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Sea Coast Management No. 3., Inc.

RESERVE STUDY UPDATE REPORT

For 30-Year Projection Period Beginning January 1, 2021

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Table of Contents

| | |
|---|------------|
| Table of Contents | 2 |
| Update Executive Summary | 3 |
| Financial Analysis..... | 4 |
| Property Component Inventory | 6 |
| Reserve Expenses | Appendix A |
| Additions/Changes and Deletions..... | 8 |
| Expense Chart and Comparison Graph..... | 13 |
| Cash Flow Funding Plan | Appendix B |
| Terms and Definitions | 14 |
| Disclosures and Limitations | 16 |
| Credentials..... | 16 |

UPDATE EXECUTIVE SUMMARY

This 2021 Reserve Study Update Report is intended to append the original or previous Custom Reserves, LLC Reserve Study Report inspected on April 12, 2018. There were 43 common area components identified that require reserve funding of the community. Supplemental information 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. 3., Inc. (Sea Coast No. 3) is an apartment development located in New Smyrna Beach, Florida and is responsible for the common elements shared by 85 homes within one five-story building. Sea Coast No. 3 was established in 1971. The development contains building services, clubhouse, exterior building, pool and property site components. Sea Coast No. 3 evenly shares the costs of the clubhouse, pool and some of the property site components with Sea Coast Management No. 2., Inc.

The intention of the Reserve Study Update 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 the standards set by Community Associations Institute (CAI) and the Association of Professional Reserve Analysis (APRA) of a Reserve Study Update without Site Visit.

FINANCIAL ANALYSIS

This Reserve Study Update provides the 30-year cash flow analysis or pooling method to project and illustrate the reserve funding plan. The unaudited cash status of the reserve fund, as of April 30, 2021, as reported by Management is \$564,454.60. Sea Coast No. 3 budgeted \$145,000 for Reserves in the fiscal year FY¹ 2021.

The cash flow recommended 2022 reserve contribution is \$193,500 based on zero percent inflation at the Board's request. The reason for the increase is mainly due to restoration projects.

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 in 2041 due to roof replacement. The age and long-lived components of the property are considered in the accumulated year 2051 ending reserves.

External market factors incorporated in this Reserve Study Update include an inflation rate of zero percent at the Board's request and interest rate of 0.5%. The Consumer Price Index published by the Bureau of Labor Statistics is currently 5.4%. However, using this rate may not be realistic over the next 30 years or more importantly projecting to the risk year. The original forecast for inflation and interest was zero percent. 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

¹ FY 2021 starts January 1, 2021 and ends December 31, 2021.

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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:
 - Foundations
 - Structural frames

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
 - Air Conditioning Unit, Mechanical Room
 - Benches
 - Bike Racks
 - Curbing, Concrete
 - Exhaust Fans
 - Fire Extinguishers
 - Flag Pole
 - Floors, Clubhouse, Laminate
 - Infrequent Replacements
 - Irrigation System
 - Landscaping
 - Rest Room, Resident Building
 - Security System
 - Shuffleboard Courts, Color Coat
 - Sidewalks, Concrete
 - Signage
 - Trash Cans
 - Water Valves
 - Wind Screen, Pool

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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:

- Light Poles (City)

The following 11X17 spreadsheets depict the reserve components, quantities, useful lives projected costs and estimated times of replacements for the next 30 years in Appendix A with a narrative condition assessment of the changes to follow.



RESERVE EXPENSES

Sea Coast
Management No. 3., Inc.

