



Office: (888) 927-7865
Fax: (813) 200-8448
Contact@customreserves.com
5470 E Busch Blvd., Unit 171
Tampa, FL 33617

Sea Coast Management No. 2, Inc.

FULL RESERVE STUDY REPORT



For 30-Year Projection Period Beginning January 1, 2015

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PROPERTY OVERVIEW



EXECUTIVE SUMMARY

A site visit was conducted on May 13, 2015. There were 36 common area components identified 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

Sea Coast Management No. 2, Inc. (Sea Coast No. 2) is an apartment style development located in New Smyrna Beach, Florida and is responsible for the common elements shared by 85 homes. Sea Coast No. 2 was established in 1971. The development contains clubhouse, building, pool and property site components. Sea Coast No. 2 evenly shares the costs of the clubhouse, pool and some of the property site components with Sea Coast Management No. 3, Inc.

A Reserve Study comprises two parts:

Physical Analysis

- Component Inventory
- Condition Assessment
- Estimated Useful Life
- Remaining Useful Life
- Replacement Cost

Financial Analysis

- Fund Status
- Funding Plan

The intention of the 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.

FINANCIAL ANALYSIS

This Reserve Study provides the 30-year cash flow analysis or pooling method to project and illustrate the reserve funding plans. The unaudited cash status of the reserve fund, as of May 31, 2015, as reported by Management and the Board is \$230,959.71. Sea Coast No. 2 budgeted \$50,000.00 for Reserves in the fiscal year FY¹ 2015.

Phased increases in reserve contributions of \$10,000 are recommended from 2016 through 2027. The Association can then budget annual inflationary increases thereafter. The following table depicts the next 30 years of cash flow recommended contributions from Appendix C:

Recommended		Recommended	
Year	Contribution	Year	Contribution
2016	\$60,000	2031	\$171,200
2017	\$70,000	2032	\$171,500
2018	\$80,000	2033	\$171,800
2019	\$90,000	2034	\$172,100
2020	\$100,000	2035	\$172,400
2021	\$110,000	2036	\$172,700
2022	\$120,000	2037	\$173,000
2023	\$130,000	2038	\$173,300
2024	\$140,000	2039	\$173,600
2025	\$150,000	2040	\$173,900
2026	\$160,000	2041	\$174,200
2027	\$170,000	2042	\$174,500
2028	\$170,300	2043	\$174,800
2029	\$170,600	2044	\$175,100
2030	\$170,900	2045	\$175,400

The funding goal of the cash flow analysis is to keep the reserve balance above a sufficient, not excessive threshold when reserves are needed the most due to one or more years of significant expenses. This threshold or risk year falls beyond the next 30 years due

¹ FY 2015 starts January 1, 2015 and ends December 31, 2015.

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to a subsequent restoration project. The age and long-lived components of the property are considered in the accumulated year 2045 ending reserves of \$1,394,235.

External market factors incorporated in this Reserve Study are an inflation rate of 0.2% based on the Consumer Price Index published by the Bureau of Labor Statistics and interest rate of 0.5%. 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. However, items that are within a high degree of accuracy are measurements, pricing and interest on reserves. Internal changes such as deferred or accelerated projects, interest and inflation rates are likely. Updates to the Reserve Study incorporate these changes. To ensure equity in the adopted funding plan, ongoing annual Board reviews and an update of this Reserve Study with an on-site visit is recommended anywhere from two- to three-years depending on the complexity of the community and changes in external market factors. It is recommended by the American Institute of Certified Public Accountants (AICPA) that your Reserve Study be updated annually.

PROPERTY COMPONENT INVENTORY

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 by the following:
 - Association responsibility
 - Limited useful life expectancies
 - Predictable remaining useful life expectancies
 - Replacement cost above a minimum threshold

2. Long-Lived Components are defined as those items without predictable remaining useful life expectancies:
 - Elevators, Cylinders and Pumps
 - Foundations
 - Structural frames
 - Wind Screen Glass, 2006
 - Windows and Glass Doors, 2010/2011

3. Operating Budget Components or money provided for repairs and replacements relating but not limited to:
 - General maintenance to the common elements
 - Expenses less than \$4,000
 - Benches
 - Bike Racks
 - Curbing, Concrete
 - Exhaust Fans
 - Fire Extinguishers
 - Flag Pole
 - Floors, Clubhouse, Laminate
 - Infrequent replacements
 - Irrigation System
 - Landscape
 - Pipes, Subsurface Utilities, Domestic Water and Sewer
 - Shuffleboard Courts, Color Coat
 - Signage
 - Split Systems, Clubhouse
 - Trash Cans
 - Water Heaters

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- Other Repairs normally funded through the Operating Budget

A contingency is intended to provide a hedge for unforeseen events. There is no set rule for the amount of contingency to be set aside other than the use of common sense based on experience.

4. Home Owner Components:

- Doors
- Heating, Ventilating and Air Conditioning (HVAC) Equipment
- Interiors
- Shutters, Hurricane
- Windows

5. Other Property Components:

- Laundry Equipment (Leased)



