RESERVE STUDY

Regency Pines II
Condominium Association, Inc.

Rockledge, Florida
March 9, 2022

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RESERVE ADVISORS
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Regency Pines II Condominium Association, Inc.
Rockledge, Florida

Dear Board of Directors of Regency Pines II Condominium Association, Inc.:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Reserve Study* of Regency Pines II Condominium Association, Inc. in Rockledge, Florida and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, March 9, 2022.

This *Reserve Study* exceeds the Association of Professional Reserve Analysts (APRA) standards fulfilling the requirements of a "Level II Reserve Study Update."

An ongoing review by the Board and an Update of this Reserve Study are necessary to ensure an equitable funding plan since a Reserve Study is a snapshot in time. We recommend the Board budget for an Update to this Reserve Study in two- to three-years. We look forward to continuing to help Regency Pines II Condominium Association, Inc. plan for a successful future.

As part of our long-term thinking and everyday commitment to our clients, we are available to answer any questions you may have regarding this study.

Respectfully submitted on March 30, 2022 by

Reserve Advisors, LLC

Visual Inspection and Report by: Ashley M. Doucet, RS[1]
Review by: Alan M. Ebert, RS, PRA[2], Director of Quality Assurance

ASSOCIATION OF PROFESSIONAL RESERVE ANALYSTS
Alan Ebert
Professional Reserve Analyst
2261
APRA

[1] RS (Reserve Specialist) is the reserve provider professional designation of the Community Associations Institute (CAI) representing America's more than 300,000 condominium, cooperative and homeowners associations.
[2] PRA (Professional Reserve Analyst) is the professional designation of the Association of Professional Reserve Analysts. Learn more about APRA at http://www.apra-usa.com.

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1. RESERVE STUDY EXECUTIVE SUMMARY

Client: Regency Pines II Condominium Association, Inc. (Regency Pines II)
Location: Rockledge, Florida
Reference: 120632

Property Basics: Regency Pines II Condominium Association, Inc. is a condominium style development which consists of 72 units in five buildings. The buildings were built in 1980.

Reserve Components Identified: 22 Reserve Components.

Inspection Date: March 9, 2022. We conducted previous inspections in 2014 and 2019.

Funding Goal: The Funding Goal of this Reserve Study is to maintain reserves above an adequate, not excessive threshold during one or more years of significant expenditures. Our recommended Funding Plan recognizes these threshold funding years in 2037 due to replacement of the car ports and in 2040 due to replacement of the asphalt pavement and paint finishes to the stucco walls.

Cash Flow Method: We use the Cash Flow Method to compute the Reserve Funding Plan. This method offsets future variable Reserve Expenditures with existing and future stable levels of reserve funding. Our application of this method also considers:

- Current and future local costs of replacement
- 0.0% anticipated annual rate of return on invested reserves
- 0.0% future Inflation Rate for estimating Future Replacement Costs

We exclude interest and inflation from our analysis due to recent interpretations of the Florida Administrative code by the Division of Condominiums, Timeshares and Mobile Homes. The Division has opined that any increase in reserve contributions over the length of a cash flow analysis would be considered "balloon payments" and prohibited by the Fla. Admin. Code, Rule 61B-22.0005(3)(b). Nothing in the Code purports to define “balloon payments” in a manner inconsistent with the general understanding of the word, which contemplates a series of smaller payments followed by a significantly larger lump-sum payment. However, the Division maintains their opinion and has cited Associations for non-compliance due to this issue. In order to ensure compliance, the funding plan, contributions and expenditure projections shown in this study exclude any increases due to inflation or adjustments for interest.

Please contact us if you would like us to prepare an alternate funding plan inclusive of these variables for your consideration. However, please note that a cash flow funding plan with any future increases in contributions would not comply with Fla. Admin. Code based on the Division’s recent interpretations.

Sources for *Local* Costs of Replacement: Our proprietary database, historical costs and published sources, i.e., R.S. Means, Incorporated.

Unaudited Cash Status of Reserve Fund:

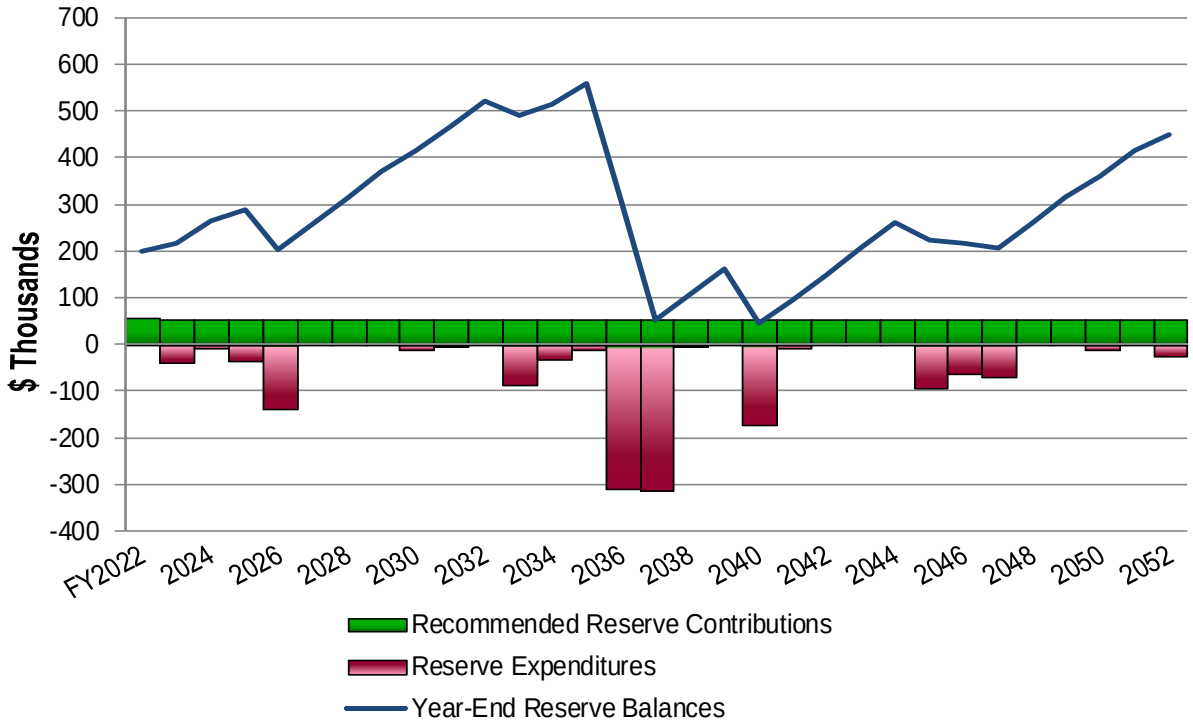
- $137,650 as of January 1, 2022
- 2022 budgeted Reserve Contributions of $60,000

Recommended Reserve Funding: We recommend the following in order to achieve a stable and equitable Funding Plan:

- Stable contributions of $55,000 from 2023 through 2052
- 2023 Reserve Contribution of $55,000 is equivalent to an average monthly contribution of $63.66 per homeowner.

Regency Pines II
Recommended Reserve Funding Table and Graph

Year	Reserve Contributions ($)	Reserve Balances ($)	Year	Reserve Contributions ($)	Reserve Balances ($)	Year	Reserve Contributions ($)	Reserve Balances ($)
2023	55,000	215,400	2033	55,000	491,850	2043	55,000	204,558
2024	55,000	265,100	2034	55,000	515,140	2044	55,000	259,558
2025	55,000	286,665	2035	55,000	560,255	2045	55,000	222,073
2026	55,000	203,795	2036	55,000	308,295	2046	55,000	216,513
2027	55,000	258,795	2037	55,000	52,495	2047	55,000	205,273
2028	55,000	313,795	2038	55,000	105,395	2048	55,000	260,273
2029	55,000	368,795	2039	55,000	160,395	2049	55,000	315,273
2030	55,000	413,910	2040	55,000	45,058	2050	55,000	360,388
2031	55,000	466,810	2041	55,000	94,558	2051	55,000	415,388
2032	55,000	521,810	2042	55,000	149,558	2052	55,000	448,548



2. RESERVE STUDY REPORT

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Reserve Study* of

Regency Pines II Condominium Association, Inc.

Rockledge, Florida

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, March 9, 2022. We conducted previous inspections in 2014 and 2019.

We present our findings and recommendations in the following report sections and spreadsheets:

- **Identification of Property -** Segregates all property into several areas of responsibility for repair or replacement
- **Reserve Expenditures -** Identifies reserve components and related quantities, useful lives, remaining useful lives and future reserve expenditures during the next 30 years
- **Reserve Funding Plan -** Presents the recommended Reserve Contributions and year-end Reserve Balances for the next 30 years
- **Five-Year Outlook -** Identifies reserve components and anticipated reserve expenditures during the first five years
- **Reserve Component Detail -** Describes the reserve components, includes photographic documentation of the condition of various property elements, describes our recommendations for repairs or replacement, and includes detailed solutions and procedures for replacements for the benefit of current and future board members
- **Methodology -** Lists the national standards, methods and procedures used to develop the Reserve Study
- **Definitions -** Contains definitions of terms used in the Reserve Study, consistent with national standards
- **Professional Service Conditions -** Describes Assumptions and Professional Service Conditions
- **Credentials and Resources**

IDENTIFICATION OF PROPERTY

Our investigation includes Reserve Components or property elements as set forth in your Declaration. The Expenditure tables in Section 3 list the elements contained in this study. Our analysis begins by segregating the property elements into several areas of responsibility for repair and replacement.