Projected Inflation Rate 0.0%

| Line Item | Reserve Component | Total Cycle Quantity | Per Phase Quantity | Unit of Measurement | 1st Year of Replacement | Useful Life Years | Remaining Life Years | 2021 Unit Cost | Percentage Ownership | Current Cost of Replacement per Cycle | Total 30 Year Future Costs of Replacement | Fiscal Year 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | | | | | | | | | | |
|-------------------------------------|--|----------------------|--------------------|---------------------|-------------------------|-------------------|----------------------|----------------|----------------------|---------------------------------------|---|------------------|---------|---------|---------|----------|----------|---------|------|----------|------|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Building Services Components | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | \$713,140 | \$828,140 | | | | | | | | | | | | | | | | | | | | |
| 1 | Electrical Systems, Partial | 1 | 1 | Allowance | 2026 | to 10 | 5 | \$10,000.00 | 100% | \$10,000 | \$30,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$10,000 | \$0 | \$0 | \$0 | \$0 | | | | | | | | | | |
| 2 | Elevators, Cab and Doors | 2 | 2 | Each | 2035 | to 20 | 14 | \$20,000.00 | 100% | \$40,000 | \$40,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | | | | | | | | | |
| 3 | Elevators, Cylinders and Pumps | 2 | 2 | Each | 2046 | to 35 | 25 | \$90,000.00 | 100% | \$180,000 | \$180,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | | | | | | | | | |
| 4 | Elevators, Controls | 2 | 2 | Each | 2051 | to 35 | 30 | \$10,000.00 | 100% | \$20,000 | \$20,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | | | | | | | | | |
| 5 | Fire Alarm System | 1 | 1 | Allowance | 2041 | to 25 | 20 | \$25,000.00 | 100% | \$25,000 | \$25,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | | | | | | | | | |
| 6 | Laundry Equipment | 10 | 10 | Each | 2025 | 5 to 10 | 4 | \$2,500.00 | 100% | \$25,000 | \$100,000 | \$0 | \$0 | \$0 | \$0 | \$25,000 | \$0 | \$0 | \$0 | \$0 | \$0 | | | | | | | | | | |
| 7 | Light Fixtures | 246 | 246 | Each | 2036 | to 25 | 15 | \$90.00 | 100% | \$22,140 | \$22,140 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | | | | | | | | | |
| 8 | Mailboxes | 85 | 85 | Each | 2023 | to 35 | 2 | \$100.00 | 100% | \$8,500 | \$8,500 | \$0 | \$0 | \$8,500 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | | | | | | | | | |
| 9 | Plumbing System | 1 | 1 | Allowance | 2033 | to 75 | 12 | \$354,000.00 | 100% | \$354,000 | \$354,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | | | | | | | | | |
| 10 | Trash Chute and Doors | 5 | 5 | Floors | 2021 | to 55 | 0 | \$5,000.00 | 100% | \$25,000 | \$27,500 | \$2,500 | \$0 | \$0 | \$0 | \$0 | \$25,000 | \$0 | \$0 | \$0 | \$0 | | | | | | | | | | |
| 11 | Water Heaters, Phased | 10 | 5 | Each | 2022 | to 10 | 1 | \$700.00 | 100% | \$3,500 | \$21,000 | \$0 | \$3,500 | \$0 | \$0 | \$0 | \$0 | \$3,500 | \$0 | \$0 | \$0 | | | | | | | | | | |
| Exterior Building Components | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | \$2,473,400 | \$4,127,260 | | | | | | | | | | | | | | | | | | | | |
| 12 | Balcony and Breezeway Coating Remove and Replace | 25,815 | 25,815 | Square Feet | 2031 | to 60 | 10 | \$11.30 | 100% | \$291,710 | \$291,710 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | | | | | | | | | |
| 13 | Doors, Common, Phased | 41 | 8 | Each | 2021 | to 25 | 0 | \$700.00 | 100% | \$5,740 | \$40,180 | \$5,740 | \$0 | \$0 | \$0 | \$0 | \$5,740 | \$0 | \$0 | \$0 | \$0 | | | | | | | | | | |
| 13.1 | Doors, Fire Rated | 4 | 4 | Each | 2021 | to 25 | 0 | \$4,200.00 | 100% | \$16,800 | \$33,600 | \$16,800 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | | | | | | | | | |
| 14 | Paint Finish Applications | 136,700 | 136,700 | Square Feet | 2031 | to 10 | 10 | \$1.25 | 100% | \$170,875 | \$673,495 | \$160,870 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | | | | | | | | | |
| 14.1 | Paint Removal Applications | 136,700 | 136,700 | Square Feet | 2031 | N/A | 10 | \$4.25 | 100% | \$580,975 | \$580,975 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | | | | | | | | | |
| 15 | Patios, Pavers | 1,800 | 1,800 | Square Feet | 2034 | 20 to 30 | 13 | \$6.00 | 100% | \$10,800 | \$10,800 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | | | | | | | | | |
| 16 | Railings, Aluminum | 3,840 | 3,840 | Linear Feet | 2031 | to 35 | 10 | \$80.00 | 100% | \$307,200 | \$307,200 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | | | | | | | | | |
| 17 | Restoration Project, Partial | 1 | 1 | Allowance | 2031 | to 10 | 10 | \$550,000.00 | 100% | \$550,000 | \$1,650,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | | | | | | | | | |
| 18 | Roof, Flat | 262 | 262 | Squares | 2040 | 15 to 20 | 19 | \$1,900.00 | 100% | \$497,800 | \$497,800 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | | | | | | | | | |
| 19 | Windows and Glass Doors, Common | 830 | 830 | Square Feet | 2049 | to 45 | 28 | \$50.00 | 100% | \$41,500 | \$41,500 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | | | | | | | | | |
| Clubhouse Components | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | \$61,663 | \$91,563 | | | | | | | | | | | | | | | | | | | | |
| 20 | Doors | 4 | 4 | Each | 2021 | to 25 | 0 | \$700.00 | 100% | \$2,800 | \$5,600 | \$2,800 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | | | | | | | | | |
| 21 | Floor, Tile | 1,635 | 1,635 | Square Feet | 2033 | to 25 | 12 | \$10.00 | 50% | \$8,175 | \$8,175 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | | | | | | | | | |
| 22 | Furniture, Phased | 1 | 1 | Allowance | 2026 | to 20 | 5 | \$6,000.00 | 50% | \$3,000 | \$9,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$3,000 | \$0 | \$0 | \$0 | \$0 | | | | | | | | | | |
| 23 | Lift Station and Pipes, Interior, Sewer and Water, Partial | 1 | 1 | Allowance | 2033 | varies | 12 | \$10,000.00 | 50% | \$5,000 | \$5,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | | | | | | | | | |
| 23 | Rest Rooms, Renovations, Phased | 4 | 2 | Each | 2040 | to 25 | 19 | \$6,000.00 | 50% | \$6,000 | \$12,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | | | | | | | | | |
| 24 | Roof, Flat | 8 | 8 | Squares | 2025 | 12 to 18 | 4 | \$1,900.00 | 50% | \$7,600 | \$15,200 | \$0 | \$0 | \$0 | \$0 | \$7,600 | \$0 | \$0 | \$0 | \$0 | \$0 | | | | | | | | | | |
| 25 | Roofs, Tile | 41 | 41 | Squares | 2029 | to 25 | 8 | \$1,175.00 | 50% | \$24,088 | \$24,088 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$24,088 | \$0 | | | | | | | | | | |
| 26 | Split Systems, Phased | 2 | 1 | Each | 2024 | 8 to 12 | 3 | \$3,000.00 | 50% | \$1,500 | \$9,000 | \$0 | \$0 | \$0 | \$1,500 | \$0 | \$0 | \$1,500 | \$0 | \$0 | \$0 | | | | | | | | | | |
| 27 | Soffits (Includes Gutters and Downspouts) | 1 | 1 | Allowance | 2048 | to 50 | 27 | \$7,000.00 | 50% | \$3,500 | \$3,500 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | | | | | | | | | |



RESERVE EXPENSES

Sea Coast
Management No. 3., Inc.

| Line Item | Reserve Component | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 | 2043 | 2044 | 2045 | 2046 | 2047 | 2048 | 2049 | 2050 | 2051 |
|-------------------------------------|--|-------------------------------------|----------|-----------|----------|----------|----------|---------|------|----------|-----------|-----------|---------|------|---------|------|-----------|---------|---------|----------|------|-----------|
| | | Building Services Components | | | | | | | | | | | | | | | | | | | | |
| 1 | Electrical Systems, Partial | \$0 | \$0 | \$0 | \$0 | \$0 | \$10,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$10,000 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2 | Elevators, Cab and Doors | \$0 | \$0 | \$0 | \$0 | \$40,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 3 | Elevators, Cylinders and Pumps | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$180,000 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 4 | Elevators, Controls | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$20,000 |
| 5 | Fire Alarm System | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$25,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 6 | Laundry Equipment | \$0 | \$25,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$25,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$25,000 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 7 | Light Fixtures | \$0 | \$0 | \$0 | \$0 | \$0 | \$22,140 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 8 | Mailboxes | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 9 | Plumbing System | \$0 | \$0 | \$354,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 10 | Trash Chute and Doors | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 11 | Water Heaters, Phased | \$0 | \$3,500 | \$0 | \$0 | \$0 | \$0 | \$3,500 | \$0 | \$0 | \$0 | \$0 | \$3,500 | \$0 | \$0 | \$0 | \$0 | \$3,500 | \$0 | \$0 | \$0 | \$0 |
| Exterior Building Components | | | | | | | | | | | | | | | | | | | | | | |
| 12 | Balcony and Breezeway Coating Remove and Replace | \$291,710 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 13 | Doors, Common, Phased | \$5,740 | \$0 | \$0 | \$0 | \$0 | \$5,740 | \$0 | \$0 | \$0 | \$0 | \$5,740 | \$0 | \$0 | \$0 | \$0 | \$5,740 | \$0 | \$0 | \$0 | \$0 | \$5,740 |
| 13.1 | Doors, Fire Rated | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$16,800 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 14 | Paint Finish Applications | \$170,875 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$170,875 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$170,875 |
| 14.1 | Paint Removal Applications | \$580,975 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 15 | Patios, Pavers | \$0 | \$0 | \$0 | \$10,800 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 16 | Railings, Aluminum | \$307,200 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 17 | Restoration Project, Partial | \$550,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$550,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$550,000 |
| 18 | Roof, Flat | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$497,800 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 19 | Windows and Glass Doors, Common | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$41,500 | \$0 | \$0 |
| Clubhouse Components | | | | | | | | | | | | | | | | | | | | | | |
| 20 | Doors | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$2,800 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 21 | Floor, Tile | \$0 | \$0 | \$8,175 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 22 | Furniture, Phased | \$0 | \$0 | \$0 | \$0 | \$0 | \$3,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$3,000 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 23 | Lift Station and Pipes, Interior, Sewer and Water, Partial | \$0 | \$0 | \$5,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 23 | Rest Rooms, Renovations, Phased | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$6,000 | \$0 | \$0 | \$0 | \$6,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 24 | Roof, Flat | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$7,600 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 25 | Roofs, Tile | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 26 | Split Systems, Phased | \$0 | \$0 | \$0 | \$1,500 | \$0 | \$0 | \$1,500 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$1,500 | \$0 | \$0 | \$1,500 | \$0 | \$0 | \$0 | \$0 |
| 27 | Soffits (Includes Gutters and Downspouts) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$3,500 | \$0 | \$0 | \$0 |