RESERVE EXPENSES

**Sea Coast
Management No. 2, Inc.**

Projected Inflation Rate 0.2%

Line Item	Reserve Component	Total Cycle Quantity	Per Phase Quantity	Units	1st Year of Replacement	Useful Life Years	Remaining Life Years	2015 Unit Cost	Percentage Ownership	2015 Cost of Replacement per Phase	Total Future Costs of Replacement	Fiscal Year 2015	2016	2017	2018	2019	2020	2021	2022	2023													
Clubhouse Components																																	
1	Floor, Tile	1,635	1,635	Square Feet	2033	to 25	18	\$8.00	50%	\$6,540	\$6,719	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0												
2	Furniture, Phased	1	1	Allowance	2016	to 20	1	\$5,500.00	50%	\$2,750	\$8,388	\$0	\$2,754	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0												
3	Rest Rooms, Renovations, Phased	4	2	Each	2015	to 25	3	\$2,500.00	50%	\$2,500	\$8,964	\$1,250	\$0	\$0	\$2,511	\$0	\$0	\$0	\$0	\$0	\$0												
4	Roof, Flat	8	8	Squares	2025	12 to 18	10	\$1,150.00	50%	\$4,600	\$9,445	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0													
5	Roofs, Tile	41	41	Squares	2029	to 25	14	\$700.00	50%	\$14,350	\$16,454	\$1,800	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0													
6	Soffits (Includes Gutters and Downspouts)	1	1	Allowance	2015	to 50	31	\$12,000.00	50%	\$6,000	\$6,000	\$6,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0													
Pool Components																																	
7	Deck, Pavers	16,785	16,785	Square Feet	2023	20 to 30	8	\$5.00	50%	\$41,963	\$42,469	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$42,469												
8	Furniture, Phased	1	1	Allowance	2016	5 to 10	1	\$9,250.00	50%	\$4,625	\$28,320	\$0	\$4,632	\$0	\$0	\$0	\$0	\$0	\$4,667	\$0	\$0												
9	Mechanical Equipment	1	1	Allowance	2016	5 to 10	1	\$10,000.00	50%	\$5,000	\$15,251	\$0	\$5,008	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0												
10	Pool Finish, North	2,035	2,035	Square Feet	2016	8 to 12	1	\$15.00	50%	\$15,263	\$46,552	\$0	\$15,285	\$0	\$0	\$0	\$0	\$0	\$0	\$0													
11	Pool Finish, South	2,035	2,035	Square Feet	2016	8 to 12	1	\$15.00	50%	\$15,263	\$46,552	\$0	\$15,285	\$0	\$0	\$0	\$0	\$0	\$0	\$0													
Property Site Components																																	
12	Asphalt Pavement, Mill and Overlay	4,555	4,555	Square Yards	2033	15 to 25	18	\$9.00	100%	\$40,995	\$42,116	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0													
13	Asphalt Pavement, Preservation	4,555	4,555	Square Yards	2015	5 to 8	5	\$1.75	100%	\$7,971	\$48,884	\$7,971	\$0	\$0	\$0	\$0	\$0	\$8,031	\$0	\$0													
14	Deck, Wood	2,370	2,370	Square Feet	2030	15 to 20	15	\$10.50	50%	\$12,443	\$25,740	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0													
15	Fences, Wood	365	365	Linear Feet	2016	15 to 20	1	\$25.00	100%	\$9,125	\$18,485	\$0	\$9,139	\$0	\$0	\$0	\$0	\$0	\$0	\$0													
16	Landscaping	1	1	Allowance	2020	to 5	5	\$4,000.00	100%	\$4,000	\$24,640	\$0	\$0	\$0	\$0	\$0	\$0	\$4,030	\$0	\$0													
17	Light Bollards	22	22	Each	2025	to 20	10	\$250.00	50%	\$2,750	\$5,668	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0														
18	Light Poles and Fixtures	2	2	Each	2019	to 30	4	\$2,100.00	100%	\$4,200	\$4,225	\$0	\$0	\$0	\$0	\$4,225	\$0	\$0	\$0														
19	Railings, Aluminum	980	980	Linear Feet	2041	to 35	26	\$20.00	100%	\$19,600	\$20,379	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0														
20	Sea Wall, Partial Repairs	550	550	Linear Feet	2020	to 50	5	\$75.00	50%	\$20,625	\$42,033	\$0	\$0	\$0	\$0	\$0	\$20,780	\$0	\$0														
21	Shuffleboard Courts	2,150	2,150	Square Feet	2026	to 55	11	\$7.00	50%	\$7,525	\$7,650	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0														
22	Storm Water System	1	1	Allowance	2033	to 65	18	\$20,000.00	100%	\$20,000	\$20,547	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0														



RESERVE EXPENSES

**Sea Coast
Management No. 2, Inc.**

Line Item	Reserve Component	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	
Clubhouse Components																								
1	Floor, Tile	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,719	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	Furniture, Phased	\$0	\$0	\$2,796	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,838	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	Rest Rooms, Renovations, Phased	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,595	\$0	\$0	\$2,607	\$0	\$0	\$0
4	Roof, Flat	\$0	\$4,669	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,776	\$0	\$0	\$0	\$0	\$0	\$0
5	Roofs, Tile	\$0	\$0	\$0	\$0	\$0	\$14,654	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	Soffits (Includes Gutters and Downspouts)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Pool Components																								
7	Deck, Pavers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	Furniture, Phased	\$0	\$0	\$4,702	\$0	\$0	\$0	\$0	\$4,737	\$0	\$0	\$0	\$0	\$4,773	\$0	\$0	\$0	\$0	\$4,809	\$0	\$0	\$0	\$0	\$0
9	Mechanical Equipment	\$0	\$0	\$5,083	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,160	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	Pool Finish, North	\$0	\$0	\$15,516	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$15,751	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	Pool Finish, South	\$0	\$0	\$15,516	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$15,751	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Property Site Components																								
12	Asphalt Pavement, Mill and Overlay	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$42,116	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	Asphalt Pavement, Preservation	\$0	\$8,092	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,202	\$0	\$0	\$0	\$0	\$8,263	\$0	\$0	\$0	\$0	\$0	\$8,325	\$0
14	Deck, Wood	\$0	\$0	\$0	\$0	\$0	\$12,725	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$13,015
15	Fences, Wood	\$0	\$0	\$0	\$0	\$0	\$0	\$9,346	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
16	Landscaping	\$0	\$4,060	\$0	\$0	\$0	\$0	\$4,091	\$0	\$0	\$0	\$0	\$4,122	\$0	\$0	\$0	\$0	\$4,153	\$0	\$0	\$0	\$0	\$0	\$4,184
17	Light Bollards	\$0	\$2,792	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,876
18	Light Poles and Fixtures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19	Railings, Aluminum	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$20,379	\$0	\$0	\$0	\$0	\$0
20	Sea Wall, Partial Repairs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$21,253	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21	Shuffleboard Courts	\$0	\$0	\$7,650	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22	Storm Water System	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$20,547	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Appendix A

