PROPERTY DIAGNOSTICS INC.

Reserve Study Level I

August 31, 2023

Tilghman on the

Chesapeake - Marina

MEMBER OF community ASSOCIATIONS INSTITUTE

APRA Association of Professional Reserve Analysts

PO Box 3453

Crofton, Maryland 21114

301-261-8473

admin@pdireserves.com

WWW.PDIRESERVES.COM

REPAIR & REPLACEMENT RESERVE REPORT

TILGHMAN ON THE CHESAPEAKE - MARINA

Island Club Road
Tilghman, Maryland 21671

Prepared for:
BOARD OF DIRECTORS,
Tilghman on the Chesapeake - Marina
C/o: Ian Jones
2610 Island Club Road
Tilghman, Maryland 21671

Project #323140

DATE OF SITE VISIT: JUNE 5, 2023

DATE OF FINAL REPORT: AUGUST 31, 2023

Prepared by:

PROPERTY DIAGNOSTICS, INC.
P.O. Box 3453
Crofton, Maryland 21114

Table of Contents

I. EXECUTIVE STATEMENT

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

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

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

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

PROPERTY DIAGNOSTICS, INC.

John Grimes, PRA, RS
Senior Reserve Analyst

II. PROPERTY DESCRIPTION

Tilghman on Chesapeake is a community situated along Island Club Road in Tilghman, Maryland. The community was delivered in 1993 and consists of 50 homes. The study, in accordance with Maryland state law, has assessed commonly owned components including but not limited to:

- Asphalt drive and parking bays
- Concrete drive pads
- Brick paver drives and walkways
- Pool and pool equipment
- Community building and surrounding decks
- Docks and boardwalk
- Entry gate
- Bulkhead and shoreline riprap
- Site lighting

It is our understanding that the marina is not a part of the HOA and instead its own entity. We have been requested by the board to have all components relating to the marina be removed from this reserve schedule.

III. COMPONENT METHOD/UNDERSTANDING YOUR CHARTS

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

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

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

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

Chart Headings:

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

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

Ea = Each or part of total system.

SQ = Square roof or 100 S.F.

SF = Square Foot

LF = Linear Foot

SY = Square Yard

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

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

Unit = Each or part of total system.

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

LOB = Life of Building

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

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

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

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

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

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

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

TILGHMAN ON THE CHESAPEAKE - MARINA
REPAIR AND REPLACEMENT RESERVE - SUMMARY
PROPERTY DIAGNOSTICS, INC.

	ITEM	CURRENT REPLACEMENT COST	CURRENT FUND	REQUIRED FUND	ANNUAL CONTRIBUTION
A.	**Architectural Grounds**	$1,231,310.00	$181,600.00	$1,049,710.00	$73,819.65
B.	**Building Envelope**	322,100.00	165,082.99	157,017.01	13,325.08
C.	**Building Interior**	84,590.00	20,327.50	64,262.50	8,829.17
D.	**Mechanical/Plumbing**	141,850.00	18,750.00	123,100.00	7,629.72
E.	**Electrical**	430,670.00	12,909.51	417,760.49	26,692.43
F.	**Pool**	306,230.00	15,330.00	290,900.00	22,189.68
TOTAL:		**$2,516,750.00**	**$414,000.00**	**$2,102,750.00**	**$152,485.73**

TILGHMAN ON THE CHESAPEAKE - MARINA
A. ARCHITECTURAL GROUNDS
PROPERTY DIAGNOSTICS, INC.

	ITEM	QUANTITY	NORMAL USEFUL LIFE (Years)	ESTIMATED REMAINING LIFE (Years)	TARGET DATE (Year)	CURRENT REPLACEMENT COST	CURRENT FUND	REQUIRED FUND	ANNUAL CONTRIBUTION
1.	**Asphalt - Mill & Overlay**	2,682 SY	20	1	2024	$58,990.00	$58,990.00	$0.00	$0.00
2.	**Asphalt - Crackfill & Sealcoat**	2,682 SY	100	11	2034	7,250.00	0.00	7,250.00	659.09
3.	**Concrete Curb**	230 LF	50	22	2045	5,750.00	0.00	5,750.00	261.36
4.	**Concrete Drive**	520 SF	50	45	2068	13,000.00	1,300.00	11,700.00	260.00
5.	**Brick Paver Walks**	1,132 SF	30	6	2029	20,375.00	0.00	20,375.00	3,395.83
6.	**Brick Paver Drives**	2,790 SF	30	6	2029	66,960.00	0.00	66,960.00	11,160.00
7.	**Concrete Wheel Stops**	64 Ea	30	9	2032	10,240.00	0.00	10,240.00	1,137.78
8.	**Equipment Shed**	1 Ea	30	10	2033	4,800.00	0.00	4,800.00	480.00
9.	**Pavilion Structure - Repairs**	1 Ea	30	1	2024	6,920.00	6,920.00	0.00	0.00
10.	**Bike Rack**	1 Ea	20	18	2041	860.00	0.00	860.00	47.78
11.	**Gate Arm & Motor**	1 Ea	30	24	2047	9,000.00	0.00	9,000.00	375.00
12.	**Boardwalk Decking**	3,552 SF	25	3	2026	127,875.00	112,530.00	15,345.00	5,115.00
13.	**Flagpole**	1 Ea	30	15	2038	2,200.00	0.00	2,200.00	146.67
14.	**Stationary Grills**	3 Ea	15	2	2025	1,500.00	1,300.00	200.00	100.00
15.	**Exterior Furnishings**	Lot	15	7	2030	20,000.00	0.00	20,000.00	2,857.14
16.	**Bulkhead - Pilings**	338 Ea	30	20	2043	405,600.00	0.00	405,600.00	20,280.00
17.	**Bulkhead - Allowance**	2,070 LF	30	15	2038	345,690.00	0.00	345,690.00	23,046.00
18.	**Shoreline Riprap - Allowance**	9,720 SF	100	30	2053	121,500.00	0.00	121,500.00	4,050.00
19.	**Reserve Study**	1 Ea	5	5	2028	2,800.00	560.00	2,240.00	448.00
TOTAL:						**$1,231,310.00**	**$181,600.00**	**$1,049,710.00**	**$73,819.65**

A. Architectural Grounds

Chart Item	Repair/Replacement Description
1. Asphalt – Mill & Overlay	The estimated replacement cost in the asphalt section represents the cost to remove all loose materials from existing surfaces, and repair alligatoring and potholes. Deteriorated areas should be removed with a minimum of a 4” base to reach firm support. The removed areas should extend at least 1’ into good pavement outside the damaged areas. It is expected that about 10% of the loose asphalt material will require this type of removal; holes will require being backfilled with dense graded hot asphalt plant mix; and a topcoat will be required to be applied to vertical surfaces. Large cracks will be cleaned and filled with fine sand and asphalt mix. After all surfaces are prepared, a new application of 2” asphalt topping should be applied.
2. Asphalt – Crackfill & Sealcoat	The estimated cost for asphalt sealcoat includes the preparation of the asphalt surface to include crack filling and the application of a sealcoat to the surfaces. Properties use sealcoating to enhance the property. The sealcoat will not extend the life of the asphalt within sound condition.
3. Concrete Curb	The estimated replacement cost for concrete curbs includes removal of the existing concrete and replacement of new concrete. The concrete line-item replacement fund should be considered a draw fund. Concrete never requires full replacement at one time. However, it does require sectional replacement. Over the life span of the concrete, it is anticipated that all concrete will be renewed at least once.

A. Architectural Grounds

Chart Item	Repair/Replacement Description
4. Concrete Drive	The estimated replacement cost for concrete drive includes removal of the existing concrete and replacement of new concrete. The new concrete will be reinforced with a rebar material and rated for 3,000 psi. The concrete line-item replacement fund should be considered a draw fund. Concrete never requires full replacement at one time. However, it does require sectional replacement. Over the life span of the concrete, it is anticipated that all concrete will be renewed at least once.
5. Brick Paver Walks	The property has dry-set brick paver walkways. The estimated replacement cost is for resetting these pavers when needed. Many of the pavers will be reused when the walkway is reset. Damaged pavers will be replaced with new pavers that should match in composition and color.
6. Brick Paver Drives	The property has a drive finished with brick pavers. The replacement figure is for resetting this drive when needed. The current pavers will be removed, the earth properly recompacted, subbase applied, and the pavers properly reset. Damaged pavers will be replaced with new pavers that should match in composition and color.
7. Concrete Wheel Stops	There are concrete wheel stops on-site. The estimate is for the replacement of the wheel stops and signs with similar units.
8. Equipment Shed	The estimated replacement cost is for the replacement of the equipment shed with a new shed of similar size and style.