| Line Item | Reserve Component | Total Cycle Quantity | Per Phase Quantity | Unit of Measurement | 1st Year of Replacement | Useful Life Years | Remaining Life Years | 2021 Unit Cost | Percentage Ownership | Current Cost of Replacement per Cycle | Total 30 Year Future Costs of Replacement | Fiscal Year 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | | | | |
|---------------------------------|------------------------------------|----------------------|--------------------|---------------------|-------------------------|-------------------|----------------------|----------------|----------------------|---------------------------------------|---|------------------|----------|----------|---------|----------|----------|----------|----------|----------|----------|--|--|--|--|
| | | | | | | | | | | | | | | | | | | | | | | | | | |
| Pool Components | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | \$210,480 | \$346,360 | | | | | | | | | | | | | | |
| 28 | Deck, Pavers (Includes Sidewalks) | 16,785 | 16,785 | Square Feet | 2023 | 20 to 30 | 2 | \$6.00 | 50% | \$50,355 | \$100,710 | \$0 | \$0 | \$50,355 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | | | |
| 29 | Furniture | 1 | 1 | Allowance | 2023 | 5 to 10 | 2 | \$10,000.00 | 50% | \$5,000 | \$30,000 | \$0 | \$0 | \$5,000 | \$0 | \$0 | \$0 | \$0 | \$5,000 | \$0 | \$0 | | | | |
| 30 | Mechanical Equipment, Phased | 1 | 1 | Allowance | 2022 | 5 to 10 | 1 | \$5,000.00 | 50% | \$2,500 | \$32,500 | \$2,500 | \$2,500 | \$0 | \$0 | \$0 | \$2,500 | \$2,500 | \$0 | \$0 | \$0 | | | | |
| 31 | Pool Finishes, North | 2,035 | 2,035 | Square Feet | 2028 | 8 to 12 | 7 | \$15.00 | 50% | \$15,263 | \$30,525 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$15,263 | \$0 | \$0 | | | | |
| 32 | Pool Finishes, South | 2,035 | 2,035 | Square Feet | 2028 | 8 to 12 | 7 | \$15.00 | 50% | \$15,263 | \$30,525 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$15,263 | \$0 | \$0 | | | | |
| 33 | Pool Structures, North | 2,035 | 2,035 | Square Feet | 2038 | to 65 | 17 | \$60.00 | 50% | \$61,050 | \$61,050 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | | | |
| 34 | Pool Structures, South | 2,035 | 2,035 | Square Feet | 2038 | to 65 | 17 | \$60.00 | 50% | \$61,050 | \$61,050 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | | | |
| Property Site Components | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | \$199,982 | \$334,843 | | | | | | | | | | | | | | |
| 35 | Asphalt Pavement, Mill and Overlay | 4,555 | 4,555 | Square Yards | 2033 | 15 to 25 | 12 | \$12.00 | 100% | \$54,660 | \$54,660 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | | | |
| 36 | Asphalt Pavement, Preservation | 4,555 | 4,555 | Square Yards | 2021 | 5 to 8 | 0 | \$1.30 | 100% | \$5,922 | \$29,608 | \$5,922 | \$0 | \$0 | \$0 | \$0 | \$0 | \$5,922 | \$0 | \$0 | \$0 | | | | |
| 37 | Deck, Wood | 2,370 | 2,370 | Square Feet | 2030 | 15 to 20 | 9 | \$20.00 | 50% | \$23,700 | \$47,400 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$23,700 | | | | |
| 38 | Fences, Phased | 1 | 1 | Allowance | 2022 | 20 to 25 | 1 | \$4,000.00 | 100% | \$4,000 | \$12,000 | \$0 | \$4,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | | | |
| 39 | Light Bollards | 22 | 22 | Each | 2025 | to 20 | 4 | \$350.00 | 50% | \$3,850 | \$7,700 | \$0 | \$0 | \$0 | \$0 | \$3,850 | \$0 | \$0 | \$0 | \$0 | \$0 | | | | |
| 40 | Railings, Aluminum | 980 | 980 | Linear Feet | 2041 | to 35 | 20 | \$30.00 | 50% | \$14,700 | \$14,700 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | | | |
| 41 | Sea Wall, Partial Repairs | 550 | 550 | Linear Feet | 2022 | to 15 | 1 | \$275.00 | 50% | \$75,625 | \$151,250 | \$0 | \$75,625 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | | | |
| 42 | Shuffleboard Courts | 2,150 | 2,150 | Square Feet | 2026 | to 55 | 5 | \$7.00 | 50% | \$7,525 | \$7,525 | \$0 | \$0 | \$0 | \$0 | \$0 | \$7,525 | \$0 | \$0 | \$0 | \$0 | | | | |
| 43 | Storm Water System, Partial | 1 | 1 | Allowance | 2033 | to 65 | 12 | \$10,000.00 | 100% | \$10,000 | \$10,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Reserve Study Update | 1 | 1 | Allowance | 2023 | 2 to 3 | 2 | \$2,400.00 | 100% | \$2,400 | \$2,400 | | | \$2,400 | | | | | | | | | | | |
| Total Expenses | | | | | | | | | | | \$5,730,565 | \$197,132 | \$85,625 | \$66,255 | \$1,500 | \$36,450 | \$53,765 | \$13,422 | \$35,525 | \$24,088 | \$23,700 | | | | |