Our process of identification helps assure that future boards and the management team understand whether reserves, the operating budget or Homeowners fund certain replacements and assists in preparation of the annual budget. We derive these segregated classes of property from our review of the information provided by the Association and through conversations with Management and the Board. These classes of property include:

- Reserve Components
- Long-Lived Property Elements
- Operating Budget Funded Repairs and Replacements
- Property Maintained by Homeowners
- Property Maintained by Others

We advise the Board conduct an annual review of these classes of property to confirm its policy concerning the manner of funding, i.e., from reserves or the operating budget. The Reserve Study identifies Reserve Components as set forth in your Declaration or which were identified as part of your request for proposed services. Reserve Components are defined by CAI as property elements with:

- Regency Pines II responsibility
- Limited useful life expectancies
- Predictable remaining useful life expectancies
- Replacement cost above a minimum threshold

Long-Lived Property Elements may not have predictable Remaining Useful Lives or their replacement may occur beyond the 30-year scope of the study. The operating budget should fund infrequent repairs. Funding untimely or unexpected replacements from reserves will necessitate increases to Reserve Contributions. Periodic updates of this Reserve Study will help determine the merits of adjusting the Reserve Funding Plan. We identify the following Long-Lived Property Elements as excluded from the 30-year Reserve Expenditures at this time.

- Foundations
- Pipes, Subsurface Utilities
- Structural Frames

The operating budget provides money for the repair and replacement of certain Reserve Components. The Association may develop independent criteria for use of operating and reserve funds. For purposes of calculating appropriate Reserve Contributions, we identify the following list of Operating Budget Funded Repairs and Replacements:

- General Maintenance to the Common Elements
- Expenditures less than $3,000 (These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.)
- Asphalt Pavement, Mailbox Roadway, Repairs
- Catch Basins, Landscape
- Car Ports, Paint Finishes and Repairs
- Electrical Systems, Common
- Fences, Chain Link, Pool (Shared 50%)
- HVAC Equipment, Pool House (Shared)
- Light Fixtures, Exterior (Per Board)
- Light Fixtures, Pool House (Shared 50%)
- Light Poles and Fixtures (Per Board)
- Interior Renovations, Pool House (Shared 50%)
- Irrigation System
- Irrigation System, Controls and Maintenance
- Landscape
- Paint Finishes, Touch Up
- Pipes, Interior Building, Domestic Water, Sanitary Waste, Vent, Common
- Retaining Walls, Timber
- Walls, Wood Siding, Paint Finishes, Pool House (Shared 50%)
- Other Repairs normally funded through the Operating Budget

Typical light pole and fixture

Exterior light fixture

Certain items have been designated as the responsibility of the homeowners to repair or replace at their cost. Property Maintained by Homeowners, including items billed back to Homeowners, relates to unit:

- Balconies and Patios, Rear
- Balconies and Patios, Screen Enclosures
- Electrical Systems (Including Circuit Protection Panels)
- Heating, Ventilating and Air Conditioning (HVAC) Units
- Interiors
- Pipes (Within Units)
- Windows and Doors

Certain items have been designated as the responsibility of others to repair or replace. Property Maintained by Others relates to:

- Mailbox Stations (Regency Pines I Condominium Association, Inc.)
- Playground and Amenities, West Perimeter (City of Rockledge)
- Pool and Pool House (Shared 50% with Regency Pines I Condominium Association, Inc.)

3. RESERVE EXPENDITURES and FUNDING PLAN

The tables following this introduction present:

Reserve Expenditures

- Line item numbers
- Total quantities
- Quantities replaced per phase (in a single year)
- Reserve component inventory
- Estimated first year of event (i.e., replacement, application, etc.)
- Life analysis showing
  - useful life
  - remaining useful life
- 2022 local cost of replacement
  - Per unit
  - Per phase
  - Replacement of total quantity
- Percentage of future expenditures anticipated during the next 30 years
- Schedule of estimated costs for each reserve component

Reserve Funding Plan

- Reserves at the beginning of each year
- Total recommended reserve contributions
- Estimated interest earned from invested reserves
- Anticipated expenditures by year
- Anticipated reserves at year end
- Predicted reserves based on current funding level

Five-Year Outlook

- Line item numbers
- Reserve component inventory of only the expenditures anticipated to occur within the first five years
- Schedule of estimated future costs for each reserve component anticipated to occur within the first five years

The purpose of a Reserve Study is to provide an opinion of reasonable annual Reserve Contributions. Prediction of exact timing and costs of minor Reserve Expenditures typically will not significantly affect the 30-year cash flow analysis. Adjustments to the times and/or costs of expenditures may not always result in an adjustment in the recommended Reserve Contributions.

Financial statements prepared by your association, by you or others might rely in part on information contained in this section. For your convenience, we have provided an electronic data file containing the tables of ***Reserve Expenditures*** and ***Reserve Funding Plan***.

Years 2022 to 2037

RESERVE EXPENDITURES

Regency Pines II
Condominium Association, Inc.
Rockledge, Florida

Explanatory Notes:

1) 0.0% is the estimated Inflation Rate; see Executive Summary for details.

2) FY2022 is Fiscal Year beginning January 1, 2022 and ending December 31, 2022.

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years Useful	Remaining	Unit Cost, $	Percentage Ownership	Costs, $ Per Phase (2022)	Total (2022)	Percentage of Future Expenditures	RUL = 0 FY2022	1 2023	2 2024	3 2025	4 2026	5 2027	6 2028	7 2029	8 2030	9 2031	10 2032	11 2033	12 2034	13 2035	14 2036	15 2037
				Exterior Building Elements																								
1.100	720	720	Linear Feet	Balconies, Railings, Wood, Paint Finishes and Capital Repairs	2026	6 to 8	4	12.00	100%	8,640	8,640	1.9%					8,640											
1.105	720	720	Linear Feet	Balconies, Railings, Wood	2033	20 to 25	11	38.00	100%	27,360	27,360	2.0%												27,360				
1.128	3,400	3,400	Square Feet	Balconies, Concrete, Inspections, Repairs and Waterproof Coating Applications	2026	8 to 12	4	11.00	100%	37,400	37,400	8.0%					37,400										37,400	
1.240	3,300	3,300	Linear Feet	Gutters and Downspouts, Aluminum	2036	15 to 20	14	8.00	100%	26,400	26,400	1.9%															26,400	
1.280	550	550	Squares	Roofs, Asphalt Shingles	2036	12 to 18	14	400.00	100%	220,000	220,000	15.7%															220,000	
1.590	2,700	2,700	Square Feet	Soffit and Fascia, Aluminum	2026	to 40	4	4.10	100%	11,070	11,070	0.8%					11,070											
1.820	19,300	19,300	Square Feet	Walls, Masonry, Inspections and Repairs	2026	8 to 12	4	1.20	100%	23,160	23,160	5.0%					23,160										23,160	
1.860	36,000	36,000	Square Feet	Walls, Stucco, Paint Finishes and Capital Repairs	2026	5 to 7	4	1.60	100%	57,600	57,600	16.5%					57,600							57,600				
				Property Site Elements																								
4.020	6,550	6,550	Square Yards	Asphalt Pavement, Patch and Seal Coat	2025	3 to 5	3	1.00	100%	6,550	6,550	2.3%				6,550					6,550					6,550		
4.040	6,550	6,550	Square Yards	Asphalt Pavement, Mill and Overlay	2040	15 to 20	18	15.00	100%	98,250	98,250	7.0%																
4.042	3,350	3,350	Square Feet	Asphalt Pavement, Mill and Overlay, Mailbox Roadway	2040	15 to 20	18	1.50	50%	2,513	2,513	0.2%																
4.101	22,200	22,200	Square Feet	Car Ports, Total Replacement	2037	to 35	15	14.00	100%	310,800	310,800	22.2%																310,800
4.140	7,000	290	Square Feet	Concrete Sidewalks, Partial	2025	to 65	3 to 30+	11.50	100%	3,335	80,500	1.4%				3,335					3,335					3,335		
4.260	470	470	Linear Feet	Fence, Vinyl	2034	15 to 20	12	42.00	100%	19,740	19,740	2.8%													19,740			
4.840	480	480	Linear Feet	Tennis Courts, Fence, Removal	2023	N/A	1	16.00	100%	7,680	7,680	0.5%		7,680														
4.860	1,600	1,600	Square Yards	Tennis Courts, Surface, Removal	2023	N/A	1	11.00	100%	17,600	17,600	1.3%		17,600														
				Pool House Elements																								
5.600	20	20	Squares	Roof, Asphalt Shingles	2041	15 to 20	19	550.00	50%	5,500	5,500	0.4%																
5.701	1,200	1,200	Square Feet	Walls, Wood Siding, Replacement	2025	to 35	3	13.00	50%	7,800	7,800	0.6%				7,800												
5.800	300	300	Square Feet	Windows and Doors	2025	to 35	3	105.00	50%	15,750	15,750	1.1%				15,750												
				Pool Elements																								
6.600	2	1	Allowance	Mechanical Equipment, Phased	2024	to 15	2 to 9	4,200.00	50%	2,100	4,200	0.8%			2,100							2,100						
6.801	1,140	1,140	Square Feet	Pool Finish, Plaster and Tile	2023	8 to 12	1	21.00	50%	11,970	11,970	1.7%		11,970											11,970			
6.900	1,150	1,150	Square Feet	Structure and Deck, Total Replacement (Includes Pavers)	2045	to 60	23	140.00	50%	80,500	80,500	5.8%																
		1	Allowance	Reserve Study Update with Site Visit	2024	2	2	3,200.00	100%	3,200	0	0.2%			3,200													
				Anticipated Expenditures, By Year ($1,399,102 over 30 years)									0	37,250	5,300	33,435	137,870	0	0	0	9,885	2,100	0	84,960	31,710	9,885	306,960	310,800

