

**A RESERVE STUDY FOR**

**ABC Condominium  
Appletown, FL  
File # 22920-01234**

**FOR PERIOD: January 1, 2010 – December 31, 2010**

**PREPARED BY  
GAB ROBINS NORTH AMERICA, INC.  
610 CRESCENT EXECUTIVE COURT  
SUITE 212  
LAKE MARY, FLORIDA 32746-3432  
(800) 248-3376 ext 257 (FL only)  
(407) 805-0086 ext. 257**

610 Crescent Executive Court  
Suite 212  
Lake Mary, FL 32746  
T: 800-248-3376 x 257  
F: 407-805-9921  
Email: [service@gabvalue.com](mailto:service@gabvalue.com)  
[www.gabvalue.com](http://www.gabvalue.com)

December 15, 2010

ABC Condominium  
Attn: Mr./Ms. Board President  
5555 Anywhere St.  
Appletown, FL 12345

Dear Mr./Ms. Board President:

On October 4, 2009, we completed an on-site inspection of ABC Condominium's common area reserve items. The intent of this report is to show cash reserves necessary for the future repair or replacement of expendable components incorporated into the subject property. The purpose of this report is to aid ABC Condominium in making a determination for cash reserves that are needed to repair or replace short-lived building and/or site components.

The report identifies each component selected, it's estimated useful life, adjusted life, scheduled replacement date, and current cost to repair/replace. The useful and remaining lives of the building components in this study, as well as the current replacement costs, have been selected from market standards, cost estimating services, and consideration of actual recent costs incurred by the association for reserve upgrades. This report is classified as a full reserve study under the guidelines of the National Reserve Study Standards of the Community Associations Institute, and conforms to the Community Associations Institute Professional Reserve Specialist Code of Ethics. The Reserve Specialist/GAB Robins have no relationships with the association that would result in actual or perceived conflicts of interest.

This report is our opinion and is based upon market typical useful lives and repair/replacement cost estimates. Actual determinations of the current conditions and state of repair for certain items may be beyond the scope of this analysis. Items may not last as long as projected or may exceed their estimated lives. Influences such as weather, catastrophe, improper maintenance, physical abuse, or abnormal use can affect these lives and/or replacement costs. When such occurrences happen, another inspection should be made and a new revised study prepared. While we have attempted to create a useful tool for the association to plan their needs, the actual reserves set aside are solely at the association's discretion. The findings of this study are not for use in performing an audit, quality/forensic analyses, or background checks of historical records.

In completing this report, the reserve specialist/analyst completed the physical on-site inspection of the subject property. Appropriate measurements and counts were taken to determine quantities (blueprints were also used to aid in the determination of quantities). Current financial data and property histories,

provided by Mr./Ms. Property Manager, were utilized in the completion of this report. This data was not audited, and was assumed to be complete and correct. The reserve specialist/analyst estimated the repair/replacement cost taking into account contingencies inherent to this type of work. The report was prepared utilizing the information gathered in the field and the costs estimated by the reserve specialist/analyst.

Respectfully submitted,  
GAB Robins North America, Inc.

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## **PROJECT OVERVIEW**

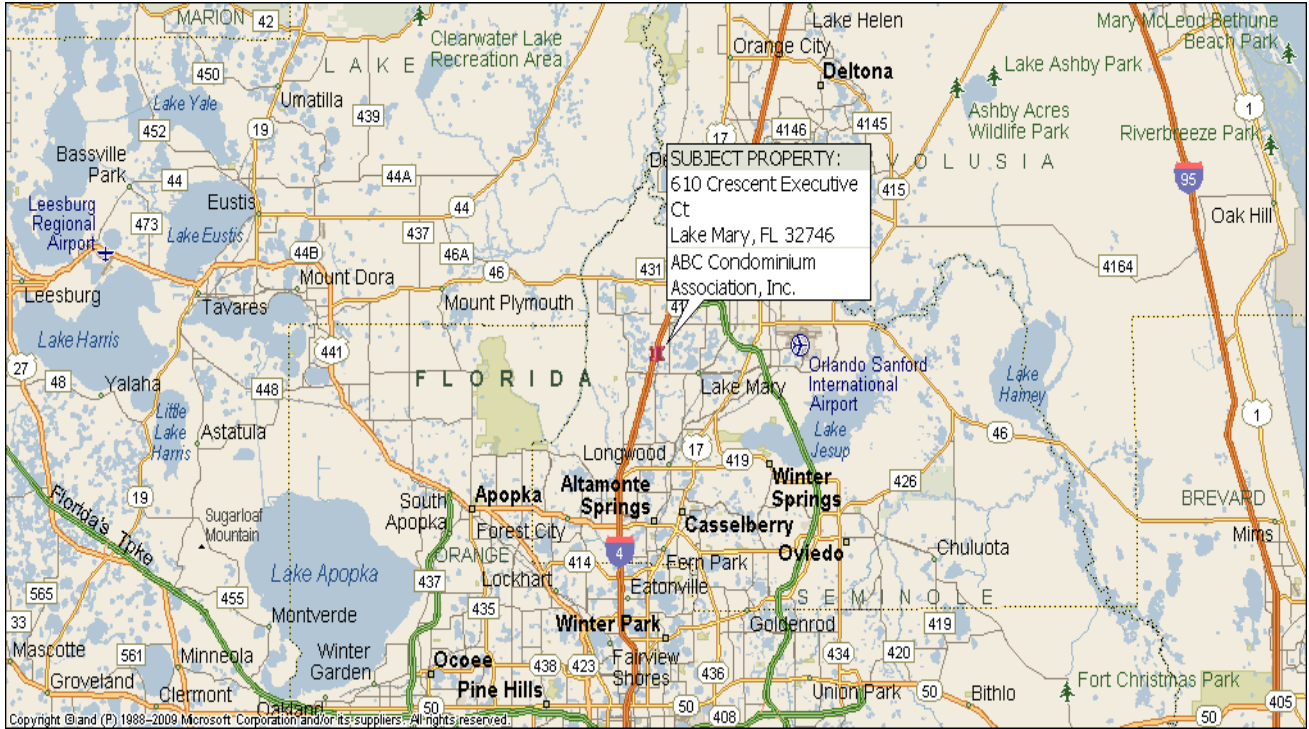
The subject of this reserve study is the common areas within ABC Condominium, a 416 unit residential development located in Appletown, FL. The common areas were constructed at or near January 1, 2006, and include a clubhouse, swimming pool, tennis courts, asphalt paved roadways and parking areas, concrete sidewalks and curbing, entry and street signage, privacy wall, street/site lighting, landscaping and irrigation systems, and drainage and retention systems. As of the date of our latest physical inspection, the common areas were observed to be in good overall condition, with no significant items of deferred maintenance noted.

The clubhouse is a single story building of concrete block/stucco construction, with painted stucco exteriors and pitched tile roofing. The clubhouse supports an entry porte cochere, two multipurpose rooms (one with catering/residential grade kitchen), fitness center, post office, manager's office, men's and women's restrooms, covered verandas, and typical storage and mechanical rooms. The interior finishes are representative of a good quality property, with upgraded carpet and ceramic tile flooring, painted gypsum board interior walls with decorative millwork and finish carpentry, 2' X 2' drop acoustical tile ceilings, good quality built ins (doors/frames, storefront glass, cabinetry, countertops, vanities, etc., and plumbing and electrical fixtures), and inventories of good quality furniture/furnishings and commercial grade fitness equipment. Air conditioning is via split HVAC systems, with interior air handlers and exterior ground mounted condensers.

The adjacent pool is of standard concrete/gunite construction, and is supported by brick paver decking, perimeter fencing and gates, and inventories of equipment and deck furniture. The tennis courts are asphalt paved, with perimeter fencing and gates, lighting, shade canopies, and furniture.

This report is designed to provide reasonable, appropriate budgetary cost and useful life data based on market standards for the subject's property type. Reserves are only calculated for the replacement of short-lived building or site components. This includes components that require replacement prior to the overall estimated end life of the buildings or structures.

# PROPERTY LOCATION MAP



## RESERVE STUDY FUNDING ANALYSIS

There are two generally accepted means of estimating reserves; the Component Funding Analysis and the Cash Flow Analysis methodologies. The **Component Funding Analysis** (or Straight Line Method) calculates the annual contribution amount for each individual line item component by dividing the component's unfunded balance by its remaining useful life. A component's unfunded balance is its replacement cost less the reserve balance in the component at the beginning of the analysis period. The annual contribution rate for each individual line item component is then summed to calculate the total annual contribution rate for this analysis.

The **Cash Flow Analysis** (or Pooling Method) is a method of calculating reserve contributions where contributions to the reserve funds are designed to offset the variable annual expenditures from the reserve fund. This analysis recognizes interest income attributable to reserve accounts over the period of the analysis. Funds from the beginning balances are pooled together and a yearly contribution rate is calculated to arrive at a positive cash flow and reserve account balance to adequately fund the future projected expenditures throughout the period of the analysis.

Prior to December 23, 2002, Florida statute mandated that condominium associations calculate reserves via the Component Funding Analysis method, on an annual basis. Funding at less than 100% of the fully funded estimate, based on the Component Funding Analysis method, could occur only after a full vote of the association membership. As of December 23, 2002, amendments to the Florida Administrative Code recognize the Cash Flow Analysis method as an approved methodology for the calculation of reserve funding for condominium associations. The fund requirement estimated by the Cash Flow Analysis method can now be provided to the membership, on an annual basis as a fully funded figure. The analysis must be completed as a portion of the association's annual budget, include the total estimated useful lives, estimated remaining useful lives, and estimated replacement cost/deferred maintenance expenses of all assets in the reserve budget (minimum roofing, painting, paving and any other item with a replacement/repair cost over \$10,000), and the estimated fund balance of the pooled reserve account as of the beginning of the period for which the budget will be in effect.

If the association maintains a pooled account for reserves, the amount of the contribution to the pooled reserve account as disclosed on the proposed budget shall be not less than that required to ensure that the balance on hand at the beginning of the period for which the budget will go into effect plus the projected annual cash inflows over the remaining estimated useful lives of all of the assets that make up the reserve pool are equal to or greater than the projected annual cash outflows over the remaining estimated useful lives of all of the assets that make up the reserve pool, based on the current reserve analysis. The projected annual cash inflows may include estimated earnings from investment of principal; the association may include annual percentage increases in costs for the reserve components, but these increases are not mandated. Fully funded reserve contributions utilizing this methodology may not include future special assessments, and the annual funding levels cannot include percentage increases.

## **RESERVE STUDY FUNDING ANALYSIS – continued:**

In our Cash Flow Analysis calculations, we do not include increases in construction costs/inflation. While future costs are expected to be higher than today's costs, which is supported by our analysis of past indexes/trends, increases in costs should be recognized as the association estimates current repair/replacement costs during their annual calculations of full reserve funding. A current cost estimate during the existing fiscal year would theoretically be lower than a current cost for the pending fiscal year, and so on. That way the estimates of current cost moving forward will eventually represent current

cost as of the date of forecast expenditure. Funding the reserves annually on that basis should ensure that adequate monies are available as of the date of expense, assuming that the current cost estimate is appropriate and that the reserve was fully funded since its last repair/replacement project was completed.

## EXECUTIVE SUMMARY

### PROPERTY DATA

**Property Name:** ABC Condominium  
**Property Location:** Appletown, FL  
**Property Type:** Condominium Association  
**Total Units:** 416

**Report Run Date:** December 15, 2010  
**Budget Year Begins:** January 1, 2010  
**Budget Year Ends:** December 31, 2010

### PROJECTED COMPONENT CATEGORIES AND PARAMETERS

Component Categories in Reserve Analysis:

1. Clubhouse Interiors
2. Irrigation Systems
3. Painting & Waterproofing
4. Pavement
5. Pool
6. Roof Replacement
7. Signage
8. Tennis Courts

Total current cost of all reserve components in reserve analysis:	\$ 1,003,574
Estimated beginning reserve fund balance for reserve analysis:	\$ 125,336
Total number of components scheduled for replacement in the 2011 budget year:	6
Total cost of components scheduled for replacement in the 2011 budget year:	\$ 113,908

### ANALYSIS RESULTS – COMPONENT FUNDING ANALYSIS

Current annual reserve funding contributions amount (2010 Budget):	\$ 35,000
Recommended annual reserve funding contribution amount:	\$ 173,407
Increase (decrease) between current and recommended annual contribution amounts:	\$ 138,407
Increase (decrease) between current and recommended annual contribution amounts:	395%

### ANALYSIS RESULTS –CASH FLOW ANALYSIS

Current annual reserve funding contributions amount (2010 Budget):	\$ 35,000
Recommended annual reserve funding contribution amount:	\$ 87,894
Increase (decrease) between current and recommended annual contribution amounts:	\$ 52,894
Increase (decrease) between current and recommended annual contribution amounts:	\$ 151%

## RESERVE BUDGET COMPARISON

The previous page provides a comparison of the subject property's approved fiscal year 2010 reserve contribution level and our estimates for full reserve funding for fiscal year 2011. The funding requirement estimated for fiscal year 2011 via the Component Funding Analysis is significantly higher than the association's approved fiscal year 2010 contribution level, while the recommendation based on the Cash Flow analysis method is moderately higher.

Based on our Component Funding Analysis model, the reserves as analyzed in this report suggest that in order to fully fund in 2011, the contribution should be \$173,407. In this analysis, we allocated the January 1, 2011 reserve fund balance to those reserve expenditures with the shortest remaining useful lives.