| Line Item | Reserve Component | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 | 2043 | 2044 | 2045 | 2046 | 2047 | 2048 | 2049 | 2050 | 2051 |
|---------------------------------|------------------------------------|------------------------|-----------------|------------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|------------------|------------------|-----------------|----------------|-----------------|-----------------|------------------|----------------|-----------------|-----------------|------------|------------------|
| | | Pool Components | | | | | | | | | | | | | | | | | | | | |
| 28 | Deck, Pavers (Includes Sidewalks) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$50,355 | \$0 | \$0 | \$0 |
| 29 | Furniture | \$0 | \$0 | \$5,000 | \$0 | \$0 | \$0 | \$0 | \$5,000 | \$0 | \$0 | \$0 | \$0 | \$5,000 | \$0 | \$0 | \$0 | \$0 | \$5,000 | \$0 | \$0 | \$0 |
| 30 | Mechanical Equipment, Phased | \$2,500 | \$2,500 | \$0 | \$0 | \$0 | \$2,500 | \$2,500 | \$0 | \$0 | \$0 | \$2,500 | \$2,500 | \$0 | \$0 | \$0 | \$2,500 | \$2,500 | \$0 | \$0 | \$0 | \$2,500 |
| 31 | Pool Finishes, North | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$15,263 | \$0 | \$0 | \$0 |
| 32 | Pool Finishes, South | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$15,263 | \$0 | \$0 | \$0 |
| 33 | Pool Structures, North | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$61,050 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 34 | Pool Structures, South | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$61,050 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Property Site Components | | | | | | | | | | | | | | | | | | | | | | |
| 35 | Asphalt Pavement, Mill and Overlay | \$0 | \$0 | \$54,660 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 36 | Asphalt Pavement, Preservation | \$0 | \$0 | \$0 | \$5,922 | \$0 | \$0 | \$0 | \$0 | \$0 | \$5,922 | \$0 | \$0 | \$0 | \$0 | \$0 | \$5,922 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 37 | Deck, Wood | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$23,700 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 38 | Fences, Phased | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$4,000 | \$0 | \$4,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 39 | Light Bollards | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$3,850 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 40 | Railings, Aluminum | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$14,700 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 41 | Sea Wall, Partial Repairs | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$75,625 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 42 | Shuffleboard Courts | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 43 | Storm Water System, Partial | \$0 | \$0 | \$10,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Reserve Study Update | | | | | | | | | | | | | | | | | | | | | | |
| Total Expenses | | \$1,909,000 | \$31,000 | \$436,835 | \$18,222 | \$40,000 | \$43,380 | \$83,125 | \$127,100 | \$25,000 | \$517,322 | \$768,815 | \$10,000 | \$5,000 | \$11,500 | \$27,550 | \$251,762 | \$7,500 | \$89,380 | \$41,500 | \$0 | \$749,115 |

ADDITIONS/CHANGES AND DELETIONS

There were four additions, several Line Item changes and one deletion to this Non Site Visit Reserve Study Update.

Additions

Water Heaters – The previous Reserve Study included the water heaters an operating expense. The water heaters are in fair to good, reported condition at various ages. Water heaters have a useful life of up to 10 years. Sea Coast No. 3 should budget for phased replacements beginning in 2022 and every five years thereafter. The estimates of costs are noted on Line Item 11 of Appendix A.

Balcony and Breezeway Coating Remove and Replace – The Association is working with an Engineering firm United EngineeringTM that recommends the balcony and breezeway coatings be removed in the next 10 years. Sea Coast No. 3 should budget for the balcony and breezeway coating removal and replacement by 2031. The estimates of costs are noted on Line Item 12 of Appendix A.

