,393,706	$1,651,655	$1,950,754	$1,912,054	$204,868	$496,935	$205,198	$546,128	$903,981	$1,105,852	$1,475,634	$1,851,960	$1,215,425	$573,793
Recommended Reserve Contributions	282,500	289,600	296,800	304,200	311,800	319,600	327,600	335,800	344,200	352,800	361,600	370,600	379,900	389,400	399,100
Anticipated Interest Earned **2.5%**	27,473	34,843	41,291	48,769	47,801	5,122	12,423	5,130	13,653	22,600	27,646	36,891	46,299	30,386	14,345
Projected Expenditures	(15,205)	(66,495)	(38,991)	(391,669)	(2,066,787)	(32,655)	(631,760)	0	0	(173,529)	(19,464)	(31,165)	(1,062,734)	(1,061,418)	(115,628)
Projected Year End Reserves	1,393,706	1,651,655	1,950,754	1,912,054	204,868	496,935	205,198	546,128	903,981	1,105,852	1,475,634	1,851,960	1,215,425	573,793	871,610
					Threshold/ Risk Year										

Notes:

1) FY 2024 Begins January 1, 2024 and Ends December 31, 2024
2) FY 2024 Beginning Reserve Balance and Remaining Contributions are as of December 31, 2023
3) Interest Earned is compounded on the Beginning Year Reserve Balance, the first year is a partial amount earned
4) Taxes on the interest earned are considered negligible

Building Services Components

1. Electrical Systems

The Association maintains the common electrical systems. The common area electrical panels are in satisfactory operational condition and range in age. Electrical systems can have a long useful life of up to 75 years and beyond. Not all components will fail simultaneously and therefore periodic repairs and partial replacements are likely as the system ages. Southeaster should budget for partial replacements by 2034 and every 10 years thereafter. The exact times and costs will vary.

Figure 1 – Meter Bank

Figure 2 – Breaker Panel

2. HVAC Equipment

The recreational area utilizes two split systems for heating, ventilating and air conditioning. A split system comprises an outdoor condensing unit and in indoor air handling unit. The split systems were operational at the time of inspection.

Figure 1 – Condensing Units

Split systems have a useful life from 8- to 12-years. Southeaster should budget for replacements by 2031 and every 10 years thereafter. The replacement costs are based on a 14 seasonal energy efficiency ratio (SEER).

3. Plumbing System

The Association is responsible for the building's internal common plumbing system that includes riser sections, water supply, waste including HVAC and vent piping. Plumbing systems comprising cast iron have a long useful life. However, plumbing systems are failing as infrastructure ages. Communities often fail to account for the plumbing system because it is out of sight. Potential mold and/or other damage may occur if leaks are left unrepaired.

Due to the concealed nature of the plumbing systems, the condition and exact locations of the piping was not determined. The Association should perform a detailed analysis of the plumbing systems to assist in future reserve planning and contract with a pipe restoration specialist to have the pipe interiors camera-scoped to provide pipe quantities, locations, and conditions.

The highest risk items are water heater failures, HVAC condensation drain backups, refrigerator/freezer lines, bathtub drains and toilet seals. Although these components may be the responsibility of the owners to maintain, the Association should inform owners that they should include shut off valves and the water heaters have a useful life of 10 years and should be seated in a tray. Water lines should be off if units that are vacant for 30 or more days.

The common plumbing systems are original and reported in satisfactory overall condition, with no significant issues reported. Previous repairs are noted. The Association should anticipate periodic repairs as needed and inspect the plumbing system annually. Southeaster should budget for partial plumbing system renovations of up to twenty percent (20%) by 2028 and every five years thereafter. The estimated times and costs will vary. The Association may find value in the use of in-place pipe restoration technology such as pipe relining for the waste lines. In-place pipe restoration technology involves camera-scoping, cleaning, and preparing of the pipe interiors followed by installation of a pressurized liquid epoxy which hardens to become structural in nature. This can be a more efficient and cost-effective option in that the need for opening wall cavities in both common areas and unit interiors can be greatly minimized. Pipe lining causes the least amount of disruption

to the unit owners. However, Custom Reserves advises the Association to consult with their insurance provider to see if they accept this method of restoration.

Updates to this reserve study will consider the timing of future replacements, based on the history of leaks and on information derived from invasive inspections by plumbing contractors. All plumbing systems serving individual unit owners are the responsibility of the individual unit owner.

4. Solar Photovoltaic System

The pool is heated by a solar system located atop Building C. The solar system is in fair reported condition at an age of approximately 18 years. Management reports that Southeaster plans to replace the roof where the solar system is located in the near term. The Association should budget to remove and reset the system in 2025 and again by 2045. The solar system has a useful life of up to 25 years. Southeaster should also budget for replacement of the solar system by 2031 and again by 2054.

