

Sunset Lakes Homeowners' Association, Inc.

September 24, 2025 • Merritt Island, FL

RESERVE STUDY



Sunset Lakes Homeowners' Association, Inc.
Merritt Island, Florida

Dear Board of Directors of Sunset Lakes Homeowners' Association, Inc.:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Reserve Study* of Sunset Lakes Homeowners' Association, Inc. in Merritt Island, Florida and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, September 24, 2025.

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

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

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

Respectfully submitted on October 10, 2025 by

Reserve Advisors, LLC

Visual Inspection and Report by: J.J. Barron
Review by: Kevin Hayes, Regional Engineering Manager
Alan M. Ebert, RS¹, PRA², Director of Quality Assurance



¹ RS (Reserve Specialist) is the reserve provider professional designation of the Community Associations Institute (CAI) representing America's more than 300,000 condominium, cooperative and homeowners associations.

² PRA (Professional Reserve Analyst) is the professional designation of the Association of Professional Reserve Analysts. Learn more about APRA at <http://www.apra-usa.com>.



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1. RESERVE STUDY EXECUTIVE SUMMARY

Client: Sunset Lakes Homeowners' Association, Inc. (Sunset Lakes)

Location: Merritt Island, Florida

Reference: 170990

Property Basics: Sunset Lakes Homeowners' Association, Inc. is responsible for the common elements shared by 469 single family homes. The community was built from 1992 to 2002.

Reserve Components Identified: 27 Reserve Components.

Inspection Date: September 24, 2025. We conducted previous inspections in 2021 and 2022.

Funding Goal: The Funding Goal of this Reserve Study is to maintain reserves above an adequate, not excessive threshold during one or more years of significant expenditures. Our recommended Funding Plan recognizes these threshold funding years in 2039 due to the subsequent repaving of the asphalt pavement and in 2046 due to the subsequent repaving of the asphalt pavement. In addition, the Reserve Funding Plan recommends 2055 year end accumulated reserves of approximately \$1,562,200. We judge this amount of accumulated reserves in 2055 necessary to fund the likely subsequent repaving of the asphalt pavement after 2055. These future needs, although beyond the limit of the Cash Flow Analysis of this Reserve Study, are reflected in the amount of accumulated 2055 year end reserves.

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

- Current and future local costs of replacement
- 2.7% anticipated annual rate of return on invested reserves
- 3.3% future Inflation Rate for estimating Future Replacement Costs

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

Unaudited Cash Status of Reserve Fund:

- \$348,264 as of August 31, 2025
- 2025 budgeted Reserve Contributions of \$218,500
- 2026 budgeted Reserve Contributions of \$226,100

Project Prioritization: We note anticipated Reserve Expenditures for the next 30 years in the **Reserve Expenditures** tables and include a **Five-Year Outlook** table following the **Reserve Funding Plan** in Section 3. We recommend the Association prioritize the following projects in the next five years based on the conditions identified:

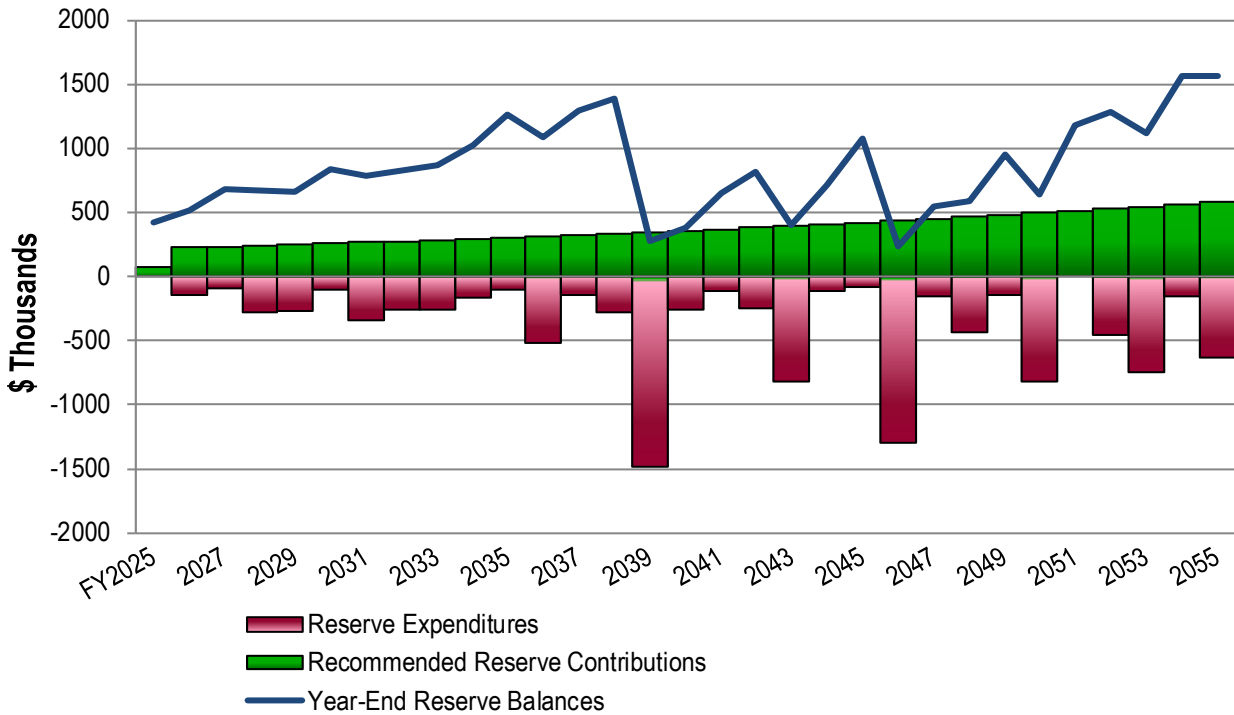
- Catch basin repairs due to noted conditions

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

- Increase Reserve Contributions to \$235,000 in 2027
- Inflationary increases thereafter through 2055, the limit of this study's Cash Flow Analysis
- Initial recommended adjustment in Reserve Contributions of \$8,900 represents an average monthly increase of \$1.58 per owner and about a two percent (1.8%) adjustment in the 2026 Total Budget of \$498,232.

Sunset Lakes Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2026	226,100 (Budgeted)	519,189	2036	314,800	1,086,805	2046	435,500	236,545
2027	235,000	682,156	2037	325,200	1,295,926	2047	449,900	542,769
2028	242,800	666,629	2038	335,900	1,390,293	2048	464,700	588,205
2029	250,800	661,691	2039	347,000	272,054	2049	480,000	947,146
2030	259,100	835,884	2040	358,500	378,399	2050	495,800	644,138
2031	267,700	783,620	2041	370,300	653,336	2051	512,200	1,180,644
2032	276,500	823,727	2042	382,500	812,683	2052	529,100	1,284,464
2033	285,600	871,569	2043	395,100	402,641	2053	546,600	1,118,992
2034	295,000	1,025,674	2044	408,100	716,042	2054	564,600	1,567,740
2035	304,700	1,261,218	2045	421,600	1,080,716	2055	583,200	1,562,222





2. RESERVE STUDY REPORT

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

Sunset Lakes Homeowners' Association, Inc.

Merritt Island, Florida

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, September 24, 2025. We conducted previous inspections in 2021 and 2022.

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

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

IDENTIFICATION OF PROPERTY



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

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

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

We advise the Board conduct an annual review of these classes of property to confirm its policy concerning the manner of funding, i.e., from reserves or the operating budget. Reserve Components are defined by CAI as property elements with:

- Sunset Lakes responsibility
- Limited useful life expectancies
- Predictable remaining useful life expectancies
- Replacement cost above a minimum threshold

The following tables depict the items excluded from the Reserve Expenditure plan:

Excluded Components

for
Sunset Lakes
Homeowners' Association, Inc.
Merritt Island, Florida

Operating Budget Components

Repairs normally funded through the Operating Budget and Expenditures less than \$4,000 (These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.)

The operating budget provides money for the repair and replacement of certain Reserve Components. The Association may develop independent criteria for use of operating and reserve funds.

