PROPERTY DIAGNOSTICS INC.

Reserve Study Level I

February 7, 2023

Property Name

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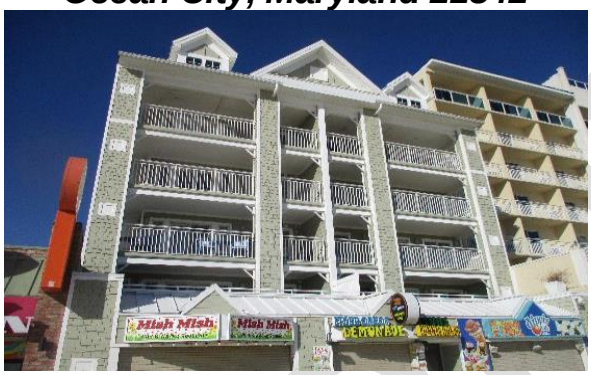
REPAIR & REPLACEMENT RESERVE REPORT

PROPERTY NAME

Atlantic Avenue
Ocean City, Maryland 21842



Prepared for:
BOARD OF DIRECTORS,
Property Name
C/o: Property Manager
EJF Real Estate Services
1428 U Street NW
Washington, DC 20009

Project #323016

DATE OF SITE VISIT: JANUARY 20, 2023

DATE OF DRAFT REPORT: FEBRUARY 7, 2023

Prepared by:

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I. EXECUTIVE STATEMENT

This Repair and Replacement Reserve Schedule Report has been developed for **Property Name**, for the specific purpose of reviewing the major components and developing a Repair and Replacement Reserve Schedule based on our research and observation of the property. Our report contains two different methods of reserve analysis. The first section presents the Component Method and the second section presents the Cash Flow Method.

The difference between the component method and cash flow method is the component method lists all features of the property that will require repair or replacement over the normal useful life. The estimated cost of the component method's annual contribution is based on the owner's requirement to fund repairs or replacements at the time of the site analysis. This may result in short term higher contributions to catch up short falls in the reserve account. The component method has no means of readjusting the annual contribution after a component is repaired or replaced. For example, a roof requiring to be replaced within the next ten years will require an annual contribution of 10% for each year. After replaced a normal useful life of a roof system is 20 years, which results in an annual contribution of 5%. The cash flow method considers the activities on the property and the expenditures expected over the next 30 years. Thereby, allowing an adjustment to the annual contribution rather than over funding the reserve account.

The examination was made following accepted visual inspection standards and did not include testing of any equipment or physical conditions unless specific reference is made to such testing. Unless otherwise stated, we have reported only on those items that we were able to observe visually in Level I & Level II evaluations. The inspection did not include removing portions of construction to expose concealed conditions. The report is intended to fairly present our professional opinion of the condition of the facility and the component parts to which reference is made in the report Level I and Level II as of the date of this inspection. The report is also based on the information provided to us of the age, materials, equipment, and construction techniques that were used subject to the qualifications expressed in this report. Property

Diagnostics, Inc. relies on the owners to submit information pertaining to the replacement activities and attentions of site components.

Based on the findings in each of the specific areas reviewed, professional judgment was used in forecasting the remaining life expectancy of the systems and components scheduled in the body of this report. The estimated cost of each component has been identified. The same basis and judgment were used in describing any existing conditions based on estimated cost of all necessary or recommended repairs. This report, therefore, does not constitute or represent a warranty of the property's condition and should not be viewed as such. Rather, the report reflects our professional opinion based on the methodology specified above.

PROPERTY DIAGNOSTICS, INC.

John Grimes, PRA, RS
Senior Reserve Analyst

II. PROPERTY DESCRIPTION

Property Name is a condominium is situated along Atlantic Avenue in Ocean City, Maryland. The condominium was delivered in 2008 and is comprised of 8 residential units and 3 commercial units. The study assessed commonly owned components including but not limited to:

- Asphalt parking
- Permeable paver parking
- Vinyl fencing
- Building exteriors
- Common area interiors
- Common mechanical, electrical, and plumbing

III. COMPONENT METHOD/UNDERSTANDING YOUR CHARTS

The following charts are typically broken down into the following categories, grounds, building envelope, building interior, mechanical/plumbing and electrical components where applicable.

The charts identify and quantifies the component items, the estimated cost to repair or replace those items, and the target date with which those repairs or replacements are projected to take place. The annual contribution is the total cost for repair or replacement, divided by the repair cycle or target date. This cost has been presented in today's dollars and has not been extrapolated to a future date.

The chart delineates Reserve/Replacement items. Some items must be totally replaced in a given year. However, many of the items, in practice, will be repaired or replaced in phases. An example would be a reserve figure to replace concrete walls shown as a total amount to be spent in ten years, where sectional replacement is likely.

The identified remaining life for each component is merely target dates and are solely based on our experience and expertise. Observing the conditions of the component or supported information.

Chart Headings:

Column 1, entitled "ITEM", is a list of commonly owned site components. Each chart is followed by a narrative describing the intended work for the component listed in this column. The purpose of the narrative is for the owners to have a better understanding of the intended work, which supports the estimated repair or replacement cost.

Column 2, entitled "QUANTITY", refers to the number of all reflected units of measurement for the material or system furnished or installed. Following the QUANTITY, applicable units of measurement are abbreviated, as follows:

Ea = Each or part of total system.

SQ = Square of roof or 100 S.F.

SF = Square Foot

LF = Linear Foot

SY = Square Yard

LS = Lump Sum-Total costs of those items needed to make the description (task) operational when finite quantities are not defined.

Lot = Entire system where quantities are not defined or are inter-dependent.

Unit = Each or part of total system.

Sys = Mechanical system complete, including attendant mechanical work to make system function.

LOB = Life of Building

Column 3, entitled "NORMAL USEFUL LIFE", this figure is a conceptual number of years, which a given item or system can be expected to last at the time of installation. This figure is by using professional judgment and through observations made in the field.

Column 4, entitled "ESTIMATED REMAINING LIFE", this figure is the estimated time that an existing item or system can be expected to remain useful. This figure is derived by using professional judgment where items or systems show unusual wear or unusual preservation, or if the items are new by subtracting actual age of the existing item or system from the "Normal Useful Life."

Column 5, entitled "TARGET DATE", reflects the numerical year of replacement for the component.

Column 6, entitled "CURRENT REPLACEMENT COST", reflects the estimated cost to replace and install an item or system or to perform the described work task. This figure is calculated using industry-accepted standards, comparing various industry sources, and using professional judgment. Property Diagnostics, Inc. refers to Means price guides, Dodge price guides, and our in-house database. These figures are for conceptual purposes only and are not based upon detailed engineering or architectural analysis, bid documents, or detailed physical surveys.

Column 7, entitled "CURRENT FUND", reflects monies presently assigned to replacement of the indicated system or item in the Replacement Reserve Fund. This figure is derived by those parties responsible for distributing funds or by Property Diagnostics, Inc. as directed by those responsible parties.

Column 8, entitled "Required Fund", represents those funds needed to reach the Current Replacement Cost. The figure is calculated using the "Current Replacement Cost" less the "Current Fund."

Column 9, entitled "ANNUAL CONTRIBUTION", reflects the component method of funds that should be set aside on an annual basis to have the item or system fully funded at completion of the expected useful life period. This figure is calculated by dividing the "Required Fund" by the "Estimated Remaining Life."

NAME OF PROPERTY
REPAIR AND REPLACEMENT RESERVE - SUMMARY
PROPERTY DIAGNOSTICS, INC.

ITEM	CURRENT REPLACEMENT COST	CURRENT FUND AMOUNT	FULLY FUNDED AMOUNT
A. Architectural Grounds	$72,230.00	$27,800.00	$34,609.83
B. Building Envelope	573,080.00	50,168.00	259,134.67
C. Building Interior	42,615.00	12,267.00	18,868.93
D. Mechanical/Plumbing	463,300.00	63,375.00	210,809.67
E. Electrical	76,800.00	13,390.00	39,977.50
TOTAL:	**$1,228,025.00**	**$167,000.00**	**$563,400.60**

NAME OF PROPERTY A. ARCHITECTURAL GROUNDS PROPERTY DIAGNOSTICS, INC.							
ITEM	QUANTITY	NORMAL USEFUL LIFE (Years)	ESTIMATED REMAINING LIFE (Years)	CURRENT REPLACEMENT COST	CURRENT FUND AMOUNT	FULLY FUNDED AMOUNT	TARGET DATE (Year)
1. Asphalt - Mill & Overlay	255 SY	20	9	$4,590.00	$2,524.00	$2,524.50	2033
2. Permeable Paver Drives	2,380 SF	30	14	52,360.00	21,756.00	27,925.33	2038
3. Concrete Areas	304 SF	50	34	4,560.00	0.00	0.00	2058
4. Concrete Curb	144 LF	50	34	5,040.00	0.00	0.00	2058
5. Vinyl Fence	176 LF	25	5	4,400.00	3,520.00	3,520.00	2029
6. Concrete Wheel Stops	8 Ea	40	20	1,280.00	0.00	640.00	2044
TOTAL:				$72,230.00	$27,800.00	$34,609.83	

A. ARCHITECTURAL GROUNDS

Chart Item		Repair/Replacement Description
1.	Asphalt – Mill & Overlay	The estimated replacement cost in the asphalt section represents the cost to remove all loose materials from existing surfaces, and repair alligatoring and potholes. Deteriorated areas should be removed with a minimum of a 4" base to reach firm support. The removed areas should extend at least 1' into good pavement outside the damaged areas. It is expected that about 10% of the loose asphalt material will require this type of removal; holes will require being backfilled with dense graded hot asphalt plant mix; and a topcoat will be required to be applied to vertical surfaces. Large cracks will be cleaned and filled with fine sand and asphalt mix. After all surfaces are prepared, a new application of 2" asphalt toping should be applied.
2.	Permeable Paver Drives	There are areas of permeable paver parking. The estimated replacement cost is for resetting of this drive when needed. At the time of required resetting the pavers will be removed, earth and subbase material properly recompacted, and pavers will be replaced. Damaged pavers will be replaced with new pavers that should match in composition and color.
3.	Concrete Areas	The estimated replacement cost for concrete walks includes removal of the existing concrete and replacement of new concrete. New concrete will be reinforced with a rebar material and rated for 3,000 psi.
4.	Concrete Curbs	The estimated replacement cost for concrete curbs includes removal of the existing concrete and replacement of new concrete.

A. ARCHITECTURAL GROUNDS

Chart Item	Repair/Replacement Description
5. Vinyl Fence	The estimated replacement cost is for replacement of the existing vinyl fencing with new fencing of similar style and quality.
6. Concrete Wheel Stops	There are concrete wheel stops on-site. The estimate is for the replacement of the wheel stops and signs with similar units.

NAME OF PROPERTY
B. BUILDING EXTERIOR
PROPERTY DIAGNOSTICS, INC.

ITEM	QUANTITY	NORMAL USEFUL LIFE (Years)	ESTIMATED REMAINING LIFE (Years)	CURRENT REPLACEMENT COST	CURRENT FUND AMOUNT	FULLY FUNDED AMOUNT	TARGET DATE (Year)
1. Roof - Flat EPDM	7,665 SF	20	6	$114,975.00	$25,766.00	$80,482.50	2030
2. Roof - Metal Standing-Seam	5,915 SF	40	25	165,620.00	0.00	62,107.50	2049
3. Gutters & Downspouts	296 LF	30	18	4,750.00	0.00	1,900.00	2042
4. Fiber Cement Siding	11,950 SF	50	30	191,200.00	0.00	76,480.00	2054
5. Exterior Painting & Caulking	Lot	15	9	43,725.00	17,490.00	17,490.00	2033
6. Concrete Stairs - Rear Egress	560 SF	50	34	6,720.00	0.00	0.00	2058
7. Aluminum Railing - Rear Egress	95 LF	35	19	4,275.00	0.00	1,954.29	2043
8. Exterior Doors - Rear Egress	5 Ea	35	20	9,000.00	0.00	3,857.14	2044
9. Exterior Door - Rear Entry	1 Ea	35	20	2,200.00	0.00	942.86	2044
10. Exterior Door - Boarwalk	1 Ea	35	20	2,200.00	0.00	942.86	2044
11. Mailboxes	8 Ea	30	14	1,280.00	0.00	682.67	2038
12. Unit Balconies	16 Ea	20	11	15,360.00	6,912.00	6,912.00	2035
13. Aluminum Railings - Unit Balconies	368 LF	35	19	11,775.00	0.00	5,382.86	2043
TOTAL:				**$573,080.00**	**$50,168.00**	**$259,134.67**	

B. BUILDING ENVELOPE

Chart Item		Repair/Replacement Description
1.	Roof – Flat EPDM	By the end of the normal useful life span, the building will consider major renewal of the flat roof system. The scope of work includes removal of the existing materials and installation of a new roof system.
2.	Roof – Metal Standing Seam	The current replacement cost for metal roof shows the estimated cost to remove the existing metal roofing system and apply a new roofing system. Metal roofing systems typically last longer than organic or rubberized roofing systems.
3.	Gutters & Downspouts	The estimated replacement cost for gutters and downspouts is for replacement of the gutters and downspouts with new materials of similar quality.
4.	Fiber Cement Siding	Hardie Plank siding is a cement-fibrous type of material. It has a longer life expectancy than vinyl siding by about three times, and is approximately three times the cost. The estimated replacement cost is based on replacing this siding with new siding of similar materials.
5.	Exterior Painting & Caulking	The estimated replacement cost for exterior painting and caulking is based on replacement of the existing paint and caulk on the building exterior, windows, building trim, and metal work with a single coat of exterior paint.

