

RESERVE ANALYSIS REPORT

Sandpiper Lagoon Homeowners Association

Redwood City, California

Version 1

Saturday, September 12, 2009



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September 12, 2009

Ms. Talibah Madison-Allen, Manager
Sandpiper Lagoon Homeowners Association
c/o Peachtree Community Association Services, Inc.
30100 Mission Blvd.
Hayward, CA 94544

Dear Ms. Madison-Allen:

Enclosed is the completed reserve study for Sandpiper Lagoon Homeowners Association for the fiscal year beginning January 1, 2010. Your report is presented in two parts:

Preface offers an easy-to-understand introduction to reserve budgeting and terminology along with a Users' Guide to your reserve analysis study.

Report includes your reserve analysis study, including an Executive Summary, a Calculation of Percent Funded, a Management/Accounting Summary, Detail Reports for each asset, Projections with graphs, Annual Expenditure Detail, and an alphabetical Detail Report Index. Also included, if requested or appropriate, is the Directed Cash Flow (DCF) analysis and charts that compare the different methods. The table of contents lists the pages of all reports.

The Component Method (Sinking Fund) analysis results in an initial contribution to reserves of \$79,905. The two theories behind this method are; as components are wearing out or depleting, funds should be accruing to replace them, and the homeowners using the components should be paying for them. The Cash Flow method does not take these factors into consideration. One of this method's long-term objectives is to provide a plan to 100% ideally fund reserves over the longest practical period of time.

The Directed Cash Flow analysis is a cash flow analysis with the restricted parameter being the initial contribution to reserves. This initial annual contribution was set to \$58,000 and increased by 3.75% in subsequent years.

We have included charts that compare funding methods, Component and Directed Cash Flow, for your evaluation. **The association will be 47% funded at the beginning of FY 2010.** Should the client wish to more aggressively plot a path to the fully funded level, the Sinking Fund plan may be followed. Considering the client's current contribution, we have provided an alternative in the Directed Cash Flow plan. This plan allows a more moderate initial contribution at the expense of slightly higher annual increases. Both plans plot paths to the fully funded level over the projections period.

We trust you find our report format both informative and useful. We have enjoyed serving you and providing Sandpiper Lagoon Homeowners Association with the most detailed, comprehensive and useful reserve analysis study available. If you have any additional questions or comments, please feel free to call me.

Thank you.

Sincerely,

Murray A. Joseph
Consultant

Disclosure Statement

This document has been provided pursuant to an agreement containing restrictions on its use. No part of this document may be copied or distributed, in any form or by any means, nor disclosed to third parties without the express written permission of *Murray Joseph & Associates*. The client shall have the right to reproduce and distribute copies of this report, or the information contained within, as may be required for compliance with all applicable regulations.

All studies performed by *Murray Joseph & Associates* are prepared by a Professional Reserve Analyst (PRA). This reserve analysis study and the parameters under which it has been completed are based on information provided to us in part by representatives of the association, its contractors, assorted vendors, specialist and independent contractors, the California Department of Real Estate, various construction pricing and scheduling manuals, and our own experience in the field of reserve analysis study preparation. Conditions are based on visual inspections only when accessible, and no destructive testing is performed.

It has been assumed, unless otherwise noted in this report, all assets have been designed and constructed properly and no effort is made to determine whether construction is proper. Each estimated useful life approximates that of the norm per industry standards and/or manufacture specifications used and regular maintenance is performed so normal lives may be achieved. In some cases, estimates may have been used on assets that have an indeterminable but potential liability to the association. No destructive testing is performed. All of the cost and useful life estimates are estimates and not specifications for work to be completed. Costs and useful lives will vary from projections. The use of the report is for budgetary purposes. The decision for the inclusion of these, as well as all assets considered, is left to the client.

We recommend your reserve analysis study be updated on an annual basis due to fluctuation in interest rates, inflationary changes, and the unpredictable nature of the lives of many of the assets under consideration. All of the information collected during our inspection of the association and subsequent computations made in preparing this reserve analysis study are retained in our computer files. Therefore, annual updates may be completed quickly and inexpensively each year.

Murray Joseph & Associates thank you for using our services and invite you to call us at any time should you have any questions or comments or need assistance. In addition, any of the parameters and estimates used in this study may be changed at your request, after which we will provide you with a revised study.

Sandpiper Lagoon Homeowners Association

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Preface

This preface is intended to provide an introduction to the enclosed reserve analysis as well as detailed information regarding the reserve analysis report format and reserve fund calculation methods. The following sections are included in this preface:

- **Introduction to Reserve Budgeting**
- **Understanding the Reserve Analysis**
- **Reserve Budget Calculation Methods**
- **Glossary of Key Terms**

◆ ◆ INTRODUCTION TO RESERVE BUDGETING ◆ ◆

The Board of Directors of an association has a legal and fiduciary duty to maintain the community in a good state of repair. Individual unit property values are significantly impacted by the level of maintenance and upkeep provided by the association as well as the amount of the regular assessment charged to each owner.

A prudent plan must be implemented to address the issues of long-range maintenance, repair and replacement of the common areas. Additionally, the plan should recognize that the value of each unit is affected by the amount of the regular assessment charged to each unit.

There is a fine line between “not enough,” “just right” and “too much.” Each member of an association should contribute to the reserve fund for their proportionate amount of “depreciation” (or “use”) of the reserve components. Through time, if each owner contributes his “fair share” into the reserve fund for the depreciation of the reserve components, then the possibility of large increases in regular assessments or special assessments will be minimized.

An accurate reserve analysis and a “healthy” reserve fund are essential to protect and maintain the association's common areas and the property values of the individual unit owners. A comprehensive reserve analysis is one of the most significant elements of any association's long-range plan and provides the critical link between sound business judgment and good fiscal planning. The reserve analysis provides a “financial blueprint” for the future of an association.

◆ ◆ UNDERSTANDING THE RESERVE ANALYSIS ◆ ◆

In order for the reserve analysis to be useful, it must be understandable by a variety of individuals. Board members (from seasoned, experienced Board members to new Board members), property managers, accountants, attorneys and even homeowners may ultimately review the reserve analysis. The reserve analysis must be detailed enough to provide a comprehensive analysis, yet simple enough to enable less experienced individuals to understand the results.

Preface

There are four key bits of information that a comprehensive reserve analysis should provide. These items include:

- **Budget**

Amount recommended to be transferred into the reserve account each month of the fiscal year for which the reserve analysis was prepared. In some cases, the reserve analysis may present two or more funding plans based on different calculation models (i.e. Component Method, Minimum Cash Flow Method, etc.). The Board should have a clear understanding of the differences among these funding models prior to implementing one of them in the annual budget.

- **Percent Funded**

Measure of the reserve fund “health” (expressed as a percentage) as of the beginning of the fiscal year for which the reserve analysis was prepared. Remember, “100% funded” means the association has accumulated the proportionately correct amount of money, to date, for the reserve components it maintains.

- **Projections**

Indicate the “level of service” the association will provide the membership as well as a “road map” for the fiscal future of the association. The projections define the timetables for repairs and replacements, such as when the buildings will be painted or when the asphalt will be seal coated. The projections also show the financial plan for the association – when an underfunded association will “catch up” or how a properly funded association will remain fiscally “healthy.”

- **Inventory**

Complete listing of the reserve components. Key bits of information are available for each reserve component, including placed-in-service date, useful life, remaining life, replacement year, quantity, current cost of replacement, future cost of replacement and analyst’s comments.

In this section, a description of most of the summary or report sections are provided along with comments regarding what to look for and how to use each section. All reserve analyses may not include all of the summaries or report formats described herein.

In some cases, the reserve analysis may be a lengthy document of one hundred pages or more. A complete and thorough review of the reserve analysis is always a good idea. However, if time is limited, it is suggested that a thorough review of the summary pages be made. If a “red flag” is raised in this review, the reader should then check the detail information, of the component in question, for all relevant information.

- **Executive Summary**

Preface

Provides general information about the client, global parameters used in the calculation of the reserve analysis as well as the core results of the reserve analysis.

Client Information

Provides various client information including fiscal year for which the analysis was prepared, number of units, phasing, etc.

Global Parameters

Displays the calculation parameters that were used to calculate the reserve analysis including inflation, annual contribution increase, investment rate, tax rate and contingency.

Community Profile

Provides brief description of the community, as well as other "global" type comments.

Recommended Funding

Provides the results of calculations with regard to the "bottom line." Indicates the monthly reserve funding recommendation from the membership, anticipated interest contribution and the total contribution requirement.

Adequacy of Reserves

Displays the results of calculations with regard to the "health" of the reserve fund as of the beginning of the fiscal year for which the reserve analysis was prepared. Provides the anticipated reserve balance, theoretically ideal reserve balance and the percent funded.

Sample Community Association
Executive Summary
Component Calculation Method

Client Information:		Global Parameters:	
Account Number	12345	Inflation Rate	3.00%
Version Number	1	Annual Contribution Increase	3.00%
Analysis Date	04/20/1999	Investment Rate	5.50%
Fiscal Year	1/1/1999 to 12/31/1999	Taxes on Investments	30.00%
Number of Units	150	Contingency	3.00%
Phasing	4 of 4		

Community Profile:
This community was constructed in four phases between 1985 and 1987. For budgeting purposes, unless otherwise indicated, we have used January 1986 as the average placed-in-service date for aging the original components.
Last field inspection: April 2, 1999

Adequacy of Reserves as of January 1, 1999:

Anticipated Reserve Balance	\$500,000.00
Theoretically Ideal Reserve Balance	\$642,347.96
Percent Funded	85.62%

Recommended Funding for the 1999 Fiscal Year:

	Monthly	Per Unit
Member Contribution	\$4,922.42	\$39.48
Interest Contribution	\$1,543.06	\$9.91
Total Contribution	\$6,465.48	\$49.39

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- Distribution of Current Reserve Funds**

Preface

Displays all reserve components, shown here in ascending “remaining life” order. Provides the remaining life, age and useful life of each component along with its theoretically ideal reserve balance as of the beginning of the fiscal year for which the reserve analysis was prepared. The far right-hand column displays the amount of money that was actually assigned to each component during the calculation process.

Reserve Components
All components are displayed (shown here in ascending “remaining life” order).

Theoretically Ideal Reserves
Displays the ideal reserve balance for each component.

Assigned Reserves
Displays the actual amount assigned to each component.

	Remaining Life	Age	Adjusted Useful Life	Theoretically Ideal Balance	Assigned Reserves
Landscape - Replace	7	13	20	\$1,018.37	\$1,018.37
Mailboxes - Unfunded	7	13	20	\$10,960.30	\$10,960.30
Streets - Concrete, Un	7	13	20	\$6,833.90	\$6,833.90
Terrace Control	7	13	20	\$1,582.50	\$1,582.50
Painting - Woodwork	7	13	20	\$4,853.88	\$4,853.88
Painting - Wrought Iron	7	13	20		
Pool Area - Mosaic	8	2	10	\$19,848.00	\$19,848.00
Landscape - Tree Trim	8	13	21	\$44,246.43	\$44,246.43
Painting - Wrought Iron	8	13	21	\$5,983.10	\$5,983.10
Cabana - Restroom Pl	9	13	22	\$30,949.45	\$30,949.45
Doors - Utility Closets	9	1	10	\$206.00	\$206.00
Landscape - Irrigation	9	1	10	\$149.23	\$149.23
Pool - Filter	12	2	14	\$1,161.84	\$1,161.84
Pool Area - Furniture	12	13	25	\$7,254.00	\$7,254.00
Streets - Asphalt, Rep	12	13	25	\$13,155.48	\$13,155.48
Streets - Asphalt, Start	12	13	25	\$107,094.00	\$34,442.50
Landscape - Tree Trim	12	13	25	\$2,963.93	\$2,963.93
Cabana - Water Heater	15	3	18	\$10,831.33	\$0.00
Pool - Heater	17	13	30	\$4,240.55	\$0.00
Roofs - Flat, Original	17	13	30	\$1,934.83	\$0.00
Spa - Heater					
Roofs - Flat, 1997					
Painting - Red Curbs					
Painting - Interior, Cat					
Spa - Filter					
Access - Phone System					
Pool - Ramberglass &					
Decks - Top Coat					
Painting - Stucco & M					
Cabana - Doors					
Fire Extinguisher Cab					
Lighting - Grounds					
Access - Gate Operat					
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5					
ADVANCED RESERVE SOLUTIONS, INC.					
Contingency	n.a.			\$16,709.16	\$16,019.42
Total	8 - 17	1 - 13	2 - 30	\$642,347.96	\$550,806.00
Percent Funded					85.62%

The total theoretically ideal reserves, assigned reserves and percent funded are provided at the bottom of this summary. Also shown is the range of reserve component remaining lives, ages and useful lives.

- Management / Accounting Summa**

Preface

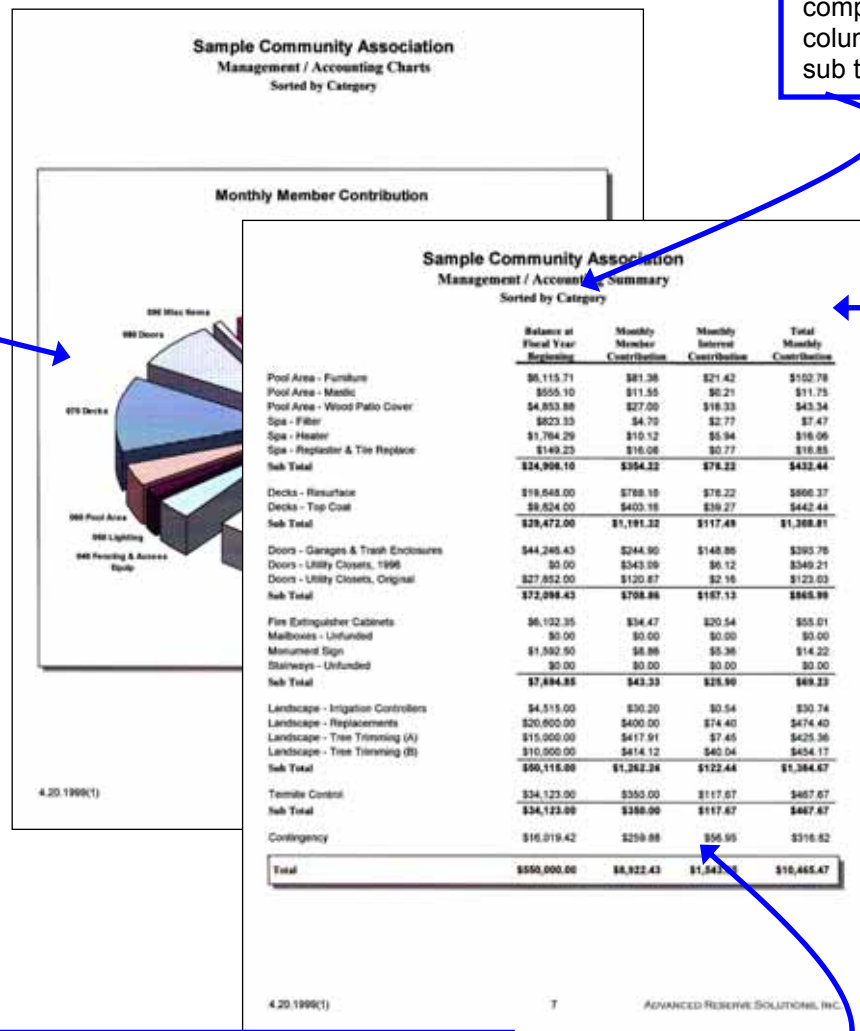
Summary displays all reserve components, shown here in “category” order. Provides the assigned reserve funds at the beginning of the fiscal year for which the reserve analysis was prepared along with the monthly member contribution, interest contribution and total contribution for each component and category. Three pie charts show graphically how the total reserve fund is distributed amongst the reserve component categories and how each category is funded on a monthly basis.

Pie Charts

Show graphically how the reserve fund is distributed amongst the reserve components and how the components are funded.

Balance at FYB

Shows the amount of reserve funds assigned to each reserve component. And, this column is conveniently sub totaled.



Monthly Funding

Displays the monthly funding for each component from the members and interest. Total monthly funding is also indicated. And, these columns are conveniently sub totaled.