Doors (Clubhouse) – The Association maintains four doors located at the clubhouse that the last Reserve Study considered and operating expense due to the expense being shared. The doors have a useful life of up to 25 years. Sea Coast No. 3 should budget for replacements in 2021 and again by 2046. The estimates of costs are noted on Line Item 20 of Appendix A.

Lift Station and Pipes, Interior, Sewer and Water (Clubhouse) – The Association maintain fifty percent (50%) of the clubhouse lift station and interior sewer and water pipes. The ages of these components likely vary, and the condition is unknown currently. The useful life of these components also vary. However, Sea Coast No. 3 should budget for partial replacements by 2033 in conjunction with the building. The estimates of costs are noted on Line Item 23 of Appendix A. The estimated of time of replacements and costs will vary.

CustomReserves

Split Systems (Clubhouse) – The Association maintain two split system HVAC units located at the clubhouse and were considered an operating expense in the last Reserve Study since the ages vary. These split systems are in fair overall condition. Split systems have a useful life from 8- to 12-years. Sea Coast No. 3 should budget for phased replacements beginning by 2024 and concluding by 2027. Subsequent phases replacements are likely every 10 years thereafter. The estimates of costs are noted on Line Item 26 of Appendix A.

Changes

Elevators – The previous Reserve Study included the replacement of the elevator cab and doors by 2033 based on the condition. However, the Association reports that these elevator components are currently at an age of five- to six-years. Therefore, a timing adjustment of two years or to 2035 is included in this Reserve Study Update based on the reported age. The previous Reserve Study also included replacement of the controls by 2046 based on an age of seven years in 2018. The Association reports that the controls are at an age of five- to six-years currently. Therefore, a timing adjustment to 2051 is included in this Reserve study Update.

Fire Alarm System – The previous Reserve Study included the replacement of the fire alarm system by 2036 based on an age of seven years in 2018. However, the Association reports that the fire alarm system is currently at an age of five years. Therefore, a timing adjustment to 2041 is included in this Reserve Study Update based on the reported age.

Mailboxes – The previous Reserve Study included replacement of the mailboxes in 2019. The Board reports that the Association did not replace the mailboxes since the last Reserve Study. Therefore, Sea Coast No. 3 should budget for replacements by 2023.

Plumbing System – The previous Reserve Study included partial pipe lining repairs of up to thirty-three percent (33.3%) every five years beginning by 2023. Updated cost information suggests a significant decrease in plumbing expenses and therefore the full projected amount should be budgeted for by 2033. The time of repairs and costs may vary.

CustomReserves

Trash Chute and Doors – The previous Reserve Study included replacement of the trash chute doors by 2026. The Board reports that the Association plans to replace the doors in 2021. Sea Coast No. 3 should continue to budget for replacement of the chute by 2026. The Association should routinely keep the chutes cleaned annually.

Doors – The previous Reserve Study included phased replacement of up to twenty percent (20%) of the common doors beginning in 2019 and every five years thereafter. The Board reports that the Association did not replace any doors since the last Reserve Study Update and plans to partially replace the doors in 2021. Subsequent phased cycles are likely every five years thereafter. The Board also reports that there are four fire rated doors located at the electrical rooms within the common door quantity of 45 each. The estimated useful life of all these doors is up to 25 years. Sea Coast No. 3 plans for replacement of these fire rated doors in 2021. A subsequent cycle is likely again by 2046.

Paint Finish Applications – The previous Reserve Study included a paint finish application in 2019 and every seven years thereafter. The Board reports that the Association conducted a paint finish application in 2021. The estimated useful life of this painting cycle is up to 10 years. Sea Coast No. 3 should budget for subsequent cycles every 10 years thereafter. In addition, the Board reports that the stucco paint will require removal in the next 10 years.

Railings, Aluminum – The previous Reserve Study included replacement of the aluminum railings by 2044. However, the Association plans to remove the stucco paint and conduct the next pain finish application by 2031 and therefore should also budget for railing replacements at that time.

Restoration Project – The previous Reserve Study included an allowance for restoration project in conjunction with paint finish applications every seven years. Based on reports by United Engineering and historical data provided by the Board, the Association should budget for a more significant amount every 10 years in conjunction with the new paint finish cycle beginning by 2031.

CustomReserves

Roof, Flat – The previous Reserve Study included replacement of the flat roof by 2038 based on a reported replacement year of 2018 through insurance. The Board reports that the Association replaced the roof in 2020. Therefore, a timing adjustment of two years is included in this Reserve Study update or to 2040.

Furniture (Pool) – The previous Reserve Study included replacement of the pool furniture in 2021. The Board reports that the Association replaced the pool furniture since the last Reserve Study. Sea Coast No. 3 should budget for replacements every five years beginning by 2023.