B. BUILDING ENVELOPE

Chart Item		Repair/Replacement Description
6.	Concrete Stairs – Rear Egress	Due to the stair system being partially exposed to the exterior elements the concrete surface will deteriorate and require re-coating and sectional repairs to the stair system. The estimated cost is for repairs to the concrete stair system as needed. Thus, this line item should be viewed as a draw fund to make repairs as needed.
7.	Aluminum Railing	The estimated replacement cost is for the replacement of the aluminum railings with new railings of similar style and quality.
8.	Exterior Doors – Rear Egress	The estimated replacement cost for exterior doors is for replacement of the existing exterior doors with new doors of similar design and quality.
9.	Exterior Door – Rear Entry	The estimated replacement cost for exterior doors is for replacement of the existing exterior doors with new doors of similar design and quality.
10.	Exterior Door – Boardwalk	The estimated replacement cost for exterior doors is for replacement of the existing exterior doors with new doors of similar design and quality.
11.	Mailboxes	The estimated replacement cost is for replacement of the existing mailboxes with new mailboxes of similar style and quality.
12.	Unit Balconies	The balconies, if properly maintained, should never require full replacement. The cost figure for this component is for the repairs and maintenance anticipated for these repairs.

B. BUILDING ENVELOPE

Chart Item	Repair/Replacement Description
13. Aluminum Railings – Unit Balconies	The estimated replacement cost is for the replacement of the aluminum railings with new railings of similar style and quality.

NAME OF PROPERTY C. BUILDING INTERIOR PROPERTY DIAGNOSTICS, INC.							
ITEM	QUANTITY	NORMAL USEFUL LIFE (Years)	ESTIMATED REMAINING LIFE (Years)	CURRENT REPLACEMENT COST	CURRENT FUND AMOUNT	FULLY FUNDED AMOUNT	TARGET DATE (Year)
1. Carpet	108 SY	12	4	$5,625.00	$3,750.00	$3,750.00	2028
2. Vinyl Flooring	660 SF	25	17	7,260.00	0.00	2,323.20	2041
3. Interior Painting	Lot	12	4	11,880.00	7,920.00	7,920.00	2028
4. Suspended Ceiling	2,057 SF	25	17	13,370.00	0.00	4,278.40	2041
5. Epoxy Coating - First Floor	512 SF	15	13	4,480.00	597.00	597.33	2037
TOTAL:				**$42,615.00**	**$12,267.00**	**$18,868.93**	

C. BUILDING INTERIOR

Chart Item		Repair/Replacement Description
1.	Carpeting	The estimated replacement cost for carpeting is based on replacement of the existing carpeting with new carpeting of similar style and quality. It is anticipated that at the time of replacement, the existing materials will be removed from the structure and new materials will have proper fire rating.
2.	Vinyl Flooring	The estimated replacement cost is for the replacement of the existing vinyl flooring system with a new similar vinyl flooring system.
3.	Interior Painting	The estimated replacement cost for interior painting reflects the cost to replace the existing finish with two coats of interior paint.
4.	Suspended Ceiling Tiles	The estimated replacement cost for suspended ceiling tile is for the replacement of the existing ceiling tile with new materials of similar style and quality.
5.	Epoxy Coating – First Floor	The estimated replacement cost is for refinishing the epoxy coating leading to the boardwalk egress with a new coating of similar style and quality.

NAME OF PROPERTY D. MECHANICAL/PLUMBING PROPERTY DIAGNOSTICS, INC.							
ITEM	QUANTITY	NORMAL USEFUL LIFE (Years)	ESTIMATED REMAINING LIFE (Years)	CURRENT REPLACEMENT COST	CURRENT FUND AMOUNT	FULLY FUNDED AMOUNT	TARGET DATE (Year)
1. Domestic Piping	Lot	40	25	$72,000.00	$27,000.00	$27,000.00	2049
2. Waste Piping	Lot	60	45	62,400.00	0.00	0.00	2069
3. Hydraulic Elevator	1 Ea	30	14	275,000.00	0.00	146,666.67	2038
4. Elevator HVAC	1 Ea	20	5	6,500.00	4,875.00	4,875.00	2029
5. Hallway HVAC	1 Ea	20	4	22,500.00	18,000.00	18,000.00	2028
6. Inline Water Pump	1 Ea	25	17	2,400.00	0.00	768.00	2041
7. Fire Pump & Jockey Pump	1 Ea	30	12	22,500.00	13,500.00	13,500.00	2036
TOTAL:				$463,300.00	$63,375.00	$210,809.67	

D. MECHANICAL/PLUMBING

Chart Item	Repair/Replacement Description
1. Domestic Piping	The estimated replacement cost of the domestic piping is based on replacement of the existing piping with new piping. It is not intended to be replaced at one time. We recommend that this be considered a draw fund and, as repairs are made, the reserve should be drawn on. The interior of units will require destructive openings to run new piping. We have included a small stipend for unit owners to refinish interior areas after the piping is replaced. The selected contractor will restore the wall system to primer finish to meet fire code requirements.
2. Waste Piping	The estimated replacement cost of the waste piping is based on replacement of the existing piping with new piping. It is not intended to be replaced at one time. We recommend that this be considered a draw fund and, as repairs are made, the reserve should be drawn on. The interior of units will require destructive openings to run new piping. We have included a small stipend for unit owners to refinish interior areas after the piping is replaced. The selected contractor will restore the wall system to primer finish to meet fire code requirements.
3. Hydraulic Elevator	The estimated replacement cost for the elevators includes the restoration of the elevator cabs to include car and floor buttons, as well as the guide rollers, control cabinet and motor system.
4. Elevator HVAC	The estimated replacement cost is for replacement of the existing HVAC units with new HVAC units of similar style and load capacity.
5. Hallway HVAC	The estimated replacement cost is for replacement of the existing HVAC units with new HVAC units of similar style and load capacity.

D. MECHANICAL/PLUMBING

Chart Item	Repair/Replacement Description
6. Inline Water Pump	The estimated replacement cost is to install new pumps servicing the individual systems. The new pumps would be in-line centrifugal pumps and of equal load capacity. The estimated replacement cost includes the necessary switchgear, piping, and valve changes for the installation of the new pumps.
7. Fire Pump & Jockey Pump	The estimated replacement cost is for the replacement of the existing fire system jockey pump. The replacement cost includes the replacement of the pump and motor as needed. New pump and motor will be of similar design and efficiency.

NAME OF PROPERTY E. ELECTRICAL PROPERTY DIAGNOSTICS, INC.							
ITEM	QUANTITY	NORMAL USEFUL LIFE (Years)	ESTIMATED REMAINING LIFE (Years)	CURRENT REPLACEMENT COST	CURRENT FUND AMOUNT	FULLY FUNDED AMOUNT	TARGET DATE (Year)
1. Main Switchgear	Lot	40	25	18,500.00	0.00	$6,937.50	2049
2. Fire Alarm System	Lot	30	15	22,000.00	0.00	11,000.00	2039
3. Interior Lights	106 Ea	30	15	15,900.00	0.00	7,950.00	2039
4. Exterior Lights	23 Ea	25	10	5,750.00	3,450.00	3,450.00	2034
5. Exit Lights	16 Ea	15	5	2,400.00	1,600.00	1,600.00	2029
6. Emergency Lights	31 Ea	15	1	4,650.00	4,340.00	4,340.00	2025
7. Entry System	1 Ea	18	3	4,800.00	4,000.00	4,000.00	2027
8. Camera System	Lot	20	15	2,800.00	0.00	700.00	2039
TOTAL:				$76,800.00	$13,390.00	$39,977.50	

E. ELECTRICAL

Chart Item		Repair/Replacement Description
1.	Main Electric Switchgear	The estimated replacement cost is for replacement of the existing main switchgear with new switchgear of equal ratings and load capacity.
2.	Fire Alarm System	The estimated replacement cost anticipates replacement of the main fire alarm system. This includes the main control panel, annunciator panel, pull stations, sensors, bells, and strobes.
3.	Interior Lights	The estimated replacement cost for interior lighting is based on replacement of the existing lighting fixtures with similar fixtures.
4.	Exterior Lights	The estimated replacement cost for exterior lighting is based on replacement of the existing lighting fixtures with similar fixtures.
5.	Exit Lights	The estimated replacement cost is for replacement of the existing exit lighting with new, more efficient lighting systems.
6.	Emergency Lights	The estimated replacement cost for emergency lighting anticipates the replacement requirement of the existing lighting units after the normal useful life. The replacement will include removal of the existing units and installation of newer similar units as required.
7.	Entry System	The estimated replacement cost for entry system is for replacement of the building electronic entries with a system of similar design and quality.
8.	Camera System	The estimated cost is for replacement of the existing monitoring camera system with an upgraded system with new cameras and duplexing unit. There is great subjectivity in the options regarding the replacement system. The specific features and visibility of cameras and any recording and monitoring systems can greatly influence the ultimate cost. The price given is for replacement with similar components of the existing system.

IV. CASH FLOW METHOD/UNDERSTANDING YOUR CHARTS

The Cash Flow Method incorporates the repair and replacement needs of the property over the next thirty years, to include anticipated repair/replacement of components and materials that are performed sectionally. A percentage of components replaced sectionally are ascribed in the thirty-year chart. The Cash Flow Method allows the Association to reserve funds to maintain the property based on the estimated requirements over the next thirty years.

The Cash Flow Section of the report extrapolates requirements stated in the Component Method section of the report.

The UNINFLATED CASH FLOW BREAKDOWN table has the following column entries.

- The first column reflects the calendar Year (2023 thru 2052) for each of the 30 years during the life of this report.
- The second column, entitled Total Replacement Costs / 30yrs, shows total projected expenditures for each Year.
- The third column, entitled Yearly Contribution, depicts the figure given to Property Diagnostics, Inc. used to complete this table.
- The fourth column, entitled Current Fund based on Somerset at 2nd's Contribution, shows cash on hand or the Condo's current, or projected Reserves based on $22,918 annual contributions minus projected replacement costs, by year.
- The fifth column, entitled Option 1, depicts a flat rate increase for funding the reserves.
- The sixth column, entitled Current Fund based on Option 1, depicts how the Condo's Reserve Fund will increase over time if projections remain true and inflation does not cause replacement costs to increase over time.
- The seventh column, entitled Option 2, depicts an initial increase to the annual contribution with a 3% increase annually.
- The eighth column, entitled Current Fund based on Option 2, depicts how the Condo's Reserve Fund will increase over time if projections remain true and inflation does not cause replacement costs to increase over time.

The current reserve fund provided to Property Diagnostics, Inc. is $167,000. It was reported that the property's annual contribution currently is $22,918. Current funding does not meet the property's financial needs.

To maintain the property in good order the owners will have to increase the annual contribution to Property Diagnostics, Inc. recommended amount listed in option 1 of the Cash Flow chart of $38,000 and/or find other means to increase the existing balance. Other means such as special assessments, loans, or a one-time increase.

The second cash flow table, entitled INFLATED (1%) CASH FLOW BREAKDOWN shows the replacement cost with an inflation rate of 1%, per year, a 1% annual increase to the annual contribution, and the current fund with an interest earned rate of 0.25%, per year. The total amount at the end of thirty years will be $23,148.

The third cash flow table, entitled INFLATED (3%) CASH FLOW BREAKDOWN shows the replacement cost with an inflation rate of 3%, per year, a 3% annual increase to the annual contribution, and the current fund with an interest earned rate of 1% per year. At the end of thirty years, the property will have a negative amount of ($116,444).

The fourth cash flow table, entitled INFLATED (3%) CASH FLOW BREAKDOWN shows the replacement cost with an inflation rate of 3%, per year, a 3% annual increase to the annual contribution, and the current fund with an interest earned rate of 2.3% per year. At the end of thirty years, the property will have $45,902.

We recommend the Association's Board of Directors update the reserve study every three to five years. This update would readjust the reserve requirements for the property based on actual experiences and conditions.

The first bar chart shows graphically the cash expenditures and cash on hand based on owners' yearly contribution. The second bar chart shows graphically the cash expenditures and cash on hand based on Property Diagnostics, Inc.'s recommendation. The following section of the report identifies specifically items to be repaired/replaced for each year and the method or component, which is specified.

PROPERTY NAME

UNINFLATED CASH FLOW BREAKDOWN

Year	Total Replacement Costs / 30yrs	Condo's Yearly Contribution	Current Fund based on Condo's Contribution	Option 1	Current Fund based on Option 1	Option 2 (3% Increase Per Year)	Current Fund based on Option 2's Contribution
			$ 167,000		$ 167,000		$ 167,000
2023	$ 4,650	$ 22,918	$ 185,268	$ 38,000	$ 200,350	$ 23,606	$ 185,956
2024	$ -	$ 22,918	$ 208,186	$ 38,000	$ 238,350	$ 24,314	$ 210,269
2025	$ 4,800	$ 22,918	$ 226,304	$ 38,000	$ 271,550	$ 25,043	$ 230,512
2026	$ 40,005	$ 22,918	$ 209,217	$ 38,000	$ 269,545	$ 25,794	$ 216,302
2027	$ 13,300	$ 22,918	$ 218,835	$ 38,000	$ 294,245	$ 26,568	$ 229,570
2028	$ 34,275	$ 22,918	$ 207,478	$ 38,000	$ 297,970	$ 27,365	$ 222,660
2029	$ -	$ 22,918	$ 230,396	$ 38,000	$ 335,970	$ 28,186	$ 250,847
2030	$ -	$ 22,918	$ 253,314	$ 38,000	$ 373,970	$ 29,032	$ 279,878
2031	$ 48,315	$ 22,918	$ 227,917	$ 38,000	$ 363,655	$ 29,903	$ 261,466
2032	$ 5,750	$ 22,918	$ 245,085	$ 38,000	$ 395,905	$ 30,800	$ 286,516
2033	$ 15,360	$ 22,918	$ 252,643	$ 38,000	$ 418,545	$ 31,724	$ 302,880
2034	$ 22,500	$ 22,918	$ 253,061	$ 38,000	$ 434,045	$ 32,676	$ 313,056
2035	$ 4,480	$ 22,918	$ 271,499	$ 38,000	$ 467,565	$ 33,656	$ 342,231
2036	$ 328,640	$ 22,918	$ (34,223)	$ 38,000	$ 176,925	$ 34,666	$ 48,257
2037	$ 42,500	$ 22,918	$ (53,805)	$ 38,000	$ 172,425	$ 35,705	$ 41,462
2038	$ 23,955	$ 22,918	$ (54,842)	$ 38,000	$ 186,470	$ 36,777	$ 54,284
2039	$ 26,630	$ 22,918	$ (58,554)	$ 38,000	$ 197,840	$ 37,880	$ 65,534
2040	$ 8,350	$ 22,918	$ (43,986)	$ 38,000	$ 227,490	$ 39,016	$ 96,200
2041	$ 23,250	$ 22,918	$ (44,318)	$ 38,000	$ 242,240	$ 40,187	$ 113,137
2042	$ 24,280	$ 22,918	$ (45,680)	$ 38,000	$ 255,960	$ 41,392	$ 130,250
2043	$ 15,600	$ 22,918	$ (38,362)	$ 38,000	$ 278,360	$ 42,634	$ 157,284
2044	$ 10,800	$ 22,918	$ (26,244)	$ 38,000	$ 305,560	$ 43,913	$ 190,397
2045	$ 12,600	$ 22,918	$ (15,926)	$ 38,000	$ 330,960	$ 45,231	$ 223,028
2046	$ 78,825	$ 22,918	$ (71,833)	$ 38,000	$ 290,135	$ 46,588	$ 190,790
2047	$ 190,620	$ 22,918	$ (239,535)	$ 38,000	$ 137,515	$ 47,985	$ 48,156
2048	$ 34,275	$ 22,918	$ (250,892)	$ 38,000	$ 141,240	$ 49,425	$ 63,305
2049	$ -	$ 22,918	$ (227,974)	$ 38,000	$ 179,240	$ 50,908	$ 114,213
2050	$ 21,985	$ 22,918	$ (227,041)	$ 38,000	$ 195,255	$ 52,435	$ 144,663
2051	$ 4,590	$ 22,918	$ (208,713)	$ 38,000	$ 228,665	$ 54,008	$ 194,080
2052	$ 195,600	$ 22,918	$ (381,395)	$ 38,000	$ 71,065	$ 55,628	$ 54,108

