Hammock Greens III at Pelican Sound Condominium Association, Inc.

Structural Integrity Reserve Study

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

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What is a Reserve Study?

The goal of a Reserve Study is to anticipate the major upcoming common area reserve expenditures for a Community Association and then provide a funding plan to offset these expenditures. A Reserve Study is a multi-phase process which can be summarized as follows:

Physical Analysis	Financial Analysis
On-site meeting between a representative of the Association and a credentialed inspector having reserve study experience in the type of community being inspected.	The financial analysis uses the information attained during the physical analysis to create a funding scenario that offsets the forecasted expenditures.
Relevant industry credentials include: **PE (Professional Engineer)** - Issued by the State Board of Engineers **PRA (Professional Reserve Analyst)** - Issued by APRA (Association of Professional Reserve Analysts) **RS (Reserve Specialist)** - Issued by Community Associations Institute	Two main funding methods exist: the component method and the cash flow method. Each method has its pros and cons, and these should be discussed with a representative of the firm conducting the reserve study, as legal ramifications exist for improperly funding, using the wrong method of funding and/or alternating between the two methods without proper voting methods.
Inspection of the Association's common area components with the goal of compiling a comprehensive list of items likely requiring major repairs and/or replacements in the next 30 years.	The results of the financial analysis are directly dependent on the components included by the inspector as well as the estimated costs and project timing of said components. Therefore, it is critical that the inspector have sufficient experience conducting reserve studies for your specific property type in order to arrive at valid results during the financial analysis portion of the reserve study.
Determination of the age, useful life, remaining useful life, repair or replacement cost, condition, and urgency of replacement for the components.	The cash flow method, also known as the pooling method, begins with the available ***combined*** reserve balance per the Association's most recent balance sheet. Funds entering and leaving this account are then analyzed, year over year, for the 30-year duration of the reserve study. The primary goal of the cash flow method is to ensure the ending balances in each of the 30 years are greater than zero with a built-in factor of safety.
Certain states mandate specific components which shall be included in the Reserve Study in order to maintain statutory compliance. For example, Florida now requires all condominium associations which contain buildings 3+ stories in height to conduct a SIRS (Structural Integrity Reserve Study). We expand on the definition of a SIRS later in this report.	The component method, also known as the straight-line depreciation method, analyzes each ***individual*** reserve component on a line-by-line basis, essentially funding for the depreciation of each component in the reserve study. The recommended reserve contribution for the next fiscal year is then calculated as the sum of recommended reserve contributions for each reserve component.

Structural Integrity Reserve Studies

Per Senate Bill 4-D (May 2022) and Senate Bill 154 (June 2023):

At a minimum, a Structural Integrity Reserve Study must identify the common areas being visually inspected, state the estimated remaining useful life and the estimated replacement cost or deferred maintenance expense of the common areas being visually inspected, and provide a recommended annual reserve amount that achieves the estimated replacement cost or deferred maintenance expense of each common area being visually inspected by the end of the estimated remaining useful life of each common area.

The "Structural Integrity Reserve Study", section 718.112 (2)(g), must include, at a minimum ***for each building on the condominium property that is three stories or higher in height***:

A study of the following items as related to the structural integrity and safety of the building:

a. *Roof*
b. *Structure, including load-bearing walls and other primary structural members and primary structural systems as those terms are defined in s. 627.706*
c. *Fireproofing and fire protection systems*
d. *Plumbing*
e. *Electrical systems*
f. *Waterproofing and exterior painting*
g. *Windows and exterior doors*
h. *Any other item that has a deferred maintenance expense or replacement cost that exceeds $10,000 and the failure to replace or maintain such item negatively affects the items listed in subparagraphs a) through g), as determined by the visual inspection portion of the Structural Integrity Reserve Study.*

Standard Reserve Studies

Per Florida Statutes section 718.112 (2)(a):

In addition to annual operating expenses, the budget must include reserve accounts for capital expenditures and deferred maintenance. These accounts must include, but are not limited to:

a. *Roof replacement*
b. *Building painting*
c. *Pavement resurfacing*
d. *Any other item that has a deferred maintenance expense or replacement cost that exceeds $10,000*

Property Overview

Estero, FL

Latitude: 26° 25' 53"

Longitude: 81° 49' 40"

CAI Level of Service: Full Reserve Study

Inspection Date: February 22, 2024

Report Date (Initial): June 4, 2024

Report Date (Revision 1): October 8, 2024

Executive Summary

K-7 Design, Inc. conducted a site visit on February 22, 2024. We identified 18 line items that require reserve funding during the noninvasive, visual inspection of the community. Our scope of services included:

- Site visit and meeting with the Association's representatives on the day of the inspection
- Visual inspection, measurement, condition assessment, and photographs of the common areas within the Association
- Review of the Association's financial statements, declarations, bylaws and/or articles of incorporation as required
- Review of available construction documents as required
- Review of historical project records and supporting documentation if provided by the Association
- Determination of project scopes of work and associated costs
- Classification of the property components into stratified categories by responsible entity and funding methodology
- Determination of useful life, urgency of replacement and remaining useful life for the reserve components
- Customized discussion of each reserve component with supporting captioned photographs

Hammock Greens III at Pelican Sound Condominium Association, Inc. (Hammock Greens III) is a midrise-style condominium located in Estero, FL and is responsible for the common elements shared by 22 owners within one 4-story building. Hammock Greens III was established in 1998. The development contains Exterior Building, Building Services and Property Site components.

Reference Number:	Inspection and Report By:	Quality Assurance Review By:
3166.23 C	Graham Culkar, PE, RS	Jason Kubus, PE, PRA, RS

Financial Analysis

The Financial Analysis can be separated into one of two categories based on the funding mechanisms in place by the Association at the time of our inspection. The Association may use **either** a Cash Flow (Pooling) method **or** a Component (Straight-Line Depreciation) method of reserve funding. If the Association presently uses the Component method, it may not transfer funds between individual Component accounts without, typically, receiving a majority vote of the unit owners. Local and state guidelines can vary accordingly. For example, The Division of Condominiums, Timeshares and Mobile Homes can cite Associations for non-compliance with respect to the Florida Administration Code Rule 61B-22.005(3)(b) for funding plans that are considered to use balloon payments. Therefore, we recommend the Association always consult with management, legal counsel and/or its accounting team to thoroughly understand the options available to them.

Cash Flow Method

The **Cash Flow** method of funding, otherwise known as the Pooled Method, utilizes reserve contributions designed to offset the variable annual reserve expenditures over the next 30 years. In this method, we test different reserve funding scenarios against the anticipated schedule of reserve expenditures on a year-by-year basis until the desired adequate or sufficient funding goal is achieved. In this method, funding recommendations are driven by a threshold (risk) year, determined by the schedule of reserve expenditures. Within the Cash Flow method, the Association **may** use reserve funds, as needed, for those expenditures related to components which are included in the Reserve Component inventory.

Hammock Greens III presently utilizes the **Cash Flow** method of funding. Therefore, as our official recommendation, we include the Cash Flow, or pooled method to project and illustrate the reserve funding plan as depicted in **Appendix B**. We summarize the information from **Appendix B** in the following table:

Cash Flow Funding Information (SIRS Only)	
FY 2024 Range:	Jan 1, 2024 - Dec 31, 2024
FY 2024 Total Operating Budget:	$125,840.40
FY Starting Balance as of Dec 31, 2024 (SIRS Portion):	$118,056.57
FY 2024 Remaining Quarters:	0
FY 2024 Reserve Contribution (Budgeted SIRS Portion):	**$15,864.20**
FY 2024 Reserve Contribution (Remaining SIRS Portion):	**$0.00**
FY 2025 Recommended SIRS Reserve Contribution:	**$22,000.00**
% Increase in Reserve Contributions (FY 2024 to FY 2025):	38.68%
% Increase in FY 2024 Operating Budget:	4.88%
Anticipated Inflation Rate on Reserve Expenditures:	2.00%
Anticipated Rate of Return on Invested Reserves:	2.00%

Cash Flow Funding Information (Non-SIRS Only)	
FY 2024 Range:	Jan 1, 2024 - Dec 31, 2024
FY 2024 Total Operating Budget:	$125,840.40
FY Starting Balance as of Dec 31, 2024 (Non-SIRS Portion):	$53,102.43
FY 2024 Remaining Quarters:	0
FY 2024 Reserve Contribution (Budgeted Non-SIRS Portion):	**$7,135.80**
FY 2024 Reserve Contribution (Remaining Non-SIRS Portion):	**$0.00**
FY 2025 Recommended Non-SIRS Reserve Contribution:	**$13,000.00**
% Increase in Reserve Contributions (FY 2024 to FY 2025):	82.18%
% Increase in FY 2024 Operating Budget:	15.02%
Anticipated Inflation Rate on Reserve Expenditures:	2.00%
Anticipated Rate of Return on Invested Reserves:	2.00%

The following table depicts the relative relationship between SIRS and Non-SIRS reserve components based on our anticipated expenditures over the next 20 years. We express this relationship in terms of both dollars (Column Two) and as a percentage of the total reserve expenditures over the 20-year period (Column Three). We use this relative relationship to arrive at the most equitable split of the Association's actual pooled starting balance and 2024 budgeted reserve contribution.

Cash Flow Reserve Account Segregation (SIRS vs. Non-SIRS)

		Reserve Expenditures (Years 0 through 20)	% of Total Expenditures (Years 0 through 20)
SIRS	$	268,523	69.0%
Non-SIRS	$	120,783	31.0%
Total	**$**	**389,307**	**100%**

We encourage all clients to adequately fund their reserves. However, we recognize that the recommended increase in reserve contributions is significant. We suggest the Association discuss funding options with management, legal counsel and/or their accounting team. In many cases the Association can legally partially fund their **Non-SIRS** reserves as long as a fully-funded budget is disclosed to the owners and the appropriate voting procedures are followed.

The actual timing of the events depicted may not occur exactly as projected. Internal changes such as deferred or accelerated projects, variability in proposed project costs by different vendors, and external changes such as interest and inflation rates, are likely. Updates to the Reserve Study will incorporate these changes. To ensure equity in the adopted funding plan, ongoing annual Board reviews and an update of this Reserve Study with an on-site visit are recommended in two- to three-years depending on the complexity of the community, and changes in external and internal factors.