RESERVE EXPENDITURES

Regency Pines II
Condominium Association, Inc.
Rockledge, Florida

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years Useful	Life Analysis, Years Remaining	Unit Cost, $	Percentage Ownership	Costs, $ Per Phase (2022)	Costs, $ Total (2022)	Percentage of Future Expenditures	16 2038	17 2039	18 2040	19 2041	20 2042	21 2043	22 2044	23 2045	24 2046	25 2047	26 2048	27 2049	28 2050	29 2051	30 2052
				Exterior Building Elements																							
1.100	720	720	Linear Feet	Balconies, Railings, Wood, Paint Finishes and Capital Repairs	2026	6 to 8	4	12.00	100%	8,640	8,640	1.9%			8,640							8,640					
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1.860	36,000	36,000	Square Feet	Walls, Stucco, Paint Finishes and Capital Repairs	2026	5 to 7	4	1.60	100%	57,600	57,600	16.5%			57,600							57,600					
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4.020	6,550	6,550	Square Yards	Asphalt Pavement, Patch and Seal Coat	2025	3 to 5	3	1.00	100%	6,550	6,550	2.3%								6,550				6,550			
4.040	6,550	6,550	Square Yards	Asphalt Pavement, Mill and Overlay	2040	15 to 20	18	15.00	100%	98,250	98,250	7.0%			98,250												
4.042	3,350	3,350	Square Feet	Asphalt Pavement, Mill and Overlay, Mailbox Roadway	2040	15 to 20	18	1.50	50%	2,513	2,513	0.2%			2,512												
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4.140	7,000	290	Square Feet	Concrete Sidewalks, Partial	2025	to 65	3 to 30+	11.50	100%	3,335	80,500	1.4%			3,335					3,335				3,335			
4.260	470	470	Linear Feet	Fence, Vinyl	2034	15 to 20	12	42.00	100%	19,740	19,740	2.8%															19,740
4.840	480	480	Linear Feet	Tennis Courts, Fence, Removal	2023	N/A	1	16.00	100%	7,680	7,680	0.5%															
4.860	1,600	1,600	Square Yards	Tennis Courts, Surface, Removal	2023	N/A	1	11.00	100%	17,600	17,600	1.3%															
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5.600	20	20	Squares	Roof, Asphalt Shingles	2041	15 to 20	19	550.00	50%	5,500	5,500	0.4%				5,500											
5.701	1,200	1,200	Square Feet	Walls, Wood Siding, Replacement	2025	to 35	3	13.00	50%	7,800	7,800	0.6%															
5.800	300	300	Square Feet	Windows and Doors	2025	to 35	3	105.00	50%	15,750	15,750	1.1%															
				Pool Elements																							
6.600	2	1	Allowance	Mechanical Equipment, Phased	2024	to 15	2 to 9	4,200.00	50%	2,100	4,200	0.8%	2,100							2,100							2,100
6.801	1,140	1,140	Square Feet	Pool Finish, Plaster and Tile	2023	8 to 12	1	21.00	50%	11,970	11,970	1.7%															
6.900	1,150	1,150	Square Feet	Structure and Deck, Total Replacement (Includes Pavers)	2045	to 60	23	140.00	50%	80,500	80,500	5.8%								80,500							
		1	Allowance	Reserve Study Update with Site Visit	2024	2	2	3,200.00	100%	3,200	0	0.2%															
				Anticipated Expenditures, By Year ($1,399,102 over 30 years)									2,100	0	170,337	5,500	0	0	0	92,485	60,560	66,240	0	0	9,885	0	21,840

RESERVE FUNDING PLAN

CASH FLOW ANALYSIS
Regency Pines II
Condominium Association, Inc.
Rockledge, Florida

Individual Reserve Budgets & Cash Flows for the Next 30 Years

		FY2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Reserves at Beginning of Year	*(Note 1)*	137,650	197,650	215,400	265,100	286,665	203,795	258,795	313,795	368,795	413,910	466,810	521,810	491,850	515,140	560,255	308,295
Total Recommended Reserve Contributions	*(Note 2)*	60,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Estimated Interest Earned, During Year	*(Note 3)*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Anticipated Expenditures, By Year		0	(37,250)	(5,300)	(33,435)	(137,870)	0	0	0	(9,885)	(2,100)	0	(84,960)	(31,710)	(9,885)	(306,960)	(310,800)
Anticipated Reserves at Year End		$197,650	$215,400	$265,100	$286,665	$203,795	$258,795	$313,795	$368,795	$413,910	$466,810	$521,810	$491,850	$515,140	$560,255	$308,295	$52,495
																	(NOTE 5)

(continued)

Individual Reserve Budgets & Cash Flows for the Next 30 Years, Continued

	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Reserves at Beginning of Year	52,495	105,395	160,395	45,058	94,558	149,558	204,558	259,558	222,073	216,513	205,273	260,273	315,273	360,388	415,388
Total Recommended Reserve Contributions	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Estimated Interest Earned, During Year	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Anticipated Expenditures, By Year	(2,100)	0	(170,337)	(5,500)	0	0	0	(92,485)	(60,560)	(66,240)	0	0	(9,885)	0	(21,840)
Anticipated Reserves at Year End	$105,395	$160,395	$45,058	$94,558	$149,558	$204,558	$259,558	$222,073	$216,513	$205,273	$260,273	$315,273	$360,388	$415,388	$448,548
			(NOTE 5)												*(NOTE 4)*

Explanatory Notes:

1) Year 2022 starting reserves are as of January 1, 2022; FY2022 starts January 1, 2022 and ends December 31, 2022.
2) Reserve Contributions for 2022 are budgeted; 2023 is the first year of recommended contributions.
3) 0.0% is the estimated annual rate of return on invested reserves; see Executive Summary for details
4) Accumulated year 2052 ending reserves consider the age, size, overall condition and complexity of the property.
5) Threshold Funding Years (reserve balance at critical point).

*Refer to the Reserve Expenditures pages for the full list of reserve elements

FIVE-YEAR OUTLOOK

Regency Pines II
Condominium Association, Inc.
Rockledge, Florida

Line Item	Reserve Component Inventory	RUL = 0 FY2022	1 2023	2 2024	3 2025	4 2026	5 2027
	Exterior Building Elements						
1.100	Balconies, Railings, Wood, Paint Finishes and Capital Repairs					8,640	
1.128	Balconies, Concrete, Inspections, Repairs and Waterproof Coating Application					37,400	
1.590	Soffit and Fascia, Aluminum					11,070	
1.820	Walls, Masonry, Inspections and Repairs					23,160	
1.860	Walls, Stucco, Paint Finishes and Capital Repairs					57,600	
	Property Site Elements						
4.020	Asphalt Pavement, Patch and Seal Coat				6,550		
4.140	Concrete Sidewalks, Partial				3,335		
4.840	Tennis Courts, Fence, Removal		7,680				
4.860	Tennis Courts, Surface, Removal		17,600				
	Pool House Elements						
5.701	Walls, Wood Siding, Replacement				7,800		
5.800	Windows and Doors				15,750		
	Pool Elements						
6.600	Mechanical Equipment, Phased			2,100			
6.801	Pool Finish, Plaster and Tile		11,970				
	Reserve Study Update with Site Visit			3,200			
	Anticipated Expenditures, By Year ($1,399,102 over 30 years)	0	37,250	5,300	33,435	137,870	0

4. RESERVE COMPONENT DETAIL

The Reserve Component Detail of this *Reserve Study* includes enhanced solutions and procedures for select significant components. This section describes the Reserve Components, documents specific problems and condition assessments, and may include detailed solutions and procedures for necessary capital repairs and replacements for the benefit of current and future board members. We advise the Board use this information to help define the scope and procedures for repair or replacement when soliciting bids or proposals from contractors. *However, the Report in whole or part is not and should not be used as a design specification or design engineering service*.

Exterior Building Elements

Front overview

Rear overview

Side overview

Balconies, Railings, Wood

Line Items: 1.100 and 1.105

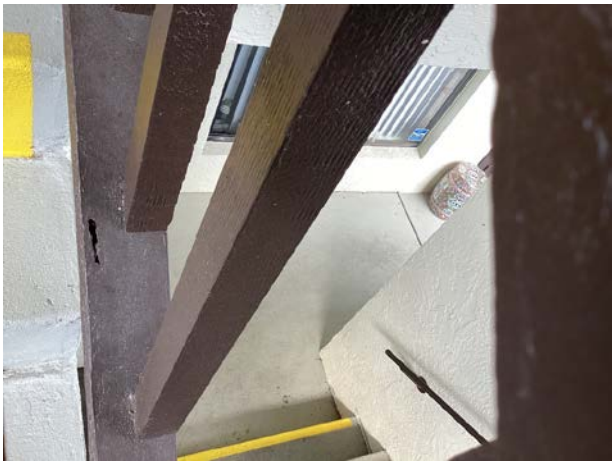
Quantity: Approximately 720 linear feet of wood railings at the front balconies

History: The railings are primarily original. The Board informs us the Association repairs components as needed funded through the operating budget. The age of the paint finishes is unknown.

Conditions: The railings are in good to fair overall condition. We note areas of rot and exposed fasteners.

Balcony railings

Wood railing at staircase



Wood rot at staircase railing

Damage at balcony railing

Wood rot at balcony railing

Useful Life: Railings of this type have a useful life of 20- to 25-years with the benefit of periodic maintenance. Periodic maintenance should include applications of a protective paint finish and partial replacement of deteriorated wood every six- to eight-years.

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3.