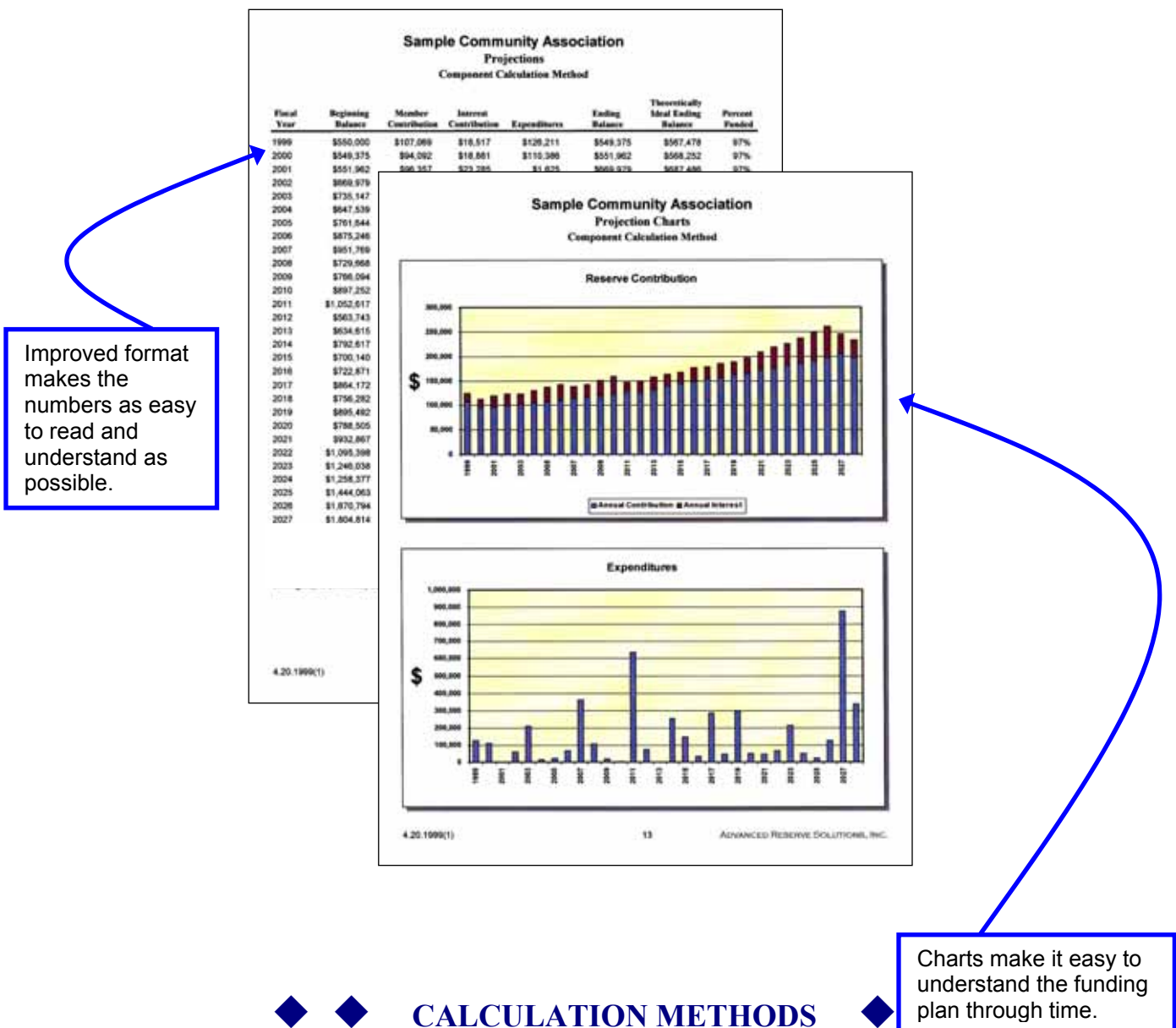
The total assigned reserves and monthly funding are provided at the bottom of this summary.

• Project

Could your Treasurer or accountant ask for anything else?

Preface

Summary displays projections of beginning reserve balance, member contribution, interest contribution, expenditures and ending reserve balance for each year of the projection period (shown here for 30 years). The two columns on the right-hand side provide the theoretically ideal ending balance and the percent funded for each year. Four charts show the same information in an easy-to-understand graphic format.



Preface

There are only a few *true* reserve funding calculation methods used by reserve analysis firms. Some articles in trade publications seem to indicate that there are dozens of “unique” and different reserve calculation methods (i.e. component, cash flow, pooling, front-loading, splitting, etc.). Most “unique” calculation methods are actually hybrid derivatives of either the component method or the cash flow method.

The following sections describe the calculation methods utilized most often for our clients.

- **Component Calculation Method**

This calculation method develops a funding plan for each individual reserve component included in the reserve analysis. The sum of the funding plans for each component equal the total funding plan for the association.

This calculation method is typically the most conservative. This method structures a funding plan that enables the association to pay all reserve expenditures as they come due, enables the association to achieve the ideal level of reserves in time, and then enables the association to maintain the ideal level of reserves through time.

One of the major benefits of using this calculation method is that for any single component (or group of components), the accumulated balance and reserve funding can be reported. For example, using this calculation method, the reserve analysis can indicate the amount of current reserve funds “in the bank” for the roofs and the amount of money being funded towards the roofs each month. Using other calculation methods, this information cannot be calculated and therefore, cannot be reported.

The following is a detailed description of the Component Calculation Method:

Step 1: Calculation of Theoretically Ideal Balance for each component

The theoretically ideal balance is calculated for each component based on its age, useful life and current cost. The actual formula is as follows:

Theoretically Ideal Balance = (Age / Useful Life) * Current Cost

Step 2: Distribution of current reserve funds

The association’s current reserve funds are assigned to (or distributed amongst) the reserve components based on each component’s remaining life and theoretically ideal balance as follows:

Pass 1: Components are organized in remaining life order, from least to greatest, and the current reserve funds are assigned to each component up to its theoretically ideal balance, until reserves are exhausted.

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Pass 2: If all components are assigned their theoretically ideal balance and additional funds exist, they are assigned in a “second pass.” Again, the components are organized in remaining life order, from least to greatest, and the remaining current reserve funds are assigned to each component up to its current cost, until reserves are exhausted.

Pass 3: If all components are assigned their current cost and additional funds exist, they are assigned in a “third pass.” Components with a remaining life of zero years are assigned double their current cost.

Distributing, or assigning, the current reserve funds in this manner is the most efficient use of the funds on hand – it defers the make-up period of any underfunded reserves over the lives of the components with the largest remaining lives.

Step 3: Developing a funding plan

After step 2, all components have a “starting” balance. A calculation is made to determine what funding would be required to get from the starting balance to the future cost over the number of years remaining until replacement. The funding plan incorporates the annual contribution increase parameter to develop “stair stepped” contribution.

For example, if an association needs to accumulate \$100,000 in ten years, \$10,000 could be contributed each year. Alternatively, the association could contribute \$8,723 in the first year and increase the contribution by 3% each year thereafter until the tenth year.

In most cases, this rate should match the Inflation Parameter. Matching the Annual Contribution Increase Parameter to the Inflation Parameter indicates, in theory, that Member Contributions should increase at the same rate as the cost of living (Inflation Parameter). Due to the “time value of money,” this creates the most equitable distribution of Member Contributions through time.

Using an Annual Contribution Increase Parameter that is greater than the Inflation Parameter will reduce the burden to the current membership at the expense of the future membership. Using an Annual Contribution Increase Parameter that is less than the Inflation Parameter will increase the burden to the current membership to the benefit of the future membership. The following chart shows a comparison:

	<u>0% Increase</u>	<u>3% Increase</u>	<u>10% Increase</u>
Year 1	\$10,000.00	\$8,723.05	\$6,274.54
Year 2	\$10,000.00	\$8,984.74	\$6,901.99
Year 3	\$10,000.00	\$9,254.28	\$7,592.19
Year 4	\$10,000.00	\$9,531.91	\$8,351.41
Year 5	\$10,000.00	\$9,817.87	\$9,186.55

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Year 6	\$10,000.00	\$10,112.41	\$10,105.21
Year 7	\$10,000.00	\$10,415.78	\$11,115.73
Year 8	\$10,000.00	\$10,728.25	\$12,227.30
Year 9	\$10,000.00	\$11,050.10	\$13,450.03
Year 10	\$10,000.00	\$11,381.60	\$14,795.04
TOTAL	<u>\$100,000.00</u>	<u>\$100,000.00</u>	<u>\$100,000.00</u>

This parameter is used to develop a funding plan only; it does not mean that the reserve contributions must be raised each year. There are far more significant factors that will contribute to a Total Reserve Contribution increase or decrease from year to year than this parameter.

- **Minimum Cash Flow Method**

This calculation method develops a funding plan based on current reserve funds and projected expenditures during a “window,” typically 30 years.

This calculation method is not as conservative as the Component Method and will typically produce a lower monthly reserve contribution. This method structures a funding plan that enables the association to pay for all reserve expenditures as they come due, but is not concerned with the ideal level of reserves through time. Consequently, this funding method can allow an association to become increasingly underfunded, while never running completely out of money during the “window.”

This calculation method structures a funding plan that is the “bare” minimum required to pay for all reserve expenditures as they come due during the “window.” This method disregards components that do not have an expenditure associated with them during the “window.” This method tests reserve contributions to determine the minimum contribution necessary, based on the association's beginning reserve balance and anticipated expenses through time, so that the reserve balance in any one year does not drop below \$0 (or some other threshold level).

- **Directed Cash Flow Method**

This calculation method is a hybrid of the Minimum Cash Flow Method which enables the development of “custom” or “non-traditional” funding plans which may include deferred contributions or special assessments.

This method is similar to the Minimum Cash Flow Method in the sense that it is making calculations based on all reserve expenditures during the “window.” This calculation method can be used to calculate a reserve contribution that enables the association to become “ideally funded” in time.

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- **Annual Contribution Increase Parameter**

The rate used in the calculation of the funding plan developed by the Component Calculation Method and Minimum Cash Flow Method. This rate is used on an annual compounding basis. This rate represents, in theory, the rate the association expects to increase contributions each year.

In most cases, this rate should match the Inflation Parameter. Matching the Annual Contribution Increase Parameter to the Inflation Parameter indicates, in theory, that Member Contributions should increase at the same rate as the cost of living (Inflation Parameter). Due to the “time value of money,” this creates the most equitable distribution of Member Contributions through time.

This parameter is used to develop a funding plan only; it does not mean that the reserve contributions must be raised each year. There are far more significant factors that will contribute to a Total Reserve Contribution increase or decrease from year to year than this parameter.

See the description of “Calculation Methods” in this preface for more detail on this parameter.

- **Anticipated Reserve Balance (or Reserve Funds)**

The amount of money, as of a certain point in time, held by the association to be used for the repair or replacement of Reserve Components.

This figure is “anticipated” because it is calculated based on the most current financial information available as of the analysis date, which is almost always prior to the Fiscal Year beginning date for which the reserve analysis is prepared.

- **Assigned Funds (and “Fixed” Assigned Funds)**

The amount of money, as of the Fiscal Year beginning date for which the reserve analysis is prepared, that a Reserve Component has been assigned based on the Component Calculation Method.

Assigned Funds do not apply to the Minimum Cash Flow Calculation Method or the Directed Cash Flow Calculation Method.

The Assigned Funds are considered “Fixed” when the normal calculation process is bypassed and a specific amount of money is assigned to a Reserve Component. For example, if the normal calculation process assigns \$10,000 to the roofs, but the association would like to show \$20,000 assigned to roofs, “fixed” funds of \$20,000 can be assigned.

The Component Calculation Method assigns funds to each component in the most efficient manner possible; assigning “fixed” reserves in this manner can have a detrimental impact on the association’s overall budget structure in the long run. A more detailed description of the actual calculation process is included in the “Calculation Methods” section of the preface.

- **Component Calculation Method (or Component Method)**

Reserve funding calculation method developed based on each individual component. A more detailed description of the actual calculation process is included in the “Calculation Methods” section of the preface.

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- **Contingency Parameter**

The rate used as a built-in buffer in the calculation of the funding plan developed by the Component Calculation Method. This rate will assign a percentage of the Reserve Funds, as of the Fiscal Year beginning, as contingency funds and will also determine the level of funding toward the contingency each month.

- **Current Replacement Cost**

The amount of money, as of the Fiscal Year beginning date for which the reserve analysis is prepared, that a Reserve Component is expected to cost to replace.

- **Directed Cash Flow Calculation Method (or Directed Cash Flow Method)**

Reserve funding calculation method developed based on total annual expenditures. A more detailed description of the actual calculation process is included in the “Calculation Methods” section of the preface.

- **Fiscal Year**

Indicates the budget year for the association for which the reserve analysis was prepared. The fiscal year beginning (FYB) is the first day of the budget year; the fiscal year end (FYE) is the last day of the budget year.

- **Future Replacement Cost**

The amount of money, as of the Fiscal Year during which replacement of a Reserve Component is scheduled, that a Reserve Component is expected to cost to replace. This cost is calculated using the Current Replacement Cost compounded annually by the Inflation Parameter.

- **Global Parameters**

The financial parameters used to calculate the reserve analysis (see Inflation Parameter, Annual Contribution Increase Parameter, Investment Rate Parameter and Taxes on Investments Parameter).

- **Inflation Parameter**

The rate used in the calculation of future costs for Reserve Components. This rate is used on an annual compounding basis. This rate represents the rate the association expects the cost of goods and services relating to their Reserve Components to increase each year.

- **Interest Contribution**

The amount of money contributed to the Reserve Fund by the interest earned on the Reserve Fund and Member Contributions.

- **Investment Rate Parameter**

The gross rate used in the calculation of Interest Contribution (interest earned) from the Reserve Balance and Member Contributions. This rate (net of the Taxes on Investments Parameter) is used on a monthly compounding basis. This parameter represents the weighted average interest rate the association expects to earn on their Reserve Fund investments.

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- **Membership Contribution**

The amount of money contributed to the Reserve Fund by the association's membership.

- **Minimum Cash Flow Calculation Method (or Minimum Cash Flow Method)**

Reserve funding calculation method developed based on total annual expenditures. A more detailed description of the actual calculation process is included in the "Calculation Methods" section of the preface.

- **Monthly Contribution (and "Fixed" Monthly Contribution)**

The amount of money, for the Fiscal Year which the reserve analysis is prepared, that a Reserve Component will be funded base Theoretically Ideal Reserve Balance

Monthly Contribution does not apply to the Minimum Cash Flow Calculation Method or the Directed Cash Flow Calculation Method.

The Monthly Contribution is considered "Fixed" when the normal calculation process is bypassed and a specific amount of money is funded to a Reserve Component. For example, if the normal calculation process funds \$1,000 to the roofs each month, but the association would like to show \$500 funded to roofs each month, a "fixed" contribution of \$500 can be assigned.

The Component Calculation Method funds each component in the most efficient manner possible; assigning a "fixed" contribution in this manner can have a detrimental impact on the association's overall budget structure in the long run. A more detailed description of the actual calculation process is included in the "Calculation Methods" section of the preface.

- **Number of Units (or other assessment basis)**

Indicates the number of units for which the reserve analysis was prepared. In "phased" developments (see Phasing), this number represents the number of units, and corresponding common area components, that existed as of a certain point in time.

For some associations, assessments and reserve contributions are based on a unit of measure other than the number of units. Examples include time-interval weeks for timeshare resorts or lot acreage for industrial developments.

- **One-Time Replacement**

Used for components that will be budgeted for only once.

- **Percent Funded**

A measure (expressed as a percentage) of the association's reserve fund "health" as of a certain point in time. This number is the ratio of the Anticipated Reserve Fund Balance to the Theoretically Ideal Reserve Balance:

$$\text{Percent Funded} = \frac{\text{Anticipated Reserve Fund Balance}}{\text{Theoretically Ideal Reserve Balance}}$$

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An association that is 100% funded does not have all of the Reserve Funds necessary to replace all of its Reserve Components immediately; it has the proportionately appropriate Reserve Funds for the Reserve Components it maintains, based on each component's Current Replacement Cost, age and Useful Life.

- **Percentage of Replacement**

The percentage of the Reserve Component that is expected to be replaced.

For most Reserve Components, this percentage should be 100%. In some cases, this percentage may be more or less than 100%. For example, fencing which is shared with a neighboring community may be set at 50%.

- **Phasing**

Indicates the number of phases for which the reserve analysis was prepared and the total number of phases expected at build-out (i.e. Phase 4 of 7). In phased developments, the first number represents the number of phases, and corresponding common area components, that existed as of a certain point in time. The second number represents the number of phases that are expected to exist at build-out.

- **Placed-In-Service Date**

The date (month and year) that the Reserve Component was originally put into service or last replaced.

- **Remaining Life**

The length of time, in years, until a Reserve Component is scheduled to be replaced.

- **Remaining Life Adjustment**

The length of time, in years, that a Reserve Component is expected to last in excess (or deficiency) of its Useful Life for the current cycle of replacement.

If the current cycle of replacement for a Reserve Component is expected to be greater than or less than the "normal" life expectancy, the Reserve Component's life should be adjusted using a Remaining Life Adjustment.

For example, if wood trim is painted normally on a 4 year cycle, the Useful Life should be 4 years. However, when it comes time to paint the wood trim and it is determined that it can be deferred for an additional year, the Useful Life should remain at 4 years and a Remaining Life Adjustment of +1 year should be used.

- **Replacement Year**

The Fiscal Year that a Reserve Component is scheduled to be replaced.

- **Reserve Components**

Line items included in the reserve analysis.

Preface

- **Salvage Value**

The amount of money that is expected to be received at the point in time that a Reserve Component is replaced.

For example, the “trade-in allowance” received at the time a security vehicle is replaced should be considered as its Salvage Value.

- **Taxes on Investments Parameter**

The rate used to offset the Investment Rate Parameter in the calculation of the Interest Contribution. This parameter represents the marginal tax rate the association expects to pay on interest earned by the Reserve Funds and Member Contributions.

- **Theoretically Ideal Reserve Balance (or Ideal Reserves)**

The amount of money that should theoretically have accumulated in the reserve fund as of a certain point in time. Ideal reserves are calculated for each Reserve Component based on the Current Replacement Cost, age and Useful Life:

$$\text{Ideal Reserves} = \frac{\text{Age}}{\text{Useful Life}} \times \text{Current Replacement Cost}$$

The Theoretically Ideal Reserve Balance is the sum of the Ideal Reserves for each Reserve Component.

An association that has accumulated the Theoretically Ideal Reserve Balance does not have all of the funds necessary to replace all of its Reserve Components immediately; it has the proportionately appropriate Reserve Funds for the Reserve Components it maintains, based on each component's Current Replacement Cost, age and Useful Life.

- **Total Contribution**

The sum of the Membership Contribution and Interest Contribution.

- **Useful Life**

The length of time, in years, that a Reserve Component is expected to last each time it is replaced. See also Remaining Life Adjustment.

Sandpiper Lagoon Homeowners Association

Executive Summary Component Calculation Method

Client Information:

Account Number	11267
Version Number	1
Analysis Date	9/12/2009
Fiscal Year	1/1/2010 to 12/31/2010
Number of Units	134
Phasing	4 of 4

Global Parameters:

Inflation Rate	2.00 %
Annual Contribution Increase	2.00 %
Investment Rate	2.50 %
Taxes on Investments	30.00 %
Contingency	0.45 %

Community Profile:

For budgeting purposes, unless otherwise indicated, we have used January 1989 as the average placed-in-service date for aging the original components included in this analysis.

The contingency was provided by the client.

