

LIFE SPAN

	ORIGINAL LIFE	CHRONOLOGICAL AGE	EFFECTIVE AGE	USE LIFE YEARS
GROUNDS RETAINAGE SITE DRAINAGE	100+	7	7	20+
	50	7	10+	1-20+

SUMMARY

DEFERRED MAINTENANCE:
OBSOLESCENCE:
LIFE EXTENSION:
ALTERNATIVES:

None; services are performed as needed.
Functional obsolescence is found in effective drainage.
Adjustments are required to decrease standing water and areas with poor pitch.
Drainage systems will require additions of swales, culverts, and a perimeter wall for the retention pond.

COMMENTS
OBSERVATIONS
PREVENTATIVE
MAINTENANCE
&
SUGGESTIONS:

Grounds are substantial with an inventory value in excess of \$250,000. Expenses for replacements and enhancements should be addressed as a capital expense to increase the basis value of the association and to demonstrate reinvestment. Losses are sporadic and minimal at this time. Old growth timber is observed with standing dead and partially dead limbs. Operating maintenance should include aggressive trimming and pruning to prevent tree root disturbances. Deferred maintenance may eventually become a capital expense if allowed to become substantial. This category may become under funded from uninsured losses sustained in hurricanes. The annual reserve rate and expense should increase as the inventory ages. The initial rate is minimal at \$500 each year. Years 5, 10, & 15 are increased by \$500 each phase.

Site drainage is accomplished primarily by topography, while assisted with subsurface systems, catch basins, and concrete roadway swales. There are a multitude of issues regarding site drainage, with most related to original construction quality. Issues include improper finish pitch of grades, soil compaction for roads, and proper transitions from road surfaces to concrete swales. The retention pond is observed with bank soil erosion due to a lack of riprap walls or headwalls/bulkheads. Subsurface systems may be disconnected. Management should gradually phase corrections to prevent substantial losses that may eventually impact the residences. Surface water catch basins are observed with some degree of standing silt. Cleaning is required as an operating expense. Future adjustments will require additional swales to overcome trapped and poorly pitched areas, catch basin rebuilding, and possibly correcting and repositioning subsurface piping. Coordinate repairs and enhancements with asphalt adjustments. An annual reserve rate and expense of \$2,000 is included for all years, allowing for constant adjustment and enhancement. Management has an understanding that this scope of work is only a small fraction of the overall attrition and losses that exist.

PROPERTY PHOTOS



INVENTORY & COST ANALYSIS

	QUANTITY	UNIT	UNIT COST	TOTAL COST	USE LIFE	CONSTANT SEGREGATED FUNDING	ACTUAL CASH EXPENSE & YEAR
GROUNDS RETAINAGE SITE DRAINAGE	1	L/S	\$25,000	\$25,000	1-20+	\$500/1,000/1,500/2,000	\$500 yrs 1-5
	1	L/S	\$40,000	\$40,000	1-20+	\$2,000 per year	\$2,000 years 1-20

LIFE SPAN

	ORIGINAL LIFE	CHRONOLOGICAL AGE	EFFECTIVE AGE	USE LIFE YEARS
ASPHALT SURFACES	25	7	12+	<10
CONCRETE SURFACES	50	7	8	20+

SUMMARY

DEFERRED MAINTENANCE:
OBSOLESCENCE:
LIFE EXTENSION:
ALTERNATIVES:

Intentional deferment is not observed.
There is partial economic obsolescence within asphalt surfaces.
The asphalt inventory requires sectional patching and overlay surfaces to prevent substantial losses.
Concrete surfaces should receive periodic applications of concrete sealer/hardener as an operating expense.

COMMENTS
OBSERVATIONS
PREVENTATIVE
MAINTENANCE
&
SUGGESTIONS:

Asphalt surfaces are observed with defects and losses. Issues include poor initial construction quality due to inferior soil compaction, lacking proper termination at edges transitioning to grounds, seam failures, and settlement/movement in numerous areas. The current rate of attrition will present severe losses impacting the value of divided and undivided interests. Immediate expenses are required to prevent accelerated losses, patching open and failing seams, filling breaks and divots, and swaling asphalt to allow for drainage into gutters. These types of adjustments should be conducted as an operating expense. Overlay wearing courses are needed at the front entry area within the next year. Wear patterns are creating surface spalling and movement. Wear course enhancement should occur for all surfaces within the next 10 years. The function might be delayed if operating repairs are proficient.
The inventory includes 52,800 square feet of surface area improved at \$1.75 per square foot. Total overlay costs are estimated at \$92,400 reserved over 10 years at \$9,240 each year. Expenses of \$30,800 are included below for years 8, 9, & 10. Management should consider accelerating the expenses to correct original conditions. The reserve rate reverts to typical use life of 25 years, at \$3,696 each year. As an oil-based product, expect inflation to have an impact on costs. Alternative functions are also available, including slurry mix coating, sealcoating, crack filling, and shimming. Not all functions qualify as an allowable reserve account expense.