- Basketball Goal
- Catch Basins, Landscape
- Dock, Bridges and Piers, Interim Repairs and Paint Finish Applications
- Gate House, Interior Renovations
- Gate House, Metal Roof
- Gate House, Paint Finishes
- Gate House, Windows and Doors
- Irrigation System, Controls and Maintenance
- Landscape
- Light Fixtures and Poles, Main Entrance
- Nets and Posts, Tennis Courts
- Paint Finishes, Touch Up
- Signage, Street and Traffic
- Timber Border, Playground, Interim Replacements

Long-Lived Components

These elements may not have predictable Remaining Useful Lives or their replacement may occur beyond the scope of this study. The operating budget should fund infrequent repairs. Funding untimely or unexpected replacements from reserves will necessitate increases to Reserve Contributions. Periodic updates of this Reserve Study will help determine the merits of adjusting the Reserve Funding Plan.

Useful Life

Estimated Cost

- | | | |
|--|---------------|-----|
| • Electrical Systems, Common | to 70+ | N/A |
| • Inlet/Outlet Structures, Concrete, Storm Water Management System | Indeterminate | N/A |
| • Pipes, Subsurface Utilities, Storm Water Management System | to 85+ | N/A |

Owners Responsibility Components

Certain items have been designated as the responsibility of the Owners to repair or replace at their cost, including items billed back.

- Homes and Lots (Including Fences and Driveways)

Excluded Components
for
Sunset Lakes
Homeowners' Association, Inc.
Merritt Island, Florida

Others Responsibility Components	
Certain items have been designated as the responsibility of Others to repair or replace.	
• Light Poles and Fixtures¹ • Mailboxes² • Pipes, Subsurface Utilities, Water and Sewer³	
¹ Florida Power & Light	
² United States Postal Service	
³ Brevard County Utility Services	

3. RESERVE EXPENDITURES and FUNDING PLAN

The tables following this introduction present:

Reserve Expenditures

- Line item numbers
- Total quantities
- Quantities replaced per phase (in a single year)
- Reserve component inventory
- Estimated first year of event (i.e., replacement, application, etc.)
- Life analysis showing
 - useful life
 - remaining useful life
- 2025 local cost of replacement
 - Per unit
 - Per phase
 - Replacement of total quantity
- Percentage of future expenditures anticipated during the next 30 years
- Schedule of estimated future costs for each reserve component including inflation

Reserve Funding Plan

- Reserves at the beginning of each year
- Total recommended reserve contributions
- Estimated interest earned from invested reserves
- Anticipated expenditures by year
- Anticipated reserves at year end

Five-Year Outlook

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

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

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

RESERVE EXPENDITURES

Sunset Lakes
Homeowners' Association, Inc.
Merritt Island, Florida

Explanatory Notes:

- 1) 3.3% is the estimated Inflation Rate for estimating Future Replacement Costs.
2) FY2025 is Fiscal Year beginning January 1, 2025 and ending December 31, 2025.

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis		Costs, \$			Percentage of Future Expenditures	RUL = 0 FY2025	1 2026	2 2027	3 2028	4 2029	5 2030	6 2031	7 2032	8 2033	9 2034	10 2035	11 2036	12 2037	13 2038	14 2039	15 2040	
						Useful Years	Remaining	Unit (2025)	Per Phase (2025)	Total (2025)																		
Property Site Elements																												
4.020	64,900	64,900	Square Yards	Asphalt Pavement, Patch	2027	3 to 5	2	1.00	64,900	64,900	7.3%			69,254					81,460					92,757				
4.031	20,800	20,800	Square Yards	Asphalt Pavement, HA5 Application, Killarney Court & Sunset Lakes Drive	2029	to 7	4	3.70	76,960	76,960	4.7%					87,633								109,994				
4.035	44,100	44,100	Square Yards	Asphalt Pavement, HA5 Application, Remaining Locations	2029	to 7	4	3.70	163,170	163,170	9.9%					185,798								233,208				
4.040	44,100	44,100	Square Yards	Asphalt Pavement, Mill and Overlay, Remaining Locations	2039	15 to 20	14	21.00	926,100	926,100	13.4%															1,459,024		
4.041	20,800	20,800	Square Yards	Asphalt Pavement, Mill and Overlay, Killarney Court & Sunset Lakes Drive, Remaining (2026 is Planned)	2026	15 to 20	1	21.00	436,800	436,800	9.0%		112,804															
4.091	1,400	1,400	Square Feet	Bridges, Wood	2031	25 to 30	6	65.00	91,000	91,000	1.0%							110,572										
4.100	72	36	Each	Catch Basins, Inspections and Capital Repairs, Phased (2026 is Planned)	2026	15 to 20	1 to 2	840.00	30,240	60,480	1.4%		31,238															
4.108	59,100	1,265	Square Feet	Concrete Aprons, Partial, Phased	2028	to 65	3 to 30+	13.00	16,442	768,300	3.7%				18,124		19,340		20,637		22,022		23,499		25,075		26,758	
4.110	47,800	854	Linear Feet	Concrete Gutters, Partial, Phased	2028	to 65	3 to 30+	50.00	42,702	2,390,000	9.5%				47,070		50,228		53,598		57,193		61,030		65,125		69,494	
4.140	216,400	5,410	Square Feet	Concrete Sidewalks, Partial, Phased	2028	to 65	3 to 30+	12.00	64,920	2,596,800	10.6%				71,562			78,882		86,952			95,848				105,653	
4.151	2,100	2,100	Square Feet	Dock and Piers, Wood	2053	25 to 30	28	70.00	147,000	147,000	3.3%																	
4.220	1,000	1,000	Linear Feet	Fence, Chain Link, Offsite Pond	2033	to 30	8	24.00	24,000	24,000	0.3%									31,118								
4.300	1	1	Allowance	Gate Cameras	2040	10 to 15	15	6,200.00	6,200	6,200	0.2%																10,090	
4.310	1	1	Allowance	Gate Entry Systems	2033	10 to 15	8	24,000.00	24,000	24,000	0.8%									31,118								
4.320	7	7	Each	Gate Operators	2033	to 10	8	4,300.00	30,100	30,100	1.5%									39,027								
4.330	7	7	Each	Gates	2032	to 20	7	7,000.00	49,000	49,000	1.6%								61,503									
4.360	2	1	Each	Gazebos, Phased	2030	to 25	5 to 15	30,000.00	30,000	60,000	1.5%						35,288										48,823	
4.420	1	1	Allowance	Irrigation System	2042	to 40+	17	63,000.00	63,000	63,000	1.0%																	
4.630	2	2	Each	Pavilions, Renovation	2039	to 25	14	9,000.00	18,000	18,000	0.3%															28,358		
4.660	1	1	Allowance	Playground Equipment (Includes Site Furniture)	2035	15 to 20	10	60,000.00	60,000	60,000	2.2%											83,015						
4.710	25,560	2,045	Linear Feet	Ponds, Erosion Control, Partial	2028	5 to 10	3 to 30+	60.00	122,688	1,533,600	11.6%				135,239				159,076						187,114			
4.730	139,070	6,954	Square Yards	Ponds, Sediment Removal, Partial	2031	to 30	6 to 30+	18.00	125,163	2,503,260	1.4%						152,082											
4.800	2	1	Allowance	Signage, Monuments, Renovation (Incl. Island Estates), Phased	2035	15 to 20	10 to 20	12,000.00	12,000	24,000	0.7%											16,603						
4.830	1,760	1,760	Square Yards	Sport Courts, Tennis and Basketball, Color Coat	2027	4 to 6	2	10.00	17,600	17,600	1.3%			18,781					17,673					25,985				
4.840	440	440	Linear Feet	Sport Courts, Tennis, Fence	2037	to 25	12	40.00	17,600	17,600	0.2%													25,985				
4.860	315	315	Square Yards	Sport Courts, Basketball, Surface Replacement	2032	to 25	7	58.00	18,270	18,270	0.2%								22,932									
4.861	1,445	1,445	Square Yards	Sport Courts, Tennis, Surface Replacement	2047	to 25	22	50.00	72,250	72,250	1.4%																	
	1	1	Allowance	Reserve Study Update with Site Visit	2028	2	3	3,900.00	3,900	3,900	0.0%					4,299												
Anticipated Expenditures, By Year (\$10,900,885 over 30 years)												0	144,042	88,035	276,293	273,431	104,855	341,536	257,803	260,340	166,167	99,618	520,489	147,817	277,314	1,487,382	260,819	

