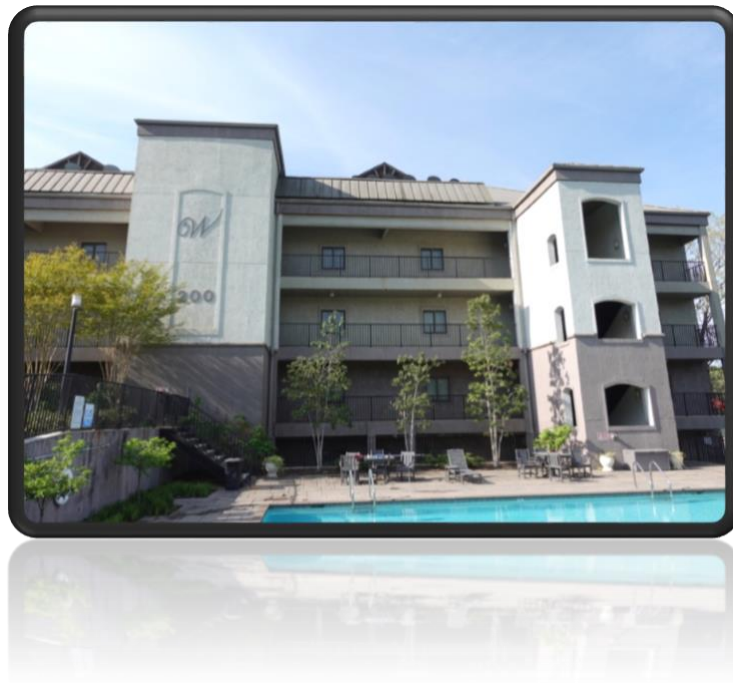




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WATERFORD ASSOCIATION, INC. RESERVE STUDY



For 30-Year Projection Period: FY 2026 through FY 2056

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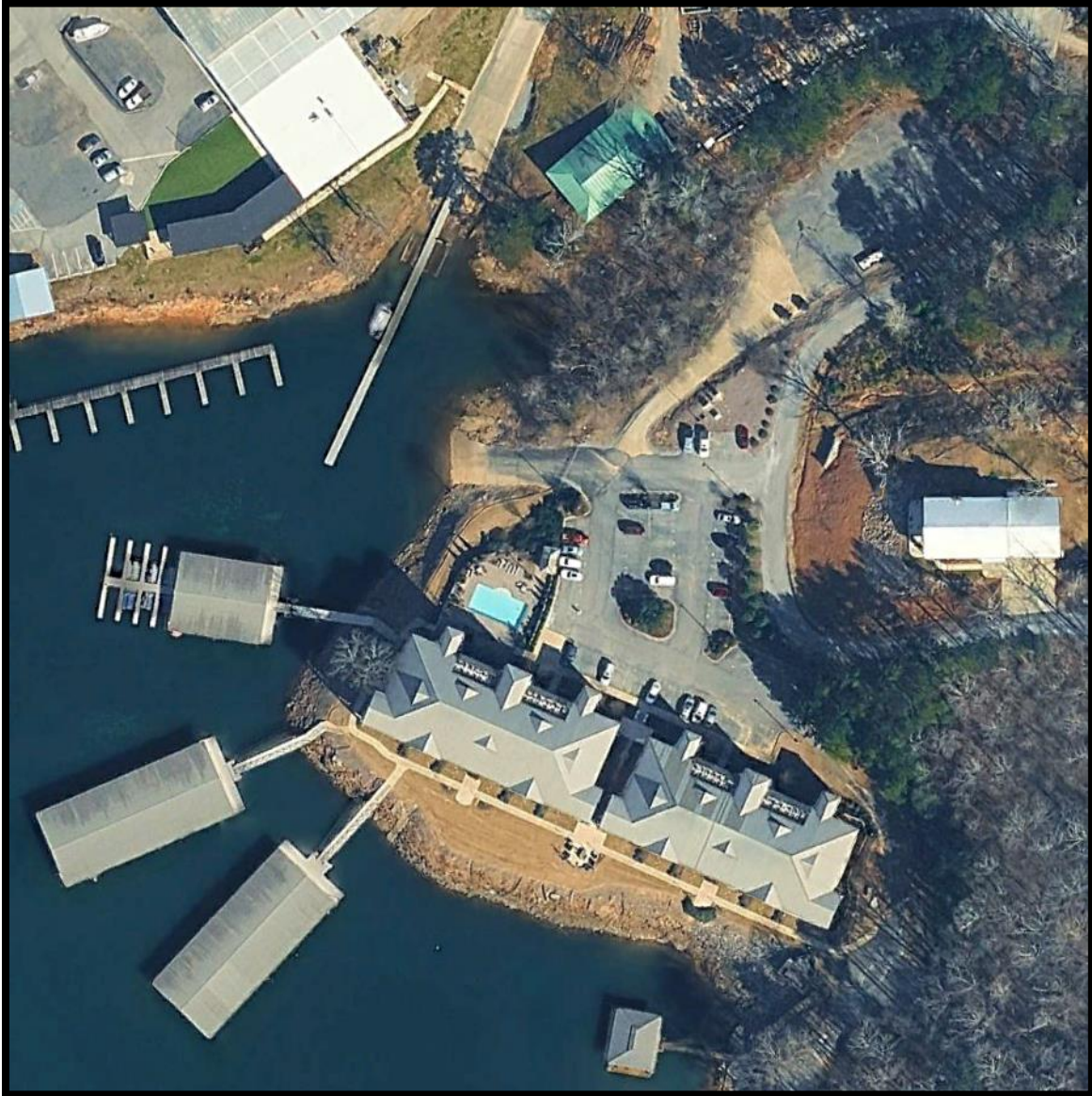
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Property Overview



Crane Hill, AL

Latitude: 34° 1'49.41"N

Longitude: 87° 3'16.53"W

Executive Summary

Custom Reserves conducted a site visit on April 8, 2026. There are 29 common area reserve components identified comprising 29 line items that require reserve funding during the noninvasive, visual inspection of the community. Supplemental information to the physical inspection typically includes the following sources:

1. Association board members, management and staff
2. Client's vendors
3. Declaration
4. Maintenance records of the reserve components where available
5. Project plans where available

Waterford Association, Inc. (Waterford) is an apartment style development built in 2007, located in Crane Hill, AL and is responsible for the common elements shared by 48 owners within two four-story buildings. The development contains Exterior Building, Building Services, Pool, and Property Site components.

A Reserve Study comprises two parts:

Physical Analysis	Financial Analysis
• Component Inventory • Condition Assessment • Estimated Useful Life • Remaining Useful Life • Replacement Cost	• Fund Status • Funding Plan

The intention of this Reserve Study is to forecast the Association's ability to replace major components as they wear out in future years. This Reserve Study complies with or exceeds all applicable **statutes** and national standards. Reserve Studies are a guide and should be used for budgetary purposes. Actual expenditures and times of replacements can and/or will vary.

Inspection and Report by:

Reference #: 459.26

Paul Grifoni, PRA, RS

Financial Analysis

The pooling method or cash flow funding plan is included to project and illustrate the reserve funding plan as depicted in **Table B**. The unaudited cash status of the Association's reserve funds, as of December 31, 2025, as reported by Management and the Board is \$130,659.52. Waterford budgeted \$25,000 for reserve contributions in FY¹ 2026. A recommended reserve contribution of \$148,500 would be required in 2027 to adequately fund reserves based on this analysis utilizing a threshold funding amount of 11% in the high risk year. The Association can budget inflationary increases each year thereafter until the next Reserve Study Update. Alternatively, the Association can partially fund the reserves with three phased increases of \$45,100 each year beginning in 2026 and concluding by 2029 as depicted in **Table C**.

External market factors incorporated in this Reserve Study are an inflation rate of 2.5% based on the Consumer Price Index published by the Bureau of Labor Statistics and an interest rate of 2.5%. Most community association bylaws provide that Association funds shall be held in a bank, with FDIC or similar insurance to cover all funds.

The actual timing of the events depicted may not occur exactly as projected. Internal changes such as deferred or accelerated projects, and external changes such as interest and inflation rates, are likely. Updates to the Reserve Study will incorporate these changes. To ensure equity in the adopted funding plan, ongoing annual reviews and either a Non Site visit or Site Visit update of this Reserve Study is recommended in two- to three-years respectively depending on the complexity of the community, and changes in external and internal factors. It is recommended by the American Institute of Certified Public Accountants (AICPA) that your Reserve Study be updated annually.

¹ FY 2026 Begins January 1, 2026 and Ends December 31, 2026.