Balconies, Concrete

Line Item: 1.060

Quantity: Concrete balconies comprising approximately 3,400 square feet of horizontal surface area. The balconies comprise reinforced concrete with a waterproof coating application.

History: The age of the coating in unknown

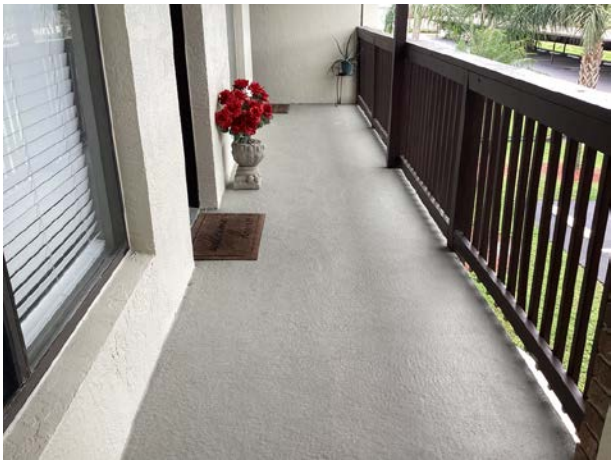
Condition: Good to fair overall

Balcony overview

Balcony surface

Balcony underside

Balcony surface



Balcony surface

Useful Life: Capital repairs including a close-up visual inspection, patching of delaminated concrete, routing and filling of cracked concrete, and waterproof coating applications every 8- to 12-years.

Component Detail Notes: A waterproof coating application minimizes storm water penetration into the concrete and therefore minimizes future concrete deterioration. *Failure to maintain a waterproof coating on the balconies will result in increased concrete repairs and replacements as the balconies age*. Capital repairs may also include replacement of the caulked joint between the balcony and the building, and repair or replacement of the metal railings and railing fastener attachments as needed.

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Our cost includes the following activities per event:

- Partial depth replacement of up to one percent (1%) of the concrete topsides, edges and undersides
- Crack repairs as necessary
- Repairs to the railings as necessary
- Replacement of perimeter sealants as needed
- Application of a waterproof coating (Urethane based elastomeric)

The Association should coordinate both balcony and facade capital repairs and maintenance to allow for the possible use of a single contractor and combine any applicable staging or mobilization costs. Also, coordinated repairs will reduce disruption to homeowners.

Gutters and Downspouts

Line Item: 1.240

Quantity: Approximately 3,300 linear feet of aluminum gutters and downspouts

History: Replaced in 2018.

Condition: Good overall with isolated dents evident.

Aluminum gutters and downspouts

Gutter and downspout

Useful Life: 15- to 20-years

Component Detail Notes: The size of the gutter is determined by the roof's watershed area, a roof pitch factor and the rainfall intensity number of the Association's region. We recommend sloping gutters 1/16 inch per linear foot and providing fasteners a maximum of every three feet.

Downspouts can drain 100 square feet of roof area per one square inch of downspout cross sectional area. We recommend the use of downspout extensions and splash blocks at the downspout discharge to direct storm water away from the foundations.

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Semi-annually:
  - Clean out debris and leaves that collect in the gutters
  - Repair and refasten any loose gutter fasteners
  - Repair and seal any leaking seams or end caps
  - Verify downspouts discharge away from foundations

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3.

Roofs, Asphalt Shingles

Line Item: 1.280

Quantity: Approximately 550 *squares*[1]

[1] We quantify the roof area in squares where one square is equal to 100 square feet of surface area.

History: Replaced in 2018.

Condition: Good overall with no significant deterioration evident from our visual inspection from the ground. The Board does not report a history of leaks.

Carport roof

Valley detail

Roof overview

Roof overview

Roof overview

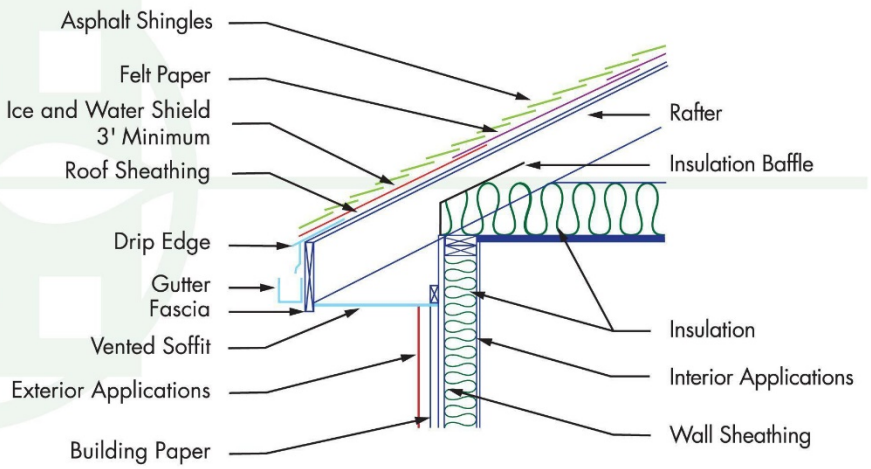
Useful Life: 12- to 18-years

Component Detail Notes: The existing roof assembly comprises the following:

- Laminate architectural shingles
- Boston style ridge caps
- Rubber seal with plastic base boot flashing at waste pipes
- Soffit and ridge vents
- Metal drip edge
- Enclosed half weaved valleys

The following cross-sectional schematic illustrates a typical asphalt shingle roof system although it may not reflect the actual configuration at Regency Pines II:

ROOF SCHEMATIC



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Contractors use one of two methods for replacement of sloped roofs, either an overlayment or a tear-off. Overlayment is the application of new shingles over an existing roof. However, there are many disadvantages to overlayment including hidden defects of the underlying roof system, absorption of more heat resulting in accelerated deterioration of the new and old shingles, and an uneven visual appearance. Therefore, we recommend only the tear-off method of replacement. The tear-off method of replacement includes removal of the existing shingles, flashings if required and underlayments.

The Association should plan to coordinate the replacement of gutters and downspouts with the adjacent roofs. This will result in the most economical unit price and minimize the possibility of damage to other roof components as compared to separate replacements.

Preventative Maintenance Notes: We recommend the Association maintain a service and inspection contract with a qualified professional and record all documentation of repairs conducted. We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
    - Record any areas of water infiltration, flashing deterioration, damage or loose shingles
    - Implement repairs as needed if issues are reoccurring
    - Trim tree branches that are near or in contact with roof
- As-needed:

- Ensure proper ventilation and verify vents are clear of debris and not blocked from attic insulation

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3.

Soffit and Fascia, Aluminum

Line Item: 1.590

Quantity: Approximately 2,700 square feet

History: Original

Condition: Fair overall

Aluminum soffit

Aluminum soffits and fascia damage

Useful Life: Up to 40 years

Component Detail Notes: Consideration of appearance largely governs the decision to replace the aluminum soffits and fascia, in whole or partially, prior to the end of their useful life. Maintenance and partial replacements of the soffits and fascia may extend the useful life. Normal deterioration mainly relates to fading of the exterior finish from exposure to sunlight, weathering and air pollutants. The lack of replacement pieces matching the color and profile of the existing soffits and fascia may result in the need for a premature replacement.

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3.

Walls, Masonry

Line Item: 1.820

Quantity: Approximately 19,300 square feet of masonry comprises the exterior walls

History: Original

Condition: Good to fair overall with the following evident:

- Reported history of water infiltration. Repairs were conducted to remediate the issues.
- Efflorescence is not visible
- Lintels exhibit rust jacking (cracks in the masonry due to rusting and expanding of the lintel steel)
- Masonry exhibits isolated cracks
- No spalled masonry is evident
- Minor mortar deterioration is evident

Biological growth at masonry wall

Masonry walls overview

Masonry walls overview

Masonry walls overview

Isolated mortar deterioration

Lintel rust

Mortar deterioration at lintel

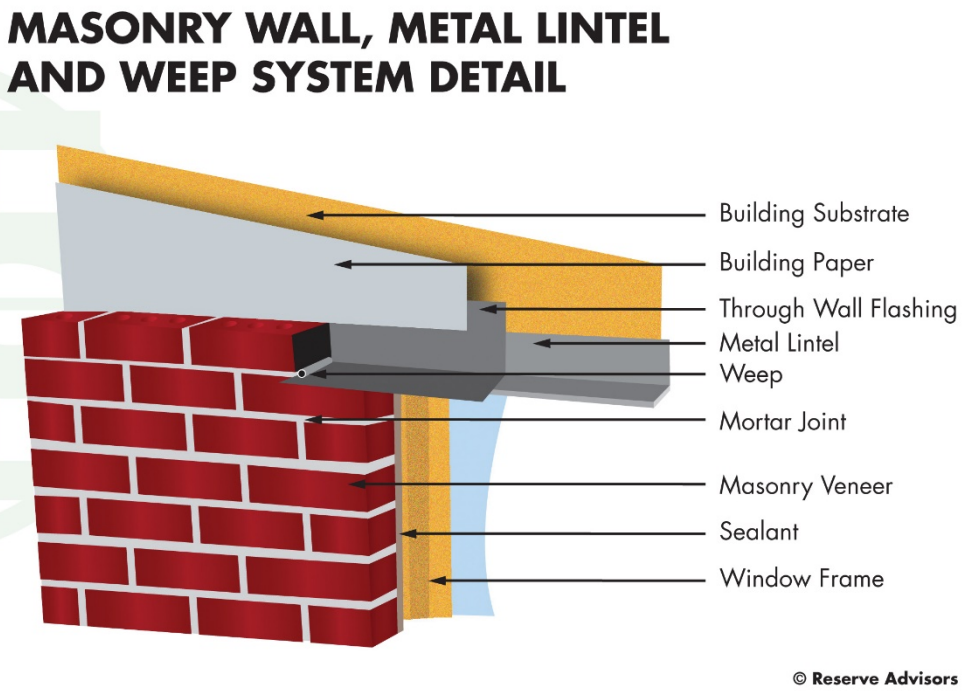
Missing mortar due to rust at lintel

Useful Life: We advise a complete inspection of the masonry and related masonry repairs 8- to 12-years to forestall deterioration.

