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TRADITIONAL RESERVE STUDY STRUCTURAL INTEGRITY RESERVE STUDY

Naples Square III
1135 Third Avenue South
Naples, Florida 34102

Project Number 2407990

Prepared for

Naples Square III
1135 Third Avenue South
Naples, Florida 34102

A handwritten signature in black ink, appearing to read 'Anthony Zogheib'.

Anthony Zogheib, Assoc. AIA
Project Evaluator

July 12, 2024

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- 2 TRS Replacement Reserves Cost Estimate – Component Funding
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- 5 SIRS Replacement Reserves Cost Estimate – Component Funding

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- A Photographic Documentation
- B Supporting Documentation

1.0 EXECUTIVE SUMMARY

Florida Engineering (FE) Consultants performed a Traditional Reserve Study (TRS) / Structural Integrity Reserve Study (SIRS) at the Naples Square III, located at 1135 Third Avenue South, in Naples, Florida.

This assessment was authorized and performed in general accordance with the latest applicable Florida Building Code and select applicable guidelines of *American Society for Testing and Materials (ASTM) E 2018: Baseline Property Condition Assessment Process*.

1.1 Project Identification

Property Name	Naples Square III
Property Address	1135 Third Avenue South, Naples, Florida
Type of Facility	Multifamily residential condominiums
Construction Date(s)	Circa 2019
Number of Buildings	One residential building
Number of Stories	Five
Number of Units	77 individually owned residential units
Building(s) Area	Not reported
Superstructure	Concrete
Roofing System	Low slope (flat) and pitched
Exterior Façade	Stucco
Heating	Forced-air furnaces
Cooling	Split-system condensing units
Electrical Wiring	Copper
Fire Suppression	Fire sprinkler system; portable extinguishers
Date of Site Visit	April 24, 2024
Reserve Fund Strength	419.92% - Strong
Risk of Special Assessment	Low

1.2 Property Description/Background

The Property consists of one 5-story residential building accommodating 77 condominium units, over a tucked-under parking garage. The subject building consists of a concrete superstructure with CMU perimeter and demising walls. The exterior walls are finished with painted stucco. The roof is covered with a single-ply thermoplastic polyolefin (TPO) membrane, and a pitched concrete tile system. Vertical transportation includes interior stairs and hydraulic elevators. Interior finishes consist of various materials. Heating, Ventilation, and Air-Conditioning (HVAC) systems are provided via forced-air furnaces with split-system condensing units. Domestic hot water is provided by individual water heaters. The building is equipped with a central fire alarm panel, fire sprinkler suppression system, and portable fire extinguishers. Site amenities include one outdoor swimming pool and landscaped areas.

1.3 Property Condition Summary

Based on our site visit observations, review of documentation listed within this report, and conversations with the facility representatives, we consider this Property to be of good quality construction with average maintenance procedures in place. Generally, the Property appears to be in good physical condition. Both the exterior and interior appear to be generally adequately maintained, except for those items with remedial recommendations indicated in this report.

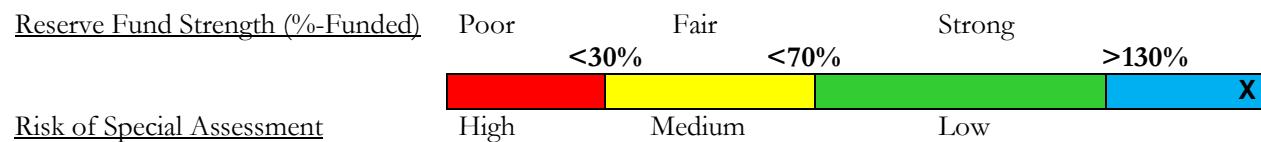
1.4 Opinion of Remaining Useful Life

Based on the scope of work and findings of this assessment, it is our opinion that the remaining useful life of the Property is at least 35 years, if the recommended repairs/replacement in this report are made, the physical improvements receive continuing maintenance, the various components are repaired or replaced on a timely basis, and no natural disaster occurs.

1.5 Reserve Study Funding Analysis

Economic Assumptions

Annual Inflation Rate ----- 3.00%



A Reserve Study consists of two parts: the Physical Analysis and the Financial Analysis. The Physical Analysis contains the information about the current condition and repair or replacement cost of the major common area components the association is obligated to maintain. The Financial Analysis contains an evaluation of the association's Reserve balance and a recommended Funding Plan to offset the anticipated Reserve expenses.

The primary responsibility of the Board of Directors is to maintain, protect, and enhance the assets of the association. As the physical assets age and deteriorate, it is important to accumulate financial assets, keeping the two “in balance”. The Reserve Study is a document that helps keep the physical and financial assets of the association in balance. This Reserve Study is a broad and generalized budget-planning document.

The primary information you will get from this document is a list of your major Reserve components, a finding of the status (strength) of your Reserve Fund, and a recommended Funding Plan. The basic objective of the Reserve Study is to provide a plan to collect funds at a stable rate to offset the predicted irregular Reserve expenses. Setting a stable Reserve contribution rate will ensure that each owner pays their own “fair share” of the ongoing, gradual deterioration of the common areas.

Reserve expenses are the larger, infrequent expenses that require significant advance planning. Operating expenses, on the other hand, are those ongoing daily, weekly, or monthly expenses that occur and recur throughout the year. Small surprises are typically managed as maintenance contingencies, while the larger ones may be covered by insurance or require special assessments.

There is a national-standard four-part test to determine which expense items should be funded through Reserves. This four-part test was provided to the client in the workbook used to help compile the Reserve Component List. First, it must be a common area maintenance responsibility. Second, the component must have a limited life. Third, the limited life must be predictable (not a “surprise” which cannot be accurately anticipated). Fourth, the component must be above a minimum threshold cost. This limits Reserve Components to major, predictable expenses. Most Reserve Studies do not typically Reserve for building foundations and major infrastructure elements since they do not have limited life expectancies. Light bulbs or other small items are usually not listed as Reserve Components since their individual costs are insignificant.

Finally, it is usually inappropriate to include unpredictable expenses such as damage due to fire, flood, or earthquake since these typically cannot be considered “reasonably predictable”.

There are two generally accepted means of estimating reserves, the Component Funding Analysis, and the Cash Flow Analysis methodologies:

- The Component Funding Analysis, known as 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 minus 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 added-up to calculate the total annual contribution rate for this analysis.

- The Cash Flow Analysis, also known as 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.

1.6 Capital Reserve Replacement Analysis Overview

The function of a Capital Reserve Replacement Analysis is to inform and advise as to the likely capital expenditures for replacement of common elements over the time frame considered by the analysis and the annual contribution levels to the Capital Reserve Replacement Fund calculated as being sufficient to avoid having to levy special assessments or take out a loan to support the predicted capital expenditures.

All Capital Reserve Replacement Analyses therefore assume that capital expenditures are funded using regular (e.g., annual, quarterly, or monthly), budgeted contributions to an account set aside for the sole purpose of funding the replacement of a designated set of common elements (often called the “Capital Reserve Fund”). Common element replacement projects can be deferred. However, such deferrals tend to result in gradual decrease in property values as the infrastructure and appearance of the community facilities degrade over time. In addition, such deferrals often result in the final replacement costs increasing significantly due to more extensive deterioration and additional damage to other common elements resulting from the failure of the common element to be replaced.

There are several choices and options to consider during the Capital Reserve Replacement Analysis process. In addition to Component Funding Analysis and Cash Flow Analysis methodologies, one important decision to consider is the Funding Goal, although there are several other considerations, including preventative and deferred maintenance and operating budgets, budget thresholds, time window, and statutory requirements.