Concrete surfaces vary in conditions from fair to good. Concrete surfaces include swaled roadway gutters, driveways, and walkways throughout the site and to each residence entry. Original installation quality was reasonable and typical of modern construction. Conditions include cracking related to settlement and climate, minor surface spalling, and minor movement. Operating maintenance requires improvements to address conditions, including crack filling with epoxy injection, minor patching, cleaning mold and mildew, and sealing with a concrete surface sealer/hardener. Replacement is unlikely if maintained properly; however, deferred maintenance may become a capital expense. The inventory is substantial with 38,352 square feet of surface area covering driveways, and 47,310 square feet of surface area covering gutters and walkways. An annual reserve rate of \$1,000 per year is included to address deferred maintenance of the future.

PROPERTY PHOTOS



INVENTORY & COST ANALYSIS

	QUANTITY	UNIT	UNIT COST	TOTAL COST	USE LIFE	CONSTANT SEGREGATED FUNDING	ACTUAL CASH EXPENSE & YEAR
ASPHALT SURFACES	52,800	SF	\$1.75	\$92,400	<10	\$9,240 years 1-10	\$30,800 years 8, 9, 10
CONCRETE SURFACES	1	L/S	\$20,000	\$20,000	20+	\$1,000 per year	\$0.00

LIFE SPAN

	ORIGINAL LIFE	CHRONOLOGICAL AGE	EFFECTIVE AGE	USE LIFE YEARS
SITE LIGHTING	50	7	7	20+
SITE FENCE	20-50+	4-7	4-7	16-20+

SUMMARY

DEFERRED MAINTENANCE:
OBSOLESCENCE:
LIFE EXTENSION:
ALTERNATIVES:

None; services are performed as needed.
None at this time; cyclic obsolescence should not be an issue.
provide quality film coat services to all surfaces as an operating or operating reserve expense.
None suggested; the components are modern and appropriate for the use.

COMMENTS
OBSERVATIONS
PREVENTATIVE
MAINTENANCE
&
SUGGESTIONS:

Site lighting includes an inventory of 21 fiberglass posts and lanterns with high pressure sodium fixtures. Long term use is possible with regular service as an operating expense. Include inspection and surface sealing foundations, assuring open drain holes within the fixture head during lamp changes. The inventory value is \$35,175 reserved over 40 years at \$879 each year. Capital expenses are not included.

The fence inventory includes original and recent improvements with vinyl covered chain link, decorative security gates, decorative metal fence at the entry and pool area, and wood lattice screen. Inventory value is estimated at \$36 per linear foot, at approximately \$40,536 reserved over an average of 30 years of use. The annual reserve rate is \$1,351 per year for all years. Metal surfaces will eventually require film coat protection, as will recent wood products. See page 9 for a discussion regarding film coat costs. The current inventory should be capable of achieving an additional 20 years or more of service with reasonable maintenance. No capital costs are included at this time.

PROPERTY PHOTOS



INVENTORY & COST ANALYSIS

	QUANTITY	UNIT	UNIT COST	TOTAL COST	USE LIFE	CONSTANT SEGREGATED FUNDING	ACTUAL CASH EXPENSE & YEAR
SITE LIGHTING	1	L/S	\$17,580	\$17,580	20+	\$879 per year	\$0.00
SITE FENCE	1	L/S	\$27,020	\$27,020	20	\$1,351 per year	\$0.00

LIFE SPAN

	ORIGINAL LIFE	CHRONOLOGICAL AGE	EFFECTIVE AGE	USE LIFE YEARS
SITE MISC.	50	7	8	20+

SUMMARY

DEFERRED MAINTENANCE:
OBSOLESCENCE:
LIFE EXTENSION:
ALTERNATIVES:

None; services have been provided as needed.
None at this time; cyclic obsolescence exists with film coat products.
Continue regular inspections and services.
The current components are modern and reasonable for the use intended.

COMMENTS
OBSERVATIONS
PREVENTATIVE
MAINTENANCE
&
SUGGESTIONS:

The site is improved with a CMU wall finished with a stucco and film coat surface. The wall is attractive and in good condition. There are sporadic locations of weather and water penetration with indications of strikes from grounds equipment. Conditions are minor, with long term use of 30 or more years very likely. The structural wall receives a token level funding rate of \$100 to recognize the inventory. Adjustments may be required to the funding level in the future should operating maintenance be insufficient.