Component Detail Notes: Common types of masonry deterioration include efflorescence, spalling, joint deterioration and cracking. The primary cause of efflorescence, cracks and face spall is water infiltration, therefore prevention of water infiltration is the principal concern for the maintenance of masonry applications.

Repointing is a process of raking and cutting out defective mortar to a depth of not less than ½ inch nor more than ¾ inch and replacing it with new mortar. Face grouting is the process of placing mortar over top of the existing mortar. We advise against face grouting because the existing, often deteriorated mortar does not provide a solid base for the new mortar. New mortar spalls at face grouted areas will likely occur. One purpose of a mortar joint is to protect the masonry by relieving stresses within the wall caused by expansion, contraction, moisture migration and settlement. Repointed mortar joints are more effective if the mortar is softer and more permeable than the masonry units, and no harder or less permeable than the existing mortar. The masonry contractor should address these issues within the proposed scope of work.

The following diagram details a typical masonry façade system and may not reflect the actual configuration at the Association:



Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Our cost includes the following activities:

- Complete inspection of the masonry
- Repointing of up to five percent (5%) of the masonry
- Replacement of up to one percent (1.0%) (The exact amount of area in need of replacement will be discretionary based on the actual future conditions and the desired appearance.)
- Replacement/flashing installation at up to two percent (2%) of the metal lintels
- Paint applications to the metal lintels (approximately 100 linear feet)

Walls, Stucco

Line Item: 1.880

Quantity: Approximately 36,000 square feet of the building exteriors

History: The Association applied a paint finish application to the stucco in 2019.

Condition: Good overall with no significant deterioration evident.

Stucco wall finishes

Stucco wall finishes

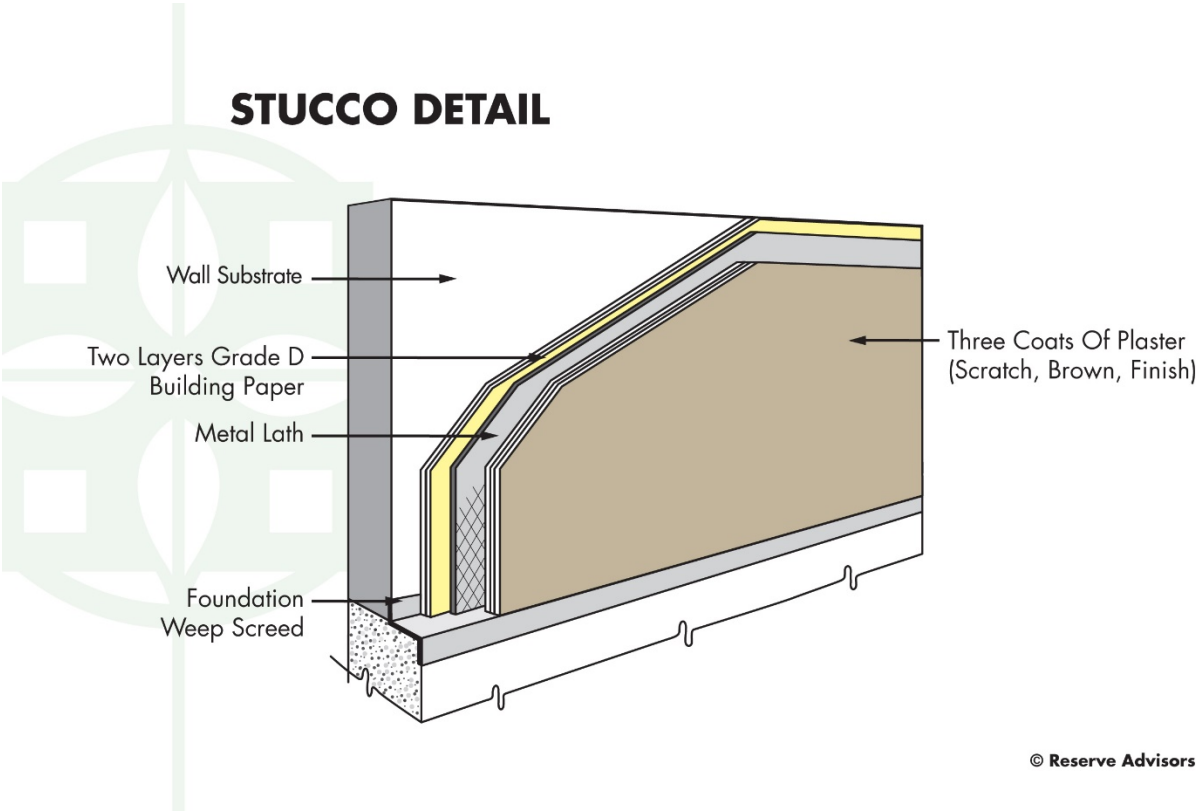
Stucco wall finishes

Stucco wall finishes

Stucco wall finishes

Useful Life: We recommend inspections, repairs and paint finish applications every five- to seven-years.

Component Detail Notes: The following graphic details the typical components of a stucco wall system on frame construction although it may not reflect the actual configuration at Regency Pines II:



Correct and complete preparation of the surface before application of the paint finish maximizes the useful life of the paint finish and surface. The contractor should remove all loose, peeled or blistered paint before application of the new paint finish. The contractor should then power wash the surface to remove all dirt and biological growth. Water-soluble cleaners that will not attack Portland cement are acceptable for removing stains.

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Our estimate of cost anticipates the following in coordination with each paint finish application:

- Complete inspection of the stucco
- Crack repairs as needed (Each paint product has the limited ability to cover and seal cracks but we recommend repair of all cracks which exceed the ability of the paint product to bridge.)
- Replacement of up to one percent (1%), of the stucco walls (The exact amount of area in need of replacement will be discretionary based on the actual future conditions and the desired appearance.)
- Replacement of up to thirty-three percent (33%) of the sealants in coordination with each paint finish application.

Property Site Elements

Asphalt Pavement, Patch Repairs

Line Item: 4.020

Quantity: Approximately 6,550 square yards

History: The pavement was milled and overlaid in 2020 and a seal coat was applied in 2021.

Condition: Good overall

Useful Life: Three- to five-years

Component Detail Notes: Patch repairs are conducted at areas exhibiting settlement, potholes, or excessive cracking. These conditions typically occur near high traffic areas, catch basins, and pavement edges.

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Our cost includes an allowance for patching of up to two percent (2%) of the pavement.

Asphalt Pavement, Repaving

Line Item: 4.040 and 4.042

Quantity: Approximately 6,550 square yards at the streets and 3,350 square yards at the mailbox roadway. The pavement at the mailbox roadway is shared fifty percent (50%) with Regency Pines I Condominium Association, Inc.

History: The pavement was milled and overlaid in 2020.

Condition: Good to fair overall with no significant deterioration evident

Asphalt pavement street overview

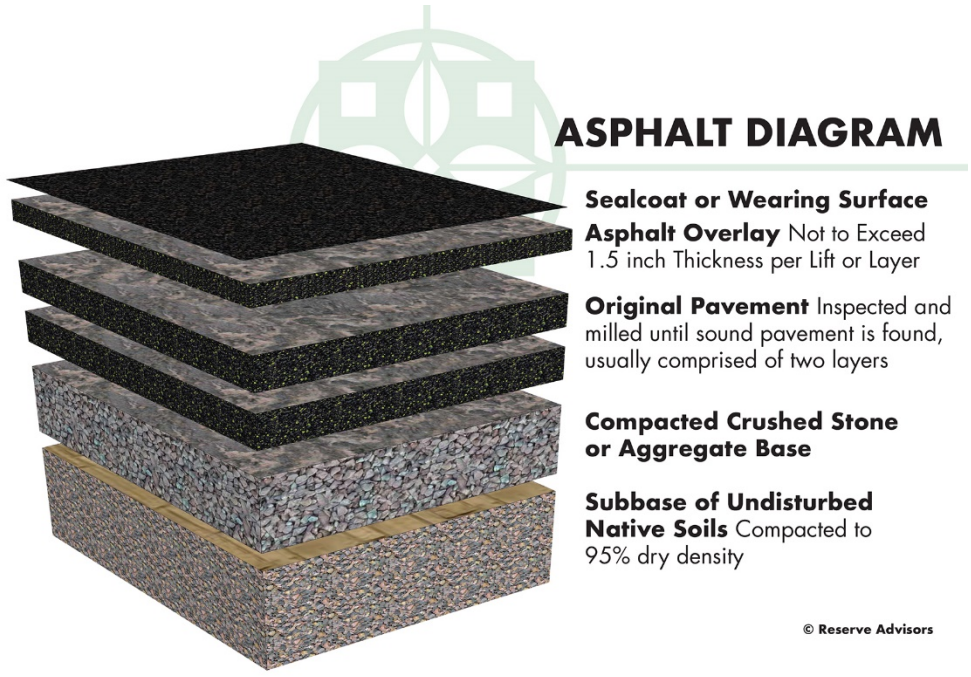
Asphalt pavement street overview

Asphalt pavement street overview

Asphalt pavement street overview

Useful Life: 15- to 20-years with the benefit of timely crack repairs and patching

Component Detail Notes: The initial installation of asphalt uses at least two lifts, or two separate applications of asphalt, over the base course. The first lift is the binder course. The second lift is the wearing course. The wearing course comprises a finer aggregate for a smoother more watertight finish. The following diagram depicts the typical components although it may not reflect the actual configuration at Regency Pines II:



The manner of repaving is either a mill and overlay or total replacement. A mill and overlay is a method of repaving where cracked, worn and failed pavement is mechanically removed or milled until sound pavement is found. A new layer of asphalt is overlaid atop the remaining base course of pavement. Total replacement includes the removal of all existing asphalt down to the base course of aggregate and native soil followed by the application of two or more new lifts of asphalt. We recommend mill and overlayment on asphalt pavement that exhibits normal deterioration and wear. We recommend total replacement of asphalt pavement that exhibits severe deterioration, inadequate drainage, pavement that has been overlaid multiple times in the past or where the configuration makes overlayment not possible. Based on the apparent visual condition and configuration of the asphalt pavement, we recommend the mill and overlay method of repaving at Regency Pines II.