Funding Goals

The funding goal helps to determine the methodology used in the Capital Reserve Replacement Analysis and is the principal reflection of the Association’s fiscal policy.

Funding goals can be categorized by their fiscal aggressiveness (willingness to risk the need to levy a special assessment or take out a loan) – more aggressive funding goals tend to result in lower annual levels of contribution to the capital reserve fund, with associated higher risks of shortfalls requiring special assessments or loans. There are four basic funding goals used by communities when determining Capital Reserve Fund requirements:

- Baseline Funding is the most aggressive funding goal commonly used by associations. Baseline funding is essentially a special case of threshold funding, where the goal is to never have a negative capital reserve fund balance (in other words the threshold is zero). As this funding goal provides no margin for errors, unexpected or unforeseeable expenses, or market forces that are not in the Association's favor.
- Full Funding is the most conservative funding goal commonly used by associations. Full funding is best understood as an attempt to maintain the capital reserve fund at or near 100% of the accumulated common element depreciation. Full funding tends to result in over-funding if the community is starting with a capital reserve fund balance less than the current depreciation of its common elements, or to result in under-funding if the community is starting with a capital reserve fund balance greater than the current depreciation of its common elements, unless applied carefully and with the understanding that annual contributions will change over the course of time as overages and shortages are corrected, resulting in an annual contribution recommendation that decreases or increases with the passage of time in all except the simplest cases.
- Statutory Funding is a funding goal (and/or methodology) that the community is legally obligated to meet or exceed. Such funding goals are typically the result of state or local statutes or the result of one or more provisions in the governing documents of the Community Association. The relative aggressiveness of such funding goals will vary depending upon the statute or provision involved.
- Threshold Funding is normally a moderate funding goal. The essential goal of threshold funding is to avoid having a capital reserve fund balance below some predetermined level (the "threshold" or "threshold balance"), which can be determined as a percentage of the total cost to replace the considered common elements, by decree as some absolute value or as some multiple of the annual contribution. The Baseline Funding is essentially a threshold funding goal where the threshold balance equals zero.

Florida Statute 718.112(f)[2] requires that condominium associations fund a reserve account for certain capital and deferred maintenance expenditures. This statute requires all condominium associations to maintain funds for roof replacement, building painting, pavement resurfacing, and any other expenditure which is expected to exceed \$10,000.

Florida Statute 718.112(f)[2] requires that the reserve contribution be computed using a formula which is based upon the estimated remaining useful life and the estimated replacement cost or deferred maintenance expenditure for the component but does not require that a reserve study be conducted to determine the level of funding required. The State of Florida is more lenient regarding reserve funding for homeowner's associations.

Florida statutes do not require reserve funds for homeowners' associations (unless the association's governing documents call for a reserve fund and/or reserve study) but does not prohibit including reserve in the proposed budget for the homeowners' association. Similarly, the proposed operating budget for a homeowners' association does not require to follow any specific statutory formula but should include the anticipated expenditures for the year.

Florida Statute 718.112(f)[3] regulates the use of money collected for reserves, limiting the use of such funds to authorized reserve fund expenditures. A vote is required if reserve funds are used for operating expenses.

1.7 Follow-up Recommendations

No additional evaluation is considered necessary at the present time.

1.8 Projected Component Categories and Parameters

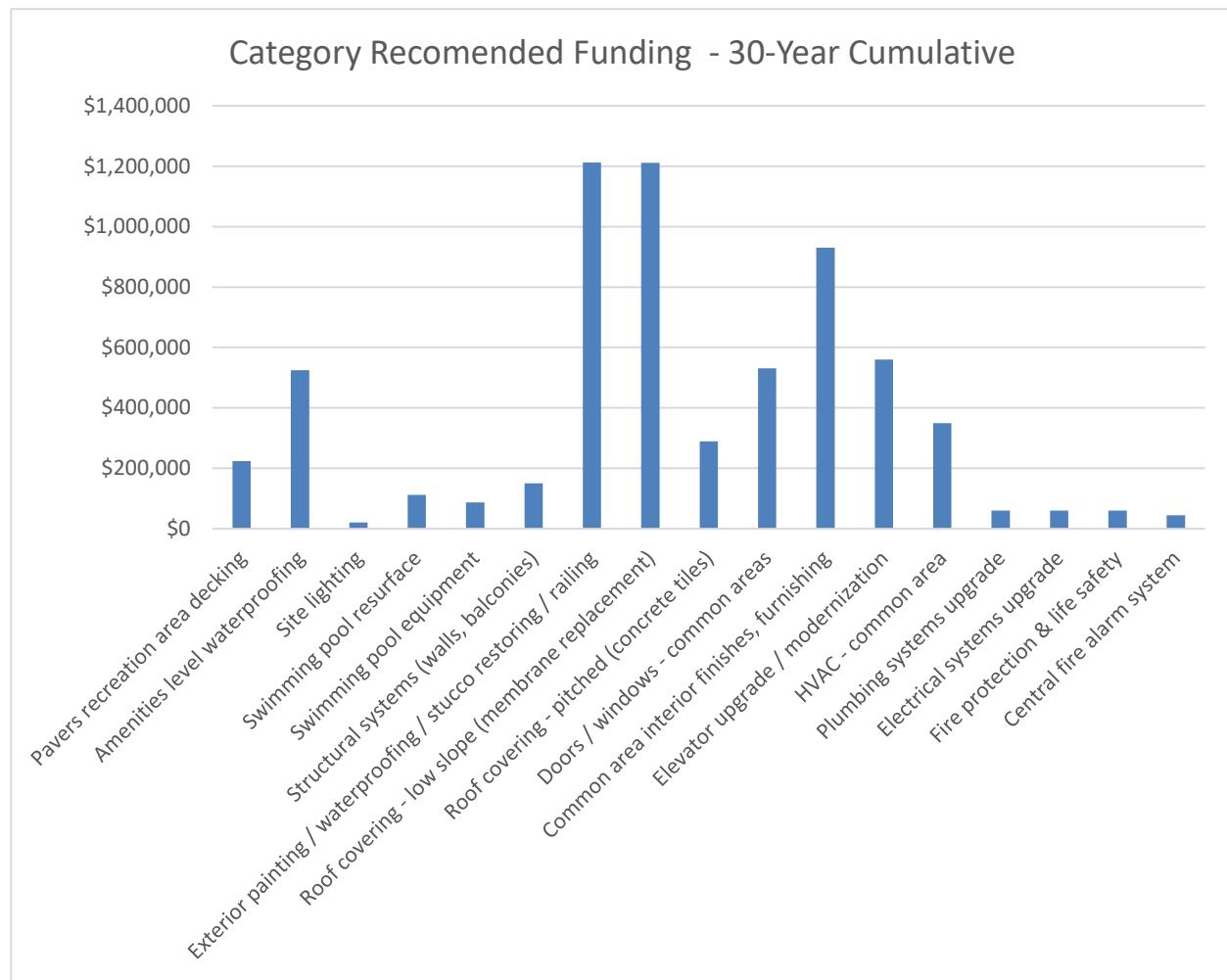
Component categories addressed in this study anticipated to require reserve fundings include the following:

	Item Description	Expected Useful Life (EUL)	Effective Age	Remaining Useful Life (RUL)
1	Pavers recreation area decking	30	5	25
2	Amenities level waterproofing	20	5	15
3	Site lighting	25	5	20
4	Swimming pool resurface	15	5	10
5	Swimming pool equipment	10	5	5
6	Structural systems (walls, balconies)	50	NA	NA
7	Exterior painting / waterproofing / stucco restoring / railing	10	5	5
8	Roof covering - low slope (membrane replacement)	20	5	15
9	Roof covering - pitched (concrete tiles)	40	5	35
10	Doors / windows - common areas	40	5	35
11	Common area interior finishes, furnishing	10	1	9
12	Elevator upgrade / modernization	25	5	20
13	HVAC - common area	15	5	10
14	Plumbing systems upgrade	45	NA	NA
15	Electrical systems upgrade	45	NA	NA
16	Fire protection & life safety	35	NA	NA
17	Central fire alarm system	25	5	20

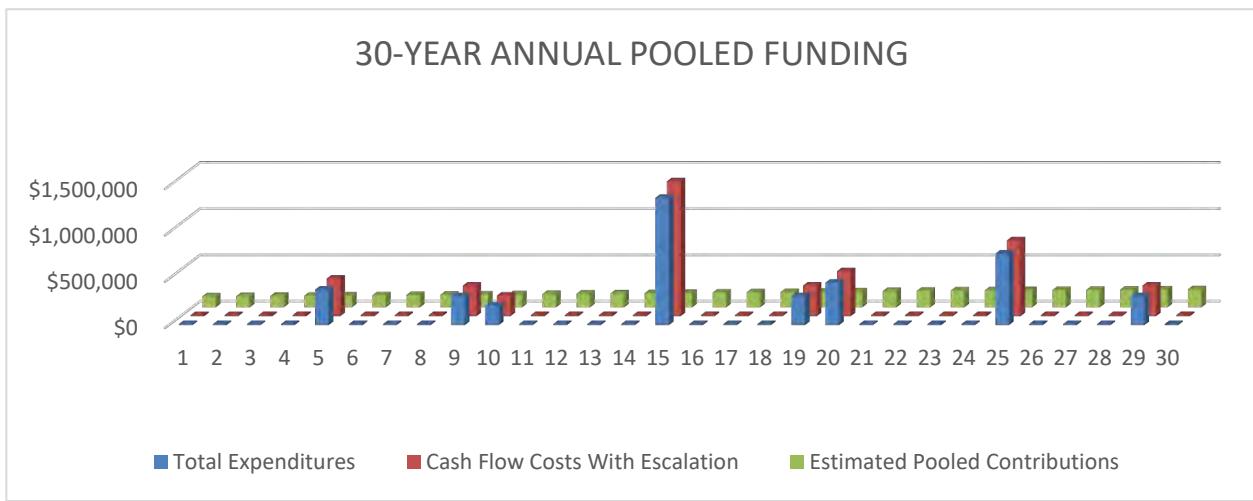
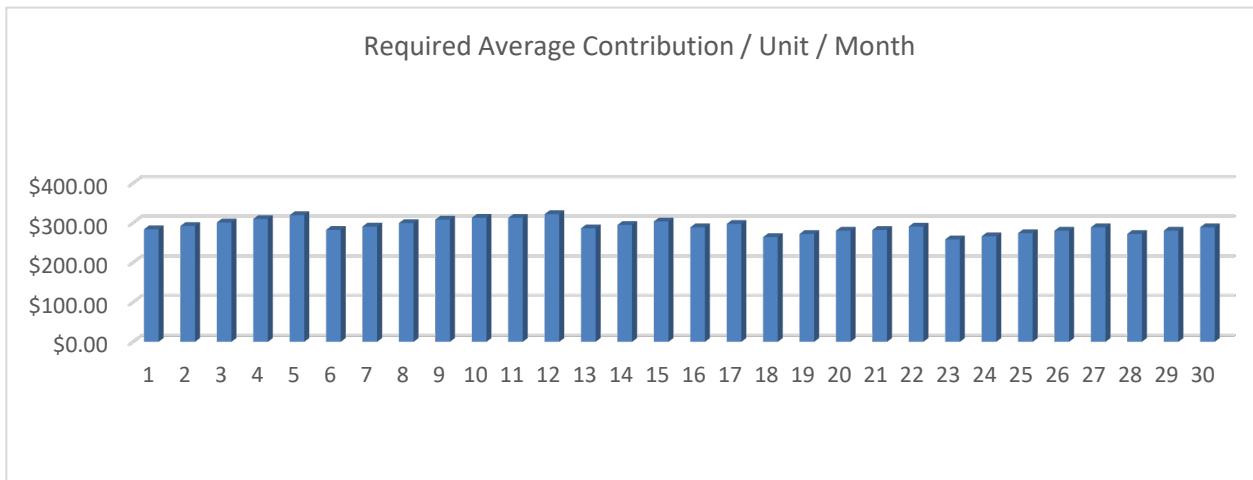
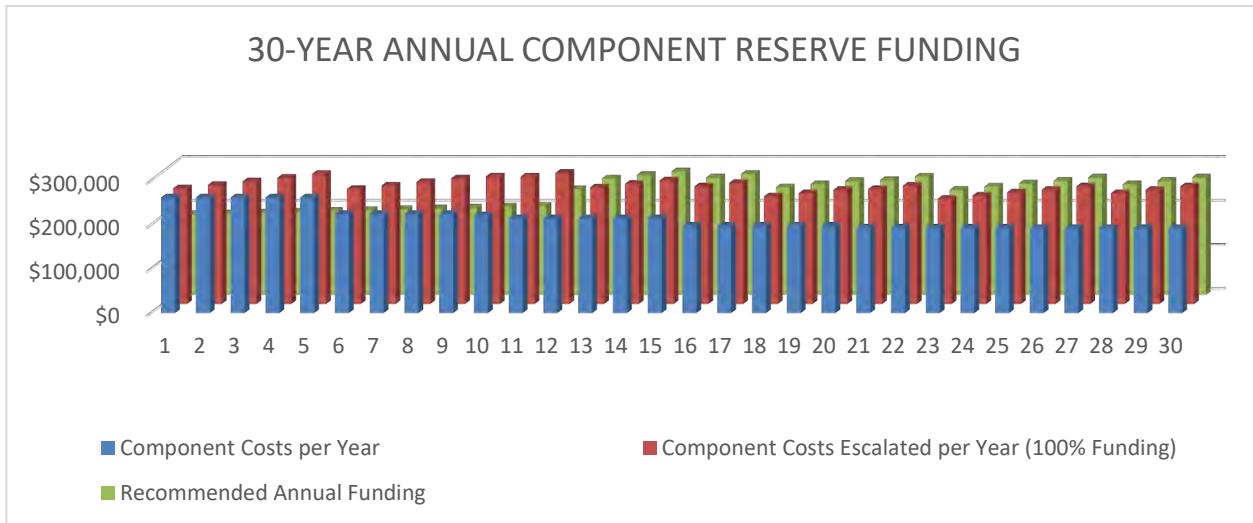
1.9 Capital Expenditure Summary

According to the Florida Legislature, a SIRS Update is required every 10 years after completion of the initial SIRS. As such, while, both TRS and SIRS elements of this report forecast and calculate expenditures looking forward to at least 30 years, the SIRS reported / displayed capital expenditure reserves evaluation period covers the next 12 years, providing a two-year buffer beyond the legislation SIRS mandated time frame. However, we have no expectation that all these expenses will all be covered as anticipated. Therefore, we recommend that these studies be reviewed and updated annually, or as necessary, because we expect the timing of these expenses to shift and their size to change. We do feel more certain of the timing and cost of near-term expenses than expenses many years away. Please be aware of your near-term expenses, which we can project more accurately than the more distant projections.