Based on the Cash Flow Analysis method, the association can fully fund reserves at \$87,894 annually over the remainder of the 30 year study period. This funding plan would provide adequate funds to offset planned reserve expenditures and maintain positive reserve fund balance. In this analysis we have utilized a 1.30% rate of return on reserve funds invested over the study period (assuming safe investment in CDs, money market accounts, etc.). The Cash Flow Analysis utilizes a pooling effect with reserve funds by pooling all funds together and distributing these funds to individual components as their replacement comes due. Funds that are pooled together in the cash flow analysis include the beginning balance, contributions to the reserve funds and interest earned on reserve funds. These pooled funds are matched against reserve expenditures throughout the period of the analysis by using our reserve analysis software program to ensure that the available funds are always greater than expenditures.

## **COMPONENT FUNDING ANALYSIS**

**ABC Condominium**  
 Analysis Date - January 1, 2010

**Component Funding Analysis - Category**

Categories	Future Cost	Useful Life YY:MM	Remaining Life YY:MM	Reserve Balance	Unfunded Balance	Reserve Contribution 2010
Clubhouse Interiors	\$ 221,651.00	8:00 -24:00	0:05 -16:05	\$ 32,750.00	\$ 188,901.00	\$ 49,071.00
Irrigation Systems	48,720.00	12:00	4:05	8,082.17	40,637.83	9,201.00
Painting & Waterproofing	72,278.00	7:00	0:05	17,985.32	54,292.68	54,293.00
Pavement	449,058.00	4:00 -20:00	1:05 -12:05	44,905.62	404,152.38	34,100.00
Pool	60,816.00	10:00 -24:00	2:05 -16:05	7,646.71	53,169.29	8,232.00
Roof Replacement	71,801.00	30:00	22:05	4,764.43	67,036.57	2,990.00
Signage	25,840.00	14:00 -25:00	6:05 -17:05	2,270.29	23,569.71	1,640.00
Tennis Courts	53,410.00	8:00 -25:00	0:05 -17:05	6,931.46	46,478.54	13,877.00
	<b>\$ 1,003,574.00</b>			<b>\$ 125,336.00</b>	<b>\$ 878,238.00</b>	<b>\$ 173,404.00</b>

**ABC Condominium**  
Analysis Date - January 1, 2010

**Component Funding Analysis - Items**

<b>Components by Category</b>	<b>Future Cost</b>	<b>Useful Life YY:MM</b>	<b>Remaining Life YY:MM</b>	<b>Reserve Balance</b>	<b>Unfunded Balance</b>	<b>Reserve Contribution 2010</b>
<b>Clubhouse Interiors</b>						
Exercise Equip, Cardio	\$ 25,800.00	8:00	0:05	\$ 6,419.95	\$ 19,380.05	\$ 19,380.00
Exercise Equip, Strenght	24,640.00	10:00	2:05	4,905.04	19,734.96	8,166.00
Flooring, Carpet-Admin Of	616.00	10:00	2:05	122.63	493.37	204.00
Flooring, Carpet-Fitness Center	8,138.00	10:00	2:05	1,620.02	6,517.98	2,697.00
Flooring, Carpet-Multipurpose	12,463.00	10:00	2:05	2,480.99	9,982.01	4,131.00
Furnishings, Admin Office	3,900.00	20:00	12:05	388.18	3,511.82	283.00
Furnishings, Multipurpose	55,500.00	14:00	6:05	7,891.63	47,608.37	7,420.00
HVAC Air Handler, Fitness	4,848.00	22:00	14:05	438.67	4,409.33	306.00
HVAC Air Handler, MR 1	6,060.00	22:00	14:05	548.34	5,511.66	382.00
HVAC Air Handler, MR 2	4,848.00	22:00	14:05	438.67	4,409.33	306.00
HVAC Condenser, Fitness	5,464.00	15:00	7:05	725.14	4,738.86	639.00
HVAC Condenser, MR 1	6,830.00	15:00	7:05	906.42	5,923.58	799.00
HVAC Condenser, MR 2	5,464.00	15:00	7:05	725.14	4,738.86	639.00
Kitchen Renovation	18,900.00	24:00	16:05	1,567.66	17,332.34	1,056.00
Restrooms Renovation	31,350.00	24:00	16:05	2,600.33	28,749.67	1,751.00
Wall Finishes, Clubhouse	6,830.00	14:00	6:05	971.17	5,858.83	913.00
	221,651.00			\$ 32,749.98	\$ 188,901.02	\$ 49,072.00
<b>Irrigation Systems</b>						
Irrigation Pump/Equipment	\$ 48,720.00	12:00	4:05	\$ 8,082.17	\$ 40,637.83	\$ 9,201.00
	48,720.00			\$ 8,082.17	\$ 40,637.83	\$ 9,201.00
<b>Painting &amp; Waterproofing</b>						
Paint Exteriors, Clubhouse	\$ 10,140.00	7:00	0:05	\$ 2,523.19	\$ 7,616.81	\$ 7,617.00
Paint Exteriors, XXX Walls	21,578.00	7:00	0:05	5,369.37	16,208.63	16,209.00
Painter Exterior, Privacy Wall	40,560.00	7:00	0:05	10,092.76	30,467.24	30,468.00
	72,278.00			\$ 17,985.32	\$ 54,292.68	\$ 54,294.00
<b>Pavement</b>						
Asphalt Overlay	\$ 379,472.00	20:00	12:05	\$ 37,770.41	\$ 341,701.59	\$ 27,520.00
Asphalt Sealcoat, Clubhouse	2,986.00	4:00	1:05	506.24	2,479.76	1,750.00
Concrete Paving, SW Repair	66,600.00	10:00	12:05	6,628.97	59,971.03	4,830.00
	449,058.00			\$ 44,905.62	\$ 404,152.38	\$ 34,100.00
<b>Pool</b>						
Pool Deck Fence & Gates	\$ 10,613.00	24:00	16:05	\$ 880.30	\$ 9,732.70	\$ 593.00
Pool Deck Furniture	7,410.00	10:00	2:05	1,475.10	5,934.90	2,456.00
Pool Deck Pavers	21,793.00	24:00	16:05	1,807.62	19,985.38	1,217.00
Pool Interior Resurfac & Tile	21,000.00	12:00	4:05	3,483.69	17,516.31	3,966.00
	60,816.00			\$ 7,646.71	\$ 53,169.29	\$ 8,232.00
<b>Roof Replacement</b>						
Roof Replacement, Clubhouse	\$ 71,801.00	30:00	22:05	\$ 4,764.43	\$ 67,036.57	\$ 2,990.00
	71,801.00			\$ 4,764.43	\$ 67,036.57	\$ 2,990.00
<b>Signage</b>						
Signage, Entry Marquee	\$ 3,400.00	14:00	6:05	\$ 483.45	\$ 2,916.55	\$ 455.00
Signage, Street/Directional	22,440.00	25:00	17:05	1,786.84	20,653.16	1,186.00
	25,840.00			\$ 2,270.29	\$ 23,569.71	\$ 1,641.00

**ABC Condominium**  
 Analysis Date - January 1, 2010

**Component Funding Analysis - Items**

Components by Category	Future Cost	Useful Life YY:MM	Remaining Life YY:MM	Reserve Balance	Unfunded Balance	Reserve Contribution 2010
<b>Tennis Courts</b>						
Tennis Court Fence & Gates	\$ 17,180.00	25:00	17:05	\$ 1,368.00	\$ 15,812.00	\$ 908.00
Tennis Court Lighting Replace	20,400.00	25:00	17:05	1,624.40	18,775.60	1,078.00
Tennis Court Resurface	12,200.00	8:00	0:05	3,035.79	9,164.21	9,164.00
Tennis Courts Canopies & Furn	3,630.00	8:00	0:05	903.27	2,726.73	2,727.00
	<u>53,410.00</u>			\$ 6,931.46	\$ 46,478.54	\$ 13,877.00
	<u>1,003,574.00</u>			\$ 125,336.00	\$ 878,238.02	\$ 173,407.00

## **CASH FLOW ANALYSIS**

**ABC Condominium**  
**Analysis Date - January 1, 2010**  
**Analysis Cash Flow - Annual**

<b>Period</b>	<b>Beginning Balance</b>	<b>Contribution</b>	<b>Interest Earned</b>	<b>Expenditures</b>	<b>Ending Balance</b>
01/10 - 12/10	\$ 125,336.00	\$ 87,894.96	\$ 1,408.09	\$ 113,908.00	\$ 100,731.05
01/11 - 12/11	100,731.05	87,894.96	1,869.74	2,986.00	187,509.75
01/12 - 12/12	187,509.75	87,894.96	2,649.47	53,267.00	224,787.18
01/13 - 12/13	224,787.18	87,894.96	3,513.21	0.00	316,195.35
01/14 - 12/14	316,195.35	87,894.96	4,216.18	69,720.00	338,586.49
01/15 - 12/15	338,586.49	87,894.96	4,980.37	2,986.00	428,475.82
01/16 - 12/16	428,475.82	87,894.96	5,712.73	65,730.00	456,353.51
01/17 - 12/17	456,353.51	87,894.96	5,905.67	90,036.00	460,118.14
01/18 - 12/18	460,118.14	87,894.96	6,296.78	41,630.00	512,679.88
01/19 - 12/19	512,679.88	87,894.96	7,257.10	2,986.00	604,845.94
	<u>\$ 125,336.00</u>	<u>\$ 878,949.60</u>	<u>\$ 43,809.34</u>	<u>\$ 443,249.00</u>	<u>\$ 604,845.94</u>

<b>Period</b>	<b>Beginning Balance</b>	<b>Contribution</b>	<b>Interest Earned</b>	<b>Expenditures</b>	<b>Ending Balance</b>
01/20 - 12/20	604,845.94	87,894.96	8,483.51	0.00	701,224.41
01/21 - 12/21	701,224.41	87,894.96	9,743.92	0.00	798,863.29
01/22 - 12/22	798,863.29	87,894.96	7,466.55	503,239.00	390,985.80
01/23 - 12/23	390,985.80	87,894.96	5,665.61	2,986.00	481,560.37
01/24 - 12/24	481,560.37	87,894.96	6,249.46	88,034.00	487,670.79
01/25 - 12/25	487,670.79	87,894.96	6,951.13	0.00	582,516.88
01/26 - 12/26	582,516.88	87,894.96	6,821.28	194,006.00	483,227.12
01/27 - 12/27	483,227.12	87,894.96	6,448.01	63,006.00	514,564.09
01/28 - 12/28	514,564.09	87,894.96	7,302.84	0.00	609,761.89
01/29 - 12/29	609,761.89	87,894.96	8,547.80	0.00	706,204.65
	<u>\$ 604,845.94</u>	<u>\$ 1,757,899.20</u>	<u>\$ 117,489.45</u>	<u>\$ 1,294,520.00</u>	<u>\$ 706,204.65</u>

**ABC Condominium**  
Analysis Date - January 1, 2010

**Expenditures - Description**

Description	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Asphalt Overlay										
Asphalt Sealcoat, Clubhouse		2,986				2,986				2,986
Concrete Paving, SW Repair										
Exercise Equip, Cardio	25,800								25,800	
Exercise Equip, Streight			24,640							
Flooring, Carpet-Admin Of			616							
Flooring, Carpet-Fitness...			8,138							
Flooring,...			12,463							
Furnishings, Admin Office										
Furnishings, Multipurpose							55,500			
HVAC Air Handler, Fitness										
HVAC Air Handler, MR 1										
HVAC Air Handler, MR 2										
HVAC Condenser, Fitness								5,464		
HVAC Condenser, MR 1								6,830		
HVAC Condenser, MR 2								5,464		
Irrigation Pump/Equipment					48,720					
Kitchen Renovation										
Paint Exteriors, Clubhouse	10,140							10,140		
Paint Exteriors, XXX Walls	21,578							21,578		
Painter Exterior, Privacy Wall	40,560							40,560		
Pool Deck Fence & Gates										
Pool Deck Furniture			7,410							
Pool Deck Pavers										
Pool Interior Resurfac & Tile					21,000					
Restrooms Renovation										
Roof Replacement, Clubhouse										
Signage, Entry Marquee							3,400			
Signage, Street/Directional										
Tennis Court Fence & Gates										
Tennis Court Lighting Replace										
Tennis Court Resurface	12,200								12,200	
Tennis Courts Canopies &...	3,630								3,630	
Wall Finishes, Clubhouse							6,830			
	113,908	2,986	53,267	0	69,720	2,986	65,730	90,036	41,630	2,986

**ABC Condominium**  
Analysis Date - January 1, 2010

**Expenditures - Description**

Description	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Asphalt Overlay			379,472							
Asphalt Sealcoat, Clubhouse				2,986				2,986		
Concrete Paving, SW Repair			66,600							
Exercise Equip, Cardio							25,800			
Exercise Equip, Strenght			24,640							
Flooring, Carpet-Admin Of			616							
Flooring, Carpet-Fitness...			8,138							
Flooring,...			12,463							
Furnishings, Admin Office			3,900							
Furnishings, Multipurpose										
HVAC Air Handler, Fitness					4,848					
HVAC Air Handler, MR 1					6,060					
HVAC Air Handler, MR 2					4,848					
HVAC Condenser, Fitness										
HVAC Condenser, MR 1										
HVAC Condenser, MR 2										
Irrigation Pump/Equipment							48,720			
Kitchen Renovation							18,900			
Paint Exteriors, Clubhouse					10,140					
Paint Exteriors, XXX Walls					21,578					
Painter Exterior, Privacy Wall					40,560					
Pool Deck Fence & Gates							10,613			
Pool Deck Furniture			7,410							
Pool Deck Pavers							21,793			
Pool Interior Resurfac & Tile							21,000			
Restrooms Renovation							31,350			
Roof Replacement, Clubhouse										
Signage, Entry Marquee										
Signage, Street/Directional								22,440		
Tennis Court Fence & Gates								17,180		
Tennis Court Lighting Replace								20,400		
Tennis Court Resurface							12,200			
Tennis Courts Canopies &...							3,630			
Wall Finishes, Clubhouse										
	0	0	503,239	2,986	88,034	0	194,006	63,006	0	0