A. Architectural Grounds

Chart Item	Repair/Replacement Description
9. Pavilion Structure - Repairs	The estimated replacement cost is for repairs to the pool pavilion structure when needed. Repairs include replacement of roofing shingles, replacement of deteriorated trim, and repainting when needed.
10. Bike Rack	The estimated replacement cost is for the replacement of the existing recycled plastic bike rack with a new bike rack of comparable size and style.
11. Gate Arm & Motor	The estimated replacement cost is for the replacement of the single arm entry gate and motor with new similar units.
12. Boardwalk Decking	The estimated replacement cost is based on the replacement of the existing wood decking system with a new system of equal style and quality. The estimated life is made with the expectation that the deck will be periodically treated with a wood preservative.
13. Flagpole	The estimated replacement cost for the flagpole is for replacement of the flagpole with a new flagpole of similar design and quality.
14. Stationary Grills	The estimated replacement cost is for replacement of the stationary grills with new grills of similar design and quality.
15. Exterior Furnishings	The estimated replacement cost for deck furnishings is for the replacement of the existing furniture with new furniture of similar style and quantity. Replacement of such furnishings is sometimes a subjective matter. The expected life and remaining life are estimates based on typical usages. The property may choose to replace furnishings sooner or later depending on preference.

A. Architectural Grounds

Chart Item	Repair/Replacement Description
16. Bulkhead - Pilings	The estimated replacement cost of the pilings is based on replacement of the existing pilings with new pilings.
17. Bulkhead - Allowance	The estimated replacement cost is for complete removal and replacement of the wood bulkhead system. Because of the extent of the bulkhead, it is not anticipated that total replacement will occur at one time. As such, this line item should be viewed as a draw fund to make replacements to the bulkhead as needed.
18. Shoreline Riprap - Allowance	An allowance has been added to the reserve schedule for maintenance of the shoreline riprap.
19. Jetty Replacement	The estimated replacement cost is for replacement of the existing jetty with a new jetty. It is anticipated that new jetty will be constructed of stone.
20. Reserve Study	The reserve schedule has included costs for updating the reserve study on a cyclical basis.

TILGHMAN ON THE CHESAPEAKE - MARINA
B. BUILDING EXTERIOR
PROPERTY DIAGNOSTICS, INC.

	ITEM	QUANTITY	NORMAL USEFUL LIFE (Years)	ESTIMATED REMAINING LIFE (Years)	TARGET DATE (Year)	CURRENT REPLACEMENT COST	CURRENT FUND	REQUIRED FUND	ANNUAL CONTRIBUTION
1.	Roof - Asphalt Shingle	930 SF	25	24	2047	$6,975.00	$0.00	$6,975.00	$290.63
2.	Roof - Duradek	1,670 SF	20	3	2026	36,740.00	31,229.00	5,511.00	1,837.00
3.	Roof - Standing Seam Metal	65 SF	40	10	2033	1,820.00	0.00	1,820.00	182.00
4.	Gutters & Downspouts	372 LF	30	3	2026	5,200.00	4,679.99	520.01	173.34
5.	Shake Siding - Hardie Replacement	Lot	50	1	2024	80,190.00	80,190.00	0.00	0.00
6.	Exterior Painting & Caulking	Lot	15	16	2039	15,325.00	0.00	15,325.00	957.81
7.	Wood Railing - Clubhouse	254 LF	25	1	2024	7,125.00	7,125.00	0.00	0.00
8.	Entry Porch - Wood	650 SF	25	4	2027	35,100.00	29,484.00	5,616.00	1,404.00
9.	Windows - Allowance	63 Ea	35	17	2040	70,875.00	0.00	70,875.00	4,169.12
10.	Exterior Doors - Allowance	17 Ea	30	15	2038	37,400.00	0.00	37,400.00	2,493.33
11.	Awnings	12 Ea	12	2	2025	9,600.00	8,000.00	1,600.00	800.00
12.	Roof Deck - Awning	1 Ea	12	5	2028	7,500.00	4,375.00	3,125.00	625.00
13.	Roof Deck - Egress Stairs	150 SF	25	21	2044	8,250.00	0.00	8,250.00	392.86
TOTAL:						**$322,100.00**	**$165,082.99**	**$157,017.01**	**$13,325.08**

B. Building Envelope

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

B. Building Envelope

Chart Item	Repair/Replacement Description
7. Wood Railing - Clubhouse	The estimated replacement cost for wood railing is based on replacement of the existing wood railing system with a new railing system of equal style and quality.
8. Entry Porch - Wood	The estimated replacement cost is to replace the existing pressure treated wood with new pressure treated wood as needed.
9. Windows - Allowance	The estimated replacement cost of windows is for replacement of the existing windows with new windows of similar design and quality.
10. Exterior Doors - Allowance	The estimate is an allowance to replace deteriorated exterior doors on an as needed basis.
11. Awnings	The estimated replacement cost is for replacement of the existing awning with new canvass in keeping with the building décor.
12. Roof Deck - Awning	The estimated replacement cost is for replacement of the existing awning with new canvass in keeping with the building décor.
13. Roof Deck - Egress Stairs	The estimated replacement cost is for the replacement of the existing wood stairs with new pressure treated wood stairs.

TILGHMAN ON THE CHESAPEAKE - MARINA
C. BUILDING INTERIOR
PROPERTY DIAGNOSTICS, INC.

	ITEM	QUANTITY	NORMAL USEFUL LIFE (Years)	ESTIMATED REMAINING LIFE (Years)	TARGET DATE (Year)	CURRENT REPLACEMENT COST	CURRENT FUND	REQUIRED FUND	ANNUAL CONTRIBUTION
1.	**Wood Floors - Refinishing**	1,462 SF	10	1	2024	$10,225.00	$10,225.00	$0.00	$0.00
2.	**Ceramic Tile Flooring**	580 SF	30	6	2029	11,600.00	0.00	11,600.00	1,933.33
3.	**Wall Tile - Bathrooms**	972 SF	30	8	2031	19,440.00	0.00	19,440.00	2,430.00
4.	**Carpet**	25 SY	15	3	2026	1,250.00	1,000.00	250.00	83.33
5.	**Interior Painting**	Lot	10	3	2026	5,575.00	3,902.50	1,672.50	557.50
6.	**Interior Furnishings**	Lot	20	10	2033	10,000.00	0.00	10,000.00	1,000.00
7.	**Bathroom Remodel**	2 Ea	20	8	2031	20,000.00	0.00	20,000.00	2,500.00
8.	**Kitchenette Remodel**	1 Ea	20	4	2027	6,500.00	5,200.00	1,300.00	325.00
TOTAL:						**$84,590.00**	**$20,327.50**	**$64,262.50**	**$8,829.17**

C. BUILDING INTERIOR

Chart Item		Repair/Replacement Description
1.	Wood Floors - Refinishing	The estimated replacement cost for wood floor is based on sanding the floor, replacing small portions of deteriorated wood, and application of two coats of high wear varnish or polyurethane.
2.	Ceramic Tile Flooring	The estimated replacement cost for ceramic tile is for the replacement of the existing tile floor with new decorative materials of similar style and quality.
3.	Wall Tile - Bathrooms	The estimated replacement cost for ceramic tile is for the replacement of the existing tile walls with new decorative materials of similar style and quality.
4.	Carpet	The estimated replacement cost for carpeting is based on replacement of the existing carpeting with new carpeting of similar style and quality. It is anticipated that at the time of replacement, the existing materials will be removed from the structure and new materials will have proper fire rating.
5.	Interior Painting	Interior painting includes the interior finish areas. The estimated cost reflects the cost to replace the existing finish with two coats of interior paint.
6.	Interior Furnishings	The estimated replacement cost for interior furnishings is for the replacement of the existing interior furniture with new furniture of similar style and quantity.
7.	Bathroom Remodel	The estimated cost to remodel the bathroom is based on replacing the fixtures and refinishing the surfaces with a quality of material that is similar to the existing materials and fixtures.
8.	Kitchenette Remodel	The estimated replacement cost for kitchen cabinets and countertops anticipates the replacement of the existing cabinets and countertops with new cabinets and countertops of similar style and quality. Funds have been included to replace the appliances during remodel.