PROPERTY NAME

INFLATED CASH FLOW BREAKDOWN

Year	Total Replacement Costs / 30yrs with 1% Inflation	Option 1's Yearly Contribution with 1% Inflation Match	Current Fund based on Option 1's Contribution	Current Fund based on Option 1's Contribution with 0.25% Interest Earned
			$ 167,000	
2023	$ 4,697	$ 38,380	$ 200,684	$201,185
2024	$ -	$ 38,764	$ 239,949	240,549
2025	$ 4,945	$ 39,151	$ 274,755	275,442
2026	$ 41,629	$ 39,543	$ 273,355	274,039
2027	$ 13,978	$ 39,938	$ 299,999	300,749
2028	$ 36,384	$ 40,338	$ 304,703	305,465
2029	$ -	$ 40,741	$ 346,206	347,071
2030	$ -	$ 41,149	$ 388,220	389,190
2031	$ 52,841	$ 41,560	$ 377,909	378,854
2032	$ 6,352	$ 41,976	$ 414,478	415,514
2033	$ 17,137	$ 42,395	$ 440,773	441,875
2034	$ 25,354	$ 42,819	$ 459,340	460,489
2035	$ 5,099	$ 43,248	$ 498,638	499,884
2036	$ 377,763	$ 43,680	$ 165,801	166,216
2037	$ 49,341	$ 44,117	$ 160,991	161,394
2038	$ 28,089	$ 44,558	$ 177,863	178,307
2039	$ 31,538	$ 45,004	$ 191,773	192,252
2040	$ 9,988	$ 45,454	$ 227,718	228,287
2041	$ 28,089	$ 45,908	$ 246,107	246,722
2042	$ 29,626	$ 46,367	$ 263,463	264,122
2043	$ 19,225	$ 46,831	$ 291,727	292,457
2044	$ 13,443	$ 47,299	$ 326,313	327,129
2045	$ 15,840	$ 47,772	$ 359,061	359,958
2046	$ 100,087	$ 48,250	$ 308,121	308,892
2047	$ 244,457	$ 48,732	$ 113,167	113,450
2048	$ 44,395	$ 49,220	$ 118,275	118,570
2049	$ -	$ 49,712	$ 168,282	168,703
2050	$ 29,049	$ 50,209	$ 189,864	190,338
2051	$ 6,125	$ 50,711	$ 234,924	235,511
2052	$ 263,639	$ 51,218	$ 23,090	23,148

PROPERTY NAME

INFLATED CASH FLOW BREAKDOWN

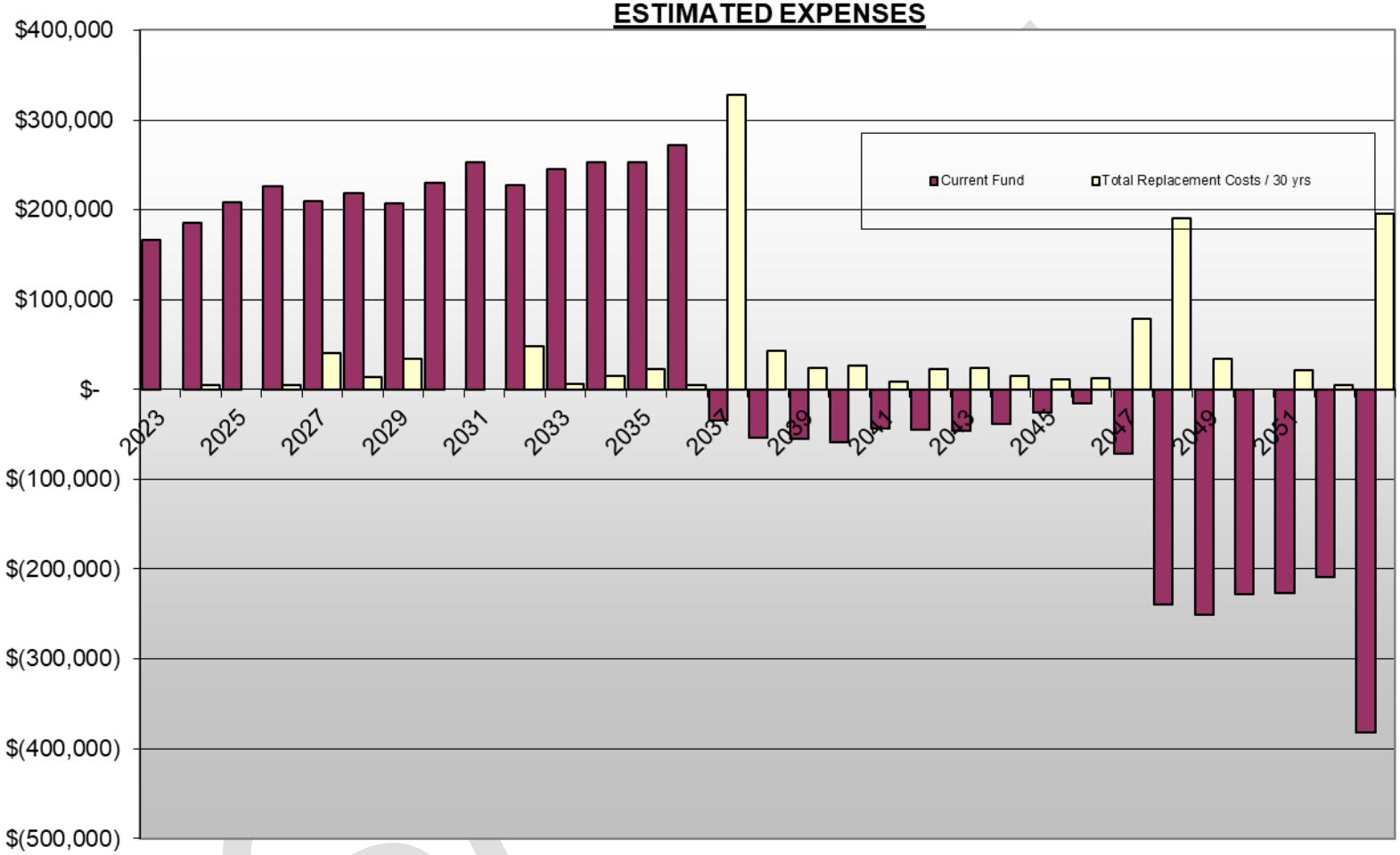
Year	Total Replacement Costs / 30yrs with 3% Inflation	Option 1's Yearly Contribution with 3% Inflation Match	Current Fund based on Option 1's Contribution	Current Fund based on Option 1's Contribution with 1% Interest Earned
			$ 167,000	
2023	$ 4,790	$ 39,140	$ 201,351	$ 203,364
2024	$ -	$ 40,314	$ 243,678	$ 246,115
2025	$ 5,245	$ 41,524	$ 282,394	$ 285,217
2026	$ 45,026	$ 42,769	$ 282,961	$ 285,790
2027	$ 15,418	$ 44,052	$ 314,424	$ 317,569
2028	$ 40,926	$ 45,374	$ 322,017	$ 325,237
2029	$ -	$ 46,735	$ 371,972	$ 375,692
2030	$ -	$ 48,137	$ 423,829	$ 428,067
2031	$ 63,040	$ 49,581	$ 414,608	$ 418,755
2032	$ 7,728	$ 51,069	$ 462,096	$ 466,717
2033	$ 21,262	$ 52,601	$ 498,056	$ 503,036
2034	$ 32,080	$ 54,179	$ 525,136	$ 530,387
2035	$ 6,579	$ 55,804	$ 579,612	$ 585,408
2036	$ 497,097	$ 57,478	$ 145,789	$ 147,247
2037	$ 66,214	$ 59,203	$ 140,236	$ 141,639
2038	$ 38,441	$ 60,979	$ 164,177	$ 165,819
2039	$ 44,015	$ 62,808	$ 184,612	$ 186,458
2040	$ 14,215	$ 64,692	$ 236,935	$ 239,304
2041	$ 40,769	$ 66,633	$ 265,168	$ 267,820
2042	$ 43,852	$ 68,632	$ 292,600	$ 295,526
2043	$ 29,021	$ 70,691	$ 337,196	$ 340,568
2044	$ 20,694	$ 72,812	$ 392,686	$ 396,613
2045	$ 24,867	$ 74,996	$ 446,742	$ 451,210
2046	$ 160,235	$ 77,246	$ 368,221	$ 371,903
2047	$ 399,116	$ 79,564	$ 52,351	$ 52,874
2048	$ 73,917	$ 81,950	$ 60,908	$ 61,517
2049	$ -	$ 84,409	$ 145,926	$ 147,385
2050	$ 50,300	$ 86,941	$ 184,026	$ 185,866
2051	$ 10,817	$ 89,549	$ 264,599	$ 267,245
2052	$ 474,773	$ 92,236	$ (115,291)	$ (116,444)

PROPERTY NAME

INFLATED CASH FLOW BREAKDOWN

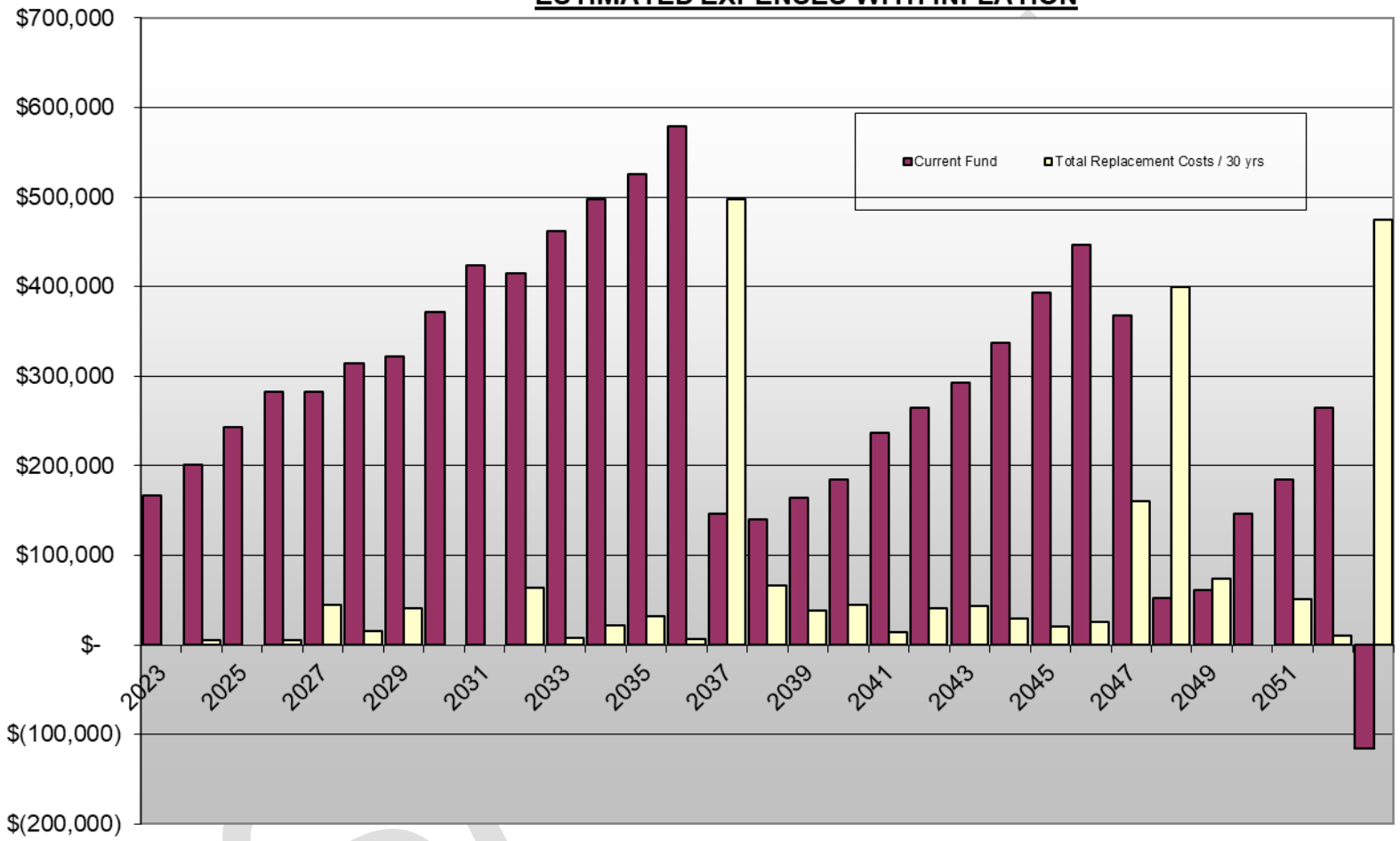
Year	Total Replacement Costs / 30yrs with 3% Inflation	Option 1's Yearly Contribution with 3% Inflation Match	Current Fund based on Option 1's Contribution	Current Fund based on Option 1's Contribution with 2.3% Interest Earned
			$ 167,000	
2023	$ 4,790	$ 39,140	$ 201,351	$ 205,982
2024	$ -	$ 40,314	$ 246,296	$ 251,961
2025	$ 5,245	$ 41,524	$ 288,239	$ 294,869
2026	$ 45,026	$ 42,769	$ 292,612	$ 299,342
2027	$ 15,418	$ 44,052	$ 327,976	$ 335,520
2028	$ 40,926	$ 45,374	$ 339,967	$ 347,787
2029	$ -	$ 46,735	$ 394,522	$ 403,596
2030	$ -	$ 48,137	$ 451,733	$ 462,123
2031	$ 63,040	$ 49,581	$ 448,664	$ 458,984
2032	$ 7,728	$ 51,069	$ 502,325	$ 513,878
2033	$ 21,262	$ 52,601	$ 545,217	$ 557,757
2034	$ 32,080	$ 54,179	$ 579,857	$ 593,193
2035	$ 6,579	$ 55,804	$ 642,419	$ 657,194
2036	$ 497,097	$ 57,478	$ 217,575	$ 222,579
2037	$ 66,214	$ 59,203	$ 215,569	$ 220,527
2038	$ 38,441	$ 60,979	$ 243,065	$ 248,655
2039	$ 44,015	$ 62,808	$ 267,448	$ 273,599
2040	$ 14,215	$ 64,692	$ 324,077	$ 331,530
2041	$ 40,769	$ 66,633	$ 357,394	$ 365,615
2042	$ 43,852	$ 68,632	$ 390,394	$ 399,373
2043	$ 29,021	$ 70,691	$ 441,044	$ 451,188
2044	$ 20,694	$ 72,812	$ 503,306	$ 514,882
2045	$ 24,867	$ 74,996	$ 565,011	$ 578,006
2046	$ 160,235	$ 77,246	$ 495,018	$ 506,403
2047	$ 399,116	$ 79,564	$ 186,851	$ 191,148
2048	$ 73,917	$ 81,950	$ 199,182	$ 203,763
2049	$ -	$ 84,409	$ 288,172	$ 294,800
2050	$ 50,300	$ 86,941	$ 331,441	$ 339,064
2051	$ 10,817	$ 89,549	$ 417,797	$ 427,406
2052	$ 474,773	$ 92,236	$ 44,870	$ 45,902