Property Component Definitions

The analysis began by separating the property components into specific areas of responsibility for replacement and repair. These classes of property are as follows:

1. **Reserve Components** are defined as follows:
 - Association responsibility
 - Limited useful life expectancies
 - Predictable remaining useful life expectancies
 - Replacement cost above a minimum threshold
2. **Operating Budget Components** are defined as follows:
 - Common area components historically funded through operating funds rather than reserve funds
 - Common area components whose replacement or repair costs fall below a specific dollar amount
3. **Long-Lived Components** are defined as follows:
 - Common area components without a predictable remaining useful life
 - Common area components with a remaining useful life beyond the 30-year scope of this reserve study
4. **Owner Components** are defined as follows:
 - Components that are not the responsibility of the Association to maintain, repair or replace
5. **Other Components** are defined as follows:
 - Components that are neither the responsibility of the Association nor the Owner to maintain, repair or replace

Property Component Model

CATEGORY	COMPONENT	COMMON COMPONENTS (X)			REMAINING COMPONENTS (O)	
		RESERVES	OPERATING	LONG-LIVED	OWNER	OTHER
Property Site	Asphalt Pavement, Preservation	X				
Property Site	Asphalt Pavement, Repaving	X				
	Balconies				O	
	Balcony and Patio Fixtures				O	
Property Site	Boat Ramp, Concrete	X				
Exterior Building	Breezeways, Waterproof Coatings	X				
	Curbing, Concrete		X			
Pool	Deck, Concrete, Coatings and Repairs	X				
Property Site	Deck, Wood	X				
Property Site	Docks, Decking	X				
Property Site	Docks, Floats	X				
Property Site	Docks, Framing	X				
Property Site	Docks, Roofs	X				
Exterior Building	Doors, Common	X				
	Doors, Serving Individual Units				O	
Exterior Building	EIFS Recoat	X				
	Electrical Systems, Serving Individual Units				O	
Building Services	Elevator Cab Finishes	X				
Building Services	Elevators, Modernization, Phased	X				
	Expenses Less Than \$5,000		X			
	Fire Protection System, Common		X			
Building Services	Fire Protection Systems	X				
	Flag		X			
	Foundation(s)			X		
	Furniture, Pool		X			
Property Site	Gangways, Aluminum	X				
	Gate, Boat Ramp		X			
Building Services	Generator	X				
	Grills		X			
Exterior Building	Gutters and Downspouts	X				
Exterior Building	Gutters and Downspouts, Remaining	X				
	Heaters, Elevator Rooms, Pool House		X			
	HVAC Equipment, Serving Individual Units				O	
	Infrequent Replacements		X			
	Irrigation System		X			
	Landscaping		X			
	Lift Station					O
Building Services	Light Fixtures	X				
Property Site	Light Poles	X				
Property Site	Mailbox Stations	X				
	Other Repairs Normally Funded Through the Operating Budget		X			
	Picnic Table		X			
	Plumbing System, Interior Building, Serving Individual Units				O	
Pool	Pool Finish	X				
Exterior Building	Railings, Aluminum, Buildings	X				
Exterior Building	Railings, Remaining	X				
	Rest Room, Renovations		X			
Exterior Building	Roofs, Flat	X				
Exterior Building	Roofs, Metal	X				
Exterior Building	Rooftop Stands	X				
	Septic System					O
Property Site	Shoreline Stabilization, Partial	X				

CustomReserves

CATEGORY	COMPONENT	COMMON COMPONENTS (X)			REMAINING COMPONENTS (O)	
		RESERVES	OPERATING	LONG-LIVED	OWNER	OTHER
	Sidewalks, Concrete		X			
	Soffits, Vinyl		X			
	Structural Frame(s)			X		
	Subsurface Utilities, Sewer and Water		X			
	Sump Pump		X			
	Unit Interiors				O	
	Waste Stations		X			
	Water Heaters, Serving Individual Units				O	
	Windows, Serving Individual Units				O	



Reserve Expenditures

Waterford
Association, Inc.

Projected Inflation Rate 2.5%

Table A

Line Item	Reserve Components	Total	Per	Unit of Measurement	1st Year of Replacement	Useful Life Years	Age (Year)	Remaining Life Years	2026 Unit Cost	2026 Cost of Replacement	2026 Cost of Replacement	Total 30 Year Future Costs of Replacement	Fiscal Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
		Quantity	Phase Quantity							per Phase	per Total		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	Exterior Building Components									\$1,233,325	\$1,233,325	\$2,393,089										
1	Breezeways, Waterproof Coatings	9,095	9,095	Square Feet	2029	5 to 10	2021	3	\$5.00	\$45,475	\$45,475	\$269,914				\$48,972						
2	Doors, Common	14	14	Each	2037	to 30	2007	11	\$1,000.00	\$14,000	\$14,000	\$18,369										
3	EIFS Recoat	1	1	Allowance	2056	25 to 40	2026	30	\$294,000.00	\$294,000	\$294,000	\$616,685										
4	Gutters and Downspouts	825	825	Linear Feet	2043	to 20	2023	17	\$26.00	\$21,450	\$21,450	\$32,639										
4.1	Gutters and Downspouts, Remaining	2,000	2,000	Linear Feet	2046	to 20	2026	20	\$26.00	\$52,000	\$52,000	\$85,208										
5	Railings, Aluminum, Buildings	2,145	2,145	Linear Feet	2051	to 30	2021	25	\$120.00	\$257,400	\$257,400	\$477,205										
5.1	Railings, Remaining	895	895	Linear Feet	2056	to 20	2026	30	\$120.00	\$107,400	\$107,400	\$225,279										
6	Roofs, Flat	15	15	Squares	2048	to 25	2023	22	\$1,200.00	\$18,000	\$18,000	\$30,988										
7	Roofs, Metal	260	260	Squares	2042	to 35	2007	16	\$1,500.00	\$390,000	\$390,000	\$578,957										
8	Rooftop Stands	48	48	Each	2048	to 25	2023	22	\$700.00	\$33,600	\$33,600	\$57,845										
	Building Services Components									\$237,400	\$412,400	\$838,864										
9	Elevator Cab Finishes	2	2	Each	2027	to 20	2007	1	\$10,000.00	\$20,000	\$20,000	\$54,092		\$20,500								
10	Elevators, Modernization, Phased	2	1	Each	2054	to 30	2024/25	28	\$175,000.00	\$175,000	\$350,000	\$707,508										
11	Fire Protection Systems	2	2	Each	2032	to 25	2007	6	\$5,000.00	\$10,000	\$10,000	\$11,597						\$11,597				
12	Generator	1	1	Each	2042	25 to 35	2007	16	\$18,000.00	\$18,000	\$18,000	\$26,721										
13	Light Fixtures	144	144	Each	2027	to 20	2007	1	\$100.00	\$14,400	\$14,400	\$38,946		\$14,760								
	Pool Components									\$31,635	\$31,635	\$141,913										
14	Deck, Concrete, Coatings and Repairs	2,690	2,690	Square Feet	2028	5 to 10	Unknown	2	\$4.00	\$10,760	\$10,760	\$82,273			\$11,305							\$13,438
15	Pool Finish	835	835	Square Feet	2034	10 to 15	2022	8	\$25.00	\$20,875	\$20,875	\$59,640									\$25,434	
	Property Site Components									\$1,951,615	\$1,951,615	\$3,683,942										
16	Asphalt Pavement, Preservation	4,725	4,725	Square Yards	2035	5 to 8	2025	9	\$2.60	\$12,285	\$12,285	\$74,560										\$15,342
17	Asphalt Pavement, Repaving	4,725	4,725	Square Yards	2030	15 to 30	2007	4	\$18.00	\$85,050	\$85,050	\$267,926					\$93,879					
18	Boat Ramp, Concrete	3,750	3,750	Square Feet	2031	to 30	Unknown	5	\$100.00	\$375,000	\$375,000	\$424,278						\$424,278				
19	Deck, Wood	450	450	Square Feet	2026	15 to 20	2011	0	\$40.00	\$18,000	\$18,000	\$47,495	\$18,000									
20	Docks, Decking	8,725	8,725	Square Feet	2034	20 to 25	2011	8	\$35.00	\$305,375	\$305,375	\$938,218									\$372,070	
20.1	Docks, Floats	8,725	8,725	Square Feet	2041	to 30	2011	15	\$30.00	\$261,750	\$261,750	\$379,092										
20.2	Docks, Framing	8,725	8,725	Square Feet	2046	to 35	2011	20	\$35.00	\$305,375	\$305,375	\$500,392										
21	Docks, Roofs	19,315	19,315	Square Feet	2046	30 to 40	2011	20	\$12.00	\$231,780	\$231,780	\$379,799										
22	Gangways, Aluminum	1,330	1,330	Square Feet	2036	25 to 35	2011	10	\$120.00	\$159,600	\$159,600	\$204,301										
23	Light Poles	23	23	Each	2037	to 30	2007	11	\$1,800.00	\$41,400	\$41,400	\$54,320										
24	Mailbox Stations	4	4	Each	2037	to 30	2007	11	\$1,500.00	\$6,000	\$6,000	\$7,873										
25	Shoreline Stabilization, Partial	1	1	Allowance	2027	to 20	varies	1	\$150,000.00	\$150,000	\$150,000	\$405,687		\$153,750								
Total Expenditures										\$3,453,975	\$3,628,975	\$7,057,808	\$18,000	\$189,010	\$11,305	\$48,972	\$93,879	\$424,278	\$11,597	\$0	\$397,504	\$28,780



Table A

Reserve Expenditures

Waterford
Association, Inc.