TILGHMAN ON THE CHESAPEAKE - MARINA
D. MECHANICAL/PLUMBING
PROPERTY DIAGNOSTICS, INC.

	ITEM	QUANTITY	NORMAL USEFUL LIFE (Years)	ESTIMATED REMAINING LIFE (Years)	TARGET DATE (Year)	CURRENT REPLACEMENT COST	CURRENT FUND	REQUIRED FUND	ANNUAL CONTRIBUTION
1.	**Domestic Piping - Allowance**	Lot	40	15	2038	$36,000.00	$0.00	$36,000.00	$2,400.00
2.	**Waste Piping - Allowance**	Lot	60	30	2053	31,200.00	0.00	31,200.00	1,040.00
3.	**HVAC Units**	2 Ea	20	5	2028	25,000.00	18,750.00	6,250.00	1,250.00
4.	**Water Heater**	1 Ea	15	8	2031	3,500.00	0.00	3,500.00	437.50
5.	**Well Tanks**	2 Ea	30	25	2048	6,750.00	0.00	6,750.00	270.00
6.	**Well Pump**	1 Ea	25	20	2043	2,200.00	0.00	2,200.00	110.00
7.	**Sump Pumps**	2 Ea	20	9	2032	1,700.00	0.00	1,700.00	188.89
8.	**Drinking Fountain**	1 Ea	12	8	2031	2,000.00	0.00	2,000.00	250.00
9.	**Well Replacement**	1 Ea	60	30	2053	25,000.00	0.00	25,000.00	833.33
10.	**Irrigation System - Allowance**	Lot	20	10	2033	8,500.00	0.00	8,500.00	850.00
TOTAL:						**$141,850.00**	**$18,750.00**	**$123,100.00**	**$7,629.72**

D. MECHANICAL/PLUMBING

Chart Item		Repair/Replacement Description
1.	Domestic Piping - Allowance	The estimated replacement cost of the domestic piping is based on replacement of the existing piping with new piping. It is not intended to be replaced at one time. We recommend that this be considered a draw fund and, as repairs are made, the reserve should be drawn on.
2.	Waste Piping - Allowance	The estimated replacement cost of the waste piping is based on replacement of the existing piping with new piping. It is not intended to be replaced at one time. We recommend that this be considered a draw fund and, as repairs are made, the reserve should be drawn on.
3.	HVAC Units	The estimated replacement cost is for replacement of the existing HVAC units with new HVAC units of similar style and load capacity.
4.	Water Heater	The estimated replacement cost for hot water heater is based on the anticipated cost required to update the hot water heating system with a new system to properly handle the building load.
5.	Well Tanks	The estimated replacement cost is for replacement of the existing well tanks with new tanks of similar design and quality.
6.	Well Pump	The estimated replacement cost is for replacement of the existing pumps with new pumps of similar size and quality.
7.	Sump Pumps	The replacement cost for the sump pumps is based on replacement of the existing pumps, necessary piping, and related valves for the installation of the new pumps.

D. MECHANICAL/PLUMBING

Chart Item		Repair/Replacement Description
8.	Drinking Fountain	The estimated replacement cost for drinking fountain is for replacement of the drinking fountain with a new fountain of similar design and quality.
9.	Well Replacement	The estimated replacement cost for wells is based on replacement of the existing wells with new wells of similar style and quality.
10.	Irrigation System - Allowance	This allowance has been added to the reserve schedule for the maintenance of the irrigation system. Repairs would include replacement of damaged heads, underground lines, and control panel as needed.

TILGHMAN ON THE CHESAPEAKE - MARINA
E. ELECTRICAL
PROPERTY DIAGNOSTICS, INC.

	ITEM	QUANTITY	NORMAL USEFUL LIFE (Years)	ESTIMATED REMAINING LIFE (Years)	TARGET DATE (Year)	CURRENT REPLACEMENT COST	CURRENT FUND	REQUIRED FUND	ANNUAL CONTRIBUTION
1.	**Main Switchgear - Allowance**	Lot	40	20	2043	$12,000.00	$0.00	$12,000.00	$600.00
2.	**Interior Lights**	29 Ea	25	5	2028	5,220.00	4,176.00	1,044.00	208.80
3.	**Exterior Lights**	54 Ea	25	5	2028	13,500.00	7,823.51	5,676.49	1,135.30
4.	**Exit Lights**	7 Ea	15	2	2025	1,050.00	910.00	140.00	70.00
5.	**Camera System**	Lot	20	15	2038	6,800.00	0.00	6,800.00	453.33
6.	**Pole Lights**	13 Ea	30	6	2029	25,350.00	0.00	25,350.00	4,225.00
7.	**Ground Lights**	6 Ea	25	20	2043	1,500.00	0.00	1,500.00	75.00
8.	**Underground Wiring**	Lot	30	6	2029	14,250.00	0.00	14,250.00	2,375.00
9.	**Transformers**	5 Ea	40	20	2043	351,000.00	0.00	351,000.00	17,550.00
TOTAL:						**$430,670.00**	**$12,909.51**	**$417,760.49**	**$26,692.43**

E. ELECTRICAL

Chart Item		Repair/Replacement Description
1.	Main Switchgear - Allowance	Although buildings have experienced some major failures with equipment it is much less typical. Many buildings have switchgear in excess of eighty years. However, properties do at times elect to upgrade the electrical systems which often requires a more extensive restoration. An upgrade is considered a capital improvement and not a standard repair.
2.	Interior Lights	The estimated replacement cost for interior lighting is based on replacement of the existing lighting fixtures with similar fixtures.
3.	Exterior Lights	The estimated replacement cost for exterior lighting is based on replacement of the existing lighting fixtures with similar fixtures.
4.	Exit Lights	The estimated replacement cost is for replacement of the existing exit lighting with new, more efficient lighting systems.
5.	Camera System	The estimated cost is for replacement of the existing monitoring camera system with an upgraded system with new cameras and duplexing unit. There is great subjectivity in the options regarding the replacement system. The specific features and visibility of cameras and any recording and monitoring systems can greatly influence the ultimate cost. The price given is for replacement with similar components of the existing system.
6.	Pole Lights	The estimated replacement cost for the exterior fixture lighting is for replacement of the existing fixture lighting with new lighting fixtures of similar style and quality.
7.	Ground Lights	The estimated replacement cost for ground lights is for replacement of the existing ground lighting with new lighting of similar style and quality.

E. ELECTRICAL

Chart Item		Repair/Replacement Description
8.	Underground Wiring	The price given is for the replacement of underground electrical utility wiring. It has been assumed that existing wiring will be disconnected, abandoned in place, and new wiring trenched in plastic piping.
9.	Transformers	The estimated replacement cost for the transformer is based on the replacement of the existing transformer with a new transformer of similar load capacity.

TILGHMAN ON THE CHESAPEAKE - MARINA
F. POOL
PROPERTY DIAGNOSTICS, INC.

	ITEM	QUANTITY	NORMAL USEFUL LIFE (Years)	ESTIMATED REMAINING LIFE (Years)	TARGET DATE (Year)	CURRENT REPLACEMENT COST	CURRENT FUND	REQUIRED FUND	ANNUAL CONTRIBUTION
1.	**Pool Wood Railing**	314 LF	25	8	2031	$8,800.00	$0.00	$8,800.00	$1,100.00
2.	**Pool Wood Decking**	3,632 SF	25	12	2035	174,325.00	0.00	174,325.00	14,527.08
3.	**Pool Solar Cover**	1,100 SF	12	6	2029	1,710.00	0.00	1,710.00	285.00
4.	**Pool Cover**	1,100 SF	12	6	2029	3,875.00	0.00	3,875.00	645.83
5.	**Pool Ladders & Rails**	3 Ea	15	7	2030	2,250.00	0.00	2,250.00	321.43
6.	**Pool Skimmers**	2 Ea	15	8	2031	2,400.00	0.00	2,400.00	300.00
7.	**Pool Tile - Race line & Waterline**	210 SF	25	20	2043	4,620.00	0.00	4,620.00	231.00
8.	**Pool Whitecoat**	146 LF	10	3	2026	21,900.00	15,330.00	6,570.00	2,190.00
9.	**Pool Coping**	146 LF	50	25	2048	3,650.00	0.00	3,650.00	146.00
10.	**Pool Lights**	2 Ea	25	12	2035	2,400.00	0.00	2,400.00	200.00
11.	**Pool Filter**	1 Ea	20	10	2033	2,400.00	0.00	2,400.00	240.00
12.	**Pool Pump**	1 Ea	25	15	2038	2,200.00	0.00	2,200.00	146.67
13.	**Pool Piping**	Lot	60	30	2053	25,700.00	0.00	25,700.00	856.67
14.	**Pool Beam - Allowance**	Lot	80	50	2073	50,000.00	0.00	50,000.00	1,000.00
TOTAL:						**$306,230.00**	**$15,330.00**	**$290,900.00**	**$22,189.68**