**ABC Condominium**  
Analysis Date - January 1, 2010

**Item Parameters - Detail**

Description	Service Date	Current Cost	Est Life	Adj Life	Rem Life	Future Cost	Measurement Basis	Basis Cost
<b>Clubhouse Interiors</b>								
Exercise Equip, Cardio	06/01/2002	\$ 25,800.00	8:00	8:00	0:05	\$ 25,800.00	Total	\$ 25,800.00
Exercise Equip, Strenght	06/01/2002	24,640.00	10:00	10:00	2:05	24,640.00	Total	24,640.00
Flooring, Carpet-Admin Of	06/01/2002	616.00	10:00	10:00	2:05	616.00	Total	616.00
Flooring, Carpet-Fitness Center	06/01/2002	8,138.00	10:00	10:00	2:05	8,138.00	Total	8,138.00
Flooring, Carpet-Multipurpose	06/01/2002	8,138.00	10:00	10:00	2:05	8,138.00	Dollar	1.00
Flooring, Carpet-Multipurpose	06/01/2002	4,325.00	10:00	10:00	2:05	4,325.00	Dollar	1.00
Furnishings, Admin Office	06/01/2002	3,900.00	20:00	20:00	12:05	3,900.00	Total	3,900.00
Furnishings, Multipurpose	06/01/2002	41,100.00	14:00	14:00	6:05	41,100.00	Dollar	1.00
Furnishings, Multipurpose	06/01/2002	14,400.00	14:00	14:00	6:05	14,400.00	Dollar	1.00
HVAC Air Handler, Fitness	06/01/2002	2,424.00	22:00	22:00	14:05	2,424.00	Each	2,424.00
HVAC Air Handler, Fitness	06/01/2002	2,424.00	22:00	22:00	14:05	2,424.00	Each	2,424.00
HVAC Air Handler, MR 1	06/01/2002	3,030.00	22:00	22:00	14:05	3,030.00	Each	3,030.00
HVAC Air Handler, MR 1	06/01/2002	3,030.00	22:00	22:00	14:05	3,030.00	Each	3,030.00
HVAC Air Handler, MR 2	06/01/2002	2,424.00	22:00	22:00	14:05	2,424.00	Each	2,424.00
HVAC Air Handler, MR 2	06/01/2002	2,424.00	22:00	22:00	14:05	2,424.00	Each	2,424.00
HVAC Condenser, Fitness	06/01/2002	2,732.00	15:00	15:00	7:05	2,732.00	Each	2,732.00
HVAC Condenser, Fitness	06/01/2002	2,732.00	15:00	15:00	7:05	2,732.00	Each	2,732.00
HVAC Condenser, MR 1	06/01/2002	3,415.00	15:00	15:00	7:05	3,415.00	Each	3,415.00
HVAC Condenser, MR 1	06/01/2002	3,415.00	15:00	15:00	7:05	3,415.00	Each	3,415.00
HVAC Condenser, MR 2	06/01/2002	2,732.00	15:00	15:00	7:05	2,732.00	Each	2,732.00
HVAC Condenser, MR 2	06/01/2002	2,732.00	15:00	15:00	7:05	2,732.00	Each	2,732.00
Kitchen Renovation	06/01/2002	18,900.00	24:00	24:00	16:05	18,900.00	Total	18,900.00
Restrooms Renovation	06/01/2002	31,350.00	24:00	24:00	16:05	31,350.00	Total	31,350.00
Wall Finishes, Clubhouse	06/01/2002	6,830.00	14:00	14:00	6:05	6,830.00	Total	6,830.00
		\$ 221,651.00				\$ 221,651.00		
<b>Irrigation Systems</b>								
Irrigation Pump/Equipment	06/01/2002	6,960.00	12:00	12:00	4:05	6,960.00	Each	6,960.00
Irrigation Pump/Equipment	06/01/2002	6,960.00	12:00	12:00	4:05	6,960.00	Each	6,960.00
Irrigation Pump/Equipment	06/01/2002	6,960.00	12:00	12:00	4:05	6,960.00	Each	6,960.00
Irrigation Pump/Equipment	06/01/2002	6,960.00	12:00	12:00	4:05	6,960.00	Each	6,960.00
Irrigation Pump/Equipment	06/01/2002	6,960.00	12:00	12:00	4:05	6,960.00	Each	6,960.00
Irrigation Pump/Equipment	06/01/2002	6,960.00	12:00	12:00	4:05	6,960.00	Each	6,960.00
Irrigation Pump/Equipment	06/01/2002	6,960.00	12:00	12:00	4:05	6,960.00	Each	6,960.00
		\$ 48,720.00				\$ 48,720.00		
<b>Painting &amp; Waterproofing</b>								
Paint Exteriors, Clubhouse	06/01/2002	10,140.00	7:00	8:00	0:05	10,140.00	Total	10,140.00
Paint Exteriors, XXX Walls	06/01/2002	21,578.00	7:00	8:00	0:05	21,578.00	Total	21,578.00
Painter Exterior, Privacy Wall	06/01/2002	40,560.00	7:00	8:00	0:05	40,560.00	Total	40,560.00
		\$ 72,278.00				\$ 72,278.00		
<b>Pavement</b>								
Asphalt Overlay	06/01/2002	12,048.00	20:00	20:00	12:05	12,048.00	Sq Ft	1.00
Asphalt Overlay	06/01/2002	62,390.00	20:00	20:00	12:05	62,390.00	Sq Ft	1.00
Asphalt Overlay	06/01/2002	9,828.00	20:00	20:00	12:05	9,828.00	Sq Ft	1.00
Asphalt Overlay	06/01/2002	20,605.00	20:00	20:00	12:05	20,605.00	Sq Ft	1.00
Asphalt Overlay	06/01/2002	15,980.00	20:00	20:00	12:05	15,980.00	Sq Ft	1.00
Asphalt Overlay	06/01/2002	51,688.00	20:00	20:00	12:05	51,688.00	Sq Ft	1.00
Asphalt Overlay	06/01/2002	8,663.00	20:00	20:00	12:05	8,663.00	Sq Ft	1.00
Asphalt Overlay	06/01/2002	7,134.00	20:00	20:00	12:05	7,134.00	Sq Ft	1.00
Asphalt Overlay	06/01/2002	11,466.00	20:00	20:00	12:05	11,466.00	Sq Ft	1.00

**ABC Condominium**  
Analysis Date - January 1, 2010

**Item Parameters - Detail**

Description	Service Date	Current Cost	Est Life	Adj Life	Rem Life	Future Cost	Measurement Basis	Basis Cost
Asphalt Overlay	06/01/2002	\$ 10,374.00	20:00	20:00	12:05	\$ 10,374.00	Sq Ft	\$ 1.00
Asphalt Overlay	06/01/2002	54,309.00	20:00	20:00	12:05	54,309.00	Sq Ft	1.00
Asphalt Overlay	06/01/2002	10,301.00	20:00	20:00	12:05	10,301.00	Sq Ft	1.00
Asphalt Overlay	06/01/2002	41,787.00	20:00	20:00	12:05	41,787.00	Sq Ft	1.00
Asphalt Overlay	06/01/2002	62,899.00	20:00	20:00	12:05	62,899.00	Sq Ft	1.00
Asphalt Sealcoat, Clubhouse	06/01/2007	2,986.00	4:00	4:00	1:05	2,986.00	Sq Ft	1.00
Concrete Paving, SW Repair	06/01/2002	66,600.00	10:00	20:00	12:05	66,600.00	Sq Ft	1.00
		\$ 449,058.00				\$ 449,058.00		
<b>Pool</b>								
Pool Deck Fence & Gates	06/01/2002	10,613.00	24:00	24:00	16:05	10,613.00	Sq Ft	10.00
Pool Deck Furniture	06/01/2002	7,410.00	10:00	10:00	2:05	7,410.00	Total	7,410.00
Pool Deck Pavers	06/01/2002	21,793.00	24:00	24:00	16:05	21,793.00	Total	21,793.00
Pool Interior Resurfac & Tile	06/01/2002	21,000.00	12:00	12:00	4:05	21,000.00	Total	21,000.00
		\$ 60,816.00				\$ 60,816.00		
<b>Roof Replacement</b>								
Roof Replacement, Clubhouse	06/01/2002	71,801.00	30:00	30:00	22:05	71,801.00	Total	71,801.00
		\$ 71,801.00				\$ 71,801.00		
<b>Signage</b>								
Signage, Entry Marquee	06/01/2002	3,400.00	14:00	14:00	6:05	3,400.00	Total	3,400.00
Signage, Street/Directional	06/01/2002	22,440.00	25:00	25:00	17:05	22,440.00	Each	340.00
		\$ 25,840.00				\$ 25,840.00		
<b>Tennis Courts</b>								
Tennis Court Fence & Gates	06/01/2002	17,180.00	25:00	25:00	17:05	17,180.00	Total	17,180.00
Tennis Court Lighting Replace	06/01/2002	20,400.00	25:00	25:00	17:05	20,400.00	Each	20,400.00
Tennis Court Resurface	06/01/2002	12,200.00	8:00	8:00	0:05	12,200.00	Total	12,200.00
Tennis Courts Canopies & Furn	06/01/2002	3,630.00	8:00	8:00	0:05	3,630.00	Total	3,630.00
		\$ 53,410.00				\$ 53,410.00		

**ABC Condominium**  
Analysis Date - January 1, 2010

**Item Parameters - Full Detail**

**Asphalt Overlay**

<b>Item Number</b>	20	<b>Measurement Basis</b>	Sq Ft
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	20:00
<b>Category</b>	Pavement	<b>Basis Cost</b>	1.00
<b>Tracking</b>	Logistical	<b>Salvage Value</b>	\$ 0.00
<b>Method</b>	Adjusted		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
920-001-0020	06/01/2002	06/01/2022	12:05	20:00	12048.00	\$ 12,048.00	\$ 12,048.00
920-002-0020	06/01/2002	06/01/2022	12:05	20:00	62390.00	\$ 62,390.00	\$ 62,390.00
920-003-0020	06/01/2002	06/01/2022	12:05	20:00	9828.00	\$ 9,828.00	\$ 9,828.00
920-004-0020	06/01/2002	06/01/2022	12:05	20:00	20605.00	\$ 20,605.00	\$ 20,605.00
920-005-0020	06/01/2002	06/01/2022	12:05	20:00	15980.00	\$ 15,980.00	\$ 15,980.00
920-006-0020	06/01/2002	06/01/2022	12:05	20:00	51688.00	\$ 51,688.00	\$ 51,688.00
920-007-0020	06/01/2002	06/01/2022	12:05	20:00	8663.00	\$ 8,663.00	\$ 8,663.00
920-008-0020	06/01/2002	06/01/2022	12:05	20:00	7134.00	\$ 7,134.00	\$ 7,134.00
920-009-0020	06/01/2002	06/01/2022	12:05	20:00	11466.00	\$ 11,466.00	\$ 11,466.00
920-010-0020	06/01/2002	06/01/2022	12:05	20:00	10374.00	\$ 10,374.00	\$ 10,374.00
920-011-0020	06/01/2002	06/01/2022	12:05	20:00	54309.00	\$ 54,309.00	\$ 54,309.00
920-012-0020	06/01/2002	06/01/2022	12:05	20:00	10301.00	\$ 10,301.00	\$ 10,301.00
920-013-0020	06/01/2002	06/01/2022	12:05	20:00	41787.00	\$ 41,787.00	\$ 41,787.00
920-014-0020	06/01/2002	06/01/2022	12:05	20:00	62899.00	\$ 62,899.00	\$ 62,899.00
						\$ 379,472.00	\$ 379,472.00

**Comments**

Asphalt Overlay - A properly designed, installed and maintained asphalt pavement should require an asphalt overlay on an 18-20 year basis. No professional pavement assessments were provided that would suggest that physical conditions exist that would limit the useful life of the asphalt paving. The paved areas are based on a site/irrigation plan provided by the association, which was assumed to be complete and correct. The current costs include minor structural repairs to the underlying road subbase and curbing/drainage, installation of a typical asphalt overlay, restriping and curb stops replacement.



**ABC Condominium**  
 Analysis Date - January 1, 2010

**Item Parameters - Full Detail**

**Asphalt Sealcoat, Clubhouse**

<b>Item Number</b>	21	<b>Measurement Basis</b>	Sq Ft
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	4:00
<b>Category</b>	Pavement	<b>Basis Cost</b>	1.00
<b>Tracking</b>	Logistical	<b>Salvage Value</b>	\$ 0.00
<b>Method</b>	Adjusted		

<b>Code</b>	<b>Service Date</b>	<b>Replace Date</b>	<b>Rem Life</b>	<b>Adj Life</b>	<b>Quantity</b>	<b>Replacement Cost</b>	
						<b>Current</b>	<b>Future</b>
910-000-0021	06/01/2007	06/01/2011	1:05	4:00	2986.00	\$ 2,986.00	\$ 2,986.00
						\$ 2,986.00	\$ 2,986.00

**Comments**

Asphalt Sealcoat, Clubhouse - Sealcoating the subject's clubhouse parking and drives serves as not only a cosmetic upgrade, but also helps insure that there is no water intrusion into the underlying road/base structures. Without periodic sealcoating, the road subbase can be compromised, which can cause premature deterioration, potholes, and the need for more frequent (and costly) asphalt overlays. Based on an approximate surface area of 2,690 square yards and industry standards that suggest a cost in the \$1.03 - \$1.15 per square yard, the current cost estimate is roughly \$3,000. This expense has been scheduled as of fiscal year 2011, and at a market supported recurring 4 year useful life cycle.