RESERVE EXPENDITURES

Sunset Lakes
Homeowners' Association, Inc.
Merritt Island, Florida

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis Years		Costs, \$			Percentage of Future Expenditures	16 2041	17 2042	18 2043	19 2044	20 2045	21 2046	22 2047	23 2048	24 2049	25 2050	26 2051	27 2052	28 2053	29 2054	30 2055	
						Useful	Remaining	Unit (2025)	Per Phase (2025)	Total (2025)																	
Property Site Elements																											
4.020	64,900	64,900	Square Yards	Asphalt Pavement, Patch	2027	3 to 5	2	1.00	64,900	64,900	7.3%	109,106					128,337				146,134					171,891	
4.031	20,800	20,800	Square Yards	Asphalt Pavement, HA5 Application, Killarney Court & Sunset Lakes Drive	2029	to 7	4	3.70	76,960	76,960	4.7%			138,061							173,290						
4.035	44,100	44,100	Square Yards	Asphalt Pavement, HA5 Application, Remaining Locations	2029	to 7	4	3.70	163,170	163,170	9.9%			292,716							367,408						
4.040	44,100	44,100	Square Yards	Asphalt Pavement, Mill and Overlay, Remaining Locations	2039	15 to 20	14	21.00	926,100	926,100	13.4%																
4.041	20,800	20,800	Square Yards	Asphalt Pavement, Mill and Overlay, Killarney Court & Sunset Lakes Drive, Remaining (2026 is Planned)	2026	15 to 20	1	21.00	436,800	436,800	9.0%						863,753										
4.091	1,400	1,400	Square Feet	Bridges, Wood	2031	25 to 30	6	65.00	91,000	91,000	1.0%																
4.100	72	36	Each	Catch Basins, Inspections and Capital Repairs, Phased (2026 is Planned)	2026	15 to 20	1 to 2	840.00	30,240	60,480	1.4%					57,888	59,798										
4.108	59,100	1,265	Square Feet	Concrete Aprons, Partial, Phased	2028	to 65	3 to 30+	13.00	16,442	768,300	3.7%		28,553		30,468		32,513		34,694		37,021		39,505		42,155		
4.110	47,800	854	Linear Feet	Concrete Gutters, Partial, Phased	2028	to 65	3 to 30+	50.00	42,702	2,390,000	9.5%		74,156		79,131		84,440		90,105		96,150		102,601		109,484		
4.140	216,400	5,410	Square Feet	Concrete Sidewalks, Partial, Phased	2028	to 65	3 to 30+	12.00	64,920	2,596,800	10.6%			116,462			128,376		141,510				155,987			171,944	
4.151	2,100	2,100	Square Feet	Dock and Piers, Wood	2053	25 to 30	28	70.00	147,000	147,000	3.3%												364,860				
4.220	1,000	1,000	Linear Feet	Fence, Chain Link, Offsite Pond	2033	to 30	8	24.00	24,000	24,000	0.3%																
4.300	1	1	Allowance	Gate Cameras	2040	10 to 15	15	6,200.00	6,200	6,200	0.2%															16,421	
4.310	1	1	Allowance	Gate Entry Systems	2033	10 to 15	8	24,000.00	24,000	24,000	0.8%								50,643								
4.320	7	7	Each	Gate Operators	2033	to 10	8	4,300.00	30,100	30,100	1.5%			53,997									74,709				
4.330	7	7	Each	Gates	2032	to 20	7	7,000.00	49,000	49,000	1.6%											117,735					
4.360	2	1	Each	Gazebos, Phased	2030	to 25	5 to 15	30,000.00	30,000	60,000	1.5%															79,457	
4.420	1	1	Allowance	Irrigation System	2042	to 40+	17	63,000.00	63,000	63,000	1.0%		109,407														
4.630	2	2	Each	Pavilions, Renovation	2039	to 25	14	9,000.00	18,000	18,000	0.3%																
4.660	1	1	Allowance	Playground Equipment (Includes Site Furniture)	2035	15 to 20	10	60,000.00	60,000	60,000	2.2%															158,914	
4.710	25,560	2,045	Linear Feet	Ponds, Erosion Control, Partial	2028	5 to 10	3 to 30+	60.00	122,688	1,533,600	11.6%			220,094					258,887				304,517				
4.730	139,070	6,954	Square Yards	Ponds, Sediment Removal, Partial	2031	to 30	6 to 30+	18.00	125,163	2,503,260	1.4%																
4.800	2	1	Allowance	Signage, Monuments, Renovation (Incl. Island Estates), Phased	2035	15 to 20	10 to 20	12,000.00	12,000	24,000	0.7%					22,971										31,783	
4.830	1,760	1,760	Square Yards	Sport Courts, Tennis and Basketball, Color Coat	2027	4 to 6	2	10.00	17,600	17,600	1.3%		30,565					6,471				42,288					
4.840	440	440	Linear Feet	Sport Courts, Tennis, Fence	2037	to 25	12	40.00	17,600	17,600	0.2%																
4.860	315	315	Square Yards	Sport Courts, Basketball, Surface Replacement	2032	to 25	7	58.00	18,270	18,270	0.2%																
4.861	1,445	1,445	Square Yards	Sport Courts, Tennis, Surface Replacement	2047	to 25	22	50.00	72,250	72,250	1.4%							147,586									
	1	1	Allowance	Reserve Study Update with Site Visit	2028	2	3	3,900.00	3,900	3,900	0.0%																
Anticipated Expenditures, By Year (\$10,900,885 over 30 years)												109,106	242,681	821,330	109,600	80,859	1,297,217	154,057	434,329	141,510	820,004	0	458,116	744,086	151,640	630,410	

RESERVE FUNDING PLAN

CASH FLOW ANALYSIS		Individual Reserve Budgets & Cash Flows for the Next 30 Years															
Sunset Lakes																	
Homeowners' Association, Inc.																	
Merritt Island, Florida		FY2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Reserves at Beginning of Year	(Note 1)	348,264	424,560	519,189	682,156	666,629	661,691	835,884	783,620	823,727	871,569	1,025,674	1,261,218	1,086,805	1,295,926	1,390,293	272,054
Total Recommended Reserve Contributions	(Note 2)	72,833	226,100	235,000	242,800	250,800	259,100	267,700	276,500	285,600	295,000	304,700	314,800	325,200	335,900	347,000	358,500
Estimated Interest Earned, During Year	(Note 3)	3,462	12,571	16,002	17,966	17,693	19,948	21,572	21,410	22,582	25,272	30,462	31,276	31,738	35,781	22,143	8,664
Anticipated Expenditures, By Year		0	(144,042)	(88,035)	(276,293)	(273,431)	(104,855)	(341,536)	(257,803)	(260,340)	(166,167)	(99,618)	(520,489)	(147,817)	(277,314)	(1,487,382)	(260,819)
Anticipated Reserves at Year End		<u>\$424,560</u>	<u>\$519,189</u>	<u>\$682,156</u>	<u>\$666,629</u>	<u>\$661,691</u>	<u>\$835,884</u>	<u>\$783,620</u>	<u>\$823,727</u>	<u>\$871,569</u>	<u>\$1,025,674</u>	<u>\$1,261,218</u>	<u>\$1,086,805</u>	<u>\$1,295,926</u>	<u>\$1,390,293</u>	<u>\$272,054</u>	<u>\$378,399</u>
		(NOTE 5)															

(continued)		Individual Reserve Budgets & Cash Flows for the Next 30 Years, Continued															
		2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	
Reserves at Beginning of Year		378,399	653,336	812,683	402,641	716,042	1,080,716	236,545	542,769	588,205	947,146	644,138	1,180,644	1,284,464	1,118,992	1,567,740	
Total Recommended Reserve Contributions		370,300	382,500	395,100	408,100	421,600	435,500	449,900	464,700	480,000	495,800	512,200	529,100	546,600	564,600	583,200	
Estimated Interest Earned, During Year		13,743	19,528	16,188	14,901	23,933	17,546	10,381	15,065	20,451	21,196	24,306	32,836	32,014	35,788	41,692	
Anticipated Expenditures, By Year		(109,106)	(242,681)	(821,330)	(109,600)	(80,859)	(1,297,217)	(154,057)	(434,329)	(141,510)	(820,004)	0	(458,116)	(744,086)	(151,640)	(630,410)	
Anticipated Reserves at Year End		<u>\$653,336</u>	<u>\$812,683</u>	<u>\$402,641</u>	<u>\$716,042</u>	<u>\$1,080,716</u>	<u>\$236,545</u>	<u>\$542,769</u>	<u>\$588,205</u>	<u>\$947,146</u>	<u>\$644,138</u>	<u>\$1,180,644</u>	<u>\$1,284,464</u>	<u>\$1,118,992</u>	<u>\$1,567,740</u>	<u>\$1,562,222</u>	
		(NOTE 5)															
		(NOTE 4)															

Explanatory Notes:

- 1) Year 2025 starting reserves are as of August 31, 2025; FY2025 starts January 1, 2025 and ends December 31, 2025.
- 2) Reserve Contributions for 2025 are the remaining budgeted 4 months; 2026 is budgeted; 2027 is the first year of recommended contributions.
- 3) 2.7% is the estimated annual rate of return on invested reserves; 2025 is a partial year of interest earned.
- 4) Accumulated year 2055 ending reserves consider the need to fund for subsequent repaving of the asphalt pavement shortly after 2055, and the age, size, overall condition and complexity of the property.
- 5) Threshold Funding Years (reserve balance at critical point).