Field evaluation: September 11, 2008

Adequacy of Reserves as of January 1, 2010:

Anticipated Reserve Balance	\$245,132.00
Theoretically Ideal Reserve Balance	\$513,231.60
Percent Funded	47.76%

Recommended Funding for the 2010 Fiscal Year:	Annual	Monthly	Per Unit
			Per Month
Member Contribution	\$79,905	\$6,658.75	\$49.69
Interest Contribution	\$3,722	\$310.19	\$2.31
Total Contribution	\$83,627	\$6,968.94	\$52.01

Sandpiper Lagoon Homeowners Association

Calculation of Percent Funded

Sorted by Category

	Remaining Life	Useful Life	Current Cost	Theoretically Ideal Balance
<u>010 Streets</u>				
Asphalt - Overlay/Replace	20	31	\$262,983.72	\$93,316.80
Asphalt - Repairs	0	5	\$23,745.13	\$23,745.13
Asphalt - Seal	0	5	\$25,594.98	\$25,594.98
Stamped Concrete	29	40	\$79,268.80	\$21,798.92
Sub Total	0-29	5-40	\$391,592.63	\$164,455.84
<u>020 Roofs/Siding</u>				
Roofs - Cabana, Low Slope	4	18	\$1,736.00	\$1,350.22
Roofs - Cabana, Slope	9	22	\$2,312.35	\$1,366.39
Roofs - Gazebo	13	20	\$3,638.75	\$1,273.56
Siding - Shingle	9	30	\$38,975.20	\$27,282.64
Sub Total	4-13	18-30	\$46,662.30	\$31,272.81
<u>030 Paint</u>				
Paint - Interiors	7	10	\$1,283.40	\$385.02
Paint - Metal	1	5	\$13,305.00	\$10,644.00
Paint - Perimeter Fencing	5	8	\$11,950.00	\$4,481.25
Paint - Pool Area	2	5	\$5,532.15	\$3,319.29
Sub Total	1-7	5-10	\$32,070.55	\$18,829.56
<u>040 Fencing/Walls</u>				
Fencing - Perimeter, Wood	12	16	\$50,143.00	\$12,535.75
Fencing - Pool Area	5	26	\$2,480.50	\$2,003.48
Fencing - Pool Area, Shingled	4	25	\$11,993.00	\$10,074.12
Fencing - Wrought Iron	14	25	\$45,393.00	\$19,972.92
Retaining Wall - Pool Area	9	30	\$6,191.00	\$4,333.70
Sub Total	4-14	16-30	\$116,200.50	\$48,919.97
<u>050 Lighting</u>				
Lighting - Bollards	9	25	\$10,150.00	\$6,496.00
Lighting - Street	14	25	\$156,750.00	\$68,970.00
Sub Total	9-14	25	\$166,900.00	\$75,466.00
<u>060 Pool Area</u>				
Pool - Chemical Analyzer	5	10	\$3,400.00	\$1,700.00
Pool - Filter	8	12	\$1,450.00	\$483.33
Pool - Heater	11	12	\$3,200.00	\$161.15
Pool - Pump	1	8	\$1,050.00	\$918.75
Pool - Resurfacing	6	12	\$15,500.00	\$7,750.00

Sandpiper Lagoon Homeowners Association

Calculation of Percent Funded

Sorted by Category

	Remaining Life	Useful Life	Current Cost	Theoretically Ideal Balance
Pool - Tile Replacement	18	24	\$8,308.00	\$2,077.00
Pool Area - Concrete Decking	19	40	\$60,207.00	\$31,608.68
Pool Area - Drain Covers	0	21	\$5,250.00	\$5,250.00
Pool Area - Furniture	4	5	\$3,100.00	\$344.44
Pool Area - Mastic	0	4	\$4,196.40	\$4,196.40
Pool Area - Shade Structure	9	25	\$12,350.00	\$7,904.00
Spa - Chemical Analyzer	5	10	\$3,400.00	\$1,700.00
Spa - Filter	0	10	\$1,350.00	\$1,350.00
Spa - Heater	4	10	\$3,200.00	\$1,920.00
Spa - Pumps	1	8	\$3,300.00	\$2,887.50
Spa - Resurfacing	4	10	\$5,150.00	\$3,090.00
Spa - Tile Replacement	14	20	\$2,790.00	\$837.00
Sub Total	0-19	4-40	\$137,201.40	\$74,178.25
<u>070 Cabana</u>				
Cabana - Ceramic Tile	9	30	\$5,402.00	\$3,781.40
Cabana - Ceramic Tile, Shower	4	25	\$2,880.00	\$2,419.20
Cabana - Counters	8	16	\$1,300.00	\$650.00
Cabana - Doors	4	25	\$3,550.00	\$2,982.00
Cabana - Lighting	4	25	\$3,260.00	\$2,738.40
Cabana - Plumbing Fixtures	4	25	\$2,225.00	\$1,869.00
Cabana - Plumbing Fixtures, Toilets	20	25	\$1,650.00	\$330.00
Cabana - Restroom Partitions	4	25	\$2,100.00	\$1,764.00
Cabana - Water Heater	5	12	\$1,125.00	\$656.25
Sub Total	4-20	12-30	\$23,492.00	\$17,190.25
<u>090 Other</u>				
Benches/Trash Receptacles	13	16	\$11,950.00	\$2,240.63
Concrete Repairs	2	4	\$5,000.00	\$2,500.00
Mailboxes	11	13	\$5,650.00	\$869.23
Mailboxes - Posts	5	26	\$22,250.00	\$17,971.15
Mailboxes - Posts, 2008	24	26	\$8,250.00	\$634.62
Signs - Traffic	9	30	\$5,440.00	\$3,808.00
Tot Lot - Play Structures	9	16	\$55,600.00	\$24,325.00
Sub Total	2-24	4-30	\$114,140.00	\$52,348.63
<u>100 Landscaping</u>				
Irrigation - Backflows, Unfunded	n.a.	n.a.	\$0.00	\$0.00
Irrigation - Controllers	0	14	\$10,500.00	\$10,500.00

Sandpiper Lagoon Homeowners Association

Calculation of Percent Funded

Sorted by Category

	Remaining Life	Useful Life	Current Cost	Theoretically Ideal Balance
Irrigation - Controllers, 2006	10	14	\$16,800.00	\$4,800.00
Landscape Renovations	5	10	\$25,000.00	\$12,500.00
Mulch	4	5	\$2,475.00	\$495.00
Sub Total	0-10	5-14	\$54,775.00	\$28,295.00
Contingency	n.a.	n.a.	n.a.	\$2,275.29
Tota	0-29	4-40	\$1,083,034.38	\$513,231.60
Anticipated Reserve Balance				\$245,132.00
Percent Funde				47.76%

Sandpiper Lagoon Homeowners Association

Distribution of Current Reserve Funds

Sorted by Remaining Life

	Remaining Life	Theoretically Ideal Balance	Assigned Reserves
Asphalt - Repairs	0	\$23,745.13	\$23,745.13
Asphalt - Seal	0	\$25,594.98	\$25,594.98
Irrigation - Controllers	0	\$10,500.00	\$10,500.00
Pool Area - Drain Covers	0	\$5,250.00	\$5,250.00
Pool Area - Mastic	0	\$4,196.40	\$4,196.40
Spa - Filter	0	\$1,350.00	\$1,350.00
Paint - Metal	1	\$10,644.00	\$10,644.00
Pool - Pump	1	\$918.75	\$918.75
Spa - Pumps	1	\$2,887.50	\$2,887.50
Concrete Repairs	2	\$2,500.00	\$2,500.00
Paint - Pool Area	2	\$3,319.29	\$3,319.29
Cabana - Ceramic Tile, Shower	4	\$2,419.20	\$2,419.20
Cabana - Doors	4	\$2,982.00	\$2,982.00
Cabana - Lighting	4	\$2,738.40	\$2,738.40
Cabana - Plumbing Fixtures	4	\$1,869.00	\$1,869.00
Cabana - Restroom Partitions	4	\$1,764.00	\$1,764.00
Fencing - Pool Area, Shingled	4	\$10,074.12	\$10,074.12
Mulch	4	\$495.00	\$495.00
Pool Area - Furniture	4	\$344.44	\$344.44
Roofs - Cabana, Low Slope	4	\$1,350.22	\$1,350.22
Spa - Heater	4	\$1,920.00	\$1,920.00
Spa - Resurfacing	4	\$3,090.00	\$3,090.00
Cabana - Water Heater	5	\$656.25	\$656.25
Fencing - Pool Area	5	\$2,003.48	\$2,003.48
Landscape Renovations	5	\$12,500.00	\$12,500.00
Mailboxes - Posts	5	\$17,971.15	\$17,971.15
Paint - Perimeter Fencing	5	\$4,481.25	\$4,481.25
Pool - Chemical Analyzer	5	\$1,700.00	\$1,700.00
Spa - Chemical Analyzer	5	\$1,700.00	\$1,700.00
Pool - Resurfacing	6	\$7,750.00	\$7,750.00
Paint - Interiors	7	\$385.02	\$385.02
Cabana - Counters	8	\$650.00	\$650.00
Pool - Filter	8	\$483.33	\$483.33
Cabana - Ceramic Tile	9	\$3,781.40	\$3,781.40

Sandpiper Lagoon Homeowners Association

Distribution of Current Reserve Funds

Sorted by Remaining Life

	Remaining Life	Theoretically Ideal Balance	Assigned Reserves
Lighting - Bollards	9	\$6,496.00	\$6,496.00
Pool Area - Shade Structure	9	\$7,904.00	\$7,904.00
Retaining Wall - Pool Area	9	\$4,333.70	\$4,333.70
Roofs - Cabana, Slope	9	\$1,366.39	\$1,366.39
Siding - Shingle	9	\$27,282.64	\$27,282.64
Signs - Traffic	9	\$3,808.00	\$3,808.00
Tot Lot - Play Structures	9	\$24,325.00	\$18,840.21
Irrigation - Controllers, 2006	10	\$4,800.00	\$0.00
Mailboxes	11	\$869.23	\$0.00
Pool - Heater	11	\$161.15	\$0.00
Fencing - Perimeter, Wood	12	\$12,535.75	\$0.00
Benches/Trash Receptacles	13	\$2,240.63	\$0.00
Roofs - Gazebo	13	\$1,273.56	\$0.00
Fencing - Wrought Iron	14	\$19,972.92	\$0.00
Lighting - Street	14	\$68,970.00	\$0.00
Spa - Tile Replacement	14	\$837.00	\$0.00
Pool - Tile Replacement	18	\$2,077.00	\$0.00
Pool Area - Concrete Decking	19	\$31,608.68	\$0.00
Asphalt - Overlay/Replace	20	\$93,316.80	\$0.00
Cabana - Plumbing Fixtures, Toilets	20	\$330.00	\$0.00
Mailboxes - Posts, 2008	24	\$634.62	\$0.00
Stamped Concrete	29	\$21,798.92	\$0.00
Irrigation - Backflows, Unfunded	n.a.	\$0.00	\$0.00
Contingency	n.a.	\$2,275.29	\$1,086.73
Total	0-29	\$513,231.60	\$245,132.00
Percent Funded			47.76%

Sandpiper Lagoon Homeowners Association

Management / Accounting Summary

Sorted by Category

	Balance at Fiscal Year Beginning	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
<u>010 Streets</u>				
Asphalt - Overlay/Replace	\$0.00	\$1,133.30	\$9.13	\$1,142.44
Asphalt - Repairs	\$23,745.13	\$402.30	\$3.24	\$405.54
Asphalt - Seal	\$25,594.98	\$433.64	\$3.50	\$437.13
Stamped Concrete	\$0.00	\$238.03	\$1.92	\$239.95
Sub Total	\$49,340.11	\$2,207.27	\$17.79	\$2,225.06
<u>020 Roofs/Siding</u>				
Roofs - Cabana, Low Slope	\$1,350.22	\$8.42	\$2.05	\$10.48
Roofs - Cabana, Slope	\$1,366.39	\$9.21	\$2.08	\$11.29
Roofs - Gazebo	\$0.00	\$23.93	\$0.19	\$24.12
Siding - Shingle	\$27,282.64	\$115.88	\$41.04	\$156.93
Sub Total	\$29,999.25	\$157.45	\$45.37	\$202.82
<u>030 Paint</u>				
Paint - Interiors	\$385.02	\$10.97	\$0.65	\$11.63
Paint - Metal	\$10,644.00	\$226.45	\$17.47	\$243.93
Paint - Perimeter Fencing	\$4,481.25	\$127.41	\$7.61	\$135.03
Paint - Pool Area	\$3,319.29	\$94.05	\$5.64	\$99.69
Sub Total	\$18,829.56	\$458.89	\$31.38	\$490.27
<u>040 Fencing/Walls</u>				
Fencing - Perimeter, Wood	\$0.00	\$356.84	\$2.88	\$359.72
Fencing - Pool Area	\$2,003.48	\$8.47	\$3.01	\$11.49
Fencing - Pool Area, Shingled	\$10,074.12	\$42.56	\$15.15	\$57.71
Fencing - Wrought Iron	\$0.00	\$277.53	\$2.24	\$279.77
Retaining Wall - Pool Area	\$4,333.70	\$18.41	\$6.52	\$24.93
Sub Total	\$16,411.30	\$703.81	\$29.80	\$733.61
<u>050 Lighting</u>				
Lighting - Bollards	\$6,496.00	\$35.82	\$9.84	\$45.66
Lighting - Street	\$0.00	\$958.36	\$7.72	\$966.09
Sub Total	\$6,496.00	\$994.18	\$17.56	\$1,011.74
<u>060 Pool Area</u>				
Pool - Chemical Analyzer	\$1,700.00	\$29.13	\$2.73	\$31.87
Pool - Filter	\$483.33	\$10.37	\$0.79	\$11.16
Pool - Heater	\$0.00	\$24.81	\$0.20	\$25.01

Sandpiper Lagoon Homeowners Association

Management / Accounting Summary

Sorted by Category

	Balance at Fiscal Year Beginning	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
Pool - Pump	\$918.75	\$11.25	\$1.44	\$12.69
Pool - Resurfacing	\$7,750.00	\$111.06	\$12.29	\$123.34
Pool - Tile Replacement	\$0.00	\$39.69	\$0.32	\$40.01
Pool Area - Concrete Decking	\$0.00	\$272.80	\$2.20	\$275.00
Pool Area - Drain Covers	\$5,250.00	\$0.00	\$0.00	\$0.00
Pool Area - Furniture	\$344.44	\$58.36	\$0.98	\$59.33
Pool Area - Mastic	\$4,196.40	\$88.77	\$0.72	\$89.48
Pool Area - Shade Structure	\$7,904.00	\$43.58	\$11.97	\$55.55
Spa - Chemical Analyzer	\$1,700.00	\$29.13	\$2.73	\$31.87
Spa - Filter	\$1,350.00	\$11.50	\$0.09	\$11.59
Spa - Heater	\$1,920.00	\$27.45	\$3.04	\$30.49
Spa - Pumps	\$2,887.50	\$35.35	\$4.53	\$39.88
Spa - Resurfacing	\$3,090.00	\$44.18	\$4.90	\$49.08
Spa - Tile Replacement	\$0.00	\$17.06	\$0.14	\$17.20
Sub Total	\$39,494.43	\$854.48	\$49.08	\$903.55
<u>070 Cabana</u>				
Cabana - Ceramic Tile	\$3,781.40	\$16.06	\$5.69	\$21.75
Cabana - Ceramic Tile, Shower	\$2,419.20	\$10.22	\$3.64	\$13.86
Cabana - Counters	\$650.00	\$7.03	\$1.01	\$8.05
Cabana - Doors	\$2,982.00	\$12.60	\$4.49	\$17.08
Cabana - Lighting	\$2,738.40	\$11.57	\$4.12	\$15.69
Cabana - Plumbing Fixtures	\$1,869.00	\$7.90	\$2.81	\$10.71
Cabana - Plumbing Fixtures, Toilets	\$0.00	\$7.11	\$0.06	\$7.17
Cabana - Restroom Partitions	\$1,764.00	\$7.45	\$2.65	\$10.10
Cabana - Water Heater	\$656.25	\$8.07	\$1.03	\$9.10
Sub Total	\$16,860.25	\$88.01	\$25.50	\$113.50
<u>090 Other</u>				
Benches/Trash Receptacles	\$0.00	\$78.59	\$0.63	\$79.22
Concrete Repairs	\$2,500.00	\$106.01	\$4.53	\$110.54
Mailboxes	\$0.00	\$43.81	\$0.35	\$44.17
Mailboxes - Posts	\$17,971.15	\$76.00	\$27.03	\$103.03
Mailboxes - Posts, 2008	\$0.00	\$29.76	\$0.24	\$30.00
Signs - Traffic	\$3,808.00	\$16.17	\$5.73	\$21.90
Tot Lot - Play Structures	\$18,840.21	\$351.27	\$30.53	\$381.80