CASH FLOW CHART BASED ON PROPERTY NAME PROJECTED YEARLY CONTRIBUTION AND ESTIMATED EXPENSES



This is a graphical representation of cash on hand, over time, based on yearly contributions minus (-) annual projected repair and replacement expenses.

CASH FLOW CHART BASED ON OPTION 1'S PROJECTED YEARLY CONTRIBUTION & ESTIMATED EXPENSES WITH INFLATION



This is a graphical representation of cash on hand, over time, based on yearly contributions minus (-) annual projected repair and replacement expenses.

V. SUMMARY OF YEARLY EXPENDITURES

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2023	Emergency Lights	$4,650
	Total for 2023	**$4,650**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2024		
	Total for 2024	**$0**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2025	Entry System	$4,800
	Total for 2025	**$4,800**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2026	Carpet	$5,625
	Interior Painting	11,880
	Hallway HVAC	22,500
	Total for 2026	**$40,005**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2027	Vinyl Fence	$4,400
	Elevator HVAC	6,500
	Exit Lights	2,400
	Total for 2027	**$13,300**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2028	Roof – Flat EPDM	$114,975
	Total for 2028	**$114,975**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2029		
	Total for 2029	**$0**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2030		
	Total for 2030	**$0**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2031	Asphalt – Mill & Overlay	$4,590
	Exterior Painting & Caulking	43,725
	Total for 2031	**$48,315**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2032	Exterior Lights	$5,750
	Total for 2032	**$5,750**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2033	Unit Balconies	$15,360
	Total for 2033	**$15,360**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2034	Fire Pump & Jockey Pump	$22,500
	Total for 2034	**$22,500**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2035	Epoxy Coating – First Floor	$4,480
	Total for 2035	**$4,480**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2036	Permeable Paver Drives	$52,360
	Mailboxes	1,280
	Hydraulic Elevator	275,000
	Total for 2036	**$328,640**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2037	Fire Alarm System	$22,000
	Interior Lights	15,900
	Camera System	2,800
	Domestic Piping – 2.5%	1,800
	Total for 2037	**$42,500**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2038	Carpet	$5,625
	Interior Painting	11,880
	Emergency Lights	4,650
	Domestic Piping – 2.5%	1,800
	Total for 2038	**$23,955**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2039	Vinyl Flooring	$7,260
	Suspended Ceiling	13,370
	Inline Water Pump	2,400
	Domestic Piping – 5%	3,600
	Total for 2039	**$26,630**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2040	Gutters & Downspouts	$4,750
	Domestic Piping – 5%	3,600
	Total for 2040	**$8,350**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2041	Aluminum Railing – Rear Egress	$4,275
	Aluminum Railing – Unit Balconies	11,775
	Domestic Piping – 10%	7,200
	Total for 2041	**$23,250**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2042	Concrete Wheel Stops	$1,280
	Exterior Doors – Rear Egress	9,000
	Exterior Door – Rear Entry	2,200
	Exterior Door- Boardwalk	2,200
	Exit Lights	2,400
	Domestic Piping – 10%	7,200
	Total for 2042	**$24,280**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2043	Entry System	$4,800
	Domestic Piping – 15%	10,800
	Total for 2043	**$15,600**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2044	Domestic Piping – 15%	$10,800
	Total for 2044	**$10,800**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2045	Domestic Piping – 17.5%	$12,600
	Total for 2045	**$12,600**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2046	Exterior Painting & Caulking	$43,725
	Hallway HVAC	22,500
	Domestic Piping – 17.5%	12,600
	Total for 2046	**$78,825**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2047	Roof – Metal Standing Seam	$165,620
	Elevator HVAC	6,500
	Main Switchgear	18,500
	Total for 2047	**$190,620**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2048	Roof – Flat EPDM	$114,975
	Total for 2048	**$114,975**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2049		
	Total for 2049	**$0**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2050	Epoxy Coating – First Floor	$4,480
	Carpet	5,625
	Interior Painting	11,880
	Total for 2050	**$21,985**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2051	Asphalt – Mill & Overlay	$4,590
	Total for 2051	**$4,590**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2052	Vinyl Fence	$4,400
	Fiber Cement Siding	191,200
	Total for 2052	**$ 195,600**

VI. THE PLAYGROUND: EMPOWERING OWNERS IN RESERVE STUDY ADJUSTMENTS

Interactive Reserve Adjustment Platform:

Property Diagnostics proudly introduces "The Playground," a groundbreaking feature within our Reserve Study framework. Unlike traditional reserve adjustments, this tool provides property owners with an interactive platform to explore and manipulate Excel charts, allowing them to visualize various funding scenarios. While it doesn't directly alter the draft report, The Playground empowers owners to actively participate in shaping the financial future of their property.

Dynamic Funding Scenario Exploration:

Within The Playground, property owners gain the ability to engage in real-time adjustments, primarily focused on manipulating life expectancies of components. Instead of physically replacing components, users can fine-tune the remaining life cycles of various elements within the Reserve Study. This nuanced approach allows for a detailed exploration of how different life expectancies impact funding needs.

Cash Flow Breakdown Flexibility:

The Playground stands out with its core strength lying in its emphasis on cash flow analysis. Owners can delve into the Cash Flow breakdown, experimenting with diverse funding scenarios to identify the most optimal strategy for their property. Notably, when adjustments are made, such as changing the estimated remaining life of a component, The Playground dynamically updates the Cash Flow. This automatic update ensures a seamless reflection of changes in funding levels, allocation methodologies, and other financial parameters, providing owners with a comprehensive understanding of the real-time financial implications associated with each scenario.

User-Driven Financial Decision-Making:

The Playground isn't just a tool; it's a collaborative space for property owners to actively participate in decision-making. By manipulating Excel charts, users can experiment with different funding models, fostering a deeper understanding of the financial dynamics of their property. While the adjustments made won't reflect directly in the draft report, they serve as a valuable input for refining and tailoring the final Reserve Study.

Streamlined Review Process:

After users have explored and adjusted scenarios within The Playground, the next step involves delivering the updated Excel charts to Property Diagnostics for review. Our team ensures that the proposed changes align with the property's unique needs and can be seamlessly integrated into the draft report.

In essence, The Playground is a tool designed for collaboration and informed decision-making, putting the power of financial planning into the hands of property owners. While

not memorializing changes in your reserve report, it reshapes the way stakeholders engage with their reports, promoting a more proactive and tailored approach to long-term financial strategies.

VII. UNDERSTANDING YOUR RESERVE REPORT

A. WHAT IS A RESERVE REPORT?

A Reserve Report identifies all common and limited common property owned by a community that will require replacement or refurbishment over the life of the property. Reserve Reports quantify these components, determine their typical life spans and remaining life spans, and estimate costs of repair or replacement. Properties use Reserve Reports as a long-term budgeting tool to identify the status of their Reserve Fund and develop a stable and equitable funding plan to offset ongoing deterioration.

B. WHY DOES A PROPERTY NEED A RESERVE REPORT?

- Community board members have a fiduciary responsibility to maintain owner's investments.
- Proper planning through Reserve Studies can prevent special assessments.
- Reserve Studies provide necessary information used to maintain communities and protect owner's investment.
- Buyers are becoming more aware of how community properties are funded and are requesting a review of financial reports before purchasing.
- Refinancing firms are requiring Reserve Reports be updated on a regular basis, and in some cases will not finance a mortgage if the report is not current or the property is not properly funded. These include Fannie Mae, Freddie Mac, and FHA loans.
- Municipalities are beginning to require properties have a Reserve Studies updated regularly. Virginia is one state that requires an updated reserve every five years, and requires reserve reports be given to prospective purchasers.

C. How Do We Know?

How Long A Component Will Last?

Property Diagnostics uses any historical information that has been provided by the community, industry documents such as AIA literature, ASHRAE literature, and manufactures literature, which list expected life of materials and components. Our staff regularly assesses community components and can recognize certain site conditions that allow us to accurately estimate the life expectancy of site components through visual inspection. Property Diagnostics has a dedicated obligation to be accurate.

How Much A Repair or Replacement Cost?

Property Diagnostics has developed thousands of Reserves over the years which has allowed us to develop a database of projected costs. Invoices and bids from vendors are continually provided to Property Diagnostics by communities that have recently had worked performed on their property. Cost guild literature, such as RS Means and The National Insurance Cost Guide, provide accurate replacement costs of components and are updated regularly.

Proposals Not Matching Our Reserve Estimate?

Contact your Reserve service provider. They may be extremely helpful in addressing issues. We had a client that we estimated the roof to have a remaining life of five years an estimated the cost to replace at $38,000.00. They received three proposals with the lowest quoting $78,000.00. They contacted our firm to ask how we could be so far off. Looking at the proposals we discovered the proposals included things the property did not need. Luckily, they contacted us, and we solicited bids for the base roof replacement, which was replaced for $36,580.00.

D. Component Method vs. Cash Flow Method

The Component Method develops a reserve-funding plan where the total contribution is based on the sum of contributions for individual components. This method is a very conservative approach to funding as it fully funds each component yearly. However, the Component method has limitations in that the remaining life and annual contribution of each component need to be manually updated. The Cash Flow Method automatically adjusts for these changes. The Cash Flow Method is a method of developing a reserve funding plan where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are evaluated against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

E. Funding Goals: Baseline·Threshold·Full

Baseline Funding: Establishing a reserve funding goal of allowing the reserve cash balance to be at or near zero during the cash flow projection. This is the riskiest funding goal because if an expense arrives early or unexpected, there is a significant chance of needing a Special Assessment.

Threshold Funding: Establishing a reserve funding goal of keeping the reserve balance above a specified dollar or percent funded amount. Threshold funding is often a value chosen in between full funding and baseline funding. The risk with threshold funding varies depending on each property's current Reserve status.

Full Funding: Setting a reserve funding goal to attain and maintain reserves at or near 100 percent funded. This is the most conservative funding goal.

F. How Often Should A Reserve Report Be Updated?

The Association of Professional Reserve Analysts believe a Reserve should be updated every year. Most properties should have their Reserve updated by a professional every three to five years. There are three levels of Reserve Studies:

Level 1 - Full Reserve Study

We perform a complete site assessment, obtaining or verifying measurements and counts of communal area components. This also includes a component condition assessment and photo inventory of most components. We then compile the information obtained into our easy-to-understand reports.

Level 2 - Update of Reserve Study with Site Inspection

Once a full reserve study has been completed by Property Diagnostics, Inc., we will often perform updates with a site inspection. The level 2 site inspection is less comprehensive than a level 1 site inspection in that we do not obtain or verify measurements and counts unless it appears that there have been changes. We do evaluate condition and update the photo inventory where necessary. We then compile the information obtained into our easy-to-understand report.

Level 3 - Update of Reserve Study without Site Inspection

An annual update to the reserve study is simply good planning. This allows you to "refresh" the funding plan and account for minor variations from the original funding plan. We inquire about expenditures made, changes in pricing of replacement costs, and variations in funding from the original plan, but do not perform a site inspection. This is a valuable planning tool at a very reasonable cost, generally no more than 25% of the cost of a full study.