Figure 1

Figure 2

Exterior Building Components

Figure 1 – Breezeway Elevation

Figure 2 - Breezeway Elevation

Figure 3 – Balcony Elevation

Figure 4 – Building A

5. Balconies and Patios, Waterproof Coatings

Southeaster maintains balconies that comprise approximately 8,105 square feet of concrete surface. Balconies are structural components that support themselves rather than supporting the building. The balconies are in fair condition overall. Management reports that the Association conducted a concrete restoration in 2008. Balconies have a long useful life with the benefit of periodic maintenance. Concrete cracks and spalling occur from the expansion of the reinforcing steel bars due to corrosion. Concrete corrosion is caused by rainwater and chlorides penetrating the surface of the concrete and contacting the embedded steel reinforcement bars. Failure to maintain the balconies can lead to costly repairs.

Concrete repairs include replacing compromised reinforcing within associated cracks and spalls. Cracks should be repaired with a gravity feed epoxy. Southeaster should consider using a hybrid coating consisting of a urethane base coat with a textured acrylic topcoat. The proper way to apply coatings is to remove and reinstall the railings. Coatings provide the primary protection from the elements and can minimize ongoing cyclic structural concrete damage (spalling) due to corrosion. Waterproof coatings applied to horizontal walking surfaces should meet or exceed the minimum requirements for pedestrian traffic bearing capacity and slip resistance.

The Association should budget for waterproof coating applications, cant bead and partial concrete repairs as needed in 2025 and every 5- to 10-years thereafter in conjunction with paint finish applications. The cant bead is the seal between the wall and floor surfaces. Southeaster should also budget for removal of the existing coatings in 2025 and every 10- to 15-years thereafter.

Figure 1

Figure 2

6. Breezeways, Waterproof Coatings

Southeaster maintains breezeways that comprise approximately 10,785 square feet of concrete surface. The breezeways are original and in good condition overall. Breezeways have a long useful life with the benefit of periodic maintenance. Concrete cracks and spalling occur from the expansion of the reinforcing steel bars due to corrosion. Concrete corrosion is caused by rainwater and chlorides penetrating the surface of the concrete and contacting the embedded steel reinforcement bars. Failure to maintain the breezeways can lead to costly repairs. Coatings provide the primary protection from the elements and can minimize ongoing cyclic structural concrete damage (spalling) due to corrosion. The Association should budget for waterproof coating applications and partial repairs as needed in 2025 and every 5- to 10-years thereafter in conjunction

with paint finish applications. Southeaster should also budget for removal of the existing coatings in 2025 and every 10- to 15-years thereafter.

Figure 1 – Surface Crack

Figure 2 – Cracked Wall to Floor Seal

7. Concrete Restoration

Concrete is strong in compression and weak in tension and therefore requires steel reinforcing. Concrete corrosion is caused by rainwater and chlorides (salt) getting into the concrete down to the level of the steel. The Association is currently repairing a staircase column located between Buildings E and F. The known estimate of cost is included in 2024. A budgetary allowance is also included in 2025 until further information is provided by the engineer.

Figure 1 – Breezeway Side Ceiling Delamination

Figure 2 – Staircase Column Corrosion

Concrete spalling occurs under a sliding glass door due to long term water intrusion at the door track. This spalling can encroach on the interior space. Once the corrosion process has been initiated, the Association should budget an allowance for partial repairs in 2025 and every 5- to 10-years thereafter in conjunction with paint finish applications. Effective corrosion mitigation can delay and minimize future concrete spalling. Concrete repairs should be in accordance with the

International Concrete Repair Institute Guidelines, ACI Building Code 562. The estimate of cost and times of restoration projects will vary based on natural forces and hidden underlying deterioration. Since concrete restoration costs are unknown until it happens, the Association should fund overages through a special assessment as needed.

Figure 3 – Significant Wall Crack

Figure 4 – Balcony Cracks

8. Downspouts

Southeaster utilizes approximately 525 linear feet of downspouts that are designed to collect rainwater from the roofs and shed the water away from the buildings. The downspouts are in good overall condition at an age of approximately five years. Downspouts have a useful life of up to 25 years. The Association should budget for replacements by 2044. The Association should ensure the water is directed away from foundations.

Figure 1

Figure 2

9. Paint Finish Applications

The Association maintains approximately 96,160 square feet of stucco-like cement coating paint finishes. This quantity includes the sea wall. Stucco has fire resistive properties from 20- to 30-minutes and has a wind force shear value from 75- to 180-pounds per foot. Periodic applications of a protective paint finish or waterproof coating is essential in order to maintain the appearance and integrity of the buildings. Stucco is water resistant but not waterproof. Over time, stucco becomes more permeable which leads to cracks and moisture intrusion if maintenance is deferred.

Comprehensive paint specifications define quality levels and the materials and methods required to achieve them. Construction specifications are written documents that describe the materials and workmanship required for a building project. The purpose is to create certainty in the project and outcome. MasterFormat® is an indexing system created by the Construction Specifications Institute (CSI). Division 01 tells how submittals will be handled. Paint and Coatings are found under Division 09 Finishes. Open specs allow products from multiple manufacturers encouraging competition. Products would still have to meet performance requirements. Closed specs name the desired manufacturer ensuring control by the designer.