The association may wish to consider periodic sealcoating/rejuvenation of the asphalt paved roadways as well. We have encountered several properties of similar design that had not previously sealcoated their interior roadways, but due to premature asphalt deterioration, decided to complete this upgrade to maximize the useful life of their asphalt paving. The total cost for sealcoating the interior roadways is estimated at +/- \$70,000. This upgrade is typically completed on a 3-5 year life cycle.

**ABC Condominium**  
 Analysis Date - January 1, 2010

**Item Parameters - Full Detail**

**Concrete Paving, SW Repair**

<b>Item Number</b>	22	<b>Measurement Basis</b>	Sq Ft
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	10:00
<b>Category</b>	Pavement	<b>Basis Cost</b>	1.00
<b>Tracking</b>	Logistical	<b>Salvage Value</b>	\$ 0.00
<b>Method</b>	Adjusted		

<b>Code</b>	<b>Service Date</b>	<b>Replace Date</b>	<b>Rem Life</b>	<b>Adj Life</b>	<b>Quantity</b>	<b>Replacement Cost</b>	
						<b>Current</b>	<b>Future</b>
910-000-0022	06/01/2002	06/01/2022	12:05	20:00	66600.00	\$ 66,600.00	\$ 66,600.00
						\$ 66,600.00	\$ 66,600.00

**Comments**

Concrete Sidewalks/Paving – Under normal operating conditions, total replacement of the common area concrete paving (sidewalks, curbing, etc.) should not be necessary at any one given time. Therefore, reserving for total replacement is not considered prudent or practical. Given the uncertainty of costs and useful lives, some associations choose to fund as needed repairs/replacements to their concrete paving through their annual operating budgets rather than via reserves. For the purposes of this analysis, we have included a line item by which monies will be available for larger expenses on a 10 year life cycle, to begin 20 years into the life of this paving. The current cost is based on the +/- 7 miles of sidewalks and our experience with sidewalk/concrete costs. This fund is a projection only; actual costs and time frames may vary from our estimates.

**ABC Condominium**  
 Analysis Date - January 1, 2010

**Item Parameters - Full Detail**

**Exercise Equip, Cardio**

<b>Item Number</b>	1	<b>Measurement Basis</b>	Total
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	8:00
<b>Category</b>	Clubhouse Interiors	<b>Basis Cost</b>	25,800.00
<b>Tracking</b>	Logistical	<b>Salvage Value</b>	\$ 0.00
<b>Method</b>	Adjusted		

<b>Code</b>	<b>Service Date</b>	<b>Replace Date</b>	<b>Rem Life</b>	<b>Adj Life</b>	<b>Quantity</b>	<b>Replacement Cost</b>	
						<b>Current</b>	<b>Future</b>
910-000-0001	06/01/2002	06/01/2010	0:05	8:00	1.00	\$ 25,800.00	\$ 25,800.00
						\$ 25,800.00	\$ 25,800.00

**Comments**

Exercise Equipment Replacement – The clubhouse’s fitness room features inventories of better quality cardiovascular (treadmills, 3, elliptical trainers, 2, recumbent bike) and strength training (weight stations, 8) equipment, as well as typical miscellaneous exercise equipment. In the case of cardiovascular equipment, replacement can be expected on a 6-8 year life cycle due to its greater amount of usage. Strength training equipment can last 10-12 years. These life cycles recognize that as needed inventory replacements will be necessary from time to time. For the purposes of this analysis, we have included separate line items for the cardio and strength training equipment, at costs representative of the current quality.

# ABC Condominium

Analysis Date - January 1, 2010

## Item Parameters - Full Detail

**Exercise Equip, Strenght**

<b>Item Number</b>	2	<b>Measurement Basis</b>	Total
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	10:00
<b>Category</b>	Clubhouse Interiors	<b>Basis Cost</b>	24,640.00
<b>Tracking</b>	Logistical	<b>Salvage Value</b>	\$ 0.00
<b>Method</b>	Adjusted		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
910-000-0002	06/01/2002	06/01/2012	2:05	10:00	1.00	\$ 24,640.00	\$ 24,640.00
						\$ 24,640.00	\$ 24,640.00

**Comments**

Exercise Equipment Replacement – The clubhouse’s fitness room features inventories of better quality cardiovascular (treadmills, 3, elliptical trainers, 2, recumbent bike) and strength training (weight stations, 8) equipment, as well as typical miscellaneous exercise equipment. In the case of cardiovascular equipment, replacement can be expected on a 6-8 year life cycle due to its greater amount of usage. Strength training equipment can last 10-12 years. These life cycles recognize that as needed inventory replacements will be necessary from time to time. For the purposes of this analysis, we have included separate line items for the cardio and strength training equipment, at costs representative of the current quality.

**ABC Condominium**  
 Analysis Date - January 1, 2010

**Item Parameters - Full Detail**

**Flooring, Carpet-Admin Of**

<b>Item Number</b>	3	<b>Measurement Basis</b>	Total
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	10:00
<b>Category</b>	Clubhouse Interiors	<b>Basis Cost</b>	616.00
<b>Tracking</b>	Logistical	<b>Salvage Value</b>	\$ 0.00
<b>Method</b>	Adjusted		

<u>Code</u>	<u>Service Date</u>	<u>Replace Date</u>	<u>Rem Life</u>	<u>Adj Life</u>	<u>Quantity</u>	<u>Replacement Cost</u>	
						<u>Current</u>	<u>Future</u>
910-000-0003	06/01/2002	06/01/2012	2:05	10:00	1.00	\$ 616.00	\$ 616.00
						\$ 616.00	\$ 616.00

**Comments**

Carpeting, Clubhouse – In better quality properties like the subject, carpet replacement is typically completed on a 7-12 year life cycle. Utilizing a placed in service date of 2002 and a 10 year life cycle suggests this expense in 2012 in the clubhouse. The current costs, which include removal and disposal of the existing carpeting and replacement with like quality, are summarized as follows:

<u>Floor Area</u>	<u>Size +/-*</u>	<u>Unit Cost</u>	<u>Total Cost</u>
Admin. Office	20.6 square yards	\$29.90/sq.yd.	\$ 616

**ABC Condominium**  
 Analysis Date - January 1, 2010

**Item Parameters - Full Detail**

**Flooring, Carpet-Fitness Center**

<b>Item Number</b>	4	<b>Measurement Basis</b>	Total
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	10:00
<b>Category</b>	Clubhouse Interiors	<b>Basis Cost</b>	8,138.00
<b>Tracking</b>	Logistical	<b>Salvage Value</b>	\$ 0.00
<b>Method</b>	Adjusted		

<u>Code</u>	<u>Service Date</u>	<u>Replace Date</u>	<u>Rem Life</u>	<u>Adj Life</u>	<u>Quantity</u>	<u>Replacement Cost</u>	
						<u>Current</u>	<u>Future</u>
910-000-0004	06/01/2002	06/01/2012	2:05	10:00	1.00	\$ 8,138.00	\$ 8,138.00
						\$ 8,138.00	\$ 8,138.00

**Comments**

Carpeting, Clubhouse – In better quality properties like the subject, carpet replacement is typically completed on a 7-12 year life cycle. Utilizing a placed in service date of 2002 and a 10 year life cycle suggests this expense in 2012 in the clubhouse. The current costs, which include removal and disposal of the existing carpeting and replacement with like quality, are summarized as follows:

<u>Floor Area</u>	<u>Size +/-*</u>	<u>Unit Cost</u>	<u>Total Cost</u>
Fitness Center	175 square yards	\$46.50/sq.yd.	\$ 8,138

**ABC Condominium**  
 Analysis Date - January 1, 2010

**Item Parameters - Full Detail**

**Flooring, Carpet-Multipurpose**

<b>Item Number</b>	5	<b>Measurement Basis</b>	Dollar
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	10:00
<b>Category</b>	Clubhouse Interiors	<b>Basis Cost</b>	1.00
<b>Tracking</b>	Logistical	<b>Salvage Value</b>	\$ 0.00
<b>Method</b>	Adjusted		

<u>Code</u>	<u>Service Date</u>	<u>Replace Date</u>	<u>Rem Life</u>	<u>Adj Life</u>	<u>Quantity</u>	<u>Replacement Cost</u>	
						<u>Current</u>	<u>Future</u>
920-001-0005	06/01/2002	06/01/2012	2:05	10:00	8138.00	\$ 8,138.00	\$ 8,138.00
920-002-0005	06/01/2002	06/01/2012	2:05	10:00	4325.00	\$ 4,325.00	\$ 4,325.00
						\$ 12,463.00	\$ 12,463.00

**Comments**

Carpeting, Clubhouse – In better quality properties like the subject, carpet replacement is typically completed on a 7-12 year life cycle. Utilizing a placed in service date of 2002 and a 10 year life cycle suggests this expense in 2012 in the clubhouse. The current costs, which include removal and disposal of the existing carpeting and replacement with like quality, are summarized as follows:

<u>Floor Area</u>	<u>Size +/-*</u>	<u>Unit Cost</u>	<u>Total Cost</u>
Multipurpose 1	175 square yards	\$46.50/sq.yd.	\$ 8,138
Multipurpose 2	93 square yards	\$46.50/sq.yd.	\$ 4,325

Replacement of the tile flooring in the restrooms and kitchen areas will be analyzed separately.

# ABC Condominium

Analysis Date - January 1, 2010

## Item Parameters - Full Detail

**Furnishings, Admin Office**

<b>Item Number</b>	6	<b>Measurement Basis</b>	Total
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	20:00
<b>Category</b>	Clubhouse Interiors	<b>Basis Cost</b>	3,900.00
<b>Tracking</b>	Logistical	<b>Salvage Value</b>	\$ 0.00
<b>Method</b>	Adjusted		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
910-000-0006	06/01/2002	06/01/2022	12:05	20:00	1.00	\$ 3,900.00	\$ 3,900.00
						\$ 3,900.00	\$ 3,900.00

**Comments**

Furniture/Furnishings, Clubhouse – While miscellaneous replacements will be necessary from time to time, the association should expect to incur costs associated with inventory replacement of the furniture/furnishings (tables, chairs, sofas, window treatments, artwork, silk plants, lamps/light fixtures, kitchen appliances, etc.) on a 12-15 year life cycle, while replacement of administrative office furnishings can often last up to 20 years under normal operating conditions. We have therefore forecast inventory replacement of the furniture/furnishings in the multipurpose rooms in 2016 and the office furnishings in 2022. The current costs are based on our experience with furnishings upgrades on an average \$/square foot of building area.

**ABC Condominium**  
 Analysis Date - January 1, 2010

**Item Parameters - Full Detail**

**Furnishings, Multipurpose**

<b>Item Number</b>	7	<b>Measurement Basis</b>	Dollar
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	14:00
<b>Category</b>	Clubhouse Interiors	<b>Basis Cost</b>	1.00
<b>Tracking</b>	Logistical	<b>Salvage Value</b>	\$ 0.00
<b>Method</b>	Adjusted		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
920-001-0007	06/01/2002	06/01/2016	6:05	14:00	41100.00	\$ 41,100.00	\$ 41,100.00
920-002-0007	06/01/2002	06/01/2016	6:05	14:00	14400.00	\$ 14,400.00	\$ 14,400.00
						\$ 55,500.00	\$ 55,500.00

**Comments**

Furniture/Furnishings, Clubhouse – While miscellaneous replacements will be necessary from time to time, the association should expect to incur costs associated with inventory replacement of the furniture/furnishings (tables, chairs, sofas, window treatments, artwork, silk plants, lamps/light fixtures, kitchen appliances, etc.) on a 12-15 year life cycle, while replacement of administrative office furnishings can often last up to 20 years under normal operating conditions. We have therefore forecast inventory replacement of the furniture/furnishings in the multipurpose rooms in 2016 and the office furnishings in 2022. The current costs are based on our experience with furnishings upgrades on an average \$/square foot of building area.



**ABC Condominium**  
 Analysis Date - January 1, 2010

**Item Parameters - Full Detail**

**HVAC Air Handler, Fitness**

<b>Item Number</b>	8	<b>Measurement Basis</b>	Each
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	22:00
<b>Category</b>	Clubhouse Interiors	<b>Basis Cost</b>	2,424.00
<b>Tracking</b>	Logistical	<b>Salvage Value</b>	\$ 0.00
<b>Method</b>	Adjusted		

<b>Code</b>	<b>Service Date</b>	<b>Replace Date</b>	<b>Rem Life</b>	<b>Adj Life</b>	<b>Quantity</b>	<b>Replacement Cost</b>	
						<b>Current</b>	<b>Future</b>
920-001-0008	06/01/2002	06/01/2024	14:05	22:00	1.00	\$ 2,424.00	\$ 2,424.00
920-002-0008	06/01/2002	06/01/2024	14:05	22:00	1.00	\$ 2,424.00	\$ 2,424.00
						\$ 4,848.00	\$ 4,848.00

**Comments**

HVAC Units, Clubhouse – Each of the air handlers and condenser units have been included in our analysis, based on the observation that these units do not typically require replacement in 8total. In the property’s location outside an oceanfront environment, a useful life of 15-16 years can realistically be expected for the condensers, while the air handlers should last 20-25 years with routine maintenance. The cost for each unit is based on its size in tons (4 and 5 tons are the sizes) and our experience with residential / commercial grade split units on an average \$/ton basis.