G. SITE COMPONENT CATEGORIES

With every Reserve, site components will fall into a variation of the following three categories:

Subjective ***Fixed*** ***Variable***

Subjective Components are items that are replaced depending on owners' preferences or tolerations. Examples of Subjective Components include:

- Carpeting
- Interior painting
- Elevator cab refurbishment
- Interior lighting

Fixed Components are items that fail on regular basis having slight variation between properties. Examples of Fixed Components include:

- Roof systems
- Exterior painting
- Caulking
- Asphalt surfaces

Variable Components are items that vary widely pertaining to life cycles on properties. Examples of Variable Components include:

- Elevators
- Mechanical equipment
- Electrical switchgear
- Piping
- Fire alarm systems

Owners should be aware of these types of issues when reviewing their reserve reports and engage with the reserve firm to tailor their plans to meet and suit their needs.

H. When To Use Funds From The Reserve

Reserve funds should only be used when a component or a section of a component is replaced in full, or in part that will not be discarded when additional replacement occurs. Below are examples of when to draw from Reserves:

YES

- Sectional concrete replacement
- Large sections of piping replacement
- Higher percentages of pointing work
- Large sections of painting
- Individual floor carpeting

NO

- Roof patching
- Asphalt patching
- Minor plumbing repairs
- Mechanical equipment repairs

I. Life Of Building & Site-Specific Exclusions

There are components on every property that are considered 'Life of Building' that are excluded from the reserve funding. Other components may be excluded as Unit Owner Responsibility. Unless noted otherwise the below components have been excluded from funding in this reserve study:

- Building Framing
- Interior Doors
- Drywall
- Interior Trim
- Interior Stair Systems

As well as site specific items not reflected in this report considered by the inspector to be life of building.

VIII. MAINTENANCE: TAILORED JUST FOR YOU!

Property Diagnostics introduces an exclusive maintenance program tailored specifically for your property. This customized plan is meticulously designed to target the key components identified in the Replacement Reserve Report. Each page that follows outlines the fundamental maintenance needs essential for enhancing the longevity and performance of your property.

Proper maintenance is paramount for all components, ensuring reliability, reducing deterioration, and preventing damage. Whether the components are actively used, stationary, or part of the interior or exterior, a well-activated maintenance program proves to be an invaluable investment, benefiting everyone involved. Discover the tailored care your property deserves, maximizing its lifespan and performance.

A. ARCHITECTURAL GROUNDS

Asphalt Driveway/Parking

Maintaining an asphalt driveway and parking lot is essential to ensure longevity, safety, and a clean appearance. Here is a recommended maintenance plan for asphalt driveways and parking lots.

Weekly Maintenance:

1. Remove any leaves, trash, or debris from the asphalt surface. Regular cleaning prevents debris from settling, absorbing moisture, and potentially causing damage.

Monthly Maintenance:

2. Check for oil or chemical stains. Gasoline or oil spills can dissolve the surface of your asphalt and accelerate deterioration. Power wash the driveway and parking lot to remove oil or chemical stains.
3. Check the drainage systems, such as catch basins and drains, for clogs or blockages. Clear any debris that might impede water flow.

Quarterly Maintenance:

4. Fill any potholes with hot asphalt patch material. Properly compact and level the patch.
5. Control and prevent the growth of grass or plants in cracks and along the edges of the asphalt.
6. Check for ponding, depressions, edge drops, and other issues. Make the necessary repairs.
7. Prepare for snow and ice management.

Every Two Years Maintenance:

8. Seal cracks in the asphalt to prevent water infiltration and further damage. Pavement experiencing alligator cracking may not be a candidate for crack sealing, as the alligator cracks indicate failures requiring repair beyond crack sealing.
9. Have the driveway and parking lot professionally inspected by a qualified paving contractor. Make any repairs that are recommended by the contractor.

Additional Tips:

- Consider installing wheel stops to help prevent cars from damaging the edges of the driveway and parking lot.
- Maintain a detailed record of all maintenance activities, including dates, tasks performed, and materials used. This documentation will aid in tracking the path's condition over time and planning future maintenance.

Brick Paved Parking

Maintaining brick paved parking is essential to ensure their longevity, safety, and aesthetic appeal over time. Here is a recommended maintenance plan for brick paved parking.

Regular Maintenance:

1. Inspect the paver joints regularly for weed growth. Remove weeds promptly to prevent them from taking root and causing damage.
2. Remove any leaves, trash, or debris from the brick paved parking. Regular cleaning prevents debris from settling, absorbing moisture, and potentially causing damage.
3. Replace cracked or broken pavers promptly. Ensure that the replacement paved matches the existing ones in size, color, and texture. Ensure that replacement pavers are properly compacted and seated.
4. Inspect the joints between pavers regularly for sand loss or erosion. Replace joint sand as needed to prevent destabilization and maintain interlock.
5. Examine mortar joints (if applicable) for signs of wear, erosion, or deterioration. Repoint any areas where the mortar is loose or crumbling.

6. Ensure proper drainage around the paved parking to prevent water from pooling or undermining the brick pavers. Ensure proper slope and grading to facilitate water runoff and prevent pooling.
7. Use snow removal methods that minimize damage to the pavers, such as rubber-edged plows.

Every Two to Three Years Maintenance:

1. Have the brick paved parking professionally inspected by a qualified technician. Make any repairs that are recommended by the contractor.

Additional Tips:

- Maintain detailed records of all inspections, repairs, and maintenance activities.

Concrete Walk

Maintaining concrete walks is essential to ensure longevity, safety, and a clean appearance. Here is a recommended maintenance plan for concrete walks.

Monthly Maintenance:

1. Inspect for cracks, spalling, surface deterioration, uneven settling, and any potential trip hazards. Pay special attention to areas near trees, utility access points, and heavy traffic areas. Address cracks and minor damage promptly. Repair cracks using concrete crack fillers and patching materials.
2. Remove any leaves, trash, or debris from the concrete walks. Regular cleaning prevents debris from settling, absorbing moisture, and potentially causing damage. Use a power washer or a hose with a high-pressure nozzle to remove stubborn stains, mold, or mildew.
3. Ensure that all safety features, such as handrails and guardrails, are secure and in good condition.

Yearly Maintenance:

1. Replace or repair any damaged sections of the concrete walk, such as broken or loose concrete slabs.
2. Inspect and remove any weeds or grass that may grow through cracks or joints in the concrete.
3. Ensure proper drainage around the concrete walk to prevent water from pooling or undermining the concrete.

4. Check and repair expansion joints to maintain flexibility and prevent joint deterioration.
5. In areas with cold climates, promptly remove snow and ice from the concrete walk to prevent freeze-thaw damage.

Every Two to Three Years Maintenance:

1. Apply a quality concrete sealer every 2-3 years to protect the surface from water infiltration, freeze-thaw cycles, and staining. Choose the appropriate sealer for your climate.
2. Have the concrete walk professionally inspected by a qualified concrete contractor. Make any repairs that are recommended by the contractor.

Additional Tips:

- Maintain detailed records of all inspections, repairs, and maintenance activities.

Concrete Curbs

Maintaining concrete curbs is essential to ensure longevity, safety, and a clean appearance. Here is a recommended maintenance plan for concrete curbs.

Monthly Maintenance:

1. Inspect for cracks, spalling, surface deterioration, uneven settling, and any potential trip hazards. Pay special attention joints meeting walks are properly sealed. Address cracks and minor damage promptly. Repair cracks using concrete crack fillers and patching materials.
2. Remove any soils and debris from the concrete curbs. Regular cleaning prevents moss from settling, absorbing moisture, and potentially causing damage. Use a power washer or a hose with a high-pressure nozzle to remove stubborn stains, mold, or mildew.

Yearly Maintenance:

1. Replace or repair any damaged sections of the concrete, such as broken or loose concrete sections.
2. Inspect and remove any weeds or grass that may grow through cracks or joints in the concrete.
3. Ensure proper drainage around the concrete to prevent water from pooling or undermining the concrete.
4. Check and repair expansion joints to maintain flexibility and prevent joint deterioration.

5. In areas with cold climates, promptly remove snow and ice from the concrete walk to prevent freeze-thaw damage.

Every Two to Three Years Maintenance:

1. Apply a quality concrete sealer every 2-3 years to protect the surface from water infiltration, freeze-thaw cycles, and staining. Choose the appropriate sealer for your climate.
2. Have the concrete professionally inspected by a qualified concrete contractor. Make any repairs that are recommended by the contractor.

Additional Tips:

- Maintain detailed records of all inspections, repairs, and maintenance activities.

Vinyl Fence

Maintaining vinyl fences is essential to ensure its longevity, appearance, and its structural integrity. Here is a recommended maintenance plan for a vinyl fence.

Routine Maintenance:

1. Inspect the vinyl fence regularly for any visible damage, discoloration, or loose components. Repair any damage immediately to prevent further problems. Also, check for mold and mildew growth, and remove it promptly if found.
2. Trim back overhanging branches, vines, and other vegetation that can put stress on the fence. Plant growth can cause discoloration and promote mold or mildew growth.
3. Ensure that post caps are in place. Any missing post caps must be promptly replaced to prevent water infiltration and possible damage during freeze/thaw cycles.

Every Two Years Maintenance:

1. Perform a thorough cleaning to remove any stubborn stains or mildew. Use the manufacturer's recommended detergent to clean the vinyl fence.

Additional Tips:

- If the vinyl fence has any hinges or gates, be sure to clean and lubricate them regularly to prevent rust and squeaking.
- Avoid grilling or using other heat sources too close to the vinyl fence, as this can melt the material.

Concrete Wheel Stops

Maintaining concrete wheel Stops is essential to ensure longevity, safety, and a clean appearance. Here is a recommended maintenance plan for concrete wheel stops.

Monthly Maintenance:

1. Inspect for cracks, spalling, surface deterioration, units not properly secured..
2. Remove any soils and debris from the concrete. Regular cleaning prevents moss from settling, absorbing moisture, and potentially causing damage. Use a power washer or a hose with a high-pressure nozzle to remove stubborn stains, mold, or mildew.

Yearly Maintenance:

1. Replace or repair any damaged units.

Every Two to Three Years Maintenance:

1. Apply a quality concrete sealer every 2-3 years to protect the surface from water infiltration, freeze-thaw cycles, and staining. Choose the appropriate sealer for your climate.

Additional Tips:

- Maintain detailed records of all inspections, repairs, and maintenance activities.

B. BUILDING ENVELOPE

Roof – Flat (EPDM)

Maintaining a flat roof is essential to ensure its longevity and prevent costly repairs or replacements. Here is a recommended maintenance plan for a flat roof.

Monthly Maintenance:

1. Walk the roof to look for any visible damage, cracks, or punctures. Pay attention to seams, flashings, and roof edges. Apply a sealant to any areas that appear to be dry or cracked.
2. Remove leaves, branches, dirt, and other debris from the roof surface. Ensure that all drains and gutters are clear of debris and obstructions. Use a hose to flush them out if necessary.

3. Look for areas where water accumulates for more than 48 hours after rainfall. Consult a professional roofing contractor to evaluate the situation and provide appropriate solutions for proper drainage.

Quarterly Maintenance:

1. Inspect roof flashings, including those around vents, chimneys, and any other protrusions. Look for signs of rust, deterioration, or gaps.
2. Check the condition of sealants and caulking around roof penetrations. Repair any cracks or gaps.
3. Look for signs of blistering, bubbling, or membrane damage. Pay attention to areas with heavy foot traffic or equipment.
4. Trim any tree branches that overhang the roof to prevent damage from falling branches or debris.
5. Ensure that roof drains and scuppers are clear and functioning correctly.
6. Inspect the interior of the building for any signs of water leaks, water damage, or insulation problems that may be related to the roof.

Yearly Maintenance:

1. Hire a roofing professional for a comprehensive annual inspection. They will assess the roof's overall condition, including the membrane, flashings, and structural components.
2. Check the condition of any roof coatings or sealants. Reapply or repair them as needed to maintain waterproofing.
3. Confirm that the roof has proper drainage. Make any necessary adjustments to ensure water flows away from the roof.
4. Inspect for signs of UV damage, such as cracking or deterioration of the roof membrane. Address any issues promptly.
5. Hire a professional to clean the roof surface and remove any stubborn stains, mold, or algae growth.
6. If HVAC equipment is located on the roof, have it inspected for leaks and ensure that any equipment pads or supports are in good condition.

Additional Tips:

- Keep a record of all maintenance and repairs performed on the roof. This will help you to track the condition of the roof and identify any potential problems early on.
- Be especially careful to inspect the roof after severe weather events, such as hailstorms or high winds. It’s important to be proactive in removing excessive snow and ice from your flat roof. Excessive snow accumulation can add significant weight and strain on the roof structure, potentially leading to collapses.

- If you notice any damage to the roof, have it repaired as soon as possible to prevent further damage.

Roof - Standing Seam Metal

Maintaining a standing seam metal roof is essential to ensure its longevity and prevent costly repairs or replacements. Here is a recommended maintenance plan for a standing seam metal roof.

Routine Maintenance:

1. Inspect the roof twice a year, ideally in the spring and fall. Look for any signs of damage, such as dents, scratches, loose panels, or leaks. Inspect for any signs of rust or corrosion. Clean the affected areas and apply a rust-inhibiting primer followed by a metal-appropriate paint.
2. Ensure that all fasteners are securely tightened. Replace any missing or damaged fasteners promptly.
3. Inspect seams and connections for tightness and integrity. Check the condition of sealant and caulking around seams, penetrations, and flashing. Replace any deteriorating sealant to maintain a watertight seal.
4. Clean gutters and downspouts at least once a year to ensure proper drainage. Remove leaves, branches, dirt, and other debris from the roof surface. Ensure that all drains and gutters are clear of debris and obstructions. Use a hose to flush them out if necessary.
5. If the roof is prone to moss and algae growth, consider applying an appropriate algaecide or zinc strips to prevent these issues.
6. Trim overhanging tree branches to prevent them from falling on your roof during storms.

Professional Inspection:

1. Consider hiring a professional roofing contractor for a thorough inspection every 3-5 years. They will assess the roof's overall condition, including structural components.

