A RESERVE STUDY UPDATE FOR

Delray Estuary
Homeowners Association, Inc.
Delray Beach, FL
File #22920-03660

FOR PERIOD: January 1, 2012 – December 31, 2012

PREPARED BY
GAB ROBINS, A DIVISION OF CUNNINGHAM LINDSEY
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April 14, 2011

Delray Estuary Homeowners Association, Inc.
Attn: Ms. Cynthia Brown, President
c/o Ms. Felicia Demary, Property Manager
Capital Realty Advisors, Inc.
600 Sandtree Drive #109
Lake Park, FL 33403

Dear Ms. Brown:

On July 5, 2005, we completed an on-site inspection of Delray Estuary Homeowners Association, Inc. common area reserve items. Data gleaned from this inspection was utilized in the completion of an original reserve study report published on July 25, 2005. This reserve study report is an update of that previous reserve study report. A GAB Robins representative did re-inspect the subject property for this update reserve study report, on March 25, 2011.

The intent of this report is to show cash reserves necessary for the future repair or replacement of expendable components incorporated into the subject property. The purpose of this report is to aid Delray Estuary Homeowners Association, Inc. in making a determination for cash reserves that are needed to repair or replace short-lived building and/or site components.

The report identifies each component selected, it's estimated useful life, adjusted life, scheduled replacement date, and current cost to repair/replace. The useful and remaining lives of the building components in this study, as well as the current replacement costs, have been selected from market standards, cost estimating services, and consideration of actual recent costs incurred by the association for reserve upgrades. This report is classified as an update reserve study with site visit under the guidelines of the National Reserve Study Standards of the Community Associations Institute, and conforms to the Community Associations Institute Professional Reserve Specialist Code of Ethics. The reserve specialist/GAB Robins have no relationships with the association that would result in actual or perceived conflicts of interest.

This report is our opinion and is based upon market typical useful lives and repair/replacement cost estimates. Actual determinations of the current conditions and state of repair for certain items may be beyond the scope of this analysis. Items may not last as long as projected or may exceed their estimated lives. Influences such as weather, catastrophe, improper maintenance, physical abuse, or abnormal use can affect these lives and/or replacement costs. When such occurrences happen, another inspection should be made and a new revised study prepared. While we have attempted to create a useful tool for

the association to plan their needs, the actual reserves set aside are solely at the association's discretion. The findings of this study are not for use in performing an audit, quality/forensic analyses, or background checks of historical records.

In completing this report, the reserve specialist utilized information taken from the original inspection and reserve study report, as well as observed conditions as of the date of our most recent re-inspection. Current financial data and property histories provided by Ms. Felicia Demary, Property manager were utilized in the completion of this report. This update reserve study report excludes exterior painting and roof replacement at the residential buildings, as included in the original reserve study report; these upgrades are reportedly not the financial responsibility of the association. This data was not audited, and was assumed to be complete and correct. The reserve specialist estimated the repair/replacement cost taking into account contingencies inherent to this type of work. The report was prepared utilizing the information gathered in the field and the costs estimated by the reserve specialist.

Respectfully submitted,
GAB Robins, A Division of Cunningham Lindsey

Stephen F. Brubaker, RS, CCI
Reserve Specialist, Community Associations Institute (RS #65)

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RESERVE STUDY FUNDING ANALYSIS

There are two generally accepted means of estimating reserves; the Component Funding Analysis and the Cash Flow Analysis methodologies. The **Component Funding Analysis** (or Straight Line Method) calculates the annual contribution amount for each individual line item component by dividing the component's unfunded balance by its remaining useful life. A component's unfunded balance is its replacement cost less the reserve balance in the component at the beginning of the analysis period. The annual contribution rate for each individual line item component is then summed to calculate the total annual contribution rate for this analysis.

The **Cash Flow Analysis** (or Pooling Method) is a method of calculating reserve contributions where contributions to the reserve funds are designed to offset the variable annual expenditures from the reserve fund. This analysis recognizes interest income attributable to reserve accounts over the period of the analysis. Funds from the beginning balances are pooled together and a yearly contribution rate is calculated to arrive at a positive cash flow and reserve account balance to adequately fund the future projected expenditures throughout the period of the analysis.

If the association maintains a pooled account for reserves, the amount of the contribution to the pooled reserve account as disclosed on the proposed budget shall be not less than that required to ensure that the balance on hand at the beginning of the period for which the budget will go into effect plus the projected annual cash inflows over the remaining estimated useful lives of all of the assets that make up the reserve pool are equal to or greater than the projected annual cash outflows over the remaining estimated useful lives of all of the assets that make up the reserve pool, based on the current reserve analysis. The projected annual cash inflows may include estimated earnings from investment of principal; the association may include annual percentage increases in costs for the reserve components, but these increases are not mandated. Fully funded reserve contributions utilizing this methodology may not include future special assessments, and the annual funding levels cannot include percentage increases.

In our Cash Flow Analysis calculations, we do not include percentage increases in construction costs/inflation. While future costs are expected to be higher than today's costs, which is supported by our analysis of past indexes/trends, increases in costs should be recognized as the association estimates current repair/replacement costs during their annual calculations of full reserve funding. A current cost estimate during the existing fiscal year would theoretically be higher than a current cost for the pending fiscal year, and so on. That way the estimates of current cost moving forward will eventually represent current costs as of the date of forecast expenditure. Funding the reserves annually on that basis should ensure that adequate monies are available as of the date of expense, assuming that the current cost estimate is appropriate and that the reserve was fully funded since its last repair/replacement project was completed.

As of July 1, 2007, homeowner's associations are mandated by Florida Statute 720 to include a disclaimer in their annual budgets if reserves are excluded from the budget. If homeowner's associations have previously funded reserves, they must include full funding reserve estimates under similar criteria as condominium associations in the state of Florida. A copy of these requirements is included in the addendum to this report.

EXECUTIVE SUMMARY

PROPERTY DATA

Property Name: Delray Estuary
Property Location: Delray Beach, FL
Property Type: Homeowners Association
Total Units: 104

Report Run Date: May 16, 2011
Budget Year Begins: January 1, 2012
Budget Year Ends: December 31, 2012

PROJECTED COMPONENT CATEGORIES AND PARAMETERS

Component Categories in Reserve Analysis:

1. Guardhouse & Security
2. Pavement
3. Pool & Cabana
4. Site Improvements

Total current cost of all reserve components in reserve analysis:	$	1,104,076
Estimated beginning reserve fund balance for reserve analysis:	$	297,729
Total number of components scheduled for replacement in the 2012 budget year:		1
Total cost of components scheduled for replacement in the 2012 budget year:	$	12,750

ANALYSIS RESULTS – COMPONENT FUNDING ANALYSIS

Current annual reserve funding contributions amount (2011 Budget):	$	15,350
Recommended annual reserve funding contribution amount:	$	95,128
Increase (decrease) between current and recommended annual contribution amounts:	$	79,778
Increase (decrease) between current and recommended annual contribution amounts:		520%

ANALYSIS RESULTS –CASH FLOW ANALYSIS

Current annual reserve funding contributions amount (2011 Budget):	$	15,350
Recommended annual reserve funding contribution amount:	$	42,780
Increase (decrease) between current and recommended annual contribution amounts:	$	27,430
Increase (decrease) between current and recommended annual contribution amounts:	$	179%

RESERVE BUDGET COMPARISON

The previous page provides a comparison of the subject property's approved fiscal year 2011 reserve contribution level and our estimates for full reserve funding for fiscal year 2012. The funding requirement estimated for fiscal year 2011 via both the Component Funding Analysis and Cash Flow Analysis methodologies are higher than the association's approved fiscal year 2011 contribution level. Our calculations suggest that continuing to fund the reserves as included in this report at the association's approved fiscal year 2011 funding level will necessitate future special assessment(s) and/or loan(s) to offset the planned reserve expenditures.

Based on our Component Funding Analysis model, the reserves as analyzed in this report suggest that in order to fully fund in 2012, the contribution should be $95,128. The funding level could be significantly decreased if the association chose to allocated monies from their General Building Maintenance, Emergency and Unallocated Interest reserves, to specific reserve components, particularly those with shorter remaining useful lives. Similarly, the funding require could be decreased if the association chose to reallocate monies from their currently overfunded reserves. The Component Funding Analysis is a straight-line accounting procedure that is mandated by the State of Florida for cooperatives and timeshare condominiums, and has been a popular method of reserve computation by condominium associations, homeowners associations, property owners associations, country clubs, etc.

Based on the Cash Flow Analysis method, the association can fully fund the reserves as analyzed in this report at $42,780 in fiscal year 2012. This level of annual funding could remain stable over the remainder of the study period, provide adequate funds to offset planned reserve expenditures and maintain a positive reserve fund balance over the entirety of the study period. The Cash Flow Analysis utilizes a pooling effect with reserve funds by pooling all funds together and distributing these funds to individual components as their replacement comes due. Funds that are pooled together in the cash flow analysis include the beginning balance, contributions to the reserve funds and interest earned on reserve funds. These pooled funds are matched against reserve expenditures throughout the period of the analysis by using our reserve analysis software program to ensure that the available funds are always greater than expenditures.

COMPONENT FUNDING ANALYSIS

DELRAY ESTUARY HOMEOWNER'S ASSOCIATION, INC.

