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Certificate of Authorization No. 8301

Structural Integrity Reserve Study (SIRS) and Reserve Study Update w/o SIRS Components

Sunset House of Marco

Rimkus Matter No: 100246790

Prepared For:
Sunset House of Marco, Inc.
c/o Seacrest Southwest
220 Seaview Court
Marco Island, FL 34145

Attention:
Mr. Edwin P. Wilson Jr.

CRAIG M. DUDAS
CAI-RS
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DESIGNATION
RESERVE SPECIALIST

IQBAL AHMED
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STATE OF
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PROFESSIONAL ENGINEER

This item has been digitally signed and sealed by Craig M. Dudas, R.S. on the date adjacent to the seal.

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Craig M Dudas

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Practice Leader - Assessments
FL. Reg. Eng. #91102

Engineer's Certification

I, Iqbal Ahmed, P.E., hereby certify that the visual inspection portion of the Structural Integrity Reserve Study has been performed in compliance with requirements outlined in Florida Statute Section 718.112 (g). This report is not intended to identify construction defects or adequacy of construction, products, or design deficiencies. No warranty, expressed or implied, is included within this report.

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Section I
SUMMARY

General Information

Property Name: Sunset House of Marco
Property Location: Marco Island, FL
Property Type: Condominium
Level of Service: SIRS
Prepared for Year: 2025
Replacement Schedule: 25/40 Years

Building Information:

BLDG. ID	Building Address	Number of Stories	[1]Year Built
Tower	220 Seaview Court Marco Island, FL 34145	7	1969

[1] Based on the Collier County Property Appraiser's Office documenting the year built.

Structural Integrity Reserve (SIRS) Elements:

1. Roof
2. Structure, including load-bearing walls and other primary structural members and systems
3. Fireproofing and fire protection systems
4. Plumbing
5. Electrical systems
6. Waterproofing and exterior painting
7. Windows and Exterior Doors
8. Other Items

Reserve Elements w/o SIRS Elements[1]:

1. Roofing System
2. Exterior Finishes
3. HVAC Systems
4. Elevators
5. Swimming Pool
6. Roads and Parking Areas
7. Irrigation System
8. Site Elements
9. Building Elements
10. Swimming Pool & Spa

[1] Items not included in the component inventory verification but considered as reserve components.

STRUCTURAL RESERVE STUDY (SIRS)

Parameters:

Total current cost of all reserve components in reserve analysis:	$2,435,327
Total future cost of all reserve components in reserve analysis:	$4,289,993
Estimated beginning reserve fund balance for reserve analysis: (12/31/24):	$0
Total number of components scheduled for replacement in 2025 budget:	5
Total cost of components scheduled for replacement in 2025 budget:	$453,100
Current annual reserve funding contribution amount:	$0

Funding Method:

Cash Flow Analysis

Calculated total annual reserve funding contribution amount:	$496,800
Calculated annual reserve funding contribution amount per unit: (2025 only)	$5,400
Difference between current and calculated annual contribution:	$496,800

Component Funding Analysis

Calculated total annual reserve funding contribution amount:	$1,120,112
Calculated annual reserve funding contribution amount per unit:	$12,175
Difference between current and calculated annual contribution:	$1,120,112

Discussion

The current funding status and calculated funding plan scenarios provided within this report are based upon estimated remaining useful life, estimated replacement costs, and the information and documents provided to Rimkus at the time of this report (including but not limited to the reserve components and beginning reserve balance). This study includes only those reserve components required by Florida Statute Section 718.112 2(g).

Based on the reserve components subject to SIRS and the information gathered for this study, Rimkus has determined that the Association's present reserve contributions will underfund the reserve accounts using both "cash-flow" and "component funding" methods. Please keep in mind that the "component funding" method is the more conservative of the two methods. Rimkus has calculated two fully funded contribution scenarios for the Association's consideration, which includes a 3 percent (%) increase per year and special assessments in 2025 and 2026 for "cash-flow" method. Only reserve components subject to SIRS were considered for this study.

RESERVE STUDY w/o SIRS Components

Reserve Parameters:

Total current cost of all reserve components in reserve analysis:	$2,116,720
Total future cost of all reserve components in reserve analysis:	$10,814,969
Estimated beginning reserve fund balance for reserve analysis: (12/31/24):	$751,283
Total number of components scheduled for replacement in 2025 budget:	13
Total cost of components scheduled for replacement in 2025 budget:	$425,870
Current annual reserve funding contribution amount:	$265,328

Funding Method:

Cash Flow Analysis

Calculated total annual reserve funding contribution amount:	$138,000
Calculated annual reserve funding contribution amount per unit: (2025 only)	$1,500
Difference between current and calculated annual contribution:	-$127,328

Component Funding Analysis

Calculated total annual reserve funding contribution amount:	$411,467
Calculated annual reserve funding contribution amount per unit:	$4,472
Difference between current and calculated annual contribution:	$146,139

Discussion

The current funding status and calculated funding plan scenarios (Component Funding and Cash-Flow) provided within the section specific to Reserve Study w/o SIRS Components section of this report are based upon estimated remaining useful life, estimated replacements costs, and the information and documents provided to Rimkus at the time of this report (including but not limited to the reserve components, beginning reserve balance, and interest rates). This study includes only those reserve components agreed to and as directed by the Client.

Based on the reserve components excluding components subject to Structural Integrity Reserve Study (SIRS) and the information gathered for this study, Rimkus has determined that the Association's present reserve contributions will meet the reserve accounts using "cash-flow" method but underfund the reserve accounts using "component funding" method. Please keep in mind that the "component funding" method is the more conservative of the two methods. Rimkus has calculated two fully funded contribution scenarios for the Association's consideration which includes a 3% increase per year for the "cash-flow" method.

Section II
GENERAL INFORMATION / SCOPE OF SERVICE

General Information

Rimkus has prepared this SIRS and Reserve Study w/o SIRS Components on behalf of **Sunset House of Marco, Inc.** This report has been prepared in compliance with the requirements for conducting Reserve Studies and requirements for conducting a Structural Integrity Reserve Study as outlined in the Florida Senate Bill 4D Building Safety Act and Florida Statutes.

Structural Reserve Study (SIRS)

The SIRS section of the study was limited to the evaluation of the components, as defined by the Florida Statutes 718.112(g) for Structural Reserve Studies for the purpose of attesting to the estimated remaining useful life, estimated replacement cost, or deferred maintenance expense and provide a recommended annual reserve amount that achieves the estimated replacement cost or deferred maintenance of each component by the end of their estimated remaining useful life. This report is not intended to identify defects or to determine if the condition of the existing building is in compliance with the Florida Building Code or the Fire Safety Codes which may be associated with the construction of the property and applicable common elements. This study assumes that defects, which may have been cited in prior engineering reports (if applicable), have been repaired or will be considered as deferred maintenance. No warranty, expressed or implied, is included within this report. The use of this report by any unauthorized third party shall be at their own risk.

Reserve Study w/o SIRS Components

This section of the study was limited to the evaluation of the components as defined by the Florida Statutes 718.112 (f) 2.a for Reserve Studies for the purpose of attesting to the estimated remaining useful life, estimated replacement cost, or deferred maintenance expense and provide a recommended annual reserve amount that achieves the estimated replacement cost or deferred maintenance of each component by the end of their estimated remaining useful life. This report is not intended to identify defects or to determine if the condition of the existing building is in compliance with the Florida Building

Code or the Fire Safety Codes, which may be associated with the construction of the property and applicable common elements. This study assumes that defects, which may have been cited in prior engineering reports (if applicable), have been repaired or will be considered as deferred maintenance. No warranty, expressed or implied, is included within this report. The use of this report by any unauthorized third party shall be at their own risk.

This study was conducted, in part, within the scope and limitations of the National Reserve Study Standards of the Community Association Institute (CAI), the applicable Florida Statutes, and Florida Administrative Code Reserve Requirements, and within the scope and limitations referenced in the professional service agreement between Rimkus and the Client. The findings, opinions, and recommendations contained herein are based upon a site visit conducted on April 12, 2022 and February 6, 2024, and the information provided to and reviewed by Rimkus at the time of this report. The discovery of any additional information concerning the components evaluated may be forwarded to our firm for review. If necessary, we will reassess the potential impact and modify our recommendations as needed.

This report was prepared by Mr. Craig Dudas, RS, and Mr. Iqbal Ahmed, P.E. Mr. Dudas is the Practice Leader for Inspections and a Reserve Specialist (RS) (Reg. No. 215), with expertise in building evaluations and systems. Mr. Ahmed is the Practice Leader for Assessments, a Licensed Professional Engineer (Reg. No. 91102), and a Special Inspector with the International Code Council (ICC No. 8415699-S1 & S2) with expertise in building systems.

Scope of Service

The scope of this study was limited to performing tasks in regard to specific components and systems, as defined in the contract between **Rimkus** and **Sunset House of Marco**, including the following:

Structural Integrity Reserve (SIRS) Components[1]:

1. Roof
2. Structure, including load-bearing walls and other primary structural members and systems
5. Electrical systems
6. Waterproofing and exterior painting

3. Fireproofing and fire protection systems
4. Plumbing
7. Windows and Exterior Doors
8. Other Items

[1] Visual inspection performed by licensed engineer or architect.

Reserve Components w/o SIRS Components[2]:

1. Roofing System
2. Exterior Finishes
3. HVAC Systems
4. Elevators
5. Swimming Pool
6. Roads and Parking Areas
7. Irrigation System
8. Site Elements
9. Building Elements
10. Swimming Pool & Spa

[2] Items not included in the component inventory verification but considered as reserve components.

Structural Integrity Reserve (SIRS) Tasks

- Visual Inspection – The task of quantifying Structural Integrity Reserve components. This task is accomplished through on-site visual observations, the review of Association documents and covenants if provided by the Client, and discussions with appropriate Association representative(s).

- Life and Valuation Estimates – Estimated Useful Life is an estimate of the total number of years that a component or system is expected to serve its intended function. Estimated Remaining Useful Life is an estimate of the total number of years that a component or system can be expected to serve its intended function.

- Estimated Replacement Costs – The estimated 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. Contingency items costs have been provided by the Association.

- Fund Status – The status of the reserve fund as compared to an established benchmark, such as percent funding.

- Funding Plan – For the purpose of this study and pursuant to the funding style requirement in accordance with Florida Statutes, "**Component Funding**" and "**Cash Flow**" methods will be used as a means of estimating the required reserves.

Reserve Study Tasks w/o SIRS Components

- Component Inventory Verification – The task of selecting and quantifying reserve components. This task is accomplished through on-site visual observations, the review of Association documents and covenants if provided by the Client, and discussions with appropriate Association representative(s).

- Life and Valuation Estimates – Estimated Useful Life is an estimate of the total number of years that a component or system is expected to serve its intended function. Estimated Remaining Useful Life is an estimate of the total number of years that a component or system can be expected to serve its intended function.

- Estimated Replacement Costs – The estimated 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. Contingency items costs have been provided by the Association.

- Fund Status – The status of the reserve fund as compared to an established benchmark, such as percent funding.

- Funding Plan – Funding scenarios are developed in cooperation with the Association's plan to provide income to a Reserve Fund to offset any anticipated expenditures. For the purpose of this study, "**Component Funding**" and "**Cash Flow**" methods will be used as a means of estimating the required reserves.

Section III
PROPERTY DESCRIPTION

Site Description

The subject property, Sunset House of Marco, is a residential condominium community zoned as “RMF-16” in Section 4, Township 52 South, and Range 26 East in Collier County, Florida (**Photograph 1**). The physical address is 220 Seaview Court in Marco Island, Florida 34145. The property is in a windborne debris region as dictated by the Florida Building Code and is located in flood zones “VE and AE” per the flood insurance rate map and Federal Emergency Management Agency (FEMA). The subject property is bound on the east by Seaview Court, on the west by the Gulf of Mexico, on the north by Sunset House of Marco North, and on the south by Emerald Beach Condominium. Improvements to the property include, but are not limited to: a seven-story residential condominium (condo) building, four free-standing carports, pool equipment building, dune walk-over, swimming pool, asphalt parking, general landscaping, irrigation, perimeter fencing, chain link fencing, storage building, signage, and site lighting.

Building Description

Sunset House is a residential condominium designed by James E. Vensel and Associates Architects and Engineers. The subject building consists of one 7-story condominium building of 92 residential units. According to information provided by the Collier County Property Appraiser’s office, the subject property was originally constructed in 1969.

The subject building is a concrete-masonry structure situated on a deep foundation system consisting of concrete pile caps under load-bearing elements. Primary structural support appears to be provided by cast-in-place, mild-steel reinforced concrete shear walls, beams, and columns. Elevated building floor system is comprised of a 7-inch mild-steel reinforced concrete slab system. Elevated balconies are comprised of a 7-inch mild-steel reinforced concrete slab system with a masonry-stucco guardwall and decorative aluminum guardrail. Balconies are provided with a waterproofing membrane. The building has interior hallways constructed similar to floor systems. The stairs are comprised of steel members with concrete-filled metal pan treads.

The building’s exterior cladding consists of direct-applied stucco over concrete masonry unit (CMUs) and concrete with stucco and accessories. The building’s exterior coatings

and sealants are comprised of acrylic-based paint and polyurethane sealants. The building is provided with impact-rated and non-impact aluminum-framed windows, sliding glass doors, storefront systems, and metal swing doors.

The building is provided with a flat roof system. The roofing system is comprised of a modified bitumen membrane over lightweight insulated concrete supported by a structural concrete deck. Additionally, the three Penthouse units are provided with a terrace comprised of a paver system over a modified bitumen membrane on lightweight insulated concrete supported by a structural concrete deck.

The carport structures and pool equipment building are concrete masonry structures situated on a concrete foundation system provided with similar exterior cladding and coatings. The carport structures' roofing system are comprised of a single-ply membrane adhered directly to the sloped concrete. The pool equipment building roofing system is comprised of a modified bitiumen system.

ROOFING SYSTEMS

Description:

The buildings are provided with a flat roof system. The condo building roofing system is comprised of a modified bitumen membrane over lightweight insulated concrete supported by a structural concrete deck (**Photographs 2 and 3**). Additionally, the three Penthouse units are provided with a terrace comprised of a paver system over a modified bitumen membrane on lightweight insulated concrete supported by a structural concrete deck (**Photographs 4 and 5**). The carport structures' roofing system is comprised of a single-ply membrane adhered directly to the sloped concrete (**Photograph 6**). The pool equipment building roofing system is comprised of a single-ply membrane adhered directly to the sloped concrete. For the purpose of this study, the modified bitumen roofing systems shall be reserved for replacement in 2029-2039, and again every 20 years thereafter. For the purpose of this study, the penthouse modified bitumen with paver roofing system shall be reserved for replacement in 2047 and again every 30 years thereafter. For the purpose of this study, the single-ply membrane roof systems shall be reserved for replacement in 2037 and again every 20 years there after.

Estimated Replacement Data: Roofing Systems

SIRS	PHA (Modified Bitumen)	PHB (Modified Bitumen)	PHC (Modified Bitumen)
Approximate Age	11	11	12
Remaining Useful Life	9	9	8
Present-Day Cost	**$77,400**	**$77,400**	**$77,400**
1st Year of Repair or Replacement	2034	2034	2033

SIRS	Bulkheads (Modified Bitumen)
Approximate Age	6
Remaining Useful Life	14
Present-Day Cost	**$34,400**
1st Year of Repair or Replacement	2039

SIRS	PHA Terrace (Mod Bit w/Pavers)	PHB Terrace (Mod Bit w/Pavers)	PHC Terrace (Mod Bit w/Pavers)
Approximate Age	8	8	8
Remaining Useful Life	22	22	22
Present-Day Cost	**$141,750**	**$47,250**	**$47,250**
1st Year of Repair or Replacement	2047	2047	2047

Non-SIRS	Carports, Small (Single-ply)	Carport, Large (Single-ply)	Pool Equipment Building (Mod Bit w/Coating)
Approximate Age	8	8	16
Remaining Useful Life	12	12	4
Present-Day Cost	**$240,000**	**$126,400**	**$10,750**
1st Year of Repair or Replacement	2037	2037	2029

STRUCTURE

Description:

The subject building is a concrete-masonry structure situated on a deep foundation system consisting of concrete pile caps under load-bearing elements. Primary structural support appears to be provided by cast-in-place, mild-steel reinforced concrete shear walls, beams, and columns. Elevated building floor system is comprised of a 7-inch mild-steel reinforced concrete slab system. Elevated balconies are comprised of a 7-inch mild-steel reinforced concrete slab system with a masonry-stucco guardwall and decorative aluminum guardrail (**Photographs 7 through 10**). Balconies are provided with a waterproofing membrane. The building has interior hallways constructed similar to floor systems. The stairs are comprised of steel members with concrete-filled metal pan treads. For the purpose of this study, the buildings shall be reserved for deferred maintenance for load-bearing walls and other primary structural members and systems in 2025 and again every 50 years thereafter.

Estimated Replacement Data: Structure

SIRS	Deferred Maintenance
Approximate Age	56
Remaining Useful Life	0
Present-Day Cost	**$100,000**
1st Year of Repair or Replacement	2025

FIRE PROTECTION SYSTEMS

Description:

The condo building is provided with a hydraulic standpipe system, an electric fire pump, and a fire alarm system. The 6-inch standpipe system backflow is located in the mechanical equipment room and services the firehose cabinets located throughout the building. The fire alarm system consists of the following components: a circuit board and control panel. The fire alarm system is Silent Knight manufactured by Honeywell, and is comprised of smoke detectors, heat detectors, and pull stations (**Photograph 11**). The fire pump and controller are located in the mechanical equipment room and situated on an elevated concrete slab (**Photographs 12, 13,** and **14**). For the purpose of this study, the fire alarm system shall be reserved for replacement in 2036 and again every 20 years thereafter. For the purpose of this study, the fire pump and controller shall be reserved for replacement in 2037 and again every 20 years thereafter. For the purpose of this study, the standpipe system piping shall be reserved for deferred maintenance in 2036 and again every 20 years thereafter.