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
    - Inspect for settlement, large cracks and trip hazards, and ensure proper drainage
    - Repair areas which could cause vehicular damage such as potholes
- As needed:
    - Perform crack repairs and patching

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3.

Car Ports, Total Replacement

Line Item: 4.101

Quantity: Approximately 22,000 square feet of car ports

History: Roofs replaced in 2018

Condition: Good overall

Car port roof

Car port structure

Car port overview

Useful Life: Complete replacement every 35 years with interim roof replacements every 12- to 18-years.

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3.

Concrete Sidewalks

Line Item: 4.140

Quantity: Approximately 7,000 square feet

Condition: Good to fair overall

Concrete sidewalk at unit entrances

Concrete sidewalk

Useful Life: Up to 65 years although interim deterioration of areas is common

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
    - Inspect and repair major cracks, spalls and trip hazards
    - Mark with orange safety paint prior to replacement or repair
    - Repair or perform concrete leveling in areas in immediate need of repair or possible safety hazard

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We estimate that up to 2,100 square feet of concrete sidewalks, or thirty percent (30%) of the total, will require replacement during the next 30 years.

Fence, Vinyl

Line Item: 4.260

Quantity: 470 linear feet

History: Replaced in 2016.

Condition: Good to fair overall

Vinyl fence

Biological growth at vinyl fence

Useful Life: 15- to 20-years

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
  - Inspect and repair loose panels, and damage
  - Repair leaning sections and clear vegetation from fence areas which could cause damage
  - Periodically clean vinyl fence as needed

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3.

Sport Court, Tennis, Fence

Line Item: 4.840

Quantity: 480 linear feet

History: Original

Condition: Fair to poor overall. The Association informs us it has been decided to remove the tennis courts and fence in the near future.

Chain link fence lean

Useful Life: Up to 25 years

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3.

Sport Court, Tennis, Surface

Line Item: 4.860

Quantity: 1,600 square yards of asphalt comprising two tennis courts

History: Original

Condition: Poor overall. The Association informs us it has been decided to remove the tennis courts in the near future.

Tennis court surface

Tennis court surface

Sport court overview

Useful Life: Up to 25 years

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
  - Inspect and repair large cracks, trip hazards and possibly safety hazards
  - Verify gate and fencing is secure
  - Verify lighting is working properly if applicable
  - Inspect and repair standards and windscreens as needed

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3.

Pool House Elements

Roof, Asphalt Shingles

Line Item: 5.600

Quantity: Approximately 15 *squares* [2]

History: Replaced in 2019

Condition: Good overall

[2] We quantify the roof area in squares where one square is equal to 100 square feet of surface area.

Pool house asphalt shingle roof

Pool house asphalt shingle roof

Useful Life: 12- to 18-years

Component Detail Notes: Contractors use one of two methods for replacement of sloped roofs, either an overlayment or a tear-off. Overlayment is the application of new shingles over an existing roof. However, there are many disadvantages to overlayment including hidden defects of the underlying roof system, absorption of more heat resulting in accelerated deterioration of the new and old shingles, and an uneven visual appearance. Therefore, we recommend only the tear-off method of replacement. The tear-off method of replacement includes removal of the existing shingles, flashings if required and underlayments.

Preventative Maintenance Notes: We recommend the Association maintain a service and inspection contract with a qualified professional and record all documentation of repairs conducted. We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
  - Record any areas of water infiltration, flashing deterioration, damage or loose shingles
  - Implement repairs as needed if issues are reoccurring
  - Trim tree branches that are near or in contact with roof
- As-needed:
  - Ensure proper ventilation and verify vents are clear of debris and not blocked from attic insulation

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3.

Walls, Wood Siding, Replacement

Line Item: 5.701

Quantity: Approximately 1,200 square feet of the exterior walls

History: Original

Condition: Fair to poor overall

Wood siding at pool house

Wood rot at pool house

Wood rot at pool house

Wood rot at pool house

Wood rot at pool house

Wood rot at pool house

Useful Life: Up to 35 years. This useful life is dependent upon timely paint applications and partial replacements of deteriorated siding.

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Our cost estimate for replacement reflects the fifty percent (50%) share ownership with the neighboring community Regency Pines I.

Windows and Doors

Line Item: 5.800

Quantity: Approximately 300 square feet

History: Original

Condition: Fair condition

Pool house windows and door

Useful Life: Up to 35 years

Component Detail Notes: Construction of the windows and doors at the clubhouse includes the following:

- Vinyl frames
- Single pane glass
- Double hung windows with screens
- Hinged doors

Priority/Criticality: Not recommended to defer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3.

Pool Elements

Mechanical Equipment

Line Item: 6.600

Quantity: The mechanical equipment includes the following:

- Automatic chlorinator and controls
- Controls
- Interconnected pipe, fittings and valves
- Pumps, filters, and heaters

History: Varied

Condition: Reported satisfactory overall

Pool mechanical equipment enclosure

Useful Life: Up to 15 years

Preventative Maintenance Notes: We recommend the Association maintain a maintenance contract with a qualified professional and follow the manufacturer's specific recommended maintenance and local, state and/or federal inspection guidelines.

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Failure of the pool mechanical equipment as a single event is unlikely. Therefore, we include replacement of up to fifty percent (50%) of the equipment per event. We consider interim replacement of motors and minor repairs as normal maintenance.

Pool Finish, Plaster

Line Item: 6.800

Quantity: 1,250 square feet of plaster based on the horizontal surface area and approximately 150 linear feet of tile

History: The age of the plaster and tile is unknown

Condition: Fair overall. We note areas of chipped plaster.

Plaster pool finish

Plaster pool finish

Useful Life: 8- to 12-years for replacement of the plaster finish and tile repairs

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Semi-annually:
    - Inspect and repair significant finish deterioration, coping damage and structure cracks
    - Inspect main drain connection and anti-entrapment covers, pressure test circulation piping and valves
    - Test handrails and safety features for proper operation

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Removal and replacement provides the opportunity to inspect the pool structure and to allow for partial repairs of the underlying concrete surfaces as needed. To maintain the integrity of the pool structure, we recommend the Association budget for the following:

- Removal and replacement of the plaster finish
- Partial replacements of the scuppers and coping as needed
- Replacement of joint sealants as needed
- Concrete structure repairs as needed

Structures and Decks

Line Item: 6.900

Quantity: 1,250 square feet of horizontal surface area

History: Original

Conditions: Visually appears in good condition. The concrete floors and walls have a plaster finish. This finish makes it difficult to thoroughly inspect the concrete structure during a noninvasive visual inspection.

Useful Life: Up to 60 years

Component Detail Notes: The need to replace a pool structure depends on the condition of the concrete structure, the condition of the embedded or concealed water circulation piping, possible long term uneven settlement of the structure, and the increasing cost of repair and maintenance. Deterioration of any one of these component systems could result in complete replacement of the pool. For example, deferral of a deteriorated piping system could result in settlement and cracks in the pool structure. This mode of failure is more common as the system ages and deterioration of the piping system goes undetected. For reserve budgeting purposes, we recommend Regency Pines II plan to replace the following components:

- Paver deck
- Pool structure
- Subsurface piping

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3.

Reserve Study Update

An ongoing review by the Board and an Update of this Reserve Study are necessary to ensure an equitable funding plan since a Reserve Study is a snapshot in time. Many variables change after the study is conducted that may result in significant overfunding or underfunding the reserve account. Variables that may affect the Reserve Funding Plan include, but are not limited to:

- Deferred or accelerated capital projects based on Board discretion
- Changes in the interest rates on reserve investments
- Changes in the *local* construction inflation rate
- Additions and deletions to the Reserve Component Inventory
- The presence or absence of maintenance programs
- Unusually mild or extreme weather conditions
- Technological advancements

Periodic updates incorporate these variable changes since the last Reserve Study or Update. The Association can expense the fee for an Update with site visit from the reserve account. This fee is included in the Reserve Funding Plan. We base this budgetary amount on updating the same property components and quantities of this Reserve Study report. We recommend the Board budget for an Update to this Reserve Study in two- to three-years. Budgeting for an Update demonstrates the Board's objective to continue fulfilling its fiduciary responsibility to maintain the commonly owned property and to fund reserves appropriately.

5. METHODOLOGY

Reserves for replacement are the amounts of money required for future expenditures to repair or replace Reserve Components that wear out before the entire facility or project wears out. Reserving funds for future repair or replacement of the Reserve Components is also one of the most reliable ways of protecting the value of the property's infrastructure and marketability.