Line Item	Reserve Components	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
		2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056
	Exterior Building Components																					
1	Breezeways, Waterproof Coatings		\$59,667								\$72,699								\$88,576			
2	Doors, Common		\$18,369																			
3	EIFS Recoat																					\$616,685
4	Gutters and Downspouts								\$32,639													
4.1	Gutters and Downspouts, Remaining											\$85,208										
5	Railings, Aluminum, Buildings																\$477,205					
5.1	Railings, Remaining																					\$225,279
6	Roofs, Flat													\$30,988								
7	Roofs, Metal							\$578,957														
8	Rooftop Stands													\$57,845								
	Building Services Components																					
9	Elevator Cab Finishes												\$33,592									
10	Elevators, Modernization, Phased																			\$349,387	\$358,121	
11	Fire Protection Systems																					
12	Generator							\$26,721														
13	Light Fixtures												\$24,186									
	Pool Components																					
14	Deck, Concrete, Coatings and Repairs							\$15,973							\$18,987							\$22,570
15	Pool Finish											\$34,206										
	Property Site Components																					
16	Asphalt Pavement, Preservation					\$17,358					\$19,639					\$22,220						
17	Asphalt Pavement, Repaving																				\$174,047	
18	Boat Ramp, Concrete																					
19	Deck, Wood											\$29,495										
20	Docks, Decking																\$566,148					
20.1	Docks, Floats						\$379,092															
20.2	Docks, Framing											\$500,392										
21	Docks, Roofs											\$379,799										
22	Gangways, Aluminum	\$204,301																				
23	Light Poles		\$54,320																			
24	Mailbox Stations		\$7,873																			
25	Shoreline Stabilization, Partial												\$251,937									
Total Expenditures		\$204,301	\$140,229	\$0	\$0	\$17,358	\$379,092	\$621,652	\$32,639	\$0	\$92,338	\$1,029,100	\$309,715	\$88,833	\$18,987	\$22,220	\$1,043,353	\$0	\$88,576	\$349,387	\$532,168	\$864,533



Table B

Pooling (Cash Flow) Funding Plan

Waterford
Association, Inc.

	FY	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
Beginning of Year Reserves	Note 2	\$130,660	\$140,926	\$103,939	\$247,432	\$360,646	\$435,683	\$186,197	\$347,255	\$528,136	\$320,335	\$480,463	\$473,573	\$535,183	\$743,363	\$961,647	\$1,173,030
Recommended Reserve Contributions	Note 2	25,000	148,500	152,200	156,000	159,900	163,900	168,000	172,200	176,500	180,900	185,400	190,000	194,800	199,700	204,700	209,800
Anticipated Interest Earned	2.5%	3,266	3,523	2,598	6,186	9,016	10,892	4,655	8,681	13,203	8,008	12,012	11,839	13,380	18,584	24,041	29,326
Projected Expenditures		(18,000)	(189,010)	(11,305)	(48,972)	(93,879)	(424,278)	(11,597)	0	(397,504)	(28,780)	(204,301)	(140,229)	0	0	(17,358)	(379,092)
Projected Year End Reserves		140,926	103,939	247,432	360,646	435,683	186,197	347,255	528,136	320,335	480,463	473,573	535,183	743,363	961,647	1,173,030	1,033,064

	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056
Beginning of Year Reserves	\$1,033,064	\$652,239	\$856,306	\$1,103,614	\$1,270,366	\$510,325	\$456,568	\$628,449	\$880,673	\$1,142,370	\$395,975	\$680,974	\$891,422	\$853,422	\$638,889
Recommended Reserve Contributions	215,000	220,400	225,900	231,500	237,300	243,200	249,300	255,500	261,900	268,400	275,100	282,000	289,100	296,300	303,700
Anticipated Interest Earned	25,827	16,306	21,408	27,590	31,759	12,758	11,414	15,711	22,017	28,559	9,899	17,024	22,286	21,336	15,972
Projected Expenditures	(621,652)	(32,639)	0	(92,338)	(1,029,100)	(309,715)	(88,833)	(18,987)	(22,220)	(1,043,353)	0	(88,576)	(349,387)	(532,168)	(864,533)
Projected Year End Reserves	652,239	856,306	1,103,614	1,270,366	510,325	456,568	628,449	880,673	1,142,370	395,975	680,974	891,422	853,422	638,889	94,028
															Threshold/ Risk Year

Financial Notes:
1) FY 2026 Begins January 1, 2026 and Ends December 31, 2026
2) FY 2026 Beginning Reserve Balance and Remaining Contributions are as of December 31, 2025
3) Interest Earned is compounded on the Beginning Year Reserve Balance, the first year is a partial amount earned
4) Taxes on the interest earned are considered negligible



Table C

Partial Pooling (Cash Flow) Funding Plan

Waterford
Association, Inc.

	FY	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
Beginning of Year Reserves	Note 2	\$130,660	\$140,926	\$25,539	\$130,072	\$244,652	\$321,189	\$73,341	\$236,178	\$418,982	\$213,253	\$375,604	\$371,092	\$435,340	\$646,324	\$867,582	\$1,082,114
Recommended Reserve Contributions	Note 2	25,000	70,100	115,200	160,300	164,300	168,400	172,600	176,900	181,300	185,800	190,400	195,200	200,100	205,100	210,200	215,500
Anticipated Interest Earned	2.5%	3,266	3,523	638	3,252	6,116	8,030	1,834	5,904	10,475	5,331	9,390	9,277	10,884	16,158	21,690	27,053
Projected Expenditures		(18,000)	(189,010)	(11,305)	(48,972)	(93,879)	(424,278)	(11,597)	0	(397,504)	(28,780)	(204,301)	(140,229)	0	0	(17,358)	(379,092)
Projected Year End Reserves		140,926	25,539	130,072	244,652	321,189	73,341	236,178	418,982	213,253	375,604	371,092	435,340	646,324	867,582	1,082,114	945,575
			Threshold/ Risk Year														

		2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056
Beginning of Year Reserves		\$945,575	\$568,462	\$776,435	\$1,027,946	\$1,199,207	\$443,887	\$395,169	\$572,315	\$830,136	\$1,097,769	\$357,659	\$649,300	\$866,757	\$836,040	\$629,172
Recommended Reserve Contributions		220,900	226,400	232,100	237,900	243,800	249,900	256,100	262,500	269,100	275,800	282,700	289,800	297,000	304,400	312,000
Anticipated Interest Earned	2.5%	23,639	14,212	19,411	25,699	29,980	11,097	9,879	14,308	20,753	27,444	8,941	16,233	21,669	20,901	15,729
Projected Expenditures		(621,652)	(32,639)	0	(92,338)	(1,029,100)	(309,715)	(88,833)	(18,987)	(22,220)	(1,043,353)	0	(88,576)	(349,387)	(532,168)	(864,533)
Projected Year End Reserves		568,462	776,435	1,027,946	1,199,207	443,887	395,169	572,315	830,136	1,097,769	357,659	649,300	866,757	836,040	629,172	92,368
																Threshold/ Risk Year

Financial Notes:
1) FY 2026 Begins January 1, 2026 and Ends December 31, 2026
2) FY 2026 Beginning Reserve Balance and Remaining Contributions are as of December 31, 2025
3) Interest Earned is compounded on the Beginning Year Reserve Balance, the first year is a partial amount earned
4) Taxes on the interest earned are considered negligible

Exterior Building Components



Figure 1 – Typical Front Elevation



Figure 2 – Typical Rear Elevation

1. Breezeways, Waterproof Coatings

Waterford maintains breezeways that comprise approximately 9,095 square feet of concrete surface. The breezeways are in fair condition overall. Breezeways have a long useful life with the benefit of periodic maintenance. Concrete cracks and spalling occur from the expansion of the reinforcing steel bars due to corrosion. Concrete corrosion is caused by rainwater and chlorides penetrating the surface of the concrete and contacting the embedded steel reinforcement bars. Failure to maintain the breezeways can lead to costly repairs.