Estimated Replacement Data: Fire Protection Systems

SIRS	Fire Alarm System	Fire Pump, Controller and Jockey Pump	Standpipe System (Deferred Maintenance)
Approximate Age	9	8	9
Remaining Useful Life	11	12	11
Present-Day Cost	**$73,592**	**$26,800**	**$20,000**
1st Year of Repair or Replacement	2036	2037	2036

PLUMBING SYSTEMS

Description:

The property is supplied municipal water via 4-inch piping. The common meter, main shut-off valve, and backflow preventer are located in the mechanical equipment room (**Photograph 15**). Waste removal for the condo building is via cast iron and polyvinyl chloride sanitary stacks and vents. Two 5-hp booster pumps are provided with controller for potable water system. For the purpose of this study, the maintenance of the plumbing system includes but is not limited to: potable piping, sanitary piping, and fixtures and shall be reserved for deferred maintenance in 2026 through 2072 and again every 40 to 50 years thereafter. For the purpose of this study, the replacement of the booster pump system shall be reserved for replacement in 2029 and again every 20 years thereafter.

Estimated Replacement Data: Plumbing Systems

SIRS	Sanitary Piping (Deferred Maintenance)	Main Potable Piping (Deferred Maintenance)	Booster Pumps and Controller
Approximate Age	39	3	16
Remaining Useful Life	1	47	4
Present-Day Cost	**$487,600**	**$247,620**	**$30,000**
1st Year of Repair or Replacement	2026	2072	2029

ELECTRICAL SYSTEMS

Description:

The condo building is supplied power by an underground electrical system. The main service disconnects and distribution panels for the building are located within the electrical rooms. The house system is comprised of a 120/240 Volt (V), three-phase, four-wire system separately metered and protected by a 1,200-Ampere circuit breaker (**Photograph 16**). The tenant meter distribution arrays are located in the electrical rooms on each floor and are comprised of a 120/208V, three-phase, four-wire system separately metered and protected by 2,500-Ampere circuit breaker (**Photographs 17** and **18**). In addition, emergency standby power is supplied by one natural gas Cummins back-up generator, which powers select emergency circuits throughout the building (**Photograph 19**). For the purpose of this study, the house and tenant systems and related components are reserved for replacement in 2025 and again every 40 years thereafter. For the purpose of this study, the generator and related components are reserved for replacement in 2038 and again every 30 years thereafter. For the purpose of this study, the emergency transfer switch is reserved for replacement in 2052 and again every 30 years thereafter.

Estimated Replacement Data: Electrical Systems

SIRS	House Distribution	Tenant Distribution	Tenant Meter Arrays
Approximate Age	56	56	56
Remaining Useful Life	0	0	0
Present-Day Cost	**$71,800**	**$152,000**	**$114,300**
1st Year of Repair or Replacement	2025	2025	2025

SIRS	Generator	Transfer Switch
Approximate Age	17	3
Remaining Useful Life	13	27
Present-Day Cost	**$37,165**	**$5,500**
1st Year of Repair or Replacement	2038	2052

WATERPROOFING AND EXTERIOR PAINTING

Description:

Elevated balconies are comprised of a 7-inch mild-steel reinforced concrete slab system with a masonry-stucco guardwall and decorative aluminum guardrail. Balconies are provided with a waterproofing membrane. The condo building has interior hallways constructed similar to floor systems. The stairs are comprised of steel members with concrete-filled metal pan treads. The condo building's exterior cladding consists of direct-applied stucco over CMUs and concrete with stucco and accessories. The condo building's exterior coatings and sealants are comprised of acrylic-based paint and polyurethane sealants. (**Photographs 7 through 10**). The carport structures and pool equipment building are provided with similar exterior cladding and coatings. For the purpose of this study, the balcony waterproofing system shall be reserved for replacement in 2036, and again every 10-15 years thereafter. For the purpose of this study, the buildings shall be reserved for painting in 2025-2028, and again every 5-7 years thereafter.

Estimated Replacement Data: Waterproofing and Exterior Painting

SIRS	Waterproofing Balconies	Exterior Painting
Approximate Age	4	4
Remaining Useful Life	11	3
Present-Day Cost	**$121,500**	**$290,000**
1st Year of Repair or Replacement	2036	2028

Non-SIRS	Carports Small Exterior Painting	Carports Large Exterior Painting
Approximate Age	3	3
Remaining Useful Life	4	4
Present-Day Cost	**$10,200**	**$5,800**
1st Year of Repair or Replacement	2029	2029

Non-SIRS	Pool Equipment Building Exterior Painting
Approximate Age	7
Remaining Useful Life	0
Present-Day Cost	**$2,800**
1st Year of Repair or Replacement	2025

Non-SIRS	Railing Coatings (Penthouse)	Railing Coatings (Floors 1 – 6)
Approximate Age	4	4
Remaining Useful Life	11	11
Present-Day Cost	**$ 42,000**	**$ 52,700**
1st Year of Repair or Replacement	2036	2036

WINDOWS AND EXTERIOR DOORS

Description:

The condo building is provided with impact-rated and non-impact aluminum-framed windows, sliding glass doors, storefront systems, and metal swing doors. (**Photographs 7 through 10, 20, 21, and 22**). For the purpose of this study, the aluminum-framed windows and doors are reserved for replacement in 2025, and again every 30 to 40 years thereafter. For the purpose of this study, the metal swing doors are reserved for replacement in 2025, and again every 30 years thereafter.

Estimated Replacement Data: Windows and Exterior Doors

SIRS	Windows (Glass w/ Aluminum Frame)	Doors (Glass w/ Aluminum Frame)
Approximate Age	6	6
Remaining Useful Life	34	34
Present-Day Cost	**$72,000**	**$27,600**
1st Year of Repair or Replacement	2059	2059

SIRS	Automatic Slider (Glass w/ Aluminum Frame)	Metal Swing (Window Lite)
Approximate Age	6	56
Remaining Useful Life	34	0
Present-Day Cost	**$20,000**	**$15,000**
1st Year of Repair or Replacement	2059	2025

OTHER ITEMS

Description:

The interior units and select common interior areas of the building are conditioned by water-source packaged cooling and heating systems on a common, closed-loop water supply (**Photographs 23 and 24**). The water-source packaged systems are located throughout the building in mechanical closets. Water in the closed-loop system is cooled via a cooling tower located on the roof, closed-loop circulation pumps, expansion tanks, heat exchangers, and boilers, which are located in the mechanical room. Due to the location of these systems, the cooling tower structural frame and the piping network carrying water throughout the building shall be reserved for deferred maintenance in 2038 and again every 20 years thereafter. Failure to maintain said items can result in negative effects on the items listed earlier in the report.

Estimated Replacement Data: Other Items

	Cooling Tower Piping and Structural Frame (Deferred Maintenance)
Approximate Age	7
Remaining Useful Life	13
Present-Day Cost	**$20,000**
1st Year of Repair or Replacement	2038

Section V
DOCUMENTS REVIEWED AND INTERVIEWS

Agencies or Businesses Contacted / Officials Interviewed

The following agencies or businesses were contacted during the course of this SIRS. When needed, officials from these agencies were interviewed regarding specific information pertaining to the subject property:

- Mr. Edwin P. Wilson Jr., Sunset House of Marco, Inc., Marco Island, Florida.
- Ms. Diedre Woods, LCAM, Seacrest Southwest Property Mangement, Naples, Florida.

Documents Reviewed

- Association's Reserve Study (2023).
- Building Plans.
- RS Assemblies Cost Data .
- RS Means Light Commercial Cost Data .
- RS Means Facilities Maintenance & Repair Cost Data.

Section V
LIMITATIONS

The scope of work for this SIRS and Reserve Study was limited to performing tasks as defined in the Professional Service Agreement between **Rimkus** and the Client. The use of this report by any unauthorized third party shall be at their own risk.

The opinions expressed herein are based on the information collected during our study, our present understanding of the site conditions, and our professional judgment in light of such information at the time of this report. The report is a professional opinion, and no warranty is either expressed or implied as to the conclusions, advice, and recommendations offered. In expressing the opinions stated in this report, Rimkus has exercised a reasonable degree of care and skill ordinarily exercised by a reasonably prudent architect or engineer in the same community and in the same time frame given the same facts and circumstances. Documentation and data provided by the Client, designated representatives of the Client, or other interested third parties, or from public domain, and referred to in preparation of this report have been used and referenced with the understanding that Rimkus assumes no responsibility or liability for their accuracy.

Information and opinions furnished by Rimkus and its representatives were obtained from sources that are considered and assumed to be reliable ad believed to be true and correct. Rimkus and its representatives assume no responsibility for any inaccuracies in such items that may be revealed because of subsequent action. These occurrences are beyond our control. Independent conclusions represent our professional judgment based on the information and data available to us during the course of this assignment. Rimkus' evaluations, analyses, and opinions do not represent design integrity, structural soundness, or actual value of the property. Factual information regarding operations, conditions, and test data provided by the Client or their representatives has been assumed to be correct and complete. The opinions presented are based on the data provided, observations, and conditions that existed on the date of the site investigation.

The information reported was obtained through sources deemed reliable; a visual site survey of the areas readily observable, easily accessible, or made accessible by the property contact; and interviews with owners, agents, occupants, or other appropriate persons involved with the Subject Property. Applicable municipal information was obtained through file reviews of reasonably ascertainable standard government record

sources, and interviews with the authorities having jurisdiction over the property. Findings, conclusions, and recommendations included in this report are based on our visual observations in the field, the municipal information reasonably obtained, information provided by the Client, and/or a review of readily available and supplied drawings and documents. No disassembly of the system or building components or physical or invasive testing was performed. Rimkus renders no opinion as to the property condition at un-surveyed and/or inaccessible portions of the subject property. Rimkus relies on the information, whether written, graphic, or verbal, provided by the property contact or as shown on any documents reviewed or received from the property contact, owner or agent, or municipal source, and assumes that information to be true and correct. The observations in this report are valid on the date of the survey. Rimkus uses the date recorded by the local Property Appraiser's Office as the effective year built.

The contents of this report are not intended to represent an in-depth evaluation or analysis of the systems and components of the subject property. The extent of the physical survey for the production of this report has been limited by the contract and agreed-upon Scope of Work (consistent with the National Reserves Study Guidelines of the Community Association Institute [CAI]). This SIRS was conducted, in part, within the scope and limitations of the National Reserve Study Standards of the Community Association Institute (CAI), the applicable Florida Statutes, and Florida Administrative Code Reserve Requirements, and within the scope and limitations referenced in the professional service agreement between Rimkus and the Client.

Where quantities could not be derived from actual takeoffs, lump sum figures or allowances were used. Estimated costs are based on professional judgment and the probable or actual extent of the observed defect inclusive of the cost to design, procure, construct, and manage the corrections. Where property-unique or specialty equipment is present, Rimkus relies solely on data regarding maintenance and/or replacement costs provided by the designated site contact or on-site individuals with first-hand knowledge of the specific equipment.

Any additional information that becomes available after our survey and draft submission concerning the subject property should be provided to Rimkus so that our conclusions may be revised and modified, if necessary, at an additional cost. This report has been prepared in accordance with our Professional Service Agreement, which is an integral part of this report.

Excluded from said contract is the existence of any code violations within the property, the location of any well field protection areas, urea formaldehyde insulation or testing for lead within any structures on the subject property, the existence of the "sick-building" syndrome within any structure on the subject property, geotechnical analysis or indoor air quality, structural stability of building(s), or construction claims. Rimkus assumes that there are no hidden or unapparent physical or environmental conditions of the buildings, site, subsoil, groundwater, structures, or surroundings that may have an adverse effect on the subject property, whether the source is on-site or located on adjacent properties or in surrounding areas. This SIRS does not provide a detailed condition assessment, engineering, environmental, or geological analysis of the site, buildings, or its common elements. Items mentioned within the report can specifically be evaluated in more detail, but only by procedures more involved than those provided by this SIRS.

Structural Integrity Reserve / Financial Analysis

There are two generally accepted means of estimating reserves: The Component Funding Method and the Cash Flow Method. The **Component Funding 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. In the case of the subject property, reserve fund balances for specific categories were allocated to individual reserve components within those categories on a pro-rata basis, based on the individual reserve component's current cost versus the total current cost of the other reserve components within that category.

The **Cash Flow 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 calculates the future replacement cost for reserve components when they are due for replacement and recognizes increases in construction costs, as well as interest income attributable to reserve accounts. 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.

For the purposes of this Structural Integrity Reserve Study, the Cash Flow Analysis will require 100% funding of components to meet projected future expenditures for compliance with Florida Senate Bill 4D and Florida Statutes. The rate of return on funds invested is also factored into the Cash Flow Analysis. These two factors result in a contribution rate that is normally less than that developed by the Component Fund Analysis. A positive cash flow throughout the period of the analysis ensures that each reserve component will have sufficient funds available for expenditures when they are due.

TABLE 1 - SIRS Estimated Replacement Data

	Quantities		Costs			Life Analysis (yrs.)			Task		
Reserve Component	**Total**	**Units**	**Estimated Replacement Cost (ERC)**	**Total ERC**	**Future ERC for 25 Year Period at 3.5%[1]**	**% of Total Future ERC**	**Estimated Useful Life (EUL)**	**Estimated Remaining Useful Life (ERUL)**	**Repair**	**Replace**	**Partial**
Roofing System											
PHA (Modified Bitumen)	3,600	SF	$21.50	$77,400	$105,488	2.5%	20	9		X	
PHB (Modified Bitumen)	3,600	SF	$21.50	$77,400	$105,488	2.5%	20	9		X	
PHC (Modified Bitumen)	3,600	SF	$21.50	$77,400	$101,921	2.4%	20	8		X	
Bulkheads (Modified Bitumen)	1,600	SF	$21.50	$34,400	$55,683	1.3%	20	14		X	
PHA Terrace (Modified Bitumen w/Pavers)	4,500	SF	$31.50	$141,750	$302,142	7.0%	30	22		X	
PHB Terrace (Modified Bitumen w/Pavers)	1,500	SF	$31.50	$47,250	$100,714	2.3%	30	22		X	
PHC Terrace (Modified Bitumen w/Pavers)	1,500	SF	$31.50	$47,250	$100,714	2.3%	30	22		X	
Structure (Load-bearing Walls and Other Primary Structural Members and Systems)											
Deferred Maintenance	1	LS	$100,000	$100,000	$100,000	2.3%	50	0	X		
Fireproofing and Fire Protection Systems											
Fire Alarm System	1	LS	$73,592.00	$73,592	$107,442	2.5%	20	11		X	
Fire Pump, Controller and Jockey Pump	1	LS	$26,800.00	$26,800	$29,199	0.7%	20	12		X	
Standpipe System (Deferred Maintenance)	1	LS	$20,000.00	$20,000	$40,497	0.9%	20	11	X		
Plumbing											
Sanitary Piping (Deferred Maintenance)	92	UNIT	$5,300	$487,600	$504,666	11.8%	40	1	X		
Main Potable Piping (Deferred Maintenance)	1	LS	$247,620	$247,620	$0	0.0%	50	47	X		
Booster Pumps and Controller	1	LS	$30,000	$30,000	$102,926	2.4%	20	4		X	
Electrical Systems											
House Distribution	1	LS	$71,800.00	$71,800	$71,800	1.7%	40	0		X	
Tenant Distribution	1	LS	$152,000.00	$152,000	$152,000	3.5%	40	0		X	
Tenant Meter Arrays	3	EA	$38,100.00	$114,300	$114,300	2.7%	40	0		X	
Generator	1	LS	$37,165.00	$37,165	$58,124	1.4%	30	13		X	
Transfer Switch	1	LS	$5,500.00	$5,500	$0	0.0%	30	27		X	
Waterproofing and Exterior Painting											
Waterproofing Balconies	13,500	SF	$9.00	$121,500	$177,386	4.1%	10-15	11		X	
Exterior Painting	58,000	SF	$5.00	$290,000	$1,913,223	44.6%	5-7	3		X	
Windows & Exterior Doors											
Windows (Glass w/ Aluminum Frame)	400	SF	$180	$72,000	$0	0.0%	30-40	34		X	
Doors (Glass w/ Aluminum Frame)	120	SF	$230	$27,600	$0	0.0%	30-40	34		X	
Automatic Slider (Glass w/ Aluminum Frame	1	EA	$20,000	$20,000	$0	0.0%	30-40	34		X	
Metal Swing (Window Lite)	10	EA	$1,500	$15,000	$15,000	0.3%	30	0		X	
Other Items											
Cooling Tower Piping and Structural Frame (Def. Maint.)	1	LS	$20,000.00	$20,000	$31,279	0.7%	20	13	X		
			Totals	$2,435,327	$4,289,993	100%					

[1] Components with an estimated remaining useful life exceeding 25 years will not be reserved for funding.