Line Item	Reserve Component	Total Cycle Quantity	Per Phase Quantity	Units	1st Year of Replacement	Useful Life Years	Remaining Life Years	2015 Unit Cost	Percentage Ownership	2015 Cost of Replacement per Phase	Total Future Costs of Replacement	Fiscal Year 2015														
													2016	2017	2018	2019	2020	2021	2022	2023						
Building Components																										
23	Doors, Common, Phased	45	9	Each	2016	to 25	1	\$825.00	100%	\$7,425	\$45,464	\$0	\$7,436	\$0	\$0	\$0	\$0	\$0	\$7,492	\$0	\$0					
24	Elevators, Cab and Doors, Phased	2	2	Each	2031	to 20	16	\$12,200.00	100%	\$24,400	\$62,335	\$12,200	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0					
25	Elevators, Controls	2	2	Each	2016	to 35	1	\$5,800.00	100%	\$11,600	\$11,617	\$0	\$11,617	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0					
26	Life Safety Systems	1	1	Allowance	2036	to 25	21	\$20,000.00	100%	\$20,000	\$20,640	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0					
27	Light Fixtures	236	236	Each	2035	to 25	20	\$135.00	100%	\$31,860	\$32,830	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0					
28	Mailboxes	85	85	Each	2019	to 35	4	\$90.00	100%	\$7,650	\$7,696	\$0	\$0	\$0	\$0	\$7,696	\$0	\$0	\$0	\$0	\$0					
29	Paint Finish Applications	134,000	134,000	Square Feet	2018	5 to 7	3	\$1.35	100%	\$180,900	\$738,442	\$0	\$0	\$0	\$181,715	\$0	\$0	\$0	\$0	\$0	\$0					
30	Patios, Pavers	1,800	1,800	Square Feet	2033	20 to 30	18	\$5.00	100%	\$9,000	\$9,246	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0					
31	Pipes, Interior, Sewer and Water	1	1	Allowance	2024	to 75	9	\$240,000.00	100%	\$240,000	\$740,855	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0					
32	Railings, Aluminum	3,690	3,690	Linear Feet	2044	to 35	29	\$30.00	100%	\$110,700	\$115,618	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0					
33	Restoration Project, Partial	1	1	Allowance	2045	to 40	30	\$400,000.00	100%	\$400,000	\$458,397	\$40,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0					
34	Roof, Flat	262	262	Squares	2022	12 to 18	7	\$1,150.00	100%	\$301,300	\$617,282	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$304,478	\$0	\$0					
35	Solar Panels	1	1	Allowance	2022	to 20	7	\$40,000.00	50%	\$40,000	\$81,949	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$40,422	\$0					
36	Trash Chute and Doors	5	5	Floors	2026	to 55	11	\$7,000.00	100%	\$35,000	\$35,582	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0					
	Reserve Study Update	1	1	Allowance	2017	2 to 3	2	\$1,500.00	100%	\$1,500	\$1,500		\$1,500													
Total Expenses												\$3,474,933	\$69,221	\$71,157	\$1,500	\$184,227	\$11,921	\$32,841	\$12,159	\$344,900	\$42,469					

Appendix A

Line Item	Reserve Component																						
		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
	Building Components																						
23	Doors, Common, Phased	\$0	\$0	\$7,548	\$0	\$0	\$0	\$0	\$7,605	\$0	\$0	\$0	\$0	\$7,662	\$0	\$0	\$0	\$0	\$7,720	\$0	\$0	\$0	\$0
24	Elevators, Cab and Doors, Phased	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$24,992	\$0	\$0	\$0	\$25,143	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
25	Elevators, Controls	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26	Life Safety Systems	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$20,640	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
27	Light Fixtures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$32,830	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
28	Mailboxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
29	Paint Finish Applications	\$0	\$183,632	\$0	\$0	\$0	\$0	\$0	\$0	\$185,569	\$0	\$0	\$0	\$0	\$0	\$0	\$187,526	\$0	\$0	\$0	\$0	\$0	\$0
30	Patios, Pavers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,246	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
31	Pipes, Interior, Sewer and Water	\$243,260	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$246,933	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$250,662
32	Railings, Aluminum	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$115,618
33	Restoration Project, Partial	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$418,397
34	Roof, Flat	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$312,804	\$0	\$0	\$0	\$0	\$0
35	Solar Panels	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$41,527	\$0	\$0	\$0	\$0	\$0
36	Trash Chute and Doors	\$0	\$0	\$35,582	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Reserve Study Update																						
	Total Expenses	\$243,260	\$203,245	\$94,394	\$0	\$0	\$14,654	\$16,816	\$46,681	\$185,569	\$78,628	\$255,135	\$83,346	\$72,574	\$0	\$0	\$195,789	\$365,856	\$32,908	\$0	\$2,607	\$374,606	\$438,472

CONDITION ASSESSMENT

The condition assessment of this Full Reserve Study includes narratives that describe the reserve components, documents specific problems and conditions based on representative samples. The costs are noted in Appendix A 11X17 spreadsheets.

Clubhouse Components

- 1. Floor, Tile** – Sea Coast No. 2 maintains 1,635 square feet of tile floor covering within the clubhouse. The tile floor is in good overall condition. The exact age is unknown. Tile floors have a long useful life of up to 30 years and beyond with the benefit of periodic maintenance. Periodic maintenance includes re-grouting 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. Based on the condition, the Association should anticipate replacement by 2033.
- 2. Furniture** – The Association maintains various pieces of furniture within the clubhouse. The furniture is in fair overall condition at various ages. The useful lives of these furniture components vary up to 20 years. Sea Coast No. 2 should budget for phased replacements of up to fifty percent (50%) of the furniture beginning in 2016 and every 10 years thereafter.
- 3. Rest Rooms, Renovations** – There are four rest rooms within the clubhouse. The rest rooms comprise plumbing and electrical fixtures, tile floor coverings. Management reports that the Association renovated one rest room. The remaining rest rooms are mostly original and in poor condition overall. Rest rooms have a useful life of up to 25 years. Sea Coast No. 2 plans for a renovation of one of the men's rest rooms in 2015. Subsequent phased renovations are likely by 2018, 2040 and 2043. The Association should comply with the Americans with Disabilities Act (ADA). The estimate of cost in 2015 includes one rest room. Sea Coast No. 2 should anticipate interim renovations as needed.
- 4. Roof, Flat** – The Association maintains 8 squares of flat roof above the middle section of the clubhouse. The flat roof is in good reported condition overall. The exact age is

unknown. Flat roof coverings have a useful life from 12- to 18-years. Based on the condition, Sea Coast No. 2 should budget for replacement by 2025 and again by 2040.