Additional Tips:

- Keep a record of all maintenance and repairs performed on the roof. This will help you to track the condition of the roof and identify any potential problems early on.
- Be especially careful to inspect the roof after severe weather events, such as hailstorms or high winds.

- If you notice any damage to the roof, have it repaired as soon as possible to prevent further damage.

Gutters & Downspouts

Maintaining gutters & downspouts is essential to ensure the optimal functionality and longevity of gutters and downspouts, preventing water damage to buildings and landscaping. Here is a recommended maintenance plan for gutters & downspouts.

Routine Maintenance:

1. Inspect the gutters & downspouts twice a year, ideally in the spring and fall to coincide with the changing seasons and minimize potential issues.
2. Remove leaves, twigs, and any other debris from the gutters and downspouts. Ensure that the gutter channels are completely clear. Use a hose to flush them out if necessary.
3. Inspect the gutters for any signs of damage, such as cracks, rust, or sagging. Look for loose or missing fasteners and tighten or replace as necessary.
4. Ensure that gutter hangers and brackets are securely in place. Replace any damaged or missing components.
5. Check the seals and joints for leaks. Repair any leaks promptly with appropriate sealant.
6. Ensure that downspouts are securely connected and directing water away from the foundation. Clear any obstructions in downspouts to prevent water buildup.
7. Check gutters and downspouts for signs of bird nests or other wildlife. Remove any nests carefully and take measures to prevent future nesting.
8. If the roof is prone to moss and algae growth, consider applying an appropriate algaecide or zinc strips to prevent these issues.
9. Trim overhanging tree branches to prevent them from falling on the roof and gutters during storms.

Professional Inspection:

1. Consider hiring a professional roofing contractor for a thorough inspection every 2 years. Professionals can identify potential problems and provide more in-depth maintenance when required.

Additional Tips:

- Keep a record of all maintenance and repairs performed on the gutters & downspouts. This will help you to track the condition of the gutters & downspouts and identify any potential problems early on.

- Be especially careful to inspect the gutters & downspouts after severe weather events, such as hailstorms or high winds.
- Consider installing gutter guards to reduce the frequency of debris buildup.
- If you notice any damage to the gutters & downspouts, have it repaired as soon as possible to prevent further damage.

Composite Siding

Maintaining a composite siding is essential to ensure longevity of the lifespan of the siding and a clean appearance. Here is a recommended maintenance plan for composite siding.

Biannual Maintenance:

1. Walk around the building to inspect the composite siding for any visible issues like cracks, loose panels, or signs of damage. Pay particular attention to areas where the siding meets windows, doors, and corners. Repair any damage immediately to prevent further problems.
2. Trim any trees or shrubs that are close to your home to prevent them from rubbing against the siding.
3. Check for mold and mildew growth and follow the manufacturer's recommendations to remove them.
4. Check the caulking around windows, doors, and other openings. Replace any damaged or missing caulk to ensure that water cannot infiltrate behind the siding.

Additional Tips:

- Avoid grilling or using other heat sources too close to the composite siding, as this can melt the material.

Exterior Paint

Maintaining the exterior paint is essential for preserving its appearance and protecting it from the elements. Here is a recommended maintenance plan for exterior paint.

Bi-Annual Maintenance:

1. Conduct a thorough visual inspection of the building's exterior paint. Look for signs of peeling, cracking, fading, or any damage to the paint surface. Examine

the painted surfaces for any mold or mildew growth. Mold can damage the paint and the underlying structure.

2. Check the caulk and seals around windows, doors, and other openings. Replace any deteriorating caulk to maintain a watertight seal.
3. Scrape and sand any areas with peeling or chipped paint to create a smooth and even surface for repainting. Repaint any areas where the paint has deteriorated and touch up small areas of damage as needed. Use high-quality exterior paint that is suitable for the building's material and climate.
4. Trim tree branches that extend over the wall to prevent potential damage to the exterior paint and the wall. Additionally, remove any ivy or other clinging plants from the wall, as they can trap moisture and expedite the degradation of the exterior paint.

Additional Tips:

- Check for any signs of wood rot, spalls, cracks, mortar deterioration or structural damage while inspecting the exterior, and address any issues promptly before applying the paint.

Caulking

Maintaining the caulk on building exterior windows and doors is crucial to prevent water infiltration, air leakage, and energy loss. Over time, caulk can deteriorate and lose its effectiveness, so it's important to inspect and maintain it on a regular basis. Here is a recommended maintenance caulking.

Regular Maintenance:

1. Inspect the caulk around windows and doors at least once a year. Check for cracks, gaps, peeling, or missing caulk around the frames of windows and doors.
2. Re-caulk as needed if you notice any deterioration. Prior to re-caulking, prepare the surfaces as per manufacturer’s instructions.
3. Have the caulk professionally inspected by a qualified contractor every 2-3 years. Make any repairs that are recommended by the contractor.

Additional Tips:

- Avoid caulking on extremely hot, cold, or rainy days, as this can affect the caulk's adherence. Refer to manufacturer’s instructions.
- Use the correct type of caulk for the job. There are different types of caulks available for different applications.

- Maintain records of when caulk was last applied.

Concrete Stairs

Maintaining concrete stairs is essential to ensure longevity, safety, and a clean appearance. Here is a recommended maintenance plan for concrete stairs.

Monthly Maintenance:

1. Inspect for cracks, spalling, surface deterioration, and any potential trip hazards. Look for areas of oxidation which indicates deteriorating rebar. Address cracks and minor damage promptly to protect the concrete and intrenched rebar. Repair cracks using concrete crack fillers and patching materials.
2. Remove any, trash, or debris from the concrete stair. Regular cleaning prevents moss and mildew growth from settling absorbing moisture, and potentially causing damage. Use a power washer or a hose with a high-pressure nozzle to remove stubborn stains, mold, or mildew.
3. Ensure that all safety features, such as handrails and guardrails, are secure and in good condition.

Yearly Maintenance:

1. Repair any damaged sections of the concrete, such as broken or loose tread corners.
2. Ensure proper drainage on all treads to prevent water from pooling.
3. Check and repair caulk joints.
4. In areas with cold climates, promptly remove snow and ice from the concrete steps to prevent freeze-thaw damage.

Every Two to Three Years Maintenance:

1. Apply a quality concrete sealer every 2-3 years to protect the surface from water infiltration, freeze-thaw cycles, and staining. Choose the appropriate sealer for your climate.
2. Have the concrete stairs professionally inspected by a qualified concrete contractor. Make any repairs that are recommended by the contractor.

Additional Tips:

- Maintain detailed records of all inspections, repairs, and maintenance activities.

Aluminum Railings

Maintaining aluminum railings is essential to ensure its longevity, appearance, and structural integrity. Here is a recommended maintenance plan for aluminum fences and railings.

Routine Maintenance:

1. Clean the aluminum railings regularly to remove dirt, debris, and other pollutants. This will help to prevent rust and corrosion and keep your fences and railings looking their best.
2. Trim back overhanging branches, vines, and other vegetation that can put stress on the fence or retain moisture against the aluminum.
3. Conduct visual inspection of all aluminum railings. Check for loose or missing screws, bolts, or fasteners. Tighten any loose connections and replace missing or damaged hardware promptly.
4. Inspect the railing for any signs of corrosion, especially in areas or regions with high humidity. If corrosion is detected, remove it using a mild abrasive and apply a corrosion-resistant coating.
5. If your aluminum railing is painted, inspect the paint for chips or scratches. Touch up any damaged areas promptly with a matching paint to prevent corrosion. Sand the affected area lightly before applying touch-up paint for better adhesion.
6. Ensure that post caps are in place. Any missing post caps must be promptly replaced to prevent water infiltration, which could lead to potential corrosion issues.
7. If the paint or protective coating has deteriorated significantly, consider repainting the entire railing.

Additional Tips:

- Schedule a professional inspection annually, especially if your aluminum railing is part of a larger structure like a balcony or deck. Professionals can identify potential issues that may not be immediately apparent.

Concrete Balcony

Maintaining concrete balconies is essential to ensure longevity, safety, and a clean appearance. Here is a recommended maintenance plan for concrete balconies.

Monthly Maintenance:

1. Inspect for cracks, spalling, surface deterioration, and any potential failings. Look for areas of oxidation which, indicates deteriorating rebar. Address cracks and minor damage promptly to protect the concrete and intrenched rebar. Repair cracks using concrete crack fillers, sealers and or patching materials.
2. Remove any, improper coverings such as carpet from the concrete balconies. Regular cleaning prevents moss and mildew growth from absorbing moisture, and potentially causing damage. Use a power washer or a hose with a high-pressure nozzle to remove stubborn stains, mold, or mildew.
3. Ensure that all safety features, such as handrails and guardrails, are secure and in good condition.

Yearly Maintenance:

1. Repair any damaged sections of the concrete, such as broken or loose corners.
2. 2. Ensure proper drainage on all balconies to prevent water from pooling.
3. Check and repair caulk joints.

Every Two to Three Years Maintenance:

1. Apply a quality concrete sealer every 2-3 years to protect the surface from water infiltration, freeze-thaw cycles, and staining. Choose the appropriate sealer for your climate.
2. Have the concrete balconies professionally inspected by a qualified concrete contractor. Make any repairs that are recommended by the contractor.

Additional Tips:

- Maintain detailed records of all inspections, repairs, and maintenance activities.

C. BUILDING INTERIOR

Carpet

Maintaining carpets is essential to ensure the longevity and cleanliness of the carpet in common areas. Here is a recommended maintenance plan for carpet.

Weekly Maintenance:

1. Vacuum all common areas with a commercial-grade vacuum cleaner. Pay special attention to high-traffic areas, entrances, and elevator lobbies.

2. Promptly attend to spills to prevent stains from setting. Use appropriate carpet cleaning solutions and follow manufacturer guidelines for stain removal.

Monthly Maintenance:

1. Inspect the carpet for wear and tear, loose seams, or damaged areas.
2. Address any issues promptly to prevent further damage and reduce potential trip hazards.

Bi-Annual Maintenance:

1. Schedule professional deep carpet cleaning at least twice a year to remove embedded dirt, grime, and allergens.

Additional Tips:

- Consider placing high-quality entrance mats at all entrances and exits to minimize the tracking of dirt and moisture onto the carpet. Regularly clean and replace entrance mats as needed.

Vinyl Flooring

Maintaining vinyl flooring is essential to ensure their longevity and aesthetic appeal over time. Here is a recommended maintenance plan for vinyl flooring.

Regular Maintenance:

1. Remove loose dirt and debris to prevent cuts and scratches. Place doormats at entry points to reduce the amount of dirt and grit brought in from outside.
2. Attach felt pads to the legs of furniture to prevent scratches and dents on the vinyl surface.
3. Clean the floor regularly. Promptly clean up spills to prevent stains. For tougher stains, Follow the manufacturer's instructions. Do not use harsh chemicals on vinyl flooring, as they can damage the surface.
4. If your vinyl flooring has a glossy finish, consider using a vinyl floor polish to maintain shine. Follow the product instructions carefully.
5. Limit Sun Exposure. Prolonged exposure to direct sunlight can cause fading. Use curtains or blinds to minimize UV exposure.
6. Look for cracks, chips, or loose tiles and address them promptly to prevent further problems.

Additional Tips:

- Maintain detailed records of all inspections, repairs, and maintenance activities.

Suspended Ceiling

Maintaining suspended ceiling is essential to ensure their longevity and aesthetic appeal over time. Here is a recommended maintenance plan for suspended ceiling.

Regular Maintenance:

1. Dust the surface of the ceiling tiles as needed using a soft brush or vacuum cleaner.
2. Ensure that all ceiling tiles are in place and properly aligned. Inspect the suspension grid for any loose or damaged components. Tighten any loose connections and replace damaged grid parts.
3. Check for any visible signs of damage, sagging, or discoloration. Identify and replace any stained or damaged ceiling tiles. Ensure replacement tiles match the existing ones in terms of size and design. Address any roof leaks promptly to prevent water damage to the suspended ceiling.
4. If the suspended ceiling requires painting, schedule a repaint to maintain aesthetics and protect against corrosion.
5. Ensure that the HVAC system does not deposit dust or contaminants onto the ceiling. Clean ducts if necessary.
6. Discourage the hanging of heavy items, as this can lead to sagging or damage to the ceiling.

Every Two to Three Years Maintenance:

1. Have the suspended ceiling professionally inspected by a qualified technician. Make any repairs that are recommended by the inspector.

Additional Tips:

- Maintain detailed records of all inspections, repairs, and maintenance activities.
- Verify that suspended ceiling installations do not obstruct the operation of fire sprinkler systems.

Epoxy Coated Flooring

Maintaining epoxy coated flooring is essential to ensure their longevity and aesthetic appeal over time. Here is a recommended maintenance plan for epoxy coated flooring.

Regular Maintenance:

1. Remove loose dirt and debris to prevent cuts and scratches. Place door mats at entry points to reduce the amount of dirt and grit brought in from outside.
2. Attach felt pads to the legs of furniture to prevent scratches and dents on the epoxy coated surface.
3. Clean the floor regularly. Promptly clean up spills to prevent stains. For tougher stains, Follow the manufacturer's instructions. Do not use harsh chemicals on epoxy coated flooring, as they can damage the surface.
4. If the epoxy coating has a topcoat or finish, assess its condition. Reapply the finish as recommended by the manufacturer to maintain a glossy appearance.
5. If the epoxy floor has a sealer, inspect it for wear. Reapply the sealer if necessary to enhance protection and durability.
6. Regularly inspect the epoxy coating for any signs of damage, such as cracks or chips. If there are signs of wear or damage, schedule a professional reapplication of the epoxy coating.

Additional Tips:

- Maintain detailed records of all inspections, repairs, and maintenance activities.

D. MECHANICAL

Domestic Water Piping

Maintaining domestic water supply pipes is essential to ensure the longevity and reliability of the water supply system. Regular maintenance can help prevent leaks, reduce water wastage, and improve the overall quality of the water. Here is a recommended maintenance plan for domestic water supply pipes.

Monthly Maintenance:

1. Inspect all water supply pipes for leaks, drips, corrosion, or any other damage.
2. Ensure that the water pressure in the building is within the normal range. Abnormally high or low pressure can indicate a problem with the supply system.
3. If you notice any problems, have it repaired as soon as possible.