Property Categorization Definitions

As part of the analysis and to provide clarity regarding which property components are represented in the model, we segregate the property components into specific categories as follows:

1. Reserve Components are defined as follows:
    - Components which **are** the responsibility of the Association to maintain, repair or replace
    - Components with limited and determinate useful life expectancies
    - Components with limited and determinate remaining useful life expectancies
    - Components with replacement costs above a minimum threshold

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

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

4. Owner Components are defined as follows:
    - Components which **are not** the responsibility of the Association to maintain, repair or replace, but rather the responsibility of the individual unit owner or homeowner

5. Other Components are defined as follows:
    - Components that are neither the responsibility of the Association nor the Owner to maintain, repair or replace
    - Responsibility for maintenance, repairs, or replacement of the components in this category typically is that of the city, local municipality and/or local utility company

Property Categorization Model

		COMMON COMPONENTS (X)			REMAINING COMPONENTS (O)	
CATEGORY	COMPONENT	RESERVES	OPERATING	LONG-LIVED	OWNER	OTHER
	Air Conditioning Units, Mechanical Rooms		X			
Property Site	Asphalt Pavement, Mill and Overlay	X				
Property Site	Asphalt Pavement, Patch and Surface Treatment	X				
Building Services	Backflow Preventer, Domestic Water	X				
Building Services	Backflow Preventer, Fire	X				
Exterior Building	Balconies and Breezeways, Concrete, Repairs and Waterproof Coating Applications	X				
	Balcony and Patio Floor Coverings				O	
Exterior Building	Breezeways, Railings, Replacement (Incl. Staircases)	X				
Property Site	Carports	X				
	Concrete Flatwork		X			
Exterior Building	Doors, Common, Phased	X				
	Doors, Serving Individual Units				O	
Building Services	Electrical Systems, Main Panels, Partial	X				
	Electrical Systems, Serving Individual Units				O	
Building Services	Elevator Cab Finishes	X				
Building Services	Elevator, Hydraulic, Cylinder	X				
Building Services	Elevator, Hydraulic, Modernization (2025 is Budgeted)	X				
	Expenses Less Than $5,000		X			
	Foundation(s), Complete Replacement			X		
	Golf Course					O
	Gutters and Downspouts, Aluminum		X			
	HVAC Equipment, Serving Individual Units				O	
	Irrigation System		X			
	Landscape		X			
Building Services	Life Safety System, Control Panel	X				
Building Services	Life Safety System, Emergency Devices	X				
	Light Fixtures, Exterior		X			
	Light Poles and Fixtures					O
	Mailboxes		X			
	Other Repairs Normally Funded Through the Operating Budget		X			
	Pipes, Interior Building, Serving Individual Units				O	
Building Services	Pipes, Riser Sections, Domestic Water, Vent and Waste, Partial	X				
	Pipes, Subsurface Utilities, Complete Replacement			X		
	Pool					O
	Roof Cleaning		X			
Exterior Building	Roof, Concrete Tile	X				
	Screens and Frames (Incl. Balcony Railings)				O	
	Structural Frame(s), Complete Replacement			X		
Building Services	Trash Chute and Doors	X				
	Unit Interiors				O	
Exterior Building	Walls, Stucco, Paint Finishes and Capital Repairs (Incl. Breezeway & Staircase Railings)	X				
	Water Based Floor Coatings, Interim Applications		X			
	Water Heaters				O	
	Windows and Patio Doors				O	

Reserve Expenditures

Hammock Greens III at Pelican Sound Condominium Association, Inc.

Projected Inflation Rate 2.0%

Line Item	Reserve Components	Statutory Classification	Total Quantity	Per Phase Quantity	Unit of Measurement	1st Year of Replacement	Useful Life (Years)	Age (Year)	Remaining Life (Years)	2024 Unit Cost	2024 Cost of Replacement per Phase	2024 Cost of Replacement per Total	Total 30-Year Cumulative Cost of Replacement	Fiscal Year 2024	Year 1 2025	Year 2 2026	Year 3 2027	Year 4 2028	Year 5 2029	Year 6 2030	Year 7 2031	Year 8 2032	Year 9 2033
	Exterior Building Components										***$364,520***	***$380,520***	***$813,147***										
1.030	Balconies and Breezeways, Concrete, Repairs and Waterproof Coating Applications	SIRS	**6,420**	6,420	Square Feet	2038	10 to 15	1998	14	$10.00	$64,200	$64,200	**$196,484**										
1.050	Breezeways, Railings, Replacement (Incl. Staircases)	SIRS	**480**	480	Linear Feet	2048	to 50	1998	24	$150.00	$72,000	$72,000	**$115,807**										
1.140	Doors, Common, Phased	SIRS	**10**	2	Each	2025	20 to 25	1998	1	$2,000.00	$4,000	$20,000	**$43,019**		$4,080		$4,245		$4,416		$4,595		$4,780
1.240	Roof, Concrete Tile	SIRS	**145**	145	Squares	2046	25 to 30	2016	22	$1,200.00	$174,000	$174,000	**$269,000**										
1.560	Walls, Stucco, Paint Finishes and Capital Repairs (Incl. Breezeway & Staircase Railings)	SIRS	**34,000**	34,000	Square Feet	2025	8 to 10	Unknown	1	$1.48	$50,320	$50,320	**$188,835**		$50,000								
	Building Services Components										***$307,000***	***$370,000***	***$623,044***										
3.100	Backflow Preventer, Domestic Water	SIRS	**1**	1	Each	2039	to 15	2024	15	$9,000.00	$9,000	$9,000	**$28,415**										
3.105	Backflow Preventer, Fire	SIRS	**1**	1	Each	2039	to 15	2024	15	$9,000.00	$9,000	$9,000	**$28,415**										
3.150	Electrical Systems, Main Panels, Partial	SIRS	**1**	0.70	Allowance	2054	to 80+	1998	30	$60,000.00	$42,000	$60,000	**$76,077**										
3.155	Elevator Cab Finishes	Non-SIRS	**1**	1	Each	2030	20 to 25	Unknown	6	$10,000.00	$10,000	$10,000	**$11,262**							$11,262			
3.160	Elevator, Hydraulic, Cylinder	Non-SIRS	**1**	1	Each	2051	to 45	1998	27	$40,000.00	$40,000	$40,000	**$68,275**										
3.170	Elevator, Hydraulic, Modernization (2025 is Budgeted)	Non-SIRS	**1**	1	Each	2025	25 to 30	1998	1	$100,000.00	$100,000	$100,000	**$211,189**		$40,500								
3.230	Life Safety System, Control Panel	SIRS	**1**	1	Each	2027	to 15	Unknown	3	$5,000.00	$5,000	$5,000	**$20,875**				$5,306						
3.240	Life Safety System, Emergency Devices	SIRS	**1**	1	Allowance	2027	to 25	1998	3	$12,000.00	$12,000	$12,000	**$33,627**				$12,734						
3.250	Pipes, Riser Sections, Domestic Water, Vent and Waste, Partial	SIRS	**22**	13	Units	2054	to 90+	1998	30	$5,000.00	$65,000	$110,000	**$117,739**										
3.340	Trash Chute and Doors	Non-SIRS	**1**	1	Each	2054	to 50+	1998	30	$15,000.00	$15,000	$15,000	**$27,170**										
	Property Site Components										***$151,530***	***$151,530***	***$340,852***										
4.000	Asphalt Pavement, Patch and Surface Treatment	Non-SIRS	**2,620**	2,620	Square Yards	2033	3 to 5	Unknown	9	$2.00	$5,240	$5,240	**$29,238**										$6,262
4.010	Asphalt Pavement, Mill and Overlay	Non-SIRS	**2,620**	2,620	Square Yards	2028	20 to 25	1998	4	$17.00	$44,540	$44,540	**$127,308**					$48,212					
4.050	Carports	Non-SIRS	**4,070**	4,070	Square Feet	2054	30 to 35	2024	30	$25.00	$101,750	$101,750	**$184,306**										
	Total Expenditures										$823,050	$902,050	**$1,777,042**	**$0**	**$94,580**	**$0**	**$22,285**	**$48,212**	**$4,416**	**$11,262**	**$4,595**	**$0**	**$11,043**

Reserve Expenditures

Hammock Greens III at Pelican Sound
Condominium Association, Inc.

Line Item	Reserve Components	Year 10 2034	Year 11 2035	Year 12 2036	Year 13 2037	Year 14 2038	Year 15 2039	Year 16 2040	Year 17 2041	Year 18 2042	Year 19 2043	Year 20 2044	Year 21 2045	Year 22 2046	Year 23 2047	Year 24 2048	Year 25 2049	Year 26 2050	Year 27 2051	Year 28 2052	Year 29 2053	Year 30 2054
	Exterior Building Components																					
1.030	Balconies and Breezeways, Concrete, Repairs and Waterproof Coating Applications					$84,711														$111,774		
1.050	Breezeways, Railings, Replacement (Incl. Staircases)															$115,807						
1.140	Doors, Common, Phased																	$6,694		$6,964		$7,245
1.240	Roof, Concrete Tile													$269,000								
1.560	Walls, Stucco, Paint Finishes and Capital Repairs (Incl. Breezeway & Staircase Railings)		$62,567										$76,268									
	Building Services Components																					
3.100	Backflow Preventer, Domestic Water						$12,113															$16,302
3.105	Backflow Preventer, Fire						$12,113															$16,302
3.150	Electrical Systems, Main Panels, Partial																					$76,077
3.155	Elevator Cab Finishes																					
3.160	Elevator, Hydraulic, Cylinder																		$68,275			
3.170	Elevator, Hydraulic, Modernization (2025 is Budgeted)																		$170,689			
3.230	Life Safety System, Control Panel							$6,864												$8,705		
3.240	Life Safety System, Emergency Devices																			$20,892		
3.250	Pipes, Riser Sections, Domestic Water, Vent and Waste, Partial																					$117,739
3.340	Trash Chute and Doors																					$27,170
	Property Site Components																					
4.000	Asphalt Pavement, Patch and Surface Treatment					$6,914					$7,634					$8,428						
4.010	Asphalt Pavement, Mill and Overlay																				$79,096	
4.050	Carports																					$184,306
	Total Expenditures	**$0**	**$62,567**	**$0**	**$0**	**$91,625**	**$24,226**	**$6,864**	**$0**	**$0**	**$7,634**	**$0**	**$76,268**	**$269,000**	**$0**	**$124,236**	**$0**	**$6,694**	**$238,964**	**$148,335**	**$79,096**	**$445,142**

Cash Flow Funding Plan (Pooled Method)
(SIRS Components Only)

Hammock Greens III at Pelican Sound
Condominium Association, Inc.

FY	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
FY Starting Balance ($)	118,057	118,057	88,338	112,505	115,369	140,976	163,180	190,744	214,764	244,359	270,266	301,971	272,243	304,988	338,888	289,356
Recommended Reserve Contributions	0	**22,000**	22,400	22,900	23,300	23,800	24,300	24,800	25,300	25,800	26,300	26,800	27,300	27,800	28,400	29,000
Anticipated Interest Earned 2.00%	0	2,361	1,767	2,250	2,307	2,820	3,264	3,815	4,295	4,887	5,405	6,039	5,445	6,100	6,778	5,787
Projected Expenditures	0	(54,080)	0	(22,285)	0	(4,416)	0	(4,595)	0	(4,780)	0	(62,567)	0	0	(84,711)	(24,226)
FY Ending Balance ($)	118,057	88,338	112,505	115,369	140,976	163,180	190,744	214,764	244,359	270,266	301,971	272,243	304,988	338,888	289,356	299,917

	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
FY Starting Balance ($)	299,917	328,651	365,424	403,532	443,003	483,863	449,872	223,168	261,631	185,757	224,872	258,775	300,751	195,931	238,150
Recommended Reserve Contributions	29,600	30,200	30,800	31,400	32,000	32,600	33,300	34,000	34,700	35,400	36,100	36,800	37,500	38,300	39,100
Anticipated Interest Earned 2.00%	5,998	6,573	7,308	8,071	8,860	9,677	8,997	4,463	5,233	3,715	4,497	5,176	6,015	3,919	4,763
Projected Expenditures	(6,864)	0	0	0	0	(76,268)	(269,000)	0	(115,807)	0	(6,694)	0	(148,335)	0	(233,666)
FY Ending Balance ($)	328,651	365,424	403,532	443,003	483,863	449,872	223,168	261,631	185,757	224,872	258,775	300,751	195,931	238,150	48,347
															Threshold/ Risk Year

Cash Flow Notes:

1) FY 2024 begins January 1, 2024 and Ends December 31, 2024
2) FY 2024 Starting Balance and Remaining Reserve Contributions are projected as of December 31, 2024
3) Anticipated Interest Earned is calculated using the FY Starting Balance and is prorated for the current FY
4) Taxes on the interest earned are considered negligible

Cash Flow Funding Plan (Pooled Method)
(Non-SIRS Components Only)

Hammock Greens III at Pelican Sound
Condominium Association, Inc.