**ABC Condominium**  
 Analysis Date - January 1, 2010

**Item Parameters - Full Detail**

**HVAC Air Handler, MR 1**

<b>Item Number</b>	9	<b>Measurement Basis</b>	Each
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	22:00
<b>Category</b>	Clubhouse Interiors	<b>Basis Cost</b>	3,030.00
<b>Tracking</b>	Logistical	<b>Salvage Value</b>	\$ 0.00
<b>Method</b>	Adjusted		

<b>Code</b>	<b>Service Date</b>	<b>Replace Date</b>	<b>Rem Life</b>	<b>Adj Life</b>	<b>Quantity</b>	<b>Replacement Cost</b>	
						<b>Current</b>	<b>Future</b>
920-001-0009	06/01/2002	06/01/2024	14:05	22:00	1.00	\$ 3,030.00	\$ 3,030.00
920-002-0009	06/01/2002	06/01/2024	14:05	22:00	1.00	\$ 3,030.00	\$ 3,030.00
						\$ 6,060.00	\$ 6,060.00

**Comments**

HVAC Units, Clubhouse – Each of the air handlers and condenser units have been included in our analysis, based on the observation that these units do not typically require replacement in 8total. In the property’s location outside an oceanfront environment, a useful life of 15-16 years can realistically be expected for the condensers, while the air handlers should last 20-25 years with routine maintenance. The cost for each unit is based on its size in tons (4 and 5 tons are the sizes) and our experience with residential / commercial grade split units on an average \$/ton basis.

**ABC Condominium**  
 Analysis Date - January 1, 2010

**Item Parameters - Full Detail**

**HVAC Air Handler, MR 2**

<b>Item Number</b>	10	<b>Measurement Basis</b>	Each
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	22:00
<b>Category</b>	Clubhouse Interiors	<b>Basis Cost</b>	2,424.00
<b>Tracking</b>	Logistical	<b>Salvage Value</b>	\$ 0.00
<b>Method</b>	Adjusted		

<b>Code</b>	<b>Service Date</b>	<b>Replace Date</b>	<b>Rem Life</b>	<b>Adj Life</b>	<b>Quantity</b>	<b>Replacement Cost</b>	
						<b>Current</b>	<b>Future</b>
920-001-0010	06/01/2002	06/01/2024	14:05	22:00	1.00	\$ 2,424.00	\$ 2,424.00
920-002-0010	06/01/2002	06/01/2024	14:05	22:00	1.00	\$ 2,424.00	\$ 2,424.00
						\$ 4,848.00	\$ 4,848.00

**Comments**

HVAC Units, Clubhouse – Each of the air handlers and condenser units have been included in our analysis, based on the observation that these units do not typically require replacement in 8total. In the property’s location outside an oceanfront environment, a useful life of 15-16 years can realistically be expected for the condensers, while the air handlers should last 20-25 years with routine maintenance. The cost for each unit is based on its size in tons (4 and 5 tons are the sizes) and our experience with residential / commercial grade split units on an average \$/ton basis.

**ABC Condominium**  
 Analysis Date - January 1, 2010

**Item Parameters - Full Detail**

**HVAC Condenser, Fitness**

<b>Item Number</b>	11	<b>Measurement Basis</b>	Each
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	15:00
<b>Category</b>	Clubhouse Interiors	<b>Basis Cost</b>	2,732.00
<b>Tracking</b>	Logistical	<b>Salvage Value</b>	\$ 0.00
<b>Method</b>	Adjusted		

<b>Code</b>	<b>Service Date</b>	<b>Replace Date</b>	<b>Rem Life</b>	<b>Adj Life</b>	<b>Quantity</b>	<b>Replacement Cost</b>	
						<b>Current</b>	<b>Future</b>
920-001-0011	06/01/2002	06/01/2017	7:05	15:00	1.00	\$ 2,732.00	\$ 2,732.00
920-002-0011	06/01/2002	06/01/2017	7:05	15:00	1.00	\$ 2,732.00	\$ 2,732.00
						\$ 5,464.00	\$ 5,464.00

**Comments**

HVAC Units, Clubhouse – Each of the air handlers and condenser units have been included in our analysis, based on the observation that these units do not typically require replacement in 8total. In the property’s location outside an oceanfront environment, a useful life of 15-16 years can realistically be expected for the condensers, while the air handlers should last 20-25 years with routine maintenance. The cost for each unit is based on its size in tons (4 and 5 tons are the sizes) and our experience with residential / commercial grade split units on an average \$/ton basis.

**ABC Condominium**  
 Analysis Date - January 1, 2010

**Item Parameters - Full Detail**

**HVAC Condenser, MR 1**

<b>Item Number</b>	12	<b>Measurement Basis</b>	Each
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	15:00
<b>Category</b>	Clubhouse Interiors	<b>Basis Cost</b>	3,415.00
<b>Tracking</b>	Logistical	<b>Salvage Value</b>	\$ 0.00
<b>Method</b>	Adjusted		

<b>Code</b>	<b>Service Date</b>	<b>Replace Date</b>	<b>Rem Life</b>	<b>Adj Life</b>	<b>Quantity</b>	<b>Replacement Cost</b>	
						<b>Current</b>	<b>Future</b>
920-001-0012	06/01/2002	06/01/2017	7:05	15:00	1.00	\$ 3,415.00	\$ 3,415.00
920-002-0012	06/01/2002	06/01/2017	7:05	15:00	1.00	\$ 3,415.00	\$ 3,415.00
						\$ 6,830.00	\$ 6,830.00

**Comments**

**ABC Condominium**  
 Analysis Date - January 1, 2010

**Item Parameters - Full Detail**

**HVAC Condenser, MR 2**

<b>Item Number</b>	13	<b>Measurement Basis</b>	Each
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	15:00
<b>Category</b>	Clubhouse Interiors	<b>Basis Cost</b>	2,732.00
<b>Tracking</b>	Logistical	<b>Salvage Value</b>	\$ 0.00
<b>Method</b>	Adjusted		

<b>Code</b>	<b>Service Date</b>	<b>Replace Date</b>	<b>Rem Life</b>	<b>Adj Life</b>	<b>Quantity</b>	<b>Replacement Cost</b>	
						<b>Current</b>	<b>Future</b>
920-001-0013	06/01/2002	06/01/2017	7:05	15:00	1.00	\$ 2,732.00	\$ 2,732.00
920-002-0013	06/01/2002	06/01/2017	7:05	15:00	1.00	\$ 2,732.00	\$ 2,732.00
						\$ 5,464.00	\$ 5,464.00

**Comments**

**ABC Condominium**  
Analysis Date - January 1, 2010

**Item Parameters - Full Detail**

**Irrigation Pump/Equipment**

<b>Item Number</b>	16	<b>Measurement Basis</b>	Each
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	12:00
<b>Category</b>	Irrigation Systems	<b>Basis Cost</b>	6,960.00
<b>Tracking</b>	Logistical	<b>Salvage Value</b>	\$ 0.00
<b>Method</b>	Adjusted		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost		
						Current	Future	
920-001-0016	06/01/2002	06/01/2014	4:05	12:00	1.00	\$ 6,960.00	\$ 6,960.00	\$ 6,960.00
920-002-0016	06/01/2002	06/01/2014	4:05	12:00	1.00	\$ 6,960.00	\$ 6,960.00	\$ 6,960.00
920-003-0016	06/01/2002	06/01/2014	4:05	12:00	1.00	\$ 6,960.00	\$ 6,960.00	\$ 6,960.00
920-004-0016	06/01/2002	06/01/2014	4:05	12:00	1.00	\$ 6,960.00	\$ 6,960.00	\$ 6,960.00
920-005-0016	06/01/2002	06/01/2014	4:05	12:00	1.00	\$ 6,960.00	\$ 6,960.00	\$ 6,960.00
920-006-0016	06/01/2002	06/01/2014	4:05	12:00	1.00	\$ 6,960.00	\$ 6,960.00	\$ 6,960.00
920-007-0016	06/01/2002	06/01/2014	4:05	12:00	1.00	\$ 6,960.00	\$ 6,960.00	\$ 6,960.00
						\$ 48,720.00	\$ 48,720.00	\$ 48,720.00

**Comments**

Irrigation Pumps/Equipment – A determination of the design quality, efficiency, and current condition of the in ground irrigation lines is beyond the scope of this analysis. In our experience, as needed repairs to irrigation lines, sprinkler heads, etc. are funded through an association’s annual operating budget, given the unpredictability of cost and life. Typically, repairs costs are not excessive. Therefore, we have excluded the in ground irrigation systems from this analysis. However, the association should expect to incur costs associated with replacement of the irrigation system pumps, controllers, and other equipment on a fairly regular basis. The common areas include seven pump stations, each with 2 5 HP pumps. A line item has been included for each of these pumps stations. While as needed repairs will be necessary on an ongoing basis, data taken from similar properties reflects a typical life in the 11-12 year range. These expenses have been scheduled in 2014.

- Irrigation Pump/Equipment #1
- Irrigation Pump/Equipment #2
- Irrigation Pump/Equipment #3
- Irrigation Pump/Equipment #4
- Irrigation Pump/Equipment #5
- Irrigation Pump/Equipment #6
- Irrigation Pump/Equipment #7

# ABC Condominium

Analysis Date - January 1, 2010

## Item Parameters - Full Detail

### Kitchen Renovation

<b>Item Number</b>	14	<b>Measurement Basis</b>	Total
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	24:00
<b>Category</b>	Clubhouse Interiors	<b>Basis Cost</b>	18,900.00
<b>Tracking</b>	Logistical	<b>Salvage Value</b>	\$ 0.00
<b>Method</b>	Adjusted		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
910-000-0014	06/01/2002	06/01/2026	16:05	24:00	1.00	\$ 18,900.00	\$ 18,900.00
						\$ 18,900.00	\$ 18,900.00

### Comments

Kitchen Renovation, Clubhouse – To insure a modern cosmetic appeal, the association should expect to incur costs associated with major renovation of the kitchen and restroom interiors on an approximate 25 year life cycle. The kitchen renovation includes, but is not necessarily limited to, cabinetry and countertops replacement, tile flooring, plumbing and electrical fixtures, etc. This expense has been forecast in 2026, at a cost representative of the size of the clubhouse kitchen.

**ABC Condominium**  
 Analysis Date - January 1, 2010

**Item Parameters - Full Detail**

**Paint Exteriors, Clubhouse**

<b>Item Number</b>	17	<b>Measurement Basis</b>	Total
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	7:00
<b>Category</b>	Painting & Waterproofing	<b>Basis Cost</b>	10,140.00
<b>Tracking</b>	Logistical	<b>Salvage Value</b>	\$ 0.00
<b>Method</b>	Adjusted		

<b>Code</b>	<b>Service Date</b>	<b>Replace Date</b>	<b>Rem Life</b>	<b>Adj Life</b>	<b>Quantity</b>	<b>Replacement Cost</b>	
						<b>Current</b>	<b>Future</b>
910-000-0017	06/01/2002	06/01/2010	0:05	8:00	1.00	\$ 10,140.00	\$ 10,140.00
						\$ 10,140.00	\$ 10,140.00

**Comments**

Paint Exteriors, Clubhouse – This expense has also been forecast in fiscal year 2010, based on similar criteria. The current cost, which includes surface preparation, typical minor repairs to the exterior concrete/stucco systems, as needed window caulking, and repainting of all exterior concrete, stucco and metal surfaces, is based on our experience with clubhouse painting costs in similar properties.

**ABC Condominium**  
 Analysis Date - January 1, 2010

**Item Parameters - Full Detail**

**Paint Exteriors, XXX Walls**

<b>Item Number</b>	19	<b>Measurement Basis</b>	Total
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	7:00
<b>Category</b>	Painting & Waterproofing	<b>Basis Cost</b>	21,578.00
<b>Tracking</b>	Logistical	<b>Salvage Value</b>	\$ 0.00
<b>Method</b>	Adjusted		

<b>Code</b>	<b>Service Date</b>	<b>Replace Date</b>	<b>Rem Life</b>	<b>Adj Life</b>	<b>Quantity</b>	<b>Replacement Cost</b>	
						<b>Current</b>	<b>Future</b>
910-000-0019	06/01/2002	06/01/2010	0:05	8:00	1.00	\$ 21,578.00	\$ 21,578.00
						\$ 21,578.00	\$ 21,578.00

**Comments**

Paint Exteriors, XXX Walls - The market suggests that a properly installed and maintained exterior painting job should have a useful life of six to seven years under normal operating conditions. Of note is the observation that some properties require repainting on a 4-5 year life cycle during the first repainting cycle. Since there were no reported plans to paint in the near future, exterior painting costs have been scheduled for 2010.

According to the property manager, the association is responsible for repainting of the dividing walls between the XXX duplex units, each of which measures roughly 30 feet in length and 6 feet in height. There are a total of 74 lengths of XXX walls, suggesting a total square footage on the order of 26,640 square feet. Under normal operating conditions, total replacement of concrete privacy/divider walls should not be necessary under normal operating conditions. Therefore, reserving for total replacement is not considered prudent or practical. The current cost includes typical minor repairs to the exterior stucco/concrete finishes and repainting, and is reflective of a unit cost of \$0.81/square foot. The total cost is therefore \$21,578.