F. POOL

Chart Item		Repair/Replacement Description
1.	Pool Wood Railing	The estimated replacement cost for wood railing is based on replacement of the existing wood railing system with a new railing system of equal style and quality.
2.	Pool Wood Decking	The estimated replacement cost is based on the replacement of the existing wood decking system with a new system of equal style and quality. The estimated life is made with expectation that the deck will be periodically treated with a wood preservative.
3.	Pool Solar Cover	The estimated replacement cost for the pool solar cover is for the replacement of the existing cover with a new solar cover of equal quality.
4.	Pool Cover	The estimated replacement cost for the pool cover is for the replacement of the existing cover with a new canvas cover of equal quality.
5.	Pool Ladders & Rails	The estimated replacement cost for pool ladders and rails is for replacement of the existing pool ladders and rails with new ladders and rails of similar design and quality.
6.	Pool Skimmers	The estimated replacement cost for pool skimmers is for replacement of the existing pool skimmers with new skimmers of similar design and functionality.
7.	Pool Tile - Raceline & Waterline	The estimated replacement cost is for replacement of the existing waterline tile with new decorative materials of similar style and quality.
8.	Pool Whitecoat	The estimated replacement cost for a pool white coat is for re-white coating the pool surfaces when needed. Repairs would include sandblasting the existing surface, patching minor cracks, and application of a standard white plaster coating.

F. POOL

Chart Item		Repair/Replacement Description
9.	Pool Coping	The estimated replacement cost is for replacing pool coping as needed. It is not anticipated that all the coping will be replaced at one time. As such, this line item should be viewed as a draw fund to make repairs as needed.
10.	Pool Lights	The estimated replacement cost for pool lighting is based on the replacement of the existing light fixtures with new light fixtures of similar style and quality.
11.	Pool Filter	The estimated replacement cost is based on the replacement of the existing pool filter with a new filter of equal demand load and a typical high-rate sand filter.
12.	Pool Pump	The estimated replacement cost is to install new pumps servicing the hydraulic system. The new pumps would be base mounts centrifugal pumps and of equal load capacity. The estimated replacement cost includes the necessary switchgear, piping, and valve changes for the installation of the new pumps.
13.	Pool Piping	The estimated cost of the pool piping is for the replacement of the existing underground piping servicing the surface and base lines. New piping is to be PVC piping.
14.	Pool Beam - Allowance	It is anticipated that the pool will require major repairs over the years. We believe the pool itself will be life of building and should never require full replacement. However, patching of the pool interior and repairs to the pool beams may be required. The estimated replacement cost is for the major repairs for the pool in the future.

IV. CASH FLOW METHOD/UNDERSTANDING YOUR CHARTS

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

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

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

- The first column reflects the calendar Year (2024 through 2053) for each of the 30 years during the life of this report.
- The second column, entitled Total Replacement Costs / 30yrs, shows total projected expenditures for each Year.
- The third column, entitled Yearly Contribution, depicts the figure given to Property Diagnostics, Inc. used to complete this table.
- The fourth column, entitled Current Fund based on Tilghman on the Chesapeake's Contribution, shows cash on hand or the property's current, or projected Reserves based on the annual contributions minus projected replacement costs, by year.
- The fifth column, entitled Option 1, depicts a flat rate increase for funding the reserves.
- The sixth column, entitled Current Fund based on Option 1, depicts how the property's Reserve Fund will increase over time if projections remain true and inflation does not cause replacement costs to increase over time.
- The seventh column, entitled Option 2, depicts an initial increase to the annual contribution with a 3% increase annually.
- The eighth column, entitled Current Fund based on Option 2, depicts how the property's Reserve Fund will increase over time if projections remain true and inflation does not cause replacement costs to increase over time.

The current reserve fund provided to Property Diagnostics, Inc. is $414,000. It was reported that the property's annual contribution currently is $15,000. Current funding does not meet the property's financial needs.

To maintain the property in good order the owners will have to increase the annual contribution to Property Diagnostics, Inc. recommended amount listed in option 1 of the Cash Flow chart of $180,000 and/or find other means to increase the existing balance. Other means such as special assessments, loans, or a one-time increase.

The second cash flow table, entitled INFLATED (1%) CASH FLOW BREAKDOWN shows the replacement cost with an inflation rate of 1%, per year, a 1% annual increase to the annual contribution, and the current fund with an interest earned rate of 0.25%, per year. The total amount at the end of thirty years will be $442,644.

The third cash flow table, entitled INFLATED (3%) CASH FLOW BREAKDOWN shows the replacement cost with an inflation rate of 3%, per year, a 3% annual increase to the annual contribution, and the current fund with an interest earned rate of 1% per year. At the end of thirty years, the property will have $508,281.

The fourth cash flow table, entitled INFLATED (3%) CASH FLOW BREAKDOWN shows the replacement cost with an inflation rate of 3%, per year, a 3% annual increase to the annual contribution, and the current fund with an interest earned rate of 2.3% per year. At the end of thirty years, the property will have $815,279.

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

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

TILGHMAN ON THE CHESAPEAKE - MARINA

UNINFLATED CASH FLOW BREAKDOWN

Year	Total Replacement Costs / 30yrs	Tilghman on the Chesapeake's Yearly Contribution	Current Fund based on Tilghman on the Chesapeake's Contribution	Option 1	Current Fund based on Option 1's Contribution	Option 2 (2% Increase Starting in 2025)	Current Fund based on the Option 2's Contribution
			$ 414,000		$ 414,000		$ 414,000
2024	$ 163,580	$ 15,000	$ 265,420	$ 100,000	$ 350,420	$ 78,000	$ 328,420
2025	$ 12,150	$ 15,000	$ 268,270	$ 100,000	$ 438,270	$ 79,560	$ 395,830
2026	$ 198,540	$ 15,000	$ 84,730	$ 100,000	$ 339,730	$ 81,151	$ 278,441
2027	$ 41,600	$ 15,000	$ 58,130	$ 100,000	$ 398,130	$ 82,774	$ 319,615
2028	$ 55,310	$ 15,000	$ 17,820	$ 100,000	$ 442,820	$ 84,430	$ 348,735
2029	$ 145,020	$ 15,000	$ (112,200)	$ 100,000	$ 397,800	$ 86,118	$ 289,833
2030	$ 24,050	$ 15,000	$ (121,250)	$ 100,000	$ 473,750	$ 87,841	$ 353,624
2031	$ 57,940	$ 15,000	$ (164,190)	$ 100,000	$ 515,810	$ 89,597	$ 385,282
2032	$ 15,540	$ 15,000	$ (164,730)	$ 100,000	$ 600,270	$ 91,389	$ 461,131
2033	$ 34,570	$ 15,000	$ (184,300)	$ 100,000	$ 665,700	$ 93,217	$ 519,778
2034	$ 22,875	$ 15,000	$ (192,175)	$ 100,000	$ 742,825	$ 95,082	$ 591,985
2035	$ 182,125	$ 15,000	$ (359,300)	$ 100,000	$ 660,700	$ 96,983	$ 506,843
2036	$ 33,775	$ 15,000	$ (378,075)	$ 100,000	$ 726,925	$ 98,923	$ 571,991
2037	$ 15,900	$ 15,000	$ (378,975)	$ 100,000	$ 811,025	$ 100,901	$ 656,992
2038	$ 398,000	$ 15,000	$ (761,975)	$ 100,000	$ 513,025	$ 102,919	$ 361,912
2039	$ 15,325	$ 15,000	$ (762,300)	$ 100,000	$ 597,700	$ 104,978	$ 451,564
2040	$ 80,925	$ 15,000	$ (828,225)	$ 100,000	$ 616,775	$ 107,077	$ 477,717
2041	$ 7,695	$ 15,000	$ (820,920)	$ 100,000	$ 709,080	$ 109,219	$ 579,240
2042	$ -	$ 15,000	$ (805,920)	$ 100,000	$ 809,080	$ 111,403	$ 690,644
2043	$ 783,670	$ 15,000	$ (1,574,590)	$ 100,000	$ 125,410	$ 113,631	$ 20,605
2044	$ 78,245	$ 15,000	$ (1,637,835)	$ 100,000	$ 147,165	$ 115,904	$ 58,264
2045	$ 29,560	$ 15,000	$ (1,652,395)	$ 100,000	$ 217,605	$ 118,222	$ 146,926
2046	$ 71,675	$ 15,000	$ (1,709,070)	$ 100,000	$ 245,930	$ 120,586	$ 195,837
2047	$ 25,595	$ 15,000	$ (1,719,665)	$ 100,000	$ 320,335	$ 122,998	$ 293,240
2048	$ 42,750	$ 15,000	$ (1,747,415)	$ 100,000	$ 377,585	$ 125,458	$ 375,948
2049	$ 21,405	$ 15,000	$ (1,753,820)	$ 100,000	$ 456,180	$ 127,967	$ 482,511
2050	$ 4,680	$ 15,000	$ (1,743,500)	$ 100,000	$ 551,500	$ 130,527	$ 608,357
2051	$ 153,335	$ 15,000	$ (1,881,835)	$ 100,000	$ 498,165	$ 133,137	$ 588,159
2052	$ 49,760	$ 15,000	$ (1,916,595)	$ 100,000	$ 548,405	$ 135,800	$ 674,199
2053	$ 221,895	$ 15,000	$ (2,123,490)	$ 100,000	$ 426,510	$ 138,516	$ 590,820