COMPONENT FUNDING ANALYSIS - SUMMARY

CURRENT COST BASIS

FOR PERIOD 1/1/12 THRU 12/31/12

CATEGORY/COMPONENT	USEFUL LIFE	REMAINING LIFE	12/31/11 BALANCE	ESTIMATED REPLACEMENT COST	UNFUNDED BALANCE	2012 CONTRIBUTION
GUARDHOUSE & SECURITY	7--25	3--14	$53,384	$54,234	$850	$0
PAVEMENT	20--30	12--19	$42,066	$215,392	$173,326	$9,122
POOL & CABANA	7--25	1--14	$20,649	$52,839	$32,190	$19,407
SITE IMPROVEMENTS	7--40	1--29	$89,780	$781,610	$691,830	$66,598
GENERAL BUILDING MAINT.			$44,358			
EMERGENCY			$42,584			
UNALLOCATED INTEREST			$4,908			
TOTAL			$297,729	$1,104,075	$898,196	$95,128

Annual Contribution	$95,128
Monthly Contribution	$7,927
Monthly per Unit Contribution	$76.22
(# of Units)	104

DELRAY ESTUARY HOMEOWNER'S ASSOCIATION, INC.

COMPONENT FUNDING ANALYSIS - DETAIL

CURRENT COST BASIS

FOR PERIOD 1/1/06 THRU 12/31/06

CATEGORY/COMPONENT	USEFUL LIFE	REMAINING LIFE	12/31/11 BALANCE	ESTIMATED REPLACEMENT COST	UNFUNDED BALANCE	2012 CONTRIBUTION
GUARDHOUSE & SECURITY						
Exterior Painting, Guardhouse	7	3	$872	$872	$0	$0
Gate Operator, Barrier - North Entry	14	3	$3,115	$3,115	$0	$0
Gate Operator, Barrier - South Entry	14	3	$3,115	$3,115	$0	$0
Gate Operator, Barrier - South Entry	14	3	$3,115	$3,115	$0	$0
Gate Operator, Swing - North Entry	17	6	$3,470	$3,470	$0	$0
Gate Operator, Swing - North Exit	17	6	$3,470	$3,470	$0	$0
Gate Operator, Swing - South Entry	17	6	$3,470	$3,470	$0	$0
Gate Operator, Swing - South Entry	17	6	$3,470	$3,470	$0	$0
Gate Operator, Swing - South Exit	17	6	$3,470	$3,470	$0	$0
Gates & Fencing, North Access	24	13	$9,300	$9,300	$0	$0
Gates & Fencing, South Access	24	13	$9,815	$9,300	($515)	$0
Interior Painting, Guardhouse	8	5	$1,378	$1,378	$0	$0
Renovation, Guardhouse Interiors	20	9	$4,200	$4,200	$0	$0
Roofing, Guardhouse	25	14	$1,124	$2,489	$1,365	$0
TOTAL GUARDHOUSE & SECURITY			$53,384	$54,234	$850	$0
PAVEMENT						
Asphalt Overlay	20	12	$40,792	$40,792	$0	$0
Brick Pavers, Drives/Sidewalks	30	19	$1,274	$174,600	$173,326	$9,122
TOTAL PAVEMENT			$42,066	$215,392	$173,326	$9,122
POOL & CABANA						
Exterior Painting, Pool Cabana	7	3	$3,032	$3,032	$0	$0

CATEGORY/COMPONENT	USEFUL LIFE	REMAINING LIFE	12/31/11 BALANCE	ESTIMATED REPLACEMENT COST	UNFUNDED BALANCE	2012 CONTRIBUTION
Pool Fencing & Gates	24	13	$0	$7,936	$7,936	$610
Pool Furniture	10	1	$0	$12,750	$12,750	$12,750
Pool Heaters & Equipment	10	8	$0	$9,600	$9,600	$1,200
Pool Interior Resurfacing	12	1	$4,628	$9,475	$4,847	$4,847
Roofing, Pool Cabana	25	14	$12,989	$10,046	($2,943)	$0
TOTAL POOL & CABANA			$20,649	$52,839	$32,190	$19,407
SITE IMPROVEMENTS						
Fishing Pier/Trellis	14	3	$14,160	$20,270	$6,110	$2,037
Perimeter Metal Fencing	25	14	$13,826	$18,320	$4,494	$321
Playground Equipment	12	1	$0	$6,600	$6,600	$6,600
Privacy Wall Painting/Restoration	7	3	$15,860	$15,860	$0	$0
Retaining Wall	25	14	$0	$142,560	$142,560	$10,183
Seawall Caps	15	4	$45,934	$144,500	$98,566	$24,642
Seawalls	30	19	$0	$433,500	$433,500	$22,816
TOTAL SITE IMPROVEMENTS			$89,780	$781,610	$691,830	$66,598
GENERAL BUILDING MAINTENANCE			$44,358			
EMERGENCY			$42,584			
UNALLOCATED INTEREST			$4,908			
TOTAL			$297,729	$1,104,075	$898,196	$95,128

Annual Contribution	$95,128
Monthly Contribution	$7,927

CASH FLOW ANALYSIS

Delray Estuary Homeowners Association, Inc.

Analysis Date - January 1, 2012

Inflation:0.00% Investment:1.15% Contribution Factor:0.00% Calc:Current

Item Parameters - Detail

Description	Service Date	Current Cost	Est Life	Adj Life	Rem Life	Future Cost	Measurement Basis	Basis Cost
Guardhouse & Security								
Exterior Painting, Guardhouse	06/01/2008	$ 872.10	7:00	7:00	3:05	$ 872.10	sq ft	$ 1.14
Gate Operator, Barrier - N. Entry	01/01/2001	3,115.00	14:00	14:00	3:00	3,115.00	lp sm	3,115.00
Gate Operator, Barrier - S. Entry	01/01/2001	3,115.00	14:00	14:00	3:00	3,115.00	lp sm	3,115.00
Gate Operator, Barrier - S. Entry	01/01/2001	3,115.00	14:00	14:00	3:00	3,115.00	lp sm	3,115.00
Gate Operator, Swing - N. Entry	01/01/2001	3,470.00	17:00	17:00	6:00	3,470.00	lp sm	3,470.00
Gate Operator, Swing - N. Exit	01/01/2001	3,470.00	17:00	17:00	6:00	3,470.00	lp sm	3,470.00
Gate Operator, Swing - S. Entry	01/01/2001	3,470.00	17:00	17:00	6:00	3,470.00	lp sm	3,470.00
Gate Operator, Swing - S. Entry	01/01/2001	3,470.00	17:00	17:00	6:00	3,470.00	lp sm	3,470.00
Gate Operator, Swing - S. Exit	01/01/2001	3,470.00	17:00	17:00	6:00	3,470.00	lp sm	3,470.00
Gates & Fencing, North Access	01/01/2001	9,300.00	24:00	24:00	13:00	9,300.00	lp sm	9,300.00
Gates & Fencing, South Access	01/01/2001	9,300.00	24:00	24:00	13:00	9,300.00	lp sm	9,300.00
Interior Painting, Guardhouse	12/01/2009	1,378.00	8:00	8:00	5:11	1,378.00	lp sm	1,378.00
Renovation, Guardhouse Interiors	01/01/2001	4,200.00	20:00	20:00	9:00	4,200.00	lp sm	4,200.00
Roofing, Guardhouse	01/01/2001	2,489.20	25:00	25:00	14:00	2,489.20	sqs	889.00
		$ 54,234.30				$ 54,234.30		
Pavement								
Asphalt Overlay	06/01/2004	40,792.35	20:00	20:00	12:05	40,792.35	sq yds	8.67
Brick Pavers, Drives/Sidewalks	01/01/2001	174,600.00	30:00	30:00	19:00	174,600.00	sq ft	2.91
		$ 215,392.35				$ 215,392.35		
Pool & Cabana								
Exterior Painting, Pool Cabana	06/01/2008	3,032.40	7:00	7:00	3:05	3,032.40	sq ft	1.14
Pool Fencing & Gates	01/01/2001	7,936.20	24:00	24:00	13:00	7,936.20	ln ft	44.09
Pool Furniture	01/01/2001	12,750.00	10:00	11:05	0:05	12,750.00	pieces	255.00
Pool Heaters & Equipment	06/01/2010	9,600.00	10:00	10:00	8:05	9,600.00	lp sm	9,600.00
Pool Interior Resurfacing	01/01/2001	9,475.25	12:00	12:00	1:00	9,475.25	sq ft	12.55
Roofing, Pool Cabana	01/01/2001	10,045.70	25:00	25:00	14:00	10,045.70	sqs	889.00
		$ 52,839.55				$ 52,839.55		
Site Improvements								
Fishing Pier/Trellis	01/01/2001	20,270.25	14:00	14:00	3:00	20,270.25	sq ft	17.55
Perimeter Metal Fencing	01/01/2001	18,319.80	25:00	25:00	14:00	18,319.80	ln ft	48.21
Playground Equipment	01/01/2001	6,600.00	12:00	12:00	1:00	6,600.00	lp sm	6,600.00
Privacy Wall Painting/Restoration	06/01/2008	15,860.00	7:00	7:00	3:05	15,860.00	sq ft	0.61
Retaining Wall	01/01/2001	142,560.00	25:00	25:00	14:00	142,560.00	ln ft	288.00
Seawall Caps	01/01/2001	144,500.00	15:00	15:00	4:00	144,500.00	ln ft	170.00
Seawall Restoration	01/01/2001	433,500.00	30:00	30:00	19:00	433,500.00	ln ft	510.00
		$ 781,610.05				$ 781,610.05		