The site is improved with an inventory of decorative theme identification signs and instruction/direction signs within the development. The inventory value is less than \$10,000 leaving costs to the operating accounts. Management is aware of the importance of curb appeal related to attractive signs.

A discussion regarding film coat or painting is required to address the varied needs of the association. Management has a history of recognizing and utilizing an operating reserve account as a tool to fund cyclic film coat costs. IRS policies disallow painting as a recognized reserve account expense; however, the State of Florida rulings require film coat expenses to be recognized as deferred maintenance. Film coat costs include refreshing and protecting the perimeter walls, fence, equipment cover, community building, and items of detail. Costs should not include items of divided interests.

PROPERTY PHOTOS



INVENTORY & COST ANALYSIS

	QUANTITY	UNIT	UNIT COST	TOTAL COST	USE LIFE	CONSTANT SEGREGATED FUNDING	ACTUAL CASH EXPENSE & YEAR
SITE MISC.	1	L/S	\$2,000	\$2,000	20+	\$100 per year	\$0.00

LIFE SPAN

COMMUNITY BUILDING
SWIMMING POOL

ORIGINAL LIFE	CHRONOLOGICAL AGE	EFFECTIVE AGE	USE LIFE YEARS
5/10/20+	1-7	1-7	0-20+
10/25	7	7	3-18

SUMMARY

DEFERRED MAINTENANCE:
OBSOLESCENCE:
LIFE EXTENSION:
ALTERNATIVES:

Intentional deferment is not observed.
Functional obsolescence exists in the finish and betterments of the community building.
Continue services with professional vendors.
Increase the capabilities of the community building and furnishings to provide a central meeting place for residents.

COMMENTS
OBSERVATIONS
PREVENTATIVE
MAINTENANCE
&
SUGGESTIONS:

The community building includes a single level 1,165 square foot footprint finished with restrooms for the swimming pool, an attractive utility kitchen, and an open function area with finished flooring. The association has provided an attractive facility with minimal costs. Future plans include additional furnishings and finishes. A chart of components and anticipated expenses follows:

COMPONENT	FUNCTION	COSTS	FUNCTION YEAR	RESERVE RATE
Roofing	Replace architectural shingle	\$9,746	Year 18	\$390
Envelope	Cyclic awning, window & doors	\$1,200	Year 7	\$610
Finishes	Interior decor costs every 5 yrs	\$1,500	Years 2, 7, 12, 17	\$300
Systems	A/C, kitchen, lavs, lighting	\$1,500	Years 2, 7, 12, 17	\$300
Furnishings	Pool & Interior furnishings	\$1,500	Years 2, 7, 12, 17	\$300
Security	Motion detect, possible cameras	\$500	Years 2, 7, 12, 17	\$100
Total		\$15,946		\$2,000

The swimming pool includes two forms of reserve to address short and long term items. Pumping, filtering, and water treatment are relatively short use life items requiring cyclic expenses. Years 3, 10, & 17 include an expense of \$2,500 for replacement components. The reserve rate is \$357 per year for all years. Actual timing of expenses will likely vary with failure and replacement being crisis driven. The structural pool is refinished over the long term of 20-25 years, requiring an expense of at least \$25,000. The annual reserve rate is \$1,000 per year for all years. The total reserve rate for the category is \$1,357 per year.

PROPERTY PHOTOS



INVENTORY & COST ANALYSIS

COMMUNITY BUILDING
SWIMMING POOL

QUANTITY	UNIT	UNIT COST	TOTAL COST	USE LIFE	CONSTANT SEGREGATED FUNDING	ACTUAL CASH EXPENSE & YEAR
1	L/S	\$40,000	\$40,000	1-20+	\$2,000 per year	See the schedule
1	L/S	\$27,140	\$27,140	3+	\$1,357 per year	\$2,500 yrs 3, 10, 17

LIFE SPAN

ROOFING	ORIGINAL LIFE	CHRONOLOGICAL AGE	EFFECTIVE AGE	USE LIFE YEARS
	20	7	5	15+
BUILDING MISC.	40	7	7	20+

SUMMARY

DEFERRED MAINTENANCE:
OBSOLESCENCE:
LIFE EXTENSION:
ALTERNATIVES:

None; services have been proficient.
Association documents do not address lines of ownership and delineation, and should be considered functionally obsolete.
Consider an annual service plan with a qualified roofing contractor after the manufacturer's warranty expires.
Alter the association documents clearly describing lines of ownership.