Regency Pines II can fund capital repairs and replacements in any combination of the following:

1. Increases in the operating budget during years when the shortages occur
2. Loans using borrowed capital for major replacement projects
3. Level reserve assessments to fund the expected major future expenditures
4. Special assessments

We do not advocate special assessments or loans unless near term circumstances dictate otherwise. Although loans provide a gradual method of funding a replacement, the costs are higher than if the Association were to accumulate reserves ahead of the actual replacement. Interest earnings on reserves also accumulate in this process of saving or reserving for future replacements, thereby defraying the amount of gradual reserve collections. We advocate the third method of *Level Monthly Reserve Assessments* with relatively minor annual adjustments. The method ensures that Homeowners pay their "fair share" of the weathering and aging of the commonly owned property each year. Level reserve assessments preserve the property and enhance the resale value of the homes.

This Reserve Study is in compliance with and exceeds the National standards[1] set forth by the Association of Professional Reserve Analysts (APRA) fulfilling the requirements of a "Level II Reserve Study Update." These standards require a Reserve Component to have a "predictable remaining Useful Life." Estimating Remaining Useful Lives and Reserve Expenditures beyond 30 years is often indeterminate. Long-Lived Property Elements are necessarily excluded from this analysis. We considered the following factors in our analysis:

- The Cash Flow Method to compute, project and illustrate the 30-year Reserve Funding Plan
- Local[2] costs of material, equipment and labor
- Current and future costs of replacement for the Reserve Components
- Costs of demolition as part of the cost of replacement
- Local economic conditions and a historical perspective to arrive at our estimate of long-term future inflation for construction costs in Rockledge,

[1] Identified in the APRA "Standards - Terms and Definitions" and the CAI "Terms and Definitions".
[2] See Credentials for additional information on our use of published sources of cost data.

Florida at an annual inflation rate[3]. Isolated or regional markets of greater construction (development) activity may experience slightly greater rates of inflation for both construction materials and labor.

- The past and current maintenance practices of Regency Pines II and their effects on remaining useful lives
- Financial information provided by the Association pertaining to the cash status of the reserve fund and budgeted reserve contribution
- The anticipated effects of appreciation of the reserves over time in accord with a return or yield on investment of your cash equivalent assets. (We did not consider the costs, if any, of Federal and State Taxes on income derived from interest and/or dividend income).
- The Funding Plan excludes necessary operating budget expenditures. It is our understanding that future operating budgets will provide for the ongoing normal maintenance of Reserve Components.

Updates to this Reserve Study will continue to monitor historical facts and trends concerning the external market conditions.

[3] Derived from Marshall & Swift, historical costs and the Bureau of Labor Statistics.

6. CREDENTIALS

HISTORY AND DEPTH OF SERVICE

Founded in 1991, Reserve Advisors is the leading provider of reserve studies, insurance appraisals, developer turnover transition studies, expert witness services, and other engineering consulting services. Clients include community associations, resort properties, hotels, clubs, non-profit organizations, apartment building owners, religious and educational institutions, and office/commercial building owners in 48 states, Canada and throughout the world.

The **architectural engineering consulting firm** was formed to take a leadership role in helping fiduciaries, boards, and property managers manage their property like a business with a long-range master plan known as a Reserve Study.

Reserve Advisors employs the **largest staff of Reserve Specialists** with bachelor's degrees in engineering dedicated to Reserve Study services. Our founders are also founders of Community Associations Institute's (CAI) Reserve Committee that developed national standards for reserve study providers. One of our founders is a Past President of the Association of Professional Reserve Analysts (APRA). Our vast experience with a variety of building types and ages, on-site examination and historical analyses are keys to determining accurate remaining useful life estimates of building components.

No Conflict of Interest - As consulting specialists, our **independent opinion** eliminates any real or perceived conflict of interest because we do not conduct or manage capital projects.

TOTAL STAFF INVOLVEMENT

Several staff members participate in each assignment. The responsible advisor involves the staff through a Team Review, exclusive to Reserve Advisors, and by utilizing the experience of other staff members, each of whom has served hundreds of clients. We conduct Team Reviews, an internal quality assurance review of each assignment, including: the inspection; building component costing; lifing; and technical report phases of the assignment. Due to our extensive experience with building components, we do not have a need to utilize subcontractors.

OUR GOAL

To help our clients fulfill their fiduciary responsibilities to maintain property in good condition.

VAST EXPERIENCE WITH A VARIETY OF BUILDINGS

Reserve Advisors has conducted reserve studies for a multitude of different communities and building types. We've analyzed thousands of buildings, from as small as a 3,500-square foot day care center to a 2,600,000-square foot 98-story highrise. We also routinely inspect buildings with various types of mechanical systems such as simple electric heat, to complex systems with air handlers, chillers, boilers, elevators, and life safety and security systems.

We're familiar with all types of building exteriors as well. Our well-versed staff regularly identifies optimal repair and replacement solutions for such building exterior surfaces such as adobe, brick, stone, concrete, stucco, EIFS, wood products, stained glass and aluminum siding, and window wall systems.

OLD TO NEW

Reserve Advisors' experience includes ornate and vintage buildings as well as modern structures. Our specialists are no strangers to older buildings. We're accustomed to addressing the unique challenges posed by buildings that date to the 1800's. We recognize and consider the methods of construction employed into our analysis. We recommend appropriate replacement programs that apply cost effective technologies while maintaining a building's character and appeal.

ASHLEY M. DOUCET, P.E., RS
Responsible Advisor

CURRENT CLIENT SERVICES

Ashley M. Doucet, a Civil Engineer, is an Advisor for Reserve Advisors. Mrs. Doucet is responsible for the inspection and analysis of the condition of clients' properties, and recommending engineering solutions to prolong the lives of the components. She also forecasts capital expenditures for the repair and/or replacement of the property components and prepares technical reports on assignments. She is responsible for conducting Life Cycle Cost Analyses and Capital Replacement Forecast services and the preparation of Reserve Study Reports for condominiums, townhomes and homeowner associations. Mrs. Doucet frequently serves as the Quality Assurance Review Coordinator for all types of developments.

The following is a partial list of clients served by Ashley Doucet demonstrating her breadth of experiential knowledge of community associations in construction and related buildings systems.

Gables Court Condominium Association - Located in Miami, Florida, this distinguished condominium association contains multiple building styles comprising 159 units. The Association maintains a large pool, extensive clubhouse house, and common asphalt pavement parking areas.

Lake Forest Master Community Association - This well-maintained single family home community is located in Sanford, Florida. This heavily sidewalked community consists of 732 single family homes. The community maintains one large pool, six tennis courts, two docks, asphalt pavement streets and catch basins.

Edgehill Condominium Owners Association - This 10 unit condominium located in Charlotte, North Carolina has masonry façade. Constructed in 1998, the community is comprised of concrete and metal balconies, a parking garage located under the building and an asphalt shingle roof.

Turtle Shores Homeowners Association - This development is comprised of 298 single family homes overlooking the ocean located in Ponte Vedra, Florida. The association maintains a concrete tunnel to offer access to an extensive wood gazebo on the beach as well as a pool, cabanas and timber retaining walls.

River Marina Estates Homeowners Association - Located in Stuart, Florida, this gated development includes 88 single family homes. The association maintains responsibility for 14 wood docks and associated shorelines, a large pond, mailboxes and gate entry system.

Meadow Pointe Condominium Association of Brevard County - This condominium community comprises 78 units in 13 buildings in Rockledge, Florida. Amenities of this property include a large pool, sloped asphalt shingle roofs, perimeter walls, irrigation system, fountains and parking area.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, Mrs. Doucet successfully completed the bachelors program in Civil Engineering from the University of Central Florida as well as the master's program in Engineering Management from the University of Florida. She also has three years of transportation design experience as a roadway engineer in Tampa, FL, where she gained knowledge in the design of roadways, associated drainage design, planning and plans production of engineering drawings.

EDUCATION

University of Florida - M.S. Engineering Management
University of Central Florida - B.S. Civil Engineering

PROFESSIONAL AFFILIATIONS/DESIGNATIONS

Professional Engineer (P.E.) - State of Florida, 2015
Reserve Specialist (RS) - Community Association Institute (CAI)

ALAN M. EBERT, P.E., PRA, RS
Director of Quality Assurance

CURRENT CLIENT SERVICES

Alan M. Ebert, a Professional Engineer, is the Director of Quality Assurance for Reserve Advisors. Mr. Ebert is responsible for the management, review and quality assurance of reserve studies. In this role, he assumes the responsibility of stringent report review analysis to assure report accuracy and the best solution for Reserve Advisors' clients.

Mr. Ebert has been involved with thousands of Reserve Study assignments. The following is a partial list of clients served by Alan Ebert demonstrating his breadth of experiential knowledge of community associations in construction and related buildings systems.

Brownsville Winter Haven Located in Brownsville, Texas, this unique homeowners association contains 525 units. The Association maintains three pools and pool houses, a community and management office, landscape and maintenance equipment, and nine irrigation canals with associated infrastructure.

Rosemont Condominiums This unique condominium is located in Alexandria, Virginia and dates to the 1940's. The two mid-rise buildings utilize decorative stone and brick masonry. The development features common interior spaces, multi-level wood balconies and common asphalt parking areas.

Stillwater Homeowners Association Located in Naperville, Illinois, Stillwater Homeowners Association maintains four tennis courts, an Olympic sized pool and an upscale ballroom with commercial-grade kitchen. The community also maintains three storm water retention ponds and a detention basin.

Birchfield Community Services Association This extensive Association comprises seven separate parcels which include 505 townhome and single family homes. This Community Services Association is located in Mt. Laurel, New Jersey. Three lakes, a pool, a clubhouse and management office, wood carports, aluminum siding, and asphalt shingle roofs are a few of the elements maintained by the Association.

Oakridge Manor Condominium Association Located in Londonderry, New Hampshire, this Association includes 104 units at 13 buildings. In addition to extensive roads and parking areas, the Association maintains a large septic system and significant concrete retaining walls.