# ABC Condominium

Analysis Date - January 1, 2010

## Item Parameters - Full Detail

**Painter Exterior, Privacy Wall**

<b>Item Number</b>	18	<b>Measurement Basis</b>	Total
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	7:00
<b>Category</b>	Painting & Waterproofing	<b>Basis Cost</b>	40,560.00
<b>Tracking</b>	Logistical	<b>Salvage Value</b>	\$ 0.00
<b>Method</b>	Adjusted		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
910-000-0018	06/01/2002	06/01/2010	0:05	8:00	1.00	\$ 40,560.00	\$ 40,560.00
						\$ 40,560.00	\$ 40,560.00

**Comments**

Paint Exteriors, Privacy Wall – This reserve is designed to provide monies for periodic repainting of the +/- 5,200 linear foot privacy/perimeter wall along the property’s eastern and northeastern property boundaries, which should be necessary on a similar life cycle as the XXX walls and clubhouse exteriors, 6-7 years. The current cost includes surface preparation and typical minor repairs to the exterior concrete/stucco finishes.

## ABC Condominium

Analysis Date - January 1, 2010

### Item Parameters - Full Detail

**Pool Deck Fence & Gates**

<b>Item Number</b>	23	<b>Measurement Basis</b>	Sq Ft
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	24:00
<b>Category</b>	Pool	<b>Basis Cost</b>	10.00
<b>Tracking</b>	Logistical	<b>Salvage Value</b>	\$ 0.00
<b>Method</b>	Adjusted		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
910-000-0023	06/01/2002	06/01/2026	16:05	24:00	1061.30	\$ 10,613.00	\$ 10,613.00
						\$ 10,613.00	\$ 10,613.00

**Comments**

Pool Deck Fencing & Gates – Assuming routine maintenance, total replacement of the metal fencing and gates at the pool perimeter should not be necessary for up to 25 years. For the purposes of this analysis, this expense has been forecast in 2026. The current cost, which includes removal and disposal of the existing fencing and gates and replacement with similar property, is based on the approximate linear footage of 250 feet and a unit cost of \$42.45 per linear foot. This suggests a total current replacement cost of \$10,613.

# ABC Condominium

Analysis Date - January 1, 2010

## Item Parameters - Full Detail

### Pool Deck Furniture

<b>Item Number</b>	24	<b>Measurement Basis</b>	Total
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	10:00
<b>Category</b>	Pool	<b>Basis Cost</b>	7,410.00
<b>Tracking</b>	Logistical	<b>Salvage Value</b>	\$ 0.00
<b>Method</b>	Adjusted		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
910-000-0024	06/01/2002	06/01/2012	2:05	10:00	1.00	\$ 7,410.00	\$ 7,410.00
						\$ 7,410.00	\$ 7,410.00

### Comments

Pool Deck Furniture Replacement – While minor inventory replacements will be necessary from time to time, most properties complete major pool and spa deck furniture replacement on a maximum 10-12 year life cycle. This expense has been forecast in 2012 accordingly. The current cost is based on the quality of the existing inventory (chaise lounges, 16, tables, 3, chairs, 20, occasional/end tables, 10), retail pricing guides, and our experience with pool furniture replacement on both an average \$/piece and lump sum basis in similar resort quality pools.

**ABC Condominium**  
 Analysis Date - January 1, 2010

**Item Parameters - Full Detail**

**Pool Deck Pavers**

<b>Item Number</b>	25	<b>Measurement Basis</b>	Total
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	24:00
<b>Category</b>	Pool	<b>Basis Cost</b>	21,793.00
<b>Tracking</b>	Logistical	<b>Salvage Value</b>	\$ 0.00
<b>Method</b>	Adjusted		

<b>Code</b>	<b>Service Date</b>	<b>Replace Date</b>	<b>Rem Life</b>	<b>Adj Life</b>	<b>Quantity</b>	<b>Replacement Cost</b>	
						<b>Current</b>	<b>Future</b>
910-000-0025	06/01/2002	06/01/2026	16:05	24:00	1.00	\$ 21,793.00	\$ 21,793.00
						\$ 21,793.00	\$ 21,793.00

**Comments**

Pool Deck Pavers Repair/Replacement – This fund is designed to provide monies for major restoration and eventual replacement of the brick paver decking at the pool. This upgrade is typically included in reserve budgets on a 20-25 year life cycle; utilizing a 24 year life cycle indicates this expense in 2026. The current cost estimate includes removal and disposal of the existing pavers and installation with like quality, and is reflective of a unit cost of \$5.89/square foot and the total area of +/- 3,700 square feet.



# ABC Condominium

Analysis Date - January 1, 2010

## Item Parameters - Full Detail

**Pool Interior Resurfac & Tile**

<b>Item Number</b>	26	<b>Measurement Basis</b>	Total
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	12:00
<b>Category</b>	Pool	<b>Basis Cost</b>	21,000.00
<b>Tracking</b>	Logistical	<b>Salvage Value</b>	\$ 0.00
<b>Method</b>	Adjusted		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
910-000-0026	06/01/2002	06/01/2014	4:05	12:00	1.00	\$ 21,000.00	\$ 21,000.00
						\$ 21,000.00	\$ 21,000.00

**Comments**

Pool Interior Resurfacing & Tile – With proper installation, chemical balancing, and routine maintenance, interior resurfacing/restoration can be expected on a 10-15 year life cycle. Better quality properties like the subject tend towards the lower end of that range. For the purposes of this analysis, we forecast this expense in fiscal year 2014. The current cost, which includes typical minor structural repairs to the pool tank/structure, resurfacing with an aggregate material, and tile upgrades/replacements, is based on known costs for pool interior renovation on both a \$/square foot of surface area and lump sum basis. The association’s pool is free form, with an approximate surface area of 1,760 square feet.

**ABC Condominium**  
 Analysis Date - January 1, 2010

**Item Parameters - Full Detail**

**Restrooms Renovation**

<b>Item Number</b>	15	<b>Measurement Basis</b>	Total
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	24:00
<b>Category</b>	Clubhouse Interiors	<b>Basis Cost</b>	31,350.00
<b>Tracking</b>	Logistical	<b>Salvage Value</b>	\$ 0.00
<b>Method</b>	Adjusted		

<b>Code</b>	<b>Service Date</b>	<b>Replace Date</b>	<b>Rem Life</b>	<b>Adj Life</b>	<b>Quantity</b>	<b>Replacement Cost</b>	
						<b>Current</b>	<b>Future</b>
910-000-0015	06/01/2002	06/01/2026	16:05	24:00	1.00	\$ 31,350.00	\$ 31,350.00
						\$ 31,350.00	\$ 31,350.00

**Comments**

Restrooms Renovation, Clubhouse – Major interior renovation of the clubhouse interior and pool restrooms, including tile flooring and wall finishes, dividers, vanities / countertops, mirrors, lighting and plumbing fixtures, etc., should be expected on a similar life cycle as kitchen renovation. This expense has been forecast in 2026, at a cost representative of the size of the clubhouse restrooms. This cost also includes the tile flooring in the small hallway area adjacent to the restrooms.

# ABC Condominium

Analysis Date - January 1, 2010

## Item Parameters - Full Detail

### Roof Replacement, Clubhouse

<b>Item Number</b>	27	<b>Measurement Basis</b>	Total
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	30:00
<b>Category</b>	Roof Replacement	<b>Basis Cost</b>	71,801.00
<b>Tracking</b>	Logistical	<b>Salvage Value</b>	\$ 0.00
<b>Method</b>	Adjusted		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
910-000-0027	06/01/2002	06/01/2032	22:05	30:00	1.00	\$ 71,801.00	\$ 71,801.00
						\$ 71,801.00	\$ 71,801.00

### Comments

Roof Replacement, Clubhouse – The clubhouse features pitched tile roofing; this type of roofing should enjoy a useful life of up to 30 years under normal operating conditions. Since no professional roofing studies were provided that would indicate physical conditions exist that would limit the useful life of this roofing, this expense has been forecast in 2032, The current cost, which includes expenses associated with tear off and disposal of the existing roofing, typical incidental repairs to the underlying roof structures, flashing, fascia, soffits, etc., is based on market standards that suggest a unit cost in the low to high \$700 per square from range (one square = 100 square feet). The roof has a total area of +/- 95.1 squares. For the purposes of this analysis, a current cost estimate of \$71,800 has been utilized.



# ABC Condominium

Analysis Date - January 1, 2010

## Item Parameters - Full Detail

**Signage, Entry Marquee**

<b>Item Number</b>	28	<b>Measurement Basis</b>	Total
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	14:00
<b>Category</b>	Signage	<b>Basis Cost</b>	3,400.00
<b>Tracking</b>	Logistical	<b>Salvage Value</b>	\$ 0.00
<b>Method</b>	Adjusted		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
910-000-0028	06/01/2002	06/01/2016	6:05	14:00	1.00	\$ 3,400.00	\$ 3,400.00
						\$ 3,400.00	\$ 3,400.00

**Comments**

Signage Allowances– We have also included reserves for major restoration of the main entry signage (lettering/finishes, trim, lighting, etc.), as well as replacement of the inventory of street and direction signs. The costs for each are based on known costs for signage upgrades in better quality properties like the subject. While a main entry sign expense can be expected on a 12-15 year life cycle, the street/direction signs may last 25-30 years under normal operating conditions.

**ABC Condominium**  
 Analysis Date - January 1, 2010

**Item Parameters - Full Detail**

**Signage, Street/Directional**

<b>Item Number</b>	29	<b>Measurement Basis</b>	Each
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	25:00
<b>Category</b>	Signage	<b>Basis Cost</b>	340.00
<b>Tracking</b>	Logistical	<b>Salvage Value</b>	\$ 0.00
<b>Method</b>	Adjusted		

<b>Code</b>	<b>Service Date</b>	<b>Replace Date</b>	<b>Rem Life</b>	<b>Adj Life</b>	<b>Quantity</b>	<b>Replacement Cost</b>	
						<b>Current</b>	<b>Future</b>
910-000-0029	06/01/2002	06/01/2027	17:05	25:00	66.00	\$ 22,440.00	\$ 22,440.00
						\$ 22,440.00	\$ 22,440.00

**Comments**

# ABC Condominium

Analysis Date - January 1, 2010

## Item Parameters - Full Detail

### Tennis Court Fence & Gates

<b>Item Number</b>	31	<b>Measurement Basis</b>	Total
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	25:00
<b>Category</b>	Tennis Courts	<b>Basis Cost</b>	17,180.00
<b>Tracking</b>	Logistical	<b>Salvage Value</b>	\$ 0.00
<b>Method</b>	Adjusted		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
910-000-0031	06/01/2002	06/01/2027	17:05	25:00	1.00	\$ 17,180.00	\$ 17,180.00
						\$ 17,180.00	\$ 17,180.00

### Comments

Tennis Court Fencing & Gates Replacement – Barring any unforeseen storm damage, the 10’ coated chain link fencing at the tennis courts can expect a life cycle in the 25 year range. This expense has been scheduled in 2027 accordingly. The current cost, which includes removal and disposal of the existing fencing and gates and replacement with like quality, is based on known costs for tennis court fencing on an average \$/linear foot and \$/court basis.

**ABC Condominium**  
 Analysis Date - January 1, 2010

**Item Parameters - Full Detail**

**Tennis Court Lighting Replace**

<b>Item Number</b>	32	<b>Measurement Basis</b>	Each
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	25:00
<b>Category</b>	Tennis Courts	<b>Basis Cost</b>	20,400.00
<b>Tracking</b>	Logistical	<b>Salvage Value</b>	\$ 0.00
<b>Method</b>	Adjusted		

<b>Code</b>	<b>Service Date</b>	<b>Replace Date</b>	<b>Rem Life</b>	<b>Adj Life</b>	<b>Quantity</b>	<b>Replacement Cost</b>	
						<b>Current</b>	<b>Future</b>
910-000-0032	06/01/2002	06/01/2027	17:05	25:00	1.00	\$ 20,400.00	\$ 20,400.00
						\$ 20,400.00	\$ 20,400.00

**Comments**

Tennis Court Lighting Replacement – Replacement of the 12 light poles and 16 shoebox light fixtures at the tennis courts should be necessary on a life cycle similar to the fencing and gates. At an estimated \$1,700 per pole, the current cost equates to \$20,400.

**ABC Condominium**  
 Analysis Date - January 1, 2010

**Item Parameters - Full Detail**

**Tennis Court Resurface**

<b>Item Number</b>	33	<b>Measurement Basis</b>	Total
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	8:00
<b>Category</b>	Tennis Courts	<b>Basis Cost</b>	12,200.00
<b>Tracking</b>	Logistical	<b>Salvage Value</b>	\$ 0.00
<b>Method</b>	Adjusted		

<b>Code</b>	<b>Service Date</b>	<b>Replace Date</b>	<b>Rem Life</b>	<b>Adj Life</b>	<b>Quantity</b>	<b>Replacement Cost</b>	
						<b>Current</b>	<b>Future</b>
910-000-0033	06/01/2002	06/01/2010	0:05	8:00	1.00	\$ 12,200.00	\$ 12,200.00
						\$ 12,200.00	\$ 12,200.00

**Comments**

Tennis Court Resurfacing – Tennis court resurfacing in better quality properties like the subject can be expected on a 6-8 year life cycle, to insure proper protection of the underlying court structures and a high cosmetic appeal. Therefore, the association should expect to incur costs associated with this upgrade no later than 2010. The market indicates a per court cost in the mid \$2,000 to low \$3,000 range, often depending on the scope of repairs necessary to the underlying court structures.