FIVE-YEAR OUTLOOK**Sunset Lakes
Homeowners' Association, Inc.**
Merritt Island, Florida

Line Item	Reserve Component Inventory	RUL = 0 FY2025	1 2026	2 2027	3 2028	4 2029	5 2030
Property Site Elements							
4.020	Asphalt Pavement, Patch			69,254			
4.031	Asphalt Pavement, HA5 Application, Killarney Court & Sunset Lakes Drive					87,633	
4.035	Asphalt Pavement, HA5 Application, Remaining Locations					185,798	
4.041	Asphalt Pavement, Mill and Overlay, Killarney Court & Sunset Lakes Drive, Remaining (2026 is Planned)		112,804				
4.100	Catch Basins, Inspections and Capital Repairs, Phased (2026 is Planned)		31,238				
4.108	Concrete Aprons, Partial, Phased				18,124		19,340
4.110	Concrete Gutters, Partial, Phased				47,070		50,228
4.140	Concrete Sidewalks, Partial, Phased				71,562		
4.360	Gazebos, Phased						35,288
4.710	Ponds, Erosion Control, Partial				135,239		
4.830	Sport Courts, Tennis and Basketball, Color Coat			18,781			
	Reserve Study Update with Site Visit				4,299		
Anticipated Expenditures, By Year (\$886,656 over 5 years)		0	144,042	88,035	276,293	273,431	104,855

4. RESERVE COMPONENT DETAIL

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

Property Site Elements

Asphalt Pavement

Line Items: 4.020 through 4.041

Quantity: Approximately 64,900 square yards of total pavement

History:

- Repaving: The Association informs us that sections were repaved in 2019 and 2025. The Association also informs us of plans to repave Killarney Court and Sunset Lakes Drive in 2026 following repairs to drainage issues on Killarney Court also planned for 2026.
- Repairs: Varies.

Condition: Good to fair overall with isolated previous repairs evident



Pavement overview



Pavement overview



Pavement overview



Pavement overview



Pavement overview



Pavement overview



Pavement overview



Pavement overview with previous repairs



Pavement overview



Pavement overview with previous repairs



Pavement overview



Pavement overview



Pavement overview



Pavement overview

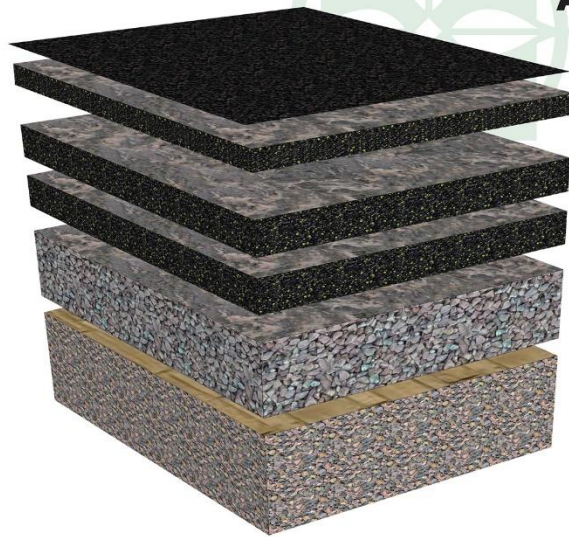


Pavement overview

Useful Life: 15- to 20-years with the benefit of patch repairs events every three- to five-years and at the request of the Association, we include HA5 applications every seven years.

Component Detail Notes: Proposals for seal coat applications should include patch repairs. The contractor should only apply seal coat applications after repairs are completed. A seal coat does not bridge or close cracks, therefore, unrepaired cracks render the seal coat applications useless.

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



ASPHALT DIAGRAM

Sealcoat or Wearing Surface

Asphalt Overlay Not to Exceed
1.5 inch Thickness per Lift or Layer

Original Pavement Inspected and
milled until sound pavement is found,
usually comprised of two layers

Compacted Crushed Stone or Aggregate Base

**Subbase of Undisturbed
Native Soils** Compacted to
95% dry density

© Reserve Advisors

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

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

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

Priority: Defer only upon opinion of independent professional or engineer

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

two percent (2%) of the pavement. Our cost for milling and overlayment includes area patching of up to ten percent (10%).

Bridges, Wood

Line Item: 4.091

Quantity: Approximately 1,400 square feet of wood bridges atop wood pilings in the amenity area on Sunflower Circle

History: Original; with a history of repairs and paint finishes, funded through the operating budget

Condition: Fair overall with isolated wood deterioration evident



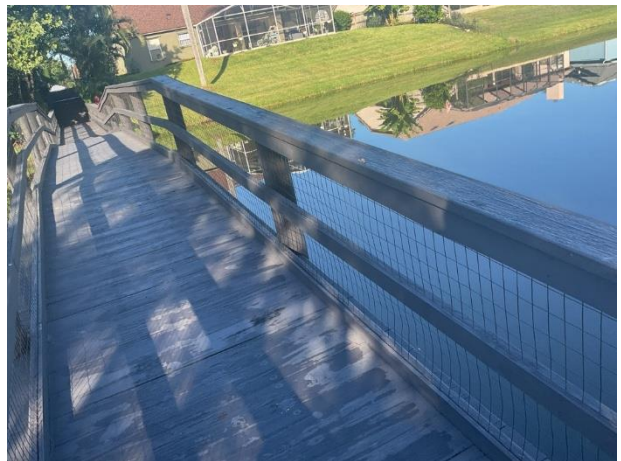
Wooden bridge overview



Wooden bridge overview



Wooden bridge overview



Wooden bridge overview



Wooden bridge overview



Wooden bridge overview



Wooden bridge overview



Wooden bridge overview



Wood deterioration



Wood deterioration

Useful Life: 25- to 30-years

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our estimate of cost includes replacement of the wood

decking, framing and railings, and up to twenty-five percent (25%) of the wood pilings. We suggest the Association fund interim repairs and paint finish applications through the operating budget as necessary.

The Association may consider composite decking at the time of replacement. The composition of composite materials typically includes a combination of wood waste material, plastic and recycled materials. These composite materials are low maintenance and do not split, cup or splinter. Composite materials do not require periodic stain or sealer applications.

Composite materials are not structural components and therefore require traditional framing members, such as wood. In addition, some manufacturers require closer spacing of framing components to minimize sagging

Catch Basins

Line Item: 4.100

Quantity: 72 catch basins¹

History: Varies. The Association informs us of various repairs complete in 2023 and 2024. The Association also informs us of repairs for catch basins on Killarney Court planned for 2026 due to drainage issues

Condition: Good to fair overall excluding the catch basin on Kilarney Court



Catch basin



Catch basin

¹ We utilize the terminology catch basin to refer to all storm water collection structures including curb inlets.



Catch basin



Catch basin

Useful Life: The useful life of catch basins is up to 65 years. However, achieving this useful life usually requires interim capital repairs or partial replacements every 15- to 20-years.

Component Detail Notes: Erosion causes settlement around the collar of catch basins. Left unrepaired, the entire catch basin will shift and need replacement.

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

- Annually:
 - Inspect and repair any settlement and collar cracks
 - Ensure proper drainage and inlets are free of debris
 - If property drainage is not adequate in heavy rainfall events, typically bi-annual cleaning of the catch basins is recommended

Priority: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We recommend the Association plan for inspections and capital repairs to the catch basins in conjunction with repaving.

Concrete Aprons

Line Item: 4.108

Quantity: Approximately 59,100 square feet

Condition: Good to fair overall with isolated cracks evident.



Concrete apron



Concrete apron



Concrete apron



Concrete apron



Apron cracks

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

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

- Annually:

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

Priority: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We estimate that up to 17,706 square feet of concrete aprons, or thirty percent (30%) of the total, will require replacement during the next 30 years.