TILGHMAN ON THE CHESAPEAKE - MARINA				
INFLATED CASH FLOW BREAKDOWN				
Year	Total Replacement Costs / 30yrs with 1% Inflation	Option 1's Yearly Contribution with 1% Inflation Match	Current Fund based on Option 1's Contribution	Current Fund based on Option 1's Contribution with 0.25% Interest Earned
			$ 414,000	
2024	$ 165,216	$ 101,000	$ 349,784	$350,659
2025	$ 12,394	$ 102,010	$ 440,274	441,375
2026	$ 204,556	$ 103,030	$ 339,849	340,699
2027	$ 43,289	$ 104,060	$ 401,470	402,474
2028	$ 58,131	$ 105,101	$ 449,443	450,567
2029	$ 153,942	$ 106,152	$ 402,777	403,784
2030	$ 25,785	$ 107,214	$ 485,213	486,426
2031	$ 62,741	$ 108,286	$ 531,971	533,301
2032	$ 16,996	$ 109,369	$ 625,674	627,238
2033	$ 38,187	$ 110,462	$ 699,513	701,262
2034	$ 25,521	$ 111,567	$ 787,308	789,276
2035	$ 205,223	$ 112,683	$ 696,736	698,478
2036	$ 38,439	$ 113,809	$ 773,848	775,782
2037	$ 18,277	$ 114,947	$ 872,453	874,634
2038	$ 462,066	$ 116,097	$ 528,666	529,987
2039	$ 17,970	$ 117,258	$ 629,275	630,849
2040	$ 95,840	$ 118,430	$ 653,439	655,073
2041	$ 9,204	$ 119,615	$ 765,483	767,397
2042	$ -	$ 120,811	$ 888,208	890,428
2043	$ 956,226	$ 122,019	$ 56,221	56,361
2044	$ 96,429	$ 123,239	$ 83,172	83,380
2045	$ 36,794	$ 124,472	$ 171,058	171,486
2046	$ 90,107	$ 125,716	$ 207,095	207,612
2047	$ 32,499	$ 126,973	$ 302,087	302,842
2048	$ 54,824	$ 128,243	$ 376,261	377,202
2049	$ 27,725	$ 129,526	$ 479,003	480,200
2050	$ 6,122	$ 130,821	$ 604,899	606,411
2051	$ 202,600	$ 132,129	$ 535,940	537,280
2052	$ 66,405	$ 133,450	$ 604,325	605,836
2053	$ 299,081	$ 134,785	$ 441,540	442,644

TILGHMAN ON THE CHESAPEAKE - MARINA

INFLATED CASH FLOW BREAKDOWN

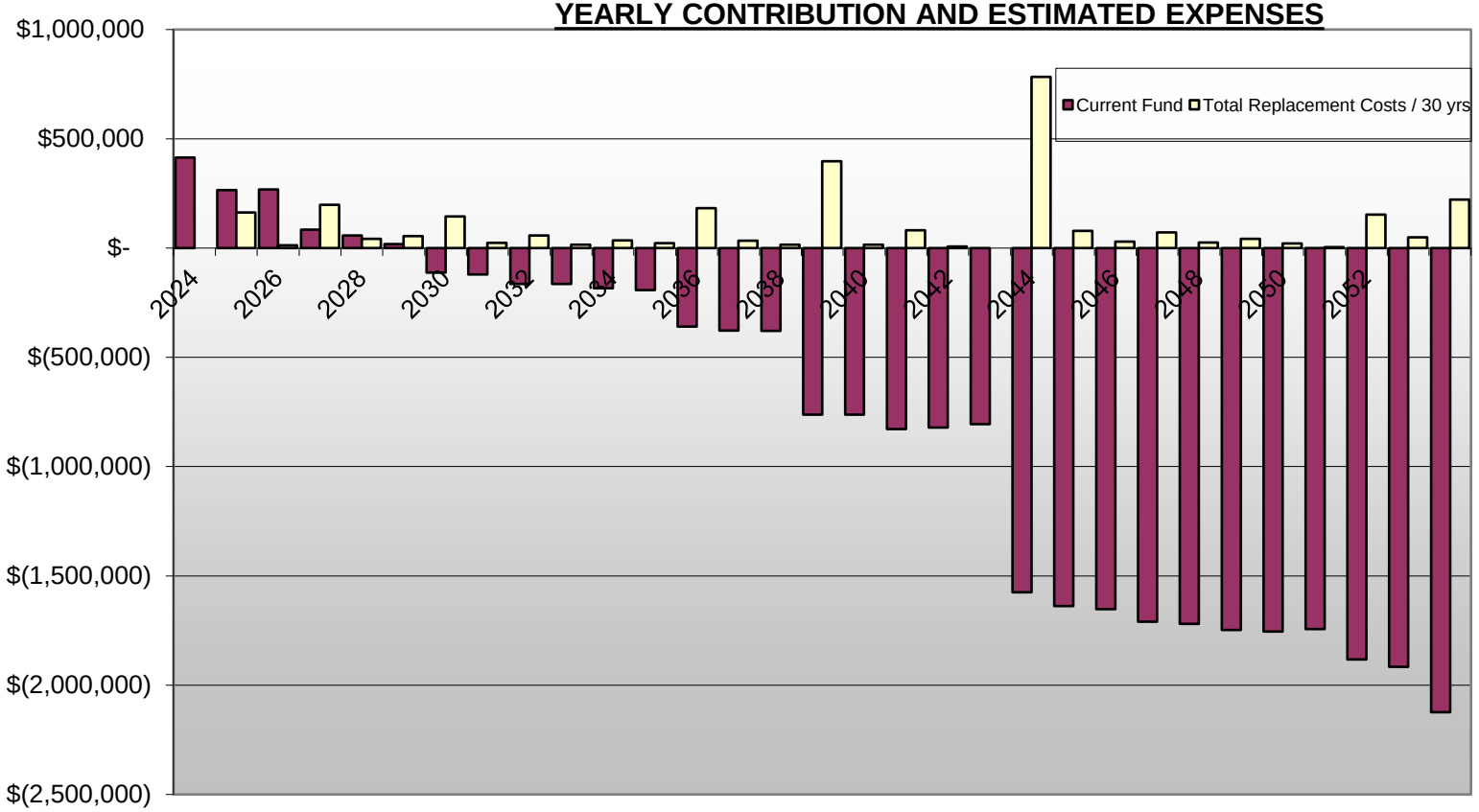
Year	Total Replacement Costs / 30yrs with 3% Inflation	Option 1's Yearly Contribution with 3% Inflation Match	Current Fund based on Option 1's Contribution	Current Fund based on Option 1's Contribution with 1% Interest Earned
			$ 414,000	
2024	$ 168,487	$ 103,000	$ 348,513	$ 351,998
2025	$ 12,890	$ 106,090	$ 445,198	$ 449,650
2026	$ 216,950	$ 109,273	$ 341,972	$ 345,392
2027	$ 46,821	$ 112,551	$ 411,122	$ 415,233
2028	$ 64,119	$ 115,927	$ 467,041	$ 471,711
2029	$ 173,161	$ 119,405	$ 417,955	$ 422,135
2030	$ 29,578	$ 122,987	$ 515,544	$ 520,699
2031	$ 73,397	$ 126,677	$ 573,980	$ 579,719
2032	$ 20,276	$ 130,477	$ 689,920	$ 696,820
2033	$ 46,459	$ 134,392	$ 784,752	$ 792,600
2034	$ 31,664	$ 138,423	$ 899,359	$ 908,352
2035	$ 259,667	$ 142,576	$ 791,262	$ 799,174
2036	$ 49,600	$ 146,853	$ 896,428	$ 905,392
2037	$ 24,050	$ 151,259	$ 1,032,601	$ 1,042,927
2038	$ 620,071	$ 155,797	$ 578,653	$ 584,439
2039	$ 24,592	$ 160,471	$ 720,318	$ 727,521
2040	$ 133,757	$ 165,285	$ 759,049	$ 766,639
2041	$ 13,100	$ 170,243	$ 923,783	$ 933,020
2042	$ -	$ 175,351	$ 1,108,371	$ 1,119,455
2043	$ 1,415,395	$ 180,611	$ (115,329)	$ (116,483)
2044	$ 145,559	$ 186,029	$ (76,012)	$ (76,772)
2045	$ 56,640	$ 191,610	$ 58,198	$ 58,780
2046	$ 141,457	$ 197,359	$ 114,682	$ 115,829
2047	$ 52,029	$ 203,279	$ 267,079	$ 269,750
2048	$ 89,509	$ 209,378	$ 389,618	$ 393,515
2049	$ 46,162	$ 215,659	$ 563,012	$ 568,642
2050	$ 10,396	$ 222,129	$ 780,375	$ 788,179
2051	$ 350,819	$ 228,793	$ 666,152	$ 672,814
2052	$ 117,263	$ 235,657	$ 791,208	$ 799,120
2053	$ 538,597	$ 242,726	$ 503,249	$ 508,281