Item Parameters - Full Detail

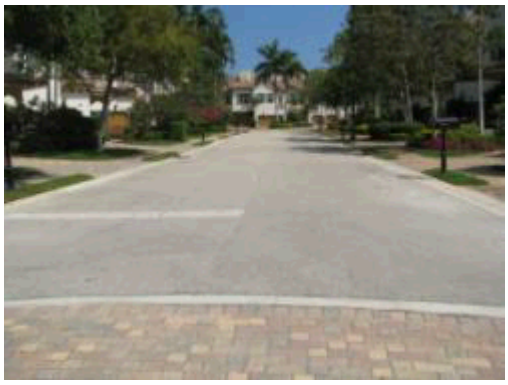
Asphalt Overlay

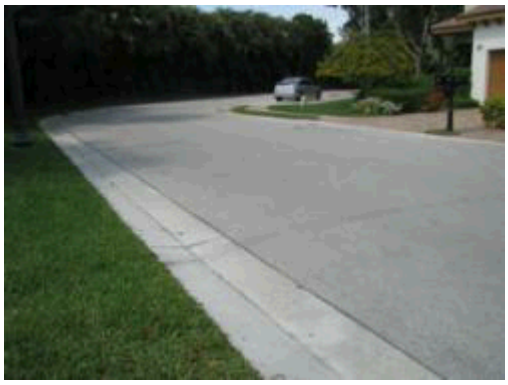
Item Number	23	Measurement Basis	sq yds
Type	Common Area	Estimated Useful Life	20:00
Category	Pavement	Basis Cost	8.67
Tracking	Logistical	Salvage Value	$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0023	06/01/2004	06/01/2024	12:05	20:00	4705.00	$ 40,792.35	$ 40,792.35
						$ 40,792.35	$ 40,792.35

Comments

We have observed life cycles of less than 16 years, to over 25 years, for asphalt overlay projects. Better quality properties like the subject tend towards the high teen - 20 year range, typically. Based on its reported 2004 installation date, resurfacing of the asphalt paved roadwas was forecast in 2024. The current per square yard unit cost inlcudes as needed milling of the asphalt paving at its junction with adjacent concrete/paver pavements, typical minor repairs to the underlying pavement structures and drainage systems, installation of a typical asphalt overlay, and restriping if necessary.





Some associations complete periodic asphalt sealcoating/rejuvenation, to insure proper protection of the underlying pavement structures and a high cosmetic appeal. Other associations consider this upgrade to be strictly cosmetic, and choose not to complete. It does not appear that the association has undergone asphalt sealcoating/rejuvenation since the 2004 install, and as such, this upgrade was excluded from this report. For the association's consideration, we estimate a current cost of +/- $4,700 and a market indicated recurring 3-4 year life cycle.

Item Parameters - Full Detail

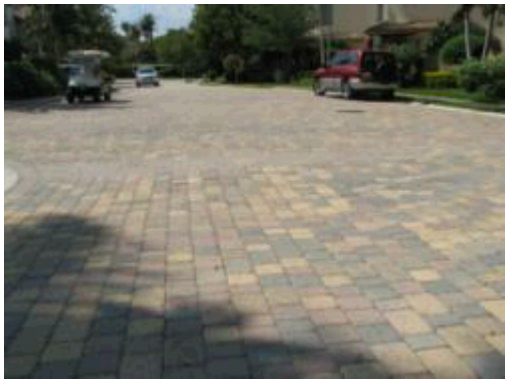
Brick Pavers, Drives/Sidewalks

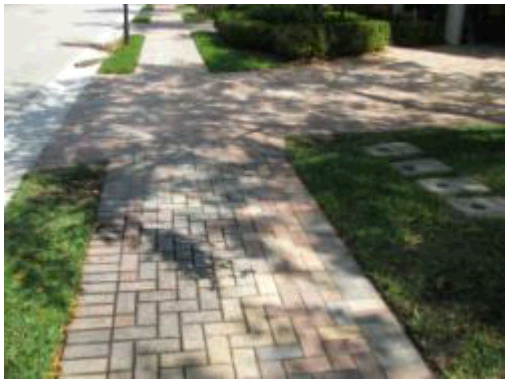
Item Number	24	Measurement Basis	sq ft
Type	Common Area	Estimated Useful Life	30:00
Category	Pavement	Basis Cost	2.91
Tracking	Logistical	Salvage Value	$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0024	01/01/2001	01/01/2031	19:00	30:00	60000.00	$ 174,600.00	$ 174,600.00
						$ 174,600.00	$ 174,600.00

Comments

Some associations are of the opinion that brick paver parking/drives, walkways, pool decks, etc. are effectively permenant, and choose to exclude replacement from their annual reserve budgets. Other associations do establish and fund reserves for replacement, on observed budgetary life cycles of 20-40 years. Given its inclusion in the association's fiscal year 2011 reserve budget, we have included a reserve line item for as needed repairs to and eventual replacement of the brick paver roadways, parking areas and sidewalks on a 30 year life cycle. It was assumed that the invididual unit driveways are the financial responsibility of the unit owners and not the association. The total area is a rounded estimate.





Replacement of the common area concrete paving (curbing, sidewalks, etc.) should not be necessary at any one given time, under normal operating conditions. As such, reserving for total replacement is not considered practical or prudent. Typically, associations fund minor upgrades to these paving systems on an as needed, incidental basis as a function of their general operating budgets, given the unpredictability of cost and time frames. Therefore, no reserve was established for the common area concrete paving.

Item Parameters - Full Detail

Exterior Painting, Guardhouse

Item Number	8	Measurement Basis	sq ft
Type	Common Area	Estimated Useful Life	7:00
Category	Guardhouse & Security	Basis Cost	1.14
Tracking	Logistical	Salvage Value	$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0008	06/01/2008	06/01/2015	3:05	7:00	765.00	$ 872.10	$ 872.10
						$ 872.10	$ 872.10

Comments

In order to insure proper protection of the underlying concrete, stucco, metal and wood surfaces, exterior painting and waterproofing has a market indicated useful life of 6-7 years under normal conditions. As such, exterior painting of the guardhouse and pool cabana buildings was forecast again in 2015. The current cost estimates includes typical minor exterior repairs, surface preparation, and painting/refinishing of all concrete, stucco, metal and wood surfaces.

Item Parameters - Full Detail

Exterior Painting, Pool Cabana

Item Number	2	Measurement Basis	sq ft
Type	Common Area	Estimated Useful Life	7:00
Category	Pool & Cabana	Basis Cost	1.14
Tracking	Logistical	Salvage Value	$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0002	06/01/2008	06/01/2015	3:05	7:00	2660.00	$ 3,032.40	$ 3,032.40
						$ 3,032.40	$ 3,032.40

Comments

Item Parameters - Full Detail

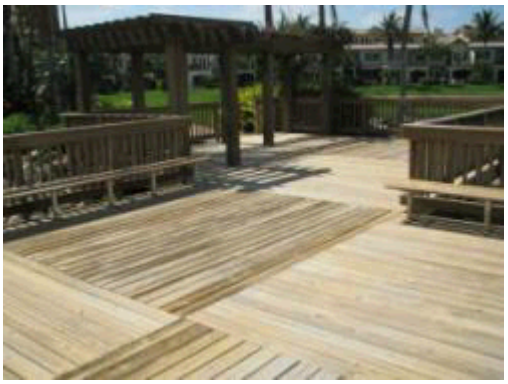
Fishing Pier/Trellis

Item Number	29	Measurement Basis	sq ft
Type	Common Area	Estimated Useful Life	14:00
Category	Site Improvements	Basis Cost	17.55
Tracking	Logistical	Salvage Value	$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0029	01/01/2001	01/01/2015	3:00	14:00	1155.00	$ 20,270.25	$ 20,270.25
						$ 20,270.25	$ 20,270.25

Comments

The wood frame/deck/railing fishing pier measures approximately 1,155 square feet, and includes a +/- 180 square foot trellis. The most typical useful life for major restoration of piers, dune crossovers, etc. falls in the low to mid 10 year range, which assumes that as needed board replacements, periodic waterproofing, etc. is completed as a function of routine maintenance. This expense was forecast in 2015, which is reflective of a 14 year life cycle. The current cost estimate includes removal and disposal of the existing wood decking and railings, typical minor repairs to the underlying framing, stringers and pilings, trellis restoration, and installation of new pressure treated wood decking and railings. This cost is not reflective of total replacement, which should not be necessary in the foreseeable future under normal conditions.



Item Parameters - Full Detail

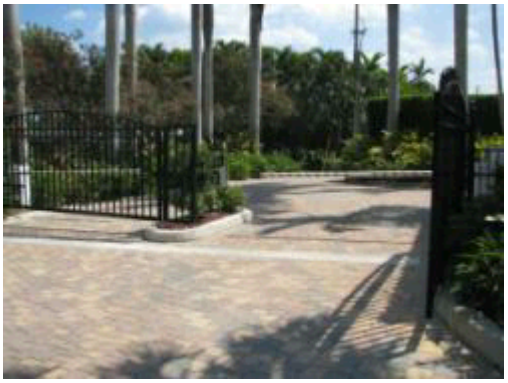
Gate Operator, Barrier - N. Entry

Item Number	20	Measurement Basis	lp sm
Type	Common Area	Estimated Useful Life	14:00
Category	Guardhouse & Security	Basis Cost	3,115.00
Tracking	Logistical	Salvage Value	$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0020	01/01/2001	01/01/2015	3:00	14:00	1.00	$ 3,115.00	$ 3,115.00
						$ 3,115.00	$ 3,115.00

Comments

Separate line items were established for each of the security gate operators (two barrier gate operators and three swing gate operators at south/guardhouse access and one barrier gate operator and two swing gate operators at the north access; the market reflects that the swing gate motors should have useful lives in the 15-20 year range, while the barrier gate operators should have useful lives in the low to mid 10 year range. The useful lives typically depend on the level of ongoing maintenance and number of uses. For the purposes of this analysis, the swing gate operators were forecast for repalcement on 17 year life cycles while the barrier gate operators were forecast for replacement on 14 year life cycles. The photograph shows typical gate operators.