## ABC Condominium

Analysis Date - January 1, 2010

### Item Parameters - Full Detail

**Tennis Courts Canopies & Furn**

<b>Item Number</b>	30	<b>Measurement Basis</b>	Total
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	8:00
<b>Category</b>	Tennis Courts	<b>Basis Cost</b>	3,630.00
<b>Tracking</b>	Logistical	<b>Salvage Value</b>	\$ 0.00
<b>Method</b>	Adjusted		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
910-000-0030	06/01/2002	06/01/2010	0:05	8:00	1.00	\$ 3,630.00	\$ 3,630.00
						\$ 3,630.00	\$ 3,630.00

**Comments**

Tennis Court Canopies/Furnishings – On an approximate 7-8 year life cycle, the association should expect to incur costs associated with replacement of the two shade canopy awnings. This expense has been forecast in 2010, to be completed in conjunction with resurfacing of the tennis courts. The current cost is based on the size of these canopies, and includes an allowance for replacement of the inventory of exterior tables and chairs supporting the tennis courts.

# ABC Condominium

Analysis Date - January 1, 2010

## Item Parameters - Full Detail

### Wall Finishes, Clubhouse

<b>Item Number</b>	34	<b>Measurement Basis</b>	Total
<b>Type</b>	Common Area	<b>Estimated Useful Life</b>	14:00
<b>Category</b>	Clubhouse Interiors	<b>Basis Cost</b>	6,830.00
<b>Tracking</b>	Logistical	<b>Salvage Value</b>	\$ 0.00
<b>Method</b>	Adjusted		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost	
						Current	Future
910-000-0034	06/01/2002	06/01/2016	6:05	14:00	1.00	\$ 6,830.00	\$ 6,830.00
						\$ 6,830.00	\$ 6,830.00

### Comments

Wall Finishes, Clubhouse – Like furniture/furnishings replacement, interior painting and wall/door finish upgrade can be expected on a 12-15 year life cycle. This life cycle assumes routine in house repairs and touch ups over the life of the paint/wall finishes. Since it is likely that this upgrade will be completed in full for all of the clubhouse interiors, we have included a single line item. This expense has been forecast in 2016. The current cost is based on an approximate wall area of 5,640 square feet and a unit cost of \$0.98/sq.ft., a total of 9 interior doors/frames at a per door/frame cost of \$45.60, and a 15% contingency for painting/refinishing of the trim. This calculates to a total cost of \$6,828, which we have rounded to \$6,830

**ABC Condominium**  
 Analysis Date - January 1, 2010

**Supplementary Information  
 on Future Major Repairs and Replacements**

<b>Components</b>	<b>Estimated Remaining Useful Lives Life YY:MM</b>	<b>Estimated Future Replacement Cost</b>	<b>2010 Funding Requirement</b>	<b>Components of Fund Balance at 12/31/2009</b>
Asphalt Overlay	12:05	\$ 379,472.00	\$ 26,703.03	\$ 37,770.41
Asphalt Sealcoat, Clubhouse	1:05	2,986.00	1,050.64	506.24
Concrete Paving, SW Repair	12:05	66,600.00	4,686.58	6,628.97
Exercise Equip, Cardio	0:05	25,800.00	4,538.80	6,419.95
Exercise Equip, Strenght	2:05	24,640.00	3,467.73	4,905.04
Flooring, Carpet-Admin Of	2:05	616.00	86.64	122.63
Flooring, Carpet-Fitness Center	2:05	8,138.00	1,145.38	1,620.02
Flooring, Carpet-Multipurpose	2:05	12,463.00	1,754.05	2,480.99
Furnishings, Admin Office	12:05	3,900.00	274.44	388.18
Furnishings, Multipurpose	6:05	55,500.00	5,579.31	7,891.63
HVAC Air Handler, Fitness	14:05	4,848.00	310.07	438.67
HVAC Air Handler, MR 1	14:05	6,060.00	387.59	548.34
HVAC Air Handler, MR 2	14:05	4,848.00	310.07	438.67
HVAC Condenser, Fitness	7:05	5,464.00	512.74	725.14
HVAC Condenser, MR 1	7:05	6,830.00	640.75	906.42
HVAC Condenser, MR 2	7:05	5,464.00	512.74	725.14
Irrigation Pump/Equipment	4:05	48,720.00	5,713.91	8,082.17
Kitchen Renovation	16:05	18,900.00	1,108.40	1,567.66
Paint Exteriors, Clubhouse	0:05	10,140.00	1,783.94	2,523.19
Paint Exteriors, XXX Walls	0:05	21,578.00	3,796.04	5,369.37
Painter Exterior, Privacy Wall	0:05	40,560.00	7,135.42	10,092.76
Pool Deck Fence & Gates	16:05	10,613.00	622.34	880.30
Pool Deck Furniture	2:05	7,410.00	1,042.87	1,475.10
Pool Deck Pavers	16:05	21,793.00	1,277.96	1,807.62
Pool Interior Resurfac & Tile	4:05	21,000.00	2,462.86	3,483.69
Restrooms Renovation	16:05	31,350.00	1,838.32	2,600.33
Roof Replacement, Clubhouse	22:05	71,801.00	3,368.43	4,764.43
Signage, Entry Marquee	6:05	3,400.00	341.82	483.45
Signage, Street/Directional	17:05	22,440.00	1,263.27	1,786.84
Tennis Court Fence & Gates	17:05	17,180.00	967.21	1,368.00
Tennis Court Lighting Replace	17:05	20,400.00	1,148.42	1,624.40
Tennis Court Resurface	0:05	12,200.00	2,146.20	3,035.79
Tennis Courts Canopies & Furn	0:05	3,630.00	638.56	903.27
Wall Finishes, Clubhouse	6:05	6,830.00	686.52	971.17
		<u>\$ 1,003,574.00</u>	<u>\$ 89,303.05</u>	<u>\$ 125,336.00</u>

## **ADDENDUM**

## **Chapter 718 & 719 Florida Statutes**

### **The Condominium Act, 1995**

### **The Cooperative Act, 1997**

**CONDOMINIUMS 718.112 (2)(f) 2 & 3**

**COOPERATIVES 719.106 (1)(j) 2 & 3**

2. In addition to annual operating expenses, the budget shall include reserve accounts for capital expenditures and deferred maintenance. These accounts shall include, but are not limited to, roof replacement, building painting, and pavement resurfacing, regardless of the amount of deferred maintenance expense or replacement cost, and for any other item for which the deferred maintenance expense or replacement cost exceeds \$10,000. The amount to be reserved shall be computed by means of a formula which is based upon estimated remaining useful life and estimated replacement cost or deferred maintenance expense of each reserve item. The association may adjust replacement reserve assessments annually to take into account any changes in estimates or extension of the useful life of a reserve item caused by deferred maintenance. This subsection does not apply to budgets in which the members of an association have, by a majority vote at a duly called meeting of the association, determined for a fiscal year to provide no reserves or reserves less adequate than required by this subsection. However, prior to turnover of control of an association by a developer to unit owners other than a developer pursuant to s. 718.301, the developer may vote to waive the reserves or reduce the funding of reserves for the first 2 years of the operation of the association, after which time reserves may only be waived or reduced upon the vote of a majority of all nondeveloper voting interests voting in person or by limited proxy at a duly called meeting of the association. If a meeting of the unit owners has been called to determine to provide no reserves or reserves less adequate than required, and such result is not attained or a quorum is not attained, the reserves as included in the budget shall go into effect.

3. Reserve funds and any interest accruing thereon shall remain in the reserve account or accounts, and shall be used only for authorized reserve expenditures unless their use for other purposes is approved in advance by a vote of the majority of the voting interests, voting in person or by limited proxy at a duly called meeting of the association. Prior to turnover of control of an association by a developer to unit owners other than the developer pursuant to s 718.301, the developer-controlled association shall not vote to use reserves for purposes other than that for which they were intended without the approval of a majority of all nondeveloper voting interests, voting in person or by limited proxy at a duly called meeting of the association.

## Florida Administrative Code Reserve Requirements

**61B-22.001 Definitions.** For the purposes of this chapter, the following definitions shall apply:

(2) “Capital expenditure” means an expenditure of funds for the purchase of an asset whose life is greater than one year in length, or the replacement of an asset whose life is greater than one year in length, or the addition to an asset which extends the life of the previously existing asset for a period greater than one year.

(3) “Deferred maintenance” means any maintenance or repair that will be performed less frequently than yearly and will result in maintaining the life of an asset; and

(4) “Reserves” means any funds which are restricted for deferred maintenance and capital expenditures, including the items required by section 718.112(2)(f)2, Florida Statutes, and any other funds restricted as to use by the condominium documents or the condominium association. “Contingency reserves” which are not restricted as to use by the condominium documents or by the association shall not be considered reserves within the meaning of this rule.

**61B-22.003 Budgets.** Required elements for estimated operating budgets. The budget for each association shall:

(d) Include all estimated common expenses or expenditures of the association including the categories set forth in section 718.504(20)(c), Florida Statutes. Reserves for capital expenditures and deferred maintenance required by section 718.112(2)(f), Florida Statutes, must be included in the proposed annual budget and shall not be waived or reduced prior to the mailing to unit owners of a proposed annual budget. If the estimated common expense for any category set forth in the statute is not applicable, the category shall be listed followed by an indication that the expense is not applicable;

(e) Include a schedule stating each reserve account for capital expenditures and deferred maintenance as a separate line item with the following minimum disclosures;

1. The total estimated useful life of the asset;
2. The estimated remaining useful life of the asset;
3. The estimated replacement cost or deferred maintenance expense of the asset;
4. The estimated fund balance as of the beginning of the period for which the budget will be in effect; and,
5. The developer’s total funding obligation, when all units are sold, for each converter reserve account established pursuant to section 718.618, Florida Statutes, if applicable.

(f) Include a separate schedule of any other reserve funds to be restricted by the association as a separate line item with the following minimum disclosures;

1. The intended use of the restricted funds; and
2. The estimated fund balance of the item as of the beginning of the period for which the budget will be in effect.

(g) “Contingency reserves” and any other categories of expense which are not restricted as to use shall be stated in the operating portion of the budget rather than the reserve portion of the budget.

**61B-22.005 Reserves.** Reserves required by statute. Reserves required by section 718.112(2)(f), Florida Statutes, for capital expenditures and deferred maintenance including roofing, painting, paving, and any other item for which the deferred maintenance expense or replacement cost of an item exceeds \$10,000 shall be included in the budget. For the purpose of determining whether the deferred maintenance expense or replacement cost of an item exceeds \$10,000, the association may consider each asset of the association separately. Alternatively, the replacement cost of an item exceeds \$10,000, the association may group similar or related assets together. For example, an association responsible for the maintenance of two swimming pools, each of which will separately require \$6,000 of total deferred maintenance, may establish a pool reserve, but is not required to do so.

**61B-22.0051 Estimating Reserve Requirements.**

- (1) Formula for calculation of reserves required by statute. Reserves for deferred maintenance and capital expenditures required by section 718.112(2)(f), Florida Statutes, shall be calculated using a formula which will provide funds equal to the total estimated deferred maintenance expense or total estimated replacement cost for an asset over the remaining useful life of the asset. The formula shall provide funds in annual increments and may be adjusted each year for changes in estimates. The formula may consider such factors as inflation and interest or other earnings rates, but must include the following:
  - (a) The estimated remaining useful life of the asset;
  - (b) The estimated deferred maintenance expense or estimated replacement cost of the asset; and,
  - (c) The estimated fund balance of the reserve account as of the beginning of the period for which the budget will be in effect.
- (2) Estimating reserves which are not required by statute. Reserves which are not required by section 718.112(2)(f), Florida Statutes, are not required to be based on any specific formula.
- (3) Estimating reserves when the developer is funding converted reserves. For the purpose of estimating non-converter reserves the estimated fund balance of the non-converter reserve account related to any asset for which the developer has established converter reserves pursuant to section 718.618, Florida Statutes, shall be the sum of:
  - (a) The developer's total funding obligation, when all units are sold, for the converter reserve account pursuant to section 718.618, Florida Statutes,; and,
  - (b) The estimated fund balance of the non-converter reserve account, excluding the developer's converter obligation, as of the beginning of the period for which the budget will be in effect.

**61B-22.0052 Funding Requirements and Restrictions on Use.**

- (1) Timely funding. Reserves included in the adopted budget are common expenses and must be fully funded unless properly waived or reduced. Reserves shall be funded in at least the same frequency that assessments are due from the unit owners (e.g., monthly or quarterly).
- (2) Restrictions on use. Reserves required by section 718.112(2)(f), Florida Statutes, and other reserves included on the adopted budget, shall only be used for the purposes for

which they were intended unless their use for other purposes is approved in advance by the unit owners according to section 718.112(2)(f)3, Florida Statutes. In a multi-condominium association, the same procedures which are specified for the waiving or reduction of reserves shall apply where an association seeks to use reserve funds for purposes other than which the funds were originally reserved. Expenditure of unallocated interest income earned on reserve funds is restricted to any of the capital expenditures, deferred maintenance or other items for which reserve accounts have been established.