FY	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
FY Starting Balance ($)	53,102	53,102	26,664	40,497	54,907	21,694	36,328	40,293	55,899	72,117	82,697	100,051	118,052	136,713	156,047	169,154
Recommended Reserve Contributions	0	**13,000**	13,300	13,600	13,900	14,200	14,500	14,800	15,100	15,400	15,700	16,000	16,300	16,600	16,900	17,200
Special Assessment																
Total Recommended Reserve Contributions	0	13,000	13,300	13,600	13,900	14,200	14,500	14,800	15,100	15,400	15,700	16,000	16,300	16,600	16,900	17,200
Anticipated Interest Earned 2.00%	0	1,062	533	810	1,098	434	727	806	1,118	1,442	1,654	2,001	2,361	2,734	3,121	3,383
Projected Expenditures	0	(40,500)	0	0	(48,212)	0	(11,262)	0	0	(6,262)	0	0	0	0	(6,914)	0
FY Ending Balance ($)	53,102	26,664	40,497	54,907	21,694	36,328	40,293	55,899	72,117	82,697	100,051	118,052	136,713	156,047	169,154	189,737
					Threshold/ Risk Year											

	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
FY Starting Balance ($)	189,737	211,032	233,153	256,116	272,304	296,850	322,287	348,633	375,906	395,696	424,710	454,704	246,734	273,969	223,052
Recommended Reserve Contributions	17,500	17,900	18,300	18,700	19,100	19,500	19,900	20,300	20,700	21,100	21,500	21,900	22,300	22,700	23,200
Anticipated Interest Earned 2.00%	3,795	4,221	4,663	5,122	5,446	5,937	6,446	6,973	7,518	7,914	8,494	9,094	4,935	5,479	4,461
Projected Expenditures	0	0	0	(7,634)	0	0	0	0	(8,428)	0	0	(238,964)	0	(79,096)	(211,476)
FY Ending Balance ($)	211,032	233,153	256,116	272,304	296,850	322,287	348,633	375,906	395,696	424,710	454,704	246,734	273,969	223,052	39,236
															Threshold/ Risk Year

Cash Flow Notes:

1) FY 2024 begins January 1, 2024 and Ends December 31, 2024

2) FY 2024 Starting Balance and Remaining Reserve Contributions are projected as of December 31, 2024

3) Anticipated Interest Earned is calculated using the FY Starting Balance and is prorated for the current FY

4) Taxes on the interest earned are considered negligible

Condition Assessment

Exterior Building Components

Balconies and Breezeways, Concrete, Repairs and Waterproof Coating Applications

Line Item #: 1.030

Component Category: Exterior Building Components

Quantities:

Total Quantity:	6,420 Square Feet
Percent of Total per Event:	100%
No. of Phases per Event:	1
Per Phase Quantity:	6,420 Square Feet

Shared Ownership:

Entity Name:	Hammock Greens III
Entity Ownership Percent:	100%

Statutory Classification: SIRS

Pricing:

Unit Cost:	$10.00
Per Phase Cost:	$64,200
Total Present Cost:	$64,200
Total Cumulative Cost:	$196,484

Lifing:

Age (In-Service Year):	1998
UL (Expected Useful Life):	10 to 15
RUL (Remaining Useful Life	14
First Replacement Year:	2038

Inspection Assessments:

Condition (1 to 5):	3
Urgency (1 to 5):	5

Component Funding:

Supplemental Information:

We define breezeways as the elevated concrete walkways located at the front elevation of the buildings. We define balconies as the elevated private terraces located at the rear elevations of the buildings. The Association should anticipate the need for inspections and repairs to the structural concrete, sealant replacements as well as replacement of the pedestrian traffic bearing coating. Unit owners are reportedly responsible for their own balcony floor coverings. The following narrative expands on our recommendation.

Expenditure Schedule:

2024 (0)	$0				
2025 (1)	$0	2035 (11)	$0	2045 (21)	$0
2026 (2)	$0	2036 (12)	$0	2046 (22)	$0
2027 (3)	$0	2037 (13)	$0	2047 (23)	$0
2028 (4)	$0	2038 (14)	$84,711	2048 (24)	$0
2029 (5)	$0	2039 (15)	$0	2049 (25)	$0
2030 (6)	$0	2040 (16)	$0	2050 (26)	$0
2031 (7)	$0	2041 (17)	$0	2051 (27)	$0
2032 (8)	$0	2042 (18)	$0	2052 (28)	$111,774
2033 (9)	$0	2043 (19)	$0	2053 (29)	$0
2034 (10)	$0	2044 (20)	$0	2054 (30)	$0

Concrete is a porous and permeable material that continues to expand and contract even after it's cured. Cracks within the concrete are an indication of these characteristics, and although they provide an opportunity for moisture intrusion into the slab, they are not always a sign of structural concern. Concrete is susceptible to failure or spalling when the underlying metal reinforcement corrodes due to a function of the elements. Therefore, we recommend the Association apply a coating to the elevated horizontal concrete to forestall deterioration.

A water-based coating acts as a top layer over the concrete that provides water resistance and an aesthetically uniform finish. This coating provides initial protection from wind-driven rain; however, it is limited in areas that receive high pedestrian traffic, sun exposure and ponding water, which leads to accelerated deterioration. An oil-based, elastomeric coating penetrates the concrete and acts as a sealer that provides protection from wind driven rain, salt, and water absorption into the concrete. This coating also acts as a breathable waterproof membrane to allow the concrete to expand and contract as a function of the outside air temperature and humidity. Oil-based, elastomeric coatings also provide an aesthetically uniform finish and can incorporate better UV stability than water-based coatings, but similarly, these coatings may break down faster in areas of high pedestrian traffic, sun exposure and ponding water. Oil-based elastomeric coatings are typically installed by professionals that adhere to high industry standards, which incurs a higher application cost, and should be utilized in areas where the concrete has greater exposure to the elements.

The Association currently utilizes a water-based coating that was applied in coordination with exterior painting of the building. The Association may continue with this practice; however, we strongly recommend the Association continue to monitor the condition of the elevated concrete and touch up areas of coating deterioration as needed.

We defer capital repairs and coating applications based on the current good, visual condition of the elevated concrete surfaces. The precise amount of structural concrete requiring replacement at the time of project commencement is indeterminate based on our visual, non-invasive inspection. As such, supplement funds outside of reserves may be required to adequately repair all visibly deteriorated concrete once it is exposed. Our recommendation for capital repairs should include the following:

- Bid specification process to be overseen by a design professional and should include, although not limited to, considerations for general conditions, site safety, mobilization, staging and product specifications
- Removal of any existing floor coverings to facilitate thorough inspection of the underlying concrete
- Thorough inspection of concrete to determine locations requiring repair
- Repairs to any deteriorated concrete, railing/screen frame connections, and/or post pocket connection points. Repairs may require significant removal of structural concrete, including steel reinforcement, as well as structural engineering design and construction administration
- Replacement of any sealants and application of an oil-based, elastomeric coating to the concrete. Waterproof coatings applied to horizontal concrete surfaces should meet or exceed the minimum requirements for waterproofing, breathability, pedestrian traffic bearing capacity and slip resistance

Future updates to this report will monitor the condition of the concrete and adjust our recommendations for concrete repairs and coating needs based on our visual inspection.

Breezeway with floor coating

Breezeway with floor coating

Breezeway with floor coating

Breezeway with floor coating

Rear elevation balconies

Rear elevation balconies

Breezeways, Railings, Replacement (Incl. Staircases)

Line Item #:	1.050
Component Category:	Exterior Building Components

Quantities:

Total Quantity:	480 Linear Feet
Percent of Total per Event:	100%
No. of Phases per Event:	1
Per Phase Quantity:	480 Linear Feet

Shared Ownership:

Entity Name:	Hammock Greens III
Entity Ownership Percent:	100%

Statutory Classification: SIRS

Pricing:

Unit Cost:	$150.00
Per Phase Cost:	$72,000
Total Present Cost:	$72,000
Total Cumulative Cost:	$115,807

Lifing:

Age (In-Service Year):	1998
UL (Expected Useful Life):	to 50
RUL (Remaining Useful Life	24
First Replacement Year:	2048

Inspection Assessments:

Condition (1 to 5):	4
Urgency (1 to 5):	5

Component Funding:

Supplemental Information:

The useful life of aluminum railings in a coastal environment is directly proportional to the maintenance they receive over the course of their useful life. Regular cleaning, repairs and refinishing will maximize the useful life of the entire railing system. Future updates to this report will consider the condition and maintenance history when determining the actual year of replacement. Our quantity does not include the rear balcony screen enclosure and railings as Management informs us the homeowners are responsible for replacement of these elements.

Expenditure Schedule:

2024 (0)	$0				
2025 (1)	$0	2035 (11)	$0	2045 (21)	$0
2026 (2)	$0	2036 (12)	$0	2046 (22)	$0
2027 (3)	$0	2037 (13)	$0	2047 (23)	$0
2028 (4)	$0	2038 (14)	$0	2048 (24)	$115,807
2029 (5)	$0	2039 (15)	$0	2049 (25)	$0
2030 (6)	$0	2040 (16)	$0	2050 (26)	$0
2031 (7)	$0	2041 (17)	$0	2051 (27)	$0
2032 (8)	$0	2042 (18)	$0	2052 (28)	$0
2033 (9)	$0	2043 (19)	$0	2053 (29)	$0
2034 (10)	$0	2044 (20)	$0	2054 (30)	$0

Breezeway railings

Breezeway railings

Staircase railings

Breezeway railings

Doors, Common, Phased

Line Item #:	1.140
Component Category:	Exterior Building Components

Quantities:

Total Quantity:	10 Each
Percent of Total per Event:	100%
No. of Phases per Event:	5
Per Phase Quantity:	2 Each

Shared Ownership:

Entity Name:	Hammock Greens III
Entity Ownership Percent:	100%

Statutory Classification: SIRS

Pricing:

Unit Cost:	$2,000.00
Per Phase Cost:	$4,000
Total Present Cost:	$20,000
Total Cumulative Cost:	$43,019

Lifing:

Age (In-Service Year):	1998
UL (Expected Useful Life):	20 to 25
RUL (Remaining Useful Life	1
First Replacement Year:	2025

Inspection Assessments:

Condition (1 to 5):	3
Urgency (1 to 5):	4

Component Funding:

Supplemental Information:

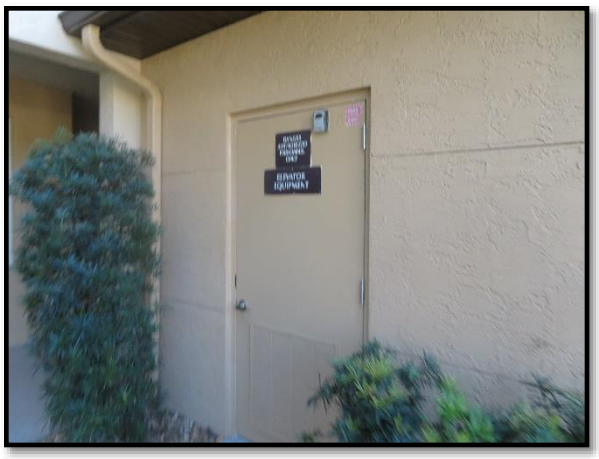
Our quantity includes the mechanical room, trash, and common storage room doors. Unit owners are responsible for their unit entry and personal storage room doors.