Concrete repairs include replacing compromised reinforcing within associated cracks and spalls. Cracks should be repaired with a gravity feed epoxy. Waterford should consider using a hybrid coating consisting of a urethane base coat with a textured acrylic topcoat. The proper way to apply coatings is to remove and reinstall the railings. Coatings provide the primary protection from the elements and can minimize ongoing cyclic structural concrete damage (spalling) due to corrosion. Waterproof coatings applied to horizontal walking surfaces should meet or exceed the minimum requirements for pedestrian traffic bearing capacity and slip resistance.

The Association shall budget for waterproof coating applications, cant bead and partial repairs as needed by 2029 and every 5- to 10-years thereafter. The cant bead is the seal between

the wall and floor surfaces. The Association should encourage owners above the first floor to waterproof the lanai floors to prevent water intrusion and costly repairs.

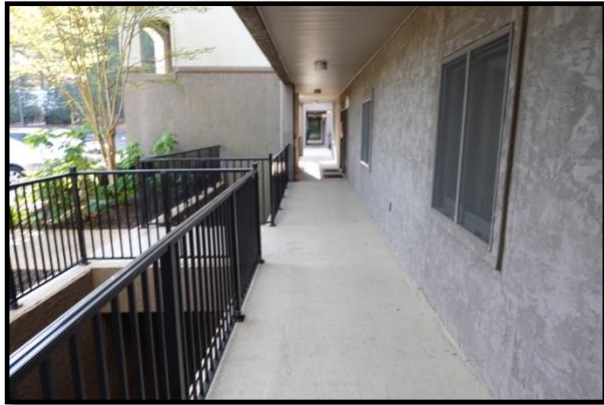


Figure 1 – Elevated Breezeway



Figure 2 – On Grade Breezeway

2. Doors, Common

Waterford maintains 14 common doors. The common doors are original and in fair overall condition. Door deterioration can be caused by moisture, pests, and extreme temperatures. Doors have an estimated useful life of up to 30 years. The Association should budget for replacement of the doors by 2037. The estimate of cost is based on a fire rated self-closing door.

3. Gutters and Downspouts

Waterford utilizes approximately 2,825 linear feet of gutters and downspouts that are designed to collect rainwater from the roofs and shed the water away from the buildings. Management reports that the Association replaced 825 linear in 2023 and plans to replace the remaining gutters and downspouts in 2026 funded through a special assessment. Gutters and downspouts have an estimated useful life of up to 20 years. The Association should budget for phased replacements beginning by 2043 and concluding by 2046. The Association should utilize downspout extensions and splash blocks at discharge areas to direct the water away from foundations.



Figure 1



Figure 2

4. EIFS Recoat

Exterior Insulation and Finish System (EIFS) is a multi-layered exterior wall cladding system commonly used in residential and commercial construction throughout Alabama due to its energy efficiency and design flexibility. EIFS typically consists of an insulation board mechanically fastened or adhesively applied to the substrate, a base coat with embedded reinforcing mesh, and a textured finish coat that provides weather resistance and aesthetic appeal. While EIFS offers advantages such as improved thermal performance and moisture resistance when properly installed, it is also a system that requires careful inspection and ongoing maintenance to ensure long-term performance.

EIFS should be evaluated for signs of distress including cracking, delamination, impact damage, sealant failure at joints and penetrations, and evidence of moisture intrusion. Alabama's hot, humid climate and frequent rainfall increase the importance of proper sealing and drainage, as trapped moisture can lead to substrate deterioration, mold growth, and structural damage. Attention should be given to areas around windows, doors, balconies, and other penetrations where failures are most likely to occur.

The useful life of EIFS varies depending on installation quality, exposure conditions, and maintenance practices, but it is generally expected to perform for 25–40 years with periodic repairs. Sealants associated with EIFS systems typically have a shorter life cycle, often requiring replacement every 7–15 years. Reserve funding should account for periodic inspections by

qualified professionals, routine maintenance such as resealing joints and repairing localized damage, and potential larger-scale remediation if systemic issues are identified.

It is recommended that associations implement a proactive maintenance program that includes regular visual inspections and, when warranted, invasive moisture testing to identify concealed issues. Given the potential for hidden damage and the cost associated with repairs, adequate reserves are essential to address both anticipated maintenance and unforeseen corrective work. Management reports that the Association plans to remove and replace the EIFS in 2026 funded through a special assessment. Waterford should budget for a subsequent renovation by 2056. The estimate of costs includes the retaining walls.



Figure 1



Figure 2

5. Railings

The Association maintains 2,145 and 895 linear feet of aluminum and metal railings respectively. Management reports that Waterford plans to replace most of the metal railings in 2026 funded through a special assessment. The finish on aluminum fences is relatively maintenance free. While aluminum doesn't rust, it does corrode over time. Improper railing coatings along the coast can be problematic. Powder coating systems are known to experience corrosion which causes peeling. Semi-crystalline thermoplastic fluoropolymer (PVDF) aka Kynar utilizes a preferred chromium pretreatment process to provide excellent adhesion and weathering. Aluminum railings have a useful life of up to 30 years. The major concern with railings is safety. Waterford can maximize the useful life by repairing connections and fasteners promptly when and if they fail. These activities should be funded through the operating budget on an as needed basis.

The Association shall budget for replacement of the existing aluminum railings by 2051 followed by the remaining railings by 2056.

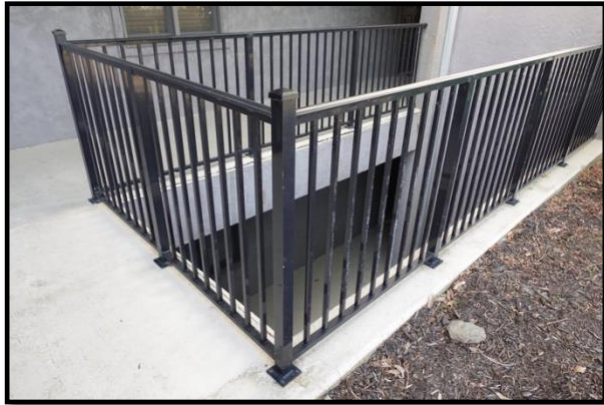


Figure 1 - Aluminum



Figure 2 - Metal

6. Roofs, Flat

The Association maintains 15 squares of flat roofs. The flat roofs are in good condition at an age of three years. Flat roof coverings have a useful life of up to 25 years.

Exposure to ultraviolet light, heat and weather degrade the membrane overtime. Degradation results in membrane damage from thermal expansion and contraction. Aging of the roof makes the membrane less pliable and difficult to maintain. The most vulnerable parts of a roof are at the perimeters and penetrations such as vents, plumbing stacks and HVAC equipment. Water intrusion can lower insulation R-values and weaken the roof assembly. Ponding water is water that sits on a roof for 24- to 48-hours. Standing water is when water sits on the roof for more than 48 hours. Most thermoplastic polyolefin (TPO) and polyvinyl chloride (PVC) manufactures will allow ponding water and standing water is usually not warranted.

Reroofing is more labor intensive than an original installation. Removal and disposal can be an issue in multistory buildings because of problems conveying materials on and off the roofs. Replacement costs are higher and make replacement less feasible economically.

New roofing can be accomplished by either a tear-off or an overlay. An overlay can cover up problems with the deck and flashings. The contractor should follow manufacturer's directions

and specifications. The National Roofing Contractors Association (NRCA) recommends the use of a suitable cover board layer over insulation before a roof membrane installation.

The Association should budget for replacements of the flat roof system by 2048. The Association should look for roof system warranties offered by manufacturers. No Dollar Limit (NDL) warranties include roof leaks caused by defects in labor or materials. Interim annual inspections should be funded through the operating budget to preserve the warranty. It is assumed that the roof was not overlaid and the estimate of cost is based on tearing off one roof only.



Figure 1



Figure 2

7. Roofs, Metal

There are also approximately 260 squares of standing seam metal roofs. Roof panels are crimped together rather than fastened by screws. The metal roofs are in fair overall condition at an age of 19 years. Metal roofs of this type have a useful life of up to 35 years. The Association should budget for replacement of the metal roofs by 2042.