The figures below summarize the projected future expenses at your association as defined by your Reserve Component List. A breakdown summary of immediate repairs or replacement reserves is presented in Tables 1 through 5 at the end of this report.



Executive Summary



Total number of components	17
Estimated contribution balance at the end of Year 2024	\$1,100,000
Total replacement costs of all identified reserve components	\$3,958,000
Cumulative cost (current value) of all reserve components in reserve analysis – 30-year evaluation period	\$6,426,764
Total escalated cost (3%) of all reserve components in reserve analysis	\$8,036,040

SIRS REPLACEMENT RESERVE COST ESTIMATES - COMPONENT FUNDING							
Item Description	EUL	Eff. Age	RUL	Quantity	Unit	Unit Cost	Total Cost Per Line Item
Pavers recreation area decking	30	5	25	16,000	Sq Ft	\$12	\$192,000
Structural systems (walls, balconies)	50	NA	NA	1	Annual	\$5,000	\$250,000
Exterior painting / waterproofing / stucco restoring / railing	10	5	5	77	Unit	\$4,500	\$346,500
Roof covering - low slope (membrane replacement)	20	5	15	34,600	Sq Ft	\$20	\$692,000
Roof covering - pitched (concrete tiles)	40	5	35	22,500	Sq Ft	\$15	\$337,500
Doors / windows - common areas	40	5	35	1	Lump Sum	\$620,000	\$620,000
Plumbing systems upgrade	45	NA	NA	1	Annual	\$2,000	\$90,000
Electrical systems upgrade	45	NA	NA	1	Annual	\$2,000	\$90,000
Fire protection & life safety	35	NA	NA	1	Annual	\$2,000	\$70,000
Central fire alarm system	25	5	20	1	Each	\$32,000	\$32,000
							\$2,720,000

Component Reserve Estimated Annual Funding Details:

Item Description	2025	2026	2027	2028	2029
Pavers recreation area decking	\$7,680	\$7,680	\$7,680	\$7,680	\$7,680
Amenities level waterproofing	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Site lighting	\$750	\$750	\$750	\$750	\$750
Swimming pool resurface	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800
Swimming pool equipment	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Structural systems (walls, balconies)	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Exterior painting / waterproofing / stucco restoring / railing	\$69,300	\$69,300	\$69,300	\$69,300	\$69,300
Roof covering - low slope (membrane replacement)	\$46,133	\$46,133	\$46,133	\$46,133	\$46,133
Roof covering - pitched (concrete tiles)	\$9,643	\$9,643	\$9,643	\$9,643	\$9,643
Doors / windows - common areas	\$17,714	\$17,714	\$17,714	\$17,714	\$17,714
Common area interior finishes, furnishing	\$33,333	\$33,333	\$33,333	\$33,333	\$33,333
Elevator upgrade / modernization	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
HVAC - common area	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Plumbing systems upgrade	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Electrical systems upgrade	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Fire protection & life safety	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Central fire alarm system	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600
Component Costs per Year	\$261,954	\$261,954	\$261,954	\$261,954	\$261,954
Escalation Factor 3%	\$0	\$7,859	\$15,953	\$24,290	\$32,878
Costs Escalated per Year (100% Funding)	\$261,954	\$269,812	\$277,907	\$286,244	\$294,831
Recommended Annual Funding	\$183,368	\$185,201	\$187,053	\$188,924	\$190,813
Remaining Reserve Funds	\$916,632	\$832,021	\$741,168	\$643,848	\$539,830
Reserve Strength Percent Funded	489.92%	408.37%	366.70%	324.93%	283.10%
Required Contribution / Unit / Month	\$283.50	\$292.00	\$300.76	\$309.79	\$319.08

Item Description	2030	2031	2032	2033	2034
Pavers recreation area decking	\$7,680	\$7,680	\$7,680	\$7,680	\$7,680
Amenities level waterproofing	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Site lighting	\$750	\$750	\$750	\$750	\$750
Swimming pool resurface	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800
Swimming pool equipment	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Structural systems (walls, balconies)	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Exterior painting / waterproofing / stucco restoring / railing	\$34,650	\$34,650	\$34,650	\$34,650	\$34,650
Roof covering - low slope (membrane replacement)	\$46,133	\$46,133	\$46,133	\$46,133	\$46,133
Roof covering - pitched (concrete tiles)	\$9,643	\$9,643	\$9,643	\$9,643	\$9,643
Doors / windows - common areas	\$17,714	\$17,714	\$17,714	\$17,714	\$17,714
Common area interior finishes, furnishing	\$33,333	\$33,333	\$33,333	\$33,333	\$30,000
Elevator upgrade / modernization	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
HVAC - common area	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Plumbing systems upgrade	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Electrical systems upgrade	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Fire protection & life safety	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Central fire alarm system	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600
Component Costs per Year	\$224,804	\$224,804	\$224,804	\$224,804	\$221,470
Escalation Factor 3%	\$35,805	\$43,624	\$51,677	\$59,971	\$67,498
Costs Escalated per Year (100% Funding)	\$260,609	\$268,428	\$276,480	\$284,775	\$288,969
Recommended Annual Funding	\$192,721	\$194,648	\$196,595	\$198,561	\$200,547
Remaining Reserve Funds	\$471,942	\$398,163	\$318,277	\$232,063	\$143,641
Reserve Strength Percent Funded	281.09%	248.33%	215.12%	181.49%	149.71%
Required Contribution / Unit / Month	\$282.04	\$290.51	\$299.22	\$308.20	\$312.74

Item Description	2035	2036	2037	2038	2039
Pavers recreation area decking	\$7,680	\$7,680	\$7,680	\$7,680	\$7,680
Amenities level waterproofing	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Site lighting	\$750	\$750	\$750	\$750	\$750
Swimming pool resurface	\$3,200	\$3,200	\$3,200	\$3,200	\$3,200
Swimming pool equipment	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Structural systems (walls, balconies)	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Exterior painting / waterproofing / stucco restoring / railing	\$34,650	\$34,650	\$34,650	\$34,650	\$34,650
Roof covering - low slope (membrane replacement)	\$46,133	\$46,133	\$46,133	\$46,133	\$46,133
Roof covering - pitched (concrete tiles)	\$9,643	\$9,643	\$9,643	\$9,643	\$9,643
Doors / windows - common areas	\$17,714	\$17,714	\$17,714	\$17,714	\$17,714
Common area interior finishes, furnishing	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
Elevator upgrade / modernization	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
HVAC - common area	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Plumbing systems upgrade	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Electrical systems upgrade	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Fire protection & life safety	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Central fire alarm system	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600
Component Costs per Year	\$214,870	\$214,870	\$214,870	\$214,870	\$214,870
Escalation Factor 3%	\$73,897	\$82,561	\$49,393	\$57,321	\$65,487
Costs Escalated per Year (100% Funding)	\$288,768	\$297,431	\$264,264	\$272,191	\$280,357
Recommended Annual Funding	\$202,552	\$240,006	\$264,264	\$272,191	\$280,357
Remaining Reserve Funds	\$57,425	\$0	\$0	\$0	\$0
Reserve Strength Percent Funded	119.89%	100.00%	100.00%	100.00%	100.00%
Required Contribution / Unit / Month	\$312.52	\$321.90	\$286.00	\$294.58	\$303.42