The paint finish performance is affected by proper product selection, application, and surface preparation. Coating integrity and useful life will be reduced because of improperly prepared surfaces. The selection and implementation of proper surface preparation ensures coating adhesion to the substrate and prolongs the useful life of the coating system.

Figure 1 – Peeling and Faded Paint

Figure 2 – Chipped Soffit Paint

The paint finishes are in poor overall condition. Management and the Board report that Southeaster plans the next paint finish application in 2024. Paint finishes have a useful life from 5- to 10-years. The Association should plan for weatherizing the window sealants and any exterior penetrations such as hairline cracks as needed in conjunction with paint finish applications. The window sealants should be replaced with a polyurethane sealant and then painted over for protection from UV light degradation. The Association should also plan to have a licensed engineer that specializes in restoration projects to inspect and develop a plan for any repairs prior to paint finish applications. Repairs to the metal supports should be conducted prior to paint.

Figure 3 – Metal Support Corrosion

Figure 4 – Metal Support Corrosion

10. Railings, Aluminum

The Association maintains 4,215 linear feet of aluminum railings. The finish on aluminum fences is relatively maintenance free. While aluminum doesn't rust, it does corrode over time. The railings are in fair overall condition at an age of 16 years. Aluminum railings have a useful life of up to 30 years. The major concern with railings is safety.

Figure 1 – Balcony Railing

Figure 2 – Breezeway Railing

Southeaster can maximize the useful life by repairing connections and fasteners promptly when and if they fail. These activities should be funded through the operating budget on an as needed basis. The Association should budget for railing replacements by 2038. Surface mounted railings should be installed using stainless steel anchors set into predrilled holes and filled with sealant to minimize edge spalling. Southeaster should make sure the stainless-steel fasteners are used with caps for added protection. Areas of missing fastener caps are noted.

Figure 3 – Rail

Figure 4 – Fastener Caps Missing

11. Roofs, Flat

The Association maintains a total of approximately 376 squares of flat roofs. Management reports that Southeaster replaced Building A's flat roof in 2024 with a modified bitumen style roof. The remaining flat roofs comprise a built-up style and are in fair condition at an age of 30 years. Flat roof coverings typically have a useful life from 15- to 20-years.

Exposure to ultraviolet light, heat and weather degrade the membrane overtime. Degradation results in membrane damage from thermal expansion and contraction. Aging of the roof makes the membrane less pliable and difficult to maintain. The most vulnerable parts of a roof are at the perimeters and penetrations such as vents, plumbing stacks and HVAC equipment. Water intrusion can lower insulation R-values and weaken the roof assembly. Ponding water is water that sits on a roof for 24- to 48-hours. Standing water is when water sits on the roof for more than 48 hours.

Reroofing is more labor intensive than an original installation. Removal and disposal can be an issue in multistory buildings because of problems conveying materials on and off the roofs. Replacement costs are higher and make replacement less feasible economically.

New roofing can be accomplished by either a tear-off or an overlay. An overlay can cover up problems with the deck and flashings. The contractor should follow manufacturer's directions and specifications. The National Roofing Contractors Association (NRCA) recommends the use of a suitable cover board layer over insulation before a roof membrane installation.

The Association should budget for replacement of Building A's flat roof by 2044. Southeaster should also budget for replacement of the remaining flat roof systems in 2024 and again by 2044. The Association should look for roof system warranties offered by manufacturers. No Dollar Limit (NDL) warranties include roof leaks caused by defects in labor or materials. Interim annual inspections are recommended funded through the operating budget.

Figure 1 – Building B Roof

Figure 2 – Building C Roof

12. Roofs, Mansard

A wood framed truss mansard is installed around the perimeter of each building. There are approximately 73 squares of mansard roofs.

Figure 1 – New Building A Mansard

Figure 2 – Existing Mansard

The mansard roofs are in fair to poor overall condition at an age of 16 years. Management reports that the Association plans to replace the mansard roofs in the near term. Mansard roofs have a useful life of up to 35 years.

13. Windows and Doors, Common

The common windows and doors comprise approximately 460 square feet. These windows are in fair overall condition at various ages. Windows and doors have a useful life of up to 40 years. Based on the varied ages, the Association should budget for phased replacements of the common windows and doors every 10 years beginning in 2029. The estimate of cost is based on a fire rated self-closing door. The windows should meet the Florida Building Code for impact resistance.

Figure 1 – Wood Door Rot

Figure 2 – Poor Door Finish

Interior Building Component

14. Floor Coverings, Tile

The Association maintains 2,770 square feet of tile floor coverings located within the recreational room and two laundry rooms. The tile floors are in good overall condition at an age of 13 years. Tile floors have an anticipated useful life of up to 30 years and beyond with the benefit of periodic maintenance. Periodic maintenance includes cleaning and partial replacements of cracked tiles as needed. Replacement is often predicated on the discretion of the active board's opinion of the need to update the appearance. Southeaster should anticipate replacement of the tile floors by 2041.