Concrete Curbs and Gutters

Line Item: 4.110

Quantity: Approximately 47,800 linear feet

Condition: Good to fair overall with isolated cracks evident.



Concrete curb and gutter



Concrete curb and gutter



Concrete curb and gutter kilarney



Concrete curb and gutter



Concrete curb and gutter



Concrete cracks



Concrete cracks



Concrete cracks

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

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

- Annually:

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

Priority: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We estimate that up to 11,956 linear feet of curbs and gutters, or twenty-five percent (25%) of the total, will require replacement during the next 30 years.

Concrete Sidewalks

Line Item: 4.140

Quantity: Approximately 216,400 square feet

Condition: Good to fair overall with isolated cracks evident.



Concrete sidewalk



Concrete sidewalk



Concrete sidewalk



Concrete sidewalk



Concrete sidewalk



Concrete sidewalk



Concrete sidewalk



Concrete sidewalk



Concrete sidewalk



Concrete sidewalk



Concrete sidewalk



Sidewalk cracks

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

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

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

Priority: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We estimate that up to 54,100 square feet of concrete sidewalks, or twenty-five percent (25%) of the total, will require replacement during the next 30 years.

Dock and Piers, Wood

Line Item: 4.151

Quantity: Approximately 1,900 square feet of wood decking atop wood pilings. One large pier is located in Island Estates on the Indian River. One small pier is located in a pond behind Sunbeam Court, and a small dock is located in the amenity area on Sunflower Circle.

History: Original. The large pier located in Island Estates on the Indian River was replaced in 2023

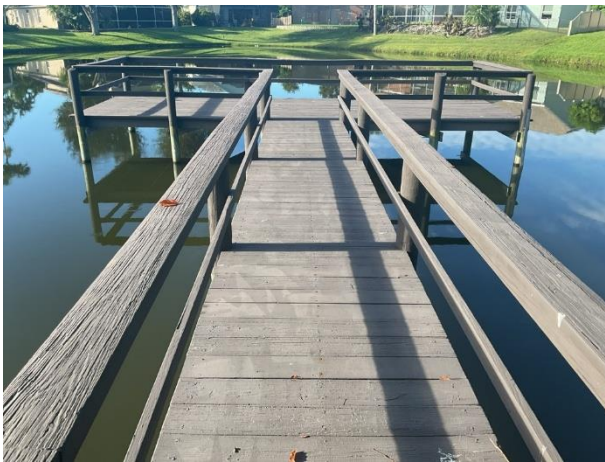
Condition: Good to fair overall with no significant deterioration evident



Dock with wood decking



Dock with wood decking



Dock with wood decking



Dock with wood decking



Dock with wood decking



Dock with wood decking



Dock with wood decking



Dock with wood decking



Dock with wood decking



Dock with wood decking

Useful Life: 25- to 30- years

Priority: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our estimate of cost includes replacement of the wood

decking, framing, railings and gazebo, and up to twenty-five percent (25%) of the wood pilings. We suggest the Association fund interim repairs and paint finish applications through the operating budget as necessary. As previously noted with the Bridges, the Association may consider composite decking at the time of replacement

Fence, Chain Link

Line Item: 4.220

Quantity: Approximately 1,000 linear feet

History: Original. The Association informs us of partial replacements in 2023

Condition: Good to fair overall



Chain link fence



Chain link fence



Chain link fence



Chain link fence

Useful Life: Up to 30 years

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

- Annually:
 - Inspect and repair loose sections, and damage
 - Repair leaning sections and clear vegetation from fence areas which could cause damage

Priority: Per Board discretion

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

Gate Entry System

Line Items: 4.300 and 4.310

Quantity: The gate entry system consists of the following:

- Intercom panels
- Cameras
- Clicker systems
- Barcode scanners

History: Varies. The barcode scanner was installed in 2023

Condition: Reported in satisfactory overall condition



Gate entry callbox



Gate entry keypad



Gate entry barcode scanner

Useful Life: 10- to 15-years

Preventative Maintenance Notes: We recommend the Association obtain and adhere to the manufacturer's recommended maintenance plan. The required preventative maintenance may vary in frequency and scope based on the unit's age, operational condition, or changes in technology. We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Monthly:
 - Inspect panel for damage and ensure the panel is mounted securely, tighten or replace any loose or damaged fasteners.
 - Inspect panel for proper operation of buttons, displays, microphone and speaker.
- Annually:
 - Check power connections, and if applicable, functionality of battery power supply systems

Priority: Per Board discretion

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

Gates and Operators

Line Items: 4.320 and 4.330

Quantity: Seven gates and seven operators

History:

- Gates: Original
- Operators: Replaced all in 2023.

Condition:

- Gates: Good to fair overall condition

- Operators: Reported in satisfactory overall condition



Aluminum gates



Aluminum gate



Aluminum gate



Aluminum gates



Aluminum gates



Aluminum gates



Aluminum gate



Aluminum gates



Swing arm operator



Swing arm operator



Swing arm operator

Useful Life: Up to 10 years for the operators and up to 20 years for the gates

Preventative Maintenance Notes: The status of preventative maintenance was unavailable to us during our inspection. We recommend the Association obtain and adhere to the manufacturer's recommended maintenance plan. We also recommend the

Association maintain a maintenance contract with a qualified professional. The required preventative maintenance may vary in frequency and scope based on the unit's age, operational condition, or changes in technology. We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Semi-annually:
 - Ensure gates operate freely
 - Inspect for any wear, rust and loose fasteners
 - Inspect and correct tension in belts and chains, and lubricate hinges and chains as necessary
 - Check alignment of pulleys
 - Check for no oil leakage at the gear box
 - Check the control board for water damage. Clean and remove insects and other pests as needed.
 - Check all wiring for insulation damage and loose connections. If applicable, check functionality of battery power supply systems

Priority: Not recommended to defer

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

Gazebo

Line Item: 4.360

Quantity: Two each

History: Varies

Condition: Good to fair overall



Gazebo overview



Gazebo overview



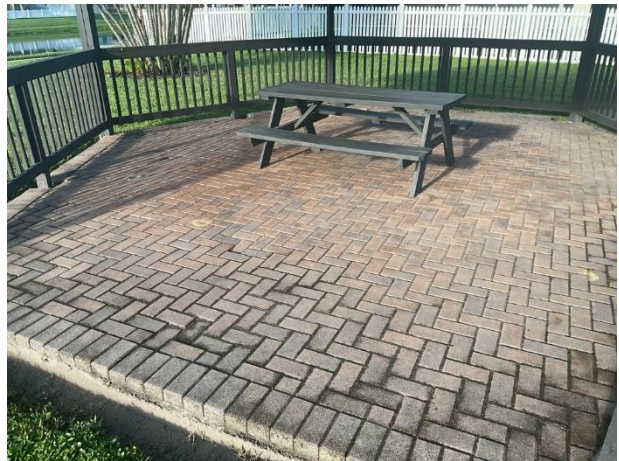
Gazebo metal roof



Gazebo shingle roof



Gazebo railings



Gazebo paver decking

Useful Life: Up to 25 years with periodic maintenance

Priority: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We recommend the Association budget for paint applications and repairs through the operating budget.

Irrigation System, Replacement

Line Item: 4.420

Quantity: Common irrigated areas comprise the amenity area on Sunflower Court and the entrances and small parks throughout the community.

History: Original

Condition: Satisfactory operational condition and Management and the Board does not report any deficiencies



Useful Life: Up to and sometimes beyond 40 years

Component Detail Notes: Irrigation systems typically include the following components:

- Electronic controls (timer)
- Impact rotors
- Network of supply pipes
- Pop-up heads
- Valves

Sunset Lakes should anticipate interim and partial replacements of the system network supply pipes and other components as normal maintenance to maximize the useful life of the irrigation system. The Association should fund these ongoing seasonal repairs through the operating budget.