Sandpiper Lagoon Homeowners Association

Management / Accounting Summary

Sorted by Category

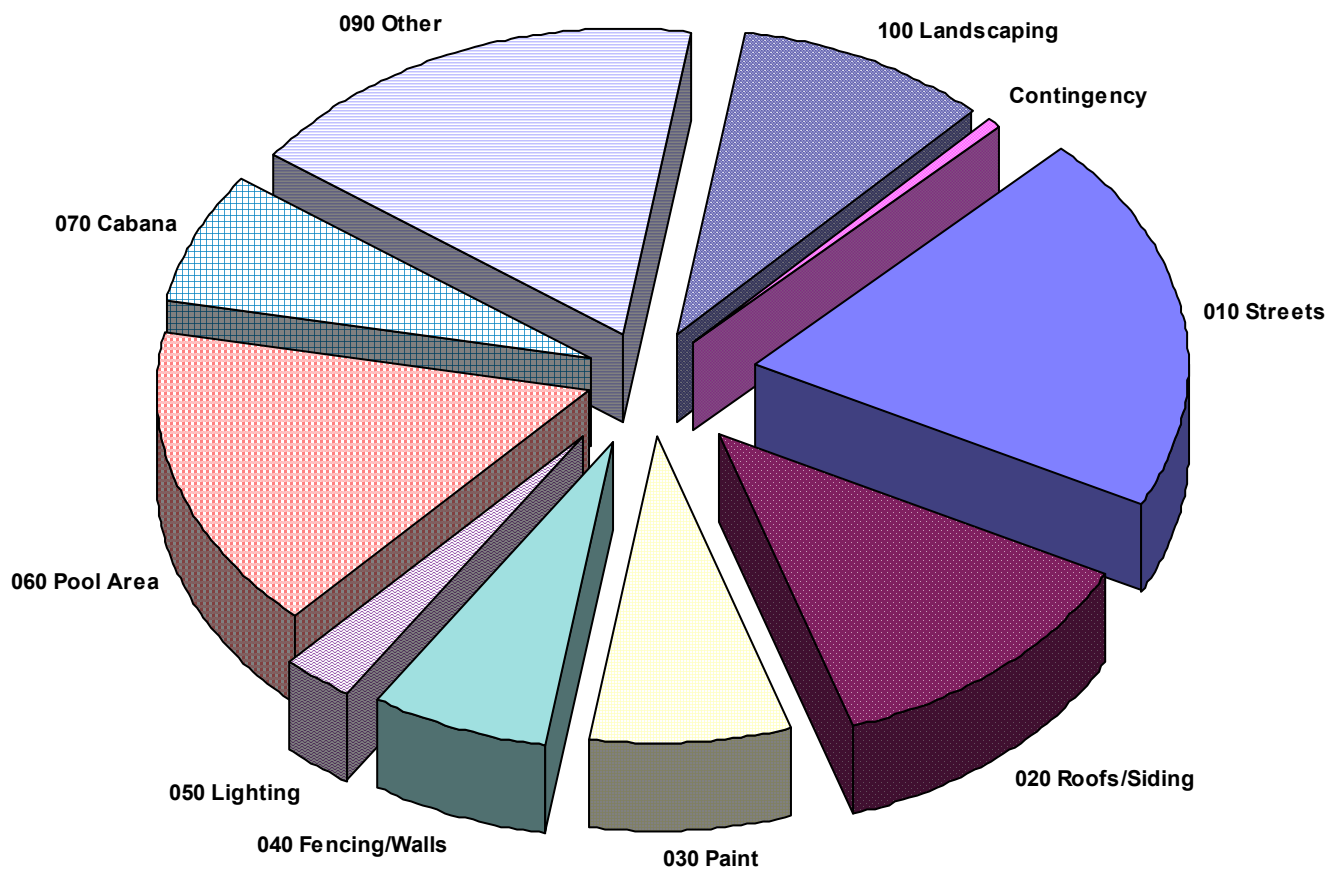
	Balance at Fiscal Year Beginning	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
Sub Total	\$43,119.37	\$701.62	\$69.04	\$770.67
<u>100 Landscaping</u>				
Irrigation - Backflows, Unfunded	\$0.00	\$0.00	\$0.00	\$0.00
Irrigation - Controllers	\$10,500.00	\$64.20	\$0.52	\$64.71
Irrigation - Controllers, 2006	\$0.00	\$143.14	\$1.15	\$144.29
Landscape Renovations	\$12,500.00	\$214.22	\$20.10	\$234.32
Mulch	\$495.00	\$41.98	\$1.07	\$43.05
Sub Total	\$23,495.00	\$463.53	\$22.84	\$486.37
Contingency	\$1,086.73	\$29.52	\$1.84	\$31.36
Total	\$245,132.00	\$6,658.75	\$310.19	\$6,968.94

Sandpiper Lagoon Homeowners Association

Management / Accounting Charts

Sorted by Category

Distribution of Current Reserve Fund

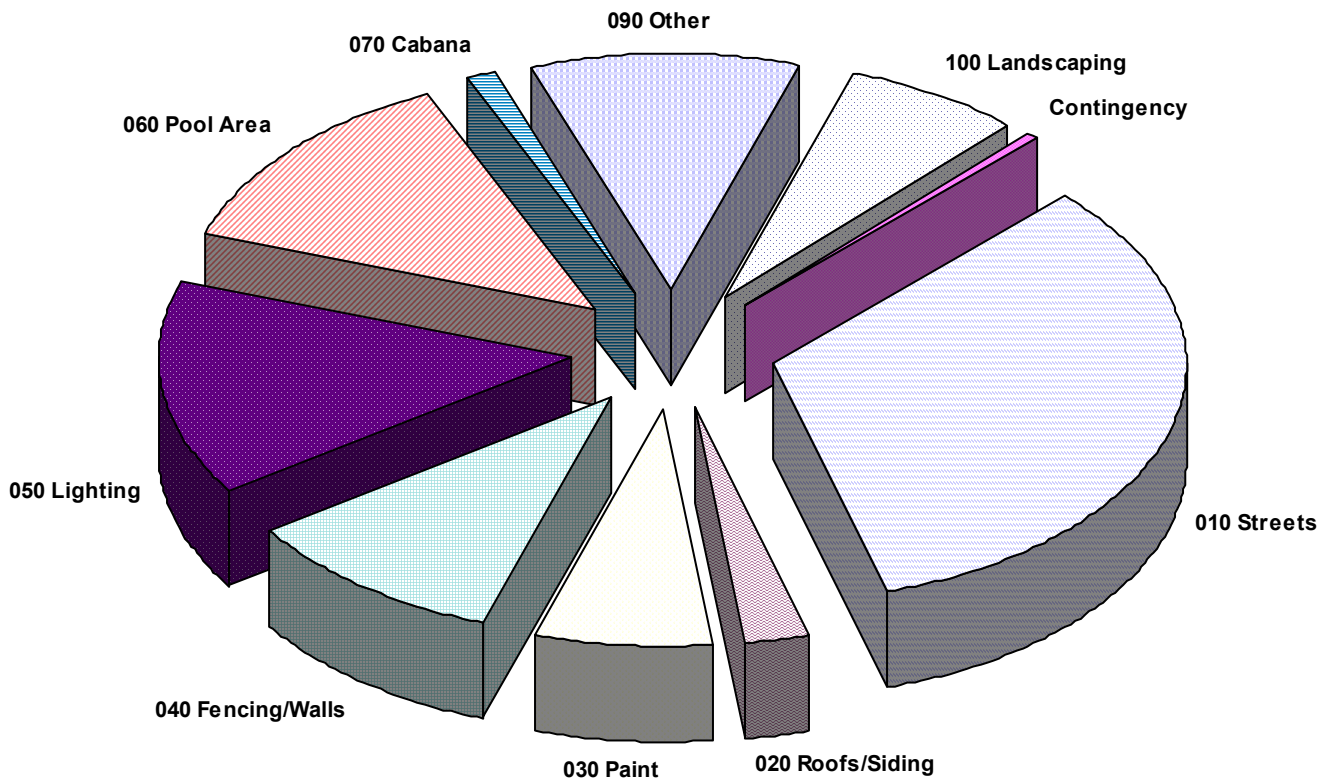


Sandpiper Lagoon Homeowners Association

Management / Accounting Charts

Sorted by Category

Monthly Member Contribution



Sandpiper Lagoon Homeowners Association

Projections

Component Calculation Method

Fiscal Year	Beginning Balance	Member Contribution	Interest Contribution	Expenditures	Ending Balance	Theoretically Ideal Ending Balance	Percent Funded
2010	\$245,132	\$79,905	\$3,722	\$70,637	\$258,123	\$513,731	50%
2011	\$258,123	\$80,328	\$4,883	\$18,008	\$325,326	\$569,413	57%
2012	\$325,326	\$81,271	\$6,201	\$10,958	\$401,840	\$634,709	63%
2013	\$401,840	\$82,092	\$7,751	\$0	\$491,683	\$713,840	69%
2014	\$491,683	\$82,620	\$8,464	\$49,646	\$533,120	\$744,964	72%
2015	\$533,120	\$83,800	\$7,764	\$131,326	\$493,358	\$694,449	71%
2016	\$493,358	\$85,132	\$8,718	\$38,070	\$549,138	\$739,851	74%
2017	\$549,138	\$86,632	\$10,247	\$7,829	\$638,188	\$818,554	78%
2018	\$638,188	\$88,129	\$11,825	\$8,139	\$730,003	\$899,953	81%
2019	\$730,003	\$89,513	\$10,514	\$174,896	\$655,134	\$813,707	81%
2020	\$655,134	\$90,378	\$10,727	\$88,365	\$667,874	\$815,890	82%
2021	\$667,874	\$91,095	\$12,030	\$27,547	\$743,452	\$881,945	84%
2022	\$743,452	\$91,484	\$12,513	\$75,932	\$771,517	\$901,308	86%
2023	\$771,517	\$91,416	\$13,719	\$35,624	\$841,027	\$963,944	87%
2024	\$841,027	\$92,840	\$10,130	\$309,230	\$634,766	\$749,749	85%
2025	\$634,766	\$93,874	\$10,028	\$109,204	\$629,464	\$737,872	85%
2026	\$629,464	\$95,176	\$11,448	\$24,026	\$712,062	\$814,726	87%
2027	\$712,062	\$96,425	\$13,035	\$17,210	\$804,313	\$901,835	89%
2028	\$804,313	\$97,585	\$14,250	\$41,145	\$875,002	\$967,932	90%
2029	\$875,002	\$99,002	\$14,543	\$95,832	\$892,716	\$981,127	91%
2030	\$892,716	\$107,075	\$8,198	\$476,945	\$531,043	\$613,062	87%
2031	\$531,043	\$108,938	\$9,505	\$42,038	\$607,448	\$685,237	89%
2032	\$607,448	\$110,979	\$11,276	\$18,966	\$710,736	\$784,552	91%
2033	\$710,736	\$113,062	\$13,360	\$5,046	\$832,112	\$902,217	92%
2034	\$832,112	\$115,187	\$14,126	\$83,995	\$877,431	\$943,491	93%
2035	\$877,431	\$117,126	\$12,339	\$231,473	\$775,423	\$836,678	93%
2036	\$775,423	\$119,225	\$14,100	\$30,632	\$878,115	\$935,729	94%
2037	\$878,115	\$121,419	\$16,264	\$11,633	\$1,004,165	\$1,058,500	95%
2038	\$1,004,165	\$123,506	\$16,719	\$112,887	\$1,031,502	\$1,082,307	95%
2039	\$1,031,502	\$125,367	\$14,846	\$247,227	\$924,488	\$971,319	95%

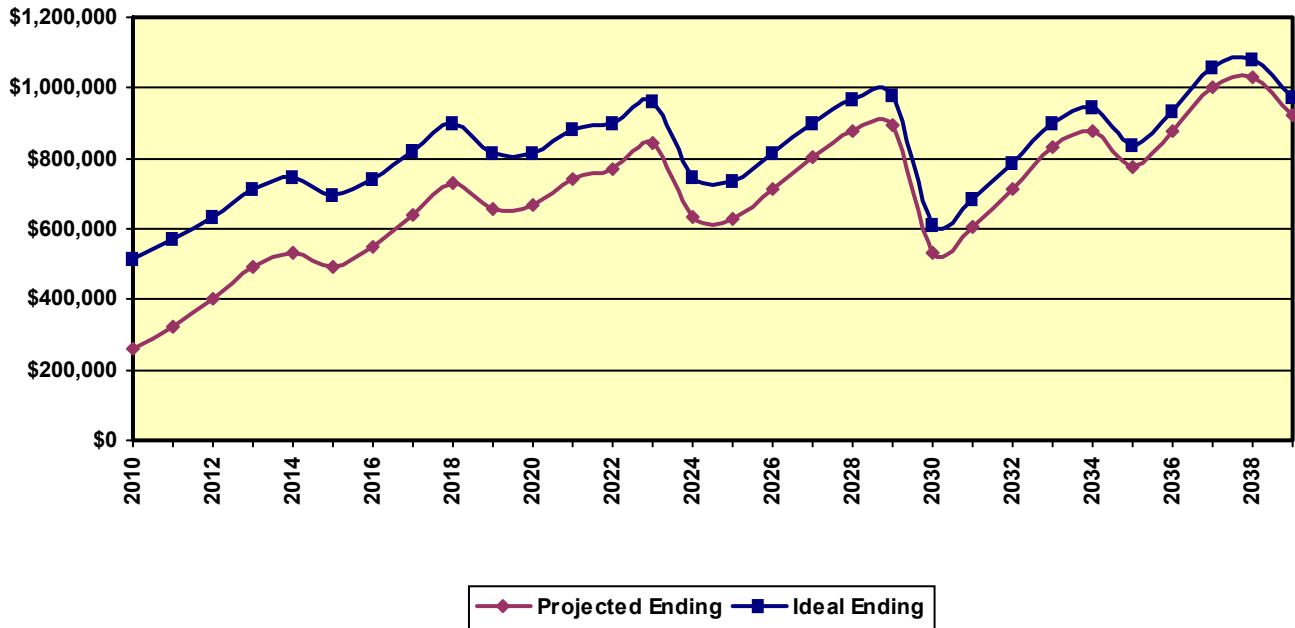
NOTE: In some cases, the projected Ending Balance may exceed the Theoretically Ideal Ending Balance in years following high Expenditures. This is a result of the provision for contingency in this analysis, which in these projections is never expended. The contingency is continually adjusted according to need and any excess is redistributed among all components included.