Quarterly Maintenance:

1. Flush all the water pipes to remove sediment and debris. This helps maintain water quality and prevents blockages.

2. Ensure that pipes in areas prone to freezing are adequately insulated to prevent freezing and bursting during winter.
3. Inspect water valves for leaks and smooth operation.
4. Repair or replace as needed.

Annual Maintenance:

1. Schedule a licensed plumber to inspect the water supply system and make any necessary repairs.
2. Test the water for quality, including pH, hardness, and any contaminants. Address water quality issues as needed.

Additional Tips:

- Keep a record of all maintenance and repairs performed. This will help you to track the condition of the water supply system and identify any potential problems early on.
- Consider more frequent inspections if the pipes are older or experiences frequent issues.
- Comply with local and national plumbing codes and regulations.
- In older buildings, consider replacing sections of piping that are prone to leaks or corrosion. Use modern, corrosion-resistant materials if possible.

Wastewater Piping

Maintaining the wastewater piping system is crucial to ensure the proper functioning of the plumbing and sanitation infrastructure. Here is a recommended maintenance plan for wastewater piping system.

Monthly Maintenance:

1. Inspect visible portions of the wastewater piping for any signs of leaks, corrosion, or damage. Look for water stains, puddles, or mold growth in common areas or individual units. If you notice any problems, have it repaired as soon as possible.
2. Address any minor blockages by using a plunger or a drain snake.
3. Encourage residents to report slow drains promptly so that action will be taken early.

Quarterly Maintenance:

1. Inspect the vent pipes to ensure they are clear of debris or obstructions, which can lead to slow drainage or sewer gas buildup.
2. Keep track of any recurring issues with slow or clogged drains and address them promptly to prevent further damage.

Annual Maintenance:

1. Schedule a licensed plumber to inspect the wastewater piping system and make any necessary repairs.
2. Take preventative measures to protect the sanitary piping system from pests such as rats or insects. Seal any entry points around pipes and vents.
3. If deemed necessary, conduct a camera inspection of the main sewer lines to check for tree root intrusions, cracks, or other structural issues that may require repair or replacement.

Additional Tips:

- Keep a record of all maintenance and repairs performed. This will help you to track the condition of the system and identify any potential problems early on.
- If the building has a grease trap, schedule regular cleaning and maintenance to prevent blockages and overflows.
- Consider more frequent inspections if the pipes are older or experience frequent issues.
- Comply with local and national plumbing codes and regulations.
- In older buildings, consider replacing older, deteriorating pipe sections or those with frequent problems every 1-3 years.

Elevator

Maintaining an elevator in is crucial to ensure their safety, reliability, and longevity. Here is a recommended maintenance plan for an elevator.

Weekly Maintenance:

1. Check the elevator's interior for cleanliness, damage.
2. Verify that all interior lights and indicators are functioning correctly.
3. Confirm that the elevator doors close and open smoothly.

Monthly Maintenance:

1. Perform a thorough cleaning of the elevator interior, including the walls, buttons, handrails, and floor.
2. Ensure the emergency communication system (elevator phone) is operational.
3. Inspect the elevator for any signs of damage, such as loose bolts, cracks, or dents. Make repairs as needed.
4. Ensure that all elevator-related signs and notices are legible and up to date.

Biannual Maintenance:

1. Schedule a professional elevator technician to perform a comprehensive inspection to verify the overall condition and safe operation of conveyance.
2. Make any repairs that are recommended by the technician.

Yearly Maintenance:

1. Schedule a professional elevator technician to perform a comprehensive inspection and testing of all components of the elevator system.
2. Make any repairs that are recommended by the technician.

Additional Tips:

- Regular professional inspections should be conducted by a qualified technician biannually. However, consider more frequent inspections if the elevator is older or experiences frequent issues.
- Some jurisdictions require a Certificate of Inspection to be issued to the owner for posting after the annual inspection report has been approved. Failure to do so could result in legal violations and potential penalties.
- Keep a record of all maintenance and repairs performed on the elevator. This will help you to track the condition of the elevator and identify any potential problems early on.
- If you notice any problems with the elevator, such as leaks or unusual noises, have it inspected and repaired as soon as possible.

HVAC Unit

Maintaining HVAC units is crucial to ensure its efficient operation, extend its lifespan, and maintain good indoor air quality. Regular maintenance can help prevent breakdowns and reduce energy consumption. Here is a recommended maintenance plan for an HVAC unit.

Regular Maintenance:

1. Check and replace air filters monthly or as per manufacturer's recommendation. Dirty filters restrict airflow, reduce efficiency, and affect indoor air quality. Use the appropriate filter type for your specific HVAC system and consider upgrading to high-efficiency filters if needed.
2. Inspect the outdoor unit if applicable. Keep the outdoor condenser unit clean and free from debris, such as leaves, grass, and dirt, which can impede airflow.
3. If applicable, ensure that the condensate drain line is clear and free from clogs. Clean it as needed to prevent water leakage and mold growth.

4. Inspect electrical connections and tighten any loose wires to prevent potential fire hazards and system malfunctions.
5. Test all safety controls to ensure the HVAC unit operates safely. Ensure that the system shuts down in the event of a malfunction.
6. Test and calibrate the thermostat to ensure accurate temperature control.

Yearly Maintenance:

1. Schedule an annual or bi-annual maintenance service from a licensed HVAC professional for a thorough inspection and maintenance of your system.
2. If applicable, periodically have the air ducts and vents cleaned and inspected for obstructions, dirt, or mold that can affect indoor air quality.

Additional Tips:

- Maintain a detailed log of all maintenance and inspections, including dates, findings, and any actions taken. This log can be useful for tracking the unit's history and demonstrating compliance with safety regulations.
- Consider upgrading to more energy-efficient components or systems if your HVAC unit is outdated and inefficient.

Pump

Maintaining a pump is essential to ensure the uninterrupted supply of water and other essential services. Here is a recommended maintenance plan for pumps.

Regular Maintenance:

1. Keep pump and motor enclosures clean and free from dirt and debris. This helps prevent overheating and maintains optimal pump performance.
2. Inspect the entire pump system for leaks, including pipes, connections, and valves. Repair any leaks promptly to avoid water wastage and damage.
3. Ensure that there are no unusual noises coming from the pump.
4. Regularly inspect electrical connections, control panels, and safety features to ensure proper operation and compliance with safety standards.
5. Periodically calibrate pumps to ensure they maintain the desired pressure and flow rates. Adjust settings as necessary.
6. Test and maintain any emergency backup pumps or systems, such as generators, to ensure continuous water supply in case of power outages.

Annual Maintenance:

1. Have the pumps inspected by a licensed technician. The technician should perform a thorough inspection of the entire pump system. Make any repairs that are recommended by the technician.
2. Check the water quality and treatment system to prevent scaling, fouling, or biological growth in the pump's water circuit.

Additional Tips:

- Keep a record of all maintenance and repairs performed on the pumps. This will help you to track the condition of the pump and identify any potential problems early on.
- If you notice any problems with the pump, such as leaks, unusual noises, or reduced performance, have it repaired as soon as possible. Ensure that all maintenance is performed by trained and certified technicians.

E. ELECTRICAL

Electrical Switchgear

Electrical switchgear by its design and construction does not call for maintenance to ensure its function. Routine maintenance is however required to ensure continued safe and efficient operation without loss of supply to the installation. Here is a recommended maintenance plan for electrical switchgears.
The operation and maintenance of electrical equipment presents certain risks, and qualified professionals must perform the work.

Biannual Maintenance:

1. Do not store goods in the electrical rooms. In accordance with electrical code regulations, it is essential to maintain a clearance of at least 3 feet around switchgears.
2. Perform an overall visual inspection Check all indicators, meters, and instruments for proper operation.
3. Make sure all bolted panels are secure. Verify operation of heaters and thermostats, if used.
4. Check for undue noise or vibration that might loosen bolted connections.
5. Look for evidence of moisture in the switchgear.
6. Reach out to a qualified professional if any repair is needed.

Annual Maintenance:

1. Have the electrical switchgears inspected by a qualified professional.
2. Clean switchgear components annually to remove dust, dirt, and other contaminants.

Additional Tips:

- Maintain comprehensive records of all maintenance activities, including inspections, tests, repairs, and replacements.
- Ensure that all maintenance activities comply with relevant industry standards, codes, and regulations.

Fire Alarm System

Maintaining a fire alarm system is critical for the safety of residents. Here is a recommended maintenance plan for a fire alarm system.

Monthly Maintenance:

1. Inspect the fire alarm control panel for any visual indicators of trouble or fault.
2. Check that the panel's display is clear and shows no error messages.
3. Ensure all LED lights and indicators are functioning correctly.
4. Test backup batteries for the fire alarm control panel. Confirm that batteries can sustain the system for the specified duration in the event of a power outage.

Biannual Maintenance:

1. Schedule a professional fire alarm technician to perform a comprehensive inspection to verify the overall condition and functionality of the system.
2. Make any repairs that are recommended by the technician.
3. Verifying that the system is up to code and compliant with local regulations.

Yearly Maintenance:

1. Schedule a professional fire alarm technician to perform a comprehensive testing of all components of the fire alarm system.
2. Make any repairs that are recommended by the technician.

Additional Tips:

- Some jurisdictions require a Certificate of Inspection to be issued to the owner for posting after the annual inspection report has been approved. Failure to do so could result in legal violations and potential penalties.

- Maintain a detailed log of all maintenance and inspections, including dates, findings, and any corrective actions taken. Keep these records in a secure and easily accessible location.

Interior Light

Maintaining interior lights is essential to uphold safety standards, comply with regulations, and extend the lifespan of the lighting systems. Here is a recommended maintenance plan for interior lights.

Regular Maintenance:

1. Test the functionality of each light fixture to identify and replace any flickering or dimming bulbs and burnt-out bulbs promptly.
2. Clean fixtures and diffusers to ensure optimal light output.
3. Verify the functionality of dimmers and switches.
4. Verify that the light fixtures are properly aligned and securely attached.
5. Inspect and replace damaged or worn-out wiring.
6. Replace any light fixtures that show signs of significant wear or are no longer functioning optimally.

Additional Tips:

- Consider replacing existing lighting bulbs with LED bulbs. LED bulbs offer energy efficiency, longer lifespan, and reduced maintenance costs.
- Maintain a detailed log of all maintenance activities, including inspections, repairs, and replacements. This documentation will serve as a reference for future maintenance and provide insights into the performance and condition of the interior lights over time.
- Stay informed about relevant safety regulations and standards. Ensure that the maintenance plan aligns with local codes and requirements.

Exterior Light

Maintaining exterior lights is essential to uphold safety standards, comply with regulations, and extend the lifespan of the lighting systems. Here is a recommended maintenance plan for exterior lights.

Regular Maintenance:

1. Test the functionality of each light fixture to identify and replace any flickering or dimming bulbs and burnt-out bulbs promptly.

2. Inspect for water ingress and corrosion, and repair or replace as needed.
3. Clean lenses and fixtures to maintain brightness.
4. Verify the functionality of dimmers and switches.
5. Verify that the light fixtures are properly aligned and securely attached.
6. Inspect and replace damaged or worn-out wiring.
7. Replace any light fixtures that show signs of significant wear or are no longer functioning optimally.
8. Consider adjusting the placement or angle of lights if new obstructions have developed.
9. Trim trees or plants that may obstruct the light fixtures to enhance visibility.

Additional Tips:

- Consider replacing existing lighting bulbs with LED bulbs. LED bulbs offer energy efficiency, longer lifespan, and reduced maintenance costs.
- Maintain a detailed log of all maintenance activities, including inspections, repairs, and replacements. This documentation will serve as a reference for future maintenance and provide insights into the performance and condition of the exterior lights over time.
- Stay informed about relevant safety regulations and standards. Ensure that the maintenance plan aligns with local codes and requirements.

Exit Light

Maintaining exit lights is essential to uphold safety standards, comply with regulations, and extend the lifespan of the lighting systems. Here is a recommended maintenance plan for exit lights.

Regular Maintenance:

1. Test the functionality of each light fixture for visibility and functionality. Ensure that the exit light is on and clearly visible during normal operating conditions.
2. Clean the fixtures to maintain brightness.
3. Inspect and test back up batteries if applicable.
4. Verify that the light fixtures are properly aligned and securely attached.
5. Inspect and replace damaged or worn-out wiring.
6. Replace damaged or faded exit lights promptly.

Additional Tips:

- Maintain a detailed log of all maintenance activities, including inspections, repairs, and replacements. This documentation will serve as a reference for

future maintenance and provide insights into the performance and condition of the exit lights over time.

- Stay informed about relevant safety regulations and standards. Ensure that the maintenance plan aligns with local codes and requirements.

Emergency Light

Maintaining emergency lights is essential to uphold safety standards, comply with regulations, and extend the lifespan of the lighting systems. Here is a recommended maintenance plan for emergency lights.

Regular Maintenance:

1. Conduct monthly functional tests to ensure immediate operation during power failures.
2. Clean the fixtures to maintain brightness.
3. Verify the battery status and replace as needed.
4. Verify that the light fixtures are properly aligned and securely attached.
5. Inspect and replace damaged or worn-out wiring.
6. Replace damaged or faded emergency lights promptly.

Additional Tips:

- Consider replacing existing emergency lights with LED emergency lights. LED lights offer energy efficiency, longer lifespan, and reduced maintenance costs.
- Maintain a detailed log of all maintenance activities, including inspections, repairs, and replacements. This documentation will serve as a reference for future maintenance and provide insights into the performance and condition of the emergency lights over time.
- Stay informed about relevant safety regulations and standards. Ensure that the maintenance plan aligns with local codes and requirements.

Entry System

Maintaining an entry system is essential for security and convenience of residents. Here is a recommended maintenance plan for an entry system.

Quarterly Maintenance:

1. Inspect the door readers and FOBs for signs of physical damage, loose connections, or signs of tampering. Make repairs as needed.