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

- Semi-annually:
 - Conduct seasonal repairs which includes valve repairs, controller repairs, partial head replacements and pipe repairs
 - Blow out irrigation water lines and drain building exterior faucets each fall if applicable

Priority: Defer only upon opinion of independent professional or engineer

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

Pavilions, Renovation

Line Item: 4.630

Quantity: Two each

History: Original. The roofs were replaced in 2024

Condition: Good to fair overall



Pavilion overview



Pavilion shingle roof



Pavilion roof structure



Pavilion overview

Useful Life: Up to 25 years with periodic maintenance

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

- Annually:
 - Inspect for wood deterioration, and loose or missing fasteners
- Every three years:
 - Power wash with algaecide and application of sealer/stain

Priority: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We recommend the Association budget for paint applications and repairs through the operating budget. Our estimated cost for renovation comes from information provided by the Association and includes:

- Replacement of the asphalt shingle roofs
- Replacement of the concrete pads
- Partial replacement of deteriorated wood components

Playground Equipment

Line Item: 4.660

Quantity: Playground equipment includes the following elements:

- Swing sets (including swings located at gazebo)
- Playsets
- Border, Timber
- Picnic tables
- Trash receptacles

Condition: Good to fair overall with isolated biological growth evident

History: Mostly replaced in 2017, with the exception of the swing set located at the gazebo which was replaced in approximately 2015.



Playground equipment



Playground equipment



Playground equipment



Playground equipment



Playground equipment



Playground equipment



Playground equipment



Playground equipment



Playground equipment with biological growth



Playground equipment with biological growth

Useful Life: 15- to 20-years

Component Detail Notes: Safety is the major purpose for maintaining playground equipment. We recommend an annual inspection of the playground equipment to identify and repair as normal maintenance loose connections and fasteners or damaged

elements. We suggest the Association learn more about the specific requirements of playground equipment at PlaygroundSafety.org. We recommend the use of a specialist for the design or replacement of the playground equipment environment.

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

- Annually:
 - Inspect and repair loose connections and fasteners or damaged elements
 - Inspect for safety hazards and adequate coverage of ground surface cover

Priority: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We include an allowance in the unit cost for replacement of the safety surface and border.

Ponds, Sediment Removal and Erosion Control

Line Items: 4.710 and 4.730

Quantity: Approximately 139,070 square yards of water surface area and approximately 25,560 linear feet of shorelines including the canal at the east perimeter of the property.

History: Geotubes were added to most shorelines in 2017.

Condition: Good overall



Pond shoreline



Pond shoreline



Pond shoreline



Pond shoreline



Pond shoreline



Pond shoreline



Pond overview



Pond shoreline

Useful Life: Based on the visual condition and construction, we recommend the Association anticipate the need to remove pond sediment up to every 30 years.

Shorelines are subject to fluctuations in water levels, increased plant growth and migrating storm and ground water resulting in the need for erosion control measures every 5- to 10-years.

Component Detail Notes: The gradual build-up of natural debris, including tree leaves, branches and silt, may eventually change the topography of areas of the pond. Silt typically accumulates at inlets, outlets and areas of shoreline erosion. Sediment removal of ponds becomes necessary if this accumulation alters the quality of pond water or the functionality of the ponds as storm water management structures. Sediment removal is the optimal but also the most capital intensive method of pond management. Excavation equipment used for sediment removal includes clamshells, draglines and suction pipe lines. Sediment removal can also include shoreline regrading. Regrading includes removal of collapsed and eroded soil, and redefining the shoreline.

The steep shoreline embankments are likely to exacerbate soil movement and erosion. The use and maintenance of landscape, natural vegetation along the pond shoreline will help maintain an attractive appearance and prevent soil erosion.

Shoreline plantings are referred to as buffer zones. Buffer zones provide the following advantages:

- Control insects naturally
- Create an aesthetically pleasing shoreline
- Enhance water infiltration and storage
- Filter nutrients and pollutants
- Increase fish and wildlife habitat
- Reduce lawn maintenance
- Stabilize shoreline and reduce erosion
- Trap sediments

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

- Annually:
 - Inspect and remediate shoreline erosion and areas of sediment accumulation
 - Clear and remove debris and vegetation overgrowth at pond edges, and inlet and outlet structures
 - Inspect for algae blooms and remedy as needed through a chemical treatment program or aeration

Priority: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We recommend the Association plan to install plantings around the pond along 2,045 linear feet, or approximately eight percent (8%), of the shoreline per event.

For reserve budgeting purposes, we estimate the need to remove an average depth of one yard from approximately five percent (5%) of the surface area. However, the actual volume of material to remove may vary dependent upon an invasive analysis at the time of removal. A visual inspection of a body of water cannot reveal the amount of accumulated silt. This is especially true on larger bodies of water. It is therefore inaccurate to assume an entire body of water will require sediment removal. It is more cost effective to spot remove in areas of intense silt accumulation as noted through bathymetric surveys. The amount or depth of silt is determined through prodding into the silt until a relatively solid base is found or through bathymetric surveys. A bathymetric survey establishes a base of data about the depth of the body of water over many locations against which the data of future surveys is compared. These invasive procedures are beyond the scope of a Reserve Study and require multiple visits to the site. We recommend Sunset Lakes contract with a local engineer for periodic bathymetric surveys. Future updates of the Reserve Study can incorporate future anticipated expenditures based on the results of the bathymetric surveys.

Unit costs per cubic yard to remove can vary significantly based on the type of equipment used, quantity of removed material and disposal of removed material. Sediment removal costs must also include mobilization, or getting the equipment to and from the site. Also, the portion of the overall cost to remove associated with mobilization varies based on the volume removed. Costs for sediment disposal also vary depending on the site. Compact sites will require hauling and in some cases disposal fees.

Signage

Line Item: 4.800

Quantity: Three property identification signs, including one monument at the main entrance and two monuments at the Island Estates entrance. The signage includes the following elements:

- Light fixtures
- Letters
- Masonry, Brick
- Tiles
- Planters

History: The entrance monument at the main entrance is three years of age; however, it is believed that the main entrance monument was renovated at an unknown time since 2020. The entrance monuments at Island Estates were renovated in 2025

Condition: Good to fair overall



Entrance monument



Entrance monument



Entrance monument



Entrance monument planters



Entrance monument



Entrance monument

Useful Life: 15- to 20-years

Component Detail Notes: Community signage contributes to the overall aesthetic appearance of the property to owners and potential buyers. Renovation or replacement of community signs is often predicated upon the desire to "update" the perceived identity

of the community rather than for utilitarian concerns. Therefore, the specific times for replacement or renovation are discretionary.

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

- Annually:
 - Inspect and repair damage, vandalism and loose components
 - Verify lighting is working properly
 - Touch-up paint finish applications if applicable

Priority: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our cost for renovation includes repairs to the masonry and replacement of the remaining components listed above.

Sport Courts, Tennis and Basketball

Line Items: 4.830, 4.860, and 4.861

- **Basketball court:**
 - **Quantity:** Approximately 315 square yards comprising one court
 - **History:** Original.
 - **Condition:** Fair overall with isolated cracks evident
- **Tennis courts:**
 - **Quantity:** Approximately 1,445 square yards of asphalt comprising two tennis courts
 - **History:** Replaced in 2022
 - **Condition:** Good overall



Tennis courts overview



Basketball court overview



Tennis court overview



Surface cracks at basketball court



Tennis court overview



Surface cracks at basketball court



Tennis courts overview

Useful Life: Up to 25 years for replacement of the surface with the benefit of color coat applications and repairs every four- to six-years

Preventative Maintenance Notes: Prior to the application of the color coat, the Association should require the contractor to rout and fill all cracks with hot emulsion. This

deters water infiltration and further deterioration of the asphalt playing surface. We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

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

Priority: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our estimated tennis surface replacement cost comes from information provided by the Association.

Sport Court, Tennis, Fence

Line Item: 4.840

Quantity: Approximately 440 linear feet

History: Original with partial replacements done in 2022

Condition: Good overall



Chain link fence



Chain link fence



Chain link fence



Chain link fence

Useful Life: Up to 25 years

Priority: Per Board discretion

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

Reserve Study Update

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

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

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

5.METHODOLOGY

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

Sunset Lakes can fund capital repairs and replacements in any combination of the following:

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

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

This Reserve Study is in compliance with and exceeds the National standards¹ set forth by the Association of Professional Reserve Analysts (APRA) fulfilling the requirements of a "Level II Reserve Study Update." These standards require a Reserve Component to have a "predictable remaining Useful Life." Estimating Remaining Useful Lives and Reserve Expenditures beyond 30 years is often indeterminate. Long-Lived Property Elements are necessarily excluded from this analysis. We considered the following factors in our analysis:

- The Cash Flow Method to compute, project and illustrate the 30-year Reserve Funding Plan
- Local² costs of material, equipment and labor
- Current and future costs of replacement for the Reserve Components
- Costs of demolition as part of the cost of replacement
- Local economic conditions and a historical perspective to arrive at our estimate of long-term future inflation for construction costs in Merritt Island, Florida at an annual inflation rate³. Isolated or regional markets of

¹ Identified in the APRA "Standards - Terms and Definitions" and the CAI "Terms and Definitions".