Expenditure Schedule:

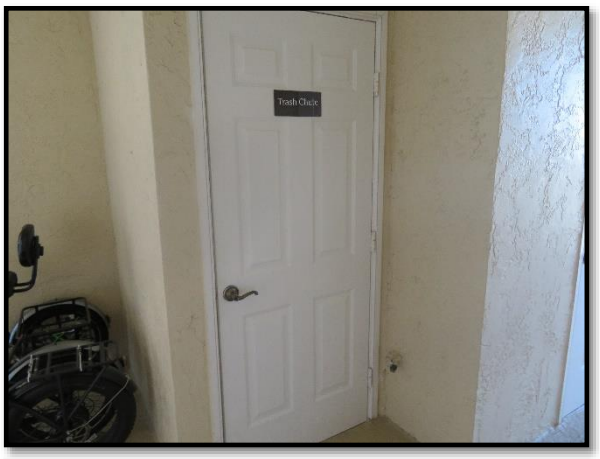
2024 (0)	$0				
2025 (1)	$4,080	2035 (11)	$0	2045 (21)	$0
2026 (2)	$0	2036 (12)	$0	2046 (22)	$0
2027 (3)	$4,245	2037 (13)	$0	2047 (23)	$0
2028 (4)	$0	2038 (14)	$0	2048 (24)	$0
2029 (5)	$4,416	2039 (15)	$0	2049 (25)	$0
2030 (6)	$0	2040 (16)	$0	2050 (26)	$6,694
2031 (7)	$4,595	2041 (17)	$0	2051 (27)	$0
2032 (8)	$0	2042 (18)	$0	2052 (28)	$6,964
2033 (9)	$4,780	2043 (19)	$0	2053 (29)	$0
2034 (10)	$0	2044 (20)	$0	2054 (30)	$7,245

Trash room door

Common mechanical room door



Common mechanical room door



Trash door

Roof, Concrete Tile

Line Item #:	1.240
Component Category:	Exterior Building Components

Quantities:

Total Quantity:	145 Squares
Percent of Total per Event:	100%
No. of Phases per Event:	1
Per Phase Quantity:	145 Squares

Shared Ownership:

Entity Name:	Hammock Greens III
Entity Ownership Percent:	100%

Statutory Classification: SIRS

Pricing:

Unit Cost:	$1,200.00
Per Phase Cost:	$174,000
Total Present Cost:	$174,000
Total Cumulative Cost:	$269,000

Lifing:

Age (In-Service Year):	2016
UL (Expected Useful Life):	25 to 30
RUL (Remaining Useful Life	22
First Replacement Year:	2046

Inspection Assessments:

Condition (1 to 5):	4
Urgency (1 to 5):	5

Component Funding:

Supplemental Information:

Our quantity includes one residential building. The following narrative expands on our recommendation.

Expenditure Schedule:

2024 (0)	$0				
2025 (1)	$0	2035 (11)	$0	2045 (21)	$0
2026 (2)	$0	2036 (12)	$0	2046 (22)	$269,000
2027 (3)	$0	2037 (13)	$0	2047 (23)	$0
2028 (4)	$0	2038 (14)	$0	2048 (24)	$0
2029 (5)	$0	2039 (15)	$0	2049 (25)	$0
2030 (6)	$0	2040 (16)	$0	2050 (26)	$0
2031 (7)	$0	2041 (17)	$0	2051 (27)	$0
2032 (8)	$0	2042 (18)	$0	2052 (28)	$0
2033 (9)	$0	2043 (19)	$0	2053 (29)	$0
2034 (10)	$0	2044 (20)	$0	2054 (30)	$0

The waterproofing capability of a tile roof system stems primarily from the condition of the roof components which are located beneath the tiles and surrounding roof penetrations. In order to achieve the maximum useful life on a tile roof system as a whole, regular inspections and maintenance must be completed. We recommend the Association conduct inspections and capital repairs funded through the operating budget. Components to be inspected and repaired include, but are not limited to:

- Rubber boots typically located at the base of cylindrical roof penetrations
- Flashing and sealants at roof penetrations such as vents, chimneys, valleys, ridges, and dormers
- Attic side of the substrate which the tiles are attached to (typically plywood) to check for signs of water intrusion or moisture
- Underlayment between the tiles and the substrate to which they are attached
- Cleaning of the roof tiles to remove biological growth, pests and debris
- Missing, damaged, or loose tiles

Future updates of this report will consider the actual history of maintenance and repairs conducted on the roofs as a critical step in determination of their remaining useful life.

Closeup of concrete tile roof

Closeup of concrete tile roof

Closeup of concrete tile roof

Concrete tile roof

Closeup of concrete tile roof

Closeup of concrete tile roof

Walls, Stucco, Paint Finishes and Capital Repairs (Incl. Breezeway & Staircase Railings)

Line Item #:	1.560
Component Category:	Exterior Building Components

Quantities:

Total Quantity:	34,000 Square Feet
Percent of Total per Event:	100%
No. of Phases per Event:	1
Per Phase Quantity:	34,000 Square Feet

Shared Ownership:

Entity Name:	Hammock Greens III
Entity Ownership Percent:	100%

Statutory Classification: SIRS

Pricing:

Unit Cost:	$1.48
Per Phase Cost:	$50,320
Total Present Cost:	$50,320
Total Cumulative Cost:	$188,835

Lifing:

Age (In-Service Year):	Unknown
UL (Expected Useful Life):	8 to 10
RUL (Remaining Useful Life	1
First Replacement Year:	2025

Inspection Assessments:

Condition (1 to 5):	3
Urgency (1 to 5):	2

Component Funding:

Supplemental Information:

Our quantity includes the soffits, fascia, trim, underside of the elevated breezeways, and the breezeway and staircase railings. The Association should fund interim repairs to the building facade through the operating budget on an as needed basis in order to maximize its useful life. Management and the Board inform us the Association plans to paint the building in 2025. The estimate of cost is based on a bid cost, and the 2025 expenditure of $50,000 is budgeted. The frequency of paint finish applications is based on the contractor's bid stating a 10 year paint finish warranty. The following narrative expands on our recommendation.

Expenditure Schedule:

2024 (0)	$0				
2025 (1)	$50,000	2035 (11)	$62,567	2045 (21)	$76,268
2026 (2)	$0	2036 (12)	$0	2046 (22)	$0
2027 (3)	$0	2037 (13)	$0	2047 (23)	$0
2028 (4)	$0	2038 (14)	$0	2048 (24)	$0
2029 (5)	$0	2039 (15)	$0	2049 (25)	$0
2030 (6)	$0	2040 (16)	$0	2050 (26)	$0
2031 (7)	$0	2041 (17)	$0	2051 (27)	$0
2032 (8)	$0	2042 (18)	$0	2052 (28)	$0
2033 (9)	$0	2043 (19)	$0	2053 (29)	$0
2034 (10)	$0	2044 (20)	$0	2054 (30)	$0

Stucco is a cementitious plaster comprised of Portland cement, fine aggregates, such as sand, water and optional admixtures to enhance performance. Periodic applications of a protective paint finish or waterproof coating is essential to maintain the appearance and integrity of the stucco. Stucco has water-resistant properties but is not waterproof. As such, over time stucco becomes more permeable which can lead to cracks, delamination and eventually moisture infiltration into the building if maintenance is deferred.

Comprehensive paint specifications define quality levels and the materials and methods required to achieve them. Construction specifications are written documents that describe the materials and workmanship required for a building project. The purpose is to create certainty in the project and outcome.

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.

The following general scope of work represents the basis for our estimated cost:

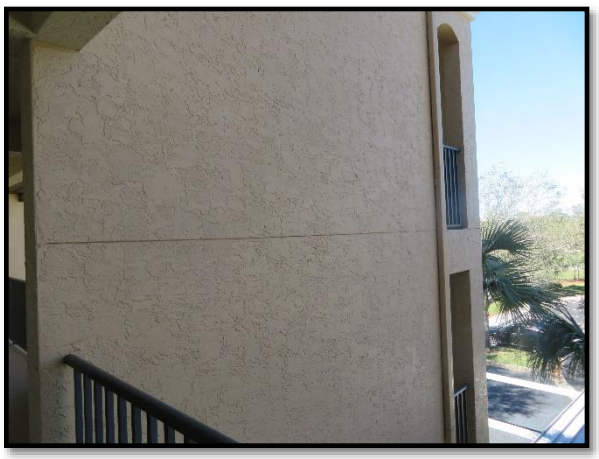
- Mobilization
- Staging
- Closeup visual inspection of the stucco
- Pressure cleaning
- Selective cutout and replacement of deteriorated stucco
- Replacement of door and window sealants
- Removal of any stucco that is in contact with soil at grade level
- Application of a primer, base, and finish coat
- Site cleanup and demobilization

Front elevation overview

Rear elevation overview

Side elevation overview

Breezeway paint finishes



Exterior paint finishes

Exterior paint finishes

Building Services Components

Backflow Preventer, Domestic Water

Line Item #:	**3.100**
Component Category:	Building Services Components

Quantities:

Total Quantity:	1 Each
Percent of Total per Event:	100%
No. of Phases per Event:	1
Per Phase Quantity:	1 Each

Shared Ownership:

Entity Name:	Hammock Greens III
Entity Ownership Percent:	100%

Statutory Classification: SIRS

Pricing:

Unit Cost:	$9,000.00
Per Phase Cost:	$9,000
Total Present Cost:	$9,000
Total Cumulative Cost:	$28,415

Lifing:

Age (In-Service Year):	2024
UL (Expected Useful Life):	to 15
RUL (Remaining Useful Life	15
First Replacement Year:	2039

Inspection Assessments:

Condition (1 to 5):	5
Urgency (1 to 5):	5

Component Funding:

Supplemental Information:

Backflow preventers protect the potable water supply and/or fire water supply coming from the city or municipality from cross-connection. Cross-connection can occur when the upstream pressure in a pipe system rapidly decreases causing the normal direction of flow to reverse. Without the utilization of backflow preventers this flow reversal can bring non-potable water in contact with the potable water supply causing contamination of the city or municipality's water supply. The estimate of cost is based on a bid cost and represents thirty-three percent (33%) of the total cost due to the shared responsibility between Hammock Greens 1, 2 and 3.

Expenditure Schedule:

2024 (0)	$0				
2025 (1)	$0	2035 (11)	$0	2045 (21)	$0
2026 (2)	$0	2036 (12)	$0	2046 (22)	$0
2027 (3)	$0	2037 (13)	$0	2047 (23)	$0
2028 (4)	$0	2038 (14)	$0	2048 (24)	$0
2029 (5)	$0	2039 (15)	$12,113	2049 (25)	$0
2030 (6)	$0	2040 (16)	$0	2050 (26)	$0
2031 (7)	$0	2041 (17)	$0	2051 (27)	$0
2032 (8)	$0	2042 (18)	$0	2052 (28)	$0
2033 (9)	$0	2043 (19)	$0	2053 (29)	$0
2034 (10)	$0	2044 (20)	$0	2054 (30)	$16,302

Backflow Preventer, Fire

Line Item #:	**3.105**
Component Category:	Building Services Components

Quantities:

Total Quantity:	1 Each
Percent of Total per Event:	100%
No. of Phases per Event:	1
Per Phase Quantity:	1 Each

Shared Ownership:

Entity Name:	Hammock Greens III
Entity Ownership Percent:	100%

Statutory Classification: SIRS

Pricing:

Unit Cost:	$9,000.00
Per Phase Cost:	$9,000
Total Present Cost:	$9,000
Total Cumulative Cost:	$28,415

Lifing:

Age (In-Service Year):	2024
UL (Expected Useful Life):	to 15
RUL (Remaining Useful Life	15
First Replacement Year:	2039

Inspection Assessments:

Condition (1 to 5):	5
Urgency (1 to 5):	5

Component Funding:

Supplemental Information:

Backflow preventers protect the potable water supply and/or fire water supply coming from the city or municipality from cross-connection. Cross-connection can occur when the upstream pressure in a pipe system rapidly decreases causing the normal direction of flow to reverse. Without the utilization of backflow preventers this flow reversal can bring non-potable water in contact with the potable water supply causing contamination of the city or municipality's water supply. The estimate of cost is based on a bid cost and represents thirty-three percent (33%) of the total cost due to the shared responsibility between Hammock Greens 1, 2 and 3.