COMMENTS
OBSERVATIONS
PREVENTATIVE
MAINTENANCE
&
SUGGESTIONS:

For the purposes of this plan, the roofing inventory is being treated with two methods, including the expenses and reserve rate in the cash flow charts beginning on page 14; and excluding the roof costs in an additional set of cash flow charts located in the Appendix section of the report.

The roofing inventory is the most substantial component and expense observed at the site. The inventory includes an architectural shingle of at least 345 lbs./sq. with an original use life of 20-25 years. While the manufacturer may state an expected use life of 25 years, 20 years should be average and most likely to be achieved. The average residential unit is improved with 1,900 square feet of product including pitch and waste. Total inventory is estimated at 193,800 square feet of surface area improved at \$6.50 per square foot. Total value is \$1,259,700 requiring an annual reserve rate of \$62,985 based on an average of 20 years use life. Original construction was phased over a three year term during years 2000-2002. Accordingly, roof replacement is shown during three phases in years 18, 19, & 20 at \$419,900 each phase.

Critical analysis considers conditions to be generally excellent. Observations include sporadic fastener failures, indicated by the "fish-mouth" appearance and some movement around skylights. Granule surfaces are excellent and like new; valley weaves include several locations of movement. Product finishes may be "end-lot" being observed with differing patterns as seen in the photo below to the left. An EPDM membrane (Grace Ice & Water Shield) should have been installed in this type of application, especially at the ridge and valley locations.

The association's limited common area includes a party wall between units. A discussion of wood products is included on the next page. The party wall inventory is recognized with a token level reserve rate of \$100 each year. Management should adjust the reserve rate should problematic conditions arise. No capital expenses are included at this time.

PROPERTY PHOTOS



INVENTORY & COST ANALYSIS

ROOFING	QUANTITY	UNIT	UNIT COST	TOTAL COST	USE LIFE	CONSTANT SEGREGATED FUNDING	ACTUAL CASH EXPENSE & YEAR
	193,800	SF	\$6.50	\$1,259,700	18+	\$62,985 per year	\$419,900 yrs 18, 19, 20
BUILDING MISC.	1	L/S	\$2,000	\$2,000	20+	\$100 per year	\$0.00

LIFE SPAN

UNINSURED LOSSES
MODERNIZATION

ORIGINAL LIFE	CHRONOLOGICAL AGE	EFFECTIVE AGE	USE LIFE YEARS
-	-	-	-
-	-	-	-

SUMMARY

DEFERRED MAINTENANCE:
OBSOLESCENCE:
LIFE EXTENSION:
ALTERNATIVES:

COMMENTS
OBSERVATIONS
PREVENTATIVE
MAINTENANCE
&
SUGGESTIONS:

Intentional deferment is not observed in any component of the property.
 Functional obsolescence could describe wood products in this environment.
 Constant inspection followed by film coat protection is needed to prevent losses.
 Most components are modern and appropriate for the use intended.

The Florida environment and climate presents numerous occurrences and chances of loss related to hurricanes, floods, and wind. Insurance deductibles require almost self-insurance for losses, and may leave an association financially troubled. The association should carefully consider funding this line item for unexpected future needs that go beyond a simple contingency. The initial funding rate is included below at \$1,000 each year as a suggestion only.

Modernization is required to protect divided and undivided interests and values. The development includes components that will incur natural attrition, in addition to components that will incur accelerated losses. Specifically;

The swimming pool may be improved with a lift chair.
 Entry gates are being abandoned, defeating the purpose of a gated community.
 The intercom system is not utilized as part of the security process.
 Lighting may be insufficient in some areas, requiring additional enhancements.
 There are no security cameras or other devices of a security nature.
 Sump pumps and protective pumps may be required to address some of the drainage and surface water issues.
 The retention pond may require silt removal in later years.
 Wood products are applied as envelope siding, presenting a relatively short use life product requiring cyclic film coat expenses.
 Film coat products should be a latex solid body stain with an acrylic base including a manufacturer's warranty of at least 7 years.
 There are several locations of the building envelope where management will need to assume control, although not necessarily ownership acting as the unit owner's agent, to protect architectural and physical integrity. These efforts would normally be compensated to the agent as construction supervision fees.

The issues have additional possibilities. An initial reserve rate of \$100 per year recognizes the need for additional funding to be determined by management.

PROPERTY PHOTOS



INVENTORY & COST ANALYSIS

UNINSURED LOSSES
MODERNIZATION

QUANTITY	UNIT	UNIT COST	TOTAL COST	USE LIFE	CONSTANT SEGREGATED FUNDING	ACTUAL CASH EXPENSE & YEAR
1	L/S	\$20,000	\$20,000	-	\$1,000 per year	\$0.00
1	L/S	\$2,000	\$2,000	-	\$100 per year	\$0.00