TABLE 2 - SIRS Cash Flow Expense Schedule

Reserve Component	0	1	2	3	4	5	6	7	8	9	10
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Roofing System											
PHA (Modified Bitumen)										$105,488	
PHB (Modified Bitumen)										$105,488	
PHC (Modified Bitumen)									$101,921		
Bulkheads (Modified Bitumen)											
PHA Terrace (Modified Bitumen w/Pavers)											
PHB Terrace (Modified Bitumen w/Pavers)											
PHC Terrace (Modified Bitumen w/Pavers)											
Structure (Load-bearing Walls and Other Primary Structural Members and Systems)											
Deferred Maintenance	$100,000										
Fireproofing and Fire Protection Systems											
Fire Alarm System											
Fire Pump, Controller and Jockey Pump											
Standpipe System (Deferred Maintenance)											
Plumbing											
Sanitary Piping (Deferred Maintenance)		$504,666									
Main Potable Piping (Deferred Maintenance)											
Booster Pumps and Controller					$34,426						
Electrical Systems											
House Distribution	$71,800										
Tenant Distribution	$152,000										
Tenant Meter Arrays	$114,300										
Generator											
Transfer Switch											
Waterproofing and Exterior Painting											
Waterproofing Balconies											
Exterior Painting				$321,528							$409,074
Windows & Exterior Doors											
Windows (Glass w/ Aluminum Frame)											
Doors (Glass w/ Aluminum Frame)											
Automatic Slider (Glass w/ Aluminum Frame											
Metal Swing (Window Lite)	$15,000										

TABLE 2 - SIRS Cash Flow Expense Schedule

Reserve Component	0	1	2	3	4	5	6	7	8	9	10
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Other Items											
Cooling Tower Piping and Structural Frame (Def. Maint.)											
Totals	$453,100	$504,666	$0	$321,528	$34,426	$0	$0	$0	$101,921	$210,977	$409,074

TABLE 2 - SIRS Cash Flow Expense Schedule

Reserve Component	11	12	13	14	15	16	17	18	19	20
	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Roofing System										
PHA (Modified Bitumen)										
PHB (Modified Bitumen)										
PHC (Modified Bitumen)										
Bulkheads (Modified Bitumen)				$55,683						
PHA Terrace (Modified Bitumen w/Pavers)										
PHB Terrace (Modified Bitumen w/Pavers)										
PHC Terrace (Modified Bitumen w/Pavers)										
Structure (Load-bearing Walls and Other Primary Structur										
Deferred Maintenance										
Fireproofing and Fire Protection Systems										
Fire Alarm System	$107,442									
Fire Pump, Controller and Jockey Pump		$40,497								
Standpipe System (Deferred Maintenance)	$29,199									
Plumbing										
Sanitary Piping (Deferred Maintenance)										
Main Potable Piping (Deferred Maintenance)										
Booster Pumps and Controller										
Electrical Systems										
House Distribution										
Tenant Distribution										
Tenant Meter Arrays										
Generator			$58,124							
Transfer Switch										
Waterproofing and Exterior Painting										
Waterproofing Balconies	$177,386									
Exterior Painting							$520,456			
Windows & Exterior Doors										
Windows (Glass w/ Aluminum Frame)										
Doors (Glass w/ Aluminum Frame)										
Automatic Slider (Glass w/ Aluminum Frame										
Metal Swing (Window Lite)										

TABLE 2 - SIRS Cash Flow Expense Schedule

Reserve Component	11	12	13	14	15	16	17	18	19	20
	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Other Items										
Cooling Tower Piping and Structural Frame (Def. Maint.)			$31,279							
Totals	$314,028	$40,497	$89,404	$55,683	$0	$0	$520,456	$0	$0	$0

TABLE 2 - SIRS Cash Flow Expense Schedule

Reserve Component	21	22	23	24	25	Total
	2046	2047	2048	2049	2050	
Roofing System						
PHA (Modified Bitumen)						$105,488
PHB (Modified Bitumen)						$105,488
PHC (Modified Bitumen)						$101,921
Bulkheads (Modified Bitumen)						$55,683
PHA Terrace (Modified Bitumen w/Pavers)		$302,142				$302,142
PHB Terrace (Modified Bitumen w/Pavers)		$100,714				$100,714
PHC Terrace (Modified Bitumen w/Pavers)		$100,714				$100,714
Structure (Load-bearing Walls and Other Primary Structur						
Deferred Maintenance						$100,000
Fireproofing and Fire Protection Systems						
Fire Alarm System						$107,442
Fire Pump, Controller and Jockey Pump						$40,497
Standpipe System (Deferred Maintenance)						$29,199
Plumbing						
Sanitary Piping (Deferred Maintenance)						$504,666
Main Potable Piping (Deferred Maintenance)						$0
Booster Pumps and Controller				$68,500		$102,926
Electrical Systems						
House Distribution						$71,800
Tenant Distribution						$152,000
Tenant Meter Arrays						$114,300
Generator						$58,124
Transfer Switch						$0
Waterproofing and Exterior Painting						
Waterproofing Balconies						$177,386
Exterior Painting				$662,165		$1,913,223
Windows & Exterior Doors						
Windows (Glass w/ Aluminum Frame)						$0
Doors (Glass w/ Aluminum Frame)						$0
Automatic Slider (Glass w/ Aluminum Frame						$0
Metal Swing (Window Lite)						$15,000

TABLE 2 - SIRS Cash Flow Expense Schedule

Reserve Component	21	22	23	24	25	Total
	2046	2047	2048	2049	2050	
Other Items						
Cooling Tower Piping and Structural Frame (Def. Maint.)						$31,279
Totals	$0	$503,570	$0	$730,665	$0	$4,289,993

Table 3
Cash Flow Funding Table

Interest Rate	Inflation Rate
0.50%	3.50%

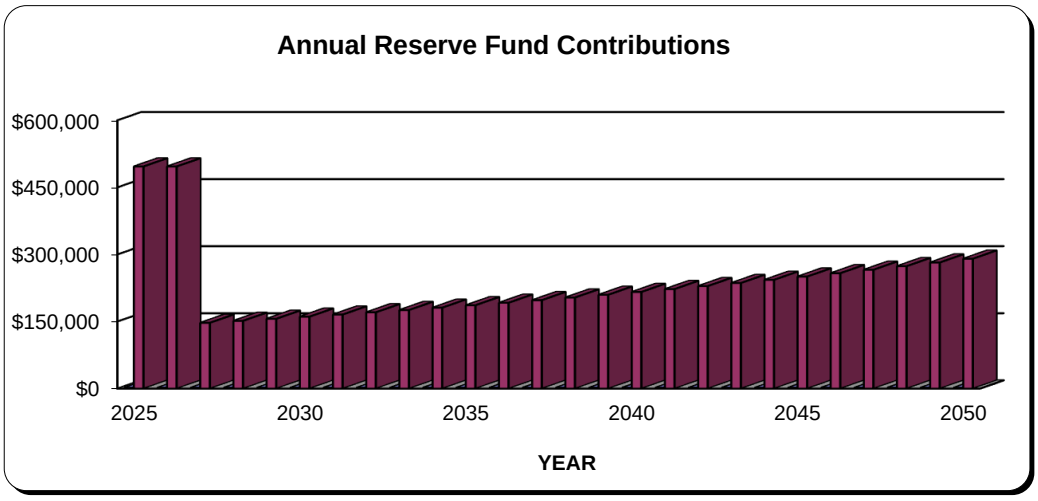
Number of units:	**92**
Current annual reserve contribution:	**$0**
Estimated beginning balance:	**$0**
Difference between current and calculated annual contributions:	**-$496,800**

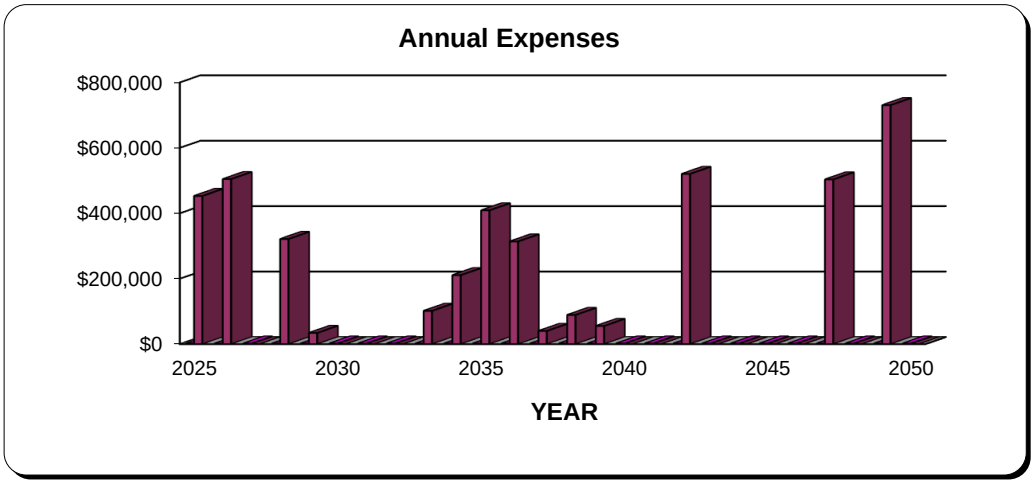
Year	Beginning Reserve Fund	*Per Unit Reserve Contrib.	Total Reserve Contrib.	Expenses	Interest	Ending Balance of Reserve Fund
2025	$0	$5,400	$496,800	$453,100	$218	$43,919
2026	$43,919	$5,400	$496,800	$504,666	$180	$36,233
2027	$36,233	$1,600	$147,200	$0	$917	$184,350
2028	$184,350	$1,648	$151,616	$321,528	$72	$14,510
2029	$14,510	$1,697	$156,164	$34,426	$681	$136,930
2030	$136,930	$1,748	$160,849	$0	$1,489	$299,268
2031	$299,268	$1,801	$165,675	$0	$2,325	$467,268
2032	$467,268	$1,855	$170,645	$0	$3,190	$641,103
2033	$641,103	$1,910	$175,764	$101,921	$3,575	$718,521
2034	$718,521	$1,968	$181,037	$210,977	$3,443	$692,025
2035	$692,025	$2,027	$186,469	$409,074	$2,347	$471,767
2036	$471,767	$2,088	$192,063	$314,028	$1,749	$351,550
2037	$351,550	$2,150	$197,824	$40,497	$2,544	$511,423
2038	$511,423	$2,215	$203,759	$89,404	$3,129	$628,907
2039	$628,907	$2,281	$209,872	$55,683	$3,915	$787,012
2040	$787,012	$2,350	$216,168	$0	$5,016	$1,008,196
2041	$1,008,196	$2,420	$222,653	$0	$6,154	$1,237,003
2042	$1,237,003	$2,493	$229,333	$520,456	$4,729	$950,609
2043	$950,609	$2,568	$236,213	$0	$5,934	$1,192,756
2044	$1,192,756	$2,645	$243,299	$0	$7,180	$1,443,236
2045	$1,443,236	$2,724	$250,598	$0	$8,469	$1,702,303
2046	$1,702,303	$2,806	$258,116	$0	$9,802	$1,970,221
2047	$1,970,221	$2,890	$265,860	$503,570	$8,663	$1,741,174
2048	$1,741,174	$2,976	$273,835	$0	$10,075	$2,025,084
2049	$2,025,084	$3,066	$282,050	$730,665	$7,882	$1,584,352
2050	$1,584,352	$3,158	$290,512	$0	$9,374	$1,884,238
				$4,289,993		

*Includes a 3.0% increase per year and Special Assessments in 2025 and 2026

Figure 1
Cash Flow Funding Bar Graphs

Interest Rate	Inflation Rate
0.50%	3.50%





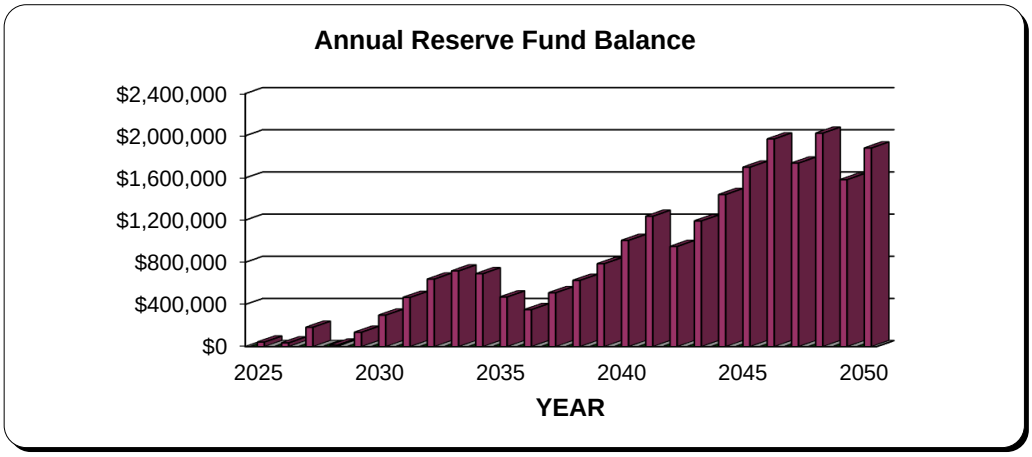
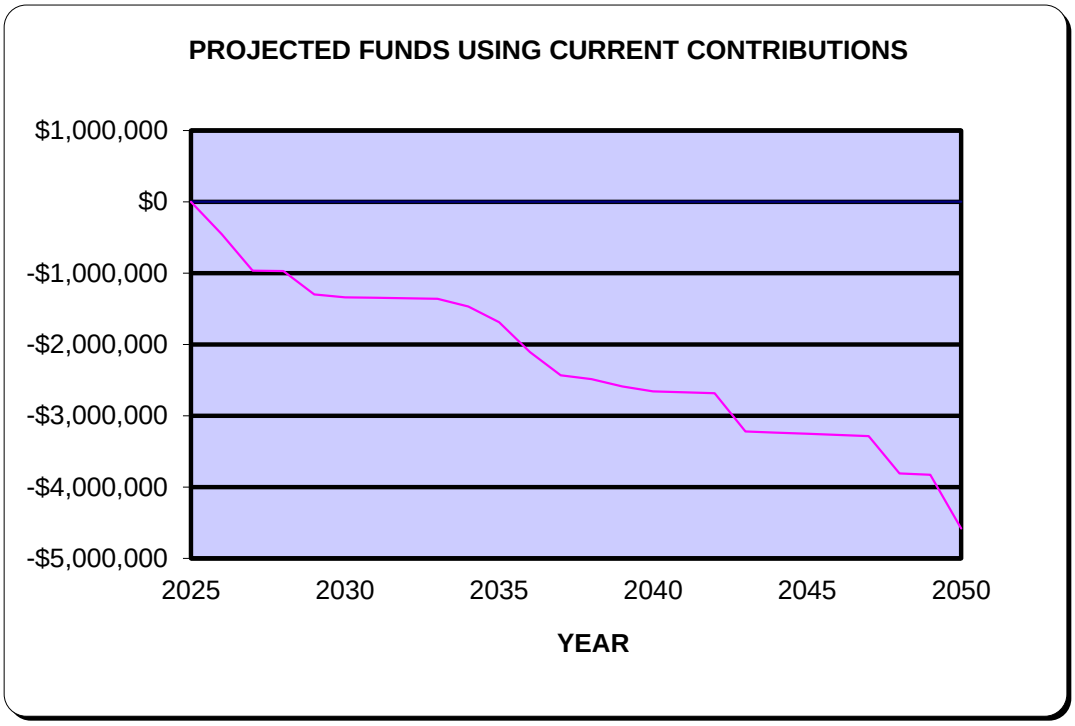