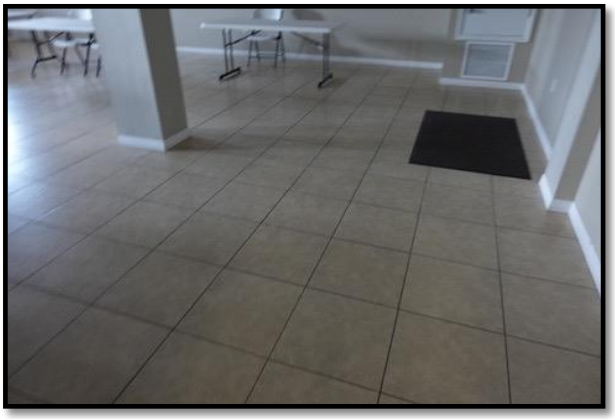


Figure 1 – Recreational Room

Figure 2 – Laundry Room

Pool Components

15. Deck, Pavers

The pool deck comprises approximately 15,000 square feet of pavers. The pavers are original and in fair to good overall condition. Pool deck pavers have a useful life from 20- to 30-years with the benefit of periodic maintenance. Periodic maintenance includes pressure washing, resetting as needed and an application of sand between the pavers followed by a sealer application every three years. Southeaster should budget for replacement of the pavers by 2043 and maintenance through the operating budget as needed.

Figure 1

Figure 2

16. Fence, Aluminum

Approximately 545 linear feet of aluminum fence surrounds the pool area. This fence is in good condition at an age of one year. The finish on aluminum fences is relatively maintenance free. Aluminum fences have a useful life of up to 30 years. Southeaster should budget for replacement of the pool fence by 2053.

Figure 1

Figure 2

17. Pool Finishes

The finish at the pool wall and floor surfaces is in fair overall condition. The ages are unknown. Pool finishes have an anticipated useful life from 10- to 15-years. The Association should budget for resurfacing of the wall and floor areas, as well as replacement of the waterline tile, in 2025 and every 12 years thereafter. Typically, minor upgrades will be needed to bring the pool up to current code. Potential repairs to the underlying pool structure may raise the estimate of cost. The Association should ensure that bidding contractors have an active license with a "CPC" designation.

Figure 1

Figure 2

18. Asphalt Pavement, Repaving

The Association maintains approximately 5,580 square yards of asphalt streets and parking areas. The asphalt pavement is in fair overall condition. The age is unknown. Asphalt pavement comprises multiple layers. Typically, the top layer or surface course deteriorates over time and can be milled or removed and overlaid or replaced. The following diagram depicts typical pavement layers.

A mill and overlay is a method of repaving of the surface course where cracked, worn and failed pavement is mechanically removed or milled. A new layer of asphalt is overlaid atop the remaining sound pavement. Milled pavement removes part of the existing pavement and permits the overlay to match the elevation of areas such as adjacent curbing. The milled pavement should be properly bonded to the new overlayment. Overlayment thicknesses range from one to two inches. Variable thicknesses are often necessary for proper drainage.

A combination of area patching, crack repair and milling should occur before the overlayment. Areas that exhibit potholes, alligator cracks and areas of pavement that are deteriorated from vehicle fluids should all be repaired prior to overlayment. Area patching may require total replacement of isolated areas of pavement. The base course for residential subdivision roadways designed for light traffic is often six inches thick. The paving contractor should seal all cracks. Crack repair minimizes the chance of underlying cracks coming through the overlayment.

The useful life of the asphalt pavement surface course varies from 15- to 25-years due to design, quality of construction, materials and maintenance. Based on the condition, Southeaster should budget for a mill and overlay of the pavement by 2030. The Association should retain an engineer for quality control.

Figure 1

Figure 2

19. Beach Access, Staircase

The Association maintains approximately 210 square feet of staircase decking. The staircase is and in good overall condition at an age of two years. The useful life of this type of decking is up to 25 years. Southeaster should budget for replacement by 2042. Treated wood needs to dry out before applying any maintenance application. Manufacturers sometimes add a water repellent to their lumber. For fully exposed wood, a water repellent sealer or a penetrating semi-transparent stain may provide the best finishing solution. Paint and solid color stains are not appropriate.

Figure 1

Figure 2

Interim repairs and partial replacements should be funded through the operating budget as needed. The Association should fund repairs through the operating budget on an as needed basis to maximize the useful life of the pier. Repairs may include inspection for warped or loose deck boards or railing components, replacement or additional installation of connections or fasteners, and partial replacements of structural members as needed.

20. Railing, Sea Wall

The Association maintains 445 linear feet of railings located atop the sea wall. The railings are in good condition at an age of two years. These railings have an estimated useful life of up to 30 years. The Association should budget for sea wall railing replacements by 2052 in conjunction with the sea wall.

Figure 1

Figure 2

21. Sea Wall

Southeaster maintains approximately 470 linear feet of concrete sea wall. The sea wall is in good overall condition at an age of 22 years. The cap encases the walls anchoring system and transfers the load and is an essential structural component of a sea wall. Sea walls of this type have a long useful life with the benefit of ongoing maintenance. Ongoing maintenance includes power washing and sealing the cap and filling the cracks with.