Item Description	2040	2041	2042	2043	2044
Pavers recreation area decking	\$7,680	\$7,680	\$7,680	\$7,680	\$7,680
Amenities level waterproofing	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Site lighting	\$750	\$750	\$750	\$750	\$750
Swimming pool resurface	\$3,200	\$3,200	\$3,200	\$3,200	\$3,200
Swimming pool equipment	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Structural systems (walls, balconies)	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Exterior painting / waterproofing / stucco restoring / railing	\$34,650	\$34,650	\$34,650	\$34,650	\$34,650
Roof covering - low slope (membrane replacement)	\$34,600	\$34,600	\$34,600	\$34,600	\$34,600
Roof covering - pitched (concrete tiles)	\$9,643	\$9,643	\$9,643	\$9,643	\$9,643
Doors / windows - common areas	\$17,714	\$17,714	\$17,714	\$17,714	\$17,714
Common area interior finishes, furnishing	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
Elevator upgrade / modernization	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
HVAC - common area	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Plumbing systems upgrade	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Electrical systems upgrade	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Fire protection & life safety	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Central fire alarm system	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600
Component Costs per Year	\$198,337	\$198,337	\$198,337	\$198,337	\$198,337
Escalation Factor 3%	\$68,211	\$76,208	\$45,593	\$52,910	\$60,448
Costs Escalated per Year (100% Funding)	\$266,549	\$274,545	\$243,930	\$251,248	\$258,785
Recommended Annual Funding	\$266,549	\$274,545	\$243,930	\$251,248	\$258,785
Remaining Reserve Funds	\$0	\$0	\$0	\$0	\$0
Reserve Strength Percent Funded	100.00%	100.00%	100.00%	100.00%	100.00%
Required Contribution / Unit / Month	\$288.47	\$297.13	\$263.99	\$271.91	\$280.07

Item Description	2045	2046	2047	2048	2049
Pavers recreation area decking	\$7,680	\$7,680	\$7,680	\$7,680	\$7,680
Amenities level waterproofing	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Site lighting	\$600	\$600	\$600	\$600	\$600
Swimming pool resurface	\$3,200	\$3,200	\$3,200	\$3,200	\$3,200
Swimming pool equipment	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Structural systems (walls, balconies)	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Exterior painting / waterproofing / stucco restoring / railing	\$34,650	\$34,650	\$34,650	\$34,650	\$34,650
Roof covering - low slope (membrane replacement)	\$34,600	\$34,600	\$34,600	\$34,600	\$34,600
Roof covering - pitched (concrete tiles)	\$9,643	\$9,643	\$9,643	\$9,643	\$9,643
Doors / windows - common areas	\$17,714	\$17,714	\$17,714	\$17,714	\$17,714
Common area interior finishes, furnishing	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
Elevator upgrade / modernization	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000
HVAC - common area	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Plumbing systems upgrade	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Electrical systems upgrade	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Fire protection & life safety	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Central fire alarm system	\$1,280	\$1,280	\$1,280	\$1,280	\$1,280
Component Costs per Year	\$193,867	\$193,867	\$193,867	\$193,867	\$193,867
Escalation Factor 3%	\$66,674	\$74,490	\$44,565	\$51,718	\$59,086
Costs Escalated per Year (100% Funding)	\$260,541	\$268,357	\$238,432	\$245,585	\$252,953
Recommended Annual Funding	\$260,541	\$268,357	\$238,432	\$245,585	\$252,953
Remaining Reserve Funds	\$0	\$0	\$0	\$0	\$0
Reserve Strength Percent Funded	100.00%	100.00%	100.00%	100.00%	100.00%
Required Contribution / Unit / Month	\$281.97	\$290.43	\$258.04	\$265.78	\$273.76

Item Description	2050	2051	2052	2053	2054
Pavers recreation area decking	\$6,400	\$6,400	\$6,400	\$6,400	\$6,400
Amenities level waterproofing	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Site lighting	\$600	\$600	\$600	\$600	\$600
Swimming pool resurface	\$3,200	\$3,200	\$3,200	\$3,200	\$3,200
Swimming pool equipment	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Structural systems (walls, balconies)	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Exterior painting / waterproofing / stucco restoring / railing	\$34,650	\$34,650	\$34,650	\$34,650	\$34,650
Roof covering - low slope (membrane replacement)	\$34,600	\$34,600	\$34,600	\$34,600	\$34,600
Roof covering - pitched (concrete tiles)	\$9,643	\$9,643	\$9,643	\$9,643	\$9,643
Doors / windows - common areas	\$17,714	\$17,714	\$17,714	\$17,714	\$17,714
Common area interior finishes, furnishing	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
Elevator upgrade / modernization	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000
HVAC - common area	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Plumbing systems upgrade	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Electrical systems upgrade	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Fire protection & life safety	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Central fire alarm system	\$1,280	\$1,280	\$1,280	\$1,280	\$1,280
Component Costs per Year	\$192,587	\$192,587	\$192,587	\$192,587	\$192,587
Escalation Factor 3%	\$66,234	\$73,999	\$58,695	\$66,234	\$73,999
Costs Escalated per Year (100% Funding)	\$258,821	\$266,586	\$251,283	\$258,821	\$266,586
Recommended Annual Funding	\$258,821	\$266,586	\$251,283	\$258,821	\$266,586
Remaining Reserve Funds	\$0	\$0	\$0	\$0	\$0
Reserve Strength Percent Funded	100.00%	100.00%	100.00%	100.00%	100.00%
Required Contribution / Unit / Month	\$280.11	\$288.51	\$271.95	\$280.11	\$288.51

Pooled Reserve Estimated Annual Funding Details:

Item Description	2025	2026	2027	2028	2029
Pavers recreation area decking	\$0	\$0	\$0	\$0	\$0
Amenities level waterproofing	\$0	\$0	\$0	\$0	\$0
Site lighting	\$0	\$0	\$0	\$0	\$0
Swimming pool resurface	\$0	\$0	\$0	\$0	\$0
Swimming pool equipment	\$0	\$0	\$0	\$0	\$25,000
Structural systems (walls, balconies)	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Exterior painting / waterproofing / stucco restoring / railing	\$0	\$0	\$0	\$0	\$346,500
Roof covering - low slope (membrane replacement)	\$0	\$0	\$0	\$0	\$0
Roof covering - pitched (concrete tiles)	\$0	\$0	\$0	\$0	\$0
Doors / windows - common areas	\$0	\$0	\$0	\$0	\$0
Common area interior finishes, furnishing	\$0	\$0	\$0	\$0	\$0
Elevator upgrade / modernization	\$0	\$0	\$0	\$0	\$0
HVAC - common area	\$0	\$0	\$0	\$0	\$0
Plumbing systems upgrade	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Electrical systems upgrade	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Fire protection & life safety	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Central fire alarm system	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$11,000	\$11,000	\$11,000	\$11,000	\$382,500
Escalation Factor 3%	\$0	\$330	\$670	\$670	\$23,294
Cash Flow Costs With Escalation	\$11,000	\$11,330	\$11,670	\$11,670	\$405,794
Estimated Pooled Contributions	\$117,890	\$120,248	\$122,653	\$125,106	\$127,608
Pooled Cost per Unit per Month	\$61.40	\$62.63	\$63.88	\$65.16	\$66.46