Figure 1



Figure 2

8. Rooftop Stands

The Association is responsible for the shared HVAC rooftop stands. These stands are in good condition at an age of three years. The process of replacing a stand typically includes disconnecting the electrical service, coolant supply line, condenser removal including hurricane straps and vibration pads. New stands have an anticipated an estimated useful life of up to 25 years. Waterford should budget for replacements by 2048.



Figure 1



Figure 2

Building Services Components

9. Elevator Cab Finishes

The Association maintains two elevators. The cab finishes comprise resilient floors, lighted ceiling and wood panel walls. The cab finishes are in fair overall condition at an age of 19 years. The timing of renovations is discretionary. The Association should budget for replacements in 2027 and again by 2047.



Figure 1



Figure 2

10. Elevator Modernization

The Association utilizes two 2,000-pound capacity hydraulic elevators to serve four floors. Hydraulic elevator components include a cylinder, pump and controls. Management reports that Waterford modernized the elevators in the last couple years. The useful lives of these components vary up to 30 years. However, factors such as design, usage, environmental, and maintenance frequency will increase or decrease lifecycle. The Association should budget for the next modernization by 2054.



Figure 1



Figure 2

11. Fire Protection Systems

The Association maintains a fire protection system for each building. These fire protection systems comprise a main panel that controls emergency devices such as annunciators and pull boxes, piping and sprinkler heads located throughout the buildings. The alarm system utilizes a battery backup. The fire protection systems are in satisfactory operational condition. Changes in building codes and/or technology may make a replacement necessary and/or desirable prior to the useful life of up to 25 years. Waterford shall budget for replacement of the fire alarm system by 2032. The Association should fund interim replacement of exit signs and sprinkler heads through the operating budget as needed.

Annual fire protection system inspections are required by the National Fire Protection Association (NFPA) 722 Standards. It is recommended that Association consult local fire departments to ensure there are adequate safety provisions in place.



Figure 1



Figure 2

12. Generator

Waterford utilizes a propane generator to power the lift station and common lights during a power outage. The generator is original and in satisfactory operational condition. Generators have a useful life from 25- to 35-years. The Association should budget for replacement by 2042. Generator transfer switches have a shorter useful life. The Association should fund replacement of the transfer switch and batteries through the operating budget as needed. The system should be inspected and maintained quarterly.



Figure 1



Figure 2 – Transfer Switch

13. Light Fixtures

The Association maintains 144 exterior wall and ceiling mounted light fixtures. The light fixtures are in fair condition at an age of 19 years. Light fixtures have an estimated useful life of up to 20 years. Waterford should budget for replacement of the light fixtures by 2027.



Figure 1



Figure 2

Pool Components

14. Deck, Concrete Coatings

The pool deck comprises 2,690 square feet of concrete. The pool deck is original, and the coating is in fair overall condition at an age of approximately five years. Concrete pool decks have a long useful life with the benefit of periodic maintenance. Periodic maintenance includes a slip resistant coating application every 5- to 10-years. Based on the condition, Waterford should budget for the next coating application by 2028 and every seven years thereafter.



Figure 1

15. Pool Finish

The Gunite finish at the pool wall and floor surfaces is in good overall condition at an age of four years. Pool finishes have an anticipated useful life from 10- to 15-years. The Association should budget for resurfacing of the wall and floor areas, as well as replacement of the pool waterline tile, by 2034 and again by 2046. Typically, minor upgrades will be needed to bring the

pool up to current code. Potential repairs to the underlying pool structure may raise the estimate of cost.



Figure 1



Figure 2

Property Site Components

16. Asphalt Pavement, Preservation

There are approximately 4,725 square yards of asphalt pavement. Management reports that the Association last preserved the pavement in 2025.

Pavement surfaces comprise aggregate in an asphalt/petroleum binder. The petroleum elements of the binder oxidize, and the asphalt loses its elastic properties over time and becomes brittle and then cracks occur. One form of pavement maintenance is a process called rejuvenation. Rejuvenation is intended to prolong the aging process by adding back the petroleum fractions needed for elasticity of the surface course.

Proposals for asphalt coating applications should include both crack seal repair and area patching. These activities reduce water infiltration and the effects of weather. The contractor should only apply asphalt coating applications after crack and surface repairs are completed.

Waterford should plan for an application of pavement preservation by 2035 following repaving. Subsequent cycles are likely every five- to eight-years thereafter except when replacement occurs.



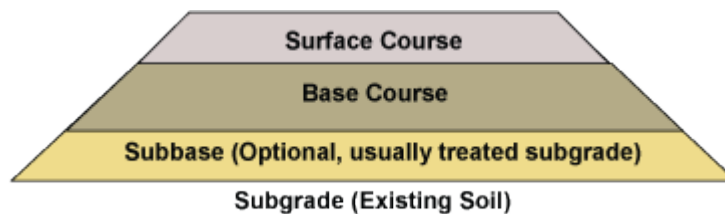
Figure 1



Figure 2

17. Asphalt Pavement, Repaving

As previously mentioned, the Association maintains approximately 4,725 square yards of asphalt pavement. The asphalt pavement is original and in fair overall condition. Areas of cracks are noted. Asphalt pavement comprises multiple layers. Typically, the top layer or surface course deteriorates over time and can be milled or removed and overlaid or replaced. The following diagram depicts typical pavement layers.



A mill and overlay is a method of repaving of the surface course where cracked, worn and failed pavement is mechanically removed or milled. A new layer of asphalt is overlaid atop the remaining sound pavement. Milled pavement removes part of the existing pavement and permits the overlay to match the elevation of areas such as adjacent curbs and gutters. The milled pavement should be properly bonded to the new overlayment. Overlayment thicknesses range from one to two inches. Variable thicknesses are often necessary for proper drainage.

A combination of area patching, crack repair and milling should occur before the overlayment. Areas that exhibit potholes, alligator cracks and areas of pavement that are deteriorated from vehicle fluids should all be repaired prior to overlayment. Area patching may

require total replacement of isolated areas of pavement. The base course for residential subdivision roadways designed for light traffic is often six inches thick. The paving contractor should seal all cracks. Crack repair minimizes the chance of underlying cracks coming through the overlayment.

The estimated useful life of the asphalt pavement surface course varies from 15- to 30-years due to design, quality of construction, materials and maintenance. Waterford should budget for a mill and overlay of the pavement by 2030 and again by 2055. The Association should retain an engineer for quality control.



Figure 1

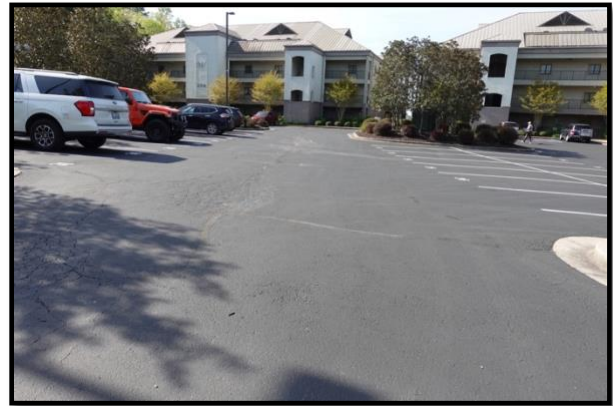


Figure 2

18. Boat Ramp

The Association maintains a boat ramp. The boat ramp is in fair overall condition. The exact age is unknown. A boat ramp has an estimated useful life of up to 30 years. For budgetary purposes, Waterford should plan for replacement of the boat ramp by 2031.



Figure 1



Figure 2

19. Deck, Wood

The Association maintains approximately 450 square feet of a wood deck. The decking is original and in poor overall condition. The estimated useful life of this type of decking is from 15- to 20-years. Waterford should budget for replacement in 2026 and again by 2046. The Association should consider replacing the rails and decking with a composite material. The costs are comparable. Composite requires little maintenance. The Association should fund cleaning, partial repairs and or replacements through the operating budget on an as needed basis to maximize the useful life. Repairs may include replacement of warped or loose deck boards or railing components, replacement or additional installation of connections or fasteners, and partial replacements of structural members as needed.