#### **61B-22.0053 Waiver of Reserves.**

- (1) Annual vote required to waive reserves. Any vote to waive or reduce reserves for capital expenditures and deferred maintenance required by section 718.112(2)(f)2, Florida Statutes, shall be effective for only one annual budget, and the vote must be taken annually. Additionally, in a multi-condominium association, no waiver or reduction is effective as to a particular condominium unless conducted at a meeting at which a majority of the voting interests in that condominium are present, in person or by proxy, and a majority of those present in person or by limited proxy vote to waive or reduce reserves.
- (2) Developer voting restrictions. Prior to turnover, the developer may cast votes to waive or reduce reserves during the first two fiscal years only, beginning with the date of the recording of the declaration. In the case of a multi-condominium association, this restriction applies to the association's first two fiscal years beginning with the recording of the initial declaration.

#### **61B-22.006 Financial Reporting Requirements.**

- (3) Disclosure requirements. The financial statements required by sections 718.111(14) and 718.301(4), Florida Statutes, shall contain the following disclosures within the financial statements, notes, or supplementary information:
  - (a) The following reserve disclosures shall be made regardless of whether reserves have been waived for the fiscal period covered by the financial statements:
    1. The beginning balance in each reserve account as of the beginning of the fiscal period covered by the financial statements;
    2. The amount of assessments and other additions to each reserve account, including authorized transfers from other reserve accounts;
    3. The amount expended or removed from each reserve account, including authorized transfers to other reserve accounts;
    4. The ending balance in each reserve account as of the end of the fiscal period covered by the financial statements;
    5. The manner by which reserve items were estimated, the date the estimates were last made, the association's policies for allocating reserve fund interest, and whether reserves have been waived during the period covered by the financial statements; and,
    6. If the developer has established converter reserves pursuant to section 718.618(1), Florida Statutes, each converter reserve account shall be identified and include the disclosures required by this rule.

## Chapter 61B – 22, Florida Administrative Code Summary of Rule Amendments

### **61B-22.003 Budgets**

- Recognizes the use of a pooled account for reserves and provides that a schedule showing each reserve account is not necessary if a pooled account for reserves is used.
- Provides an alternate disclosure method for the use of a pooled account for reserves.

### **61B-22.005 Reserves**

- Recognizes the concept of funding a group of assets using a pooled analysis of two or more required assets and provides requirements and direction related to the pooled account method.
- Clarifies that the chosen reserve funding formula shall not include any type of balloon payment.

### Amended Rule Text

#### **61B – 22.003 Budgets**

(e) Unless the association maintains a pooled account for reserves required by Section 718.112(2)(f)2., Florida Statutes, the association shall include a schedule stating each reserve account for capital expenditures and deferred maintenance as a separate line item with the following minimum disclosures:

(f) If the association maintains a pooled account for reserves required by Section 718.112(2)(f)2., Florida Statutes, the association shall include a separate schedule of any pooled reserves with the following minimum disclosures:

1. The total estimated useful life of each asset within the pooled analysis;
2. The estimated remaining useful life of each asset within the pooled analysis;
3. The estimated replacement cost or deferred maintenance expense of each asset within the pooled analysis; and
4. The estimated fund balance of the pooled reserve account as of the beginning of the period for which the budget will be in effect.

(g) Include a separate schedule of any other reserve funds to be restricted by the association as a separate line item with the following minimum disclosures:

1. The intended use of the restricted funds; and
2. The estimated fund balance of the item as of the beginning of the period for which the budget will be in effect.

#### **61B – 22.005 Reserves**

- 1) Reserves required by statute. Reserves required by Section 718.112(2)(f), Florida Statutes, for capital expenditures and deferred maintenance including roofing, painting, paving, and any other item for which the deferred maintenance expense or replacement cost exceeds \$10,000 shall be included in the budget. For the purpose of determining whether the deferred maintenance expense or replacement cost of an item exceeds \$10,000, the association may consider each asset of the association separately. Alternatively, the association may group similar or related assets together. For example, an association responsible for the maintenance of two swimming pools, each of which will separately require \$6,000 of total deferred maintenance, may establish a pool reserve, but it is not required to do so.

- 2) Commingling operating and reserve funds. Associations that collect operating and reserve assessments as a single payment shall not be considered to have commingled the funds provided the reserve portion of the payment is transferred to a separate reserve account, or accounts, within 30 calendar days from the date such funds were deposited.
- 3) Calculating reserves required by statute. Reserves for deferred maintenance and capital expenditures required by Section 718.112(2)(f), Florida Statutes, shall be calculated using a formula that will provide funds equal to the total estimated deferred maintenance expense or total estimated replacement cost of an asset or group of assets over the remaining useful life of the asset or group of assets. Funding formulas for reserves required by Section 718.112(2)(f), Florida Statutes, shall be based on either a separate analysis of each of the required assets or a pooled analysis of two or more of the required assets.
  - (a) If the association maintains separate reserve accounts for each of the required assets, the amount of the current year contribution to each reserve account shall be the sum of the following two calculations:
    1. The total amount necessary, if any, to bring a negative account balance to \$0; and
    2. The total estimated deferred maintenance expense or estimated replacement cost of the reserve asset less the estimated balance of the reserve account as of the beginning of the period for which the budget will be in effect. The remainder, if greater than zero, shall be divided by the estimated remaining useful life of the asset. The formula may be adjusted each year for changes in estimates and deferred maintenance performed during the year and may consider factors such as inflation and earnings on invested funds.
  - (b) If the association maintains a pooled account of two or more of the required reserve assets, the amount of contribution to the pooled reserve account as disclosed on the proposed budget shall be not less than that required to ensure that the balance on hand at the beginning of the period for which the budget will go into effect plus the projected annual cash inflows over the remaining estimated useful lives of all of the assets that make up the reserve pool are equal to or greater than the projected annual cash outflows over the remaining estimated useful lives of all of the assets that make up the reserve pool, based on the current reserve analysis. The projected annual cash inflows may include estimated earnings from investment of principal. The reserve funding formula shall not include any type of balloon payment.

## TERMS AND DEFINITIONS

**ACCRUED FUND BALANCE (AFB):** Total Accrued Depreciation. An indicator against which Actual (or projected) Reserve balance can be compared. The Reserve balance that is in direct proportion to the fraction of life “used up” of the current Repair or Replacement cost. This number is calculated for each component, then summed together for an association tool. 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.

$$\text{AFB} = \text{Current Cost} \times \text{Effective Age/Useful Life}$$

**or**

$$\text{AFB} = (\text{Current Cost} \times \text{Effective Age/Useful Life}) + [(\text{Current Cost} \times \text{Effective Age/Useful Life}) / (1 + \text{Interest Rate})^{\text{Remaining Life}}] - [(\text{Current Cost} \times \text{Effective Age/Useful Life}) / (1 + \text{Inflation Rate})^{\text{Remaining Life}}]$$

**CASH FLOW METHOD:** A method of calculating Reserve Funding Plan 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. “Because we use the cash flow method, we compute individual line item contributions after the total contribution rate has been established.” See “Component Method”.

**CAPITAL EXPENDITURES:** A capital expenditure means any expenditure of funds for: (1) the purchase or replacement of an asset whose useful life is greater than one year, or (2) the addition to an asset that extends the useful life of the previously existing asset for a period greater than one year.

**COMPONENT:** The individual line items in the Reserve Study, developed or updated in the Physical Analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association responsibility, 2) with limited Useful Life expectancies, 3) predictable Remaining Useful Life expectancies, and 4) above a minimum threshold cost, and 5) as required by local codes. “We have 17 components in our reserve Study.”

**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 an on-site inspection, based on Level or Service selected by the client.

**COMPONENT FULL FUNDING:** When the actual (or projected) cumulative Reserve balance for all components is equal to the Fully Funded Balance.

**COMPONENT INVENTORY:** The task of selecting and quantifying Reserve Components. This task is accomplished through an on-site inspection, review of association design and organizational documents, and a review of established association precedents, and discussion with appropriate association representative(s).

**COMPONENT METHOD:** A method of developing a Reserve Funding Plan where the total contribution is based on the sum of contributions for individual components. “Since we calculate a Reserve contribution rate for each component and then sum them all together, we are using the component method to calculate our Reserve contributions.” See “Cash Flow Method”.

**CONDITION ASSESSMENT:** The task of evaluating the current condition of the component based on observed and reported characteristics.

**CURRENT REPLACEMENT COST:** See “Replacement Cost”.

**DEFERRED MAINTENANCE:** Deferred maintenance means any maintenance or repair that: (1) will be performed less frequently than yearly, and (2) will result in maintaining the useful life of an asset.

**DEFICIT:** An actual (or projected) Reserve Balance less than the Fully Funded Balance. The opposite would be a Surplus.

**EFFECTIVE AGE:** The difference between Useful Life and Remaining Useful Life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computations.

**FINANCIAL ANALYSIS:** The portion of a Reserve Study where current status of the Reserves (measured as cash or Percent Funded) and a recommended Reserve contribution rate (Reserve Funding Plan) are derived, and the projected Reserve income and expense over time is presented. The Financial Analysis is one of the two parts of a Reserve Study.

**FULLY FUNDED:** When the budget is provided to the owners, it will show the amount of money that must be deposited that year for each reserve item to ensure that, when the time comes, sufficient funds will be available for deferred maintenance or a capital expenditure. (Definition published in “Budgets & Reserve Schedules Made Easy” training manual by the State of Florida Department of Business and Professional Regulations in January 1997).

**FUND STATUS:** The status of the reserve fund as compared to an established benchmark such as percent funding.

**FUNDING PLAN:** An association’s plan to provide income to a Reserve fund to offset anticipated expenditures from that fund.

**FUNDING PRINCIPLES:**

- Sufficient Funds When Required
- Stable Contribution Rate over the Years
- Evenly Distributed Contributions over the Years
- Fiscally Responsible

**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.
- **Component Full Funding** – Setting a Reserve funding goal of attaining and maintaining cumulative Reserves at or near 100%.
- **Statutory Funding** – Establishing a Reserve funding goal of setting aside the specific minimum amount of Reserves of component 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 “Component Full Funding.”

**LIFE AND VALUATION ESTIMATES:** The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve Components.

**PERCENT FUNDED:** The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the *actual* (or *projected*) Reserve Balance to the accrued *Fund Balance*, expressed as a percentage. “With \$76,000 in Reserves, and since our 100% Funded Balance is \$100,000, our association is 76% Funded”.

Editor’s Note: since funds can typically be allocated from one component to another with ease, this parameter has no real meaning on an individual Component basis. The purpose of this parameter is to identify the relative strength or weakness of the entire Reserve fund as of a particular point in time. The value of this parameter is in providing a more stable measure of Reserve Fund strength, since cash in Reserves may mean very different things to different associations.

**PHYSICAL ANALYSIS:** The portion of the Reserve Study where the Component Inventory, Condition Assessment, and Life and Valuation Estimate tasks are performed. This represents one of the two parts of the Reserve Study.

**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. Projects anticipated to occur in the initial year have “zero” Remaining Useful Life.

**REPLACEMENT COST:** The cost of replacing, repairing, or restoring a Reserve Component to its original functional condition. The Current Replacement Cost would be the cost to replace, repair, or restore the component during that particular year.

**RESERVE BALANCE:** Actual or projected funds as of a particular point in time that the association has identified for use to defray to the future repair or replacement of those major components which the association is obligated to maintain. Also known as Reserves, Reserve Accounts, Cash Reserves. Based on information provided and not audited

**RESERVE PROVIDER:** An individual that prepares Reserve Studies.

**RESERVE STUDY:** A budget planning tool which identifies the current status of the Reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures.” The Reserve Study consists of two parts: the Physical Analysis and the Financial Analysis. “Our budget and finance committee is soliciting proposals to update our Reserve Study for the next year’s budget.”

**RESPONSIBLE CHARGE:** A reserve specialist in responsible charge of a reserve study shall render regular and effective supervision to those individuals performing services which directly and materially affect the quality and competence rendered by the reserve specialist. A reserve specialist shall maintain such records as are reasonably necessary to establish that the reserve specialist exercised regular and effective supervision of a reserve duty of which he was in responsible charge. A reserve specialist engaged in any of the following acts or practices shall be deemed not to have rendered the regular and effective supervision required herein:

1. The regular and continuous absence from principal office premises from which professional services are rendered; except for performance of field work or presence in a field office maintained exclusively for a specific project;
2. The failure to personally inspect or review the work of subordinates where necessary and appropriate;
3. The rendering of a limited, cursory or perfunctory review of plans or projects in lieu of an appropriate detailed review;
4. The failure to personally be available on a reasonable basis or with adequate advanced notice for consultation and inspection where circumstances require personal availability.

**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. “Since we need a new roof and there wasn’t enough money in the Reserve fund, we had to pass a special assessment.”

**SURPLUS:** An actual (or projected) Reserve Balance greater than the Fully Funded Balances. See Deficit”.

**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 if properly constructed in its present application or installation.

## **ANNUAL UPDATE PROGRAM**

GAB Robins is pleased to offer our clients a program to provide annual updates on their Reserve Studies for the next three years for a guaranteed fee.

The Update Program is valid only if there are no changes to the property, i.e. new construction, major upgrades, etc. Changes to the property within the three-year update program period would require a re-inspection of the property at a higher fee.

### **Benefits:**

- Annual Reserve Study updates on the property provide a written validation of reserve study needs.
- Demonstrates due diligence and impartiality on the part of the property manager and board members by the involvement of a third party professional.
- The cost of your update reserve study is lower if enrolled in the update program.
- Provides peace of mind to clients knowing that their property is adequately funded year after year.

**If you have not already chosen to accept the three-year annual update program, and would like to do so at this time, please contact our bid proposal specialist at (407) 805-0086 x 257, or (800) 248-3379 x 257 (FL only) or fax your request to (407) 805-9921. We will be pleased to provide you with a bid for the three year annual program.**