Asphalt Pavement, Preservation – The previous Reserve Study included a preservation application to the asphalt pavement in 2019. The Board reports that the Association plans to conduct this maintenance activity in 2021. Subsequent cycles are likely every six years thereafter.

Fences – The previous Reserve Study included replacement of the wood fences by 2028. The Board reports that the Association maintains the metal fence as well. The fences are in fair overall condition at various ages. The Association should replace any wood fences with vinyl. Vinyl fences have an estimated useful life from 20- to 25-years. Sea Coast No. 3 should budget for phased replacements of the fences beginning in 2022 and concluding by 2042. Updates to this Reserve Study will incorporate more accurate quantifies and times of replacements.

Sea Wall – The previous Reserve Study included partial repairs to the sea wall in 2020. The Board reports that the Association did not conduct any repairs since the last Reserve Study. Sea Coast No. 3 should now budget for repairs by 2022 and again by 2037.

Storm Water System – The previous Reserve Study included storm water repairs in 2019. The Board reports that the Association did conduct maintenance to the storm water system since the last Reserve Study. Sea Coast No. 3 should budget for storm water system repairs in conjunction with repaving or by 2033. Although it is likely that the times of replacement and extent of repair costs may vary from the budgetary allowance, the Association should

CustomReserves

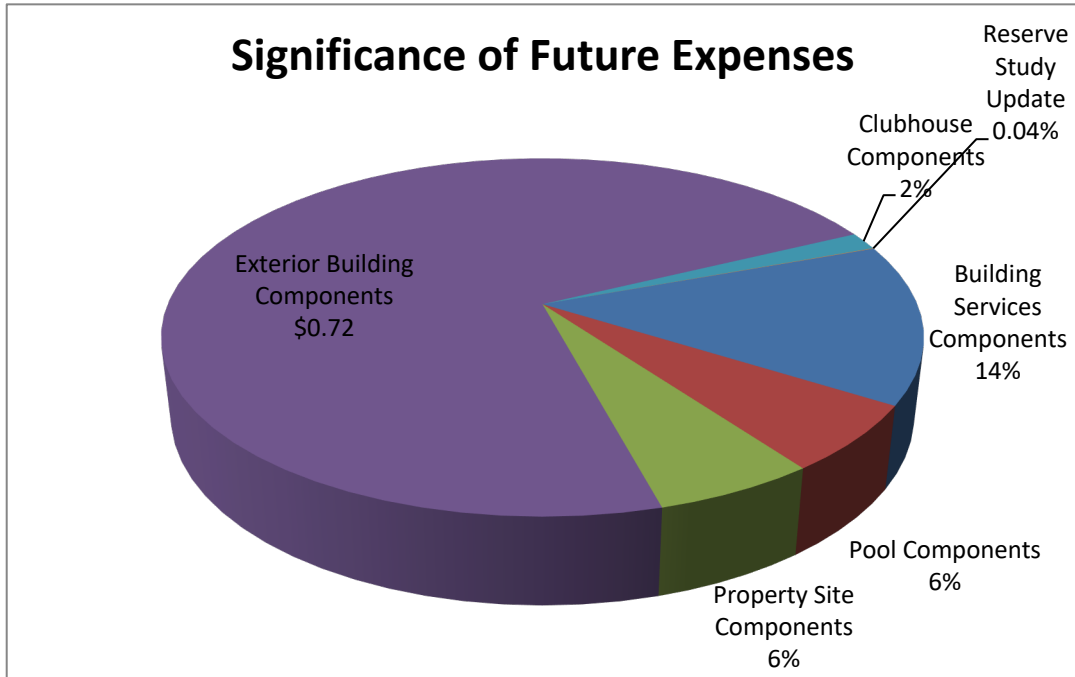
budget sufficient reserves for the storm water system and can adjust its future reserves up or down to meet any changes to these budgetary estimates.