5. **Roofs, Tile** – The Association maintains approximately 41 squares of tile roofing. Concrete tiles are made of portland cement, sand and water in varying proportions. The roofs are in good overall condition at an age of 11 years. The useful life of a tile roof of this type is up to 25 years. Manufacturers offer long term warranties as a marketing strategy. A long-term warranty may be of little value if the roof system does not perform satisfactorily and leaks. The Association should budget for replacements of the tile roofs by 2029. We include the cost to add vents in 2015. Interim annual inspections are recommended and funded through the operating budget.

6. **Soffits** – Sea Coast No. 2 maintains 290 linear feet of vinyl soffits and 250 linear feet of gutters and downspouts located at the clubhouse. Management reports that the Association plans to replace the soffits with fiber cement in conjunction with the gutters and downspouts in 2015. Soffits of this type have a useful life of up to 50 years. The Association should fund interim replacements of the gutters and downspouts through the operating budget as needed.

Pool Components

7. **Deck, Pavers** – The pool deck comprises 16,785 square feet of pavers. The pavers are in fair overall condition at an age of 12 years. Significant areas of wear are noted. Page 3 of Appendix B depicts this condition in Figure 14. Pool deck pavers have a useful life from 20- to 30-years with the benefit of periodic maintenance. Periodic maintenance includes an application of sand between the pavers and resetting as needed followed by sealer application every three years. Based on the condition, Sea Coast No. 2 should budget for replacement of the pavers by 2023. Interim repairs should be funded through the operating budget as needed.

8. **Furniture** – The pool furniture includes umbrellas, lounges, tables and chairs. The pool furniture is in fair condition overall at an age of approximately five years. The pool furniture

has a useful life from 5- to 10-years. Sea Coast No. 2 should budget for phased replacements beginning in 2016 and every five years thereafter.

9. **Mechanical Equipment** – The Association shares the costs of the pool mechanical equipment between the North and South pools. The mechanical equipment includes two heaters, pumps filters and chlorinators. The mechanical equipment is in fair overall condition at various ages. Mechanical equipment has a useful life from 5- to 10-years. The Association should budget for replacements every 10 years beginning in 2016 in conjunction with the pool and spa finishes.

10. **Pool Finish, North** – Sea Coast No. 2 maintains 2,035 square feet of the North pool finishes. The North pool finishes are in fair overall condition at an age of 12 years. Pool finishes have a useful life of 8- to 12-years. The Association should budget for resurfacing of the North pool finishes in 2016 and every 10 years thereafter.

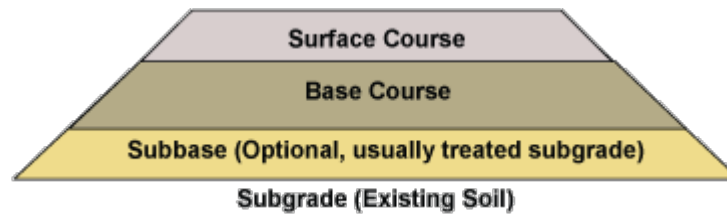
11. **Pool Finish, South** – The Association also maintains 2,035 square feet of the South pool finishes. The South finishes are in fair overall condition at an age of 12 years. As previously mentioned, pool finishes have a useful life of 8- to 12-years. Sea Coast No. 2 should also plan for resurfacing of the South pool finishes in 2016 and every 10 years thereafter.

The Department of Health (DOH) in the state of Florida inspects and regulates all commercial pools. Contractors performing the resurfacing are required to provide written notice 10 days prior to commencement to the DOH. An allowance for replacement of the waterline tile is included in the estimate of cost.

Property Site Components

12. **Asphalt Pavement, Mill and Overlay** – The Association maintains approximately 4,555 square yards of asphalt parking area. The asphalt pavement is in good overall condition at an age of two years. Asphalt pavement comprises multiple layers. The surface and base courses are held together by binder. Typically the top layer or surface course

deteriorates over time and can be milled or removed and overlaid or replaced. The following diagram depicts the 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 catch basins, curbs and gutters. 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 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 is from 15- to 25-years. Sea Coast No. 2 should budget for a mill and overlay of the pavement by 2033. The estimate of cost includes line striping. The Association should retain an engineer for quality control.

13. Asphalt Pavement, Preservation – As previously mentioned, there are approximately 4,555 square yards of asphalt pavement. The asphalt pavement is good overall condition. We note areas of isolated cracks. Page 4 of Appendix B depicts this condition in Figure 22. The Association should repair any isolated areas of deteriorated pavement prior to asphalt coating applications.

Pavement surfaces comprise aggregate in an asphalt/petroleum binder. The petroleum elements of the binder oxidize and the asphalt loses its elastic properties over time and becomes brittle and then cracks occur. One form of pavement maintenance is a process called rejuvenation. Rejuvenation is intended to prolong the aging process by adding back the petroleum fractions needed for elasticity of the surface course.

Proposals for asphalt coating applications should include both crack seal repair and area patching. These activities reduce water infiltration and the effects of weather. The contractor should only apply asphalt coating applications after crack and surface repairs are completed.

The asphalt coating has a useful life of five- to eight-years. Management reports that Sea Coast No. 2 plans for an application of pavement preservation in 2015. Subsequent cycles are likely every five - to eight-years thereafter except when replacement occurs.

14. **Deck, Wood** – Sea Coast No. 2 maintains 2,370 square feet of wood deck located at the sea wall. The wood deck is in good condition at an age of less than one year. The deck has a useful life from 15- to 20-years. The Association should budget for replacements by 2030 and again by 2045. Sea Coast No. 2 should anticipate interim replacements of the stairs and fund stain applications through the operating budget as needed.