Figure 1

Figure 2

The Association should budget for replacements of the sea wall by 2052. Interim repairs such as depressions shown above should be funded through the operating budget as needed.

22. Tennis Courts, Color Coat

The Association maintains two tennis courts that comprise a total of 1,205 square yards. One is concrete and the other is an asphalt surface. The tennis courts require repairs and a color coat application every four- to six-years to maintain the playing surface. The color coat is in fair overall condition at an age of four years. Southeaster should budget for color coat applications in 2025 and every five years thereafter except when replacement occurs.

Figure 1 – Asphalt Court

Figure 2 – Concrete Court

23. Tennis Courts, Fence

The tennis courts are enclosed by 645 linear feet of chain link fence. The fence is in good condition at an age of less than one year. The fence has a useful life of up to 30 years. Southeaster should budget for replacement by 2054.

Figure 1

Figure 2

24. Tennis Courts, Surface Replacement

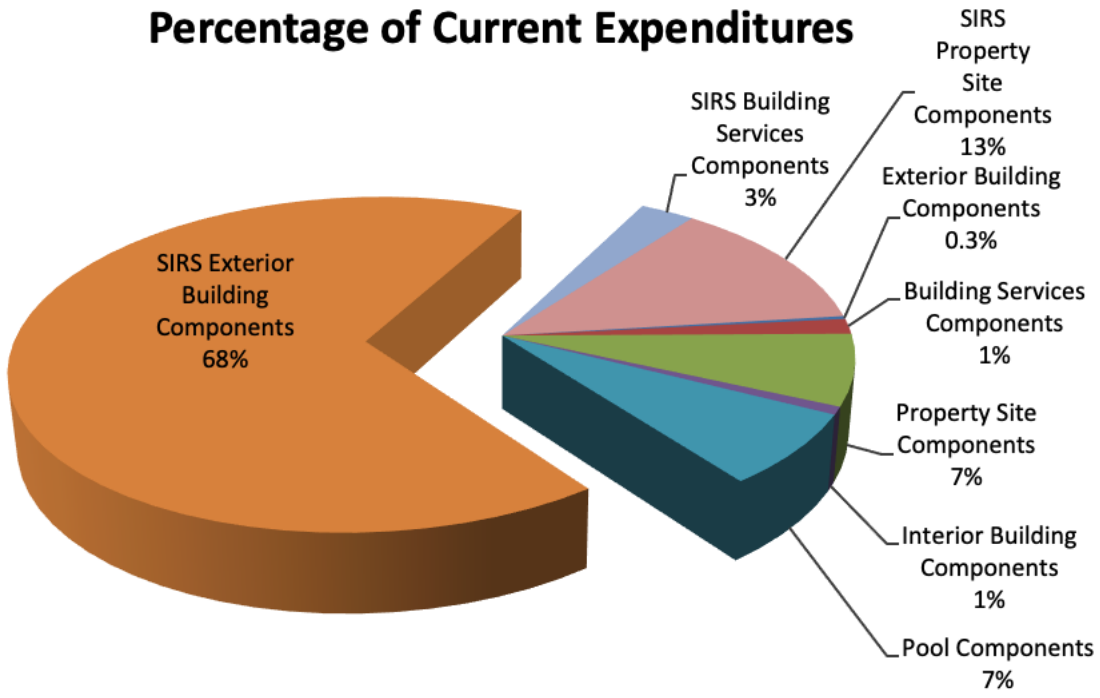
The asphalt surface is in fair overall condition at an unknown age. Based on the condition, Southeaster should budget for surface replacement by 2030 in conjunction with repaving.