Item Parameters - Full Detail

Gate Operator, Barrier - S. Entry

Item Number	11	Measurement Basis	lp sm
Type	Common Area	Estimated Useful Life	14:00
Category	Guardhouse & Security	Basis Cost	3,115.00
Tracking	Logistical	Salvage Value	$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0011	01/01/2001	01/01/2015	3:00	14:00	1.00	$ 3,115.00	$ 3,115.00
						$ 3,115.00	$ 3,115.00

Comments

Item Parameters - Full Detail

Gate Operator, Barrier - S. Entry

Item Number	12	Measurement Basis	lp sm
Type	Common Area	Estimated Useful Life	14:00
Category	Guardhouse & Security	Basis Cost	3,115.00
Tracking	Logistical	Salvage Value	$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0012	01/01/2001	01/01/2015	3:00	14:00	1.00	$ 3,115.00	$ 3,115.00
						$ 3,115.00	$ 3,115.00

Comments

Item Parameters - Full Detail

Gate Operator, Swing - N. Entry

Item Number	21	Measurement Basis	lp sm
Type	Common Area	Estimated Useful Life	17:00
Category	Guardhouse & Security	Basis Cost	3,470.00
Tracking	Logistical	Salvage Value	$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0021	01/01/2001	01/01/2018	6:00	17:00	1.00	$ 3,470.00	$ 3,470.00
						$ 3,470.00	$ 3,470.00

Comments

Item Parameters - Full Detail

Gate Operator, Swing - N. Exit

Item Number	22	Measurement Basis	lp sm
Type	Common Area	Estimated Useful Life	17:00
Category	Guardhouse & Security	Basis Cost	3,470.00
Tracking	Logistical	Salvage Value	$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0022	01/01/2001	01/01/2018	6:00	17:00	1.00	$ 3,470.00	$ 3,470.00
						$ 3,470.00	$ 3,470.00

Comments

Item Parameters - Full Detail

Gate Operator, Swing - S. Entry

Item Number	17	Measurement Basis	lp sm
Type	Common Area	Estimated Useful Life	17:00
Category	Guardhouse & Security	Basis Cost	3,470.00
Tracking	Logistical	Salvage Value	$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0017	01/01/2001	01/01/2018	6:00	17:00	1.00	$ 3,470.00	$ 3,470.00
						$ 3,470.00	$ 3,470.00

Comments

Item Parameters - Full Detail

Gate Operator, Swing - S. Entry

Item Number	19	Measurement Basis	lp sm
Type	Common Area	Estimated Useful Life	17:00
Category	Guardhouse & Security	Basis Cost	3,470.00
Tracking	Logistical	Salvage Value	$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0019	01/01/2001	01/01/2018	6:00	17:00	1.00	$ 3,470.00	$ 3,470.00
						$ 3,470.00	$ 3,470.00

Comments

Item Parameters - Full Detail

Gate Operator, Swing - S. Exit

Item Number	18	Measurement Basis	lp sm
Type	Common Area	Estimated Useful Life	17:00
Category	Guardhouse & Security	Basis Cost	3,470.00
Tracking	Logistical	Salvage Value	$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0018	01/01/2001	01/01/2018	6:00	17:00	1.00	$ 3,470.00	$ 3,470.00
						$ 3,470.00	$ 3,470.00

Comments

Item Parameters - Full Detail

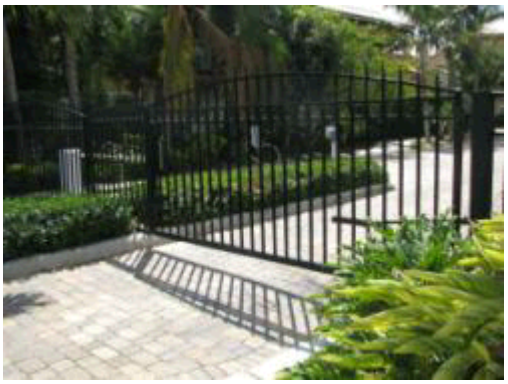
Gates & Fencing, North Access

Item Number	9	Measurement Basis	lp sm
Type	Common Area	Estimated Useful Life	24:00
Category	Guardhouse & Security	Basis Cost	9,300.00
Tracking	Logistical	Salvage Value	$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0009	01/01/2001	01/01/2025	13:00	24:00	1.00	$ 9,300.00	$ 9,300.00
						$ 9,300.00	$ 9,300.00

Comments

Barring any unforeseen vehicular damages, etc., total replacement of the decorative metal swing gates and fencing at the south (main) entry and north entry should not be necessary for 20-25+ years. Since they may not require replacement concurrently, separate line items were included for each set/location.



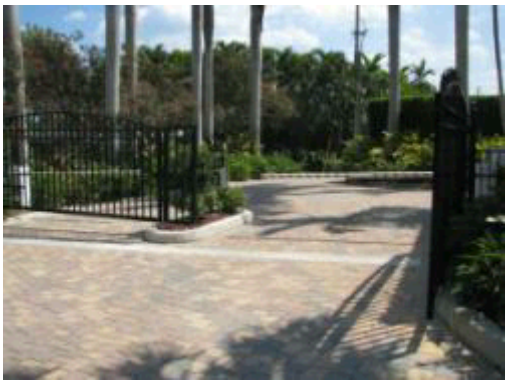
Item Parameters - Full Detail

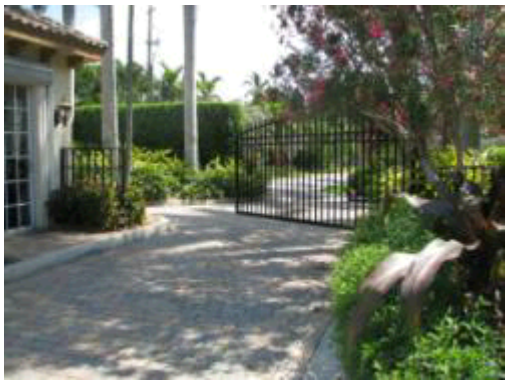
Gates & Fencing, South Access

Item Number	10	Measurement Basis	lp sm
Type	Common Area	Estimated Useful Life	24:00
Category	Guardhouse & Security	Basis Cost	9,300.00
Tracking	Logistical	Salvage Value	$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0010	01/01/2001	01/01/2025	13:00	24:00	1.00	$ 9,300.00	$ 9,300.00
						$ 9,300.00	$ 9,300.00

Comments





Item Parameters - Full Detail

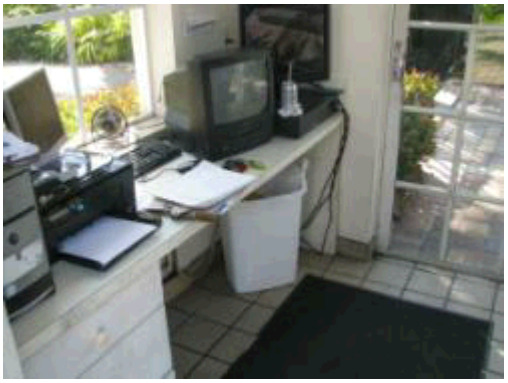
Interior Painting, Guardhouse

Item Number	34	Measurement Basis	lp sm
Type	Common Area	Estimated Useful Life	8:00
Category	Guardhouse & Security	Basis Cost	1,378.00
Tracking	Logistical	Salvage Value	$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0034	12/01/2009	12/01/2017	5:11	8:00	1.00	$ 1,378.00	$ 1,378.00
						$ 1,378.00	$ 1,378.00

Comments

Third party interior painting of the guardhouse was forecast on a recurring 8 year life cycle, which assumes that as needed touch ups, etc. will be completed as a function of routine maintenance. This upgrade was most recently completed in late 2009.



Item Parameters - Full Detail

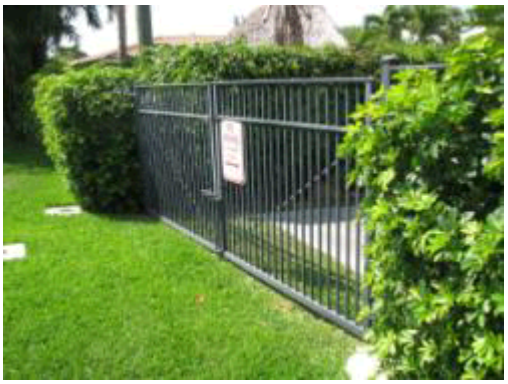
Perimeter Metal Fencing

Item Number	26	Measurement Basis	In ft
Type	Common Area	Estimated Useful Life	25:00
Category	Site Improvements	Basis Cost	48.21
Tracking	Logistical	Salvage Value	$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0026	01/01/2001	01/01/2026	14:00	25:00	380.00	$ 18,319.80	$ 18,319.80
						$ 18,319.80	$ 18,319.80

Comments

The property includes +/- 380 linear feet of perimeter metal fencing, including the emergency access gates, which appears to be original to the property. While minor lenghts may require replacement from time to time due to storm damage, etc., a minimum life cycle in the mid 20 year range is the market norm we have observed. This expense was forecast on a 25 year life cycle, accordingly. The per linear foot unit cost includes removal and disposal of the existing fencing and replacement with like height/quality.