Memorial Lofts Homeowners Association This upscale high rise is located in Houston, Texas. The 20 luxury units include large balconies and decorative interior hallways. The 10-story building utilizes a painted stucco facade and TPO roof, while an on-grade garage serves residents and guests.

PRIOR RELEVANT EXPERIENCE

Mr. Ebert earned his Bachelor of Science degree in Geological Engineering from the University of Wisconsin-Madison. His relevant course work includes foundations, retaining walls, and slope stability. Before joining Reserve Advisors, Mr. Ebert was an oilfield engineer and tested and evaluated hundreds of oil and gas wells throughout North America.

EDUCATION

University of Wisconsin-Madison - B.S. Geological Engineering

PROFESSIONAL AFFILIATIONS/DESIGNATIONS

Professional Engineering License – Wisconsin, North Carolina, Illinois, Colorado
Reserve Specialist (RS) **-** Community Associations Institute
Professional Reserve Analyst (PRA) **-** Association of Professional Reserve Analysts

RESOURCES

Reserve Advisors utilizes numerous resources of national and local data to conduct its Professional Services. A concise list of several of these resources follows:

Association of Construction Inspectors, (ACI) the largest professional organization for those involved in construction inspection and construction project management. ACI is also the leading association providing standards, guidelines, regulations, education, training, and professional recognition in a field that has quickly become important procedure for both residential and commercial construction, found on the web at www.iami.org.

American Society of Heating, Refrigerating and Air-Conditioning Engineers, Inc., (ASHRAE) the American Society of Heating, Refrigerating and Air-Conditioning Engineers, Inc., devoted to the arts and sciences of heating, ventilation, air conditioning and refrigeration; recognized as the foremost, authoritative, timely and responsive source of technical and educational information, standards and guidelines, found on the web at www.ashrae.org. Reserve Advisors actively participates in its local chapter and holds individual memberships.

Community Associations Institute, (CAI) America's leading advocate for responsible communities noted as the only national organization dedicated to fostering vibrant, responsive, competent community associations. Their mission is to assist community associations in promoting harmony, community, and responsible leadership.

Marshall & Swift / Boeckh, (MS/B) the worldwide provider of building cost data, co-sourcing solutions, and estimating technology for the property and casualty insurance industry found on the web at www.marshallswift.com.

R.S. Means CostWorks, North America's leading supplier of construction cost information. As a member of the Construction Market Data Group, Means provides accurate and up-to-date cost information that helps owners, developers, architects, engineers, contractors and others to carefully and precisely project and control the cost of both new building construction and renovation projects found on the web at www.rsmeans.com.

Reserve Advisors' library of numerous periodicals relating to reserve studies, condition analyses, chapter community associations, and historical costs from thousands of capital repair and replacement projects, and product literature from manufacturers of building products and building systems.

7. DEFINITIONS

Definitions are derived from the standards set forth by the Community Associations Institute (CAI) representing America's 305,000 condominium and homeowners associations and cooperatives, and the Association of Professional Reserve Analysts, setting the standards of care for reserve study practitioners.

Cash Flow Method - A method of calculating Reserve Contributions where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

Component Method - A method of developing a Reserve Funding Plan with the total contribution is based on the sum of the contributions for individual components.

Current Cost of Replacement - That amount required today derived from the quantity of a *Reserve Component* and its unit cost to replace or repair a Reserve Component using the most current technology and construction materials, duplicating the productive utility of the existing property at current *local* market prices for *materials*, *labor* and manufactured equipment, contractors' overhead, profit and fees, but without provisions for building permits, overtime, bonuses for labor or premiums for material and equipment. We include removal and disposal costs where applicable.

Fully Funded Balance - The Reserve balance that is in direct proportion to the fraction of life "used up" of the current Repair or Replacement cost similar to Total Accrued Depreciation.

Funding Goal (Threshold) - The stated purpose of this Reserve Study is to determine the adequate, not excessive, minimal threshold reserve balances.

Future Cost of Replacement - *Reserve Expenditure* derived from the inflated current cost of replacement or current cost of replacement as defined above, with consideration given to the effects of inflation on local market rates for materials, labor and equipment.

Long-Lived Property Component - Property component of Regency Pines II responsibility not likely to require capital repair or replacement during the next 30 years with an unpredictable remaining Useful Life beyond the next 30 years.

Percent Funded - The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage.

Remaining Useful Life - The estimated remaining functional or useful time in years of a *Reserve Component* based on its age, condition and maintenance.

Reserve Component - Property elements with: 1) Regency Pines II responsibility; 2) limited Useful Life expectancies; 3) predictable Remaining Useful Life expectancies; and 4) a replacement cost above a minimum threshold.

Reserve Component Inventory - Line Items in ***Reserve Expenditures*** that identify a *Reserve Component*.

Reserve Contribution - An amount of money set aside or *Reserve Assessment* contributed to a *Reserve Fund* for future *Reserve Expenditures* to repair or replace *Reserve Components*.

Reserve Expenditure - Future Cost of Replacement of a Reserve Component.

Reserve Fund Status - The accumulated amount of reserves in dollars at a given point in time, i.e., at year end.

Reserve Funding Plan - The portion of the Reserve Study identifying the *Cash Flow Analysis* and containing the recommended Reserve Contributions and projected annual expenditures, interest earned and reserve balances.

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.

Useful Life - The anticipated total time in years that a *Reserve Component* is expected to serve its intended function in its present application or installation.

8. PROFESSIONAL SERVICE CONDITIONS

Our Services - Reserve Advisors, LLC (RA) performs its services as an independent contractor in accordance with our professional practice standards and its compensation is not contingent upon our conclusions. The purpose of our reserve study is to provide a budget planning tool that identifies the current status of the reserve fund, and an opinion recommending an annual funding plan to create reserves for anticipated future replacement expenditures of the property.

Our inspection and analysis of the subject property is limited to visual observations, is noninvasive and is not meant to nor does it include investigation into statutory, regulatory or code compliance. RA inspects sloped roofs from the ground and inspects flat roofs where safe access (stairs or ladder permanently attached to the structure) is available. The report is based upon a "snapshot in time" at the moment of inspection. RA may note visible physical defects in our report. The inspection is made by employees generally familiar with real estate and building construction but in the absence of invasive testing RA cannot opine on, nor is RA responsible for, the structural integrity of the property including its conformity to specific governmental code requirements for fire, building, earthquake, and occupancy, or any physical defects that were not readily apparent during the inspection.

RA is not responsible for conditions that have changed between the time of inspection and the issuance of the report. RA does not investigate, nor assume any responsibility for any existence or impact of any hazardous materials, such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, environmental mold or other potentially hazardous materials or structural defects that are latent or hidden defects which may or may not be present on or within the property. RA does not make any soil analysis or geological study as part of its services; nor does RA investigate water, oil, gas, coal, or other subsurface mineral and use rights or such hidden conditions. RA assumes no responsibility for any such conditions. The Report contains opinions of estimated costs and remaining useful lives which are neither a guarantee of the actual costs of replacement nor a guarantee of remaining useful lives of any property element.

RA assumes, without independent verification, the accuracy of all data provided to it. You agree to indemnify and hold RA harmless against and from any and all losses, claims, actions, damages, expenses or liabilities, including reasonable attorneys' fees, to which we may become subject in connection with this engagement, because of any false, misleading or incomplete information which we have relied upon supplied by you or others under your direction, or which may result from any improper use or reliance on the Report by you or third parties under your control or direction. Your obligation for indemnification and reimbursement shall extend to any director, officer, employee, affiliate, or agent of RA. Liability of RA and its employees, affiliates, and agents for errors and omissions, if any, in this work is limited to the amount of its compensation for the work performed in this engagement.

Report - RA completes the services in accordance with the Proposal. The Report represents a valid opinion of RA's findings and recommendations and is deemed complete. RA, however, considers any additional information made available to us within 6 months of issuing the Report if a timely request for a revised Report is made. RA retains the right to withhold a revised Report if payment for services was not tendered in a timely manner. All information received by RA and all files, work papers or documents developed by RA during the course of the engagement shall remain the property of RA and may be used for whatever purpose it sees fit.

Your Obligations - You agree to provide us access to the subject property for an on-site visual inspection You agree to provide RA all available, historical and budgetary information, the governing documents, and other information that we request and deem necessary to complete the Report. You agree to pay actual attorneys' fees and any other costs incurred to collect on any unpaid balance for RA's services.

Use of Our Report and Your Name - Use of this Report is limited to only the purpose stated herein. You hereby acknowledge that any use or reliance by you on the Report for any unauthorized purpose is at your own risk and you shall hold RA harmless from any consequences of such use. Use by any unauthorized third party is unlawful. The Report in whole or in part ***is not and cannot be used*** *as a design specification for design engineering purposes or as an appraisal.* You may show our Report in its entirety to the following third parties: members of your organization, your accountant, attorney, financial institution and property manager who need to review the information contained herein. Without the written consent of RA, you shall not disclose the Report to any other third party. The Report contains intellectual property developed by RA and ***shall not be reproduced or distributed to any party that conducts reserve studies without the written consent of RA.***

RA will include your name in our client lists. RA reserves the right to use property information to obtain estimates of replacement costs, useful life of property elements or otherwise as RA, in its sole discretion, deems appropriate.

Payment Terms, Due Dates and Interest Charges - Retainer payment is due upon authorization and prior to inspection. The balance is due net 30 days from the report shipment date. Any balance remaining 30 days after delivery of the Report shall accrue an interest charge of 1.5% per month. Any litigation necessary to collect an unpaid balance shall be venued in Milwaukee County Circuit Court for the State of Wisconsin.