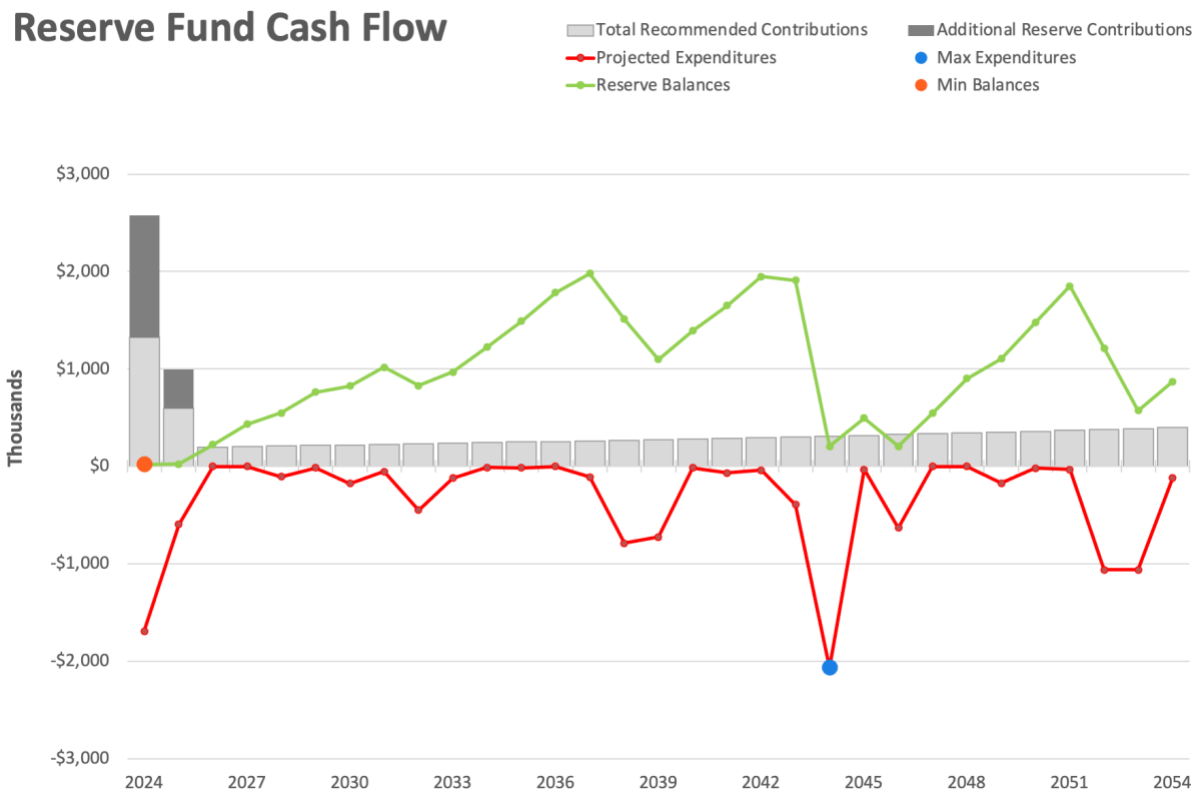
CustomReserves

Condition Model

Component Type	Component Name	Condition	Urgency	1st Year of Replacement
SIRS Building Services	Electrical Systems, Partial	7		2034
Building Services	HVAC Equipment	8		2031
SIRS Building Services	Plumbing System, Partial	6		2028
Building Services	Solar Photovoltaic System, Remove and Reset	7		2025
Building Services	Solar Photovoltaic System, Replace	7		2031
SIRS Exterior Building	Balconies and Patios, Waterproof Coatings	3		2025
SIRS Exterior Building	Balconies and Patios, Waterproof Coating Removal	3		2025
SIRS Exterior Building	Breezeways, Waterproof Coatings	3		2025
SIRS Exterior Building	Breezeways, Waterproof Coating Removal	3		2025
SIRS Exterior Building	Concrete Restoration	3		2025
Exterior Building	Downspouts	7		2044
SIRS Exterior Building	Paint Finish Applications	3		2025
SIRS Exterior Building	Railings, Aluminum	7		2038
SIRS Exterior Building	Roof, Flat, Building A	10		2044
SIRS Exterior Building	Roofs, Flat, Remaining	4		2025
SIRS Exterior Building	Roofs, Mansard, Partial	6		2025
SIRS Exterior Building	Windows and Doors, Common, Phased	6		2029
Interior Building	Floor Coverings, Tile	8		2041
Pool	Deck, Pavers	7		2043
Pool	Fence, Aluminum	9		2053
Pool	Pool Finishes	4		2025
Property Site	Asphalt Pavement, Repaving	5		2030
Property Site	Beach Access, Staircase	8		2042
Property Site	Railing, Sea Wall	9		2052
SIRS Property Site	Sea Wall, Concrete	7		2052
Property Site	Tennis Courts, Color Coat	6		2025
Property Site	Tennis Courts, Fence	10		2054
Property Site	Tennis Courts, Surface Replacement	6		2030

Expenditure Chart and Funding Graph





Terms and Definitions

Adequate Reserves - A replacement reserve fund and stable and equitable multiyear funding plan that together provide for the reliable and timely execution of the association's major repair and replacement projects as defined herein without reliance on additional supplemental funding.

Capital Improvements - Additions to the association's common area that previously did not exist. While these components should be added to the reserve study for future replacement, the cost of construction or installation cannot be taken from the reserve fund.

Cash Flow Method (also known as pooling) - A method of calculating Reserve contributions where contributions to the Reserve fund are designed to offset the variable annual expenditures from the Reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of Reserve expenditures until the desired Funding Goal is achieved.

Common Area - The areas identified in the community association's master deed or declarations of covenant easements and restrictions that the association is obligated to maintain and replace or based on a well-established association precedent.

Component - An individual line item in the Reserve Study developed or updated in the Physical Analysis. These elements form the building blocks of the Reserve Study. Components typically are: 1) Association responsibility, 2) The need and schedule for this project can be reasonably anticipated, 3) The total cost for the project is material to the association, can be reasonably estimated, and includes all direct and related costs.

Component Inventory - The task of selecting and quantifying Reserve Components. This task is accomplished through onsite visual observations, review of association design and organizational documents, and a review of established association precedents, and discussion with appropriate representative(s) of the association.

Component Method (also known as Straight Line) - A method of developing a reserve funding plan where the total funding is based on the sum of funding for individual components.

Condition Assessment - The task of evaluating the current condition of the component based on observed or reported characteristics. The assessment is limited to a visual, non-invasive evaluation.