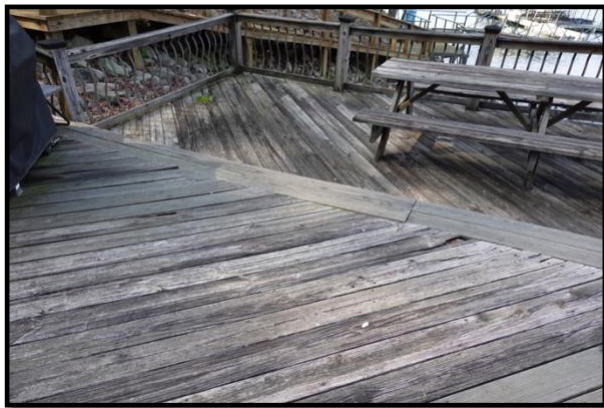


Figure 1



Figure 2

20. Docks, Decking

The Association also maintains approximately 8,725 square feet of a composite decking installed over a floating dock system. The decking, framing, flotation, hardware, rub rail, and accessory systems are expected to deteriorate at different rates and should therefore be funded on staggered replacement cycles.

The dock hardware, fasteners, brackets, hinges, and connection components should be treated as the earliest major reserve exposure due to movement, water-level changes, wave action, and corrosion at connection points. The rub rail and edge protection are also exposed to impact damage and UV/weathering. Waterford should fund these components through the operating budget as needed.

The decking panels appear to be synthetic/composite boards designed for marine environments, providing a slip-resistant walking surface. The decking is supported by an underlying structural frame and flotation system (not fully visible) and is configured in a modular layout consistent with floating dock construction.

The decking is in fair condition at the time of observation. The surface appears generally uniform with no significant warping, cracking, or displacement observed. Board alignment is consistent, and there are no obvious trip hazards. Minor surface wear consistent with normal use and environmental exposure is noted. Fastening systems are not fully visible but the decking appears secure.

Maintenance Recommendations:

- Routine cleaning to prevent algae buildup and maintain slip resistance
- Periodic inspection of:
 - Fasteners and connection points
 - Board integrity (cracking, splitting, or excessive fading)
- Replacement of individual damaged boards as needed
- Monitoring for movement or separation at joints

The composite decking has an estimated useful life from 20- to 25-years, resulting in a projected replacement year of 2034.

The flotation units are assumed to be encapsulated marine floats with an estimated useful life of approximately 30 years, placing replacement around 2041, unless localized damage or water intrusion occurs earlier.

The underlying aluminum/galvanized structural framing is typically longer-lived than the walking surface and is projected for replacement around 2046, assuming continued serviceability and no significant corrosion, distortion, or connection failure.



Figure 1



Figure 2

21. Docks, Roofs

The Association maintains roofs that cover 19,315 square feet. The roofs are in fair condition overall at an age of 15 years. The Association should keep the roofs clean and free of debris. These roofs have an estimated useful life from 30- to 40-years. Waterford should budget for replacement of the dock roofs by 2046. The Association should fund repairs to the roofs, including paint finish applications, replacement of damaged sections or columns, and repairs to connections and/or fasteners, through the operating budget as needed.



Figure 1



Figure 2

22. Gangways, Aluminum

The component consists of an aluminum-framed pedestrian gangway providing access from the shoreline concrete landing to a floating dock system. The gangways include an aluminum structural frame, slip-resistant walking surface, and integrated aluminum handrails on both sides. The gangway is hinged at both the shoreline connection and the floating dock to accommodate water level fluctuations.

The gangway is in good condition overall at the time of observation. The aluminum framing appears structurally sound with no visible distortion or significant corrosion. Handrails are intact and secure. The walking surface appears even and functional with no apparent safety hazards. Connection points at both ends appear serviceable; however, these areas are subject to ongoing wear due to movement and environmental exposure. The Association should budget for replacements by 2036.

Ongoing maintenance is limited but important to extend service life and includes:

- Annual inspection of hinges, pivot points, and anchoring connections
- Tightening or replacement of fasteners as needed
- Monitoring for corrosion, particularly at joints and dissimilar metal interfaces
- Cleaning of walking surface to maintain slip resistance



Figure 1



Figure 2

23. Light Poles

The Association maintains the 23 light poles and fixtures throughout the community. The light poles and fixtures are original and in satisfactory operation condition. These light poles and fixtures have an estimated useful life of up to 30 years. Waterford should budget for replacement of the light poles and fixtures by 2037. The cost includes an allowance for replacement of the pole, base, fixture and minor electrical repairs at the time of replacement. Interim replacement of light bulbs and/or fixtures should be funded through the operating budget on an as needed basis.



Figure 1



Figure 2

24. Mailbox Stations

Waterford maintains four mailbox stations. The mailboxes are in fair condition at an age of 19 years. Metal mailboxes have an estimated useful life of up to 30 years. The Association should budget for replacements by 2037. The Association should verify new mailboxes meet the specifications of the United States Postal Service.



Figure 1



Figure 2

25. Shoreline Stabilization

The shoreline exhibits clear signs of active erosion and bank instability. The slope is steep and largely unprotected, with exposed soils, undercut edges, and evidence of soil sloughing into the adjacent waterbody. Vegetative cover is sparse to absent along the immediate shoreline, reducing root reinforcement and increasing susceptibility to wave action and surface runoff. The presence of exposed utilities (e.g., drainage pipe) and adjacent infrastructure, including walkways and building foundations, further highlights the risk of continued erosion leading to structural impacts.

A shoreline stabilization approach is recommended to address ongoing erosion, improve slope stability, and enhance ecological function. A proposed method consists of a hybrid “living shoreline” system combined with structural stabilization elements. The lower portion of the bank, at the ordinary water line, could be stabilized using appropriately sized riprap stone placed over a geotextile filter fabric to prevent soil migration while dissipating wave energy. The stone should be keyed into the bank and extend slightly below the water surface to prevent toe scour.

Above the riprap zone, the bank can be regraded to a stable slope where feasible. Biodegradable erosion control matting (e.g., coir fiber blanket) should be installed to protect the soil surface during establishment. Native deep-rooted vegetation, including grasses, shrubs, and where appropriate, emergent aquatic plants, can be planted throughout the stabilized area to provide long-term reinforcement, improve habitat, and enhance aesthetic value.

Drainage improvements should also be incorporated to manage stormwater runoff currently contributing to erosion. This may include redirecting concentrated flows through stabilized conveyances such as vegetated swales or rock-lined channels to reduce direct discharge onto the slope.

This combined approach will reduce erosive forces, stabilize the shoreline, protect adjacent infrastructure, and restore a more natural and resilient edge condition. Continued monitoring and maintenance, particularly during the vegetation establishment period, will be necessary to ensure long-term success. Waterford should conduct this project in the near term.