Expenditure Schedule:

2024 (0)	$0				
2025 (1)	$0	2035 (11)	$0	2045 (21)	$0
2026 (2)	$0	2036 (12)	$0	2046 (22)	$0
2027 (3)	$0	2037 (13)	$0	2047 (23)	$0
2028 (4)	$0	2038 (14)	$0	2048 (24)	$0
2029 (5)	$0	2039 (15)	$12,113	2049 (25)	$0
2030 (6)	$0	2040 (16)	$0	2050 (26)	$0
2031 (7)	$0	2041 (17)	$0	2051 (27)	$0
2032 (8)	$0	2042 (18)	$0	2052 (28)	$0
2033 (9)	$0	2043 (19)	$0	2053 (29)	$0
2034 (10)	$0	2044 (20)	$0	2054 (30)	$16,302

Electrical Systems, Main Panels, Partial

Line Item #:	**3.150**
Component Category:	Building Services Components

Quantities:

Total Quantity:	1 Allowance
Percent of Total per Event:	70%
No. of Phases per Event:	1
Per Phase Quantity:	0.70 Allowance

Shared Ownership:

Entity Name:	Hammock Greens III
Entity Ownership Percent:	100%

Statutory Classification: SIRS

Pricing:

Unit Cost:	$60,000.00
Per Phase Cost:	$42,000
Total Present Cost:	$60,000
Total Cumulative Cost:	$76,077

Lifing:

Age (In-Service Year):	1998
UL (Expected Useful Life):	to 80+
RUL (Remaining Useful Life	30
First Replacement Year:	2054

Inspection Assessments:

Condition (1 to 5):	5
Urgency (1 to 5):	5

Component Funding:

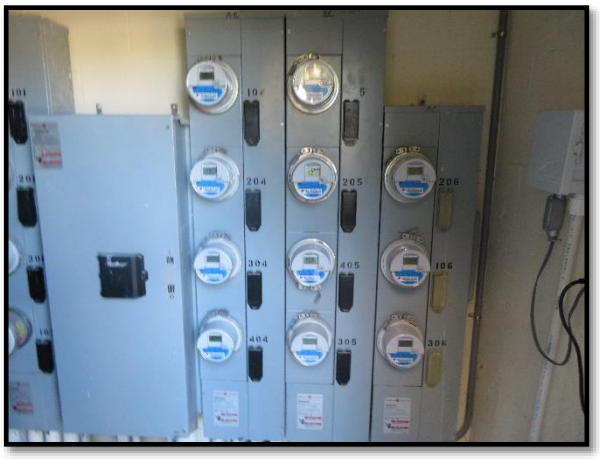
Supplemental Information:

The common electrical systems are reported in satisfactory operational condition. The main panels range in capacity from 100- to 1,200-amps. By 2054 the electrical panels will have achieved approximately seventy percent (70%) of their anticipated useful life. Therefore, we include partial replacement of the electrical panels by 2054 in order to establish adequate reserves at the time of their replacement. Future updates of this report will take into consideration the condition of these components with respect to their age and adjust replacement timing accordingly.

Expenditure Schedule:

2024 (0)	$0				
2025 (1)	$0	2035 (11)	$0	2045 (21)	$0
2026 (2)	$0	2036 (12)	$0	2046 (22)	$0
2027 (3)	$0	2037 (13)	$0	2047 (23)	$0
2028 (4)	$0	2038 (14)	$0	2048 (24)	$0
2029 (5)	$0	2039 (15)	$0	2049 (25)	$0
2030 (6)	$0	2040 (16)	$0	2050 (26)	$0
2031 (7)	$0	2041 (17)	$0	2051 (27)	$0
2032 (8)	$0	2042 (18)	$0	2052 (28)	$0
2033 (9)	$0	2043 (19)	$0	2053 (29)	$0
2034 (10)	$0	2044 (20)	$0	2054 (30)	$76,077

Main electrical panel and meter banks



Main electrical panel and meter banks

Elevator Cab Finishes

Line Item #:	3.155
Component Category:	Building Services Components

Quantities:

Total Quantity:	1 Each
Percent of Total per Event:	100%
No. of Phases per Event:	1
Per Phase Quantity:	1 Each

Shared Ownership:

Entity Name:	Hammock Greens III
Entity Ownership Percent:	100%

Statutory Classification:

Non-SIRS

Pricing:

Unit Cost:	$10,000.00
Per Phase Cost:	$10,000
Total Present Cost:	$10,000
Total Cumulative Cost:	$11,262

Lifing:

Age (In-Service Year):	Unknown
UL (Expected Useful Life):	20 to 25
RUL (Remaining Useful Life	6
First Replacement Year:	2030

Inspection Assessments:

Condition (1 to 5):	3
Urgency (1 to 5):	5

Component Funding:

Supplemental Information:

The elevator cab finishes are purely decorative and non-structural in nature. Therefore, replacement is often based on aesthetic concerns rather than functionality. The estimate of cost includes for replacement of the floor, wall and ceiling finishes.

Expenditure Schedule:

2024 (0)	$0				
2025 (1)	$0	2035 (11)	$0	2045 (21)	$0
2026 (2)	$0	2036 (12)	$0	2046 (22)	$0
2027 (3)	$0	2037 (13)	$0	2047 (23)	$0
2028 (4)	$0	2038 (14)	$0	2048 (24)	$0
2029 (5)	$0	2039 (15)	$0	2049 (25)	$0
2030 (6)	$11,262	2040 (16)	$0	2050 (26)	$0
2031 (7)	$0	2041 (17)	$0	2051 (27)	$0
2032 (8)	$0	2042 (18)	$0	2052 (28)	$0
2033 (9)	$0	2043 (19)	$0	2053 (29)	$0
2034 (10)	$0	2044 (20)	$0	2054 (30)	$0

Elevator cab finishes

Elevator cab finishes

Elevator, Hydraulic, Cylinder

Line Item #:	**3.160**
Component Category:	Building Services Components

Quantities:

Total Quantity:	1 Each
Percent of Total per Event:	100%
No. of Phases per Event:	1
Per Phase Quantity:	1 Each

Shared Ownership:

Entity Name:	Hammock Greens III
Entity Ownership Percent:	100%

Statutory Classification: Non-SIRS

Pricing:

Unit Cost:	$40,000.00
Per Phase Cost:	$40,000
Total Present Cost:	$40,000
Total Cumulative Cost:	$68,275

Lifing:

Age (In-Service Year):	1998
UL (Expected Useful Life):	to 45
RUL (Remaining Useful Life	27
First Replacement Year:	2051

Inspection Assessments:

Condition (1 to 5):	5
Urgency (1 to 5):	5

Component Funding:

Supplemental Information:

The elevator's hydraulic cylinder works in conjunction with the pump and controls to provide access to all floors of the building. Based on the mechanical nature of this component and the advances in technology, we suggest the Association anticipate the need to replace the hydraulic cylinder every 45 years.

Expenditure Schedule:

2024 (0)	$0				
2025 (1)	$0	2035 (11)	$0	2045 (21)	$0
2026 (2)	$0	2036 (12)	$0	2046 (22)	$0
2027 (3)	$0	2037 (13)	$0	2047 (23)	$0
2028 (4)	$0	2038 (14)	$0	2048 (24)	$0
2029 (5)	$0	2039 (15)	$0	2049 (25)	$0
2030 (6)	$0	2040 (16)	$0	2050 (26)	$0
2031 (7)	$0	2041 (17)	$0	2051 (27)	$68,275
2032 (8)	$0	2042 (18)	$0	2052 (28)	$0
2033 (9)	$0	2043 (19)	$0	2053 (29)	$0
2034 (10)	$0	2044 (20)	$0	2054 (30)	$0

Elevator, Hydraulic, Modernization (2025 is Budgeted)

Line Item #:	**3.170**
Component Category:	Building Services Components

Quantities:

Total Quantity:	1 Each
Percent of Total per Event:	100%
No. of Phases per Event:	1
Per Phase Quantity:	1 Each

Shared Ownership:

Entity Name:	Hammock Greens III
Entity Ownership Percent:	100%

Statutory Classification: Non-SIRS

Pricing:

Unit Cost:	$100,000.00
Per Phase Cost:	$100,000
Total Present Cost:	$100,000
Total Cumulative Cost:	$211,189

Lifing:

Age (In-Service Year):	1998
UL (Expected Useful Life):	25 to 30
RUL (Remaining Useful Life	1
First Replacement Year:	2025

Inspection Assessments:

Condition (1 to 5):	1
Urgency (1 to 5):	1

Component Funding:

Supplemental Information:

The elevator's pump and controls work in conjunction with the hydraulic cylinder to provide access to all floors of the building. Based on the mechanical nature of these components and the advances in technology, we suggest the Association anticipate a full modernization every 25- to 30-years. Modernization should include replacement of the pump, controls, door operators, and hallway call buttons and floor indicators. Management informs us the Association will modernize the elevator in 2025. The estimate of cost is based on a bid cost provided by Management. The 2025 expenditure cost represents the remaining amount to be paid for the project; the Association paid the initial balance of this project in 2024.

Expenditure Schedule:

2024 (0)	$0				
2025 (1)	$40,500	2035 (11)	$0	2045 (21)	$0
2026 (2)	$0	2036 (12)	$0	2046 (22)	$0
2027 (3)	$0	2037 (13)	$0	2047 (23)	$0
2028 (4)	$0	2038 (14)	$0	2048 (24)	$0
2029 (5)	$0	2039 (15)	$0	2049 (25)	$0
2030 (6)	$0	2040 (16)	$0	2050 (26)	$0
2031 (7)	$0	2041 (17)	$0	2051 (27)	$170,689
2032 (8)	$0	2042 (18)	$0	2052 (28)	$0
2033 (9)	$0	2043 (19)	$0	2053 (29)	$0
2034 (10)	$0	2044 (20)	$0	2054 (30)	$0

Elevator controls

Elevator hydraulic pump

Life Safety System, Control Panel

Line Item #:	**3.230**
Component Category:	Building Services Components

Quantities:

Total Quantity:	1 Each
Percent of Total per Event:	100%
No. of Phases per Event:	1
Per Phase Quantity:	1 Each

Shared Ownership:

Entity Name:	Hammock Greens III
Entity Ownership Percent:	100%

Statutory Classification:

SIRS

Pricing:

Unit Cost:	$5,000.00
Per Phase Cost:	$5,000
Total Present Cost:	$5,000
Total Cumulative Cost:	$20,875

Lifing:

Age (In-Service Year):	Unknown
UL (Expected Useful Life):	to 15
RUL (Remaining Useful Life	3
First Replacement Year:	2027

Inspection Assessments:

Condition (1 to 5):	3
Urgency (1 to 5):	3

Component Funding:

Supplemental Information:

One control panel located in the electrical room at each building. The control panels are an unknown age.