² See Credentials for additional information on our use of published sources of cost data.

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

greater construction (development) activity may experience slightly greater rates of inflation for both construction materials and labor.

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

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

6. CREDENTIALS

HISTORY AND DEPTH OF SERVICE

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

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

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

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

TOTAL STAFF INVOLVEMENT

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

OUR GOAL

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

VAST EXPERIENCE WITH A VARIETY OF BUILDINGS

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

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

OLD TO NEW

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

J.J. Barron
Responsible Advisor

CURRENT CLIENT SERVICES

J.J. Barron, a Mechanical Engineer, is an Advisor for Reserve Advisors. Mr. Barron is responsible for the inspection and analysis of the condition of clients' properties, and recommending engineering solutions to prolong the lives of the components. He also forecasts capital expenditures for the repair and/or replacement of the property components and prepares technical reports on assignments. He is responsible for conducting Life Cycle Cost Analyses and Capital Replacement Forecast services and the preparation of Reserve Study Reports for condominiums, townhomes and homeowner associations.



The following is a partial list of clients served by J.J. Barron demonstrating his breadth of experiential knowledge of community associations in construction and related buildings systems.

Sunset Lakes Condominium Association - Located in Lakeland, Florida, this condominium association contains 288 units in 12 three-story buildings. The Association maintains a pool and club house, building exteriors including roofs and painting, and asphalt pavement.

Jacksonville Golf & Country Property Owners Association - This homeowners association is located in Jacksonville, Florida. This community consist of 919 single family homes. Jacksonville Golf & Country maintains a dock area that consist of asphalt pavement, concrete sidewalks, and storm drains. The Association is also responsible for landscaping, irrigation, and gate entry systems.

Eagle Dunes Homeowners Association, Inc. - Located in Sorrento, Florida, this homeowners association contains 679 single family homes and 104 townhome units. Eagle Dunes maintains several ponds throughout the community. The association maintains playground equipment, tennis courts, gates and gate entry systems. The community also maintains various fencing and landscaping.

Tidewater Island Condominium Association, Inc. - This development comprises of 38 single family homes across 5 three- story buildings. This Community Association is located in Vero Beach, Florida. Asphalt shingle roofs, elevators, HVAC split systems, and parking garages. This community also maintains breezeways, balconies, and fire suppression systems.

The Seasons at Orchid Homeowners Association, Inc. - Located in Vero Beach, Florida, this Association is responsible for the common elements shared by 100 single family homes. In addition to roads and parking areas, the Association maintains a clubhouse and gatehouse with concrete tile roofs, a swimming pool, exercise equipment and perimeter walls.

Runaway Beach Club Condominium Association, Inc. - This homeowners association is located in Kissimmee, Florida, and is responsible for the common elements shared by 192 single family homes. The Association maintains a clubhouse with a basketball court, weight room, an office, golf carts, a pool and pool deck pavers.

PRIOR RELEVANT EXPERIENCE

Mr. Barron earned his Bachelor of Science degree in Mechanical Engineering from the University of Texas at Tyler. His relevant coursework includes thermodynamics, fluid mechanics, heat transfer, mechanical design, control systems, computer-aided engineering, building systems engineering, materials science, project management, energy management, structural analysis, and life cycle cost analysis.

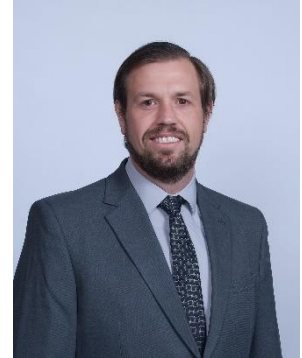
EDUCATION

University of Texas at Tyler – B.S. Mechanical Engineering

Kevin Hayes
Regional Engineering Manager

CURRENT CLIENT SERVICES

Kevin Hayes is an Advisor for Reserve Advisors. Mr. Hayes is responsible for the inspection and analysis of the condition of clients' properties, and recommending engineering solutions to prolong the lives of the components. He also forecasts capital expenditures for the repair and/or replacement of the property components and prepares technical reports on assignments. He is responsible for conducting Life Cycle Cost Analyses and Capital Replacement Forecast services and the preparation of Reserve Study Reports for condominiums, townhomes and homeowner associations.



The following is a partial list of clients served by Kevin Hayes demonstrating his breadth of experiential knowledge of community associations in construction, remediation procedures and related buildings systems.

Silver Springs Farms Estates Association - Located in Banner Elk, North Carolina, Silver Springs Farms sits upon the foothills of the North Carolina Appalachian mountain range and produces some of the best views that North Carolina has to offer. Silver Springs Farms contains various scenic waterfalls, breathtaking landscapes, mountain-typical winding asphalt roads, and many large retaining walls.

1666 Coffman Condominium Association - Located in Falcon Heights, Minnesota, this distinctive building contains 93 units in a three-story structure. Building service elements include boilers, a chiller, a hydraulic elevator, and various pumps that supply water for building heating/cooling as well as fire suppression.

Robinwood Village Homeowners Association - This development contains a combination of 18 townhome style buildings in Gastonia, North Carolina. The Association maintains shared common elements including asphalt pavement streets, retaining walls and walking paths.

Oldenburg Homeowners Association - This development contains 128 single family homes in Waxhaw, North Carolina. The Association maintains shared common elements including asphalt pavement streets, walking paths, sport courts, clubhouse and pool.

Stowe Creek Homeowners Association - This development contains 396 single family homes in Charlotte, North Carolina. The Association maintains shared common elements including asphalt pavement streets, playground equipment, clubhouse and pool.

IronGate Farms Homeowners Association - This development contains 30 single family homes in Clover, South Carolina. The Association maintains shared common elements including asphalt pavement streets, walking paths, ponds, and perimeter fences.

PRIOR RELEVANT EXPERIENCE

Mr. Hayes attended North Carolina State University at Charlotte in Charlotte, North Carolina where he attained his Bachelor of Science degree in Electrical Engineering Technology. He then worked as a manufacturing engineer for Continental Automotive Systems where he maintained the electrical, mechanical, hydraulic, and pneumatic control systems of various production equipment. Mr. Hayes also developed PLC logic as well as vision system solutions to ensure a high standard of quality within the production processes of his responsibility. Mr. Hayes later managed a department of 5 engineers and over 20 technicians that were responsible for the entire final assembly of state-of-the-art automotive safety technology before joining Reserve Advisors as a Regional Engineering Manager of the Southeast Region.

EDUCATION

University of North Carolina at Charlotte - B.S. Electrical Engineering Technology

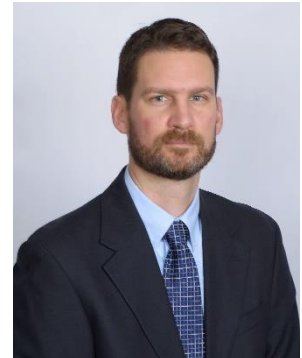


ALAN M. EBERT, P.E., PRA, RS
Director of Quality Assurance

CURRENT CLIENT SERVICES

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

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



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

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

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

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

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

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

PRIOR RELEVANT EXPERIENCE

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

EDUCATION

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

PROFESSIONAL AFFILIATIONS/DESIGNATIONS

Professional Engineering License – Wisconsin, North Carolina, Illinois, Colorado

Reserve Specialist (RS) - Community Associations Institute

Professional Reserve Analyst (PRA) - Association of Professional Reserve Analysts



RESOURCES

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

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

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

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

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

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

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

7. DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Reserve Study - A budget planning tool that identifies the current status of the reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures.

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



8. PROFESSIONAL SERVICE CONDITIONS

Our Services - Reserve Advisors, LLC ("RA") performs its services as an independent contractor in accordance with our professional practice standards and its compensation is not contingent upon our conclusions. The purpose of our reserve study is to provide a budget planning tool that identifies the current status of the reserve fund, and an opinion recommending an annual funding plan, to create reserves for anticipated future replacement expenditures of the subject property. The purpose of our energy benchmarking services is to track, collect and summarize the subject property's energy consumption over time for your use in comparison with other buildings of similar size and establishing a performance baseline for your planning of long-term energy efficiency goals. The purpose of our Milestone Phase I is to evaluate the structural integrity of the building on the subject property and provide an inspection report summarizing our findings related to structural issues, or lack thereof.