Figure 1

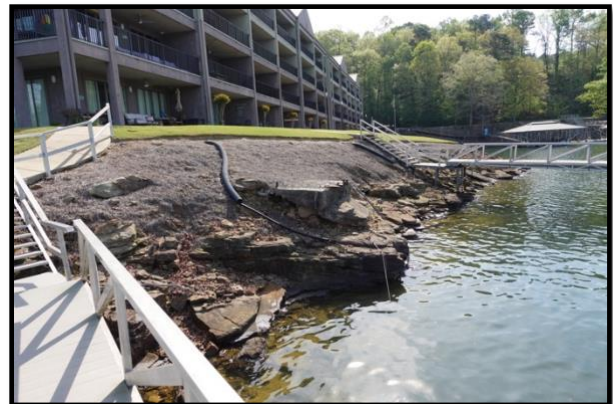


Figure 2

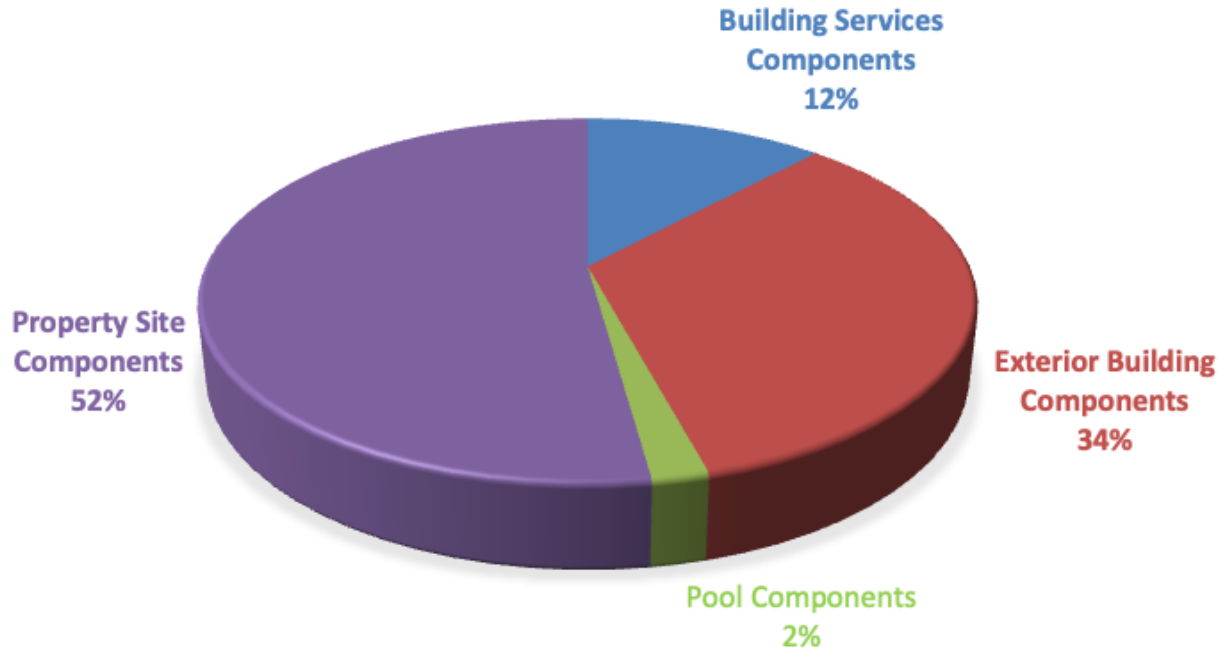
Condition Model

Condition	Good	Fair to Good	Fair	Fair to Poor	Poor
Rank	9 to 10	7 to 8	5 to 6	3 to 5	1 to 2
Urgency	5	4	3	2	1

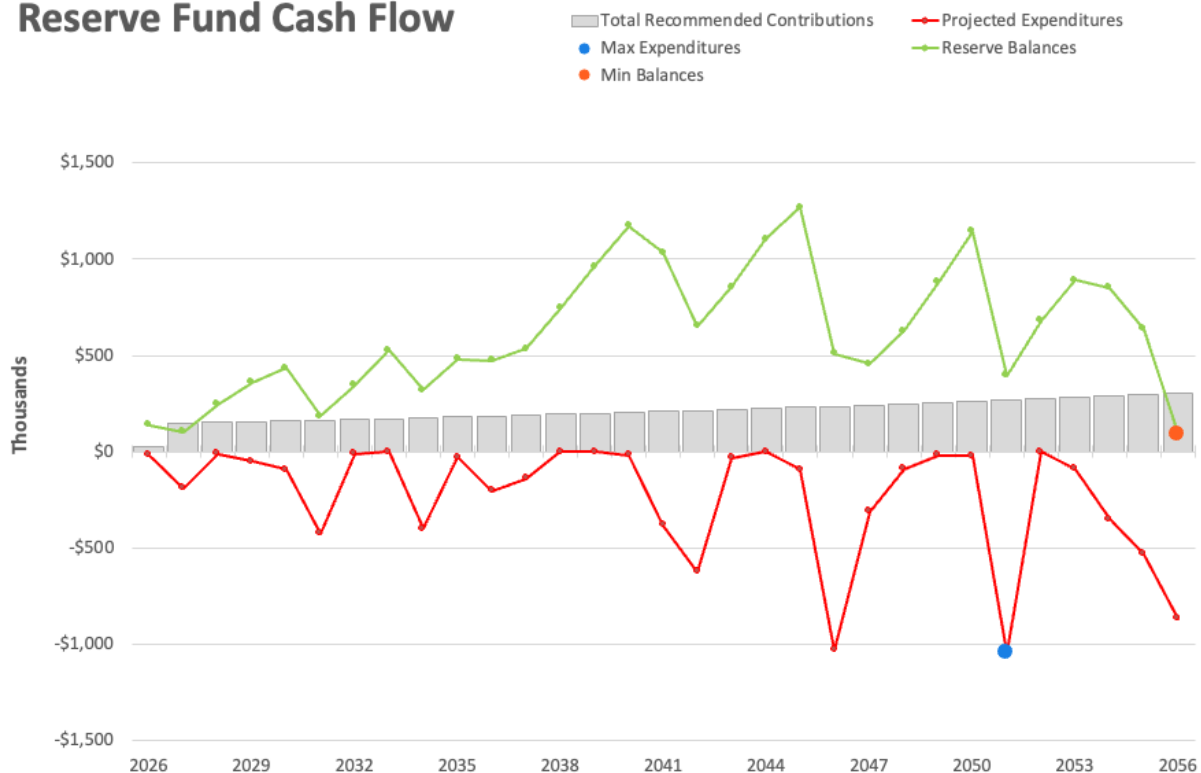
Component Type	Component Name	Condition	Urgency	1st Year of Replacement
Exterior Building	Breezeways, Waterproof Coatings	5	✓	2029
Exterior Building	Doors, Common	7	✓	2037
Exterior Building	EIFS Recoat	3	✗	2056
Exterior Building	Gutters and Downspouts	8	✓	2043
Exterior Building	Gutters and Downspouts, Remaining	4	⚠	2046
Exterior Building	Railings, Aluminum, Buildings	7	✓	2051
Exterior Building	Railings, Remaining	4	⚠	2056
Exterior Building	Roofs, Flat	8	✓	2048
Exterior Building	Roofs, Metal	6	✓	2042
Exterior Building	Rooftop Stands	7	✓	2048
Building Services	Elevator Cab Finishes	4	⚠	2027
Building Services	Elevators, Modernization, Phased	9	✓	2054
Building Services	Fire Protection Systems	6	✓	2032
Building Services	Generator	6	✓	2042
Building Services	Light Fixtures	4	⚠	2027
Pool	Deck, Concrete, Coatings and Repairs	6	✓	2028
Pool	Pool Finish	7	✓	2034
Property Site	Asphalt Pavement, Preservation	6	✓	2035
Property Site	Asphalt Pavement, Repaving	6	✓	2030
Property Site	Boat Ramp, Concrete	5	✓	2031
Property Site	Deck, Wood	3	✗	2026
Property Site	Docks, Decking	6	✓	2034
Property Site	Docks, Floats	6	✓	2041
Property Site	Docks, Framing	6	✓	2046
Property Site	Docks, Roofs	7	✓	2046
Property Site	Gangways, Aluminum	6	✓	2036
Property Site	Light Poles	7	✓	2037
Property Site	Mailbox Stations	7	✓	2037
Property Site	Shoreline Stabilization, Partial	2	✗	2027

Expenditure Chart and Funding Graph

EXPENDITURES BY CATEGORY (YEARS 0 THROUGH 30)



Reserve Fund Cash Flow



Terms and Definitions

Adequate Reserves - A replacement reserve fund and stable and equitable multiyear funding plan that together provide for the reliable and timely execution of the association's major repair and replacement projects as defined herein without reliance on additional supplemental funding.

Capital Improvements - Additions to the association's common area that previously did not exist. While these components should be added to the reserve study for future replacement, the cost of construction or installation cannot be taken from the reserve fund.

Cash Flow Method (also known as pooling) - A method of calculating Reserve contributions where contributions to the Reserve fund are designed to offset the variable annual expenditures from the Reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of Reserve expenditures until the desired Funding Goal is achieved.

Common Area - The areas identified in the community association's master deed or declarations of covenant easements and restrictions that the association is obligated to maintain and replace or based on a well-established association precedent.

Component - An individual line item in the Reserve Study developed or updated in the Physical Analysis. These elements form the building blocks of the Reserve Study. Components typically are: 1) Association responsibility, 2) The need and schedule for this project can be reasonably anticipated, 3) The total cost for the project is material to the association, can be reasonably estimated, and includes all direct and related costs.

Component Inventory - The task of selecting and quantifying Reserve Components. This task is accomplished through onsite visual observations, review of association design and organizational documents, and a review of established association precedents, and discussion with appropriate representative(s) of the association.

Component Method (also known as Straight Line) - A method of developing a reserve funding plan where the total funding is based on the sum of funding for individual components.

Condition Assessment - The task of evaluating the current condition of the component based on observed or reported characteristics. The assessment is limited to a visual, non-invasive evaluation.

Effective Age - The difference between Useful Life and Remaining Useful Life. Not always equivalent to chronological age since some components age irregularly. Used primarily in computations.

Financial Analysis - The portion of a reserve study in which the current status of the reserves (measured as cash or percent funded) and a recommended reserve funding plan are derived, and the projected reserve income and expense over a period of time are presented. The financial analysis is one of the two parts of a reserve study. A minimum of 30 years of income and expense are to be considered.

Fully Funded - 100% Funded. When the actual (or projected) Reserve balance is equal to the Fully Funded Balance.

Fully Funded Balance (FFB) - An indicator against which the 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, and then summed for an association total.

Fund Status - The status of the reserve fund reported in terms of cash or percent funded.