15. **Fences, Wood** – The Association maintains 365 linear feet of wood fences located at the north perimeter. The wood fence is in fair condition at an age of 11 years. Fences of this type have a useful life from 15- to 20-years. Management reports that the Association plans to replace the fence in the near term. Therefore, Sea Coast No. 2 should budget for replacement in 2016 and again by 2031.

16. **Landscaping** – Sea Coast No. 2 maintains landscaping that includes trees and shrubbery. Replacement and trimming of these components is an ongoing need. Many associations budget for these replacements as normal maintenance. Other associations fund replacements through reserves. A large amount of landscape may need replacement due to disease, drought or other forces of nature. Funding from reserves is logical if the cost of

periodic maintenance, removal and replacement is substantial. In consideration of these factors and at the request of Management, an allowance for landscaping is included every five years beginning by 2020. The times and costs of this maintenance may vary.

17. **Light Bollards** – Sea Coast No. 2 maintains 22 light bollards located throughout the common area. The light bollards are in good condition overall. The exact ages are unknown. Light bollards have a useful life of up to 20 years. Based on condition, the Association should budget for replacements by 2025 and again by 2045.

18. **Light Poles and Fixtures** – The Association maintains two light poles and fixtures located at the parking area. The light poles and fixtures are likely original and in fair condition overall. Areas of rust are noted on the fixtures. Page 5 of Appendix B depicts this condition in Figure 27. Light poles and fixtures have a useful life of up to 25 years. Sea Coast No. 2 should budget for replacements by 2019.

19. **Railings, Aluminum** – The Association maintains 980 linear feet of aluminum railings located along the sea wall and pool walls. The railings are in good condition at an age of nine years. The finish on aluminum railings is relatively maintenance free. Aluminum railings have a useful life of up to 35 years. Sea Coast No. 2 should budget for replacements by 2041.

20. **Sea Wall** – Sea Coast No. 2 maintains approximately 550 linear feet of sea wall. The sea wall comprises a concrete cap atop cast in place walls. The sea wall is in fair to good condition overall. Areas of cracks and drain pipe restrictions are noted. Pages 5 and 6 of Appendix B depict these conditions in Figures 30 through 32. Management and the Board report that the Association repaired 190 linear feet of the sea wall in 2005 with vinyl sheet piles. Sea walls of this type have a useful life of up to 50 years. The Association should anticipate increasing repairs as the concrete ages. Sea Coast No. 2 should budget for partial replacements of the concrete cap and wall every 15 years. Based on the condition, the Association should budget for partial replacements of up to thirty percent (30%) of the sea wall by 2020 and again by 2035.

21. **Shuffleboard Courts** – The Association maintains 2,150 square feet of concrete shuffleboard courts. The shuffleboard courts are original and in good condition overall. Shuffleboard courts have a useful life of up to 55 years. Sea Coast No. 2 should budget for replacements by 2026. The Association should fund interim repairs and coating applications through the operating budget as needed.

22. **Storm Water System** – The storm water system comprises underground piping that connects six catch basins that collect storm from the property. The overall condition of the catch basins is good. The useful life of storm water systems is up to 65 years. The Association should anticipate displacement of a catch basin and the surrounding pavement from erosion as time goes on. Erosion causes settlement of catch basins. The catch basin can shift and need replacement. The Association should plan for replacement of the storm water system in conjunction with the next asphalt pavement project or by 2033.

Building Components

23. **Doors, Common** – Sea Coast No. 2 maintains approximately 45 common metal doors throughout the five floors of the building. The common doors are in fair condition overall at various ages. Doors of this type have a useful life of up to 25 years. Based on the varied ages, the Association should budget for phased replacements of up to nine doors every five years beginning in 2016. The estimate of cost is based on a fire rated door.

24. **Elevators, Cab and Doors** – The Association utilizes two hydraulic elevators to serve the five floors. The cab finishes comprise stainless steel doors, tile floors, lighted ceiling and wood panel walls. The West cab finishes are mostly original and in poor condition overall. The East cab finishes are in good condition at an age of four years. Cab finishes have a useful life of up to 20 years. Management reports that the Association plans to replace the West cab and all the doors in 2015. A subsequent phased replacement of the cab and doors is likely beginning by 2031 and concluding by 2035.

25. **Elevators, Controls** – The elevator controls are in good condition overall at an age of four years. Elevator controls have a useful life of up to 35 years. Management and the

Board report that the elevators do not lower during a power outage. The Association should budget for this necessary addition to the elevator controls in 2016.

26. **Life Safety System** – Sea Coast No. 2 maintains a life safety system. A life safety system comprises a main panel that controls emergency devices such as annunciators, exit signs, smoke detectors and pull boxes. The life safety system is in good reported condition at an age of four years. Changes in building codes and/or technology may make a replacement necessary and/or desirable prior to the useful life of up to 25 years. The Association should budget for replacement by 2036.

27. **Light Fixtures** – The Association maintains approximately 236 wall and ceiling mounted light fixtures. The light fixtures are in good condition overall at an age of five years. Light fixtures have a useful life of up to 25 years. Sea Coast No. 2 should budget for replacements by 2035.

28. **Mailboxes** – Sea Coast No. 2 maintains 85 mailboxes. The mailboxes are mostly original and in fair condition overall. Metal mailboxes have a useful life of up to 35 years. The Association should budget for replacements by 2019. The Association should verify new mailboxes meet the specifications of the United States Postal Service.

29. **Paint Finish Applications** – The Association maintains approximately 134,000 square feet of stucco paint finishes. Periodic applications of a protective paint finish or waterproof coating is essential in order to maintain the appearance and integrity of the stucco. The paint finishes are in fair overall condition at an age of four years. Areas of stucco cracks are noted. Page 9 of Appendix B depicts this condition in Figure 54. Paint finishes have a useful life from five- to seven-years.

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.

Sea Coast No. 2 should budget for the next paint finish application by 2018 and every seven years thereafter. The Association should also plan for partial replacements of the sealants as needed in conjunction with paint finish applications.