In each case, our inspection and analysis of the subject property is limited to visual observations, is noninvasive and is not meant to nor does it include investigation into statutory, regulatory or code compliance. RA inspects sloped roofs from the ground and inspects flat roofs where safe access (stairs or ladder permanently attached to the structure) is available. Our energy benchmarking services with respect to the subject property is limited to collecting energy and utility data and summarizing such data in the form of an Energy Star Portfolio Manager Report or any other similar report, and hereby expressly excludes any recommendations with respect to the results of such energy benchmarking services or the accuracy of the energy information obtained from utility companies and other third-party sources with respect to the subject property. Our Milestone Phase I inspections are limited to a visual examination of habitable and uninhabitable areas of the building, including the primary structural members and systems. The inspection aims to determine the presence of substantial structural deterioration, and unsafe or dangerous conditions with the structure. The reserve report, Milestone Phase 1 report, and any energy benchmarking report (i.e., any Energy Star Portfolio Manager Report) (including any subsequent revisions thereto pursuant to the terms hereof, collectively, the "Report") are based upon a "snapshot in time" at the moment of inspection. RA may note visible physical defects in the Report. The inspection is made by employees generally familiar with real estate and building construction. Except to the extent readily apparent to RA, RA cannot and shall not opine on the structural integrity of or other physical defects in the property under any circumstances. Without limitation to the foregoing, RA cannot and shall not opine on, nor is RA responsible for, the property's conformity to specific governmental code requirements for fire, building, earthquake, occupancy or otherwise.

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

RA assumes, without independent verification, the accuracy of all data provided to it. Except to the extent resulting from RA's willful misconduct in connection with the performance of its obligations under this agreement, you agree to indemnify, defend, and hold RA and its affiliates, officers, managers, employees, agents, successors and assigns (each, an "RA Party") harmless from and against (and promptly reimburse each RA Party for) any and all losses, claims, actions, demands, judgments, orders, damages, expenses or liabilities, including, without limitation, reasonable attorneys' fees, asserted against or to which any RA Party may become subject in connection with this engagement, including, without limitation, as a result of any false, misleading or incomplete information which RA relied upon that was supplied by you or others under your direction, or which may result from any improper use or reliance on the Report by you or third parties under your control or direction or to whom you provided the Report. NOTWITHSTANDING ANY OTHER PROVISION HEREIN TO THE CONTRARY, THE AGGREGATE LIABILITY (IF ANY) OF RA WITH RESPECT TO THIS AGREEMENT AND RA'S OBLIGATIONS HEREUNDER IS LIMITED TO THE AMOUNT OF THE FEES ACTUALLY RECEIVED BY RA FROM YOU FOR THE SERVICES AND REPORT PERFORMED BY RA UNDER THIS AGREEMENT, WHETHER ARISING IN CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE. YOUR REMEDIES SET FORTH HEREIN ARE EXCLUSIVE AND ARE YOUR SOLE REMEDIES FOR ANY FAILURE OF RA TO COMPLY WITH ITS OBLIGATIONS HEREUNDER OR OTHERWISE. RA SHALL NOT BE LIABLE FOR ANY SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES OF ANY KIND, INCLUDING, BUT NOT LIMITED TO, ANY LOST PROFITS AND LOST SAVINGS, LOSS OF USE OR INTERRUPTION OF BUSINESS, HOWEVER CAUSED, WHETHER ARISING IN CONTRACT, TORT (INCLUDING NEGLIGENCE), BREACH OF WARRANTY, STRICT LIABILITY OR OTHERWISE, EVEN IF RA HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT WILL RA BE LIABLE FOR THE COST OF PROCUREMENT OF SUBSTITUTE GOODS OR SERVICES. RA DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES WHATSOEVER, EXPRESS OR IMPLIED OR OF ANY NATURE, WITH REGARD TO THE SERVICES AND THE REPORT, INCLUDING, WITHOUT LIMITATION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.



Report - RA will complete the services in accordance with the Proposal. The Report represents a valid opinion of RA's findings and recommendations with respect to the reserve study or Milestone Phase I, as applicable, and is deemed complete. RA will consider any additional information made available to RA within 6 months of issuing the Report and issue a revised Report based on such additional information if a timely request for a revised Report is made by you. RA retains the right to withhold a revised Report if payment for services was not tendered in a timely manner. All information received by RA and all files, work papers or documents developed by RA during the course of the engagement shall remain the property of RA and may be used for whatever purpose it sees fit. RA reserves the right to, and you acknowledge and agree that RA may, use any data provided by you in connection with the services, or gathered as a result of providing such services, including in connection with creating and issuing any Report, in a de-identified and aggregated form for RA's business purposes.

Your Obligations - You agree to provide us access to the subject property for an inspection. You agree to provide RA all available, historical and budgetary information, the governing documents, and other information that we request and deem necessary to complete the Report. Additionally, you agree to provide historical replacement schedules, utility bills and historical energy usage files that RA requests and deems necessary to complete the energy benchmarking services, and you agree to provide any utility release(s) reasonably requested by RA permitting RA to obtain any such data and/or information from any utility representative or other third party. You agree to pay actual attorneys' fees and any other costs incurred to collect on any unpaid balance for RA's services.

Use of Our Report and Your Name - Use of the Report is limited to only the purpose stated herein. You acknowledge that RA is the exclusive owner of all intellectual property rights in and relating to the Report. You hereby acknowledge that any use or reliance by you on the Report for any unauthorized purpose is at your own risk and that you will be liable for the consequences of any unauthorized use or distribution of the Report. Use or possession of the Report by any unauthorized third party is prohibited. The Report in whole or in part **is not and cannot be used as a design specification for design engineering purposes or as an appraisal**. You may show the Report in its entirety to the following third parties: members of your organization (including your directors, officers, tenants and prospective purchasers), your accountants, attorneys, financial institutions and property managers who need to review the information contained herein, and any other third party who has a right to inspect the Report under applicable law including, but not limited, to any government entity or agency, or any utility companies. Without the written consent of RA, you shall not disclose the Report to any other third party. By engaging our services, you agree that the Report contains intellectual property developed (and owned solely) by RA and agree that you will not reproduce or distribute the Report **to any party that conducts reserve studies without the written consent of RA**.

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

Payment Terms, Due Dates and Interest Charges - The retainer payment for any reserve study, Milestone Phase I inspection, and/or combined services is due upon execution of this agreement and prior to the inspection by RA, and any balance is due net 30 days from the Report shipment date. If only energy benchmarking services are performed by RA, then the retainer payment is due upon execution of this agreement and any balance is due net 30 days from the Report shipment date. In any case, any balance remaining 30 days after delivery of the Report shall accrue an interest charge of 1.5% per month. Unless this agreement is earlier terminated by RA in the event you breach or otherwise fail to comply with your obligations under this agreement, RA's obligations under this agreement shall commence on the date you execute and deliver this agreement and terminate on the date that is 6 months from the date of delivery of the Report by RA. Notwithstanding anything herein to the contrary, each provision that by its context and nature should survive the expiration or early termination of this agreement shall so survive, including, without limitation, any provisions with respect to payment, intellectual property rights, limitations of liability and governing law. We reserve the right to limit or decline refunds in our sole discretion. Refunds vary based on the applicable facts and circumstances.

Miscellaneous – Neither party shall be liable for any failures or delays in performance due to fire, flood, strike or other labor difficulty, act of God, act of any governmental authority, riot, embargo, fuel or energy shortage, pandemic, wrecks or delays in transportation, or due to any other cause beyond such party's reasonable control; provided, however, that you shall not be relieved from your obligations to make any payment(s) to RA as and when due hereunder. In the event of a delay in performance due to any such cause, the time for completion or date of delivery will be extended by a period of time reasonably necessary to overcome the effect of such delay. You may not assign or otherwise transfer this agreement, in whole or in part, without the prior written consent of RA. RA may freely assign or otherwise transfer this agreement, in whole or in part, without your prior consent. This agreement shall be governed by the laws of the State of Wisconsin without regard to any principles of conflicts of law that would apply the laws of another jurisdiction. Any dispute with respect to this agreement shall be exclusively venued in Milwaukee County Circuit Court or in the United States District Court for the Eastern District of Wisconsin. Each party hereto agrees and hereby waives the right to a trial by jury in any action, proceeding or claim brought by or on behalf of the parties hereto with respect to any matter related to this agreement.