Item Description	2030	2031	2032	2033	2034
Pavers recreation area decking	\$0	\$0	\$0	\$0	\$0
Amenities level waterproofing	\$0	\$0	\$0	\$0	\$0
Site lighting	\$0	\$0	\$0	\$0	\$0
Swimming pool resurface	\$0	\$0	\$0	\$0	\$48,000
Swimming pool equipment	\$0	\$0	\$0	\$0	\$0
Structural systems (walls, balconies)	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Exterior painting / waterproofing / stucco restoring / railing	\$0	\$0	\$0	\$0	\$0
Roof covering - low slope (membrane replacement)	\$0	\$0	\$0	\$0	\$0
Roof covering - pitched (concrete tiles)	\$0	\$0	\$0	\$0	\$0
Doors / windows - common areas	\$0	\$0	\$0	\$0	\$0
Common area interior finishes, furnishing	\$0	\$0	\$0	\$300,000	\$0
Elevator upgrade / modernization	\$0	\$0	\$0	\$0	\$0
HVAC - common area	\$0	\$0	\$0	\$0	\$150,000
Plumbing systems upgrade	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Electrical systems upgrade	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Fire protection & life safety	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Central fire alarm system	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$11,000	\$11,000	\$11,000	\$311,000	\$209,000
Escalation Factor 3%	\$670	\$670	\$670	\$18,940	\$12,728
Cash Flow Costs With Escalation	\$11,670	\$11,670	\$11,670	\$329,940	\$221,728
Estimated Pooled Contributions	\$130,161	\$132,764	\$135,419	\$138,127	\$140,890
Pooled Cost per Unit per Month	\$67.79	\$69.15	\$70.53	\$71.94	\$73.38

Item Description	2035	2036	2037	2038	2039
Pavers recreation area decking	\$0	\$0	\$0	\$0	\$0
Amenities level waterproofing	\$0	\$0	\$0	\$0	\$300,000
Site lighting	\$0	\$0	\$0	\$0	\$0
Swimming pool resurface	\$0	\$0	\$0	\$0	\$0
Swimming pool equipment	\$0	\$0	\$0	\$0	\$25,000
Structural systems (walls, balconies)	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Exterior painting / waterproofing / stucco restoring / railing	\$0	\$0	\$0	\$0	\$346,500
Roof covering - low slope (membrane replacement)	\$0	\$0	\$0	\$0	\$692,000
Roof covering - pitched (concrete tiles)	\$0	\$0	\$0	\$0	\$0
Doors / windows - common areas	\$0	\$0	\$0	\$0	\$0
Common area interior finishes, furnishing	\$0	\$0	\$0	\$0	\$0
Elevator upgrade / modernization	\$0	\$0	\$0	\$0	\$0
HVAC - common area	\$0	\$0	\$0	\$0	\$0
Plumbing systems upgrade	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Electrical systems upgrade	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Fire protection & life safety	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Central fire alarm system	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$11,000	\$11,000	\$11,000	\$11,000	\$1,374,500
Escalation Factor 3%	\$670	\$670	\$670	\$670	\$83,707
Cash Flow Costs With Escalation	\$11,670	\$11,670	\$11,670	\$11,670	\$1,458,207
Estimated Pooled Contributions	\$143,708	\$146,582	\$149,514	\$152,504	\$155,554
Pooled Cost per Unit per Month	\$74.85	\$76.34	\$77.87	\$79.43	\$81.02

Item Description	2040	2041	2042	2043	2044
Pavers recreation area decking	\$0	\$0	\$0	\$0	\$0
Amenities level waterproofing	\$0	\$0	\$0	\$0	\$0
Site lighting	\$0	\$0	\$0	\$0	\$15,000
Swimming pool resurface	\$0	\$0	\$0	\$0	\$0
Swimming pool equipment	\$0	\$0	\$0	\$0	\$0
Structural systems (walls, balconies)	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Exterior painting / waterproofing / stucco restoring / railing	\$0	\$0	\$0	\$0	\$0
Roof covering - low slope (membrane replacement)	\$0	\$0	\$0	\$0	\$0
Roof covering - pitched (concrete tiles)	\$0	\$0	\$0	\$0	\$0
Doors / windows - common areas	\$0	\$0	\$0	\$0	\$0
Common area interior finishes, furnishing	\$0	\$0	\$0	\$300,000	\$0
Elevator upgrade / modernization	\$0	\$0	\$0	\$0	\$400,000
HVAC - common area	\$0	\$0	\$0	\$0	\$0
Plumbing systems upgrade	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Electrical systems upgrade	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Fire protection & life safety	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Central fire alarm system	\$0	\$0	\$0	\$0	\$32,000
Total Expenditures	\$11,000	\$11,000	\$11,000	\$311,000	\$458,000
Escalation Factor 3%	\$670	\$670	\$670	\$18,940	\$27,892
Cash Flow Costs With Escalation	\$11,670	\$11,670	\$11,670	\$329,940	\$485,892
Estimated Pooled Contributions	\$158,665	\$161,838	\$165,075	\$168,377	\$171,744
Pooled Cost per Unit per Month	\$82.64	\$84.29	\$85.98	\$87.70	\$89.45

Item Description	2045	2046	2047	2048	2049
Pavers recreation area decking	\$0	\$0	\$0	\$0	\$192,000
Amenities level waterproofing	\$0	\$0	\$0	\$0	\$0
Site lighting	\$0	\$0	\$0	\$0	\$0
Swimming pool resurface	\$0	\$0	\$0	\$0	\$48,000
Swimming pool equipment	\$0	\$0	\$0	\$0	\$25,000
Structural systems (walls, balconies)	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Exterior painting / waterproofing / stucco restoring / railing	\$0	\$0	\$0	\$0	\$346,500
Roof covering - low slope (membrane replacement)	\$0	\$0	\$0	\$0	\$0
Roof covering - pitched (concrete tiles)	\$0	\$0	\$0	\$0	\$0
Doors / windows - common areas	\$0	\$0	\$0	\$0	\$0
Common area interior finishes, furnishing	\$0	\$0	\$0	\$0	\$0
Elevator upgrade / modernization	\$0	\$0	\$0	\$0	\$0
HVAC - common area	\$0	\$0	\$0	\$0	\$150,000
Plumbing systems upgrade	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Electrical systems upgrade	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Fire protection & life safety	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Central fire alarm system	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$11,000	\$11,000	\$11,000	\$11,000	\$772,500
Escalation Factor 3%	\$670	\$670	\$670	\$670	\$47,045
Cash Flow Costs With Escalation	\$11,670	\$11,670	\$11,670	\$11,670	\$819,545
Estimated Pooled Contributions	\$175,179	\$178,683	\$181,363	\$183,177	\$185,008
Pooled Cost per Unit per Month	\$91.24	\$93.06	\$94.46	\$95.40	\$96.36