TILGHMAN ON THE CHESAPEAKE - MARINA

INFLATED CASH FLOW BREAKDOWN

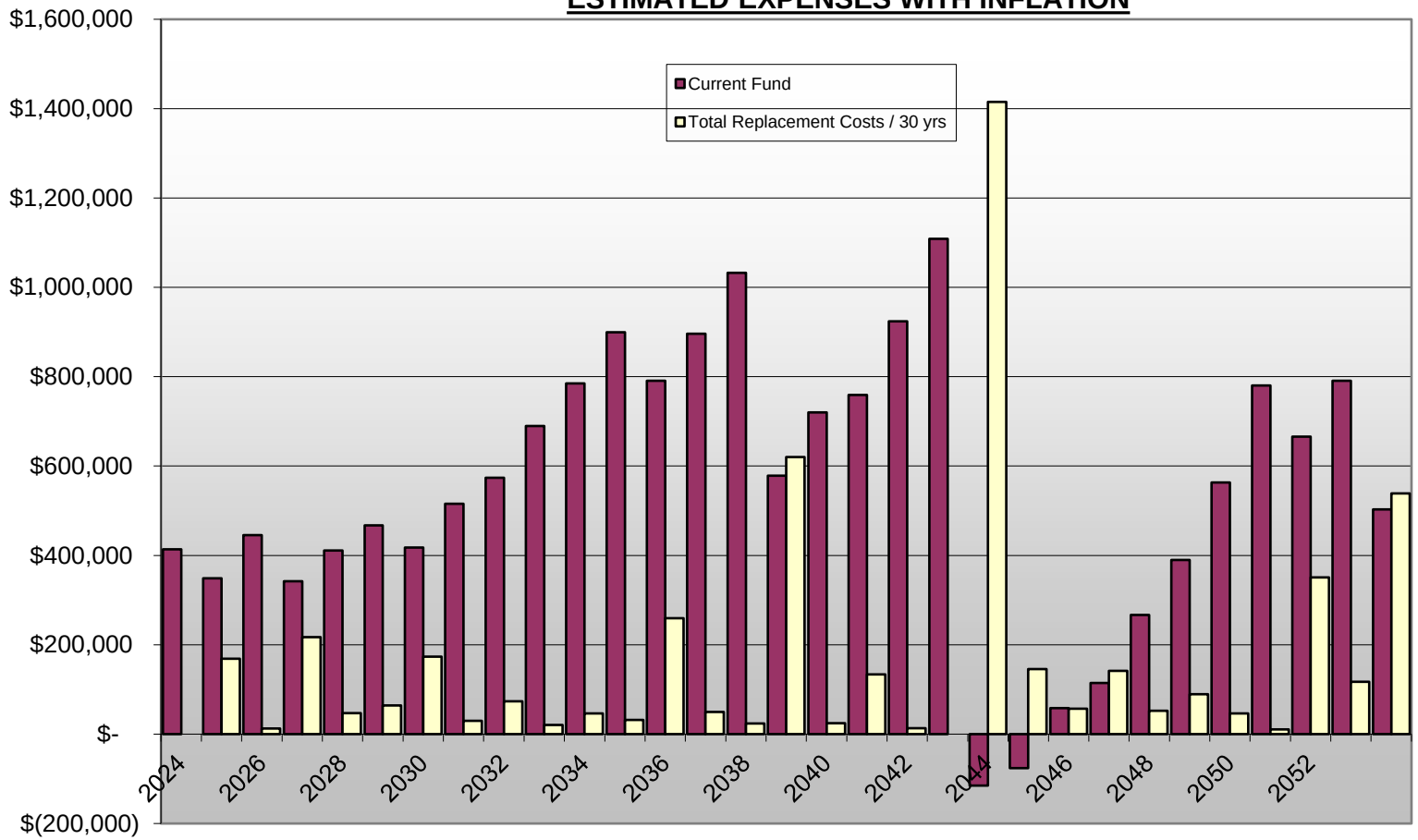
Year	Total Replacement Costs / 30yrs with 3% Inflation	Option 1's Yearly Contribution with 3% Inflation Match	Current Fund based on Option 1's Contribution	Current Fund based on Option 1's Contribution with 2.3% Interest Earned
			$ 414,000	
2024	$ 168,487	$ 103,000	$ 348,513	$ 356,528
2025	$ 12,890	$ 106,090	$ 449,728	$ 460,072
2026	$ 216,950	$ 109,273	$ 352,395	$ 360,500
2027	$ 46,821	$ 112,551	$ 426,230	$ 436,033
2028	$ 64,119	$ 115,927	$ 487,841	$ 499,061
2029	$ 173,161	$ 119,405	$ 445,305	$ 455,547
2030	$ 29,578	$ 122,987	$ 548,956	$ 561,582
2031	$ 73,397	$ 126,677	$ 614,862	$ 629,004
2032	$ 20,276	$ 130,477	$ 739,205	$ 756,207
2033	$ 46,459	$ 134,392	$ 844,139	$ 863,555
2034	$ 31,664	$ 138,423	$ 970,314	$ 992,631
2035	$ 259,667	$ 142,576	$ 875,540	$ 895,678
2036	$ 49,600	$ 146,853	$ 992,931	$ 1,015,769
2037	$ 24,050	$ 151,259	$ 1,142,978	$ 1,169,266
2038	$ 620,071	$ 155,797	$ 704,992	$ 721,207
2039	$ 24,592	$ 160,471	$ 857,085	$ 876,798
2040	$ 133,757	$ 165,285	$ 908,326	$ 929,218
2041	$ 13,100	$ 170,243	$ 1,086,361	$ 1,111,347
2042	$ -	$ 175,351	$ 1,286,698	$ 1,316,292
2043	$ 1,415,395	$ 180,611	$ 81,508	$ 83,382
2044	$ 145,559	$ 186,029	$ 123,853	$ 126,702
2045	$ 56,640	$ 191,610	$ 261,672	$ 267,690
2046	$ 141,457	$ 197,359	$ 323,592	$ 331,035
2047	$ 52,029	$ 203,279	$ 482,285	$ 493,377
2048	$ 89,509	$ 209,378	$ 613,246	$ 627,351
2049	$ 46,162	$ 215,659	$ 796,848	$ 815,176
2050	$ 10,396	$ 222,129	$ 1,026,909	$ 1,050,528
2051	$ 350,819	$ 228,793	$ 928,501	$ 949,857
2052	$ 117,263	$ 235,657	$ 1,068,251	$ 1,092,820
2053	$ 538,597	$ 242,726	$ 796,949	$ 815,279