Item Parameters - Full Detail

Playground Equipment

Item Number	30	Measurement Basis	lp sm
Type	Common Area	Estimated Useful Life	12:00
Category	Site Improvements	Basis Cost	6,600.00
Tracking	Logistical	Salvage Value	$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0030	01/01/2001	01/01/2013	1:00	12:00	1.00	$ 6,600.00	$ 6,600.00
						$ 6,600.00	$ 6,600.00

Comments

Given the upscale nature of the subject property, replacement of the inventory of playground equipment should be necessary on a maximum 10-12 year schedule. Therefore, this expense has been forecast in fiscal year 2013. The current cost is an order of magnitude estimate; the actual costs may vary slightly due to the type and complexity of equipment chosen in the future.

Item Parameters - Full Detail

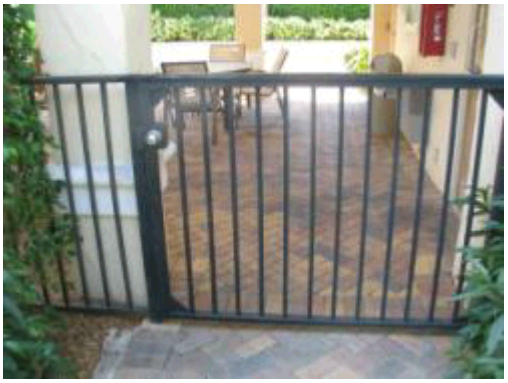
Pool Fencing & Gates

Item Number	6	Measurement Basis	ln ft
Type	Common Area	Estimated Useful Life	24:00
Category	Pool & Cabana	Basis Cost	44.09
Tracking	Logistical	Salvage Value	$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0006	01/01/2001	01/01/2025	13:00	24:00	180.00	$ 7,936.20	$ 7,936.20
						$ 7,936.20	$ 7,936.20

Comments

Replacement of metal fencing and gates like the association's pool fencing has been observed on life cycles in the low to mid 20 year range. This line item is designed to provide monies for as needed repairs to and eventual replacement of the +/- 180 linear feet of pool fencing over a 24 year life cycle. The current per linear foot cost estimate includes removal and disposal of the existing fencing and gates and replacement with like height/quality.



Item Parameters - Full Detail

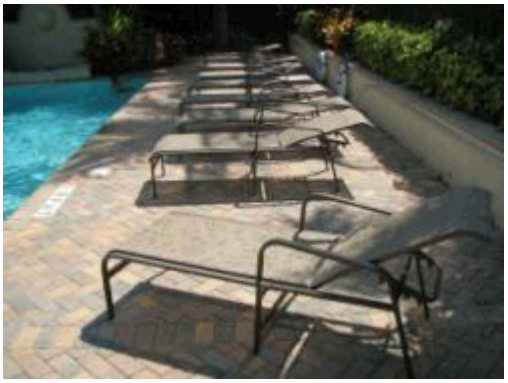
Pool Furniture

Item Number	5	Measurement Basis	pieces
Type	Common Area	Estimated Useful Life	10:00
Category	Pool & Cabana	Basis Cost	255.00
Tracking	Logistical	Salvage Value	$ 0.00
Method	Adjusted		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0005	01/01/2001	06/01/2012	0:05	11:05	50.00	$ 12,750.00	$ 12,750.00
						$ 12,750.00	$ 12,750.00

Comments

While minor additions and/or replacements can be expected from time to time, the market reflects a probable life cycle in the 7-10 year range for better quality pool deck furniture. This life cycle recognizes that periodic repairs/refinishing will be necessary as a function of routine maintenance. As there were no reported plans to replace this inventory in 2011, a 2012 expense date was forecast. The total number of pieces (chaise lounges, tables, chairs, etc.) is a rounded estimate.



Item Parameters - Full Detail

Pool Heaters & Equipment

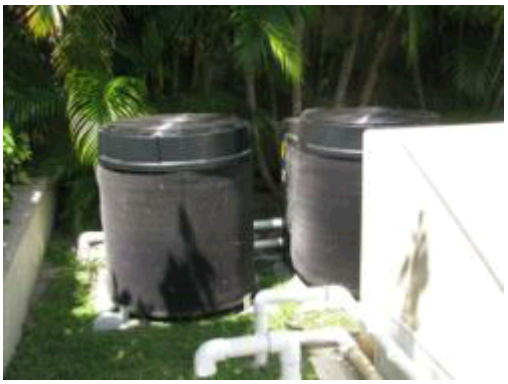
Item Number	4	Measurement Basis	lp sm
Type	Common Area	Estimated Useful Life	10:00
Category	Pool & Cabana	Basis Cost	9,600.00
Tracking	Logistical	Salvage Value	$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0004	06/01/2010	06/01/2020	8:05	10:00	1.00	$ 9,600.00	$ 9,600.00
						$ 9,600.00	$ 9,600.00

Comments

Under normal conditions, total replacement of the inventory of pool equipment (pumps, filters, chlorination systems, heaters, etc.) should not be necessary at any one given time. As such, some associations prefer to fund as needed upgrades through their annual operating budgets. Others do establish and fund pool and spa equipment reserves.

The pool heat pumps were replaced in 2010, which is reflective of an actual useful life of +/- 9 years. In our experience, a life cycle in the 7-10 year range is the market norm outside a direct oceanfront environment. This fund is designed to provide monies for as needed pool equipment upgrades over a recurring10 year life cycle. The current cost estimate is not reflective of total inventory replacement.



Item Parameters - Full Detail

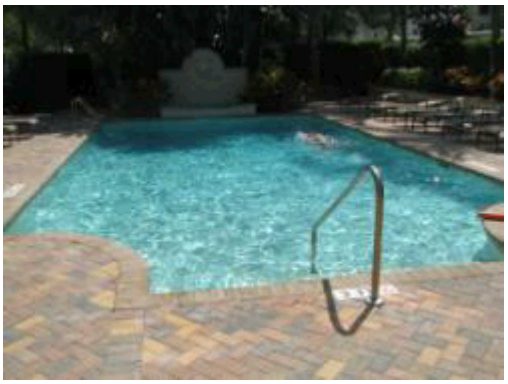
Pool Interior Resurfacing

Item Number	3	Measurement Basis	sq ft
Type	Common Area	Estimated Useful Life	12:00
Category	Pool & Cabana	Basis Cost	12.55
Tracking	Logistical	Salvage Value	$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0003	01/01/2001	01/01/2013	1:00	12:00	755.00	$ 9,475.25	$ 9,475.25
						$ 9,475.25	$ 9,475.25

Comments

This category refers to costs associated with resurfacing of the subject's pool interiors (+/- 735 square feet of surface area), which market standards indicate should be necessary on an approximate 10-12 year schedule. As there were no reported plans to complete this upgrade in the near future, a 12 year life cycle and 2013 expense date were forecast. The current cost estimate includes typical minor tank/structural repairs, tile upgrades/replacement and installation of new aggregate surface materials (i.e. "diamond brite", "pebble crete", etc.).



Some associations consider brick paver pool and spa decking, walkways, parking and drives, etc. to be effectively permanent, and opt to exclude repalcement from their annual reserve budgets. Other assocaitions do establish and fund reserves for eventual replaement, on observed budgetary life cycles of 20-40 years. For the association's consideration, we estimate a current cost estimate of $14,300 for replacement of the brick paver pool decking.

Item Parameters - Full Detail

Privacy Wall Painting/Restoration

Item Number	25	Measurement Basis	sq ft
Type	Common Area	Estimated Useful Life	7:00
Category	Site Improvements	Basis Cost	0.61
Tracking	Logistical	Salvage Value	$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0025	06/01/2008	06/01/2015	3:05	7:00	26000.00	$ 15,860.00	$ 15,860.00
						$ 15,860.00	$ 15,860.00

Comments

The north, south and west property boundaries are improved with a typical concrete/stucco privacy wall, which includes multiple lengths of metal fencing as well. Since total replacement of the wall itself should not be necessary under normal operating conditions, reserving for total replacement is not considered prudent or practical. Therefore, this line item is designed to provide monies for periodic restoration and repainting only. The market suggests a 6-7 year useful life for this type of painting/restoration, to insure proper protection of the underlying concrete and stucco finishes.

Item Parameters - Full Detail

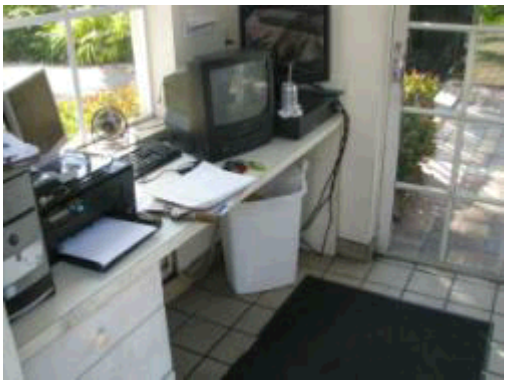
Renovation, Guardhouse Interiors

Item Number	33	Measurement Basis	lp sm
Type	Common Area	Estimated Useful Life	20:00
Category	Guardhouse & Security	Basis Cost	4,200.00
Tracking	Logistical	Salvage Value	$ 0.00
Method	Fixed		

	Service	Replace	Rem	Adj		Replacement Cost	
Code	Date	Date	Life	Life	Quantity	Current	Future
910-000-0033	01/01/2001	01/01/2021	9:00	20:00	1.00	$ 4,200.00	$ 4,200.00
						$ 4,200.00	$ 4,200.00

Comments

This reserve is designed to provide monies for longer term cosmetic renovation of the guardhouse interiors, including (but not necessarily limited to) flooring, cabinetry/countertops, ceilings, plumbing and electrical fixtures, etc. Life cycles in the 20 year range have been observed at properties of similar overall quality.