Figure 2
Cash Flow Funding Line Graphs

Interest Rate	Inflation Rate
0.50%	3.50%



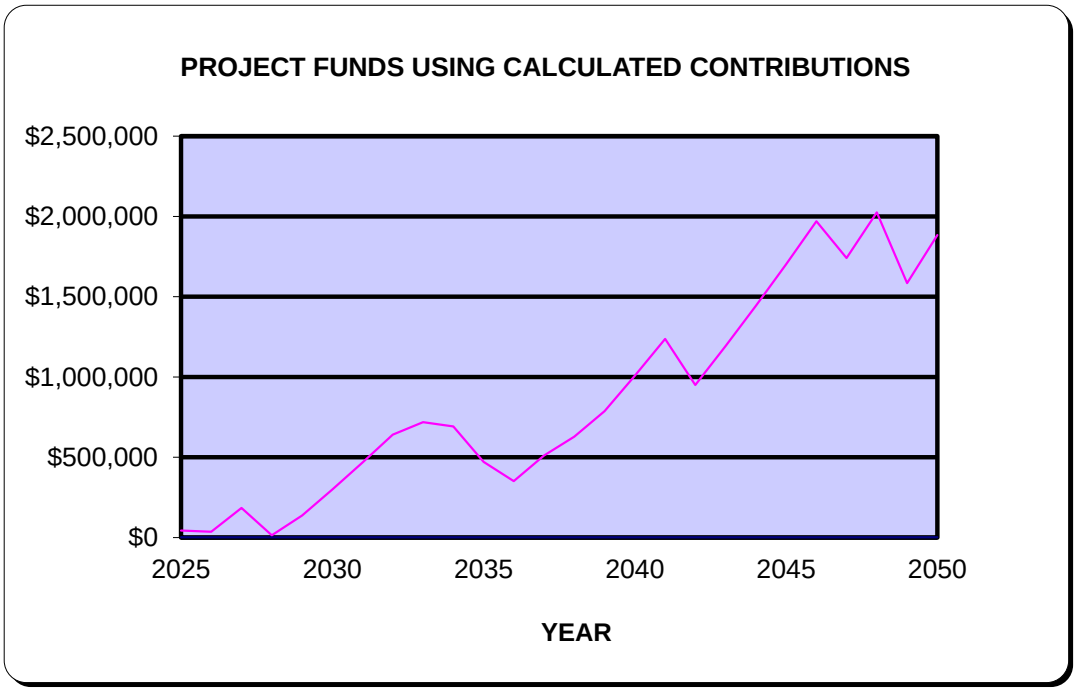


TABLE 4
SIRS COMPONENT FUNDING ANALYSIS - YEAR 2025

FOR PERIOD 1/1/25 THROUGH 12/31/25

Reserve Component	% of ERC	Estimated Useful Life (EUL)	Estimated Remaining Useful Life	*Estimated Beginning Balance	Estimated Replacement Cost (ERC)	Unfunded Balance	Annual Contribution
Roofing System							
PHA (Modified Bitumen)	3.2%	20	9	$0	$77,400	$77,400	$8,600
PHB (Modified Bitumen)	3.2%	20	9	$0	$77,400	$77,400	$8,600
PHC (Modified Bitumen)	3.2%	20	8	$0	$77,400	$77,400	$9,675
Bulkheads (Modified Bitumen)	1.4%	20	14	$0	$34,400	$34,400	$2,457
PHA Terrace (Modified Bitumen w/Pavers)	5.8%	30	22	$0	$141,750	$141,750	$6,443
PHB Terrace (Modified Bitumen w/Pavers)	1.9%	30	22	$0	$47,250	$47,250	$2,148
PHC Terrace (Modified Bitumen w/Pavers)	1.9%	30	22	$0	$47,250	$47,250	$2,148
Total				**$0**	**$502,850**	**$502,850**	**$40,071**
Structure (Load-bearing Walls and Other Primary Structural Members and Systems)							
Deferred Maintenance	4.1%	50	0	$0	$100,000	$100,000	$100,000
Total				**$0**	**$100,000**	**$100,000**	**$100,000**
Fireproofing and Fire Protection Systems							
Fire Alarm System	3.0%	20	11	$0	$73,592	$73,592	$6,690
Fire Pump, Controller and Jockey Pump	1.1%	20	12	$0	$26,800	$26,800	$2,233
Standpipe System (Deferred Maintenance)	0.8%	20	11	$0	$20,000	$20,000	$1,818
Total				**$0**	**$120,392**	**$120,392**	**$10,742**
Plumbing							
Sanitary Piping (Deferred Maintenance)	20.0%	40	1	$0	$487,600	$487,600	$487,600
Main Potable Piping (Deferred Maintenance)	10.2%	50	47	$0	$247,620	$247,620	$5,269
Booster Pumps and Controller	1.2%	20	4	$0	$30,000	$30,000	$7,500
Total				**$0**	**$765,220**	**$765,220**	**$500,369**
Electrical Systems							
House Distribution	2.9%	40	0	$0	$71,800	$71,800	$71,800
Tenant Distribution	6.2%	40	0	$0	$152,000	$152,000	$152,000
Tenant Meter Arrays	4.7%	40	0	$0	$114,300	$114,300	$114,300
Generator	1.5%	30	13	$0	$37,165	$37,165	$2,859
Transfer Switch	0.2%	30	27	$0	$5,500	$5,500	$204
Total				**$0**	**$380,765**	**$380,765**	**$341,163**
Waterproofing and Exterior Painting							
Waterproofing Balconies	5.0%	15	11	$0	$121,500	$121,500	$11,045
Exterior Painting	11.9%	7	3	$0	$290,000	$290,000	$96,667
Total				**$0**	**$411,500**	**$411,500**	**$107,712**
Windows & Exterior Doors							
Windows (Glass w/ Aluminum Frame)	3.0%	40	34	$0	$72,000	$72,000	$2,118
Doors (Glass w/ Aluminum Frame)	1.1%	40	34	$0	$27,600	$27,600	$812
Automatic Slider (Glass w/ Aluminum Frame	0.8%	40	34	$0	$20,000	$20,000	$588
Metal Swing (Window Lite)	0.6%	30	0	$0	$15,000	$15,000	$15,000
Total				**$0**	**$134,600**	**$134,600**	**$18,518**
Other Items							
Cooling Tower Piping and Structural Frame (Def. Maint	0.8%	20	13	$0	$20,000	$20,000	$1,538
Total				**$0**	**$20,000**	**$20,000**	**$1,538**
TOTAL	**100.00%**			**$0**	**$2,435,327**	**$2,435,327**	**$1,120,112**

NUMBER OF UNITS:	**92**
CURRENT ANNUAL RESERVE CONTRIBUTION:	**$0**
CALCULATED ANNUAL RESERVE CONTRIBUTION:	**$1,120,112**
CALCULATED PER UNIT ANNUAL RESERVE CONTRIBUTION:	**$12,175**
DIFFERENCE BETWEEN CURRENT AND CALCULATED ANNUAL CONTRUBITION:	**-$1,120,112**

*Based on the percentage of the estimated replacement cost total

Reserve w/o SIRS Components / Financial Analysis

There are two generally accepted means of estimating reserves: The Component Funding Method and the Cash Flow Method. The **Component Funding 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. In the case of the subject property, reserve fund balances for specific categories were allocated to individual reserve components within those categories on a pro-rata basis, based on the individual reserve component's current cost versus the total current cost of the other reserve components within that category.

The **Cash Flow 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 calculates the future replacement cost for reserve components when they are due for replacement and recognizes increases in construction costs, as well as interest income attributable to reserve accounts. 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.

Unlike the Component Funding Analysis, the Cash Flow Analysis does not require 100% funding of components to meet projected future expenditures. The rate of return on funds invested is also factored into the Cash Flow Analysis. These two factors result in a contribution rate that is normally less than that developed by the Component Fund Analysis. Although the Cash Flow Analysis may fund reserves at less than 100% during all or portions of the analysis period, a positive cash flow throughout the period of the analysis ensures that each reserve component will have sufficient funds available for expenditures when they are due.

Prior to December 23, 2002, Florida Statutes mandated that condominiums, cooperatives, and timeshare condominiums calculate reserves via the Component Funding Method on an annual basis. Funding at less than 100% of the fully funded estimate, based on the Component Funding 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 Method as an approved methodology for the calculation of reserve funding. Condominiums, cooperatives, and timeshare condominiums can now employ the Cash Flow Method in lieu of the previously mandated Component Funding Method analysis. If associations wish to change to the Cash Flow Method, reserve funds must be pooled into a single fund via a full vote of the association membership. The fund requirement estimated by the Cash Flow Method can now be provided to the membership on an annual basis as a fully funded figure. The analysis must be completed on an annual basis, including the total estimated useful lives, estimated remaining useful lives, and estimated replacement cost/deferred maintenance expenses of all assets in the reserve budget (i.e., 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 not be 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 project 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.

TABLE 5 - Estimated Replacement Data

Reserve Component	Quantities		Costs			Life Analysis (yrs.)			Task		
	Total	Units	Estimated Replacement Cost (ERC)	Total ERC	Future ERC for 40 Year Period at 3.5%	% of Total Future ERC	Estimated Useful Life (EUL)	Estimated Remaining Useful Life (ERUL)	Repair	Replace	Partial
Roofing System											
Carports, Small (Single-Ply)	15,000	SF	$16.00	$240,000	$1,084,266	10.0%	20	12		X	
Carport, Large (Single-Ply)	7,900	SF	$16.00	$126,400	$571,047	5.3%	20	12		X	
Pool Equipment Building (Modified Bitumen)	500	SF	$21.50	$10,750	$36,882	0.3%	20	4		X	
Exterior Finishes											
Carports, Small	3	EA	$3,400.00	$10,200	$139,335	1.3%	5-7	4		X	
Carport, Large	1	LS	$5,800.00	$5,800	$79,230	0.7%	5-7	4		X	
Pool Equipment Building	1	LS	$2,800.00	$2,800	$33,332	0.3%	5-7	0		X	
Railings, PH	1	LS	$42,000.00	$42,000	$164,049	1.5%	15	11		X	
Railings, Balconies	1	LS	$52,700.00	$52,700	$205,842	1.9%	15	11		X	
HVAC Systems											
Cooling Tower (180 Ton)	1	EA	$318,000.00	$318,000	$590,682	5.5%	25	18		X	
Cooling Tower Pumps (25 HP)	2	EA	$7,400.00	$14,800	$110,400	1.0%	10	1		X	
Expansion Tanks	4	EA	$2,000.00	$8,000	$70,876	0.7%	10	6		X	
Heat Exchanger	1	EA	$23,600.00	$23,600	$170,367	1.6%	15	8		X	
Boilers	3	EA	$12,000.00	$36,000	$211,414	2.0%	15	2		X	
Holding Tank	1	EA	$48,000.00	$48,000	$281,885	2.6%	15	2		X	
AHU-1A (5 Ton)	5	TN	$2,200.00	$11,000	$122,831	1.1%	10	0		X	
AHU-1B (5 Ton)	5	TN	$2,200.00	$11,000	$122,831	1.1%	10	0		X	
AHU-2 (5 Ton)	5	TN	$2,200.00	$11,000	$87,898	0.8%	10	3		X	
AHU-3 (8 Ton)	8	TN	$2,200.00	$17,600	$196,529	1.8%	10	0		X	
AHU-4 (8 Ton)	8	TN	$2,200.00	$17,600	$196,529	1.8%	10	0		X	
Elevators											
Modernization	3	EA	$75,000	$225,000	$1,563,536	14.5%	20	0		X	
Cab Finishes	3	EA	$25,000	$75,000	$257,314	2.4%	20	4		X	
Swimming Pool											
Swimming Pool											
Pool Shell	2,500	SF	$12.50	$31,250	$348,951	3.2%	10	0		X	
Pool Equipment											
Circulation Pump (10 HP)	1	EA	$6,300.00	$6,300	$106,407	1.0%	5	2		X	
Filter	2	EA	$2,000.00	$4,000	$36,678	0.3%	10	7		X	
Heater (Natural Gas)	1	EA	$4,500.00	$4,500	$41,263	0.4%	10	7		X	
Heater (Heat Pumps)	2	EA	$5,500.00	$11,000	$122,831	1.1%	10	0		X	
Deck											
Pavers	3,000	SF	$10.00	$30,000	$46,919	0.4%	30	13		X	
Fencing	310	LF	$55.00	$17,050	$58,496	0.5%	20	4		X	
Furniture	1	LS	$16,000.00	$16,000	$91,108	0.8%	12	5			
Roads and Parking Areas											
Pavers	13,800	SF	$10.00	$138,000	$215,826	2.0%	30	13		X	
Asphalt Pavement	64,000	SF	$2.20	$140,800	$793,353	7.3%	25	15		X	
Seal Coating	64,000	SF	$0.33	$21,120	$381,236	3.5%	5	0		X	
Irrigation System											
Irrigation Controller	1	LS	$750.00	$750	$4,559	0.0%	15	3		X	
Deferred Maintenance	1	LS	$5,000	$5,000	$30,391	0.3%	15	3	X		
Site Elements											
Site Lighting	4	EA	$300	$1,200	$5,238	0.0%	20	11		X	
Beachwalk (Deferred Maintenance)	1	LS	$20,000	$20,000	$78,740	0.7%	20	8	X		
Landscaping (Deferred Maintenance)*	1	LS	$10,000	$10,000	$54,821	0.5%	15	0	X		
Building Elements*											
Laundry Rooms											
Equipment	1	LS	$22,500	$22,500	$123,348	1.1%	15	0		X	
Finishes	1	LS	$10,000	$10,000	$111,664	1.0%	10	0		X	
Carpeting											
Hallways	1	LS	$49,000	$49,000	$245,438	2.3%	20	15		X	
Social Room	1	LS	$49,000	$49,000	$245,438	2.3%	20	15		X	

TABLE 5 - Estimated Replacement Data

	Quantities		Costs			Life Analysis (yrs.)			Task		
Reserve Component	Total	Units	Estimated Replacement Cost (ERC)	Total ERC	Future ERC for 40 Year Period at 3.5%	% of Total Future ERC	Estimated Useful Life (EUL)	Estimated Remaining Useful Life (ERUL)	Repair	Replace	Partial
Tile, Common Areas	1	LS	$67,000	$67,000	$335,599	3.1%	20	15		X	
Interior Painting	1	LS	$55,000	$55,000	$470,793	4.4%	10	5		X	
Lobby - Furnishings and Equipment	1	LS	$65,000	$65,000	$325,581	3.0%	20	15		X	
Social Room - Furnishings and Equipment	1	LS	$35,000	$35,000	$243,217	2.2%	20	0		X	
			Totals	$2,116,720	$10,814,969	100%					

*Replacement Cost and/or Useful Life provided by Association

TABLE 6 - Cash Flow Expense Schedule

Reserve Component	0	1	2	3	4	5	6	7	8	9	10
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Roofing System											
Carports, Small (Single-Ply)											
Carport, Large (Single-Ply)											
Pool Equipment Building (Modified Bitumen)					$12,336						
Exterior Finishes											
Carports, Small					$11,705						
Carport, Large					$6,656						
Pool Equipment Building	$2,800							$3,562			
Railings, PH											
Railings, Balconies											
HVAC Systems											
Cooling Tower (180 Ton)											
Cooling Tower Pumps (25 HP)		$15,318									
Expansion Tanks							$9,834				
Heat Exchanger									$31,077		
Boilers			$38,564								
Holding Tank			$51,419								
AHU-1A (5 Ton)	$11,000										$15,517
AHU-1B (5 Ton)	$11,000										$15,517
AHU-2 (5 Ton)				$12,196							
AHU-3 (8 Ton)	$17,600										$24,827
AHU-4 (8 Ton)	$17,600										$24,827
Elevators											
Modernization	$225,000										
Cab Finishes					$86,064						
Swimming Pool											
Swimming Pool											
Pool Shell	$31,250										$44,081
Pool Equipment											
Circulation Pump (10 HP)			$6,749					$8,015			
Filter								$5,089			
Heater (Natural Gas)								$5,725			
Heater (Heat Pumps)	$11,000										$15,517
Deck											
Pavers											
Fencing					$19,565						
Furniture						$19,003					

TABLE 6 - Cash Flow Expense Schedule

Reserve Component	0	1	2	3	4	5	6	7	8	9	10
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Roads and Parking Areas											
Pavers											
Asphalt Pavement											
Seal Coating	$21,120					$25,084					$29,792
Irrigation System											
Irrigation Controller				$832							
Deferred Maintenance				$5,544							
Site Elements											
Site Lighting											
Beachwalk (Deferred Maintenance)									$26,336		
Landscaping (Deferred Maintenance)*	$10,000										
Building Elements*											
Laundry Rooms											
Equipment	$22,500										
Finishes	$10,000										$14,106
Carpeting											
Hallways											
Social Room											
Tile, Common Areas											
Interior Painting						$65,323					
Lobby - Furnishings and Equipment											
Social Room - Furnishings and Equipment	$35,000										
Totals	$425,870	$15,318	$96,732	$18,571	$136,326	$109,410	$9,834	$22,392	$57,413	$0	$184,182

TABLE 6 - Cash Flow Expense Schedule

Reserve Component	11	12	13	14	15	16	17	18	19	20
	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Roofing System										
Carports, Small (Single-Ply)		$362,656								
Carport, Large (Single-Ply)		$190,999								
Pool Equipment Building (Modified Bitumen)										
Exterior Finishes										
Carports, Small	$14,892							$18,946		
Carport, Large	$8,468							$10,773		
Pool Equipment Building				$4,532						
Railings, PH	$61,319									
Railings, Balconies	$76,940									
HVAC Systems										
Cooling Tower (180 Ton)								$590,682		
Cooling Tower Pumps (25 HP)	$21,608									
Expansion Tanks						$13,872				
Heat Exchanger										
Boilers							$64,608			
Holding Tank							$86,144			
AHU-1A (5 Ton)										$21,888
AHU-1B (5 Ton)										$21,888
AHU-2 (5 Ton)			$17,204							
AHU-3 (8 Ton)										$35,020
AHU-4 (8 Ton)										$35,020
Elevators										
Modernization										$447,702
Cab Finishes										
Swimming Pool										
Swimming Pool										
Pool Shell										$62,181
Pool Equipment										
Circulation Pump (10 HP)		$9,520					$11,306			
Filter							$7,179			
Heater (Natural Gas)							$8,076			
Heater (Heat Pumps)										$21,888
Deck										
Pavers			$46,919							
Fencing										
Furniture							$28,715			

TABLE 6 - Cash Flow Expense Schedule

Reserve Component	11	12	13	14	15	16	17	18	19	20
	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Roads and Parking Areas										
Pavers			$215,826							
Asphalt Pavement					$235,889					
Seal Coating										$42,024
Irrigation System										
Irrigation Controller								$1,393		
Deferred Maintenance								$9,287		
Site Elements										
Site Lighting	$1,752									
Beachwalk (Deferred Maintenance)										
Landscaping (Deferred Maintenance)*					$16,753					
Building Elements*										
Laundry Rooms										
Equipment					$37,695					
Finishes										$19,898
Carpeting										
Hallways					$82,092					
Social Room					$82,092					
Tile, Common Areas					$112,248					
Interior Painting					$92,144					
Lobby - Furnishings and Equipment					$108,898					
Social Room - Furnishings and Equipment										$69,643
Totals	$184,978	$563,175	$279,948	$4,532	$767,812	$13,872	$206,029	$631,082	$0	$777,152

TABLE 6 - Cash Flow Expense Schedule

Reserve Component	21	22	23	24	25	26	27	28	29	30
	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055
Roofing System										
Carports, Small (Single-Ply)										
Carport, Large (Single-Ply)										
Pool Equipment Building (Modified Bitumen)				$24,546						
Exterior Finishes										
Carports, Small					$24,105					
Carport, Large					$13,707					
Pool Equipment Building	$5,766							$7,336		
Railings, PH						$102,730				
Railings, Balconies						$128,902				
HVAC Systems										
Cooling Tower (180 Ton)										
Cooling Tower Pumps (25 HP)	$30,480									
Expansion Tanks						$19,568				
Heat Exchanger			$52,064							
Boilers										
Holding Tank										
AHU-1A (5 Ton)										$30,875
AHU-1B (5 Ton)										$30,875
AHU-2 (5 Ton)			$24,267							
AHU-3 (8 Ton)										$49,400
AHU-4 (8 Ton)										$49,400
Elevators										
Modernization										
Cab Finishes				$171,250						
Swimming Pool										
Swimming Pool										
Pool Shell										$87,712
Pool Equipment										
Circulation Pump (10 HP)		$13,429					$15,949			
Filter							$10,126			
Heater (Natural Gas)							$11,392			
Heater (Heat Pumps)										$30,875
Deck										
Pavers										
Fencing				$38,931						
Furniture									$43,390	

TABLE 6 - Cash Flow Expense Schedule

Reserve Component	21	22	23	24	25	26	27	28	29	30
	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055
Roads and Parking Areas										
Pavers										
Asphalt Pavement										
Seal Coating					$49,912					$59,279
Irrigation System										
Irrigation Controller										
Deferred Maintenance										
Site Elements										
Site Lighting										
Beachwalk (Deferred Maintenance)								$52,403		
Landscaping (Deferred Maintenance)*										$28,068
Building Elements*										
Laundry Rooms										
Equipment										$63,153
Finishes										$28,068
Carpeting										
Hallways										
Social Room										
Tile, Common Areas										
Interior Painting					$129,978					
Lobby - Furnishings and Equipment										
Social Room - Furnishings and Equipment										
Totals	$36,246	$13,429	$76,332	$234,726	$217,702	$251,200	$37,467	$59,740	$43,390	$457,704