Sandpiper Lagoon Homeowners Association

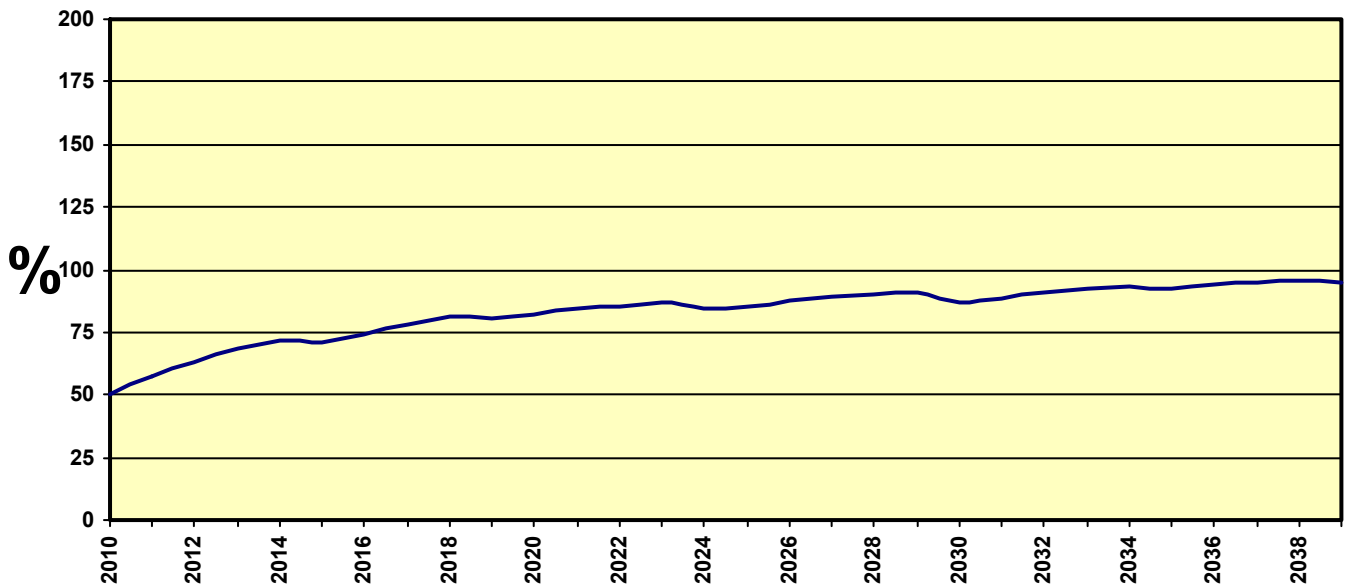
Projection Charts

Component Calculation Method

Year End Reserve Balance



Year End Percent Funded

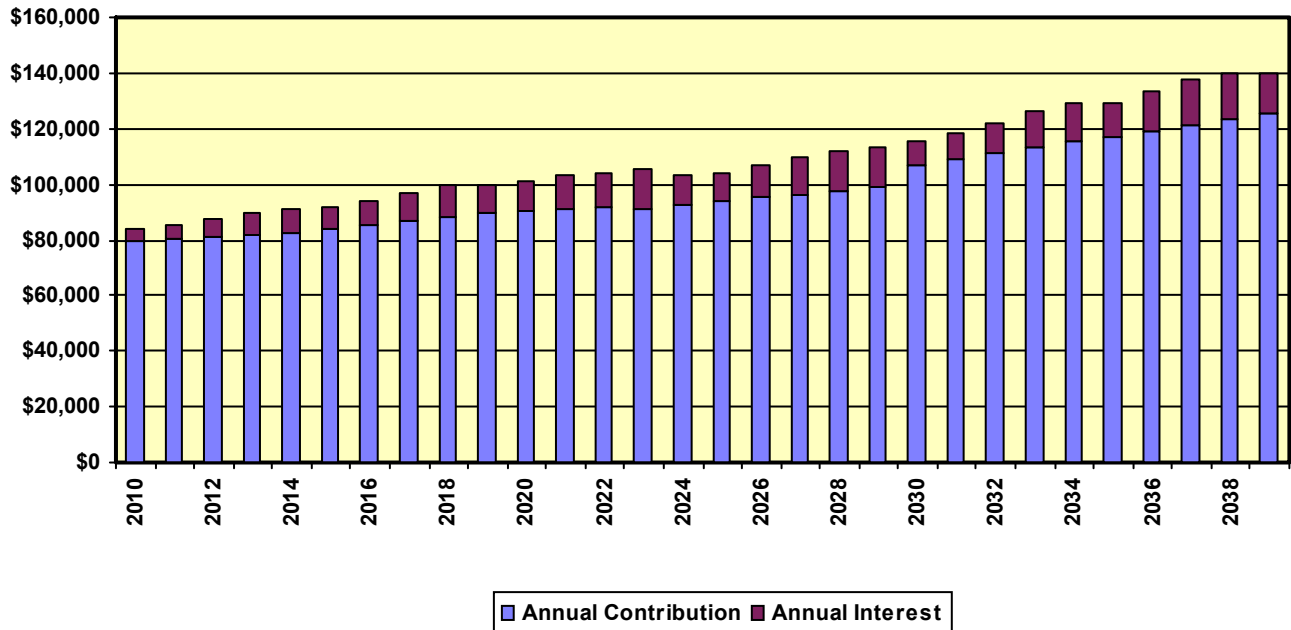


Sandpiper Lagoon Homeowners Association

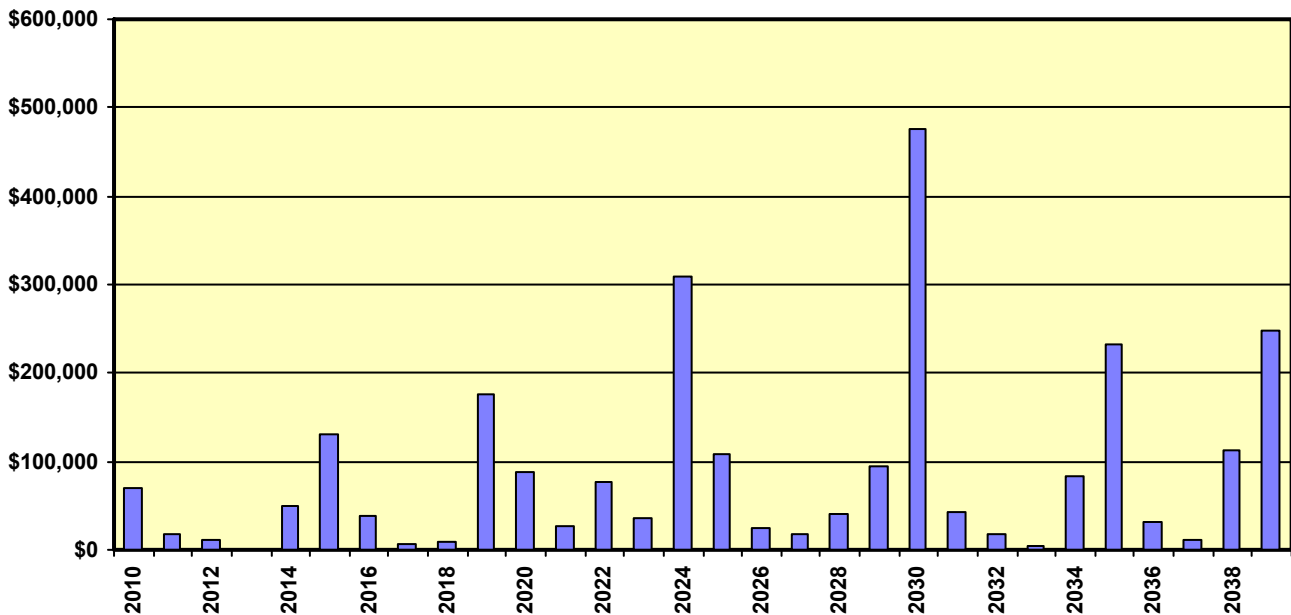
Projection Charts

Component Calculation Method

Reserve Contribution



Expenditures



Sandpiper Lagoon Homeowners Association

Executive Summary

Directed Cash Flow Calculation Method

Client Information:

Account Number	11267
Version Number	1
Analysis Date	09/12/2009
Fiscal Year	1/1/2010 to 12/31/2010
Number of Units	134
Phasing	4 of 4

Global Parameters:

Inflation Rate	2.00 %
Annual Contribution Increase	2.00 %
Investment Rate	2.50 %
Taxes on Investments	30.00 %
Contingency	0.45 %

Community Profile:

For budgeting purposes, unless otherwise indicated, we have used January 1989 as the average placed-in-service date for aging the original components included in this analysis.

The contingency was provided by the client.

Field evaluation: September 11, 2008

Adequacy of Reserves as of January 1, 2010:

Anticipated Reserve Balance	\$245,132.00
Theoretically Ideal Reserve Balance	\$513,231.60
Percent Funded	47.76%

Recommended Funding for the 2010 Fiscal Year:	Annual	Monthly	Per Unit
			Per Month
Member Contribution	\$58,000	\$4,833.33	\$36.07
Interest Contribution	\$3,546	\$295.48	\$2.21
Total Contribution	\$61,546	\$5,128.81	\$38.27

Sandpiper Lagoon Homeowners Association

Projections

Directed Cash Flow Calculation Method

Fiscal Year	Beginning Balance	Member Contribution	Interest Contribution	Expenditures	Ending Balance	Theoretically Ideal Ending Balance	Percent Funded
2010	\$245,132	\$58,000	\$3,546	\$70,637	\$236,041	\$513,731	46%
2011	\$236,041	\$60,175	\$4,331	\$18,008	\$282,539	\$569,413	50%
2012	\$282,539	\$62,432	\$5,294	\$10,958	\$339,308	\$634,709	53%
2013	\$339,308	\$64,773	\$6,508	\$0	\$410,588	\$713,840	58%
2014	\$410,588	\$67,202	\$6,909	\$49,646	\$435,053	\$744,964	58%
2015	\$435,053	\$69,722	\$5,920	\$131,326	\$379,369	\$694,449	55%
2016	\$379,369	\$72,336	\$6,604	\$38,070	\$420,239	\$739,851	57%
2017	\$420,239	\$75,049	\$7,880	\$7,829	\$495,340	\$818,554	61%
2018	\$495,340	\$77,863	\$9,222	\$8,139	\$574,286	\$899,953	64%
2019	\$574,286	\$80,783	\$7,697	\$174,896	\$487,870	\$813,707	60%
2020	\$487,870	\$83,813	\$7,723	\$88,365	\$491,041	\$815,890	60%
2021	\$491,041	\$86,956	\$8,877	\$27,547	\$559,326	\$881,945	63%
2022	\$559,326	\$90,216	\$9,255	\$75,932	\$582,866	\$901,308	65%
2023	\$582,866	\$93,599	\$10,408	\$35,624	\$651,249	\$963,944	68%
2024	\$651,249	\$97,109	\$6,816	\$309,230	\$445,945	\$749,749	59%
2025	\$445,945	\$100,751	\$6,753	\$109,204	\$444,244	\$737,872	60%
2026	\$444,244	\$104,529	\$8,256	\$24,026	\$533,004	\$814,726	65%
2027	\$533,004	\$108,449	\$9,973	\$17,210	\$634,216	\$901,835	70%
2028	\$634,216	\$112,516	\$11,369	\$41,145	\$716,956	\$967,932	74%
2029	\$716,956	\$116,735	\$11,898	\$95,832	\$749,758	\$981,127	76%
2030	\$749,758	\$121,113	\$5,789	\$476,945	\$399,715	\$613,062	65%
2031	\$399,715	\$125,655	\$7,323	\$42,038	\$490,654	\$685,237	72%
2032	\$490,654	\$130,367	\$9,372	\$18,966	\$611,426	\$784,552	78%
2033	\$611,426	\$135,255	\$11,787	\$5,046	\$753,423	\$902,217	84%
2034	\$753,423	\$140,327	\$12,940	\$83,995	\$822,696	\$943,491	87%
2035	\$822,696	\$145,590	\$11,603	\$231,473	\$748,415	\$836,678	89%
2036	\$748,415	\$151,049	\$13,880	\$30,632	\$882,713	\$935,729	94%
2037	\$882,713	\$156,714	\$16,630	\$11,633	\$1,044,423	\$1,058,500	99%
2038	\$1,044,423	\$162,590	\$17,744	\$112,887	\$1,111,870	\$1,082,307	103%
2039	\$1,111,870	\$168,688	\$16,613	\$247,227	\$1,049,943	\$971,319	108%

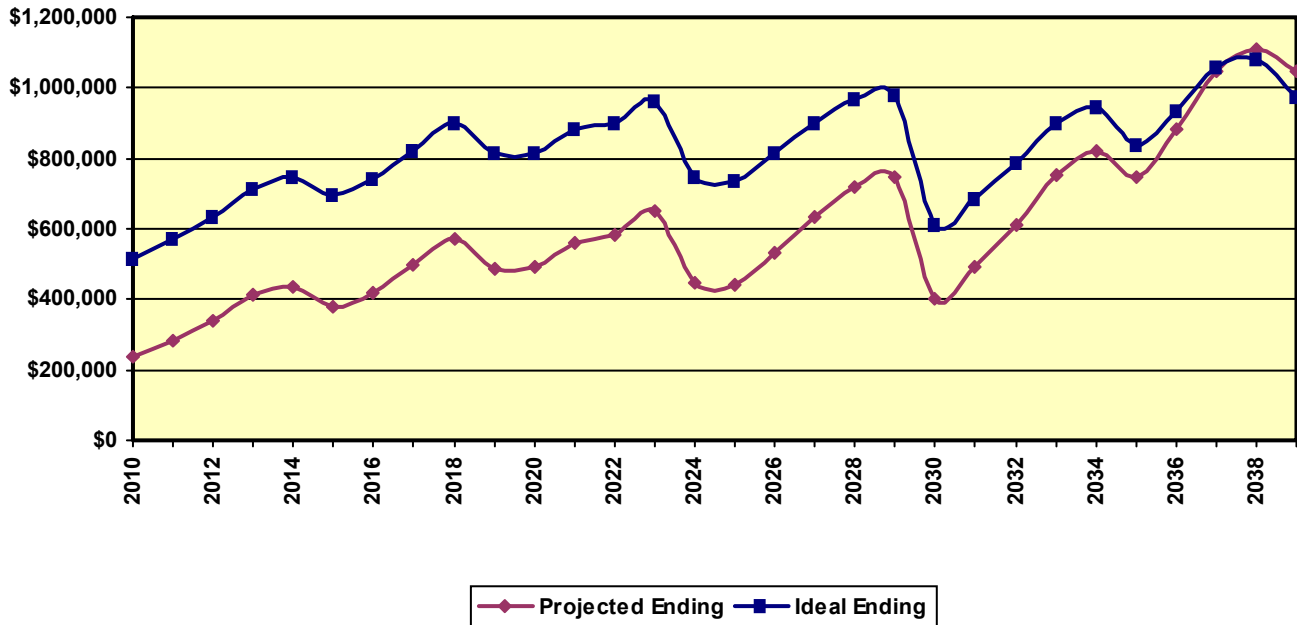
NOTE: In some cases, the projected Ending Balance may exceed the Theoretically Ideal Ending Balance in years following high Expenditures. This is a result of the provision for contingency in this analysis, which in these projections is never expended. The contingency is continually adjusted according to need and any excess is redistributed among all components included.

Sandpiper Lagoon Homeowners Association

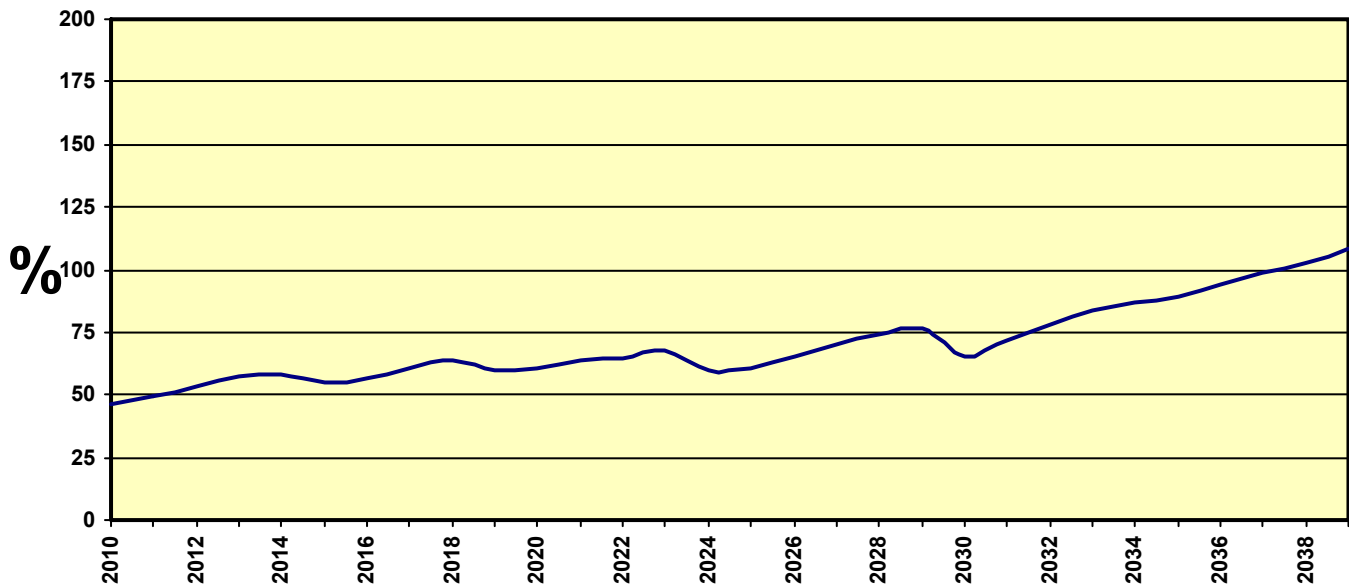
Projection Charts

Directed Cash Flow Calculation Method

Year End Reserve Balance



Year End Percent Funded

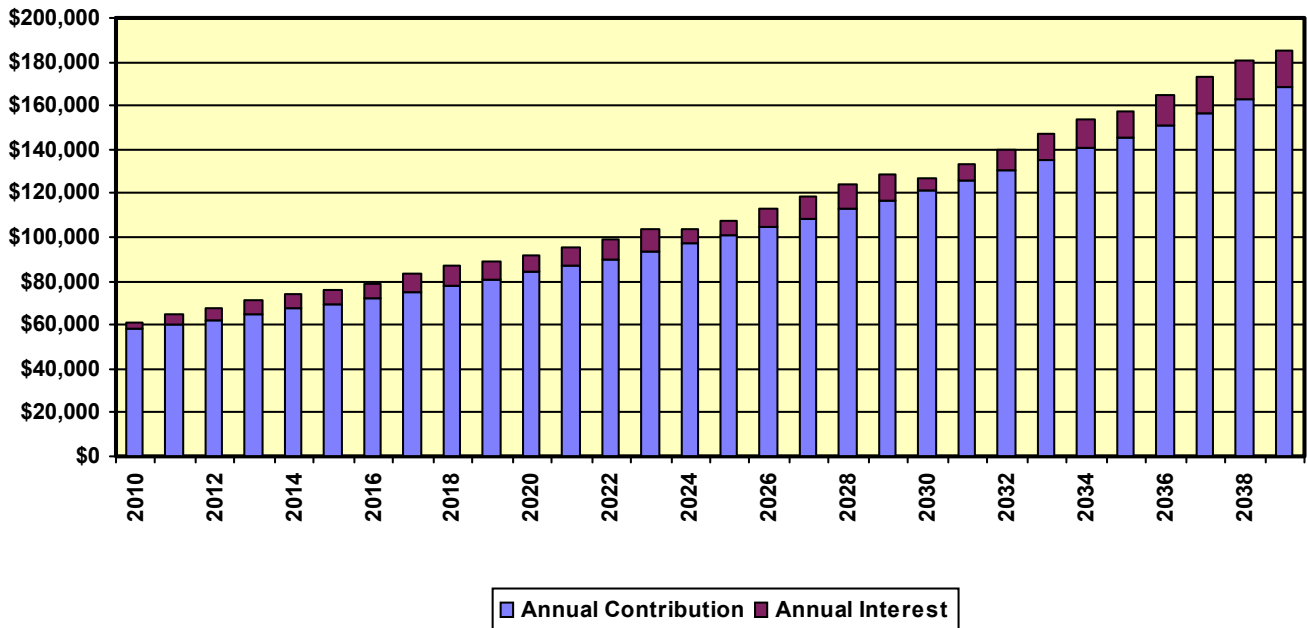


Sandpiper Lagoon Homeowners Association

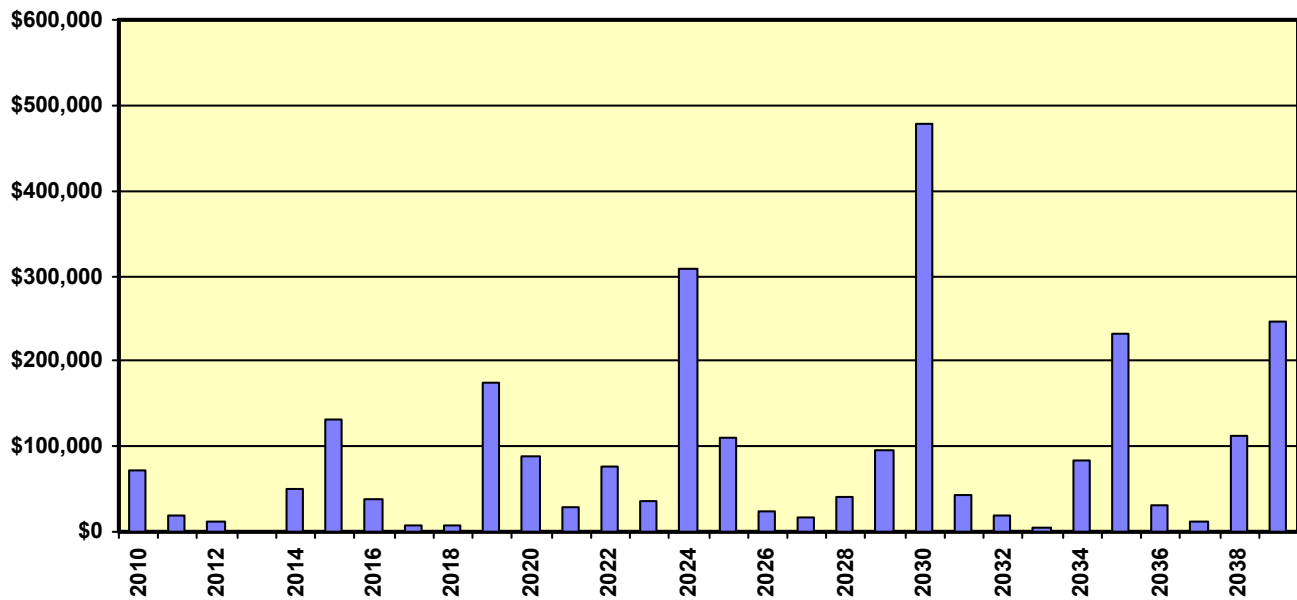
Projection Charts

Directed Cash Flow Calculation Method

Reserve Contribution



Expenditures



Sandpiper Lagoon Homeowners Association

Annual Expenditure Detail

Sorted by Description

2010 Fiscal Year

Asphalt - Repairs	\$23,745.13
Asphalt - Seal	\$25,594.98
Irrigation - Controllers	\$10,500.00
Pool Area - Drain Covers	\$5,250.00
Pool Area - Mastic	\$4,196.40
Spa - Filter	\$1,350.00