Item Parameters - Full Detail

Retaining Wall

Item Number	28	Measurement Basis	In ft
Type	Common Area	Estimated Useful Life	25:00
Category	Site Improvements	Basis Cost	288.00
Tracking	Logistical	Salvage Value	$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0028	01/01/2001	01/01/2026	14:00	25:00	495.00	$ 142,560.00	$ 142,560.00
						$ 142,560.00	$ 142,560.00

Comments

The mangrove/wetland preserve area in the northeastern portion of the property is protected by +/- 495 linear feet of typical wood bulkhead/retaining wall. While minor repairs and upgrades will occur as a function of ongoing maintenance, the association should expect to incur costs associated with major restoration on a similar 25 year schedule. Based on a placed in service date of 2001, this expense has been forecast as of fiscal year 2026.

Item Parameters - Full Detail

Roofing, Guardhouse

Item Number	7	Measurement Basis	sqs
Type	Common Area	Estimated Useful Life	25:00
Category	Guardhouse & Security	Basis Cost	889.00
Tracking	Logistical	Salvage Value	$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0007	01/01/2001	01/01/2026	14:00	25:00	2.80	$ 2,489.20	$ 2,489.20
						$ 2,489.20	$ 2,489.20

Comments

The pitched tile roof covers on the guardhouse, pool cabana and residential buildings should have a useful life in the 25 year range, assuming proper design, installation and routine maintenance. As no professional roofing studies were provided that would suggest that physical conditions exist at any of the common area roofs that would otherwise limit their remaining useful lives, these expenses were forecast on 25 year life cycles. The current per square cost estimates include expenses associated with tear off and disposal of the existing roof covers, typical minor repairs to the underlying roof structures, as needed repairs/replacement of fascia, soffits, and/or gutters and downspouts, and installation of like roofing.

one square = 100 square feet

Item Parameters - Full Detail

Roofing, Pool Cabana

Item Number	1	Measurement Basis	sqs
Type	Common Area	Estimated Useful Life	25:00
Category	Pool & Cabana	Basis Cost	889.00
Tracking	Logistical	Salvage Value	$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0001	01/01/2001	01/01/2026	14:00	25:00	11.30	$ 10,045.70	$ 10,045.70
						$ 10,045.70	$ 10,045.70

Comments

Item Parameters - Full Detail

Seawall Caps

Item Number	27	Measurement Basis	ln ft
Type	Common Area	Estimated Useful Life	15:00
Category	Site Improvements	Basis Cost	170.00
Tracking	Logistical	Salvage Value	$ 0.00
Method	Adjusted		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0027	01/01/2001	01/01/2016	4:00	15:00	850.00	$ 144,500.00	$ 144,500.00
						$ 144,500.00	$ 144,500.00

Comments

We have observed life cycles of less than 15 years for major seawall restoration/replacement (concrete walls, caps, tiebacks, riprap, etc.), while some seawalls of 40+ years in age have yet to undergo this scope of repair/replacement. The common area seawalls measure +/- 850 linear feet, in three lengths, and no obvious signs of deferred maintenance were noted as of the date of inspection. According to the association representative, an engineering study was completed in the recent past that indicates that replacement of the concrete seawall caps will be necessary in the next +/- 5 years and major seawall restoration will be necessary in the next +/- 20 years. As such, we have included separate line items for each of these upgrades; the seawall cap project was forecast as a non-recurring upgrade in 2016. Major seawall restoration, including the caps, etc., was forecast in 2031. We recommend that the association complete periodic and regular third party structural assessments of the seawalls to insure that repairs are completed on a timely basis, insuring the maximum useful life of these site improvements.

Item Parameters - Full Detail

Seawall Restoration

Item Number	32	Measurement Basis	In ft
Type	Common Area	Estimated Useful Life	30:00
Category	Site Improvements	Basis Cost	510.00
Tracking	Logistical	Salvage Value	$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0032	01/01/2001	01/01/2031	19:00	30:00	850.00	$ 433,500.00	$ 433,500.00
						$ 433,500.00	$ 433,500.00

Comments

Delray Estuary Homeowners Association, Inc.

Analysis Date - January 1, 2012

Inflation:0.00% Investment:1.15% Contribution Factor:0.00% Calc:Current

Expenditures - Description Through 2031

Description	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Asphalt Overlay										
Brick Pavers, Drives/Sidewalks										
Exterior Painting, Guardhouse				872						
Exterior Painting, Pool Cabana				3,032						
Fishing Pier/Trellis				20,270						
Gate Operator, Barrier - N. Entry				3,115						
Gate Operator, Barrier - S. Entry				3,115						
Gate Operator, Barrier - S. Entry				3,115						
Gate Operator, Swing - N. Entry							3,470			
Gate Operator, Swing - N. Exit							3,470			
Gate Operator, Swing - S. Entry							3,470			
Gate Operator, Swing - S. Entry							3,470			
Gate Operator, Swing - S. Exit							3,470			
Gates & Fencing, North Access										
Gates & Fencing, South Access										
Interior Painting, Guardhouse						1,378				
Perimeter Metal Fencing										
Playground Equipment		6,600								
Pool Fencing & Gates										
Pool Furniture	12,750									
Pool Heaters & Equipment									9,600	
Pool Interior Resurfacing		9,475								
Privacy Wall Painting/Restoration				15,860						
Renovation, Guardhouse Interiors										4,200
Retaining Wall										
Roofing, Guardhouse										
Roofing, Pool Cabana										
Seawall Caps					144,500					
Seawall Restoration										

Delray Estuary Homeowners Association, Inc.

Analysis Date - January 1, 2012

Inflation:0.00% Investment:1.15% Contribution Factor:0.00% Calc:Current

Expenditures - Description Through 2031

Description	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	12,750	16,075	0	49,379	144,500	1,378	17,350	0	9,600	4,200

Expenditures - Description Through 2031

Description	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Asphalt Overlay			40,792							
Brick Pavers, Drives/Sidewalks										174,600
Exterior Painting, Guardhouse	872							872		
Exterior Painting, Pool Cabana	3,032							3,032		
Fishing Pier/Trellis								20,270		
Gate Operator, Barrier - N. Entry								3,115		
Gate Operator, Barrier - S. Entry								3,115		
Gate Operator, Barrier - S. Entry								3,115		
Gate Operator, Swing - N. Entry										
Gate Operator, Swing - N. Exit										
Gate Operator, Swing - S. Entry										
Gate Operator, Swing - S. Entry										
Gate Operator, Swing - S. Exit										
Gates & Fencing, North Access				9,300						
Gates & Fencing, South Access				9,300						
Interior Painting, Guardhouse				1,378						
Perimeter Metal Fencing					18,319					
Playground Equipment				6,600						
Pool Fencing & Gates				7,936						
Pool Furniture	12,750									
Pool Heaters & Equipment									9,600	
Pool Interior Resurfacing				9,475						
Privacy Wall Painting/Restoration	15,860							15,860		
Renovation, Guardhouse Interiors										
Retaining Wall					142,560					
Roofing, Guardhouse					2,489					
Roofing, Pool Cabana					10,045					
Seawall Caps										
Seawall Restoration										433,500

Delray Estuary Homeowners Association, Inc.

Analysis Date - January 1, 2012

Inflation:0.00% Investment:1.15% Contribution Factor:0.00% Calc:Current

Expenditures - Description Through 2031

Description	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	32,514	0	40,792	43,989	173,414	0	0	49,379	9,600	608,100

Delray Estuary Homeowners Association, Inc.

Analysis Date - January 1, 2012

Inflation:0.00% Investment:1.15% Contribution Factor:0.00% Calc:Current

Cash Flow - Annual

Period	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
01/12 - 12/12	$ 297,729.00	$ 42,780.00	$ 3,609.18	$ 12,750.00	$ 331,368.18
01/13 - 12/13	331,368.18	42,780.00	3,899.65	16,075.25	361,972.58
01/14 - 12/14	361,972.58	42,780.00	4,431.51	0.00	409,184.09
01/15 - 12/15	409,184.09	42,780.00	4,525.82	49,379.75	407,110.16
01/16 - 12/16	407,110.16	42,780.00	3,352.76	144,500.00	308,742.92
01/17 - 12/17	308,742.92	42,780.00	3,815.46	1,378.00	353,960.38
01/18 - 12/18	353,960.38	42,780.00	4,146.71	17,350.00	383,537.09
01/19 - 12/19	383,537.09	42,780.00	4,680.81	0.00	430,997.90
01/20 - 12/20	430,997.90	42,780.00	5,169.53	9,600.00	469,347.43
01/21 - 12/21	469,347.43	42,780.00	5,626.33	4,200.00	513,553.76
	$ 297,729.00	$ 427,800.00	$ 43,257.76	$ 255,233.00	$ 513,553.76

Period	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
01/22 - 12/22	513,553.76	42,780.00	5,980.83	32,514.50	529,800.09
01/23 - 12/23	529,800.09	42,780.00	6,371.73	0.00	578,951.82
01/24 - 12/24	578,951.82	42,780.00	6,685.20	40,792.35	587,624.67
01/25 - 12/25	587,624.67	42,780.00	6,567.58	43,989.45	592,982.80
01/26 - 12/26	592,982.80	42,780.00	5,181.34	173,414.70	467,529.44
01/27 - 12/27	467,529.44	42,780.00	5,651.84	0.00	515,961.28
01/28 - 12/28	515,961.28	42,780.00	6,211.74	0.00	564,953.02
01/29 - 12/29	564,953.02	42,780.00	6,326.65	49,379.75	564,679.92
01/30 - 12/30	564,679.92	42,780.00	6,715.02	9,600.00	604,574.94
01/31 - 12/31	604,574.94	42,780.00	500.52	608,100.00	39,755.46
	$ 513,553.76	$ 855,600.00	$ 99,450.21	$ 1,213,023.75	$ 39,755.46

Delray Estuary Homeowners Association, Inc.