Effective Age - The difference between Useful Life and Remaining Useful Life. Not always equivalent to chronological age since some components age irregularly. Used primarily in computations.

Financial Analysis - The portion of a reserve study in which the current status of the reserves (measured as cash or percent funded) and a recommended reserve funding plan are derived, and the projected reserve income and expense over a period of time are presented. The financial analysis is one of the two parts of a reserve study. A minimum of 30 years of income and expense are to be considered.

Fully Funded - 100% Funded. When the actual (or projected) Reserve balance is equal to the Fully Funded Balance.

Fully Funded Balance (FFB) - An indicator against which the actual (or projected) reserve balance can be compared. The reserve balance that is in direct proportion to the fraction of life "used up" of the current repair or replacement cost. This number is calculated for each component, and then summed for an association total.

Fund Status - The status of the reserve fund reported in terms of cash or percent funded.

Funding Goals - The three funding goals listed below range from the most aggressive to most conservative:

Baseline Funding - Establishing a reserve funding goal of allowing the reserve cash balance to approach but never fall below zero during the cash flow projection. This is the funding goal with the greatest risk of being prepared to fund future repair and replacement of major components, and it is not recommended as a long-term solution/plan. Baseline funding may lead to project delays, the need for a special assessment, and/or a line of credit for the community to fund needed repairs and replacement of major components.

Threshold Funding - Establishing a reserve funding goal of keeping the reserve balance above a specified dollar or percent funded amount. Depending on the threshold selected, this funding goal may be weaker or stronger than "fully funded" with respective higher risk or less risk of cash problems. In determining the threshold, many variables should be considered, including things such as investment risk tolerance, community age, building type, components that are not readily inspected, and components with a remaining useful life of more than 30 years.

Fully Funding - Setting a reserve funding goal to attain and maintain reserves at or near 100 percent funded. Fully funded is when the actual or projected reserve balance is equal to the fully funded balance.

It should be noted that, in certain jurisdictions, there may be statutory funding requirements that would dictate the funding requirements. In all cases, these standards are considered the minimum to be referenced.

Funding Plan - An Association's plan to provide income to a Reserve fund to offset anticipated expenditures from that fund. The plan must be a minimum of 30 years of projected income and expenses.

Funding Principles - A funding plan addressing these principles. These funding principles are the basis for the recommendations included within the reserve study:

- Sufficient funds when required.
- Stable funding rate over the years.
- Equitable funding rate over the years.
- Fiscally responsible.

Initial Year - The first fiscal year in the financial analysis or funding plan.

Life Estimates - The task of estimating useful life and remaining useful life of the reserve components.

Life Cycle Cost - The ongoing cost of deterioration which must be offset in order to maintain and replace common area components at the end of their useful life. Note that the cost of preventive maintenance and corrective maintenance determined through periodic structural inspections (if required) are included in the calculation of life cycle costs and often result in overall net lower life cycle costs.

Maintenance - Maintenance is the process of maintaining or preserving something, or the state of being maintained. Maintenance is often defined in three ways: preventive maintenance, corrective maintenance, and deferred maintenance. Maintenance projects commonly fall short of "replacement" but may pass the defining test of a reserve component and be appropriate for reserve funding. Maintenance types are categorized below:

Preventive Maintenance - Planned maintenance carried out proactively at predetermined intervals, aimed at reducing the performance degradation of the component such that it can attain, at minimum, its estimated useful life.

Deferred Maintenance - Maintenance which is not performed and leads to premature deterioration to the common areas due to lack of preventive maintenance. This results in a reduction in the remaining useful life of the reserve components and the potential of inadequate funding. Typically, deferred maintenance creates a need for corrective maintenance.

Corrective Maintenance - Maintenance performed following the detection of a problem, with the goal of remediating the condition such that the intended function and life of the component or system is restored, preserved, or enhanced. Many corrective maintenance projects could be prevented with a proactive, preventive maintenance program. Note that when the scope is minor, these projects may fall below the threshold of cost significance and thus are handled through the operational budget. In other cases, the cost and timing should be included within the reserve study.

Percent Funded - The ratio, at a particular point in time clearly identified as either the beginning or end of the association's fiscal year, of the actual (or projected) reserve balance to the fully funded balance, expressed as a percentage. While percent funded is an indicator of an association's reserve fund size, it should be viewed in the context of how it is changing due to the association's reserve funding plan, in light of the association's risk tolerance and is not by itself a measure of "adequacy."

Periodic Structural Inspection - Structural system inspections aimed at identifying issues when they become evident.

Additional information and recommendations are included within the Condominium Safety Public Policy Report. www.condosafety.com

Physical Evaluation - The portion of the reserve study where the component inventory, condition assessment, and life and valuation estimate tasks are performed. This represents one of the two parts of the reserve study.

Preventive Maintenance Schedule - A summary of the preventive maintenance tasks included within a maintenance manual which should be performed such that the useful lives of the components are attained or exceeded. This schedule should include both the timing and the estimated cost of the task(s).