Expenditure Schedule:

2024 (0)	$0				
2025 (1)	$0	2035 (11)	$0	2045 (21)	$0
2026 (2)	$0	2036 (12)	$0	2046 (22)	$0
2027 (3)	$5,306	2037 (13)	$0	2047 (23)	$0
2028 (4)	$0	2038 (14)	$0	2048 (24)	$0
2029 (5)	$0	2039 (15)	$0	2049 (25)	$0
2030 (6)	$0	2040 (16)	$6,864	2050 (26)	$0
2031 (7)	$0	2041 (17)	$0	2051 (27)	$0
2032 (8)	$0	2042 (18)	$0	2052 (28)	$8,705
2033 (9)	$0	2043 (19)	$0	2053 (29)	$0
2034 (10)	$0	2044 (20)	$0	2054 (30)	$0

Life safety system control panel

Life Safety System, Emergency Devices

Line Item #:	**3.240**
Component Category:	Building Services Components

Quantities:

Total Quantity:	1 Allowance
Percent of Total per Event:	100%
No. of Phases per Event:	1
Per Phase Quantity:	1 Allowance

Shared Ownership:

Entity Name:	Hammock Greens III
Entity Ownership Percent:	100%

Statutory Classification: SIRS

Pricing:

Unit Cost:	$12,000.00
Per Phase Cost:	$12,000
Total Present Cost:	$12,000
Total Cumulative Cost:	$33,627

Lifing:

Age (In-Service Year):	1998
UL (Expected Useful Life):	to 25
RUL (Remaining Useful Life	3
First Replacement Year:	2027

Inspection Assessments:

Condition (1 to 5):	3
Urgency (1 to 5):	4

Component Funding:

Supplemental Information:

The buildings utilize a comprehensive life safety system, including components such as fire extinguishers, manual pull stations, smoke detectors, emergency lighting, and annunciation devices. Changes in technology or local building code may require an upgrade of the existing system. The estimate of cost includes for like-kind replacement of all aforementioned life safety system components.

Expenditure Schedule:

2024 (0)	$0				
2025 (1)	$0	2035 (11)	$0	2045 (21)	$0
2026 (2)	$0	2036 (12)	$0	2046 (22)	$0
2027 (3)	$12,734	2037 (13)	$0	2047 (23)	$0
2028 (4)	$0	2038 (14)	$0	2048 (24)	$0
2029 (5)	$0	2039 (15)	$0	2049 (25)	$0
2030 (6)	$0	2040 (16)	$0	2050 (26)	$0
2031 (7)	$0	2041 (17)	$0	2051 (27)	$0
2032 (8)	$0	2042 (18)	$0	2052 (28)	$20,892
2033 (9)	$0	2043 (19)	$0	2053 (29)	$0
2034 (10)	$0	2044 (20)	$0	2054 (30)	$0

Exit sign, emergency lights and annunciation device

Emergency lights

Pull station

Annunciation device and emergency lights

Pipes, Riser Sections, Domestic Water, Vent and Waste, Partial

Line Item #:	**3.250**
Component Category:	Building Services Components

Quantities:

Total Quantity:	22 Units
Percent of Total per Event:	60%
No. of Phases per Event:	1
Per Phase Quantity:	13 Units

Shared Ownership:

Entity Name:	Hammock Greens III
Entity Ownership Percent:	100%

Statutory Classification: SIRS

Pricing:

Unit Cost:	$5,000.00
Per Phase Cost:	$65,000
Total Present Cost:	$110,000
Total Cumulative Cost:	$117,739

Lifing:

Age (In-Service Year):	1998
UL (Expected Useful Life):	to 90+
RUL (Remaining Useful Life	30
First Replacement Year:	2054

Inspection Assessments:

Condition (1 to 5):	5
Urgency (1 to 5):	5

Component Funding:

Supplemental Information:

The Association is responsible for the building's riser sections and internal common plumbing, including cold water supply, waste, vent and fire piping. The useful life of these components is up to and often beyond 90 years, which is beyond the scope of this analysis. Therefore, we recommend the Association reserve for partial replacement of up to sixty percent (60%) of the pipes beginning by 2054. Our estimate of cost is based on relining of the pipes. The following narrative expands on our recommendation.

Expenditure Schedule:

2024 (0)	$0				
2025 (1)	$0	2035 (11)	$0	2045 (21)	$0
2026 (2)	$0	2036 (12)	$0	2046 (22)	$0
2027 (3)	$0	2037 (13)	$0	2047 (23)	$0
2028 (4)	$0	2038 (14)	$0	2048 (24)	$0
2029 (5)	$0	2039 (15)	$0	2049 (25)	$0
2030 (6)	$0	2040 (16)	$0	2050 (26)	$0
2031 (7)	$0	2041 (17)	$0	2051 (27)	$0
2032 (8)	$0	2042 (18)	$0	2052 (28)	$0
2033 (9)	$0	2043 (19)	$0	2053 (29)	$0
2034 (10)	$0	2044 (20)	$0	2054 (30)	$117,739

The Association is responsible for the building's riser sections and internal common plumbing. Due to the concealed nature of the plumbing systems, we were unable to determine the conditions and exact locations of the piping. We recommend the Association perform a detailed analysis of the plumbing systems to assist in future reserve planning. The Association should contract with a pipe restoration specialist to have the pipe interiors camera-scoped to provide pipe quantities, locations, and conditions.

The common plumbing systems are primarily original and reported in satisfactory overall condition, with no significant issues reported by Management. The Association may find value in the use of in-place pipe restoration technology such as pipe relining. In-place pipe restoration technology involves camera-scoping, cleaning, and preparing of the pipe interiors followed by installation of a pressurized liquid epoxy which hardens to become structural in nature. This can be a more efficient and cost-effective option in that the need for opening wall cavities in both common areas and unit interiors can be greatly minimized.

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

Trash Chute and Doors

Line Item #:	**3.340**
Component Category:	Building Services Components

Quantities:

Total Quantity:	1 Each
Percent of Total per Event:	100%
No. of Phases per Event:	1
Per Phase Quantity:	1 Each

Shared Ownership:

Entity Name:	Hammock Greens III
Entity Ownership Percent:	100%

Statutory Classification: Non-SIRS

Pricing:

Unit Cost:	$15,000.00
Per Phase Cost:	$15,000
Total Present Cost:	$15,000
Total Cumulative Cost:	$27,170

Lifing:

Age (In-Service Year):	1998
UL (Expected Useful Life):	to 50+
RUL (Remaining Useful Life	30
First Replacement Year:	2054

Inspection Assessments:

Condition (1 to 5):	5
Urgency (1 to 5):	5

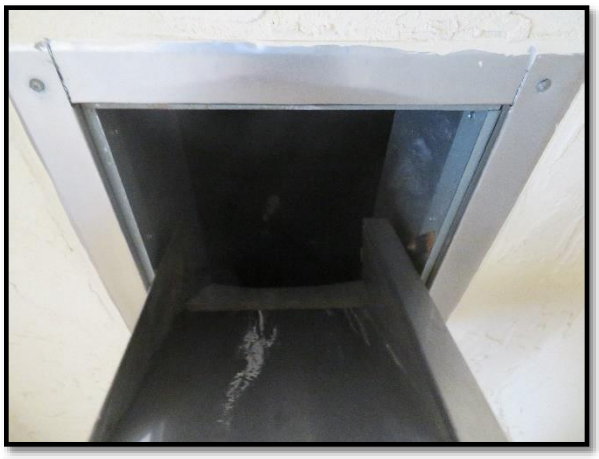
Component Funding:

Supplemental Information:

Deterioration of the chute stems from corrosion due to the coastal proximity. Interim replacement of the trash chute doors should be funded through the operating budget as needed.

Expenditure Schedule:

2024 (0)	$0				
2025 (1)	$0	2035 (11)	$0	2045 (21)	$0
2026 (2)	$0	2036 (12)	$0	2046 (22)	$0
2027 (3)	$0	2037 (13)	$0	2047 (23)	$0
2028 (4)	$0	2038 (14)	$0	2048 (24)	$0
2029 (5)	$0	2039 (15)	$0	2049 (25)	$0
2030 (6)	$0	2040 (16)	$0	2050 (26)	$0
2031 (7)	$0	2041 (17)	$0	2051 (27)	$0
2032 (8)	$0	2042 (18)	$0	2052 (28)	$0
2033 (9)	$0	2043 (19)	$0	2053 (29)	$0
2034 (10)	$0	2044 (20)	$0	2054 (30)	$27,170



Trash chute

Trash chute

Property Site Components

Asphalt Pavement, Patch and Surface Treatment

Line Item #:	**4.000**
Component Category:	Property Site Components

Quantities:

Total Quantity:	2,620 Square Yards
Percent of Total per Event:	100%
No. of Phases per Event:	1
Per Phase Quantity:	2,620 Square Yards

Shared Ownership:

Entity Name:	Hammock Greens III
Entity Ownership Percent:	100%

Statutory Classification: Non-SIRS

Pricing:

Unit Cost:	$2.00
Per Phase Cost:	$5,240
Total Present Cost:	$5,240
Total Cumulative Cost:	$29,238

Lifing:

Age (In-Service Year):	Unknown
UL (Expected Useful Life):	3 to 5
RUL (Remaining Useful Life	9
First Replacement Year:	2033

Inspection Assessments:

Condition (1 to 5):	3
Urgency (1 to 5):	5

Component Funding:

Supplemental Information:

We recommend the Association reserve for area patching and surface treatment applications in order to maximize the overall useful of the asphalt pavement system. Patching is the process of selective full-depth replacement of localized pavement sections which exhibit modes of failure. Traditional seal coat applications typically do not penetrate the asphalt surface but can temporarily improve the visual condition of the pavement. Newer technology, such as asphalt rejuvenators, claim to penetrate the asphalt on a molecular level, restoring flexibility, minimizing crack formation and extending the overall useful life of the pavement system. The Association should consult with local vendors to determine the most cost-effective approach to achieving their desired pavement goals. For reserve budgeting purposes, our cost represents a general allowance for area patching and a median unit cost for surface treatment applications. Future updates of this study will consider actual pavement treatment solutions adopted by the Association. We include these repair projects after the near term repaving discussed in the following narrative.

Expenditure Schedule:

2024 (0)	$0				
2025 (1)	$0	2035 (11)	$0	2045 (21)	$0
2026 (2)	$0	2036 (12)	$0	2046 (22)	$0
2027 (3)	$0	2037 (13)	$0	2047 (23)	$0
2028 (4)	$0	2038 (14)	$6,914	2048 (24)	$8,428
2029 (5)	$0	2039 (15)	$0	2049 (25)	$0
2030 (6)	$0	2040 (16)	$0	2050 (26)	$0
2031 (7)	$0	2041 (17)	$0	2051 (27)	$0
2032 (8)	$0	2042 (18)	$0	2052 (28)	$0
2033 (9)	$6,262	2043 (19)	$7,634	2053 (29)	$0
2034 (10)	$0	2044 (20)	$0	2054 (30)	$0

Asphalt Pavement, Mill and Overlay

Line Item #:	**4.010**
Component Category:	Property Site Components

Quantities:

Total Quantity:	2,620 Square Yards
Percent of Total per Event:	100%
No. of Phases per Event:	1
Per Phase Quantity:	2,620 Square Yards

Shared Ownership:

Entity Name:	Hammock Greens III
Entity Ownership Percent:	100%

Statutory Classification:

Non-SIRS

Pricing:

Unit Cost:	$17.00
Per Phase Cost:	$44,540
Total Present Cost:	$44,540
Total Cumulative Cost:	$127,308

Lifing:

Age (In-Service Year):	1998
UL (Expected Useful Life):	20 to 25
RUL (Remaining Useful Life	4
First Replacement Year:	2028

Inspection Assessments:

Condition (1 to 5):	3
Urgency (1 to 5):	5

Component Funding:

Supplemental Information:

An asphalt pavement system comprises multiple layers. Typically, the uppermost layer, or surface course, comprises a wearing course atop a binder course. These courses exist atop base and sub-base layers. Milling and overlayment is the process of mechanically removing the cracked, worn or failed surface course and installing, or overlaying, new asphalt in its place. This process may include partial removal and replacement of the base layer, commonly known as a "mix and mill", but typically excludes complete replacement of the base and sub-base layers. Our quantity is based on information provided by Representatives of the Board. The estimate of cost includes for repairs to the concrete curbs and gutters.