30. Patios, Pavers – The Association maintains approximately 1,800 square feet of patio pavers. The patios are in good overall condition at an age of 12 years. As previously mentioned, pavers has a useful life from 20- to 30-years. Sea Coast No. 2 should budget for replacements by 2033.

31. Pipes, Interior, Sewer and Water – Sea Coast No. 2 maintain the sewer and water lines within the buildings. The interior piping is in fair reported condition overall. The useful life of the interior pipes varies up to 75 years. The Association should anticipate periodic repairs. Potential mold and/or other damage may occur if leaks are left unrepaired. For budgetary purposes, the Association should plan for inspections that include jetting and partial pipe lining repairs of up to thirty three percent (33%) every 10 years beginning by 2024. Pipe lining causes the least amount of disruption to the unit owners. The estimated times and costs may.

32. Railings, Aluminum – The Association maintains approximately 3,690 linear feet of aluminum railings. The railings are in good condition at an age of six years. The finish on aluminum railings is relatively maintenance free. Aluminum railings have a useful life of up to 35 years. Sea Coast No. 2 should budget for replacement by 2044.

33. Restoration Project – Management and the Board report that the Association underwent a major restoration project back in 2011. The remaining restoration costs are included in 2015. Based on historical data, Sea Coast No. 2 should budget for a subsequent partial restoration project of up to twenty percent (20%) beginning by 2045 and concluding beyond the next 30 years.

34. Roof, Flat – The Association maintains 262 squares of flat roof. The flat roof comprises polyvinyl chloride (PVC) above a polyester fabric. The flat roof is in fair overall condition at an age of 11 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. Flat roof coverings have a useful life from 12- to 18-years. Sea Coast No. 2 should budget for replacement by 2022 and again by 2040.

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.

35. Solar Panels – The Association maintains solar panels located on the flat roof of the main building. The solar panels are in good condition overall at an approximate age of 10 years. The wood frame is in poor overall condition. Solar panels have a useful life of up to 20 years. Sea Coast No. 2 should budget for replacements in conjunction with flat roof replacements by 2022 and again by 2040.

36. Trash Chute and Doors – The Association maintains two trash chutes. The trash chutes and doors are original and in fair condition overall. Areas of rust are noted. Page 11 of Appendix B depicts this condition in Figure 62. Trash chutes and doors have a useful life of up to 55 years. Sea Coast No. 2 should budget for replacements by 2026.