Analysis Date - January 1, 2012

Inflation:0.00% Investment:1.15% Contribution Factor:0.00% Calc:Current

Supplementary Information
on Future Major Repairs and Replacements

Components	Estimated Remaining Useful Lives Life YY:MM	Estimated Current Replacement Cost	2012 Funding Requirement	Components of Fund Balance at 12/31/2011
Asphalt Overlay	12:05	$ 40,792.35	$ 1,902.10	$ 9,052.66
Brick Pavers, Drives/Sidewalks	19:00	174,600.00	5,427.55	37,469.92
Exterior Painting, Guardhouse	3:05	872.10	116.16	261.29
Exterior Painting, Pool Cabana	3:05	3,032.40	403.99	908.54
Fishing Pier/Trellis	3:00	20,270.25	1,350.28	9,321.61
Gate Operator, Barrier - N. Entry	3:00	3,115.00	207.48	1,432.48
Gate Operator, Barrier - S. Entry	3:00	3,115.00	207.48	1,432.48
Gate Operator, Barrier - S. Entry	3:00	3,115.00	207.48	1,432.48
Gate Operator, Swing - N. Entry	6:00	3,470.00	190.36	1,314.13
Gate Operator, Swing - N. Exit	6:00	3,470.00	190.36	1,314.13
Gate Operator, Swing - S. Entry	6:00	3,470.00	190.36	1,314.13
Gate Operator, Swing - S. Entry	6:00	3,470.00	190.36	1,314.13
Gate Operator, Swing - S. Exit	6:00	3,470.00	190.36	1,314.13
Gates & Fencing, North Access	13:00	9,300.00	361.35	2,494.78
Gates & Fencing, South Access	13:00	9,300.00	361.35	2,494.78
Interior Painting, Guardhouse	5:11	1,378.00	160.59	210.03
Perimeter Metal Fencing	14:00	18,319.80	683.42	4,717.81
Playground Equipment	1:00	6,600.00	512.88	3,540.97
Pool Fencing & Gates	13:00	7,936.20	308.42	2,128.93
Pool Furniture	0:05	12,750.00	1,041.53	7,190.03
Pool Heaters & Equipment	8:05	9,600.00	895.27	889.63
Pool Interior Resurfacing	1:00	9,475.25	736.36	5,083.58
Privacy Wall Painting/Restoration	3:05	15,860.00	2,112.94	4,751.81
Renovation, Guardhouse Interiors	9:00	4,200.00	195.84	1,352.01

Delray Estuary Homeowners Association, Inc.

Analysis Date - January 1, 2012

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Supplementary Information on Future Major Repairs and Replacements

Components	Estimated Remaining Useful Lives Life YY:MM	Estimated Current Replacement Cost	2012 Funding Requirement	Components of Fund Balance at 12/31/2011
Retaining Wall	14:00	$ 142,560.00	$ 5,317.88	$ 36,712.80
Roofing, Guardhouse	14:00	2,489.20	92.88	641.03
Roofing, Pool Cabana	14:00	10,045.70	374.78	2,587.02
Seawall Caps	4:00	144,500.00	8,983.76	62,020.66
Seawall Restoration	19:00	433,500.00	13,475.65	93,030.99
		$ 1,104,076.25	$ 46,389.22	$ 297,729.00

ADDENDUM

Chapter 720 *Florida Statutes*

720.303 - Association powers and duties; meetings of board; official records; budgets; financial reporting; association funds; recalls.--

(6) BUDGETS.--
(a) The association shall prepare an annual budget that sets out the annual operating expenses. The budget must reflect the estimated revenues and expenses for that year and the estimated surplus or deficit as of the end of the current year. The budget must set out separately all fees or charges paid for by the association for recreational amenities, whether owned by the association, the developer, or another person. The association shall provide each member with a copy of the annual budget or a written notice that a copy of the budget is available upon request at no charge to the member. The copy must be provided to the member within the time limits set forth in subsection (5).

(b) In addition to annual operating expenses, the budget may include reserve accounts for capital expenditures and deferred maintenance for which the association is responsible. If reserve accounts are not established pursuant to paragraph (d), funding of such reserves is limited to the extent that the governing documents limit increases in assessments, including reserves. If the budget of the association includes reserve accounts established pursuant to paragraph (d), such reserves shall be determined, maintained, and waived in the manner provided in this subsection. Once an association provides for reserve accounts pursuant to paragraph (d) 2612 the association shall thereafter determine, maintain, and waive reserves in compliance with this subsection. This section does not preclude the termination of a reserve account established pursuant to this paragraph upon approval of a majority of the total voting interests of the association. Upon such approval, the terminating reserve account shall be removed from the budget.

(c)
1. If the budget of the association does not provide for reserve accounts pursuant to paragraph (d) and the association is responsible for the repair and maintenance of capital improvements that may result in a special assessment if reserves are not provided, each financial report for the preceding fiscal year required by subsection (7) must contain the following statement in conspicuous type:
THE BUDGET OF THE ASSOCIATION DOES NOT PROVIDE FOR RESERVE ACCOUNTS FOR CAPITAL EXPENDITURES AND DEFERRED MAINTENANCE THAT MAY RESULT IN SPECIAL ASSESSMENTS. OWNERS MAY ELECT TO PROVIDE FOR RESERVE ACCOUNTS PURSUANT TO SECTION 720.303(6), FLORIDA STATUTES, UPON OBTAINING THE APPROVAL OF A MAJORITY OF THE TOTAL VOTING INTERESTS OF THE ASSOCIATION BY VOTE OF THE MEMBERS AT A MEETING OR BY WRITTEN CONSENT.

2. If the budget of the association does provide for funding accounts for deferred expenditures, including, but not limited to, funds for capital expenditures and deferred maintenance, but such accounts are not created or established pursuant to paragraph (d), each financial report for the preceding fiscal year required under subsection (7) must also contain the following statement in conspicuous type:

THE BUDGET OF THE ASSOCIATION PROVIDES FOR LIMITED VOLUNTARY DEFERRED EXPENDITURE ACCOUNTS, INCLUDING CAPITAL EXPENDITURES AND DEFERRED MAINTENANCE, SUBJECT TO LIMITS ON FUNDING CONTAINED IN OUR GOVERNING DOCUMENTS. BECAUSE THE OWNERS HAVE NOT ELECTED TO PROVIDE FOR RESERVE ACCOUNTS PURSUANT TO SECTION 720.303(6), FLORIDA STATUTES, THESE FUNDS ARE NOT SUBJECT TO THE RESTRICTIONS ON USE OF SUCH FUNDS SET FORTH IN THAT STATUTE, NOR ARE RESERVES CALCULATED IN ACCORDANCE WITH THAT STATUTE.

(d) An association is deemed to have provided for reserve accounts if when reserve accounts have been initially established by the developer or if the membership of the association affirmatively elects to provide for reserves.

If reserve accounts are not initially provided by the developer, the membership of the association may elect to do so upon the affirmative approval of a majority of the total voting interests of the association. Such approval may be obtained by vote of the members at a duly called meeting of the membership or by the written consent of a majority of the total voting interests of the association. The approval action of the membership must state that reserve accounts shall be provided for in the budget and must designate the components for which the reserve accounts are to be established. Upon approval by the membership, the board of directors shall include provide for the required reserve accounts in the budget in the next fiscal year following the approval and in each year thereafter. Once established as provided in this subsection, the reserve accounts must shall be funded or maintained or have their funding waived in the manner provided in paragraph (f).

(e) The amount to be reserved in any account established shall be computed by means of a formula that is based upon estimated remaining useful life and estimated replacement cost or deferred maintenance expense of each reserve item. The association may adjust replacement reserve assessments annually to take into account any changes in estimates of cost or useful life of a reserve item.

(f) After one or more reserve accounts are established, the membership of the association, upon a majority vote at a meeting at which a quorum is present, may provide for no reserves or less reserves than required by this section. If a meeting of the unit owners has been called to determine whether to waive or reduce the funding of reserves and such result is not achieved or a quorum is not present, the reserves as included in the budget go into effect. After the turnover, the developer may vote its voting interest to waive or reduce the funding of reserves. Any vote taken pursuant to this subsection to waive or reduce reserves is applicable only to one budget year.

(g) Funding formulas for reserves authorized by this section must be based on a separate analysis of each of the required assets or a pooled analysis of two or more of the required assets.

1. If the association maintains separate reserve accounts for each of the required assets, the amount of the contribution to each reserve account is the sum of the following two calculations:
The total amount necessary, if any, to bring a negative
a. component balance to zero.
b. The total estimated deferred maintenance expense or estimated replacement cost of the reserve component less the estimated balance of the reserve component as of the beginning of the period the budget will be in effect. The remainder, if greater than zero, shall be divided by the estimated remaining useful life of the component. The formula may be adjusted each year for changes in estimates and deferred maintenance performed during the year and may include factors such as inflation and earnings on invested funds.

2. If the association maintains a pooled account of two or more of the required reserve assets, the amount of the contribution to the pooled reserve account as disclosed on the proposed budget may not be less than that required to ensure that the balance on hand at the beginning of the period the budget will go into effect plus the projected annual cash inflows over the remaining estimated useful life of all of the assets that make up the reserve pool are equal to or greater than the projected annual cash outflows over the remaining estimated useful lives of all of the assets that make up the reserve pool, based on the current reserve analysis. The projected annual cash inflows may include estimated earnings from investment of principal and accounts receivable minus the allowance for doubtful accounts. The reserve funding formula may not include any type of balloon payments.