TABLE 6 - Cash Flow Expense Schedule

Reserve Component	31	32	33	34	35	36	37	38	39	40	Total
	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	
Roofing System											
Carports, Small (Single-Ply)		$721,610									$1,084,266
Carport, Large (Single-Ply)		$380,048									$571,047
Pool Equipment Building (Modified Bitumen)											$36,882
Exterior Finishes											
Carports, Small		$30,668							$39,019		$139,335
Carport, Large		$17,439							$22,187		$79,230
Pool Equipment Building					$9,334						$33,332
Railings, PH											$164,049
Railings, Balconies											$205,842
HVAC Systems											
Cooling Tower (180 Ton)											$590,682
Cooling Tower Pumps (25 HP)	$42,994										$110,400
Expansion Tanks						$27,602					$70,876
Heat Exchanger								$87,226			$170,367
Boilers		$108,241									$211,414
Holding Tank		$144,322									$281,885
AHU-1A (5 Ton)										$43,552	$122,831
AHU-1B (5 Ton)										$43,552	$122,831
AHU-2 (5 Ton)			$34,231								$87,898
AHU-3 (8 Ton)										$69,683	$196,529
AHU-4 (8 Ton)										$69,683	$196,529
Elevators											
Modernization										$890,833	$1,563,536
Cab Finishes											$257,314
Swimming Pool											
Swimming Pool											
Pool Shell										$123,727	$348,951
Pool Equipment											
Circulation Pump (10 HP)		$18,942					$22,497				$106,407
Filter							$14,284				$36,678
Heater (Natural Gas)							$16,070				$41,263
Heater (Heat Pumps)										$43,552	$122,831
Deck											
Pavers											$46,919
Fencing											$58,496
Furniture											$91,108

TABLE 6 - Cash Flow Expense Schedule

Reserve Component	31	32	33	34	35	36	37	38	39	40	Total
	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	
Roads and Parking Areas											
Pavers											$215,826
Asphalt Pavement										$557,464	$793,353
Seal Coating					$70,405					$83,620	$381,236
Irrigation System											
Irrigation Controller			$2,334								$4,559
Deferred Maintenance			$15,560								$30,391
Site Elements											
Site Lighting	$3,486										$5,238
Beachwalk (Deferred Maintenance)											$78,740
Landscaping (Deferred Maintenance)*											$54,821
Building Elements*											
Laundry Rooms											
Equipment											$123,348
Finishes										$39,593	$111,664
Carpeting											
Hallways					$163,346						$245,438
Social Room					$163,346						$245,438
Tile, Common Areas					$223,351						$335,599
Interior Painting					$183,347						$470,793
Lobby - Furnishings and Equipment					$216,683						$325,581
Social Room - Furnishings and Equipment										$138,574	$243,217
Totals	$46,481	$1,421,271	$52,125	$0	$1,029,813	$27,602	$52,851	$87,226	$61,206	$2,103,832	$10,814,969

Table 7
Cash Flow Funding Table

Interest Rate	Inflation Rate
0.50%	3.50%

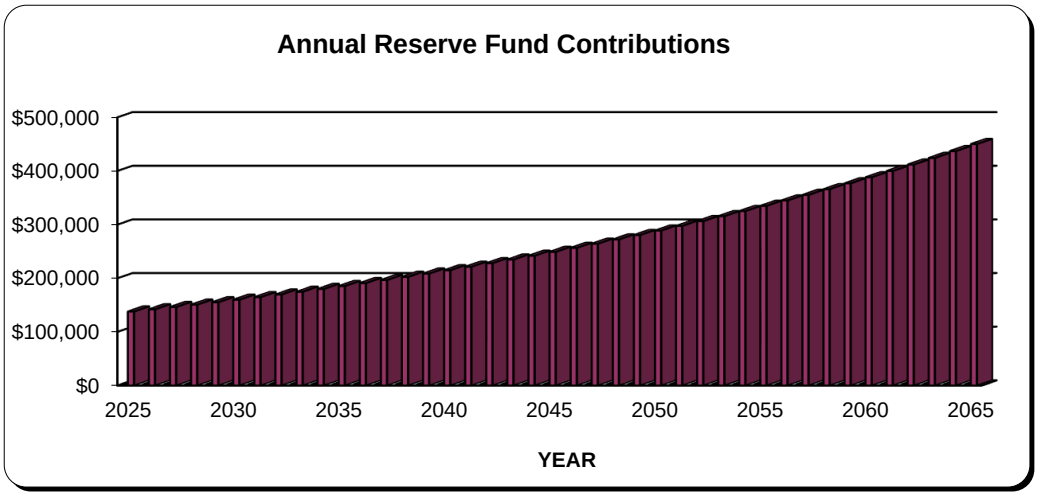
Number of units:	**92**
Current annual reserve contribution:	**$265,328**
Estimated beginning balance:	**$751,283**
Difference between current and calculated annual contributions:	**$127,328**

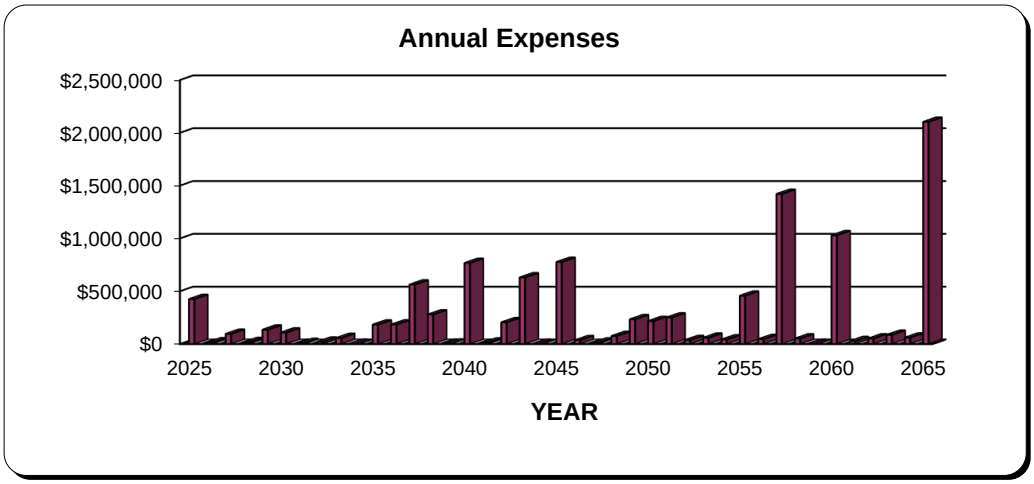
Year	Beginning Reserve Fund	*Per Unit Reserve Contrib.	Total Reserve Contrib.	Expenses	Interest	Ending Balance of Reserve Fund
2025	$751,283	$1,500	$138,000	$425,870	$2,317	$465,730
2026	$465,730	$1,545	$142,140	$15,318	$2,963	$595,515
2027	$595,515	$1,591	$146,404	$96,732	$3,226	$648,413
2028	$648,413	$1,639	$150,796	$18,571	$3,903	$784,542
2029	$784,542	$1,688	$155,320	$136,326	$4,018	$807,554
2030	$807,554	$1,739	$159,980	$109,410	$4,291	$862,415
2031	$862,415	$1,791	$164,779	$9,834	$5,087	$1,022,447
2032	$1,022,447	$1,845	$169,723	$22,392	$5,849	$1,175,626
2033	$1,175,626	$1,900	$174,814	$57,413	$6,465	$1,299,493
2034	$1,299,493	$1,957	$180,059	$0	$7,398	$1,486,949
2035	$1,486,949	$2,016	$185,460	$184,182	$7,441	$1,495,669
2036	$1,495,669	$2,076	$191,024	$184,978	$7,509	$1,509,224
2037	$1,509,224	$2,139	$196,755	$563,175	$5,714	$1,148,517
2038	$1,148,517	$2,203	$202,658	$279,948	$5,356	$1,076,583
2039	$1,076,583	$2,269	$208,737	$4,532	$6,404	$1,287,192
2040	$1,287,192	$2,337	$215,000	$767,812	$3,672	$738,051
2041	$738,051	$2,407	$221,449	$13,872	$4,728	$950,357
2042	$950,357	$2,479	$228,093	$206,029	$4,862	$977,283
2043	$977,283	$2,554	$234,936	$631,082	$2,906	$584,042
2044	$584,042	$2,630	$241,984	$0	$4,130	$830,156
2045	$830,156	$2,709	$249,243	$777,152	$1,511	$303,759
2046	$303,759	$2,790	$256,721	$36,246	$2,621	$526,855
2047	$526,855	$2,874	$264,422	$13,429	$3,889	$781,738
2048	$781,738	$2,960	$272,355	$76,332	$4,889	$982,650
2049	$982,650	$3,049	$280,526	$234,726	$5,142	$1,033,592
2050	$1,033,592	$3,141	$288,941	$217,702	$5,524	$1,110,355
2051	$1,110,355	$3,235	$297,610	$251,200	$5,784	$1,162,549
2052	$1,162,549	$3,332	$306,538	$37,467	$7,158	$1,438,777
2053	$1,438,777	$3,432	$315,734	$59,740	$8,474	$1,703,245
2054	$1,703,245	$3,535	$325,206	$43,390	$9,925	$1,994,987
2055	$1,994,987	$3,641	$334,962	$457,704	$9,361	$1,881,606
2056	$1,881,606	$3,750	$345,011	$46,481	$10,901	$2,191,038
2057	$2,191,038	$3,863	$355,361	$1,421,271	$5,626	$1,130,754
2058	$1,130,754	$3,979	$366,022	$52,125	$7,223	$1,451,874
2059	$1,451,874	$4,098	$377,003	$0	$9,144	$1,838,022
2060	$1,838,022	$4,221	$388,313	$1,029,813	$5,983	$1,202,505
2061	$1,202,505	$4,347	$399,962	$27,602	$7,874	$1,582,739
2062	$1,582,739	$4,478	$411,961	$52,851	$9,709	$1,951,559
2063	$1,951,559	$4,612	$424,320	$87,226	$11,443	$2,300,096
2064	$2,300,096	$4,751	$437,050	$61,206	$13,380	$2,689,320
2065	$2,689,320	$4,893	$450,161	$2,103,832	$5,178	$1,040,827
				$10,814,969		

*Includes a 3.0% Increase per year

Figure 3
Cash Flow Funding Bar Graphs

Interest Rate	Inflation Rate
0.50%	3.50%





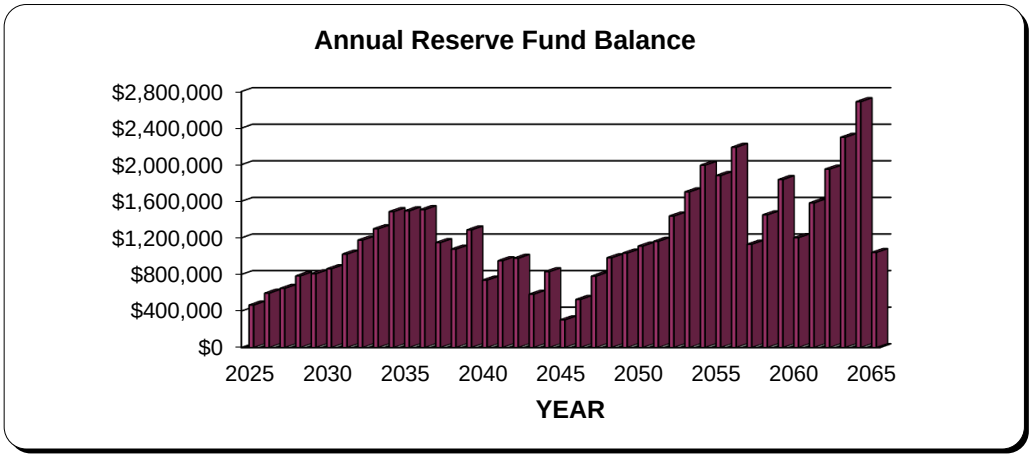
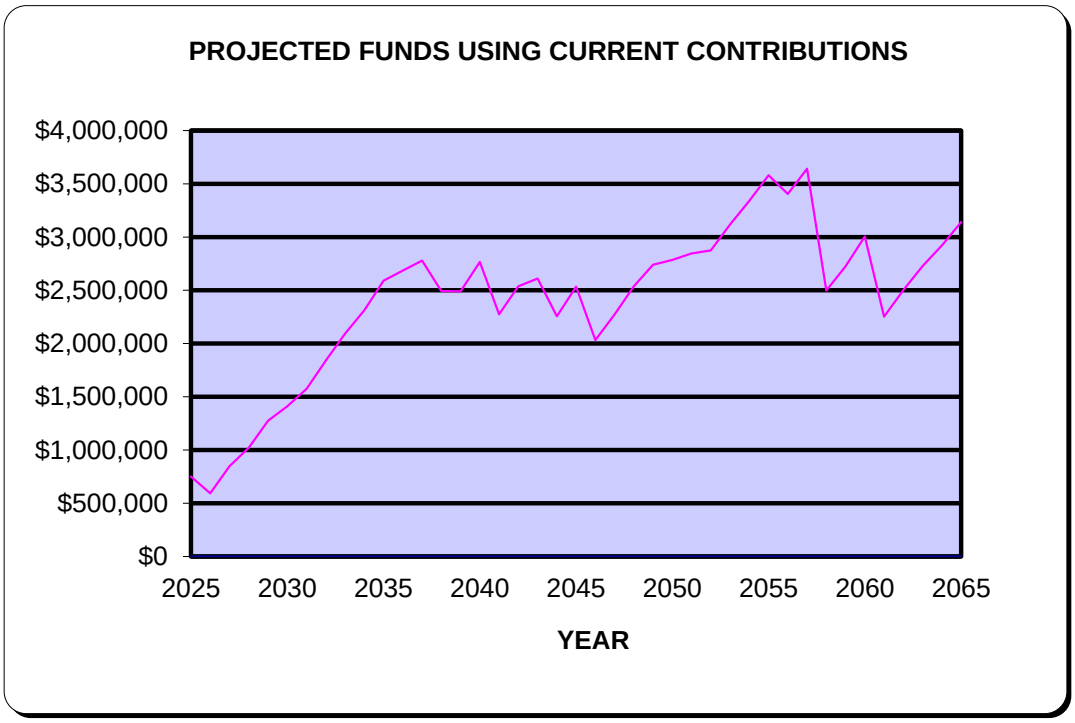