Figure 1 Clubhouse Exterior



Figure 2 Clubhouse Exterior



Figure 3 Clubhouse Interior



Figure 4 Clubhouse Interior



Figure 5 Clubhouse Interior



Figure 6 Clubhouse Interior



Figure 7 Pool Wall



Figure 8 Clubhouse Roof



Figure 9 Roof Drip Edge Rust



Figure 10 Split System Condensing Unit



Figure 11 Clubhouse Doors



Figure 12 Clubhouse Windows



Figure 13 Pool Deck



Figure 14 Pool Deck Wear



Figure 15 Pool Mechanical Equipment



Figure 16 Pool Mechanical Equipment



Figure 17 North Pool Overview



Figure 18 North Spa



Figure 19 South Pool Overview



Figure 20 South Spa



Figure 21 Asphalt Parking Area



Figure 22 Asphalt Cracks



Figure 23 Bollard Light



Figure 24 Wood Deck



Figure 25 Deck Stairs



Figure 28 Railing



Figure 26 Wood Fence

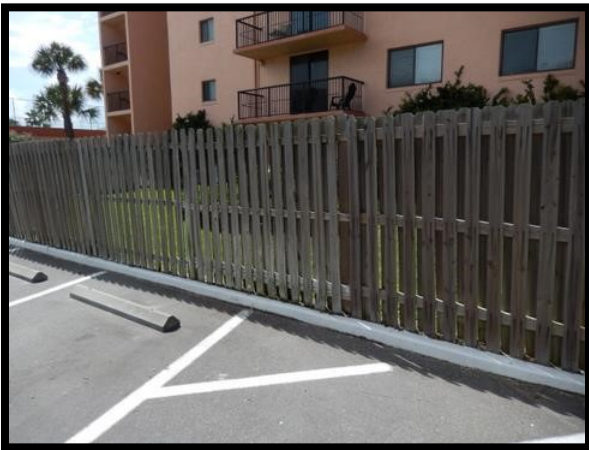


Figure 29 Sea Wall



Figure 27 Light Pole – Note Fixture Rust



Figure 30 Concrete Sea Wall Cap Cracks



Figure 31 Sea Wall Drainage Pipes



Figure 34 Storm Water Catch Basin



Figure 32 Sea Wall Cap Deterioration



Figure 35 Storm Water Catch Basin



Figure 33 Shuffleboard Courts



Figure 36 South West Elevation



Figure 37 West Corner



Figure 40 South East Corner



Figure 38 North West Elevation



Figure 41 South West Elevation



Figure 39 North East Elevation



Figure 42 Common Door Deterioration



Figure 43 Elevator Cab Finishes



Figure 44 Elevator Cab Finishes



Figure 45 Elevator Cab Finishes



Figure 46 Elevator Mechanical Equipment



Figure 47 Laundry Tub and Water Heater



Figure 48 Life Safety Control Panel



Figure 49 Life Safety System Devices



Figure 50 Light Fixture



Figure 51 Light Fixture



Figure 52 Mailboxes



Figure 53 Breezeway



Figure 54 Stucco Cracks



Figure 55 Patio Pavers



Figure 56 Railings

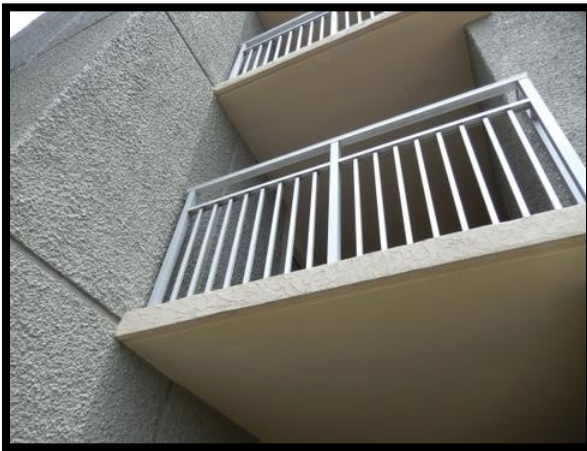


Figure 57 Roof Pipe Penetration - Note Rust



Figure 58 Roof Overview



Figure 59 Roof Overview



Figure 60 Roof Drain Area



Figure 61 Solar Panels



Figure 63 Trash Chute Doors

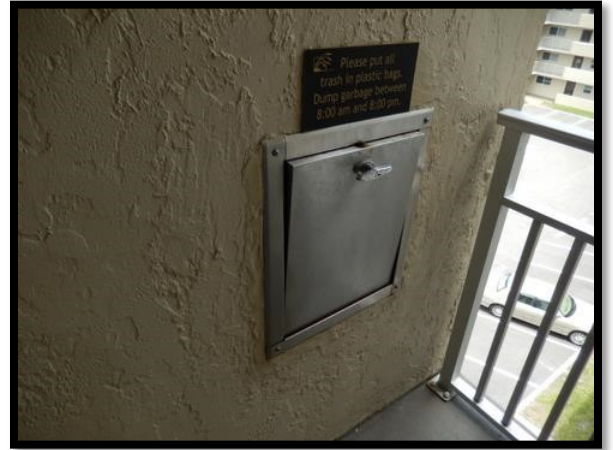


Figure 62 Trash Chute - Note Rust

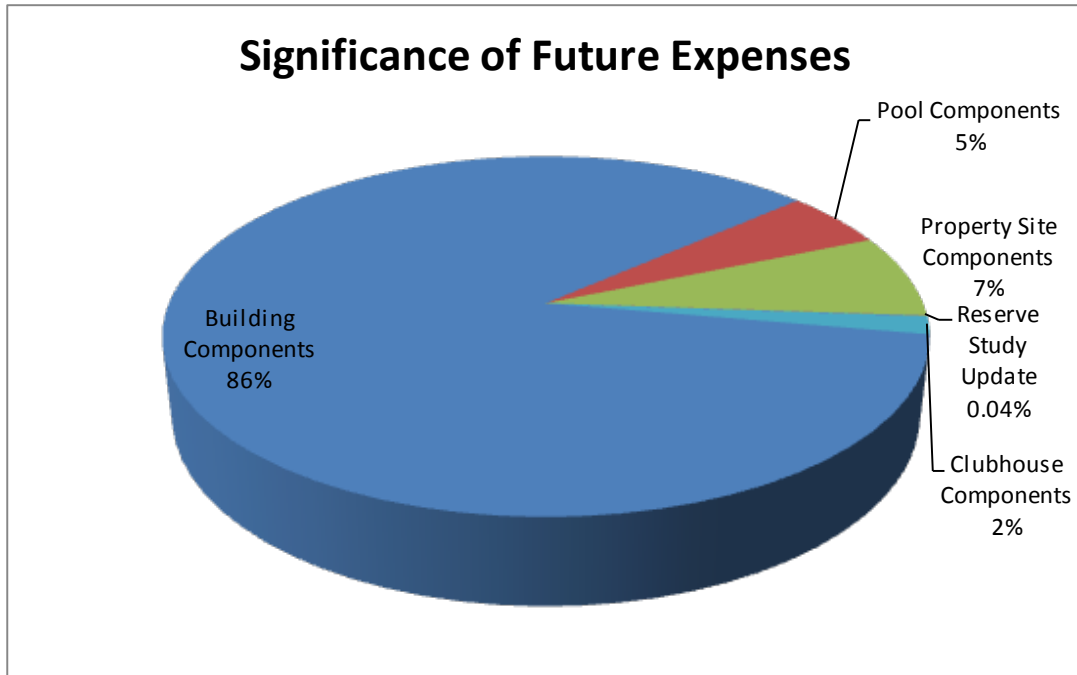


Figure 64 Common Windows and Door

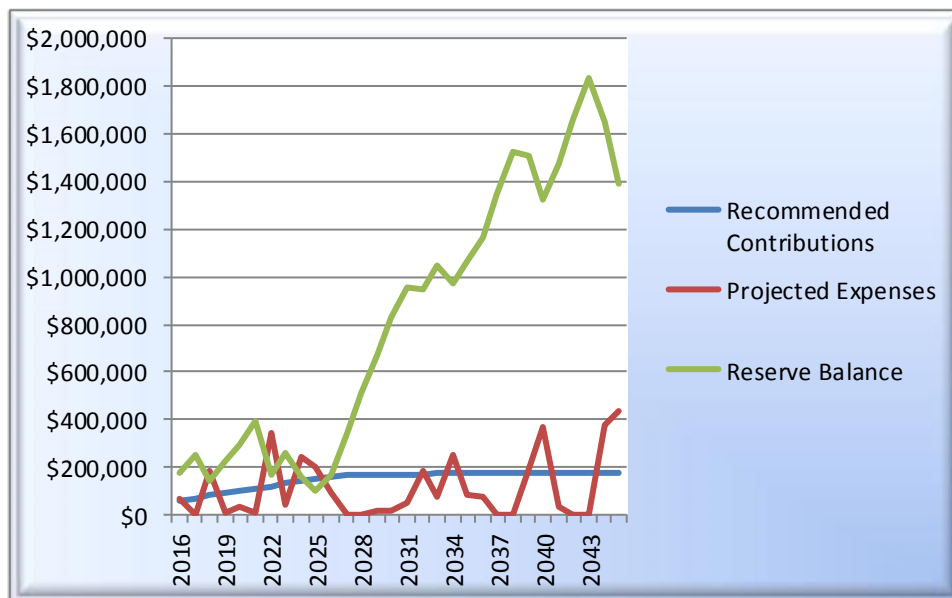


EXPENSE CHART AND COMPARISON GRAPH

The Reserve Expenses reflect current and future local costs of replacements with anticipated inflation. The following chart illustrates the relative importance of the Reserve Expenses.