(h) Reserve funds and any interest accruing thereon shall remain in the reserve account or accounts and shall be used only for authorized reserve expenditures unless their use for other purposes is approved in advance by a majority vote at a meeting at which a quorum is present. Prior to turnover of control of an association by a developer to parcel owners, the developer-controlled association shall not vote to use reserves for purposes other than those for which they were intended without the approval of a majority of all nondeveloper voting interests voting in person or by limited proxy at a duly called meeting of the association.

Amended Rule Text

Amends 720.303(6) to provide clarification of reserve requirements to distinguish between "statutory" and "non-statutory/voluntary" reserves (called "limited voluntary deferred expenditure accounts"). Under the amended language, the Association, if the proper disclaimer is provided in the financial report for the prior fiscal year, may collect these limited voluntary deferred expenditure accounts which would not be subject to the use restrictions present for statutory reserves. A statutory reserve account may also be terminated by a vote of a majority of the total voting interests.

TERMS AND DEFINITIONS

ACCRUED FUND BALANCE (AFB): Total Accrued Depreciation. An indicator against which Actual (or projected) Reserve balance can be compared. The Reserve balance that is in direct proportion to the fraction of life "used up" of the current Repair or Replacement cost. This number is calculated for each component, then summed together for an association tool. Two formulae can be utilized, depending on the provider's sensitivity to interest and inflation effects. Note: both yield identical results when interest and inflation are equivalent.

AFB = Current Cost X Effective Age/Useful Life

or

AFB = (Current Cost X Effective Age/Useful Life) + [(Current Cost X Effective Age/Useful Life)/(1 + Interest Rate) ^ Remaining Life] – [(Current Cost X Effective Age/Useful Life) /(1 + Inflation Rate) ^ Remaining Life]

CASH FLOW METHOD: A method of calculating Reserve Funding Plan where contributions to the Reserve fund are designed to offset the variable annual expenditures from the Reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of Reserve expenses until the desired Funding Goal is achieved. "Because we use the cash flow method, we compute individual line item contributions after the total contribution rate has been established." See "Component Method".

CAPITAL EXPENDITURES : A capital expenditure means any expenditure of funds for: (1) the purchase or replacement of an asset whose useful life is greater than one year, or (2) the addition to an asset that extends the useful life of the previously existing asset for a period greater than one year.

COMPONENT: The individual line items in the Reserve Study, developed or updated in the Physical Analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association responsibility, 2) with limited Useful Life expectancies, 3) predictable Remaining Useful Life expectancies, and 4) above a minimum threshold cost, and 5) as required by local codes. "We have 17 components in our reserve Study."

COMPONENT ASSESSMENT AND VALUATION: The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components. This task is accomplished either with or without an on-site inspection, based on Level or Service selected by the client.

COMPONENT FULL FUNDING: When the actual (or projected) cumulative Reserve balance for all components is equal to the Fully Funded Balance.

COMPONENT INVENTORY: The task of selecting and quantifying Reserve Components. This task is accomplished through an on-site inspection, review of association design and organizational documents, and a review of established association precedents, and discussion with appropriate association representative(s).

COMPONENT METHOD: A method of developing a Reserve Funding Plan where the total contribution is based on the sum of contributions for individual components. "Since we calculate a Reserve contribution rate for each component and then sum them all together, we are using the component method to calculate our Reserve contributions." See "Cash Flow Method".

CONDITION ASSESSMENT: The task of evaluating the current condition of the component based on observed and reported characteristics.

CURRENT REPLACEMENT COST: See "Replacement Cost".

DEFERRED MAINTENANCE: Deferred maintenance means any maintenance or repair that: (1) will be performed less frequently than yearly, and (2) will result in maintaining the useful life of an asset.

DEFICIT: An actual (or projected) Reserve Balance less than the Fully Funded Balance. The opposite would be a Surplus.

EFFECTIVE AGE: The difference between Useful Life and Remaining Useful Life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computations.

FINANCIAL ANALYSIS: The portion of a Reserve Study where current status of the Reserves (measured as cash or Percent Funded) and a recommended Reserve contribution rate (Reserve Funding Plan) are derived, and the projected Reserve income and expense over time is presented. The Financial Analysis is one of the two parts of a Reserve Study.

FULLY FUNDED: When the budget is provided to the owners, it will show the amount of money that must be deposited that year for each reserve item to ensure that, when the time comes, sufficient funds will be available for deferred maintenance or a capital expenditure. (Definition published in "Budgets & Reserve Schedules Made Easy" training manual by the State of Florida Department of Business and Professional Regulations in January 1997).

FUND STATUS: The status of the reserve fund as compared to an established benchmark such as percent funding.

FUNDING PLAN: An association's plan to provide income to a Reserve fund to offset anticipated expenditures from that fund.

FUNDING PRINCIPLES:

- Sufficient Funds When Required
- Stable Contribution Rate over the Years
- Evenly Distributed Contributions over the Years
- Fiscally Responsible

FUNDING GOALS: Independent of methodology utilized, the following represent the basic categories of Funding Plan goals:

- **Baseline Funding** – Establishing a Reserve funding goal of keeping the Reserve cash balance above zero.
- **Component Full Funding** – Setting a Reserve funding goal of attaining and maintaining cumulative Reserves at or near 100%.
- **Statutory Funding** – Establishing a Reserve funding goal of setting aside the specific minimum mount of Reserves of component required by local statutes.
- **Threshold Funding** – Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount. Depending on the threshold, this may be more or less

conservative than "Component Full Funding."

LIFE AND VALUATION ESTIMATES: The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve Components.

PERCENT FUNDED: The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the *actual* (or *projected*) Reserve Balance to the accrued *Fund Balance*, expressed as a percentage. "With $76,000 in Reserves, and since our 100% Funded Balance is $100,000, our association is 76% Funded".

Editor's Note: since funds can typically be allocated from one component to another with ease, this parameter has no real meaning on an individual Component basis. The purpose of this parameter is to identify the relative strength or weakness of the entire Reserve fund as of a particular point in time. The value of this parameter is in providing a more stable measure of Reserve Fund strength, since cash in Reserves may mean very different things to different associations.

PHYSICAL ANALYSIS: The portion of the Reserve Study where the Component Inventory, Condition Assessment, and Life and Valuation Estimate tasks are performed. This represents one of the two parts of the Reserve Study.

REMAINING USEFUL LIFE (RUL): Also referred to as "Remaining Life" (RL). The estimated time, in years, that a reserve component can be expected to *continue* to serve its intended function. Projects anticipated to occur in the initial year have "zero" Remaining Useful Life.

REPLACEMENT COST: The cost of replacing, repairing, or restoring a Reserve Component to its original functional condition. The Current Replacement Cost would be the cost to replace, repair, or restore the component during that particular year.

RESERVE BALANCE: Actual or projected funds as of a particular point in time that the association has identified for use to defray to the future repair of replacement of those major components which the association is obligated to maintain. Also known as Reserves, Reserve Accounts, Cash Reserves. Based on information provided and not audited

RESERVE PROVIDER: An individual that prepares Reserve Studies.

RESERVE STUDY: A budget planning tool which identifies the current status of the Reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures." The Reserve Study consists of two parts: the Physical Analysis and the Financial Analysis. "Our budget and finance committee is soliciting proposals to update our Reserve Study for the next year's budget."

RESPONSIBLE CHARGE: A reserve specialist in responsible charge of a reserve study shall render regular and effective supervision to those individuals performing services which directly and materially affect the quality and competence rendered by the reserve specialist. A reserve specialist shall maintain such records as are reasonably necessary to establish that the reserve specialist exercised regular and effective supervision of a reserve duty of which he was in responsible charge. A reserve specialist engaged in any of the following acts or practices shall be deemed not to have rendered the regular and effective supervision required herein:

1. The regular and continuous absence from principal office premises from which professional

services are rendered; expect for performance of field work or presence in a field office maintained exclusively for a specific project:

2. The failure to personally inspect or review the work of subordinates where necessary and appropriate;
3. The rendering of a limited, cursory or perfunctory review of plans or projects in lieu of an appropriate detailed review;
4. The failure to personally be available on a reasonable basis or with adequate advanced notice for consultation and inspection where circumstances require personal availability.

SPECIAL ASSESSMENT : An assessment levied on the members of an association in addition to regular assessments. Special Assessments are often regulated by Governing Documents or local statutes. "Since we need a new roof and there wasn't enough money in the Reserve fund, we had to pass a special assessment."

SURPLUS: An actual (or projected) Reserve Balance greater than the Fully Funded Balances. See Deficit".

USEFUL LIFE (UL): Total Useful Life or Depreciable Life. The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed in its present application or installation.

ANNUAL UPDATE PROGRAM

GAB Robins is pleased to offer our clients a program to provide annual updates on their Reserve Studies for the next three years for a guaranteed fee.

The Update Program is valid only if there are no changes to the property, i.e. new construction, major upgrades, etc. Changes to the property within the three-year update program period would require a re-inspection of the property at a higher fee.

Benefits:

- Annual Reserve Study updates on the property provide a written validation of reserve study needs.
- Demonstrates due diligence and impartiality on the part of the property manager and board members by the involvement of a third party professional.
- The cost of your update reserve study is lower if enrolled in the update program.
- Provides peace of mind to clients knowing that their property is adequately funded year after year.

If you have not already chosen to accept the three-year annual update program, and would like to do so at this time, please contact our bid proposal specialist at (407) 805-0086 x 257, or (800) 248-3379 x 257 (FL only) or fax your request to (407) 805-9921. We will be pleased to provide you with a bid for the three year annual program.