Remaining Useful Life (RUL) - Also referred to as "remaining life" (RL). The estimated time, in years, that a component can be expected to serve its intended function, presuming timely preventive maintenance. Projects expected to occur in the initial year have zero remaining useful life. Replacement Cost: The cost to replace, repair, or restore the component to its original functional condition during that particular year, including all related expenses (including but not limited to shipping, engineering, design, permits, installation, disposal, etc.).

Reserve Balance - Actual or projected funds, clearly identified as existing either at the beginning or end of the association's fiscal year, which will be used to fund reserve component expenditures. The source of this information should be disclosed within the reserve study.

Also known as beginning balance, reserves, reserve accounts, or cash reserves. This balance is based on information provided and not audited.

Reserve Study - A reserve study is a budget planning tool which identifies the components that a community association is responsible to maintain or replace, the current status of the reserve fund, and a stable and equitable funding plan to offset the anticipated future major common area expenditures.

This limited evaluation is conducted for budget and cash flow purposes. Tasks outside the scope of a reserve study include, but are not limited to, design review, construction evaluation, intrusive or destructive testing, preventive maintenance plans, and structural or safety evaluations.

Reserve Study Provider - An individual who prepares reserve studies. In many instances, the reserve study provider will possess a specialized designation such as the Reserve Specialist. (RS) designation administered by Community Associations Institute (CAI). This designation indicates that the provider has shown the necessary skills to perform a reserve study that conforms to these standards. In some instances, qualifications in excess of the RS designation will be required if supplemental subject matter expertise is required.

Reserve Study Provider Firm - A company that prepares reserve studies as one of its primary business activities.

Responsible Charge - A Reserve Specialist (RS) in responsible charge of a reserve study shall render regular and effective supervision to those individuals' performing services that directly and materially affect the quality and competence of services rendered by the Reserve Specialist. A Reserve Specialist shall maintain such records as are reasonably necessary to establish that the Reserve Specialist exercised regular and effective supervision of a reserve study of which he or she was in responsible charge. A Reserve Specialist engaged in any of the following acts or practices shall be deemed not to have rendered the regular and effective supervision required herein:

1. The regular and continuous absence from principal office premises from which professional services are rendered; except for performance of field work or presence in a field office maintained exclusively for a specific project;

2. The failure to personally inspect or review the work of subordinates where necessary and appropriate;

3. The rendering of a limited, cursory or perfunctory review of plans or projects in lieu of an appropriate detailed review; and

4. The failure to personally be available on a reasonable basis or with adequate advance notice for consultation and inspection where circumstances require personal availability.

Site Visit - A visual assessment of the accessible areas of the components included within the reserve study.

The site visit includes tasks such as, but not limited to, on-site visual observations, a review of the association's design and governing documents, review of association precedents, and discussion with appropriate representative(s) of the association.

Special Assessment - A temporary assessment levied on the members of an association in addition to regular assessments. Note that special assessments are often regulated by governing documents or local statutes.

Special assessments, when used to make up for unplanned reserve fund shortfalls, may be an indicator of deferred maintenance, improper reserve project planning, and unforeseen catastrophes and accidents, as well as other surprises.

Structural System - The structural components within a building that, by contiguous interconnection, form a path by which external and internal forces, applied to the building, are delivered to the ground. This is generally a combination of structural beams, columns, and bracing and is not included within the reserve study, although it is reviewed as part of the recommended periodic structural inspections.

It is important to recognize that individual structural components which are not a part of the structural system, such as decks, balconies, and podium deck components may be included for reserve funding if they otherwise satisfy the three-part test.

Useful Life (UL) - The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed presuming proactive, planned, preventive maintenance.

Best practice is that a component's Useful Life should reflect the actual preventive maintenance being performed (or not performed).

Valuation Estimates - The task of estimating the current repair or replacement costs for the reserve components.

Disclosures and Limitations

No destructive testing was performed. Latent defects in design or construction are excluded from this report. There are no material issues to our knowledge that have not been disclosed to the client that would affect the integrity of this Reserve Study report. Custom Reserves has no interests with the client other than this Reserve Study. The Reserve Specialist or other reserve study provider for this project has no familial or marital relationship with the client, no ownership interest in the client, and no ongoing business relationship with the client.

Clear recommendations appear within the reserve study where the association has been advised to retain outside expertise to supplement the evaluation of the Reserve Specialist.

Component quantities and estimates of costs indicated in this Report were developed by Custom Reserves unless otherwise noted in our "Condition Assessment" comments. The sources for the costs outlined in the study include experience and historical information. This report should be used for budget and planning purposes only. The Reserve Specialist shall incur no civil liability for performing the physical or financial portions of a reserve study performed in accordance with these standards.

Inspection and Report Credentials

PAUL GRIFONI – Senior Engineer, Licensed Home Inspector

EDUCATION - University of Massachusetts - Bachelor of Science in Engineering

PROFESSIONAL AFFILIATIONS / DESIGNATIONS

Professional Reserve Analyst (PRA)
Association of Professional Reserve Analysts

Reserve Specialist (RS)
Community Associations Institute