Sub Total	\$70,636.51
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2011 Fiscal Year

Paint - Metal	\$13,571.10
Pool - Pump	\$1,071.00
Spa - Pumps	\$3,366.00

Sub Total	\$18,008.10
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2012 Fiscal Year

Concrete Repairs	\$5,202.00
Paint - Pool Area	\$5,755.65

Sub Total	\$10,957.65
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2014 Fiscal Year

Cabana - Ceramic Tile, Shower	\$3,117.40
Cabana - Doors	\$3,842.63
Cabana - Lighting	\$3,528.73
Cabana - Plumbing Fixtures	\$2,408.41
Cabana - Restroom Partitions	\$2,273.11
Fencing - Pool Area, Shingled	\$12,981.61
Mulch	\$2,679.02
Pool Area - Furniture	\$3,355.54
Pool Area - Mastic	\$4,542.32
Roofs - Cabana, Low Slope	\$1,879.10
Spa - Heater	\$3,463.78
Spa - Resurfacing	\$5,574.53

Sub Total	\$49,646.18
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2015 Fiscal Year

Asphalt - Repairs	\$26,216.54
Asphalt - Seal	\$28,258.93
Cabana - Water Heater	\$1,242.09
Fencing - Pool Area	\$2,738.67

Sandpiper Lagoon Homeowners Association

Annual Expenditure Detail

Sorted by Description

Landscape Renovations	\$27,602.02
Mailboxes - Posts	\$24,565.80
Paint - Perimeter Fencing	\$13,193.77
Pool - Chemical Analyzer	\$3,753.87
Spa - Chemical Analyzer	\$3,753.87
Sub Total	\$131,325.57
2016 Fiscal Year	
Concrete Repairs	\$5,630.81
Paint - Metal	\$14,983.59
Pool - Resurfacing	\$17,455.52
Sub Total	\$38,069.92
2017 Fiscal Year	
Paint - Interiors	\$1,474.22
Paint - Pool Area	\$6,354.70
Sub Total	\$7,828.92
2018 Fiscal Year	
Cabana - Counters	\$1,523.16
Pool - Filter	\$1,698.91
Pool Area - Mastic	\$4,916.75
Sub Total	\$8,138.81
2019 Fiscal Year	
Cabana - Ceramic Tile	\$6,455.89
Lighting - Bollards	\$12,130.19
Mulch	\$2,957.85
Pool - Pump	\$1,254.85
Pool Area - Furniture	\$3,704.79
Pool Area - Shade Structure	\$14,759.39
Retaining Wall - Pool Area	\$7,398.82
Roofs - Cabana, Slope	\$2,763.47
Siding - Shingle	\$46,578.97
Signs - Traffic	\$6,501.30
Spa - Pumps	\$3,943.81
Tot Lot - Play Structures	\$66,447.15
Sub Total	\$174,896.48

Sandpiper Lagoon Homeowners Association

Annual Expenditure Detail

Sorted by Description

2020 Fiscal Year

Asphalt - Repairs	\$28,945.18
Asphalt - Seal	\$31,200.14
Concrete Repairs	\$6,094.97
Irrigation - Controllers, 2006	\$20,479.11
Spa - Filter	\$1,645.64

Sub Total	\$88,365.04
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2021 Fiscal Year

Mailboxes	\$7,025.06
Paint - Metal	\$16,543.10
Pool - Heater	\$3,978.80

Sub Total	\$27,546.96
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2022 Fiscal Year

Fencing - Perimeter, Wood	\$63,593.45
Paint - Pool Area	\$7,016.10
Pool Area - Mastic	\$5,322.05

Sub Total	\$75,931.60
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2023 Fiscal Year

Benches/Trash Receptacles	\$15,458.60
Paint - Perimeter Fencing	\$15,458.60
Roofs - Gazebo	\$4,707.11

Sub Total	\$35,624.31
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2024 Fiscal Year

Concrete Repairs	\$6,597.39
Fencing - Wrought Iron	\$59,895.10
Irrigation - Controllers	\$13,854.53
Lighting - Street	\$206,828.30
Mulch	\$3,265.71
Pool Area - Furniture	\$4,090.38
Spa - Heater	\$4,222.33
Spa - Resurfacing	\$6,795.32
Spa - Tile Replacement	\$3,681.35

Sub Total	\$309,230.40
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2025 Fiscal Year

Asphalt - Repairs	\$31,957.82
Asphalt - Seal	\$34,447.47

Sandpiper Lagoon Homeowners Association

Annual Expenditure Detail

Sorted by Description

Landscape Renovations	\$33,646.71
Pool - Chemical Analyzer	\$4,575.95
Spa - Chemical Analyzer	\$4,575.95
Sub Total	\$109,203.91
2026 Fiscal Year	
Paint - Metal	\$18,264.91
Pool Area - Mastic	\$5,760.76
Sub Total	\$24,025.67
2027 Fiscal Year	
Cabana - Water Heater	\$1,575.27
Paint - Interiors	\$1,797.07
Paint - Pool Area	\$7,746.35
Pool - Pump	\$1,470.25
Spa - Pumps	\$4,620.80
Sub Total	\$17,209.74
2028 Fiscal Year	
Concrete Repairs	\$7,141.23
Pool - Resurfacing	\$22,137.82
Pool - Tile Replacement	\$11,865.87
Sub Total	\$41,144.92
2029 Fiscal Year	
Mulch	\$3,605.61
Pool Area - Concrete Decking	\$87,710.23
Pool Area - Furniture	\$4,516.11
Sub Total	\$95,831.95
2030 Fiscal Year	
Asphalt - Overlay/Replace	\$390,779.97
Asphalt - Repairs	\$35,284.02
Asphalt - Seal	\$38,032.79
Cabana - Plumbing Fixtures, Toilets	\$2,451.81
Pool - Filter	\$2,154.62
Pool Area - Mastic	\$6,235.63
Spa - Filter	\$2,006.03
Sub Total	\$476,944.88

Sandpiper Lagoon Homeowners Association

Annual Expenditure Detail

Sorted by Description

2031 Fiscal Year

Fencing - Pool Area	\$3,759.61
Paint - Metal	\$20,165.94
Paint - Perimeter Fencing	\$18,112.21

Sub Total	\$42,037.76
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2032 Fiscal Year

Concrete Repairs	\$7,729.90
Paint - Pool Area	\$8,552.59
Roofs - Cabana, Low Slope	\$2,683.82

Sub Total	\$18,966.31
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2033 Fiscal Year

Pool - Heater	\$5,046.08
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Sub Total	\$5,046.08
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2034 Fiscal Year

Cabana - Counters	\$2,090.97
Cabana - Restroom Partitions	\$3,377.72
Irrigation - Controllers, 2006	\$27,021.75
Mailboxes	\$9,087.67
Mailboxes - Posts, 2008	\$13,269.61
Mulch	\$3,980.88
Pool Area - Furniture	\$4,986.16
Pool Area - Mastic	\$6,749.65
Spa - Heater	\$5,147.00
Spa - Resurfacing	\$8,283.45

Sub Total	\$83,994.85
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2035 Fiscal Year

Asphalt - Repairs	\$38,956.41
Asphalt - Seal	\$41,991.28
Landscape Renovations	\$41,015.15
Pool - Chemical Analyzer	\$5,578.06
Pool - Pump	\$1,722.64
Spa - Chemical Analyzer	\$5,578.06
Spa - Pumps	\$5,414.00
Tot Lot - Play Structures	\$91,217.69

Sub Total	\$231,473.28
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Sandpiper Lagoon Homeowners Association

Annual Expenditure Detail

Sorted by Description

2036 Fiscal Year

Concrete Repairs	\$8,367.09
Paint - Metal	\$22,264.83

Sub Total	\$30,631.92
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2037 Fiscal Year

Paint - Interiors	\$2,190.62
Paint - Pool Area	\$9,442.75

Sub Total	\$11,633.37
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2038 Fiscal Year

Fencing - Perimeter, Wood	\$87,300.18
Irrigation - Controllers	\$18,280.75
Pool Area - Mastic	\$7,306.03

Sub Total	\$112,886.97
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2039 Fiscal Year

Benches/Trash Receptacles	\$21,221.34
Cabana - Ceramic Tile, Shower	\$5,114.43
Cabana - Doors	\$6,304.25
Cabana - Lighting	\$5,789.25
Cabana - Plumbing Fixtures	\$3,951.25
Cabana - Water Heater	\$1,997.83
Fencing - Pool Area, Shingled	\$21,297.71
Mulch	\$4,395.22
Paint - Perimeter Fencing	\$21,221.34
Pool Area - Furniture	\$5,505.12
Signs - Traffic	\$9,660.60
Stamped Concrete	\$140,769.08

Sub Total	\$247,227.42
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Sandpiper Lagoon Homeowners Association

Component Detail

Sorted by Category

Asphalt - Overlay/Replace

Category	010 Streets	Quantity	127,662 sq. ft.
		Unit Cost	\$2.060
		% of Replacement	100.00%
		Current Cost	\$262,983.72
Placed In Service	01/99	Future Cost	\$390,779.97
Useful Life	20		
Adjustment	+11		
Remaining Life	20		
Replacement Year	2030		

Comments:

Most asphalt areas can be expected to last approximately 25 years before it will become necessary for an overlay to be applied. This can double the life of the surface upon application. It will be necessary to adjust manhole and valve covers at the time the overlay is applied. Deflection testing should be conducted by an independent consultant near the end of the estimated useful life to determine the condition of the asphalt and estimated remaining life before the overlay is required.

In addition to this service, a consultant may be obtained to prepare the application specifications, and to work with the contractor during actual installation. It is recommended that the client obtain bids for such a consultation near the end of the estimated useful life.

The placed-in-service date has been provided by the client.

The remaining life of this component has been extended at the request of the client.

Channel Drive	9,900	sq. ft.
Waterside Circle	69,832	
Avocet Drive	3,845	
Tidewater Drive	12,520	
Dockside Circle	31,565	
	<u>127,662</u>	sq. ft.

Sandpiper Lagoon Homeowners Association

Component Detail

Sorted by Category

Asphalt - Repairs

Category	010 Streets	Quantity	127,662 sq. ft.
		Unit Cost	\$4.650
		% of Replacement	4.00%
		Current Cost	\$23,745.13
Placed In Service	01/04	Future Cost	\$26,216.54
Useful Life	5		
Remaining Life	0		
Replacement Year	2010		

Comments:

It is estimated that a percentage of the asphalt areas will require repair or replacement. The actual condition of the asphalt should be monitored through time and these estimates adjusted accordingly.

We have budgeted for the asphalt to be repaired on the same cycle and in conjunction with the seal coating of the asphalt.

Sandpiper Lagoon Homeowners Association

Component Detail

Sorted by Category

Asphalt - Seal

Category	010 Streets	Quantity	1 total
		Unit Cost	\$25,594.980
		% of Replacement	100.00%
		Current Cost	\$25,594.98
Placed In Service	01/04	Future Cost	\$28,258.93
Useful Life	5		
Remaining Life	0		
Replacement Year	2010		

Comments:

Asphalt surfaces should be seal coated within 3 years of their initial installation. Thereafter, a 3 to 5 year cycle should be observed and adjusted according to the client's particular needs.

The actual date this component was placed into service is not available. For budgeting purposes, this date has been estimated based on its condition at our most recent field inspection.

127,662	sq. ft. of asphalt seal	@	\$0.19	=	\$24,255.78
1,440	lin. ft. of curb painting	@	\$0.93	=	\$1,339.20
			TOTAL	=	<u>\$25,594.98</u>

Sandpiper Lagoon Homeowners Association

Component Detail

Sorted by Category

Stamped Concrete

Category	010 Streets	Quantity	7,696 sq. ft.
		Unit Cost	\$10.300
		% of Replacement	100.00%
		Current Cost	\$79,268.80
Placed In Service	01/99	Future Cost	\$140,769.08
Useful Life	40		
Remaining Life	29		
Replacement Year	2039		

Comments:

This is the stamped concrete at the entrance to the community on Avocet Drive.

The placed-in-service date has been provided by the client.

Roofs - Cabana, Low Slope

Category	020 Roofs/Siding	Quantity	280 sq. ft.
		Unit Cost	\$6.200
		% of Replacement	100.00%
		Current Cost	\$1,736.00
Placed In Service	01/96	Future Cost	\$1,879.10
Useful Life	18		
Remaining Life	4		
Replacement Year	2014		

Comments:

This is the built up with gravel roof on the cabana.

The placed-in-service date has been provided by the client.

Sandpiper Lagoon Homeowners Association

Component Detail

Sorted by Category

Roofs - Cabana, Slope

Category	020 Roofs/Siding	Quantity	449 sq. ft.
		Unit Cost	\$5.150
		% of Replacement	100.00%
		Current Cost	\$2,312.35
Placed In Service	01/97	Future Cost	\$2,763.47
Useful Life	22		
Remaining Life	9		
Replacement Year	2019		

Comments:

This is the composition shingle roof on the cabana.

The placed-in-service date has been provided by the client.

Roofs - Gazebo

Category	020 Roofs/Siding	Quantity	355 sq. ft.
		Unit Cost	\$10.250
		% of Replacement	100.00%
		Current Cost	\$3,638.75
Placed In Service	01/03	Future Cost	\$4,707.11
Useful Life	20		
Remaining Life	13		
Replacement Year	2023		

Comments:

This is the wood shake roof on the gazebo.

The actual date this component was placed into service is not available. For budgeting purposes, this date has been estimated based on its condition at our most recent field inspection.

Sandpiper Lagoon Homeowners Association

Component Detail

Sorted by Category

Siding - Shingle

Category	020 Roofs/Siding	Quantity	3,784 sq. ft.
		Unit Cost	\$10.300
		% of Replacement	100.00%
		Current Cost	\$38,975.20
Placed In Service	01/89	Future Cost	\$46,578.97
Useful Life	30		
Remaining Life	9		
Replacement Year	2019		

Comments:

gazebo	496 sq. ft.
cabana	3,288
	<hr/>
	3,784 sq. ft.

Paint - Interiors

Category	030 Paint	Quantity	1,380 sq. ft.
		Unit Cost	\$0.930
		% of Replacement	100.00%
		Current Cost	\$1,283.40
Placed In Service	01/07	Future Cost	\$1,474.22
Useful Life	10		
Remaining Life	7		
Replacement Year	2017		

Comments:

The placed-in-service date has been provided by the client.

Sandpiper Lagoon Homeowners Association

Component Detail

Sorted by Category

Paint - Metal

Category	030 Paint	Quantity	1 total
		Unit Cost	\$13,305.000
		% of Replacement	100.00%
		Current Cost	\$13,305.00
Placed In Service	01/06	Future Cost	\$13,571.10
Useful Life	5		
Remaining Life	1		
Replacement Year	2011		

Comments:

The actual date this component was placed into service is not available. For budgeting purposes, this date has been estimated based on its condition at our most recent field inspection.

55	street lights	@	\$103.00	=	\$5,665.00
14	bollard lights	@	\$52.00	=	\$728.00
370	sq. ft. of pool area fencing	@	\$1.60	=	\$592.00
3,950	sq. ft. of perimeter fencing	@	\$1.60	=	\$6,320.00
		TOTAL		=	<u>\$13,305.00</u>

Sandpiper Lagoon Homeowners Association

Component Detail

Sorted by Category

Paint - Perimeter Fencing

Category	030 Paint	Quantity	1 total
		Unit Cost	\$11,950.000
		% of Replacement	100.00%
		Current Cost	\$11,950.00
Placed In Service	01/07	Future Cost	\$13,193.77
Useful Life	8		
Remaining Life	5		
Replacement Year	2015		

Comments:

We have budgeted for the painting of one side of the perimeter fencing.

The cost for this component has been provided by the client and incorporated into this analysis at their request.

The placed-in-service date has been provided by the client.

7,200 sq. ft.

Sandpiper Lagoon Homeowners Association

Component Detail

Sorted by Category

Paint - Pool Area

Category	030 Paint	Quantity	1 total
		Unit Cost	\$5,532.150
		% of Replacement	100.00%
		Current Cost	\$5,532.15
Placed In Service	01/07	Future Cost	\$5,755.65
Useful Life	5		
Remaining Life	2		
Replacement Year	2012		

Comments:

The placed-in-service date has been provided by the client.

3,288	sq. ft. of cabana building	@	\$0.93	=	\$3,057.84
3,101	sq. ft. of fencing	@	\$0.51	=	\$1,581.51
960	sq. ft. of gazebo	@	\$0.93	=	\$892.80
		TOTAL		=	<u>\$5,532.15</u>

Sandpiper Lagoon Homeowners Association

Component Detail

Sorted by Category

Fencing - Perimeter, Wood

Category	040 Fencing/Walls	Quantity	1,223 lin. ft.
		Unit Cost	\$41.000
		% of Replacement	100.00%
		Current Cost	\$50,143.00
Placed In Service	01/06	Future Cost	\$63,593.45
Useful Life	16		
Remaining Life	12		
Replacement Year	2022		

Comments:

This is the 6' wood perimeter fencing.

We understand the perimeter wood fencing is an association responsibility and the patio fencing is an individual owners' responsibility.

The actual date this component was placed into service is not available. For budgeting purposes, this date has been estimated based on its condition at our most recent field inspection.