CASH FLOW CHART BASED ON TILGHMAN ON THE CHESAPEAKE - MARINA'S PROJECTED YEARLY CONTRIBUTION AND ESTIMATED EXPENSES



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

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



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

V. SUMMARY OF YEARLY EXPENDITURES

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2024	Asphalt - Mill & Overlay	$58,990
	Concrete Drive - 1%	130
	Pavilion Structure - Repairs	6,920
	Wood Railing - Clubhouse	7,125
	Shake Siding - Hardie Replacement	80,190
	Wood Floors - Refinishing	10,225
	Total for 2024	**$163,580**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2025	Stationary Grills	$1,500
	Exit Lights	1,050
	Awnings	9,600
	Total for 2025	**$12,150**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2026	Boardwalk Decking	$127,875
	Gutters & Downspouts	5,200
	Roof - Duradek	36,740
	Pool Whitecoat	21,900
	Carpet	1,250
	Interior Painting	5,575
	Total for 2026	**$198,540**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2027	Entry Porch - Wood	$35,100
	Kitchenette Remodel	6,500
	Total for 2027	**$41,600**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2028	Reserve Study	$2,800
	Concrete Drive - 3%	390
	Domestic Piping – 2.5%	900
	HVAC Units	25,000
	Interior Lights	5,220
	Exterior Lights	13,500
	Roof Deck - Awning	7,500
	Total for 2028	**$55,310**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2029	Brick Paver Walks	$20,375
	Brick Paver Drives	66,960
	Domestic Piping – 2.5%	900
	Pole Lights	25,350
	Underground Wiring	14,250
	Pool Solar Cover	1,710
	Pool Cover	3,875
	Ceramic Tile Flooring	11,600
	Total for 2029	**$145,020**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2030	Domestic Piping – 5.0%	$1,800
	Exterior Furnishings	20,000
	Pool Ladders & Rails	2,250
	Total for 2030	**$24,050**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2031	Domestic Piping – 5.0%	$1,800
	Water Heater	3,500
	Drinking Fountain	2,000
	Pool Wood Railing	8,800
	Pool Skimmers	2,400
	Wall Tile - Bathrooms	19,440
	Bathroom Remodel	20,000
	Total for 2031	**$57,940**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2032	Concrete Wheel Stops	$10,240
	Domestic Piping – 10.0%	3,600
	Sump Pumps	1,700
	Total for 2032	**$15,540**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2033	Equipment Shed	$4,800
	Reserve Study	2,800
	Concrete Drive - 5%	650
	Domestic Piping – 10.0%	3,600
	Pool Filter	2,400
	Roof - Standing Seam Metal	1,820
	Interior Furnishings	10,000
	Irrigation System - Allowance	8,500
	Total for 2033	**$34,570**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2034	Asphalt - Crackfill & Sealcoat	$7,250
	Domestic Piping – 15.0%	5,400
	Wood Floors - Refinishing	10,225
	Total for 2034	**$22,875**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2035	Domestic Piping – 15.0%	$5,400
	Pool Lights	2,400
	Pool Wood Decking	174,325
	Total for 2035	**$182,125**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2036	Domestic Piping – 17.5%	$6,300
	Pool Whitecoat	21,900
	Interior Painting	5,575
	Total for 2036	**$33,775**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2037	Domestic Piping – 17.5%	$6,300
	Awnings	9,600
	Total for 2037	**$15,900**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2038	Flagpole	$2,200
	Bulkhead - Allowance	345,690
	Reserve Study	2,800
	Concrete Drive - 7%	910
	Camera System	6,800
	Pool Pump	2,200
	Exterior Doors - Allowance	37,400
	Total for 2038	**$398,000**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2039	Exterior Painting & Caulking	$15,325
	Total for 2039	**$15,325**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2040	Stationary Grills	$1,500
	Exit Lights	1,050
	Roof Deck - Awning	7,500
	Windows - Allowance	70,875
	Total for 2040	**$80,925**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2041	Bike Rack	$860
	Pool Solar Cover	1,710
	Pool Cover	3,875
	Carpet	1,250
	Total for 2041	**$7,695**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2042		
	Total for 2042	**$0**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2043	Bulkhead - Pilings	$405,600
	Reserve Study	2,800
	Concrete Drive - 9%	1,170
	Waste Piping – 2.5%	780
	Well Pump	2,200
	Drinking Fountain	2,000
	Main Switchgear - Allowance	12,000
	Ground Lights	1,500
	Transformers	351,000
	Pool Tile - Raceline & Waterline	4,620
	Total for 2043	**$783,670**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2044	Asphalt - Mill & Overlay	$58,990
	Waste Piping – 2.5%	780
	Roof Deck - Egress Stairs	8,250
	Wood Floors - Refinishing	10,225
	Total for 2044	**$78,245**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2045	Concrete Curb	$5,750
	Waste Piping – 5.0%	1,560
	Exterior Furnishings	20,000
	Pool Ladders & Rails	2,250
	Total for 2045	**$29,560**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2046	Waste Piping – 5.0%	$1,560
	Water Heater	3,500
	Roof - Duradek	36,740
	Pool Whitecoat	21,900
	Pool Skimmers	2,400
	Interior Painting	5,575
	Total for 2046	**$71,675**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2047	Gate Arm & Motor	$9,000
	Waste Piping – 10.0%	3,120
	Roof - Asphalt Shingle	6,975
	Kitchenette Remodel	6,500
	Total for 2047	**$25,595**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2048	Waste Piping – 10.0%	$3,120
	Reserve Study	2,800
	Concrete Drive - 11%	1,430
	Well Tanks	6,750
	Pool Coping	3,650
	HVAC Units	25,000
	Total for 2048	**$42,750**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2049	Waste Piping – 15.0%	$4,680
	Wood Railing - Clubhouse	7,125
	Awnings	9,600
	Total for 2049	**$21,405**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2050	Waste Piping – 15.0%	$4,680
	Total for 2050	**$4,680**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2051	Waste Piping – 17.5%	$5,460
	Boardwalk Decking	127,875
	Bathroom Remodel	20,000
	Total for 2051	**$153,335**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2052	Waste Piping – 17.5%	$5,460
	Sump Pumps	1,700
	Entry Porch - Wood	35,100
	Roof Deck - Awning	7,500
	Total for 2052	**$49,760**

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2053	Shoreline Riprap - Allowance	$121,500
	Reserve Study	2,800
	Concrete Drive - 13%	1,690
	Well Replacement	25,000
	Irrigation System - Allowance	8,500
	Interior Lights	5,220
	Exterior Lights	13,500
	Pool Piping	25,700
	Pool Filter	2,400
	Pool Solar Cover	1,710
	Pool Cover	3,875
	Interior Furnishings	10,000
	Total for 2053	**$221,895**

VI. INSPECTION OBSERVATION & PHOTOGRAPHS

	**Photo #1:** Some of the piling caps have deteriorated and should be considered for replacement to help preserve the wood.
	**Photo #2:** Some of the piling caps have deteriorated and should be considered for replacement to help preserve the wood.
	**Photo #3:** Typical pole light.

	**Photo #4:** Boardwalk. Consideration should be given to sealing the decking with a wood preservative to help make it last.
	**Photo #5:** We recommend the entry columns be reconditioned.
	**Photo #6:** Entry gate arm keypad. We recommend the metal post be properly prepared and painted to preserve the metalwork.

	**Photo #7:** We recommend the entry columns be reconditioned.
	**Photo #8:** Entry gate arm.
	**Photo #9:** Transformer

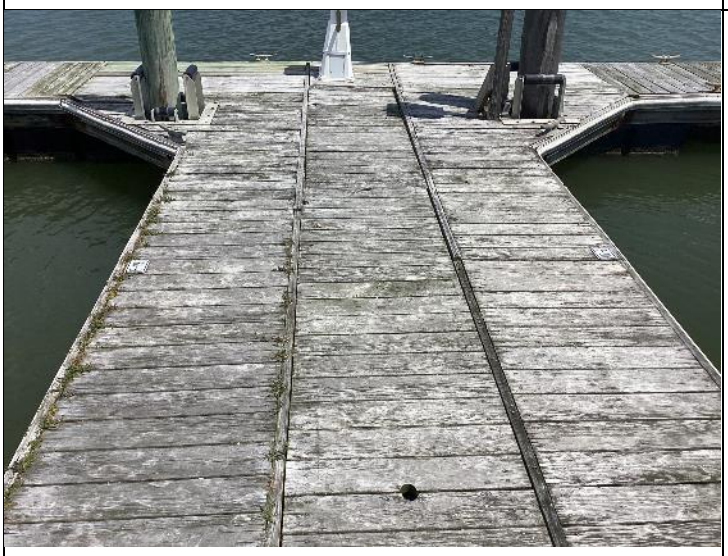
	**Photo #10:** Typical dock.
	**Photo #11:** Deterioration noted in the dock decking. This can be sectionally repaired overtime or replaced all at once.
	**Photo #12:** Dock power pedestal.