Figure 4
Cash Flow Funding Line Graphs

Interest Rate	Inflation Rate
0.50%	3.50%



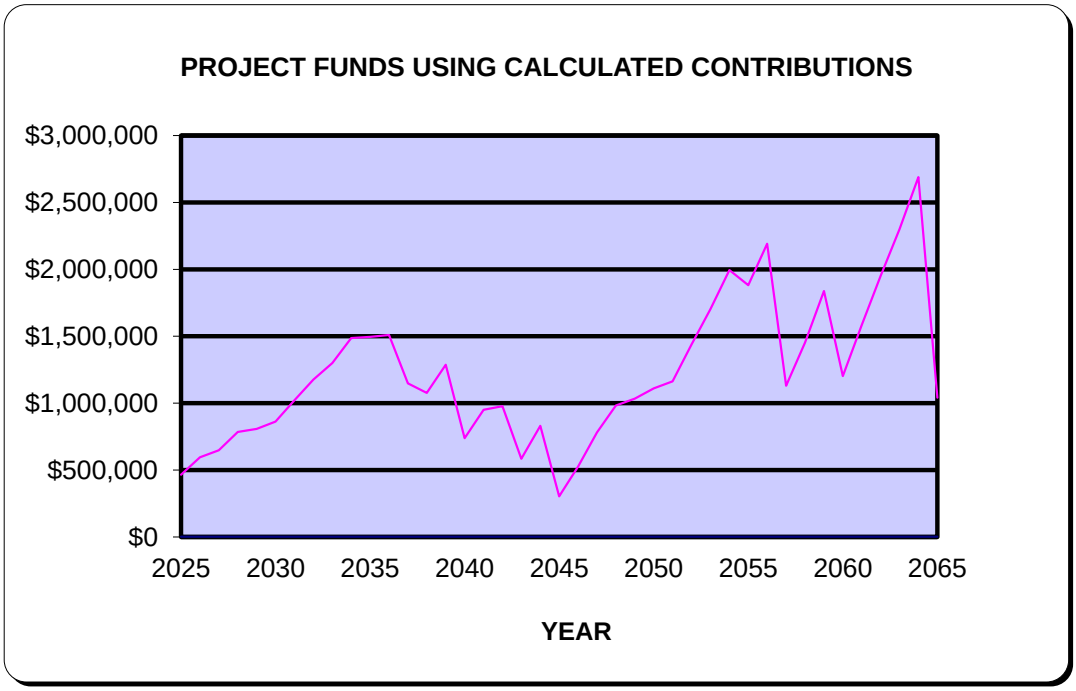


TABLE 8
COMPONENT FUNDING ANALYSIS - YEAR 2025

FOR PERIOD 1/1/25 THROUGH 12/31/25

Reserve Component	% of ERC	Estimated Useful Life (EUL)	Estimated Remaining Useful Life	*Estimated Beginning Balance	Estimated Replacement Cost (ERC)	Unfunded Balance	Annual Contribution
Roofing System							
Carports, Small (Single-Ply)	11.3%	20	12	$85,183	$240,000	$154,817	$12,901
Carport, Large (Single-Ply)	6.0%	20	12	$44,863	$126,400	$81,537	$6,795
Pool Equipment Building (Modified Bitumen)	0.5%	20	4	$3,815	$10,750	$6,935	$1,734
Total				**$133,861**	**$377,150**	**$243,289**	**$21,430**
Exterior Finishes							
Carports, Small	0.5%	5-7	4	$3,620	$10,200	$6,580	$1,645
Carport, Large	0.3%	5-7	4	$2,059	$5,800	$3,741	$935
Pool Equipment Building	0.1%	5-7	0	$994	$2,800	$1,806	$1,806
Railings, PH	2.0%	15	11	$14,907	$42,000	$27,093	$2,463
Railings, Balconies	2.5%	15	11	$18,705	$52,700	$33,995	$3,090
Total				**$40,284**	**$113,500**	**$73,216**	**$9,940**
HVAC Systems							
Cooling Tower (180 Ton)	15.0%	25	18	$112,867	$318,000	$205,133	$11,396
Cooling Tower Pumps (25 HP)	0.7%	10	1	$5,253	$14,800	$9,547	$9,547
Expansion Tanks	0.4%	10	6	$2,839	$8,000	$5,161	$860
Heat Exchanger	1.1%	15	8	$8,376	$23,600	$15,224	$1,903
Boilers	1.7%	15	2	$12,777	$36,000	$23,223	$11,611
Holding Tank	2.3%	15	2	$17,037	$48,000	$30,963	$15,482
AHU-1A (5 Ton)	0.5%	10	0	$3,904	$11,000	$7,096	$7,096
AHU-1B (5 Ton)	0.5%	10	0	$3,904	$11,000	$7,096	$7,096
AHU-2 (5 Ton)	0.5%	10	3	$3,904	$11,000	$7,096	$2,365
AHU-3 (8 Ton)	0.8%	10	0	$6,247	$17,600	$11,353	$11,353
AHU-4 (8 Ton)	0.8%	10	0	$6,247	$17,600	$11,353	$11,353
Total				**$183,356**	**$516,600**	**$333,244**	**$90,063**
Elevators							
Modernization	10.6%	20	0	$79,859	$225,000	$145,141	$145,141
Cab Finishes	3.5%	20	4	$26,620	$75,000	$48,380	$12,095
Total				**$106,478**	**$300,000**	**$193,522**	**$157,236**
Swimming Pool							
Swimming Pool							
Pool Shell	1.5%	10	0	$11,091	$31,250	$20,159	$20,159
Pool Equipment							
Circulation Pump (10 HP)	0.3%	5	2	$2,236	$6,300	$4,064	$2,032
Filter	0.2%	10	7	$1,420	$4,000	$2,580	$369
Heater (Natural Gas)	0.2%	10	7	$1,597	$4,500	$2,903	$415
Heater (Heat Pumps)	0.5%	10	0	$3,904	$11,000	$7,096	$7,096
Deck							
Pavers	1.4%	30	13	$10,648	$30,000	$19,352	$1,489
Fencing	0.8%	20	4	$6,052	$17,050	$10,998	$2,750
Furniture	0.8%	12	5	$5,679	$16,000	$10,321	$2,064
Total				**$42,627**	**$120,100**	**$77,473**	**$36,372**
Roads and Parking Areas							
Pavers	6.5%	30	13	$48,980	$138,000	$89,020	$6,848
Asphalt Pavement	6.7%	25	15	$49,974	$140,800	$90,826	$6,055
Seal Coating	1.0%	5	0	$7,496	$21,120	$13,624	$13,624
Total				**$106,450**	**$299,920**	**$193,470**	**$26,527**
Irrigation System							
Irrigation Controller	0.0%	15	3	$266	$750	$484	$161
Deferred Maintenance	0.2%	15	3	$1,775	$5,000	$3,225	$1,075
Total				**$2,041**	**$5,750**	**$3,709**	**$1,236**
Site Elements							
Site Lighting	0.1%	20	11	$426	$1,200	$774	$70
Beachwalk (Deferred Maintenance)	0.9%	20	8	$7,099	$20,000	$12,901	$1,613
Landscaping (Deferred Maintenance)*	0.5%	15	0	$3,549	$10,000	$6,451	$6,451
Total				**$11,074**	**$31,200**	**$20,126**	**$8,134**
Building Elements*							
Laundry Rooms							
Equipment	1.1%	15	0	$7,986	$22,500	$14,514	$14,514
Finishes	0.5%	10	0	$3,549	$10,000	$6,451	$6,451

TABLE 8
COMPONENT FUNDING ANALYSIS - YEAR 2025

FOR PERIOD 1/1/25 THROUGH 12/31/25

Reserve Component	% of ERC	Estimated Useful Life (EUL)	Estimated Remaining Useful Life	*Estimated Beginning Balance	Estimated Replacement Cost (ERC)	Unfunded Balance	Annual Contribution
Carpeting							
Hallways	2.3%	20	15	$17,391	$49,000	$31,609	$2,107
Social Room	2.3%	20	15	$17,391	$49,000	$31,609	$2,107
Tile, Common Areas	3.2%	20	15	$23,780	$67,000	$43,220	$2,881
Interior Painting	2.6%	10	5	$19,521	$55,000	$35,479	$7,096
Lobby - Furnishings and Equipment	3.1%	20	15	$23,070	$65,000	$41,930	$2,795
Social Room - Furnishings and Equipment	1.7%	20	0	$12,422	$35,000	$22,578	$22,578
Total				**$125,112**	**$352,500**	**$227,388**	**$60,529**
Total	**100.00%**			**$751,283**	**$2,116,720**	**$1,365,437**	**$411,467**

NUMBER OF UNITS:	**92**
CURRENT ANNUAL RESERVE CONTRIBUTION:	**$265,328**
CALCULATED ANNUAL RESERVE CONTRIBUTION:	**$411,467**
CALCULATED PER UNIT ANNUAL RESERVE CONTRIBUTION:	**$4,472**
DIFFERENCE BETWEEN CURRENT AND CALCULATED ANNUAL CONTRUBITION:	**-$146,139**

*Based on the percentage of the estimated replacement cost total

Photographs

PHOTOGRAPHS

PHOTOGRAPH #1

SUNSET HOUSE OF MARCO, INC.

PHOTOGRAPH #2

ROOFING SYSTEM
TOWER
MODIFIED BITUMEN

PHOTOGRAPH #3

ROOFING SYSTEM
TOWER
MODIFIED BITUMEN

PHOTOGRAPH #4

ROOFING SYSTEM
TOWER
PAVER SYSTEM OVER MODIFIED BITUMEN

PHOTOGRAPH #5

ROOFING SYSTEM
TOWER
PAVER SYSTEM OVER MODIFIED BITUMEN

PHOTOGRAPH #6

ROOFING SYSTEM
CARPORTS
SINGLE-PLY

PHOTOGRAPH #7

EXTERIOR FINISHES
TOWER
WEST ELEVATION

PHOTOGRAPH #8

EXTERIOR FINISHES
TOWER
NORTH ELEVATION

PHOTOGRAPH #9

EXTERIOR FINISHES
TOWER
SOUTH ELEVATION

PHOTOGRAPH #10

EXTERIOR FINISHES
TOWER
EAST ELEVATION

PHOTOGRAPH #11

FIRE ALARM SYSTEMS
FIRE ALARM PANEL

PHOTOGRAPH #12

FIRE ALARM SYSTEMS
FIRE PUMP BACKFLOW

PHOTOGRAPH #13

FIRE ALARM SYSTEMS
FIRE PUMP AND BACKFLOW PREVENTER

PHOTOGRAPH #14

FIRE ALARM SYSTEMS
FIRE PUMP CONTROLLER

PHOTOGRAPH #15

PLUMBING SYSTEMS
BOOSTER PUMPS

PHOTOGRAPH #16

ELECTRICAL SYSTEMS
HOUSE DISTRIBUTION (TYP.)

PHOTOGRAPH #17

ELECTRICAL SYSTEMS
TENANT DISTRIBUTION

PHOTOGRAPH #18

ELECTRICAL SYSTEMS
TENANT DISTRIBUTION (TYP.)

PHOTOGRAPH #19

ELECTRICAL SYSTEMS
EMERGENCY GENERATOR

PHOTOGRAPH #20

WINDOWS AND EXTERIOR DOORS
CLUBHOUSE

PHOTOGRAPH #21

WINDOWS AND EXTERIOR DOORS
SIDE LOBBY

PHOTOGRAPH #22

WINDOWS AND EXTERIOR DOORS
MAIN LOBBY

PHOTOGRAPH #23

OTHER ITEMS
COOLING TOWER

PHOTOGRAPH #24

OTHER ITEMS
COOLING TOWER
PIPING AND EQUIPMENT

Florida Statutes / Florida Administrative Code

718.112 Bylaws.—

(1) GENERALLY.—

(a) The operation of the association shall be governed by the articles of incorporation if the association is incorporated, and the bylaws of the association, which shall be included as exhibits to the recorded declaration. If one association operates more than one condominium, it shall not be necessary to rerecord the same articles of incorporation and bylaws as exhibits to each declaration after the first, provided that in each case where the articles and bylaws are not so recorded, the declaration expressly incorporates them by reference as exhibits and identifies the book and page of the public records where the first declaration to which they were attached is recorded.

(b) No amendment to the articles of incorporation or bylaws is valid unless recorded with identification on the first page thereof of the book and page of the public records where the declaration of each condominium operated by the association is recorded.

(c) The association may extinguish a discriminatory restriction as provided under s. 712.065.

(2) REQUIRED PROVISIONS.—The bylaws shall provide for the following and, if they do not do so, shall be deemed to include the following:

(a) *Administration.*—

1. The form of administration of the association shall be described indicating the title of the officers and board of administration and specifying the powers, duties, manner of selection and removal, and compensation, if any, of officers and boards. In the absence of such a provision, the board of administration shall be composed of five members, unless the condominium has five or fewer units. The board shall consist of not fewer than three members in condominiums with five or fewer units that are not-for-profit corporations. In the absence of provisions to the contrary in the bylaws, the board of administration shall have a president, a secretary, and a treasurer, who shall perform the duties of such officers customarily performed by officers of corporations. Unless prohibited in the bylaws, the board of administration may appoint other officers and grant them the duties it deems appropriate. Unless otherwise provided in the bylaws, the officers shall serve without compensation and at the pleasure of the board of administration. Unless otherwise provided in the bylaws, the members of the board shall serve without compensation.

2. When a unit owner of a residential condominium files a written inquiry by certified mail with the board of administration, the board shall respond in writing to the unit owner within 30 days after receipt of the inquiry. The board's response shall either give a substantive response to the inquirer, notify the inquirer that a legal opinion has been requested, or notify the inquirer that advice has been requested from the division. If the board requests advice from the division, the board shall, within 10 days after its receipt of the advice, provide in writing a substantive response to the inquirer. If a legal opinion is requested, the board shall, within 60 days after the receipt of the inquiry, provide in writing a substantive response to the inquiry. The failure to provide a substantive response to the inquiry as provided herein precludes the board from recovering attorney fees and costs in any subsequent litigation, administrative proceeding, or arbitration arising out of the inquiry. The association may through its board of administration adopt reasonable rules and regulations regarding the frequency and manner of responding to unit owner inquiries, one of which may be that the association is only obligated to respond to one written inquiry per unit

in any given 30-day period. In such a case, any additional inquiry or inquiries must be responded to in the subsequent 30-day period, or periods, as applicable.

(b) *Quorum; voting requirements; proxies.*—

1. Unless a lower number is provided in the bylaws, the percentage of voting interests required to constitute a quorum at a meeting of the members is a majority of the voting interests. Unless otherwise provided in this chapter or in the declaration, articles of incorporation, or bylaws, and except as provided in subparagraph (d)4., decisions shall be made by a majority of the voting interests represented at a meeting at which a quorum is present.

2. Except as specifically otherwise provided herein, unit owners in a residential condominium may not vote by general proxy, but may vote by limited proxies substantially conforming to a limited proxy form adopted by the division. A voting interest or consent right allocated to a unit owned by the association may not be exercised or considered for any purpose, whether for a quorum, an election, or otherwise. Limited proxies and general proxies may be used to establish a quorum. Limited proxies shall be used for votes taken to waive or reduce reserves in accordance with subparagraph (f)2.; for votes taken to waive the financial reporting requirements of s. 718.111(13); for votes taken to amend the declaration pursuant to s. 718.110; for votes taken to amend the articles of incorporation or bylaws pursuant to this section; and for any other matter for which this chapter requires or permits a vote of the unit owners. Except as provided in paragraph (d), a proxy, limited or general, may not be used in the election of board members in a residential condominium. General proxies may be used for other matters for which limited proxies are not required, and may be used in voting for nonsubstantive changes to items for which a limited proxy is required and given. Notwithstanding this subparagraph, unit owners may vote in person at unit owner meetings. This subparagraph does not limit the use of general proxies or require the use of limited proxies for any agenda item or election at any meeting of a timeshare condominium association or a nonresidential condominium association.

3. A proxy given is effective only for the specific meeting for which originally given and any lawfully adjourned meetings thereof. A proxy is not valid longer than 90 days after the date of the first meeting for which it was given. Each proxy is revocable at any time at the pleasure of the unit owner executing it.

4. A member of the board of administration or a committee may submit in writing his or her agreement or disagreement with any action taken at a meeting that the member did not attend. This agreement or disagreement may not be used as a vote for or against the action taken or to create a quorum.

5. A board or committee member's participation in a meeting via telephone, real-time videoconferencing, or similar real-time electronic or video communication counts toward a quorum, and such member may vote as if physically present. A speaker must be used so that the conversation of such members may be heard by the board or committee members attending in person as well as by any unit owners present at a meeting.

(c) *Board of administration meetings.*—Meetings of the board of administration at which a quorum of the members is present are open to all unit owners. Members of the board of administration may use e-mail as a means of communication but may not cast a vote on an association matter via e-mail. A unit owner may tape record or videotape the meetings. The right to attend such meetings includes the right to speak at such meetings with reference to all designated agenda items. The division shall adopt reasonable rules governing the tape recording and videotaping of the meeting. The association may adopt written reasonable rules governing the frequency, duration, and manner of unit owner statements.

1. Adequate notice of all board meetings, which must specifically identify all agenda items, must be posted conspicuously on the condominium property at least 48 continuous hours before the meeting except in an emergency. If 20 percent of the voting interests petition the board to address an item of business, the board, within 60 days after receipt of the petition, shall place the item on the agenda at its next regular board meeting or at a special meeting called for that purpose. An item not included on the notice may be taken up on an emergency basis by a vote of at least a majority plus one of the board members. Such emergency action must be noticed and ratified at the next regular board meeting. Written notice of a meeting at which a nonemergency special assessment or an amendment to rules regarding unit use will be considered must be mailed, delivered, or electronically transmitted to the unit owners and posted conspicuously on the condominium property at least 14 days before the meeting. Evidence of compliance with this 14-day notice requirement must be made by an affidavit executed by the person providing the

notice and filed with the official records of the association. Notice of any meeting in which regular or special assessments against unit owners are to be considered must specifically state that assessments will be considered and provide the estimated cost and description of the purposes for such assessments. Upon notice to the unit owners, the board shall, by duly adopted rule, designate a specific location on the condominium property where all notices of board meetings must be posted. If there is no condominium property where notices can be posted, notices shall be mailed, delivered, or electronically transmitted to each unit owner at least 14 days before the meeting. In lieu of or in addition to the physical posting of the notice on the condominium property, the association may, by reasonable rule, adopt a procedure for conspicuously posting and repeatedly broadcasting the notice and the agenda on a closed-circuit cable television system serving the condominium association. However, if broadcast notice is used in lieu of a notice physically posted on condominium property, the notice and agenda must be broadcast at least four times every broadcast hour of each day that a posted notice is otherwise required under this section. If broadcast notice is provided, the notice and agenda must be broadcast in a manner and for a sufficient continuous length of time so as to allow an average reader to observe the notice and read and comprehend the entire content of the notice and the agenda. In addition to any of the authorized means of providing notice of a meeting of the board, the association may, by rule, adopt a procedure for conspicuously posting the meeting notice and the agenda on a website serving the condominium association for at least the minimum period of time for which a notice of a meeting is also required to be physically posted on the condominium property. Any rule adopted shall, in addition to other matters, include a requirement that the association send an electronic notice in the same manner as a notice for a meeting of the members, which must include a hyperlink to the website where the notice is posted, to unit owners whose e-mail addresses are included in the association's official records.

2. Meetings of a committee to take final action on behalf of the board or make recommendations to the board regarding the association budget are subject to this paragraph. Meetings of a committee that does not take final action on behalf of the board or make recommendations to the board regarding the association budget are subject to this section, unless those meetings are exempted from this section by the bylaws of the association.

3. Notwithstanding any other law, the requirement that board meetings and committee meetings be open to the unit owners does not apply to:

a. Meetings between the board or a committee and the association's attorney, with respect to proposed or pending litigation, if the meeting is held for the purpose of seeking or rendering legal advice; or

b. Board meetings held for the purpose of discussing personnel matters.

(d) *Unit owner meetings.*—

1. An annual meeting of the unit owners must be held at the location provided in the association bylaws and, if the bylaws are silent as to the location, the meeting must be held within 45 miles of the condominium property. However, such distance requirement does not apply to an association governing a timeshare condominium.