Sandpiper Lagoon Homeowners Association

Component Detail

Sorted by Category

Fencing - Pool Area

Category	040 Fencing/Walls	Quantity	121 lin. ft.
		Unit Cost	\$41.000
		% of Replacement	50.00%
		Current Cost	\$2,480.50
Placed In Service	01/89	Future Cost	\$2,738.67
Useful Life	16		
Adjustment	+10		
Remaining Life	5		
Replacement Year	2015		

Comments:

We anticipate this 6' painted wood fence on the northern perimeter of the pool area is a shared responsibility with the adjoining property owner as reflected by the percentage replacement adjustment.

The remaining life of this component has been extended due to its condition at our most recent field inspection.

Fencing - Pool Area, Shingled

Category	040 Fencing/Walls	Quantity	179 lin. ft.
		Unit Cost	\$67.000
		% of Replacement	100.00%
		Current Cost	\$11,993.00
Placed In Service	01/89	Future Cost	\$12,981.61
Useful Life	25		
Remaining Life	4		
Replacement Year	2014		

Comments:

This is the 6' painted shingle-sided pool area fencing.

Sandpiper Lagoon Homeowners Association

Component Detail

Sorted by Category

Fencing - Wrought Iron

Category	040 Fencing/Walls	Quantity	1 total
		Unit Cost	\$45,393.000
		% of Replacement	100.00%
		Current Cost	\$45,393.00
		Future Cost	\$59,895.10
Placed In Service	01/99		
Useful Life	20		
Adjustment	+5		
Remaining Life	14		
Replacement Year	2024		

Comments:

The placed-in-service date has been provided by the client.

The remaining life of this component has been extended due to its condition at our most recent field inspection.

perimeter:			
1,130	- lin. ft. of 3.5' fencing	@	\$36.00 = \$40,680.00
pool area:			
31	- lin. ft. of 6' fencing	@	\$62.00 = \$1,922.00
23	- lin. ft. of 6.5' fencing	@	\$67.00 = \$1,541.00
1	- 3' x 6.5' gate w/mesh	@	\$1,250.00 = \$1,250.00
		TOTAL	= <u>\$45,393.00</u>

Sandpiper Lagoon Homeowners Association

Component Detail

Sorted by Category

Retaining Wall - Pool Area

Category	040 Fencing/Walls	Quantity	151 lin. ft.
		Unit Cost	\$41,000
		% of Replacement	100.00%
		Current Cost	\$6,191.00
Placed In Service	01/89	Future Cost	\$7,398.82
Useful Life	30		
Remaining Life	9		
Replacement Year	2019		

Comments:

This is the 1.5' painted shingle-sided pool area retaining wall.

Lighting - Bollards

Category	050 Lighting	Quantity	14 bollards
		Unit Cost	\$725,000
		% of Replacement	100.00%
		Current Cost	\$10,150.00
Placed In Service	01/94	Future Cost	\$12,130.19
Useful Life	25		
Remaining Life	9		
Replacement Year	2019		

Comments:

These are the 3.5' painted metal bollard fixtures.

The placed-in-service date has been provided by the client.

Sandpiper Lagoon Homeowners Association

Component Detail

Sorted by Category

Lighting - Street

Category	050 Lighting	Quantity	55 lights
		Unit Cost	\$2,850.000
		% of Replacement	100.00%
		Current Cost	\$156,750.00
Placed In Service	01/99	Future Cost	\$206,828.30
Useful Life	25		
Remaining Life	14		
Replacement Year	2024		

Comments:

These are the 12' painted metal poles with fixtures.

The placed-in-service date has been provided by the client.

Pool - Chemical Analyzer

Category	060 Pool Area	Quantity	1 total
		Unit Cost	\$3,400.000
		% of Replacement	100.00%
		Current Cost	\$3,400.00
Placed In Service	01/05	Future Cost	\$3,753.87
Useful Life	10		
Remaining Life	5		
Replacement Year	2015		

Comments:

This component, and all information contained herein, has been provided by the client and incorporated into this analysis at their request.

Sandpiper Lagoon Homeowners Association

Component Detail

Sorted by Category

Pool - Filter

Category	060 Pool Area	Quantity	1 filter
		Unit Cost	\$1,450.000
		% of Replacement	100.00%
		Current Cost	\$1,450.00
Placed In Service	01/06	Future Cost	\$1,698.91
Useful Life	12		
Remaining Life	8		
Replacement Year	2018		

Comments:

This is a 72 sq. ft. Hayward DE pool filter.

The information for this component has been provided by the client's maintenance contractor.

Pool - Heater

Category	060 Pool Area	Quantity	1 heater
		Unit Cost	\$3,200.000
		% of Replacement	100.00%
		Current Cost	\$3,200.00
Placed In Service	06/09	Future Cost	\$3,978.80
Useful Life	12		
Remaining Life	11		
Replacement Year	2021		

Comments:

According to the client, the pool heater was replaced in June 2009 for a cost of \$3,175.

The current cost used for this component is based on actual expenditures incurred at last replacement, and has been adjusted for inflation where applicable.

Sandpiper Lagoon Homeowners Association

Component Detail

Sorted by Category

Pool - Pump

Category	060 Pool Area	Quantity	1 pump
		Unit Cost	\$1,050.000
		% of Replacement	100.00%
		Current Cost	\$1,050.00
Placed In Service	01/03	Future Cost	\$1,071.00
Useful Life	8		
Remaining Life	1		
Replacement Year	2011		

Comments:

The actual date this component was placed into service is not available. For budgeting purposes, this date has been estimated based on its condition at our most recent field inspection.

Pool - Resurfacing

Category	060 Pool Area	Quantity	1 pool
		Unit Cost	\$15,500.000
		% of Replacement	100.00%
		Current Cost	\$15,500.00
Placed In Service	01/04	Future Cost	\$17,455.52
Useful Life	12		
Remaining Life	6		
Replacement Year	2016		

Comments:

The footprint of the pool measures 890 sq. ft.

This is a high-end pool surface material.

The actual date this component was placed into service is not available. For budgeting purposes, this date has been estimated based on its condition at our most recent field inspection.

Sandpiper Lagoon Homeowners Association

Component Detail

Sorted by Category

Pool - Tile Replacement

Category	060 Pool Area	Quantity	1 pool
		Unit Cost	\$8,308.000
		% of Replacement	100.00%
		Current Cost	\$8,308.00
Placed In Service	01/04	Future Cost	\$11,865.87
Useful Life	24		
Remaining Life	18		
Replacement Year	2028		

Comments:

We have budgeted for the tile replacement every other pool resurfacing.

The actual date this component was placed into service is not available. For budgeting purposes, this date has been estimated based on its condition at our most recent field inspection.

134	lin. ft. of trim tile	@	\$26.00	=	\$3,484.00
134	lin. ft. of coping tile	@	\$36.00	=	\$4,824.00
		TOTAL	=		<u>\$8,308.00</u>

Pool Area - Concrete Decking

Category	060 Pool Area	Quantity	5,734 sq. ft.
		Unit Cost	\$10.500
		% of Replacement	100.00%
		Current Cost	\$60,207.00
Placed In Service	01/89	Future Cost	\$87,710.23
Useful Life	40		
Remaining Life	19		
Replacement Year	2029		

Comments:

We have budgeted for the eventual replacement of the pool area concrete decking.

Sandpiper Lagoon Homeowners Association

Component Detail

Sorted by Category

Pool Area - Drain Covers		One Time Replacement	
Category	060 Pool Area	Quantity	1 total
		Unit Cost	\$5,250.000
		% of Replacement	100.00%
		Current Cost	\$5,250.00
Placed In Service	01/89	Future Cost	\$0.00
Useful Life	21		
Remaining Life	0		
Replacement Year	2010		

Comments:

To comply with the VGB Act, we have included this one-time expenditure for the new drain cover installation for both the pool and spa.

The cost for this component is based on actual quotations provided to the client.

Sandpiper Lagoon Homeowners Association

Component Detail

Sorted by Category

Pool Area - Furniture

Category	060 Pool Area	Quantity	1 total
		Unit Cost	\$3,100.000
		% of Replacement	100.00%
		Current Cost	\$3,100.00
Placed In Service	07/09	Future Cost	\$3,355.54
Useful Life	5		
Remaining Life	4		
Replacement Year	2014		

Comments:

According to the client, some pool furniture was purchased in July 2009 for a cost of \$3,025.

During our field evaluation, we noted pool area furnishings of various styles and conditions. We have budgeted for replacement of some of the pool area furnishing on a 5-year cycle.

The current cost used for this component is based on actual expenditures incurred at last replacement, and has been adjusted for inflation where applicable.

It is likely that future replacements will vary and, therefore, the cost used should be considered as a general indication of budgetary needs.

Sandpiper Lagoon Homeowners Association

Component Detail

Sorted by Category

Pool Area - Mastic

Category	060 Pool Area	Quantity	807 lin. ft.
		Unit Cost	\$5.200
		% of Replacement	100.00%
		Current Cost	\$4,196.40
Placed In Service	01/04	Future Cost	\$4,542.32
Useful Life	4		
Remaining Life	0		
Replacement Year	2010		

Comments:

Mastic material (deck caulking) prevents moisture from seeping through the expansion joints in the concrete pool deck, which otherwise could result in cracking these surfaces. The mastic material should be carefully monitored for deterioration and replaced as soon as water tight integrity is lost.

The actual date this component was placed into service is not available. For budgeting purposes, this date has been estimated based on its condition at our most recent field inspection.

deck	403	lin. ft.
pool	293	
spa	111	
	<hr/>	
	807	lin. ft.

Sandpiper Lagoon Homeowners Association

Component Detail

Sorted by Category

Pool Area - Shade Structure

Category	060 Pool Area	Quantity	1 structure
		Unit Cost	\$12,350.000
		% of Replacement	100.00%
		Current Cost	\$12,350.00
Placed In Service	01/94	Future Cost	\$14,759.39
Useful Life	25		
Remaining Life	9		
Replacement Year	2019		

Comments:

This is shade structure at the entrance to the pool area measures about 816 sq. ft. and is partially covered with lattice.

The placed-in-service date has been provided by the client.

Spa - Chemical Analyzer

Category	060 Pool Area	Quantity	1 total
		Unit Cost	\$3,400.000
		% of Replacement	100.00%
		Current Cost	\$3,400.00
Placed In Service	01/05	Future Cost	\$3,753.87
Useful Life	10		
Remaining Life	5		
Replacement Year	2015		

Comments:

This component, and all information contained herein, has been provided by the client and incorporated into this analysis at their request.

Sandpiper Lagoon Homeowners Association

Component Detail

Sorted by Category

Spa - Filter

Category	060 Pool Area	Quantity	1 filter
		Unit Cost	\$1,350.000
		% of Replacement	100.00%
		Current Cost	\$1,350.00
Placed In Service	01/99	Future Cost	\$1,645.64
Useful Life	10		
Remaining Life	0		
Replacement Year	2010		

Comments:

This is a 48 sq. ft. Purex Triton DE spa filter.

The information for this component has been provided by the client's maintenance contractor.

Spa - Heater

Category	060 Pool Area	Quantity	1 heater
		Unit Cost	\$3,200.000
		% of Replacement	100.00%
		Current Cost	\$3,200.00
Placed In Service	01/04	Future Cost	\$3,463.78
Useful Life	10		
Remaining Life	4		
Replacement Year	2014		

Comments:

This is the 250K BTU Laars spa heater.

The information for this component has been provided by the client's maintenance contractor.

Sandpiper Lagoon Homeowners Association

Component Detail

Sorted by Category

Spa - Pumps

Category	060 Pool Area	Quantity	3 pumps
		Unit Cost	\$1,100.000
		% of Replacement	100.00%
		Current Cost	\$3,300.00
Placed In Service	01/03	Future Cost	\$3,366.00
Useful Life	8		
Remaining Life	1		
Replacement Year	2011		

Comments:

The actual date this component was placed into service is not available. For budgeting purposes, this date has been estimated based on its condition at our most recent field inspection.

Spa - Resurfacing

Category	060 Pool Area	Quantity	1 spa
		Unit Cost	\$5,150.000
		% of Replacement	100.00%
		Current Cost	\$5,150.00
Placed In Service	01/04	Future Cost	\$5,574.53
Useful Life	10		
Remaining Life	4		
Replacement Year	2014		

Comments:

The footprint of the spa measures 132 sq. ft.

This is a high-end spa surface material.

The actual date this component was placed into service is not available. For budgeting purposes, this date has been estimated based on its condition at our most recent field inspection.

Sandpiper Lagoon Homeowners Association

Component Detail

Sorted by Category

Spa - Tile Replacement

Category	060 Pool Area	Quantity	1 spa
		Unit Cost	\$2,790.000
		% of Replacement	100.00%
		Current Cost	\$2,790.00
Placed In Service	01/04	Future Cost	\$3,681.35
Useful Life	20		
Remaining Life	14		
Replacement Year	2024		

Comments:

We have budgeted for the tile replacement every other spa resurfacing.

The actual date this component was placed into service is not available. For budgeting purposes, this date has been estimated based on its condition at our most recent field inspection.

45 lin. ft. of trim tile	@	\$26.00	=	\$1,170.00
45 lin. ft. of coping tile	@	\$36.00	=	\$1,620.00
		TOTAL	=	<u>\$2,790.00</u>

Cabana - Ceramic Tile

Category	070 Cabana	Quantity	292 sq. ft.
		Unit Cost	\$18.500
		% of Replacement	100.00%
		Current Cost	\$5,402.00
Placed In Service	01/89	Future Cost	\$6,455.89
Useful Life	30		
Remaining Life	9		
Replacement Year	2019		

Comments:

This is the floor tile of the restrooms of the cabana building.

Sandpiper Lagoon Homeowners Association

Component Detail

Sorted by Category

Cabana - Ceramic Tile, Shower

Category	070 Cabana	Quantity	1 total
		Unit Cost	\$2,880.000
		% of Replacement	100.00%
		Current Cost	\$2,880.00
Placed In Service	01/89	Future Cost	\$3,117.40
Useful Life	25		
Remaining Life	4		
Replacement Year	2014		

Comments:

36	sq. ft. of floor tile	@	\$18.50	=	\$666.00
108	sq. ft. of wall tile	@	\$20.50	=	\$2,214.00
			TOTAL	=	<u>\$2,880.00</u>

Cabana - Counters

Category	070 Cabana	Quantity	10 lin. ft.
		Unit Cost	\$130.000
		% of Replacement	100.00%
		Current Cost	\$1,300.00
Placed In Service	01/02	Future Cost	\$1,523.16
Useful Life	16		
Remaining Life	8		
Replacement Year	2018		

Comments:

These are laminated plastic counter tops.

The actual date this component was placed into service is not available. For budgeting purposes, this date has been estimated based on its condition at our most recent field inspection.

Sandpiper Lagoon Homeowners Association

Component Detail

Sorted by Category

Cabana - Doors

Category	070 Cabana	Quantity	1 total
		Unit Cost	\$3,550.000
		% of Replacement	100.00%
		Current Cost	\$3,550.00
Placed In Service	01/89	Future Cost	\$3,842.63
Useful Life	25		
Remaining Life	4		
Replacement Year	2014		

Comments:

1	- 2' x 6'8" water heater door	@	\$525.00	=	\$525.00
2	- 2.5' x 6'8" pool equipment doors	@	\$575.00	=	\$1,150.00
3	- 3' x 6'8" restroom/storage doors	@	\$625.00	=	\$1,875.00
			TOTAL	=	<u>\$3,550.00</u>

Sandpiper Lagoon Homeowners Association

Component Detail

Sorted by Category

Cabana - Lighting

Category	070 Cabana	Quantity	1 total
		Unit Cost	\$3,260.000
		% of Replacement	100.00%
		Current Cost	\$3,260.00
Placed In Service	01/89	Future Cost	\$3,528.73
Useful Life	25		
Remaining Life	4		
Replacement Year	2014		

Comments:

For budgeting purposes, we have included all these fixtures in one component.

interiors:				
2	ceiling rounds	@	\$130.00	= \$260.00
2	ceiling double floods	@	\$140.00	= \$280.00
exteriors:				
2	double floods	@	\$140.00	= \$280.00
4	recessed spots	@	\$155.00	= \$620.00
9	plastic wall lanterns	@	\$140.00	= \$1,260.00
gazebo:				
4	cylinder fixtures	@	\$140.00	= \$560.00
TOTAL			=	<u>\$3,260.00</u>

Sandpiper Lagoon Homeowners Association

Component Detail

Sorted by Category

Cabana - Plumbing Fixtures

Category	070 Cabana	Quantity	1 total
		Unit Cost	\$2,225.000
		% of Replacement	100.00%
		Current Cost	\$2,225.00
Placed In Service	01/89	Future Cost	\$2,408.41
Useful Life	25		
Remaining Life	4		
Replacement Year	2014		

Comments:

2	sinks, counter oval	@	\$725.00	=	\$1,450.00
1	drinking fountain, stainless	@	\$775.00	=	\$775.00
			TOTAL	=	\$2,225.00

Cabana - Plumbing Fixtures, Toilets

Category	070 Cabana	Quantity	2 toilets
		Unit Cost	\$825.000
		% of Replacement	100.00%
		Current Cost	\$1,650.00
Placed In Service	01/05	Future Cost	\$2,451.81
Useful Life	25		
Remaining Life	20		
Replacement Year	2030		

Comments:

The placed-in-service date has been provided by the client.

Sandpiper Lagoon Homeowners Association

Component Detail

Sorted by Category

Cabana - Restroom Partitions

Category	070 Cabana	Quantity	2 partitions
		Unit Cost	\$1,050.000
		% of Replacement	100.00%
		Current Cost	\$2,100.00
Placed In Service	01/89	Future Cost	\$2,273.11
Useful Life	20		
Adjustment	+5		
Remaining Life	4		
Replacement Year	2014		

Comments:

These are metal partitions with a baked enamel finish.

The remaining life of this component has been extended due to its condition at our most recent field inspection.

Cabana - Water Heater

Category	070 Cabana	Quantity	1 heater
		Unit Cost	\$1,125.000
		% of Replacement	100.00%
		Current Cost	\$1,125.00
Placed In Service	01/03	Future Cost	\$1,242.09
Useful Life	12		
Remaining Life	5		
Replacement Year	2015		

Comments:

This is a 40-gallon Bradford White natural gas water heater.