Expenditure Schedule:

2024 (0)	$0				
2025 (1)	$0	2035 (11)	$0	2045 (21)	$0
2026 (2)	$0	2036 (12)	$0	2046 (22)	$0
2027 (3)	$0	2037 (13)	$0	2047 (23)	$0
2028 (4)	$48,212	2038 (14)	$0	2048 (24)	$0
2029 (5)	$0	2039 (15)	$0	2049 (25)	$0
2030 (6)	$0	2040 (16)	$0	2050 (26)	$0
2031 (7)	$0	2041 (17)	$0	2051 (27)	$0
2032 (8)	$0	2042 (18)	$0	2052 (28)	$0
2033 (9)	$0	2043 (19)	$0	2053 (29)	$79,096
2034 (10)	$0	2044 (20)	$0	2054 (30)	$0

Asphalt pavement with surface cracks evident

Asphalt pavement overview

Asphalt pavement with surface deterioration evident

Asphalt pavement with surface cracks evident

Carports

Line Item #:	4.050
Component Category:	Property Site Components

Quantities:

Total Quantity:	4,070 Square Feet
Percent of Total per Event:	100%
No. of Phases per Event:	1
Per Phase Quantity:	4,070 Square Feet

Shared Ownership:

Entity Name:	Hammock Greens III
Entity Ownership Percent:	100%

Statutory Classification: Non-SIRS

Pricing:

Unit Cost:	$25.00
Per Phase Cost:	$101,750
Total Present Cost:	$101,750
Total Cumulative Cost:	$184,306

Lifing:

Age (In-Service Year):	2024
UL (Expected Useful Life):	30 to 35
RUL (Remaining Useful Life	30
First Replacement Year:	2054

Inspection Assessments:

Condition (1 to 5):	1
Urgency (1 to 5):	1

Component Funding:

Supplemental Information:

The Association maintains three carports at the front elevation of the building. The carports are in poor overall condition due to storm damage. The Association will replace the carports in 2024 with funds through an insurance claim. The estimate of cost is based on a bid cost provided by the Association for approximately $83,500. Replacement includes the roof and frame; the vertical support columns will be reused. Our estimate of cost for subsequent replacement includes total replacement of the carport structures, including the vertical support columns. Our Inspection Assessments reflect the current condition based on our visual inspection.

Expenditure Schedule:

2024 (0)	$0				
2025 (1)	$0	2035 (11)	$0	2045 (21)	$0
2026 (2)	$0	2036 (12)	$0	2046 (22)	$0
2027 (3)	$0	2037 (13)	$0	2047 (23)	$0
2028 (4)	$0	2038 (14)	$0	2048 (24)	$0
2029 (5)	$0	2039 (15)	$0	2049 (25)	$0
2030 (6)	$0	2040 (16)	$0	2050 (26)	$0
2031 (7)	$0	2041 (17)	$0	2051 (27)	$0
2032 (8)	$0	2042 (18)	$0	2052 (28)	$0
2033 (9)	$0	2043 (19)	$0	2053 (29)	$0
2034 (10)	$0	2044 (20)	$0	2054 (30)	$184,306