The following graph depicts the next 30 years of Projected Expenses, Reserve Balances and cash flow Recommended Contributions:





Appendix C

Cash Flow Funding Plan or Pooling Method

Sea Coast
Management No. 2, Inc.

	FY2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Beginning of Year Reserves	\$230,960	\$191,579	\$181,380	\$250,787	\$147,815	\$226,633	\$294,924	\$394,240	\$171,311	\$259,700	\$157,738	\$105,282	\$171,415	\$342,272	\$514,283	\$672,799
Recommended Reserve Contributions	29,167	60,000	70,000	80,000	90,000	100,000	110,000	120,000	130,000	140,000	150,000	160,000	170,000	170,300	170,600	170,900
Anticipated Interest Earned 0.5%	674	958	907	1,254	739	1,133	1,475	1,971	857	1,298	789	526	857	1,711	2,571	3,364
Projected Expenses	69,221	71,157	1,500	184,227	11,921	32,841	12,159	344,900	42,469	243,260	203,245	94,394	0	0	14,654	16,816
Projected Year End Reserves	\$191,579	\$181,380	\$250,787	\$147,815	\$226,633	\$294,924	\$394,240	\$171,311	\$259,700	\$157,738	\$105,282	\$171,415	\$342,272	\$514,283	\$672,799	\$830,247

	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Beginning of Year Reserves	\$830,247	\$958,917	\$949,643	\$1,047,563	\$969,766	\$1,063,669	\$1,169,113	\$1,347,959	\$1,527,999	\$1,513,450	\$1,329,061	\$1,476,999	\$1,658,884	\$1,839,370	\$1,649,062
Recommended Reserve Contributions	171,200	171,500	171,800	172,100	172,400	172,700	173,000	173,300	173,600	173,900	174,200	174,500	174,800	175,100	175,400
Anticipated Interest Earned 0.5%	4,151	4,795	4,748	5,238	4,849	5,318	5,846	6,740	7,640	7,567	6,645	7,385	8,294	9,197	8,245
Projected Expenses	46,681	185,569	78,628	255,135	83,346	72,574	0	0	195,789	365,856	32,908	0	2,607	374,606	438,472
Projected Year End Reserves	\$958,917	\$949,643	\$1,047,563	\$969,766	\$1,063,669	\$1,169,113	\$1,347,959	\$1,527,999	\$1,513,450	\$1,329,061	\$1,476,999	\$1,658,884	\$1,839,370	\$1,649,062	\$1,394,235

- Notes:
- 1) FY 2015 Begins January 1, 2015 and Ends December 31, 2015
 - 2) FY 2015 Beginning Reserve Balance and Remaining Contributions are as of: 5/31/2015
 - 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

7/15/2015

TERMS AND DEFINITIONS

Cash Flow Method - 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 expenses until the desired Funding Goal is achieved.

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) with limited Useful Life expectancies, 3) predictable Remaining Useful Life expectancies, 4) above a minimum threshold cost, and 5) as required by local codes.

Component Assessment and Valuation - The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components. This task is accomplished either with or without onsite visual observations, based on Level of Service selected by the client.

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.

Component Method - A method of calculating Reserve contributions where the total reserve contribution is based on the sum of contributions for individual components.

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 computation.

Financial Analysis - The portion of a Reserve Study where current status of the Reserves (measured as cash or Percent Funded) and a recommended Reserve contribution rate (Reserve Funding Plan) are derived. The Financial Analysis is one of the two parts of a Reserve Study.

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

Fully Funded Balance (FFB) - Total Accrued Depreciation. An indicator against which Actual (or projected) Reserve balance can be compared. In essence, it is the Reserve balance that is proportional to the current Repair/replacement cost and the fraction of life “used up”. This number is calculated for each component, then summed together for an association total. Two formulae can be utilized, depending on the provider’s sensitivity to interest and inflation effects. Note: both yield identical results when interest and inflation are equivalent.

Funding Goals - Independent of methodology utilized, the following represent the basic categories of Funding Plan goals.

Baseline Funding - Establishing a Reserve funding goal of keeping the Reserve cash balance above zero.

Fully Funding - Setting a Reserve funding goal of attaining and maintaining Reserves at or near 100% funded.

Statutory Funding - Establishing a Reserve funding goal of setting aside the specific minimum amount of Reserves required by local statutes.

Threshold Funding - Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount. Depending on the threshold this may be more or less conservative than “Fully Funded”.

Funding Plan - An Association’s plan to provide income to a Reserve fund to offset anticipated expenditures from that fund.

Minimum Balance - A minimum Reserve balance established by the client.

Physical Analysis - The portion of the Reserve Study where the Component inventory, Condition Assessment and Life Adjustment and Valuation tasks are performed. This represents one of the two parts of the Reserve Study.

Remaining Useful Life (RUL) - Also referred to as “Remaining Life (RL). The estimated time, in years, that a reserve component can be expected to continue to serve its intended function. Replacements anticipated to occur in the initial or base year have “zero” Remaining Useful Life.

Reserve Assessments - The portion of assessments contributed to the Reserve Fund.

Reserve Balance - Actual or projected funds as of a particular point in time that the association has identified for use to defray the future repair or replacement of those major components which the association is obligated to maintain. Also known as Reserves, Reserve Accounts, Cash Reserves.

Special Assessment - An assessment levied on the members of an association in addition to regular assessments. Special Assessments are often regulated by Governing Documents or local statutes.

Straight Line - A formula used to calculate the annual reserve fund contribution for a specific component. Projected replacement cost divided by the useful life equals the annual payment.

Useful Life (UL) - Total Useful Life or Depreciable Life. The estimated time, in years, that a reserve component can be expected to serve its intended function in its present application or installation.

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.

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, historical information and R.S. Means, Incorporated. This report should be used for budget and planning purposes only.

CREDENTIALS

PAUL GRIFONI – Licensed Home Inspector

EDUCATION - University of Massachusetts - Bachelor of Science in Engineering

PROFESSIONAL AFFILIATIONS / DESIGNATIONS

Reserve Specialist (RS) - Community Associations Institute



Professional Reserves Analyst (PRA) - Association of Professional Reserve Analysts