Deletion

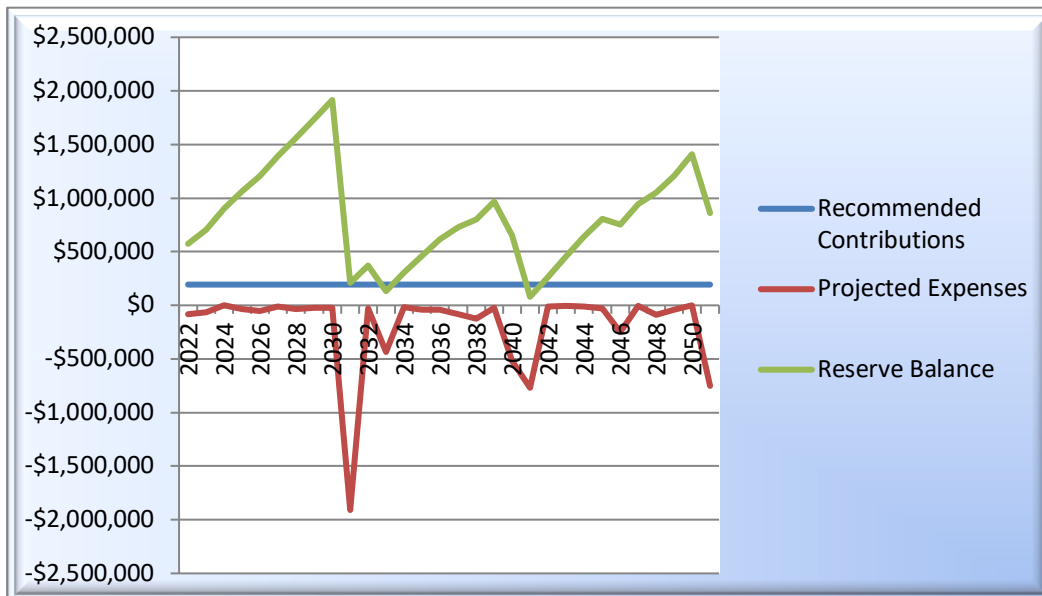
Solar Panels – Management reports that the Association no longer utilizes the pool solar panels. Therefore, the solar panels are removed from this Reserve Study Update.

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:





Cash Flow Funding Plan or Pooling Method

Sea Coast
Management No. 3., Inc.

| | FY | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 |
|--|-------------|-----------|----------------|-----------|-----------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-----------|-----------|-----------|-----------|-----------|
| Beginning of Year Reserves | | \$564,455 | \$465,871 | \$576,075 | \$706,200 | \$901,731 | \$1,063,290 | \$1,208,341 | \$1,394,462 | \$1,559,409 | \$1,736,618 | \$1,915,101 | \$209,178 | \$372,724 | \$131,253 | \$307,187 | \$462,223 |
| Recommended Reserve Contributions | | 96,667 | 193,500 | 193,500 | 193,500 | 193,500 | 193,500 | 193,500 | 193,500 | 193,500 | 193,500 | 193,500 | 193,500 | 193,500 | 193,500 | 193,500 | 193,500 |
| Anticipated Interest Earned | 0.5% | 1,881 | 2,329 | 2,880 | 3,531 | 4,509 | 5,316 | 6,042 | 6,972 | 7,797 | 8,683 | 9,576 | 1,046 | 1,864 | 656 | 1,536 | 2,311 |
| Projected Expenses | | 197,132 | 85,625 | 66,255 | 1,500 | 36,450 | 53,765 | 13,422 | 35,525 | 24,088 | 23,700 | 1,909,000 | 31,000 | 436,835 | 18,222 | 40,000 | 43,380 |
| Projected Year End Reserves | | \$465,871 | \$576,075 | \$706,200 | \$901,731 | \$1,063,290 | \$1,208,341 | \$1,394,462 | \$1,559,409 | \$1,736,618 | \$1,915,101 | \$209,178 | \$372,724 | \$131,253 | \$307,187 | \$462,223 | \$614,654 |

| | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 | 2043 | 2044 | 2045 | 2046 | 2047 | 2048 | 2049 | 2050 | 2051 |
|--|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|-------------|-------------|-------------|
| Beginning of Year Reserves | \$614,654 | \$728,102 | \$798,143 | \$970,634 | \$651,666 | \$79,609 | \$263,507 | \$453,325 | \$637,592 | \$806,730 | \$752,502 | \$942,265 | \$1,051,096 | \$1,208,351 | \$1,407,893 |
| Recommended Reserve Contributions | 193,500 | 193,500 | 193,500 | 193,500 | 193,500 | 193,500 | 193,500 | 193,500 | 193,500 | 193,500 | 193,500 | 193,500 | 193,500 | 193,500 | 193,500 |
| Anticipated Interest Earned | 0.5% | 3,073 | 3,641 | 3,991 | 4,853 | 3,258 | 398 | 1,318 | 2,267 | 3,188 | 4,034 | 3,763 | 4,711 | 5,255 | 6,042 |
| Projected Expenses | 83,125 | 127,100 | 25,000 | 517,322 | 768,815 | 10,000 | 5,000 | 11,500 | 27,550 | 251,762 | 7,500 | 89,380 | 41,500 | 0 | 749,115 |
| Projected Year End Reserves | \$728,102 | \$798,143 | \$970,634 | \$651,666 | \$79,609 | \$263,507 | \$453,325 | \$637,592 | \$806,730 | \$752,502 | \$942,265 | \$1,051,096 | \$1,208,351 | \$1,407,893 | \$859,317 |

Threshold/
Risk Year

Notes:

- 1) FY 2021 Begins January 1, 2021 and Ends December 31, 2021
- 2) FY 2021 Beginning Reserve Balance and Remaining Contributions are as of: 4/30/21
- 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

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