2. Unless the bylaws provide otherwise, a vacancy on the board caused by the expiration of a director's term must be filled by electing a new board member, and the election must be by secret ballot. An election is not required if the number of vacancies equals or exceeds the number of candidates. For purposes of this paragraph, the term "candidate" means an eligible person who has timely submitted the written notice, as described in sub-subparagraph 4.a., of his or her intention to become a candidate. Except in a timeshare or nonresidential condominium, or if the staggered term of a board member does not expire until a later annual meeting, or if all members' terms would otherwise expire but there are no candidates, the terms of all board members expire at the annual meeting, and such members may stand for reelection unless prohibited by the bylaws. Board members may serve terms longer than 1 year if permitted by the bylaws or articles of incorporation. A board member may not serve more than 8 consecutive years unless approved by an affirmative vote of unit owners representing two-thirds of all votes cast in the election or unless there are not enough eligible candidates to fill the vacancies on the board at the time of the vacancy. Only board service that occurs on or after July 1, 2018, may be used when calculating a board member's term limit. If the number of board members whose terms expire at the annual meeting equals or exceeds the number of candidates, the candidates become members of the board effective upon the adjournment of the annual meeting. Unless the bylaws provide otherwise, any remaining vacancies shall be filled by the affirmative vote of the majority of the directors making up the newly constituted board even if the directors constitute less than a quorum or there is

only one director. In a residential condominium association of more than 10 units or in a residential condominium association that does not include timeshare units or timeshare interests, co-owners of a unit may not serve as members of the board of directors at the same time unless they own more than one unit or unless there are not enough eligible candidates to fill the vacancies on the board at the time of the vacancy. A unit owner in a residential condominium desiring to be a candidate for board membership must comply with sub-subparagraph 4.a. and must be eligible to be a candidate to serve on the board of directors at the time of the deadline for submitting a notice of intent to run in order to have his or her name listed as a proper candidate on the ballot or to serve on the board. A person who has been suspended or removed by the division under this chapter, or who is delinquent in the payment of any assessment due to the association, is not eligible to be a candidate for board membership and may not be listed on the ballot. For purposes of this paragraph, a person is delinquent if a payment is not made by the due date as specifically identified in the declaration of condominium, bylaws, or articles of incorporation. If a due date is not specifically identified in the declaration of condominium, bylaws, or articles of incorporation, the due date is the first day of the assessment period. A person who has been convicted of any felony in this state or in a United States District or Territorial Court, or who has been convicted of any offense in another jurisdiction which would be considered a felony if committed in this state, is not eligible for board membership unless such felon's civil rights have been restored for at least 5 years as of the date such person seeks election to the board. The validity of an action by the board is not affected if it is later determined that a board member is ineligible for board membership due to having been convicted of a felony. This subparagraph does not limit the term of a member of the board of a nonresidential or timeshare condominium.

3. The bylaws must provide the method of calling meetings of unit owners, including annual meetings. Written notice of an annual meeting must include an agenda; be mailed, hand delivered, or electronically transmitted to each unit owner at least 14 days before the annual meeting; and be posted in a conspicuous place on the condominium property or association property at least 14 continuous days before the annual meeting. Written notice of a meeting other than an annual meeting must include an agenda; be mailed, hand delivered, or electronically transmitted to each unit owner; and be posted in a conspicuous place on the condominium property or association property within the timeframe specified in the bylaws. If the bylaws do not specify a timeframe for written notice of a meeting other than an annual meeting, notice must be provided at least 14 continuous days before the meeting. Upon notice to the unit owners, the board shall, by duly adopted rule, designate a specific location on the condominium property or association property where all notices of unit owner meetings must be posted. This requirement does not apply if there is no condominium property for posting notices. In lieu of, or in addition to, the physical posting of meeting notices, the association may, by reasonable rule, adopt a procedure for conspicuously posting and repeatedly broadcasting the notice and the agenda on a closed-circuit cable television system serving the condominium association. However, if broadcast notice is used in lieu of a notice posted physically on the condominium property, the notice and agenda must be broadcast at least four times every broadcast hour of each day that a posted notice is otherwise required under this section. If broadcast notice is provided, the notice and agenda must be broadcast in a manner and for a sufficient continuous length of time so as to allow an average reader to observe the notice and read and comprehend the entire content of the notice and the agenda. In addition to any of the authorized means of providing notice of a meeting of the board, the association may, by rule, adopt a procedure for conspicuously posting the meeting notice and the agenda on a website serving the condominium association for at least the minimum period of time for which a notice of a meeting is also required to be physically posted on the condominium property. Any rule adopted shall, in addition to other matters, include a requirement that the association send an electronic notice in the same manner as a notice for a meeting of the members, which must include a hyperlink to the website where the notice is posted, to unit owners whose e-mail addresses are included in the association's official records. Unless a unit owner waives in writing the right to receive notice of the annual meeting, such notice must be hand delivered, mailed, or electronically transmitted to each unit owner. Notice for meetings and notice for all other purposes must be mailed to each unit owner at the address last furnished to the association by the unit owner, or hand delivered to each unit owner. However, if a unit is owned by more than one person, the association must provide notice to the address that the developer identifies for that purpose and thereafter as one or more of the owners of the unit advise the association in writing, or if no address is given or the

owners of the unit do not agree, to the address provided on the deed of record. An officer of the association, or the manager or other person providing notice of the association meeting, must provide an affidavit or United States Postal Service certificate of mailing, to be included in the official records of the association affirming that the notice was mailed or hand delivered in accordance with this provision.

4. The members of the board of a residential condominium shall be elected by written ballot or voting machine. Proxies may not be used in electing the board in general elections or elections to fill vacancies caused by recall, resignation, or otherwise, unless otherwise provided in this chapter. This subparagraph does not apply to an association governing a timeshare condominium.

a. At least 60 days before a scheduled election, the association shall mail, deliver, or electronically transmit, by separate association mailing or included in another association mailing, delivery, or transmission, including regularly published newsletters, to each unit owner entitled to a vote, a first notice of the date of the election. A unit owner or other eligible person desiring to be a candidate for the board must give written notice of his or her intent to be a candidate to the association at least 40 days before a scheduled election. Together with the written notice and agenda as set forth in subparagraph 3., the association shall mail, deliver, or electronically transmit a second notice of the election to all unit owners entitled to vote, together with a ballot that lists all candidates not less than 14 days or more than 34 days before the date of the election. Upon request of a candidate, an information sheet, no larger than 8 ½ inches by 11 inches, which must be furnished by the candidate at least 35 days before the election, must be included with the mailing, delivery, or transmission of the ballot, with the costs of mailing, delivery, or electronic transmission and copying to be borne by the association. The association is not liable for the contents of the information sheets prepared by the candidates. In order to reduce costs, the association may print or duplicate the information sheets on both sides of the paper. The division shall by rule establish voting procedures consistent with this sub-subparagraph, including rules establishing procedures for giving notice by electronic transmission and rules providing for the secrecy of ballots. Elections shall be decided by a plurality of ballots cast. There is no quorum requirement; however, at least 20 percent of the eligible voters must cast a ballot in order to have a valid election. A unit owner may not authorize any other person to vote his or her ballot, and any ballots improperly cast are invalid. A unit owner who violates this provision may be fined by the association in accordance with s. 718.303. A unit owner who needs assistance in casting the ballot for the reasons stated in s. 101.051 may obtain such assistance. The regular election must occur on the date of the annual meeting. Notwithstanding this sub-subparagraph, an election is not required unless more candidates file notices of intent to run or are nominated than board vacancies exist.

b. Within 90 days after being elected or appointed to the board of an association of a residential condominium, each newly elected or appointed director shall certify in writing to the secretary of the association that he or she has read the association's declaration of condominium, articles of incorporation, bylaws, and current written policies; that he or she will work to uphold such documents and policies to the best of his or her ability; and that he or she will faithfully discharge his or her fiduciary responsibility to the association's members. In lieu of this written certification, within 90 days after being elected or appointed to the board, the newly elected or appointed director may submit a certificate of having satisfactorily completed the educational curriculum administered by a division-approved condominium education provider within 1 year before or 90 days after the date of election or appointment. The written certification or educational certificate is valid and does not have to be resubmitted as long as the director serves on the board without interruption. A director of an association of a residential condominium who fails to timely file the written certification or educational certificate is suspended from service on the board until he or she complies with this sub-subparagraph. The board may temporarily fill the vacancy during the period of suspension. The secretary shall cause the association to retain a director's written certification or educational certificate for inspection by the members for 5 years after a director's election or the duration of the director's uninterrupted tenure, whichever is longer. Failure to have such written certification or educational certificate on file does not affect the validity of any board action.

c. Any challenge to the election process must be commenced within 60 days after the election results are announced.

5. Any approval by unit owners called for by this chapter or the applicable declaration or bylaws, including, but not limited to, the approval requirement in s. 718.111(8), must be made at a duly noticed meeting of unit owners

and is subject to all requirements of this chapter or the applicable condominium documents relating to unit owner decisionmaking, except that unit owners may take action by written agreement, without meetings, on matters for which action by written agreement without meetings is expressly allowed by the applicable bylaws or declaration or any law that provides for such action.

6. Unit owners may waive notice of specific meetings if allowed by the applicable bylaws or declaration or any law. Notice of meetings of the board of administration; unit owner meetings, except unit owner meetings called to recall board members under paragraph (l); and committee meetings may be given by electronic transmission to unit owners who consent to receive notice by electronic transmission. A unit owner who consents to receiving notices by electronic transmission is solely responsible for removing or bypassing filters that block receipt of mass e-mails sent to members on behalf of the association in the course of giving electronic notices.

7. Unit owners have the right to participate in meetings of unit owners with reference to all designated agenda items. However, the association may adopt reasonable rules governing the frequency, duration, and manner of unit owner participation.

8. A unit owner may tape record or videotape a meeting of the unit owners subject to reasonable rules adopted by the division.

9. Unless otherwise provided in the bylaws, any vacancy occurring on the board before the expiration of a term may be filled by the affirmative vote of the majority of the remaining directors, even if the remaining directors constitute less than a quorum, or by the sole remaining director. In the alternative, a board may hold an election to fill the vacancy, in which case the election procedures must conform to sub-subparagraph 4.a. unless the association governs 10 units or fewer and has opted out of the statutory election process, in which case the bylaws of the association control. Unless otherwise provided in the bylaws, a board member appointed or elected under this section shall fill the vacancy for the unexpired term of the seat being filled. Filling vacancies created by recall is governed by paragraph (l) and rules adopted by the division.

10. This chapter does not limit the use of general or limited proxies, require the use of general or limited proxies, or require the use of a written ballot or voting machine for any agenda item or election at any meeting of a timeshare condominium association or nonresidential condominium association.

Notwithstanding subparagraph (b)2. and sub-subparagraph 4.a., an association of 10 or fewer units may, by affirmative vote of a majority of the total voting interests, provide for different voting and election procedures in its bylaws, which may be by a proxy specifically delineating the different voting and election procedures. The different voting and election procedures may provide for elections to be conducted by limited or general proxy.

(e) *Budget meeting.*—

1. Any meeting at which a proposed annual budget of an association will be considered by the board or unit owners shall be open to all unit owners. At least 14 days prior to such a meeting, the board shall hand deliver to each unit owner, mail to each unit owner at the address last furnished to the association by the unit owner, or electronically transmit to the location furnished by the unit owner for that purpose a notice of such meeting and a copy of the proposed annual budget. An officer or manager of the association, or other person providing notice of such meeting, shall execute an affidavit evidencing compliance with such notice requirement, and such affidavit shall be filed among the official records of the association.

2.a. If a board adopts in any fiscal year an annual budget which requires assessments against unit owners which exceed 115 percent of assessments for the preceding fiscal year, the board shall conduct a special meeting of the unit owners to consider a substitute budget if the board receives, within 21 days after adoption of the annual budget, a written request for a special meeting from at least 10 percent of all voting interests. The special meeting shall be conducted within 60 days after adoption of the annual budget. At least 14 days prior to such special meeting, the board shall hand deliver to each unit owner, or mail to each unit owner at the address last furnished to the association, a notice of the meeting. An officer or manager of the association, or other person providing notice of such meeting shall execute an affidavit evidencing compliance with this notice requirement, and such affidavit shall be filed among the official records of the association. Unit owners may consider and adopt a substitute budget at the special meeting. A substitute budget is adopted if approved by a majority of all voting interests unless the bylaws

require adoption by a greater percentage of voting interests. If there is not a quorum at the special meeting or a substitute budget is not adopted, the annual budget previously adopted by the board shall take effect as scheduled.

b. Any determination of whether assessments exceed 115 percent of assessments for the prior fiscal year shall exclude any authorized provision for reasonable reserves for repair or replacement of the condominium property, anticipated expenses of the association which the board does not expect to be incurred on a regular or annual basis, insurance premiums, or assessments for betterments to the condominium property.

c. If the developer controls the board, assessments shall not exceed 115 percent of assessments for the prior fiscal year unless approved by a majority of all voting interests.

(f) *Annual budget.*—

1. The proposed annual budget of estimated revenues and expenses must be detailed and must show the amounts budgeted by accounts and expense classifications, including, at a minimum, any applicable expenses listed in s. 718.504(21). The board shall adopt the annual budget at least 14 days before the start of the association's fiscal year. In the event that the board fails to timely adopt the annual budget a second time, it is deemed a minor violation and the prior year's budget shall continue in effect until a new budget is adopted. A multicondominium association must adopt a separate budget of common expenses for each condominium the association operates and must adopt a separate budget of common expenses for the association. In addition, if the association maintains limited common elements with the cost to be shared only by those entitled to use the limited common elements as provided for in s. 718.113(1), the budget or a schedule attached to it must show the amount budgeted for this maintenance. If, after turnover of control of the association to the unit owners, any of the expenses listed in s. 718.504(21) are not applicable, they do not need to be listed.

2.a. In addition to annual operating expenses, the budget must include reserve accounts for capital expenditures and deferred maintenance. These accounts must include, but are not limited to, roof replacement, building painting, and pavement resurfacing, regardless of the amount of deferred maintenance expense or replacement cost, and any other item that has a deferred maintenance expense or replacement cost that exceeds $10,000. The amount to be reserved must be computed using a formula based upon estimated remaining useful life and estimated replacement cost or deferred maintenance expense of the reserve item. In a budget adopted by an association that is required to obtain a structural integrity reserve study, reserves must be maintained for the items identified in paragraph (g) for which the association is responsible pursuant to the declaration of condominium, and the reserve amount for such items must be based on the findings and recommendations of the association's most recent structural integrity reserve study. With respect to items for which an estimate of useful life is not readily ascertainable or with an estimated remaining useful life of greater than 25 years, an association is not required to reserve replacement costs for such items, but an association must reserve the amount of deferred maintenance expense, if any, which is recommended by the structural integrity reserve study for such items. The association may adjust replacement reserve assessments annually to take into account an inflation adjustment and any changes in estimates or extension of the useful life of a reserve item caused by deferred maintenance. The members of a unit-owner-controlled association may determine, by a majority vote of the total voting interests of the association, to provide no reserves or less reserves than required by this subsection. For a budget adopted on or after December 31, 2024, the members of a unit-owner-controlled association that must obtain a structural integrity reserve study may not determine to provide no reserves or less reserves than required by this subsection for items listed in paragraph (g), except that members of an association operating a multicondominium may determine to provide no reserves or less reserves than required by this subsection if an alternative funding method has been approved by the division.

b. Before turnover of control of an association by a developer to unit owners other than a developer under s. 718.301, the developer-controlled association may not vote to waive the reserves or reduce funding of the reserves. If a meeting of the unit owners has been called to determine whether to waive or reduce the funding of reserves and no such result is achieved or a quorum is not attained, the reserves included in the budget shall go into effect. After the turnover, the developer may vote its voting interest to waive or reduce the funding of reserves.

3. Reserve funds and any interest accruing thereon shall remain in the reserve account or accounts, and may be used only for authorized reserve expenditures unless their use for other purposes is approved in advance by a majority vote of all the total voting interests of the association. Before 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 may not vote to use reserves for purposes other than those for which they were intended. For a budget adopted on or after December 31, 2024, members of a unit-owner-controlled association that must obtain a structural integrity reserve study may not vote to use reserve funds, or any interest accruing thereon, for any other purpose other than the replacement or deferred maintenance costs of the components listed in paragraph (g).

4. The only voting interests that are eligible to vote on questions that involve waiving or reducing the funding of reserves, or using existing reserve funds for purposes other than purposes for which the reserves were intended, are the voting interests of the units subject to assessment to fund the reserves in question. Proxy questions relating to waiving or reducing the funding of reserves or using existing reserve funds for purposes other than purposes for which the reserves were intended must contain the following statement in capitalized, bold letters in a font size larger than any other used on the face of the proxy ballot: WAIVING OF RESERVES, IN WHOLE OR IN PART, OR ALLOWING ALTERNATIVE USES OF EXISTING RESERVES MAY RESULT IN UNIT OWNER LIABILITY FOR PAYMENT OF UNANTICIPATED SPECIAL ASSESSMENTS REGARDING THOSE ITEMS.

(g) *Structural integrity reserve study.*—

1. A residential condominium association must have a structural integrity reserve study completed at least every 10 years after the condominium's creation for each building on the condominium property that is three stories or higher in height, as determined by the Florida Building Code, which includes, at a minimum, a study of the following items as related to the structural integrity and safety of the building:

a. Roof.

b. Structure, including load-bearing walls and other primary structural members and primary structural systems as those terms are defined in s. 627.706.

c. Fireproofing and fire protection systems.

d. Plumbing.

e. Electrical systems.

f. Waterproofing and exterior painting.

g. Windows and exterior doors.

h. Any other item that has a deferred maintenance expense or replacement cost that exceeds $10,000 and the failure to replace or maintain such item negatively affects the items listed in sub-subparagraphs a.-g., as determined by the visual inspection portion of the structural integrity reserve study.

2. A structural integrity reserve study is based on a visual inspection of the condominium property. A structural integrity reserve study may be performed by any person qualified to perform such study. However, the visual inspection portion of the structural integrity reserve study must be performed or verified by an engineer licensed under chapter 471, an architect licensed under chapter 481, or a person certified as a reserve specialist or professional reserve analyst by the Community Associations Institute or the Association of Professional Reserve Analysts.

3. At a minimum, a structural integrity reserve study must identify each item of the condominium property being visually inspected, state the estimated remaining useful life and the estimated replacement cost or deferred maintenance expense of each item of the condominium property being visually inspected, and provide a reserve funding schedule with a recommended annual reserve amount that achieves the estimated replacement cost or deferred maintenance expense of each item of condominium property being visually inspected by the end of the estimated remaining useful life of the item. The structural integrity reserve study may recommend that reserves do not need to be maintained for any item for which an estimate of useful life and an estimate of replacement cost cannot be determined, or the study may recommend a deferred maintenance expense amount for such item. The structural integrity reserve study may recommend that reserves for replacement costs do not need to be maintained for any item with an estimated remaining useful life of greater than 25 years, but the study may recommend a deferred maintenance expense amount for such item.

4. This paragraph does not apply to buildings less than three stories in height; single-family, two-family, or three-family dwellings with three or fewer habitable stories above ground; any portion or component of a building that has

not been submitted to the condominium form of ownership; or any portion or component of a building that is maintained by a party other than the association.