The actual date this component was placed into service is not available. For budgeting purposes, this date has been estimated based on its condition at our most recent field inspection.

Sandpiper Lagoon Homeowners Association

Component Detail

Sorted by Category

Benches/Trash Receptacles

Category	090 Other	Quantity	1 total
		Unit Cost	\$11,950.000
		% of Replacement	100.00%
		Current Cost	\$11,950.00
Placed In Service	01/07	Future Cost	\$15,458.60
Useful Life	16		
Remaining Life	13		
Replacement Year	2023		

Comments:

These are the 6' stationary wood benches with metal frames.

Although the trash receptacles appear much newer than the benches, for budgeting purposes, we have included them in this one component.

The placed-in-service date has been provided by the client.

The cost for this component has been provided by the client and incorporated into this analysis at their request.

6 benches

2 trash receptables

Sandpiper Lagoon Homeowners Association

Component Detail

Sorted by Category

Concrete Repairs

Category	090 Other	Quantity	1 total
		Unit Cost	\$5,000.000
		% of Replacement	100.00%
		Current Cost	\$5,000.00
Placed In Service	01/08	Future Cost	\$5,202.00
Useful Life	4		
Remaining Life	2		
Replacement Year	2012		

Comments:

We have budgeted for \$5,000 in concrete repairs on a 4-year cycle beginning January 2008.

Mailboxes

Category	090 Other	Quantity	1 total
		Unit Cost	\$5,650.000
		% of Replacement	100.00%
		Current Cost	\$5,650.00
Placed In Service	01/08	Future Cost	\$7,025.06
Useful Life	13		
Remaining Life	11		
Replacement Year	2021		

Comments:

134 mailboxes

The placed-in-service date has been provided by the client.

The cost for this component has been provided by the client and incorporated into this analysis at their request.

Sandpiper Lagoon Homeowners Association

Component Detail

Sorted by Category

Mailboxes - Posts

Category	090 Other	Quantity	1 total
		Unit Cost	\$22,250.000
		% of Replacement	100.00%
		Current Cost	\$22,250.00
Placed In Service	01/89	Future Cost	\$24,565.80
Useful Life	26		
Remaining Life	5		
Replacement Year	2015		

Comments:

There are a total of 74 posts.

We have budgeted for the post replacement every other mailbox replacement cycle.

The cost for this component has been provided by the client and incorporated into this analysis at their request.

Mailboxes - Posts, 2008

Category	090 Other	Quantity	1 total
		Unit Cost	\$8,250.000
		% of Replacement	100.00%
		Current Cost	\$8,250.00
Placed In Service	01/08	Future Cost	\$13,269.61
Useful Life	26		
Remaining Life	24		
Replacement Year	2034		

Comments:

There are a total of 74 posts.

This component, and all information contained herein, has been provided by the client and incorporated into this analysis at their request.

Sandpiper Lagoon Homeowners Association

Component Detail

Sorted by Category

Signs - Traffic

Category	090 Other	Quantity	16 signs
		Unit Cost	\$340.000
		% of Replacement	100.00%
		Current Cost	\$5,440.00
Placed In Service	01/89	Future Cost	\$6,501.30
Useful Life	20		
Adjustment	+10		
Remaining Life	9		
Replacement Year	2019		

Comments:

The cost includes replacement of the 10' galvanized steel pipe post.

We anticipate the smaller signs and those mounted to the short wood posts replaced through the operationg budget.

The remaining life of this component has been extended at the request of the client.

STOP/street name	12	signs
private property	2	
Neighborhood Watch	2	
	<hr/>	
	16	signs

Sandpiper Lagoon Homeowners Association

Component Detail

Sorted by Category

Tot Lot - Play Structures

Category	090 Other	Quantity	2 structures
		Unit Cost	\$27,800.000
		% of Replacement	100.00%
		Current Cost	\$55,600.00
Placed In Service	01/03	Future Cost	\$66,447.15
Useful Life	16		
Remaining Life	9		
Replacement Year	2019		

Comments:

According to the client the tot lots were refurbished in 2003 for a total cost of about \$42,000.

We anticipate the tot lot bark will be replaced through this component and the operating budget.

The current cost used for this component is based on actual expenditures incurred at last replacement, and has been adjusted for inflation where applicable.

The actual month this component was placed into service is not available. For budgeting purposes we have used the month corresponding to the beginning of the client's fiscal year.

Sandpiper Lagoon Homeowners Association

Component Detail

Sorted by Category

Irrigation - Backflows, Unfunded

Category	100 Landscaping	Quantity	1 comment
		Unit Cost	\$0.000
		% of Replacement	0.00%
		Current Cost	\$0.00
Placed In Service	01/89	Future Cost	\$0.00
Useful Life	n.a.		
Remaining Life	n.a.		
Replacement Year	n.a.		

Comments:

These devices require an annual inspection and should be repaired "as needed," thus, we have not provided an allocation for the replacement of these units.

Irrigation - Controllers

Category	100 Landscaping	Quantity	5 controllers
		Unit Cost	\$2,100.000
		% of Replacement	100.00%
		Current Cost	\$10,500.00
Placed In Service	01/89	Future Cost	\$13,854.53
Useful Life	14		
Remaining Life	0		
Replacement Year	2010		

Comments:

We noted these Irritrol controllers that appear to be original.

At our most recent field inspection, we were unable to locate and determine the number and capacity of the irrigation controller equipment. A request for this information was sent via facsimile to the client's landscape maintenance contractor during the preparation of this analysis, to which we received no response. Should this information become available at a later date, it can be incorporated into this analysis.

Sandpiper Lagoon Homeowners Association

Component Detail

Sorted by Category

Irrigation - Controllers, 2006

Category	100 Landscaping	Quantity	8 controllers
		Unit Cost	\$2,100.000
		% of Replacement	100.00%
		Current Cost	\$16,800.00
Placed In Service	01/06	Future Cost	\$20,479.11
Useful Life	14		
Remaining Life	10		
Replacement Year	2020		

Comments:

These are Rain Master irrigation controllers.

The actual date this component was placed into service is not available. For budgeting purposes, this date has been estimated based on its condition at our most recent field inspection.

At our most recent field inspection, we were unable to locate and determine the number and capacity of the irrigation controller equipment. A request for this information was sent via facsimile to the client's landscape maintenance contractor during the preparation of this analysis, to which we received no response. Should this information become available at a later date, it can be incorporated into this analysis.

Landscape Renovations

Category	100 Landscaping	Quantity	1 total
		Unit Cost	\$25,000.000
		% of Replacement	100.00%
		Current Cost	\$25,000.00
Placed In Service	01/05	Future Cost	\$27,602.02
Useful Life	10		
Remaining Life	5		
Replacement Year	2015		

Comments:

We have budgeted for landscape renovations on a 10-year cycle beginning January 2005.

Sandpiper Lagoon Homeowners Association

Component Detail

Sorted by Category

Mulch

Category	100 Landscaping	Quantity	1 total
		Unit Cost	\$2,475.000
		% of Replacement	100.00%
		Current Cost	\$2,475.00
Placed In Service	01/09	Future Cost	\$2,679.02
Useful Life	5		
Remaining Life	4		
Replacement Year	2014		

Comments:

According to the client, mulch was applied in the landscape areas in 2009 for a cost of \$2,400. At the request of the client, we have included this component for mulch applications on a 5-year cycle.

The actual month this component was placed into service is not available. For budgeting purposes we have used the month corresponding to the beginning of the client's fiscal year.

Sandpiper Lagoon Homeowners Association

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Sandpiper Lagoon Homeowners Association

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Number of components included in this reserve analysis is 57.

Sandpiper Lagoon Homeowners Association

Executive Summary Component Calculation Method

Client Information:

Account Number	11267
Version Number	1
Analysis Date	9/12/2009
Fiscal Year	1/1/2010 to 12/31/2010
Number of Units	134
Phasing	4 of 4

Global Parameters:

Inflation Rate	2.00 %
Annual Contribution Increase	2.00 %
Investment Rate	2.50 %
Taxes on Investments	30.00 %
Contingency	0.45 %

Community Profile:

For budgeting purposes, unless otherwise indicated, we have used January 1989 as the average placed-in-service date for aging the original components included in this analysis.

The contingency was provided by the client.

Field evaluation: September 11, 2008

Adequacy of Reserves as of January 1, 2010:

Anticipated Reserve Balance	\$245,132.00
Theoretically Ideal Reserve Balance	\$513,231.60
Percent Funded	47.76%

Recommended Funding for the 2010 Fiscal Year:	Annual	Monthly	Per Unit
			Per Month
Member Contribution	\$79,905	\$6,658.75	\$49.69
Interest Contribution	\$3,722	\$310.19	\$2.31
Total Contribution	\$83,627	\$6,968.94	\$52.01

Sandpiper Lagoon Homeowners Association

Projections

Component Calculation Method

Fiscal Year	Beginning Balance	Member Contribution	Interest Contribution	Expenditures	Ending Balance	Theoretically Ideal Ending Balance	Percent Funded
2010	\$245,132	\$79,905	\$3,722	\$70,637	\$258,123	\$513,731	50%
2011	\$258,123	\$80,328	\$4,883	\$18,008	\$325,326	\$569,413	57%
2012	\$325,326	\$81,271	\$6,201	\$10,958	\$401,840	\$634,709	63%
2013	\$401,840	\$82,092	\$7,751	\$0	\$491,683	\$713,840	69%
2014	\$491,683	\$82,620	\$8,464	\$49,646	\$533,120	\$744,964	72%
2015	\$533,120	\$83,800	\$7,764	\$131,326	\$493,358	\$694,449	71%
2016	\$493,358	\$85,132	\$8,718	\$38,070	\$549,138	\$739,851	74%
2017	\$549,138	\$86,632	\$10,247	\$7,829	\$638,188	\$818,554	78%
2018	\$638,188	\$88,129	\$11,825	\$8,139	\$730,003	\$899,953	81%
2019	\$730,003	\$89,513	\$10,514	\$174,896	\$655,134	\$813,707	81%
2020	\$655,134	\$90,378	\$10,727	\$88,365	\$667,874	\$815,890	82%
2021	\$667,874	\$91,095	\$12,030	\$27,547	\$743,452	\$881,945	84%
2022	\$743,452	\$91,484	\$12,513	\$75,932	\$771,517	\$901,308	86%
2023	\$771,517	\$91,416	\$13,719	\$35,624	\$841,027	\$963,944	87%
2024	\$841,027	\$92,840	\$10,130	\$309,230	\$634,766	\$749,749	85%
2025	\$634,766	\$93,874	\$10,028	\$109,204	\$629,464	\$737,872	85%
2026	\$629,464	\$95,176	\$11,448	\$24,026	\$712,062	\$814,726	87%
2027	\$712,062	\$96,425	\$13,035	\$17,210	\$804,313	\$901,835	89%
2028	\$804,313	\$97,585	\$14,250	\$41,145	\$875,002	\$967,932	90%
2029	\$875,002	\$99,002	\$14,543	\$95,832	\$892,716	\$981,127	91%
2030	\$892,716	\$107,075	\$8,198	\$476,945	\$531,043	\$613,062	87%
2031	\$531,043	\$108,938	\$9,505	\$42,038	\$607,448	\$685,237	89%
2032	\$607,448	\$110,979	\$11,276	\$18,966	\$710,736	\$784,552	91%
2033	\$710,736	\$113,062	\$13,360	\$5,046	\$832,112	\$902,217	92%
2034	\$832,112	\$115,187	\$14,126	\$83,995	\$877,431	\$943,491	93%
2035	\$877,431	\$117,126	\$12,339	\$231,473	\$775,423	\$836,678	93%
2036	\$775,423	\$119,225	\$14,100	\$30,632	\$878,115	\$935,729	94%
2037	\$878,115	\$121,419	\$16,264	\$11,633	\$1,004,165	\$1,058,500	95%
2038	\$1,004,165	\$123,506	\$16,719	\$112,887	\$1,031,502	\$1,082,307	95%
2039	\$1,031,502	\$125,367	\$14,846	\$247,227	\$924,488	\$971,319	95%

NOTE: In some cases, the projected Ending Balance may exceed the Theoretically Ideal Ending Balance in years following high Expenditures. This is a result of the provision for contingency in this analysis, which in these projections is never expended. The contingency is continually adjusted according to need and any excess is redistributed among all components included.

Sandpiper Lagoon Homeowners Association

Executive Summary

Directed Cash Flow Calculation Method

Client Information:

Account Number	11267
Version Number	1
Analysis Date	09/12/2009
Fiscal Year	1/1/2010 to 12/31/2010
Number of Units	134
Phasing	4 of 4

Global Parameters:

Inflation Rate	2.00 %
Annual Contribution Increase	2.00 %
Investment Rate	2.50 %
Taxes on Investments	30.00 %
Contingency	0.45 %

Community Profile:

For budgeting purposes, unless otherwise indicated, we have used January 1989 as the average placed-in-service date for aging the original components included in this analysis.

The contingency was provided by the client.

Field evaluation: September 11, 2008

Adequacy of Reserves as of January 1, 2010:

Anticipated Reserve Balance	\$245,132.00
Theoretically Ideal Reserve Balance	\$513,231.60
Percent Funded	47.76%

Recommended Funding for the 2010 Fiscal Year:	Annual	Monthly	Per Unit
			Per Month
Member Contribution	\$58,000	\$4,833.33	\$36.07
Interest Contribution	\$3,546	\$295.48	\$2.21
Total Contribution	\$61,546	\$5,128.81	\$38.27

Sandpiper Lagoon Homeowners Association

Projections

Directed Cash Flow Calculation Method

Fiscal Year	Beginning Balance	Member Contribution	Interest Contribution	Expenditures	Ending Balance	Theoretically Ideal Ending Balance	Percent Funded
2010	\$245,132	\$58,000	\$3,546	\$70,637	\$236,041	\$513,731	46%
2011	\$236,041	\$60,175	\$4,331	\$18,008	\$282,539	\$569,413	50%
2012	\$282,539	\$62,432	\$5,294	\$10,958	\$339,308	\$634,709	53%
2013	\$339,308	\$64,773	\$6,508	\$0	\$410,588	\$713,840	58%
2014	\$410,588	\$67,202	\$6,909	\$49,646	\$435,053	\$744,964	58%
2015	\$435,053	\$69,722	\$5,920	\$131,326	\$379,369	\$694,449	55%
2016	\$379,369	\$72,336	\$6,604	\$38,070	\$420,239	\$739,851	57%
2017	\$420,239	\$75,049	\$7,880	\$7,829	\$495,340	\$818,554	61%
2018	\$495,340	\$77,863	\$9,222	\$8,139	\$574,286	\$899,953	64%
2019	\$574,286	\$80,783	\$7,697	\$174,896	\$487,870	\$813,707	60%
2020	\$487,870	\$83,813	\$7,723	\$88,365	\$491,041	\$815,890	60%
2021	\$491,041	\$86,956	\$8,877	\$27,547	\$559,326	\$881,945	63%
2022	\$559,326	\$90,216	\$9,255	\$75,932	\$582,866	\$901,308	65%
2023	\$582,866	\$93,599	\$10,408	\$35,624	\$651,249	\$963,944	68%
2024	\$651,249	\$97,109	\$6,816	\$309,230	\$445,945	\$749,749	59%
2025	\$445,945	\$100,751	\$6,753	\$109,204	\$444,244	\$737,872	60%
2026	\$444,244	\$104,529	\$8,256	\$24,026	\$533,004	\$814,726	65%
2027	\$533,004	\$108,449	\$9,973	\$17,210	\$634,216	\$901,835	70%
2028	\$634,216	\$112,516	\$11,369	\$41,145	\$716,956	\$967,932	74%
2029	\$716,956	\$116,735	\$11,898	\$95,832	\$749,758	\$981,127	76%
2030	\$749,758	\$121,113	\$5,789	\$476,945	\$399,715	\$613,062	65%
2031	\$399,715	\$125,655	\$7,323	\$42,038	\$490,654	\$685,237	72%
2032	\$490,654	\$130,367	\$9,372	\$18,966	\$611,426	\$784,552	78%
2033	\$611,426	\$135,255	\$11,787	\$5,046	\$753,423	\$902,217	84%
2034	\$753,423	\$140,327	\$12,940	\$83,995	\$822,696	\$943,491	87%
2035	\$822,696	\$145,590	\$11,603	\$231,473	\$748,415	\$836,678	89%
2036	\$748,415	\$151,049	\$13,880	\$30,632	\$882,713	\$935,729	94%
2037	\$882,713	\$156,714	\$16,630	\$11,633	\$1,044,423	\$1,058,500	99%
2038	\$1,044,423	\$162,590	\$17,744	\$112,887	\$1,111,870	\$1,082,307	103%
2039	\$1,111,870	\$168,688	\$16,613	\$247,227	\$1,049,943	\$971,319	108%

NOTE: In some cases, the projected Ending Balance may exceed the Theoretically Ideal Ending Balance in years following high Expenditures. This is a result of the provision for contingency in this analysis, which in these projections is never expended. The contingency is continually adjusted according to need and any excess is redistributed among all components included.

Sandpiper Lagoon Homeowners Association

Membership Disclosure Summary

Sorted by Category

Major Reserve Components	Current Cost	Assigned Reserves	Remaining Life Range	Useful Life Range
010 Streets	\$391,593	\$49,340	0-29	5-40
020 Roofs/Siding	\$46,662	\$29,999	4-13	18-30
030 Paint	\$32,071	\$18,830	1-7	5-10
040 Fencing/Walls	\$116,201	\$16,411	4-14	16-30
050 Lighting	\$166,900	\$6,496	9-14	25
060 Pool Area	\$137,201	\$39,494	0-19	4-40
070 Cabana	\$23,492	\$16,860	4-20	12-30
090 Other	\$114,140	\$43,119	2-24	4-30
100 Landscaping	\$54,775	\$23,495	0-10	5-14
Contingency	n.a.	\$1,087	n.a.	n.a.
Total	\$1,083,034	\$245,132	0-29	4-40