Item Description	2050	2051	2052	2053	2054
Pavers recreation area decking	\$0	\$0	\$0	\$0	\$0
Amenities level waterproofing	\$0	\$0	\$0	\$0	\$0
Site lighting	\$0	\$0	\$0	\$0	\$0
Swimming pool resurface	\$0	\$0	\$0	\$0	\$0
Swimming pool equipment	\$0	\$0	\$0	\$0	\$0
Structural systems (walls, balconies)	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Exterior painting / waterproofing / stucco restoring / railing	\$0	\$0	\$0	\$0	\$0
Roof covering - low slope (membrane replacement)	\$0	\$0	\$0	\$0	\$0
Roof covering - pitched (concrete tiles)	\$0	\$0	\$0	\$0	\$0
Doors / windows - common areas	\$0	\$0	\$0	\$0	\$0
Common area interior finishes, furnishing	\$0	\$0	\$0	\$300,000	\$0
Elevator upgrade / modernization	\$0	\$0	\$0	\$0	\$0
HVAC - common area	\$0	\$0	\$0	\$0	\$0
Plumbing systems upgrade	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Electrical systems upgrade	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Fire protection & life safety	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Central fire alarm system	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$11,000	\$11,000	\$11,000	\$311,000	\$11,000
Escalation Factor 3%	\$670	\$670	\$670	\$18,940	\$670
Cash Flow Costs With Escalation	\$11,670	\$11,670	\$11,670	\$329,940	\$11,670
Estimated Pooled Contributions	\$186,858	\$188,727	\$190,614	\$192,520	\$194,446
Pooled Cost per Unit per Month	\$97.32	\$98.30	\$99.28	\$100.27	\$101.27

2.0 PURPOSE, SCOPE, AND LIMITATIONS

A Traditional Reserve Study (TRS) / Structural Integrity Reserve Study (SIRS) has been conducted at Naples Square III facility, located at 1135 Third Avenue South, in Naples, Florida, hereafter referred to as the "Property".

This assessment was performed using methods and procedures consistent with good commercial or customary practice design to conform to acceptable industry standards. The independent conclusions represent our best professional judgment based on information and data available to us during this assessment. Information regarding operations, conditions, and test data provided by the client or their representatives have been assumed to be correct and complete. Our evaluations, analyses and opinions are not representations regarding, design integrity, structural soundness, or actual value of the Property; nor is it the intention of this report to imply by exclusion from this report that additional work may or may not be required. The conclusions presented are based on the data provided, and observations and conditions that existed on the date of the assessment.

The purpose of this survey and related report is to assist the client in evaluation of the physical aspects of the Property and how its condition may affect the soundness of their financial decisions over time. For this assessment, representative samples of the major independent building components were observed, and the physical condition evaluated. The expected useful life was assessed and the cost for repairs and replacements of significant items was estimated. The exterior of the complex, interior common areas, and a select sample of tenant spaces were visited. Property management and maintenance staff, when possible, were interviewed for specific information relating to the physical Property, available, maintenance procedures, available drawings, and other documentation. All findings were noted and have been included in the narrative sections of this report. This Report is not intended to address the status of Americans with Disability Act Title III compliance, the presence or absence of hazardous materials or petroleum substances, asbestos, lead, PCBs or toxic soil on this Property.

3.0 DEFINITIONS

3.1 Immediate and Replacement Reserve Work

Immediate Repair Work – Work that requires immediate action, typically within 90 days, based on its being (i) an existing or potentially significant unsafe condition, (ii) material physical deficiency (iii) poor or deteriorated condition of a critical element or system, (iv) significant building code violation, or (v) a condition that if left “as is,” with an extensive delay in remedying it, has the potential to result in or contribute to a critical element or system failure and will probably result in a significant escalation of its remedial costs. Opinions of probable costs for Immediate Repairs are provided in Tables 1 and 4.

Replacement Reserve (Years 1 Through Assessed Term Period) – Major recurring probable expenditures, which are neither commonly classified as an operation, nor maintenance expense. Replacement reserves are reasonably predictable both in terms of frequency and cost. However, they may also include components or systems that have an indeterminable life, but nonetheless have a potential liability for failure within an estimated time period. Opinions of probable costs for Capital Reserves are provided in Tables 2, 3 and 5.

3.2 Condition Evaluation Definitions

Good: Average to above-average condition for the building system or materials assessed, with consideration of its age, design, and geographical location. Generally, other than normal maintenance, no work is recommended or required.

Fair: Average condition for the building system evaluated. Some work is required or recommended, primarily due to normal aging and wear of the building system, to return the system to a good condition.

Poor: Below average condition for the building system evaluated. Significant work should be anticipated to restore the building system or material to an acceptable condition.

3.3 Opinion of Costs

The opinion of costs presented is for the repair/replacement of readily visible materials and building system defects that might significantly affect the value of the Property during the loan period. These opinions are based on approximate quantities and values. They do not constitute a warranty that all items, which may require repair or replacement, are included.

Estimated cost opinions presented in this report are from a combination of sources. The primary sources are from Means Repair and Remodeling Cost Data and Means Facilities Maintenance and Repair Cost Data; past invoices or bid documents provided by site management; as well as our experience with costs for similar projects and city cost indexes.

Replacement and Repair Cost estimates are based on approximate quantities. Information furnished by site personnel or the Property management, if presented, is assumed to be reliable. A detailed inventory of quantities for cost estimating is not a part of the scope of this Report.

Actual costs may vary depending on such matters as type and design of remedy; quality of materials and installation; manufacturer of the equipment or system selected; field conditions; whether a physical deficiency is repaired or replaced in whole; phasing of the work; quality of the contractor(s); project management exercised; and the availability of time to thoroughly solicit competitive pricing. In view of these limitations, the costs presented herein should be considered “order of magnitude” and used for budgeting purposes only. Detailed design and contractor bidding are recommended to determine actual cost.

These opinions should not be interpreted as a bid or offer to perform the work. All costs are stated in present value. The recommendations and opinions of cost provided herein are based on the understanding that the facility will continue operating in its present occupancy classification and general quality level unless otherwise stated.

4.0 SITE IMPROVEMENTS

Item	Description/Observations/Comments
Landscaping	<p>Landscaping at the Property includes various mature trees, bushes, and lawn. An automatic underground irrigation system is provided.</p> <p>Landscaping appears to be in good condition, with no significant deficiencies noted. Funds for upkeep and upgrades of landscaping is considered part of routine maintenance.</p>
Sanitary Sewer	<p>The sanitary sewer system discharges into the municipal sewer system.</p> <p>Due to hidden conditions, the site sanitary sewer system could not be evaluated.</p>
Drainage Systems	<p>The site is drained via sheeting action to storm drain inlets with underground piping connected to the municipal storm drain system.</p> <p>Due to hidden conditions, the site storm water drainage system could not be evaluated.</p>
Domestic Water	<p>A water main located in adjacent street supplies the Property water lines.</p> <p>Due to hidden conditions, the site water distribution system could not be evaluated.</p>
Parking/Paving	<p>Vehicular access to the Property is via motorized gates. Parking is provided in a tucked-under garage.</p> <p>The parking and driveway areas were noted to be in good condition, requiring routine maintenance over the evaluation period.</p>
Sidewalks	<p>Property pedestrian walkways and flatwork consist of a combination of concrete and pavers.</p> <p>The sidewalks appeared to be in good condition, requiring routine maintenance over the evaluation period.</p>
Exterior Lighting	<p>Site lighting is provided by pole- and building-mounted fixtures.</p> <p>Site lighting was noted to be in good condition. Based on the EUL of 25 years, funds for have replacement been spread throughout Replacement Reserves Cost Estimate Table, adopting the straight-line accounting method to ensure the availability of funds at the end of the replaced element's EUL, beyond the evaluation period of this assessment.</p>