Funding Goals - The three funding goals listed below range from the most aggressive to most conservative:

Baseline Funding - Establishing a reserve funding goal of allowing the reserve cash balance to approach but never fall below zero during the cash flow projection. This is the funding goal with the greatest risk of being prepared to fund future repair and replacement of major components, and it is not recommended as a long-term solution/plan. Baseline funding may lead to project delays, the need for a special assessment, and/or a line of credit for the community to fund needed repairs and replacement of major components.

Threshold Funding - Establishing a reserve funding goal of keeping the reserve balance above a specified dollar or percent funded amount. Depending on the threshold selected, this funding goal may be weaker or stronger than “fully funded” with respective higher risk or less risk of cash problems. In determining the threshold, many variables should be considered, including things such as investment risk tolerance, community age, building type, components that are not readily inspected, and components with a remaining useful life of more than 30 years.

Fully Funding - Setting a reserve funding goal to attain and maintain reserves at or near 100 percent funded. Fully funded is when the actual or projected reserve balance is equal to the fully funded balance.

It should be noted that, in certain jurisdictions, there may be statutory funding requirements that would dictate the funding requirements. In all cases, these standards are considered the minimum to be referenced.

Funding Plan - An Association’s plan to provide income to a Reserve fund to offset anticipated expenditures from that fund. The plan must be a minimum of 30 years of projected income and expenses.

Funding Principles - A funding plan addressing these principles. These funding principles are the basis for the recommendations included within the reserve study:

- Sufficient funds when required.
- Stable funding rate over the years.
- Equitable funding rate over the years.
- Fiscally responsible.

Initial Year - The first fiscal year in the financial analysis or funding plan.

Life Estimates - The task of estimating useful life and remaining useful life of the reserve components.

Life Cycle Cost - The ongoing cost of deterioration which must be offset in order to maintain and replace common area components at the end of their useful life. Note that the cost of preventive maintenance and corrective maintenance determined through periodic structural inspections (if required) are included in the calculation of life cycle costs and often result in overall net lower life cycle costs.

Maintenance - Maintenance is the process of maintaining or preserving something, or the state of being maintained. Maintenance is often defined in three ways: preventive maintenance, corrective maintenance, and deferred maintenance. Maintenance projects commonly fall short of “replacement” but may pass the defining test of a reserve component and be appropriate for reserve funding. Maintenance types are categorized below:

Preventive Maintenance - Planned maintenance carried out proactively at predetermined intervals, aimed at reducing the performance degradation of the component such that it can attain, at minimum, its estimated useful life.

Deferred Maintenance - Maintenance which is not performed and leads to premature deterioration to the common areas due to lack of preventive maintenance. This results in a reduction in the remaining useful life of the reserve components and the potential of inadequate funding. Typically, deferred maintenance creates a need for corrective maintenance.

Corrective Maintenance - Maintenance performed following the detection of a problem, with the goal of remediating the condition such that the intended function and life of the component or system is restored, preserved, or enhanced. Many corrective maintenance projects could be prevented with a proactive, preventive maintenance program. Note that when the scope is minor, these projects may fall below the threshold of cost significance and thus are handled through the operational budget. In other cases, the cost and timing should be included within the reserve study.

Percent Funded - The ratio, at a particular point in time clearly identified as either the beginning or end of the association’s fiscal year, of the actual (or projected) reserve balance to the fully funded balance, expressed as a percentage. While percent funded is an indicator of an association’s reserve fund size, it should be viewed in the context of how it is changing due to the association’s reserve funding plan, in light of the association’s risk tolerance and is not by itself a measure of “adequacy.”

Periodic Structural Inspection - Structural system inspections aimed at identifying issues when they become evident.

Additional information and recommendations are included within the Condominium Safety Public Policy Report. www.condosafety.com

Physical Evaluation - The portion of the reserve study where the component inventory, condition assessment, and life and valuation estimate tasks are performed. This represents one of the two parts of the reserve study.

Preventive Maintenance Schedule - A summary of the preventive maintenance tasks included within a maintenance manual which should be performed such that the useful lives of the components are attained or exceeded. This schedule should include both the timing and the estimated cost of the task(s).

Remaining Useful Life (RUL) - Also referred to as “remaining life” (RL). The estimated time, in years, that a component can be expected to serve its intended function, presuming timely preventive maintenance. Projects expected to occur in the initial year have zero remaining useful life. **Replacement Cost:** The cost to replace, repair, or restore the component to its original functional condition during that particular year, including all related expenses (including but not limited to shipping, engineering, design, permits, installation, disposal, etc.).

Reserve Balance - Actual or projected funds, clearly identified as existing either at the beginning or end of the association’s fiscal year, which will be used to fund reserve component expenditures. The source of this information should be disclosed within the reserve study.

Also known as beginning balance, reserves, reserve accounts, or cash reserves. This balance is based on information provided and not audited.

Reserve Study - A reserve study is a budget planning tool which identifies the components that a community association is responsible to maintain or replace, the current status of the reserve fund, and a stable and equitable funding plan to offset the anticipated future major common area expenditures.

This limited evaluation is conducted for budget and cash flow purposes. Tasks outside the scope of a reserve study include, but are not limited to, design review, construction evaluation, intrusive or destructive testing, preventive maintenance plans, and structural or safety evaluations.

Reserve Study Provider - An individual who prepares reserve studies. In many instances, the reserve study provider will possess a specialized designation such as the Reserve Specialist. (RS) designation administered by Community Associations Institute (CAI). This designation indicates that the provider has shown the necessary skills to perform a reserve study that conforms to these standards. In some instances, qualifications in excess of the RS designation will be required if supplemental subject matter expertise is required.

Reserve Study Provider Firm - A company that prepares reserve studies as one of its primary business activities.

Responsible Charge - A Reserve Specialist (RS) in responsible charge of a reserve study shall render regular and effective supervision to those individuals’ performing services that directly and materially affect the quality and competence of services 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 study of which he or she 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; and
4. The failure to personally be available on a reasonable basis or with adequate advance notice for consultation and inspection where circumstances require personal availability.

Site Visit - A visual assessment of the accessible areas of the components included within the reserve study.

The site visit includes tasks such as, but not limited to, on-site visual observations, a review of the association's design and governing documents, review of association precedents, and discussion with appropriate representative(s) of the association.

Special Assessment - A temporary assessment levied on the members of an association in addition to regular assessments. Note that special assessments are often regulated by governing documents or local statutes.

Special assessments, when used to make up for unplanned reserve fund shortfalls, may be an indicator of deferred maintenance, improper reserve project planning, and unforeseen catastrophes and accidents, as well as other surprises.

Structural System - The structural components within a building that, by contiguous interconnection, form a path by which external and internal forces, applied to the building, are delivered to the ground. This is generally a combination of structural beams, columns, and bracing and is not included within the reserve study, although it is reviewed as part of the recommended periodic structural inspections.

It is important to recognize that individual structural components which are not a part of the structural system, such as decks, balconies, and podium deck components may be included for reserve funding if they otherwise satisfy the three-part test.

Useful Life (UL) - The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed presuming proactive, planned, preventive maintenance. Best practice is that a component's Useful Life should reflect the actual preventive maintenance being performed (or not performed).

Valuation Estimates - The task of estimating the current repair or replacement costs for the reserve components.

Disclosures and Limitations

No destructive testing was performed. Latent defects in design or construction are excluded from this report. There are no material issues to our knowledge that have not been disclosed to the client that would affect the integrity of this Reserve Study report. Custom Reserves has no interests with the client other than this Reserve Study. The Reserve Specialist or other reserve study provider for this project has no familial or marital relationship with the client, no ownership interest in the client, and no ongoing business relationship with the client.

Clear recommendations appear within the reserve study where the association has been advised to retain outside expertise to supplement the evaluation of the Reserve Specialist.

Component quantities and estimates of costs indicated in this Report were developed by Custom Reserves unless otherwise noted in our “Condition Assessment” comments. The sources for the costs outlined in the study include experience, historical information and ChatGPT 5.2. This report should be used for budget and planning purposes only. The Reserve Specialist shall incur no civil liability for performing the physical or financial portions of a reserve study performed in accordance with these standards.

Inspection and Report Credentials

PAUL GRIFONI – Senior Engineer, Licensed Home Inspector

EDUCATION - University of Massachusetts - Bachelor of Science in Engineering

PROFESSIONAL AFFILIATIONS / DESIGNATIONS

Professional Reserve Analyst (PRA)
Association of Professional Reserve Analysts



Reserve Specialist (RS)
Community Associations Institute