5. Before a developer turns over control of an association to unit owners other than the developer, the developer must have a turnover inspection report in compliance with s. 718.301(4)(p) and (q) for each building on the condominium property that is three stories or higher in height.

6. Associations existing on or before July 1, 2022, which are controlled by unit owners other than the developer, must have a structural integrity reserve study completed by December 31, 2024, for each building on the condominium property that is three stories or higher in height. An association that is required to complete a milestone inspection in accordance with s. 553.899 on or before December 31, 2026, may complete the structural integrity reserve study simultaneously with the milestone inspection. In no event may the structural integrity reserve study be completed after December 31, 2026.

7. If the milestone inspection required by s. 553.899, or an inspection completed for a similar local requirement, was performed within the past 5 years and meets the requirements of this paragraph, such inspection may be used in place of the visual inspection portion of the structural integrity reserve study.

8. If the officers or directors of an association willfully and knowingly fail to complete a structural integrity reserve study pursuant to this paragraph, such failure is a breach of an officer's and director's fiduciary relationship to the unit owners under s. 718.111(1).

(h) *Mandatory milestone inspections.*—If an association is required to have a milestone inspection performed pursuant to s. 553.899, the association must arrange for the milestone inspection to be performed and is responsible for ensuring compliance with the requirements of s. 553.899. The association is responsible for all costs associated with the milestone inspection attributable to the portions of the building which the association is responsible for maintaining under the governing documents of the association. If the officers or directors of an association willfully and knowingly fail to have a milestone inspection performed pursuant to s. 553.899, such failure is a breach of the officers' and directors' fiduciary relationship to the unit owners under s. 718.111(1)(a). Within 14 days after receipt of a written notice from the local enforcement agency that a milestone inspection is required, the association must notify the unit owners of the required milestone inspection and provide the date by which the milestone inspection must be completed. Such notice may be given by electronic submission to unit owners who consent to receive notice by electronic submission or by posting on the association's website. Within 45 days after receiving a phase one or phase two milestone inspection report from the architect or engineer who performed the inspection, the association must distribute a copy of the inspector-prepared summary of the inspection report to each unit owner, regardless of the findings or recommendations in the report, by United States mail or personal delivery at the mailing address, property address, or any other address of the owner provided to fulfill the association's notice requirements under this chapter and by electronic transmission to the e-mail address or facsimile number provided to fulfill the association's notice requirements to unit owners who previously consented to receive notice by electronic transmission; must post a copy of the inspector-prepared summary in a conspicuous place on the condominium property; and must publish the full report and inspector-prepared summary on the association's website, if the association is required to have a website.

(i) *Assessments.*—The manner of collecting from the unit owners their shares of the common expenses shall be stated in the bylaws. Assessments shall be made against units not less frequently than quarterly in an amount which is not less than that required to provide funds in advance for payment of all of the anticipated current operating expenses and for all of the unpaid operating expenses previously incurred. Nothing in this paragraph shall preclude the right of an association to accelerate assessments of an owner delinquent in payment of common expenses. Accelerated assessments shall be due and payable on the date the claim of lien is filed. Such accelerated assessments shall include the amounts due for the remainder of the budget year in which the claim of lien was filed.

(j) *Amendment of bylaws.*—

1. The method by which the bylaws may be amended consistent with the provisions of this chapter shall be stated. If the bylaws fail to provide a method of amendment, the bylaws may be amended if the amendment is approved by the owners of not less than two-thirds of the voting interests.

2. No bylaw shall be revised or amended by reference to its title or number only. Proposals to amend existing bylaws shall contain the full text of the bylaws to be amended; new words shall be inserted in the text underlined, and words to be deleted shall be lined through with hyphens. However, if the proposed change is so extensive that this procedure would hinder, rather than assist, the understanding of the proposed amendment, it is not necessary to use underlining and hyphens as indicators of words added or deleted, but, instead, a notation must be inserted immediately preceding the proposed amendment in substantially the following language: "Substantial rewording of bylaw. See bylaw for present text."

3. Nonmaterial errors or omissions in the bylaw process will not invalidate an otherwise properly promulgated amendment.

(k) *Transfer fees.*—An association may not charge a fee in connection with the sale, mortgage, lease, sublease, or other transfer of a unit unless the association is required to approve such transfer and a fee for such approval is provided for in the declaration, articles, or bylaws. Any such fee may be preset but may not exceed $150 per applicant. For the purpose of calculating the fee, spouses or a parent or parents and any dependent children are considered one applicant. However, if the lease or sublease is a renewal of a lease or sublease with the same lessee or sublessee, a charge may not be made. Such fees must be adjusted every 5 years in an amount equal to the total of the annual increases occurring in the Consumer Price Index for All Urban Consumers, U.S. City Average, All Items during that 5-year period. The Department of Business and Professional Regulation shall periodically calculate the fees, rounded to the nearest dollar, and publish the amounts, as adjusted, on its website. The foregoing notwithstanding, if the authority to do so appears in the declaration, articles, or bylaws, an association may require that a prospective lessee place a security deposit, in an amount not to exceed the equivalent of 1 month's rent, into an escrow account maintained by the association. The security deposit shall protect against damages to the common elements or association property. Payment of interest, claims against the deposit, refunds, and disputes under this paragraph shall be handled in the same fashion as provided in part II of chapter 83.

(l) *Recall of board members.*—Subject to s. 718.301, any member of the board of administration may be recalled and removed from office with or without cause by the vote or agreement in writing by a majority of all the voting interests. A special meeting of the unit owners to recall a member or members of the board of administration may be called by 10 percent of the voting interests giving notice of the meeting as required for a meeting of unit owners, and the notice shall state the purpose of the meeting. Electronic transmission may not be used as a method of giving notice of a meeting called in whole or in part for this purpose.

1. If the recall is approved by a majority of all voting interests by a vote at a meeting, the recall will be effective as provided in this paragraph. The board shall duly notice and hold a board meeting within 5 full business days after the adjournment of the unit owner meeting to recall one or more board members. Such member or members shall be recalled effective immediately upon conclusion of the board meeting, provided that the recall is facially valid. A recalled member must turn over to the board, within 10 full business days after the vote, any and all records and property of the association in their possession.

2. If the proposed recall is by an agreement in writing by a majority of all voting interests, the agreement in writing or a copy thereof shall be served on the association by certified mail or by personal service in the manner authorized by chapter 48 and the Florida Rules of Civil Procedure. The board of administration shall duly notice and hold a meeting of the board within 5 full business days after receipt of the agreement in writing. Such member or members shall be recalled effective immediately upon the conclusion of the board meeting, provided that the recall is facially valid. A recalled member must turn over to the board, within 10 full business days, any and all records and property of the association in their possession.

3. If the board fails to duly notice and hold a board meeting within 5 full business days after service of an agreement in writing or within 5 full business days after the adjournment of the unit owner recall meeting, the recall is deemed effective and the board members so recalled shall turn over to the board within 10 full business days after the vote any and all records and property of the association.

4. If the board fails to duly notice and hold the required meeting or at the conclusion of the meeting determines that the recall is not facially valid, the unit owner representative may file a petition or court action under s. 718.1255 challenging the board's failure to act or challenging the board's determination on facial validity. The

petition or action must be filed within 60 days after the expiration of the applicable 5-full-business-day period. The review of a petition or action under this subparagraph is limited to the sufficiency of service on the board and the facial validity of the written agreement or ballots filed.

5. If a vacancy occurs on the board as a result of a recall or removal and less than a majority of the board members are removed, the vacancy may be filled by the affirmative vote of a majority of the remaining directors, notwithstanding any provision to the contrary contained in this subsection. If vacancies occur on the board as a result of a recall and a majority or more of the board members are removed, the vacancies shall be filled in accordance with procedural rules to be adopted by the division, which rules need not be consistent with this subsection. The rules must provide procedures governing the conduct of the recall election as well as the operation of the association during the period after a recall but before the recall election.

6. A board member who has been recalled may file a petition or court action under s. 718.1255 challenging the validity of the recall. The petition or action must be filed within 60 days after the recall. The association and the unit owner representative shall be named as the respondents. The petition or action may challenge the facial validity of the written agreement or ballots filed or the substantial compliance with the procedural requirements for the recall. If the arbitrator or court determines the recall was invalid, the petitioning board member shall immediately be reinstated and the recall is null and void. A board member who is successful in challenging a recall is entitled to recover reasonable attorney fees and costs from the respondents. The arbitrator or court may award reasonable attorney fees and costs to the respondents if they prevail, if the arbitrator or court makes a finding that the petitioner's claim is frivolous.

7. The division or a court of competent jurisdiction may not accept for filing a recall petition or court action, whether filed under subparagraph 1., subparagraph 2., subparagraph 4., or subparagraph 6., when there are 60 or fewer days until the scheduled reelection of the board member sought to be recalled or when 60 or fewer days have elapsed since the election of the board member sought to be recalled.

(m) *Alternative dispute resolution.*—There must be a provision for alternative dispute resolution as provided for in s. 718.1255 for any residential condominium.

(n) *Firesafety.*—An association must ensure compliance with the Florida Fire Prevention Code. As to a residential condominium building that is a high-rise building as defined under the Florida Fire Prevention Code, the association must retrofit either a fire sprinkler system or an engineered life safety system as specified in the Florida Fire Prevention Code. Notwithstanding chapter 633 or of any other code, statute, ordinance, administrative rule, or regulation, or any interpretation of the foregoing, an association, residential condominium, or unit owner is not obligated to retrofit the common elements, association property, or units of a residential condominium with a fire sprinkler system in a building that has been certified for occupancy by the applicable governmental entity if the unit owners have voted to forego such retrofitting by the affirmative vote of a majority of all voting interests in the affected condominium. The local authority having jurisdiction may not require completion of retrofitting with a fire sprinkler system or an engineered life safety system before January 1, 2024.

1. A vote to forego retrofitting may be obtained by limited proxy or by a ballot personally cast at a duly called membership meeting, or by execution of a written consent by the member, and is effective upon recording a certificate attesting to such vote in the public records of the county where the condominium is located. The association shall mail or hand deliver to each unit owner written notice at least 14 days before the membership meeting in which the vote to forego retrofitting of the required fire sprinkler system is to take place. Within 30 days after the association's opt-out vote, notice of the results of the opt-out vote must be mailed or hand delivered to all unit owners. Evidence of compliance with this notice requirement must be made by affidavit executed by the person providing the notice and filed among the official records of the association. After notice is provided to each owner, a copy must be provided by the current owner to a new owner before closing and by a unit owner to a renter before signing a lease.

2. If there has been a previous vote to forego retrofitting, a vote to require retrofitting may be obtained at a special meeting of the unit owners called by a petition of at least 10 percent of the voting interests. Such a vote may only be called once every 3 years. Notice shall be provided as required for any regularly called meeting of the unit

owners, and must state the purpose of the meeting. Electronic transmission may not be used to provide notice of a meeting called in whole or in part for this purpose.

3. As part of the information collected annually from condominiums, the division shall require condominium associations to report the membership vote and recording of a certificate under this subsection and, if retrofitting has been undertaken, the per-unit cost of such work. The division shall annually report to the Division of State Fire Marshal of the Department of Financial Services the number of condominiums that have elected to forego retrofitting.

4. Notwithstanding s. 553.509, a residential association may not be obligated to, and may forego the retrofitting of, any improvements required by s. 553.509(2) upon an affirmative vote of a majority of the voting interests in the affected condominium.

5. This paragraph does not apply to timeshare condominium associations, which shall be governed by s. 721.24.

(o) *Common elements; limited power to convey.*—

1. With respect to condominiums created on or after October 1, 1994, the bylaws shall include a provision granting the association a limited power to convey a portion of the common elements to a condemning authority for the purpose of providing utility easements, right-of-way expansion, or other public purposes, whether negotiated or as a result of eminent domain proceedings.

2. In any case where the bylaws are silent as to the association's power to convey common elements as described in subparagraph 1., the bylaws shall be deemed to include the provision described in subparagraph 1.

(p) *Director or officer delinquencies.*—A director or officer more than 90 days delinquent in the payment of any monetary obligation due the association shall be deemed to have abandoned the office, creating a vacancy in the office to be filled according to law.

(q) *Director or officer offenses.*—A director or officer charged by information or indictment with a felony theft or embezzlement offense involving the association's funds or property must be removed from office, creating a vacancy in the office to be filled according to law until the end of the period of the suspension or the end of the director's term of office, whichever occurs first. While such director or officer has such criminal charge pending, he or she may not be appointed or elected to a position as a director or officer. However, if the charges are resolved without a finding of guilt, the director or officer shall be reinstated for the remainder of his or her term of office, if any.

(3) OPTIONAL PROVISIONS.—The bylaws as originally recorded or as amended under the procedures provided therein may provide for the following:

(a) A method of adopting and amending administrative rules and regulations governing the details of the operation and use of the common elements.

(b) Restrictions on and requirements for the use, maintenance, and appearance of the units and the use of the common elements.

(c) Provisions for giving notice by electronic transmission in a manner authorized by law of meetings of the board of directors and committees and of annual and special meetings of the members.

(d) Other provisions which are not inconsistent with this chapter or with the declaration, as may be desired.

History.—s. 1, ch. 76-222; s. 1, ch. 77-174; s. 5, ch. 77-221; ss. 3, 4, ch. 77-222; s. 1, ch. 78-340; s. 6, ch. 79-314; s. 2, ch. 80-323; s. 2, ch. 81-225; s. 1, ch. 82-113; s. 4, ch. 82-199; s. 6, ch. 84-368; s. 6, ch. 86-175; s. 2, ch. 88-148; s. 7, ch. 90-151; s. 5, ch. 91-103; ss. 5, 6, ch. 91-426; s. 3, ch. 92-49; s. 3, ch. 94-336; s. 7, ch. 94-350; s. 36, ch. 95-274; s. 2, ch. 96-396; s. 32, ch. 97-93; s. 1773, ch. 97-102; s. 1, ch. 97-301; s. 2, ch. 98-195; s. 3, ch. 98-322; s. 53, ch. 2000-302; s. 21, ch. 2001-64; s. 9, ch. 2002-27; s. 5, ch. 2003-14; s. 4, ch. 2004-345; s. 4, ch. 2004-353; s. 134, ch. 2005-2; s. 7, ch. 2008-28; s. 88, ch. 2009-21; s. 10, ch. 2010-174; s. 3, ch. 2011-196; s. 5, ch. 2013-122; s. 1, ch. 2013-159; s. 3, ch. 2013-188; s. 1, ch. 2014-74; s. 9, ch. 2014-133; s. 3, ch. 2015-97; s. 3, ch. 2017-188; s. 2, ch. 2018-96; s. 15, ch. 2019-165; s. 4, ch. 2021-99; s. 21, ch. 2021-135; s. 6, ch. 2022-269; s. 6, ch. 2023-203.

Definitions

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.

  AFB = Current Cost X Effective Age/Useful Life

  or

  AFB = (Current Cost X Effective Age/Useful Life) + [(Current Cost X Effective Age/Useful Life)/(1 + Interest Rate) ^ Remaining Life] – [(Current Cost X Effective Age/Useful Life) /(1 + Inflation Rate) ^ Remaining Life]

- **Cash flow method:** A method of developing a reserve funding plan in which contributions to the reserve fund offset the variable annual expenditures from it. Different reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

- **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.

- **Reserve Component:** An individual line item in a reserve study, developed or updated in the physical analysis. Components are the building blocks on which the reserve study is built.

- **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 can be accomplished through on-site visual observations, review or association design and organizational documents, review of established association precedents, and discussion with the appropriate association representative(s).

- **Component method:** A method of developing a reserve funding plan in which the total contribution is based on the sum of contributions for individual components. See "Cash flow method".

- **Condition assessment:** The task of evaluating the current condition of the component based on observed or 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 because some components age irregularly. Used primarily in computations.

- **Financial analysis:** The portion of a reserve study in which the current status of 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:** 100 percent funded; when the actual (or projected) reserve balance is equal to the fully funded balance.

- **Fully funded balance (FFB):** Total Accrued Depreciation; an indicator against which actual (or projected) reserve balance can be compared; the reserve balance that is in direct proportion to the fraction of "used" life of the current

repair or replacement cost. This number is calculated for each component, and these sums are added together for an association total.

- **Funding goals:** independent of methodology utilized, the following represent the basic categories of funding plan goals:

  - *Full funding.* Setting a reserve funding goal of attaining and maintaining reserves at or near 100 percent funded.
  - *Baseline funding.* Establishing a reserve funding goal of keeping the reserve cash balance above zero.
  - *Statutory funding.* Establishing a reserve funding goal of setting aside the specific minimum amount of reserves required by local statutes.
  - *Threshold funding.* Establishing a reserve funding goal of keeping the reserve balance above a specified dollar or percent funded amount. Depending on the threshold, this may be more or less conservative than full 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

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

- **Life and valuation estimates:** The task of estimating useful life, remaining useful life, and repair or replacement costs for reserve components.

- **Percent funded:** The ratio at a particular point in time (typically the beginning of the fiscal year) of the actual (or projected) reserve balance to the fully funded balance, expressed as a percentage.

- **Physical analysis:** The portion of the reserve study in which 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) / Estimated Remaining Useful Life (ERUL):** The estimated time, in years, for which a reserve component can be expected to continue to serve its intended function. Components of projects planned for the initial year have "zero" remaining useful life.

- **Replacement Cost / Estimated Replacement Cost (ERC):** 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 at a given point in time identified by the association to defray the future repair or replacement costs of those major components the association is obliged to maintain. Also known as "reserves", "reserve accounts," or "cash reserves".

- **Reserve provider:** An individual that prepares Reserve Studies.

- **Reserve study:** A budget planning tool that 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.

- **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 association members in addition to regular assessments. Special assessments are often regulated by governing documents or local statutes.

- **Surplus:** An actual (or projected) reserve balance greater than the fully-funded balance. See “Deficit”.

- **Useful Life (UL) / Estimated Useful Life (EUL):** The estimated time, in years, for which a reserve component can be expected to serve its intended function if properly constructed in its present application or installation.