Carport with missing roof

Carport

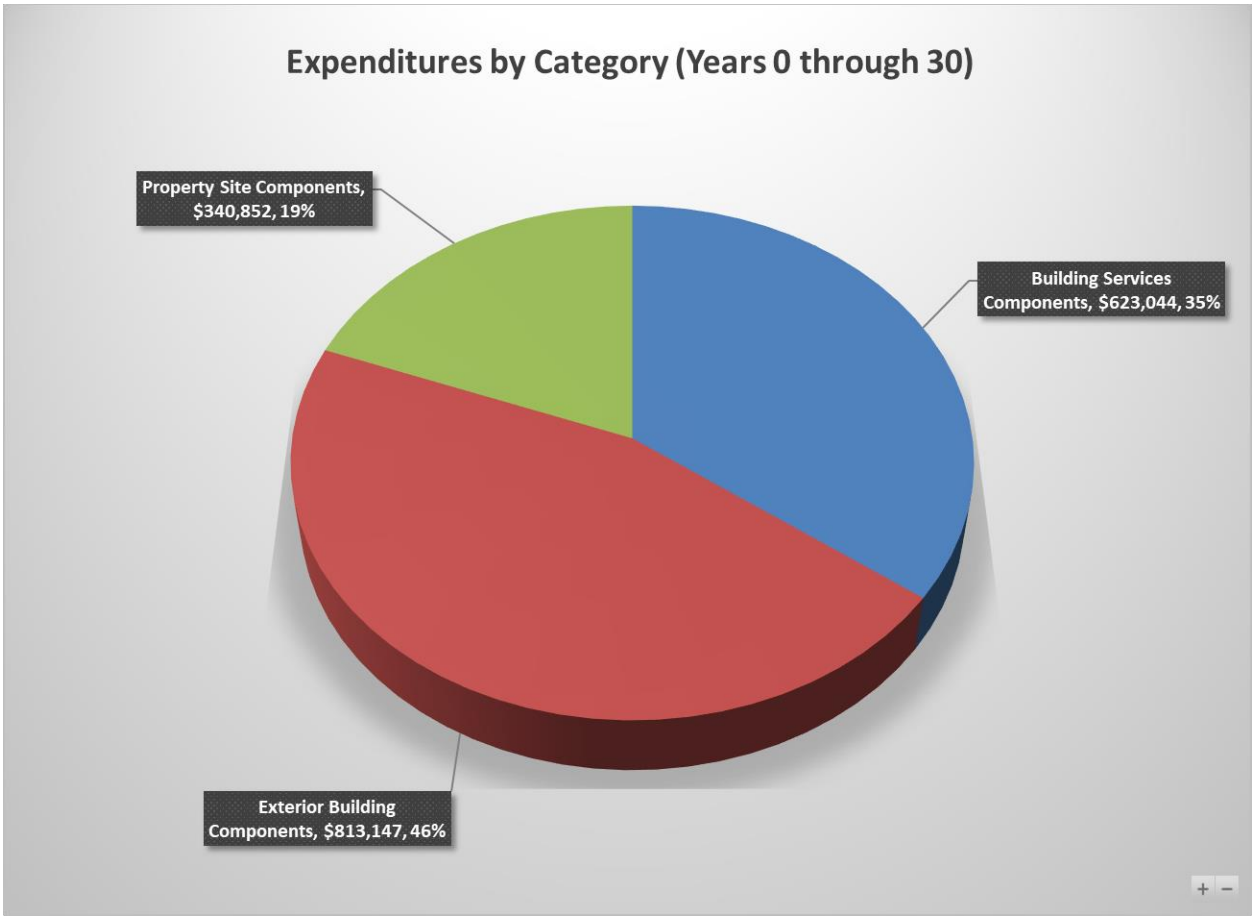
Carport with missing roof

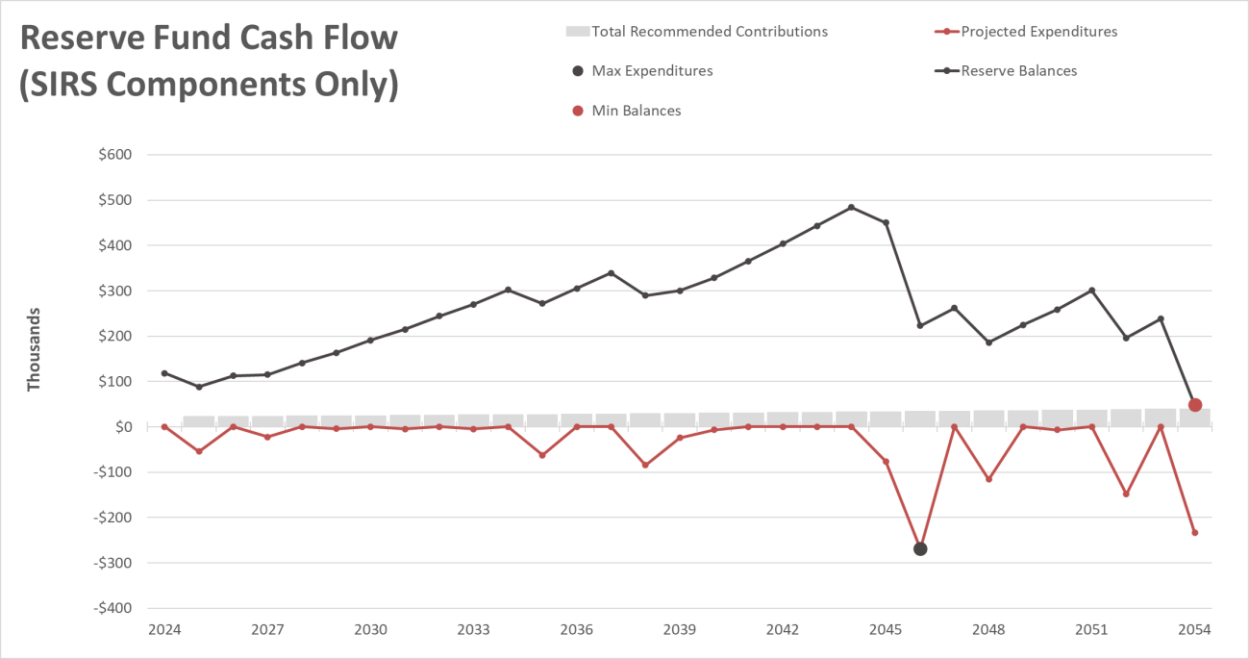
Carport with missing roof

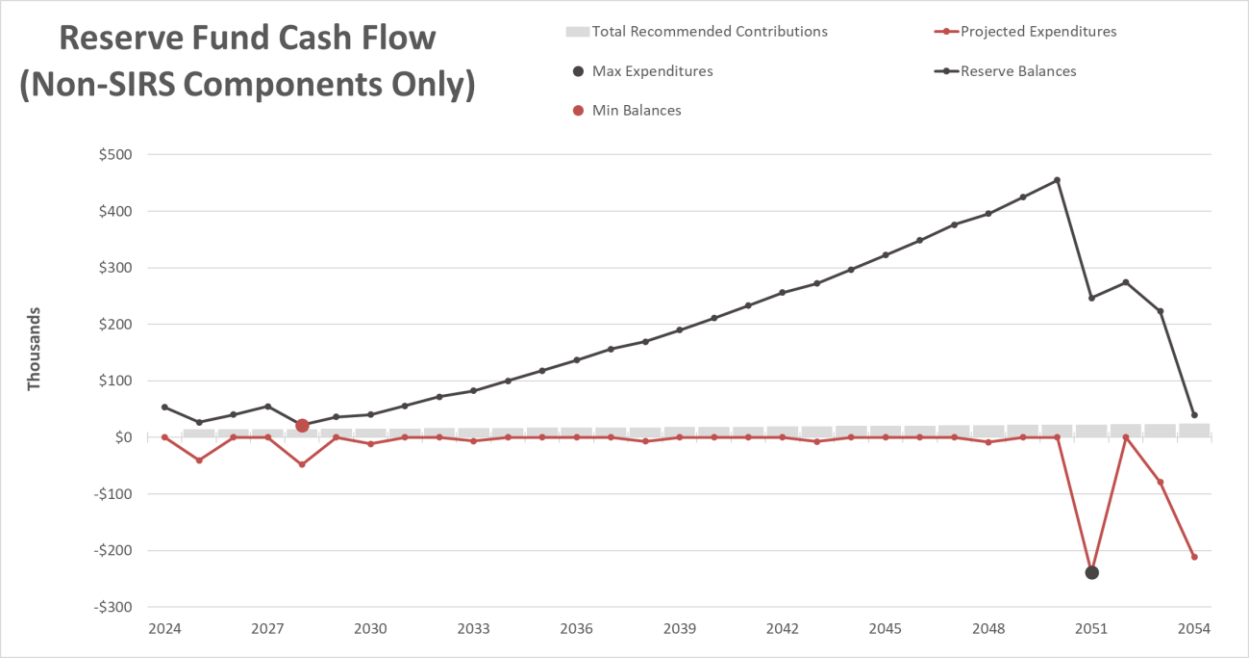
Condition Model

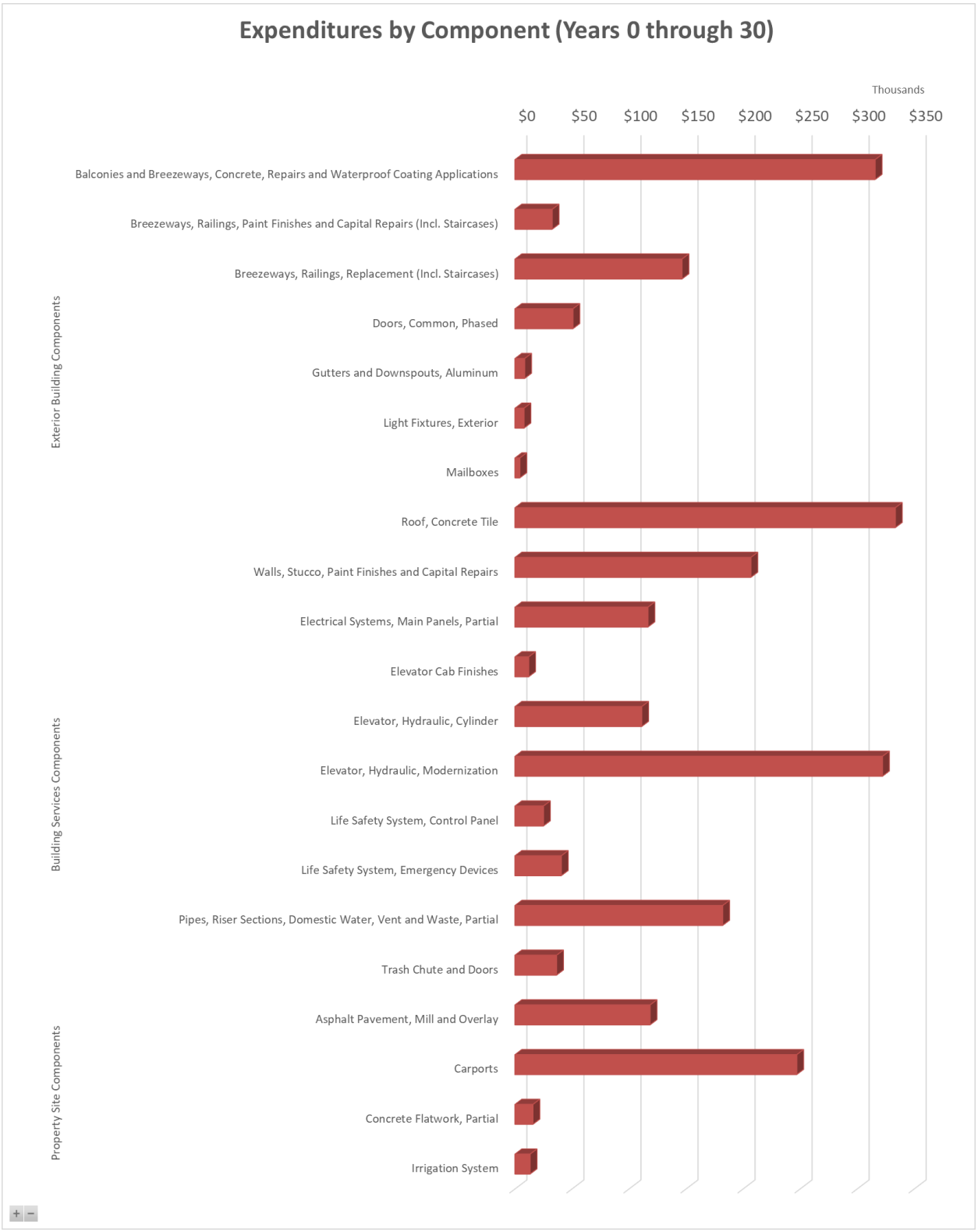
Component Type	Component Name	Condition	Urgency	1st Year of Replacement
Exterior Building	Balconies and Breezeways, Concrete, Repairs and Waterproof Coating Applications	3	✓	2038
Exterior Building	Breezeways, Railings, Replacement (Incl. Staircases)	4	✓	2048
Exterior Building	Doors, Common, Phased	3	✓	2025
Exterior Building	Roof, Concrete Tile	4	✓	2046
Exterior Building	Walls, Stucco, Paint Finishes and Capital Repairs (Incl. Breezeway & Staircase Railings)	3	!	2025
Building Services	Backflow Preventer, Domestic Water	5	✓	2039
Building Services	Backflow Preventer, Fire	5	✓	2039
Building Services	Electrical Systems, Main Panels, Partial	5	✓	2054
Building Services	Elevator Cab Finishes	3	✓	2030
Building Services	Elevator, Hydraulic, Cylinder	5	✓	2051
Building Services	Elevator, Hydraulic, Modernization (2025 is Budgeted)	1	✗	2025
Building Services	Life Safety System, Control Panel	3	!	2027
Building Services	Life Safety System, Emergency Devices	3	✓	2027
Building Services	Pipes, Riser Sections, Domestic Water, Vent and Waste, Partial	5	✓	2054
Building Services	Trash Chute and Doors	5	✓	2054
Property Site	Asphalt Pavement, Patch and Surface Treatment	3	✓	2033
Property Site	Asphalt Pavement, Mill and Overlay	3	✓	2028
Property Site	Carports	1	✗	2054

Expenditure Charts




Reserve Fund Cash Flow
(SIRS Components Only)
Total Recommended Contributions
Projected Expenditures
Max Expenditures
Reserve Balances
Min Balances
Thousands
$600
$500
$400
$300
$200
$100
$0
-$100
-$200
-$300
-$400
2024
2027
2030
2033
2036
2039
2042
2045
2048
2051
2054


Reserve Fund Cash Flow
(Non-SIRS Components Only)
Total Recommended Contributions
Projected Expenditures
Max Expenditures
Reserve Balances
Min Balances
Thousands
$500
$400
$300
$200
$100
$0
-$100
-$200
-$300
2024
2027
2030
2033
2036
2039
2042
2045
2048
2051
2054


Expenditures by Component (Years 0 through 30)
Thousands
$0
$50
$100
$150
$200
$250
$300
$350
Exterior Building Components
Building Services Components
Property Site Components
Balconies and Breezeways, Concrete, Repairs and Waterproof Coating Applications
Breezeways, Railings, Paint Finishes and Capital Repairs (Incl. Staircases)
Breezeways, Railings, Replacement (Incl. Staircases)
Doors, Common, Phased
Gutters and Downspouts, Aluminum
Light Fixtures, Exterior
Mailboxes
Roof, Concrete Tile
Walls, Stucco, Paint Finishes and Capital Repairs
Electrical Systems, Main Panels, Partial
Elevator Cab Finishes
Elevator, Hydraulic, Cylinder
Elevator, Hydraulic, Modernization
Life Safety System, Control Panel
Life Safety System, Emergency Devices
Pipes, Riser Sections, Domestic Water, Vent and Waste, Partial
Trash Chute and Doors
Asphalt Pavement, Mill and Overlay
Carports
Concrete Flatwork, Partial
Irrigation System

Terms and Definitions

Term	Definition
Baseline Funding	Establishing a Reserve funding goal of keeping the Reserve cash balance above zero.
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 expenditures 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.
Condition	Numerical value from "1" to "5" as determined by the engineer compiling the report. A score of "1" indicates the worst possible condition while a score of "5" indicates the best possible condition. Related to but independent of urgency.
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.

Term	Definition
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.
Statutory Funding	Establishing a Reserve funding goal of setting aside the specific minimum amount of Reserves required by local statues.
Straight-Line Method	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.
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".
Urgency	Numerical value from "1" to "5" as determined by the engineer compiling the report. A score of "1" indicates the highest level of urgency while a score of "5" indicates the lowest level of urgency. Related to but independent of condition.
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

K-7 Design, Inc. does not and did not perform any destructive or investigative testing during the visual inspection. We opine on the visual observed condition of the common areas and a representative sampling of the limited common areas. We do not opine on components known to be the sole responsibility of owners. We base our recommendations pertaining to the condition of each component solely on visual inspection and observation as of the date of our site visit. We base our recommendations pertaining to the urgency of each component on observed functionality and life-safety rather than aesthetics or cosmetics. We base our stated quantities on field measurements and/or review of documents provided by the Association. We base our estimates of cost on actual vendor bid costs provided by the Association, databases of proprietary actual costs, and/or extensive and ongoing experience with other similar residential and commercial entities and are not to be considered a guarantee of the actual replacement cost nor a warranty on the common area property. We base our estimates of useful life and remaining useful life on industry standards, manufacturer's recommendations, statistical analysis, and extensive and ongoing experience with other similar residential and commercial entities, and they are not to be considered a guarantee of the actual useful life or remaining useful life. We are unaware of any hidden or latent defects in design, construction, or condition, including but not limited to the presence of asbestos, mold, toxic chemicals, urea-formaldehyde insulation board or toxic drywall, which could affect the recommendations provided in this report or the health, safety, or welfare of the public. Unless otherwise noted in the report, we do not opine on the scope of work or costs associated with remediation of defects which existed at the time of our site visit. We do not have any other involvement(s) with the Association, which could result in actual or perceived conflict of interest. The purpose of this report is to assist Management and/or the Board with financial planning and/or budgeting sufficient reserves for future major repairs and replacements. We deem reliable all information provided by Management or the Board unless discovered to be inaccurate. This report reflects information provided to K-7 Design, Inc. and assembled for the Association's use, and shall not be used under any circumstances as a design specification or tool, appraisal, turnover inspection report, milestone inspection report, audit, quality/forensics analyses, background check of historical records or for any purpose other than that stated above. No reserve balances depicted in this report have been audited.

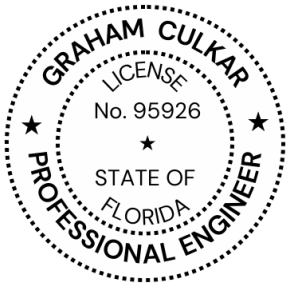
Inspection and Report Credentials

GRAHAM CULKAR - Professional Engineer, Reserve Specialist

EDUCATION - Florida Gulf Coast University - Bachelor of Science in Environmental Engineering

PROFESSIONAL AFFILIATIONS / DESIGNATIONS

Professional Engineer (PE)
State of Florida



Reserve Specialist (RS)
Community Associations Institute

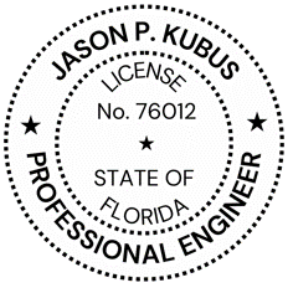
Quality Assurance Credentials

JASON KUBUS – Professional Engineer, Reserve Specialist, Professional Reserve Analyst

EDUCATION - University of Florida - Bachelor of Science in Civil Engineering

PROFESSIONAL AFFILIATIONS / DESIGNATIONS

Professional Engineer (PE)
State of Florida



Reserve Specialist (RS)
Community Associations Institute