	**Photo #13:** Some boards have warped and require replacement.
	**Photo #14:** Deteriorated boards should be replaced where needed.
	**Photo #15:** The asphalt was in poor condition during our review. We recommend cracks be maintained sealed to prevent displacement of the subbase.

	**Photo #16:** The bulkhead will be replaced sectionally overtime.
	**Photo #17:** Site transformer.
	**Photo #18:** Damaged concrete wheel stop.

	**Photo #19:** Concrete drive pad.
	**Photo #20:** Some of the pavers have begun to settle and separate. Consideration should be given to applying a fine sand to the openings to help hold the walk together.
	**Photo #21:** Community building entry.

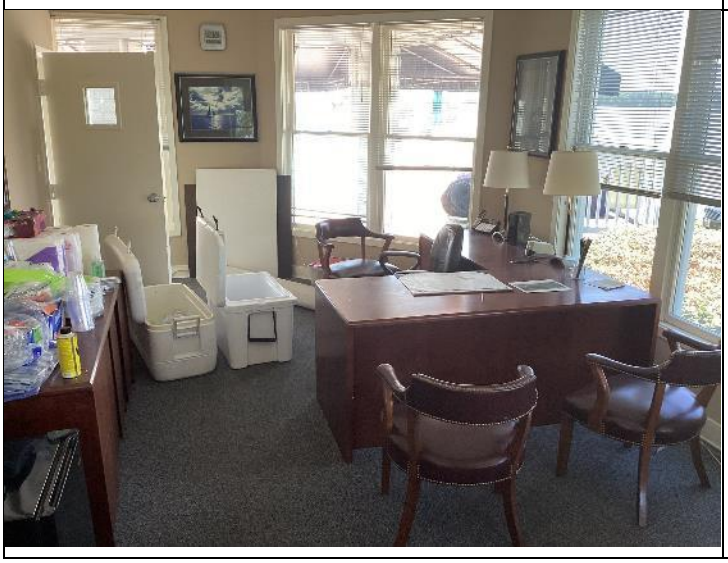
	**Photo #22:** Typical interior finishes.
	**Photo #23:** The hardwood flooring should be refinished on a cyclical basis.
	**Photo #24:** Management office.

	**Photo #25:** Damages noted to some of the interior wall finishes. Consideration should be given to repainting these areas.
	**Photo #26:** Laundry area.
	**Photo #27:** Fire extinguishers are required to properly mounted per fire code regulations.

	**Photo #28:** Fire extinguishers are required to properly mounted per fire code regulations.
	**Photo #29:** HVAC and water heater servicing the community building.
	**Photo #30:** Typical bathroom finishes. The bathrooms presented in good condition during our review.

	**Photo #31:** Some exit lights were inoperable during our review. We recommend they be tested and replaced where needed.
	**Photo #32:** Community building top floor furnishings and finishes.
	**Photo #33:** Apparent water damage was noted in the ceiling of the community building. We recommend this be monitored and repaired accordingly.

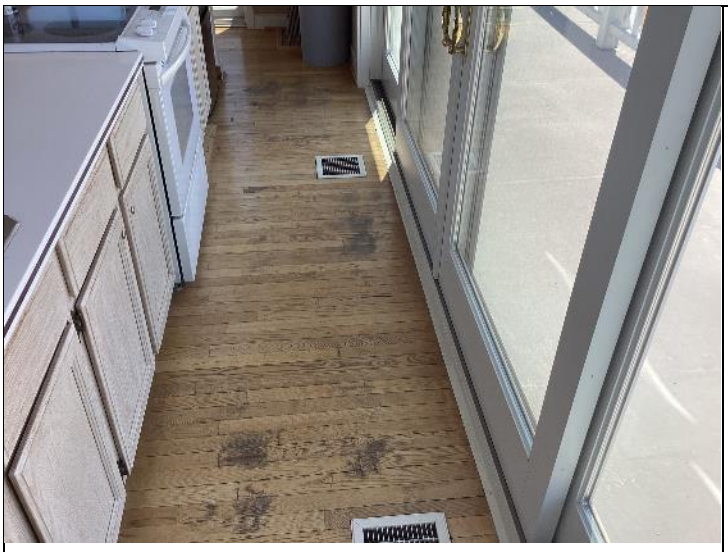
	**Photo #34:** The hardwood flooring should be refinished on a cyclical basis.
	**Photo #35:** Community building kitchenette.
	**Photo #36:** Duradek roofing material.

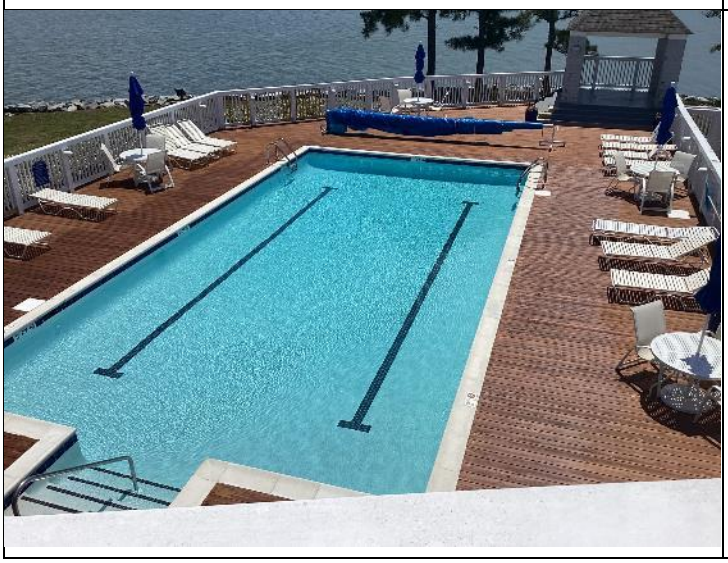
	**Photo #37:** We recommend the railings be properly prepared and painted.
	**Photo #38:** The exterior siding is scheduled for replacement.
	**Photo #39:** Pool

	**Photo #40:** The awning has faded, but otherwise presented in acceptable condition.
	**Photo #41:** Community building egress stairs.
	**Photo #42:** Repairs made to the decking.

	**Photo #43:** Repairs made to the wood railings.
	**Photo #44:** Consideration should be given to properly preparing and painting the wood railings on a cyclical basis to preserve the wood.
	**Photo #45:** Pool furnishings.

	**Photo #46:** Community buildings awnings.
	**Photo #47:** Drinking fountains.
	**Photo #48:** Pool filter and pump.

	**Photo #49:** Pool mechanical room door.
	**Photo #50:** The stationary grills have oxidized. Consideration should be given to painting these on a cyclical basis to preserve the metal.
	**Photo #51:** Picnic table.

	**Photo #52:** Shoreline riprap. This is likely life of property. A small allowance has been added for maintenance of this seawall.
	**Photo #53:** Damaged steppingstone paver.
	**Photo #54:** The asphalt should be considered for repaving.

VII. UNDERSTANDING YOUR RESERVE REPORT

A. WHAT IS A RESERVE REPORT?

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

B. WHY DOES A PROPERTY NEED A RESERVE REPORT?

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

C. How Do We Know?

How Long A Component Will Last?

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

How Much A Repair or Replacement Cost?

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

Proposals Not Matching Our Reserve Estimate?

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

D. Component Method vs. Cash Flow Method

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

E. Funding Goals: Baseline·Threshold·Full

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

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

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

F. How Often Should A Reserve Report Be Updated?

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

Level 1 - Full Reserve Study

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

Level 2 - Update of Reserve Study with Site Inspection

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

Level 3 - Update of Reserve Study without Site Inspection

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

G. Site Component Categories

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

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

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

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

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

- Roof systems
- Exterior painting
- Caulking
- Asphalt surfaces

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

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

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

H. When To Use Funds From The Reserve

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

YES

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

NO

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

I. Life Of Building & Site-Specific Exclusions

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

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

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