2. Ensure that all access points are secure and functioning correctly. Address any malfunctioning or damaged FOBs promptly.
3. Clean the FOB readers and access points to remove dirt, dust, or debris.
4. Lubricate moving parts, if applicable, to prevent wear and tear.
5. Test the emergency override system to make sure it is working properly.
6. Schedule regular software updates as recommended by the system's manufacturer or provider. And test the functionality of the updated software to ensure it doesn't introduce new issues.

Yearly Maintenance:

1. Schedule a qualified technician to inspect the entire building entry system, including the door readers, control panels, and wiring.
2. Make any repairs or upgrades that are recommended by the technician.

Additional Tips:

- Maintain a detailed log of all maintenance and inspections, including dates, findings, and any corrective actions taken.

Camera System

Maintaining a camera system is crucial for ensuring the safety and security of the residents and the property. Here is a recommended maintenance plan for a camera system.

Quarterly Maintenance:

1. Conduct a visual inspection of all cameras and their mounting hardware. Check for any signs of physical damage, tampering, or vandalism. Repair or replace damaged components as needed.
2. Clean camera lenses and domes with a soft, lint-free cloth to remove dust, dirt, or smudges that can affect image quality.
3. Ensure all cable connections are secure and undamaged. Loose or frayed cables can result in signal loss or system malfunctions.
4. Examine the Digital Video Recorder (DVR) or Network Video Recorder (NVR) for any warning lights, error messages, or signs of overheating. Make sure it's operating correctly, and all cameras are recording.
5. Check the camera angles and positioning to ensure they cover the intended areas effectively. Make adjustments as needed to account for changes in the building's layout or potential blind spots.
6. Regularly update the camera system's software and firmware to patch security vulnerabilities and improve system performance.

Yearly Maintenance:

1. Schedule a professional to perform a comprehensive testing of the functionality of the entire security system, including camera feeds, motion detection, alarms, and remote access. Address any issues that arise during testing.
2. Inspect and organize wiring, ensuring it is properly secured and protected from environmental factors, such as extreme temperatures or pests.

Additional Tips:

- Maintain a detailed log of all maintenance and inspections, including dates, findings, and any corrective actions taken. Keep these records in a secure and easily accessible location.
- Monitor the legal and privacy regulations related to surveillance in your area to ensure compliance.

IX. INSPECTION OBSERVATION & PHOTOGRAPHS

	**Photo #1:** Elevator cab finishes.
	**Photo #2:** Typical elevator lobby finishes.
	**Photo #3:** Typical hallway finishes.

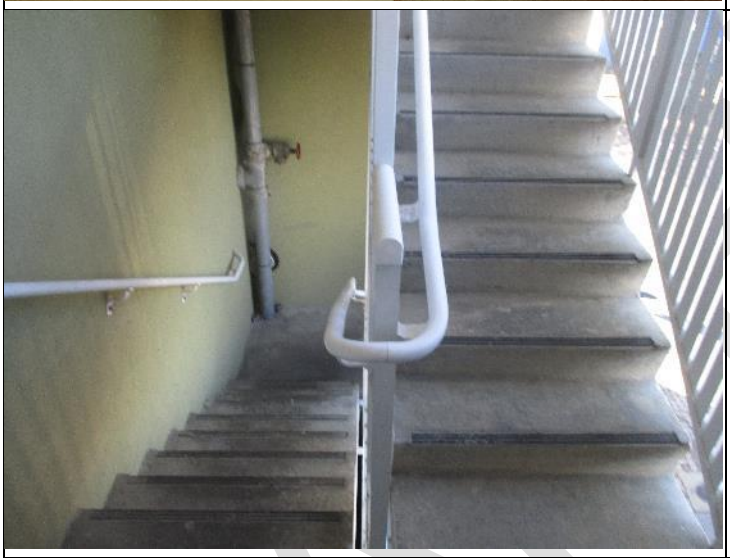
	**Photo #4:** There were inoperable emergency lights noted during our review. We recommend they be tested and replaced where needed.
	**Photo #5:** Rear egress stairwell.
	**Photo #6:** Rear egress stairwell light fixture.

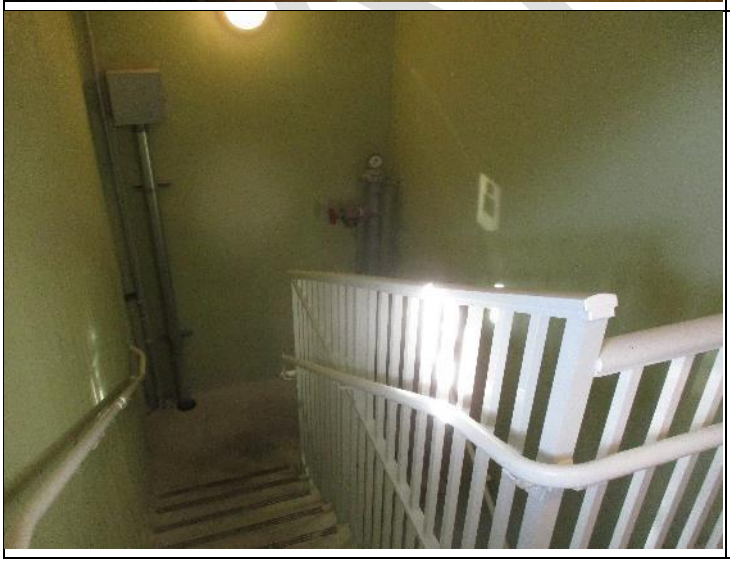
	**Photo #7:** Missing lens noted at the bottom floor of the rear egress stairwell.
	**Photo #8:** Minor deterioration noted to the painted wall finish. Overall, the hallways were in good condition during our review.
	**Photo #9:** Forward egress stair system.

	**Photo #10:** Standing seam metal roof.
	**Photo #11:** Packaged hallway HVAC unit.
	**Photo #12:** Building EPDM roofing.

	**Photo #13:** Some materials have been left on the roof and should be cleared.
	**Photo #14:** We noted cameras throughout the building. No camera monitoring station was discovered during our walkthrough.
	**Photo #15:** Boardwalk egress door.

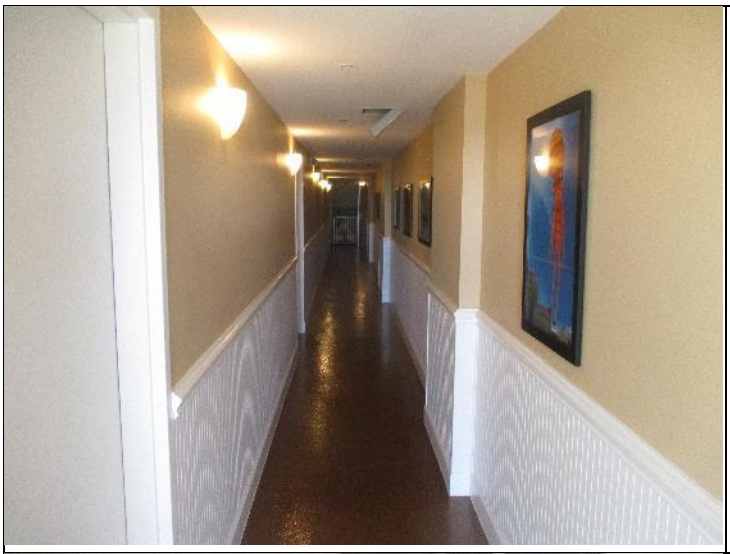
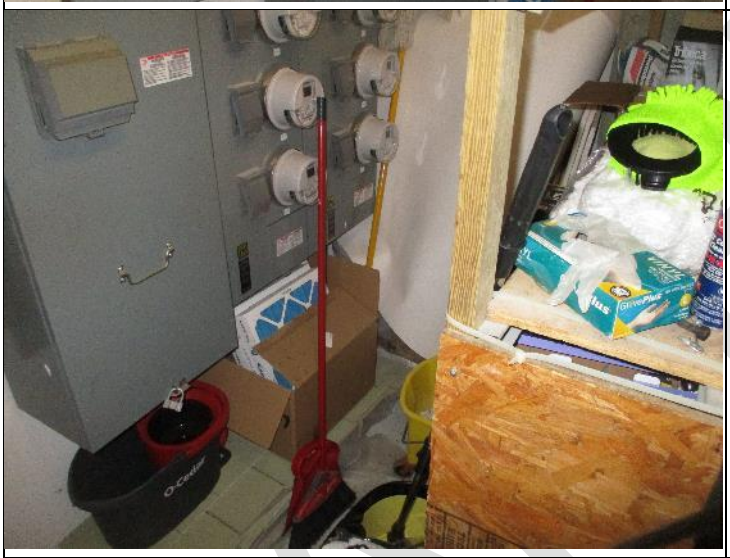
	**Photo #16:** First floor hallway finishes.
	**Photo #17:** Elevator machine room.
	**Photo #18:** First floor elevator lobby.

	**Photo #19:** Storage area.
	**Photo #20:** An apparent leak was noted in the storage area ceiling. We recommend this be monitored and repaired as needed.
	**Photo #21:** Domestic water inline pressure pump and expansion tank.

	**Photo #22:** Fire pump controller.
	**Photo #23:** Fire pump with jockey pump.
	**Photo #24:** Wall heater.

	**Photo #25:** Electrical metering and switchgear.
	**Photo #26:** Electrical code prohibits storage of items within 36” of electrical equipment.
	**Photo #27:** Rear entry lobby.

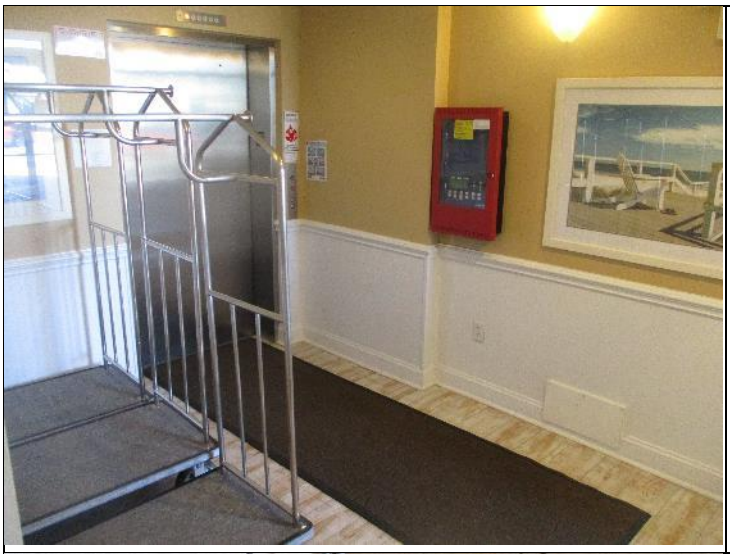
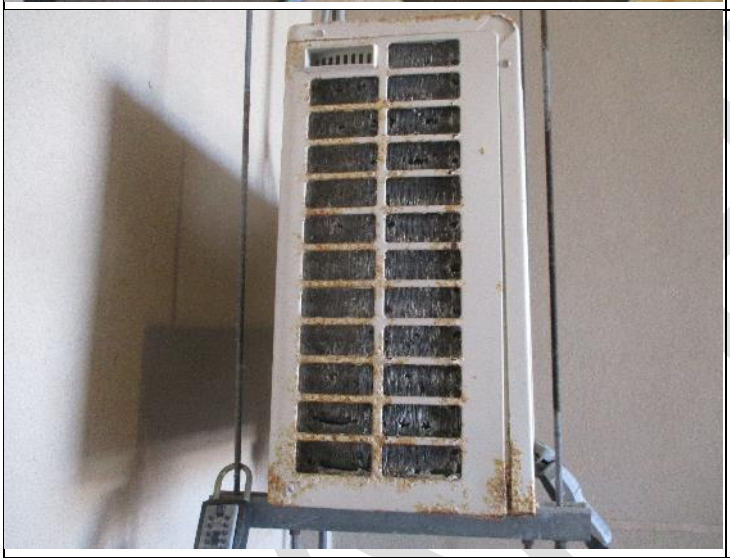
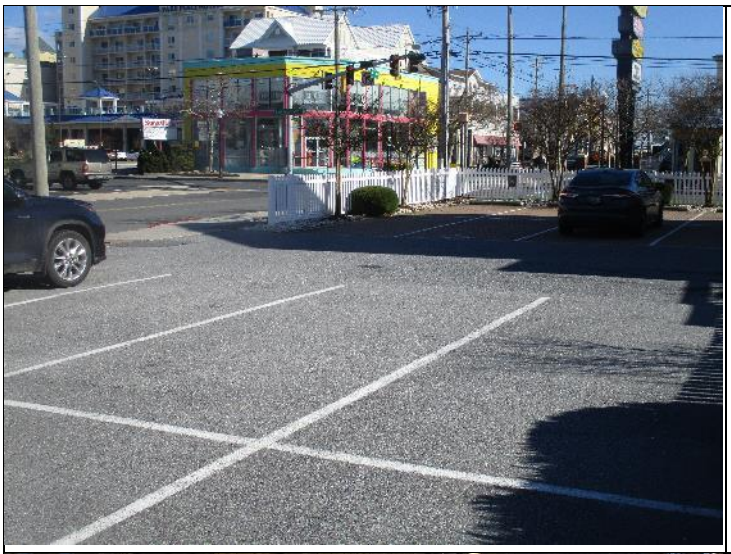
	**Photo #28:** Rear entry lobby. Fire alarm control panel.
	**Photo #29:** Deterioration noted in the mini split outdoor unit casing. Preparation should be made to replace the unit in the near future.
	**Photo #30:** An apparent leak was noted in this area of the rear parking overhang. We recommend this be monitored and repaired if needed.

	**Photo #31:** Building rear entry.
	**Photo #32:** Mailbox cluster.
	**Photo #33:** Some depressions were noted in the rear permeable paver parking.

	**Photo #34:** Building rear.
	**Photo #35:** We were informed during our review this section of siding is scheduled to be replaced.
	**Photo #36:** Minor deterioration noted in the wood trim at the boardwalk egress.

	**Photo #37:** Building parking lot.
	**Photo #38:** Damaged vinyl fencing.