Item	Description/Observations/Comments
Swimming Pool	<p>The Property has one in-ground outdoor swimming pool. The swimming pool is constructed of concrete, with concrete coping, and pavers walking surfaces surrounding the pool.</p> <p>The swimming pool surfaces were noted to be in generally good condition. Based on the EUL of 15 years, resurfacing should be anticipated during the evaluation period. Funds have been spread throughout Replacement Reserves Cost Estimate Table, adopting the straight-line accounting method to ensure the availability of funds at the end of the replaced element's EUL, beyond the evaluation period of this assessment.</p>
Pool Equipment	<p>The swimming pool equipment consists of a heater, water filter and circulating pump.</p> <p>The swimming pool equipment was noted to be in good operating condition. Based on the EUL of 10 years, replacement of the swimming pool equipment should be anticipated during the evaluation period. Funds have been spread throughout Replacement Reserves Cost Estimate Table, adopting the straight-line accounting method to ensure the availability of funds at the end of the replaced element's EUL, beyond the evaluation period of this assessment.</p>

5.0 ARCHITECTURAL AND STRUCTURAL SYSTEMS

Item	Description/Observations/Comments
Foundation	<p>We were not able to observe the foundation structures.</p> <p>No apparent signs of significant structural distress were noted within the exposed areas observed.</p>
Superstructure	<p>The buildings consist of a concrete superstructure with concrete columns and beams supporting concrete upper floor decking.</p> <p>While observation of the ground floor slab, superstructure and roof framing were limited to exposed elements; no signs of excessive deflection or movement were noted.</p> <p>Based on the age of the Property, an annual budget for anticipated repairs should be allocated during the evaluation period. Funds have been spread throughout the Replacement Reserves Cost Estimate Table, adopting the straight-line accounting method to ensure the availability of funds at the end of the replaced element's EUL, beyond the evaluation period of this assessment.</p>
Exterior Walls	<p>The exterior walls typically consist of concrete masonry unit (CMU) construction finished with painted stucco.</p> <p>The exterior walls were noted to be in generally good condition, with no significant deficiencies noted.</p> <p>Based on the EUL of 10 years, repainting, waterproofing and periodic stucco restoration of the exterior surfaces are anticipated during the evaluation period. Funds have been spread throughout the Replacement Reserves Cost Estimate Table, adopting the straight-line accounting method to ensure the availability of funds at the end of the replaced element's EUL, beyond the evaluation period of this assessment.</p> <p>Please note that the extent of the exterior walls' evaluation did not include sampling or testing, therefore comments made regarding the condition of the façade components are limited to visual observation. Should a more comprehensive investigation be required, further assessment that includes destructive to determine the extent of the deficiencies is recommended.</p>
Roof	<p>The roof coverings consist of a combination of a low-slope system (flat) TPO membrane, and a pitched concrete tile system.</p> <p>The roof coverings were noted to be in good condition. Based on the EUL of 20 years for TPO membrane and 40 years for concrete tile systems, funds for replacement have been spread throughout the Replacement Reserves Cost Estimate Table, adopting the straight-line accounting method to ensure the availability of funds at the end of the replaced element's EUL, beyond the evaluation period of this assessment.</p>

Item	Description/Observations/Comments
	<p>Please note that the extent of the roof evaluation did not include any sampling and/or testing involved therefore comments made regarding the condition of the roof are limited to visual observation as well as historical information provided by site contact and/or Property respondent. Should a more comprehensive investigation be required, the services of a certified roofing consultant should be considered.</p>
Patios / Balconies	<p>The balconies are supported by the building structural system and include concrete decking. Fall protection is provided by aluminum railing.</p> <p>The balcony decking was noted to be in generally good condition. These components are generally addressed in conjunction with the exterior façade painting and waterproofing applications.</p>
Windows	<p>The windows at the subject building consist of punch-through, aluminum-framed double-glazed units.</p> <p>Windows at the condominiums are the responsibility of the respective unit owners to maintain and replace.</p>
Doors	<p>The common area windows appeared to be in generally good condition. Funds for replacement are recommended in conjunction with the common area doors, discussed below, during the evaluation period.</p>
	<p>Entrance doors at the individual dwelling units consist of insulated metal doors set in metal framing. Balcony doors are aluminum sliding units.</p> <p>Doors at the condominiums are the responsibility of the respective unit owners to maintain and replace.</p> <p>The common area doors appeared to be in generally good condition. However, based on the EUL of 40 years, funds have been allocated throughout the reserve period, adopting the straight-line accounting method to ensure the availability of funds at the end of the element's EUL, beyond the evaluation period of this assessment.</p>

6.0 BUILDING INTERIORS

Item	Description/Observations/Comments
Tenant Spaces	Areas within the interior of the resident units are the responsibility of the individual condominium unit owner.
Common Areas	<p>The common area finishes consist of concrete flooring, tile, CMU walls, concrete ceiling, and painted gypsum-board walls and ceiling. Common area furnishings are residential grade.</p> <p>The interior common area finishes, furnishing, and equipment, appeared to be in good condition. Funds for common area finishes and gym equipment replacement have been allocated throughout the reserve period, adopting the straight-line accounting method to ensure the availability of funds at the end of the element's EUL, beyond the evaluation period of this assessment.</p>

7.0 CONVEYANCE SYSTEMS

Item	Description/Observations/Comments
Elevators	<p>The building is equipped with four hydraulic elevators, providing access to all floors.</p> <p>Elevator controls typically have an EUL of 25 years. Funds for component and control upgrades / modernization have been spread throughout the Replacement Reserves Cost Estimate Table, adopting the straight-line accounting method to ensure the availability of funds at the end of the replaced element's EUL beyond the evaluation period of this assessment.</p>
Escalators	<p>There are no escalators at the Property.</p>
Stairs	<p>The stairs consist of poured concrete with closed risers and aluminum railing.</p> <p>The stairs appeared to be in generally good condition, with no significant deficiencies noted, requiring routine maintenance during the evaluation period. Stairs-related repairs and upkeep are recommended implemented in conjunction with the exterior walls painting and waterproofing applications during the evaluation period.</p>

8.0 MECHANICAL AND ELECTRICAL SYSTEMS

Item	Description/Observations/Comments
HVAC	<p>Cooling and heating are supplied by individual electric forced-air furnaces with split-system air-conditioning condensing units. There are multiple units serving the common areas.</p> <p>HVAC at the dwelling units is the responsibility of the condominium owners to maintain and replace.</p> <p>Replacement of the common area units is anticipated during the evaluation period. Funds have been spread throughout the Replacement Reserves Cost Estimate Table, adopting the straight-line accounting method to ensure the availability of funds at the end of the replaced element's EUL, beyond the evaluation period of this assessment.</p>
Plumbing Systems	<p>According to available information and observations, supply piping is noted to include cross-linked polyethylene (PEX), and waste and vent piping is Polyvinyl Chloride (PVC).</p> <p>The plumbing systems appeared to be in good condition. The water pressure, quantity of hot and cold water, and drainagewere reported to be adequate.</p> <p>Plumbing components have EULs between 15 and 45 years. As such, an annual budget for component upgrades and replacements is recommended during the evaluation period. Funds have been spread throughout the Replacement Reserves Cost Estimate Table, adopting the straight-line accounting method to ensure the availability of funds at the end of the replaced element's EUL, beyond the evaluation period of this assessment.</p>
Plumbing Fixtures	<p>The plumbing fixtures appear to be typical for this type of occupancy.</p> <p>The plumbing fixtures appeared to be generally in good condition requiring only routine maintenance over the evaluation period.</p>
Water Heaters	<p>Domestic hot water is provided by individual residential-grade heaters located within each condominium unit.</p> <p>Water heaters at the dwelling units are the responsibility of the respective condominium unit owner to maintain and replace.</p>
Electrical Service	<p>Electrical service typically provides 150-Ampere, 120/240-Volt, single-phase, three-wire service to the individual units. The distribution wiring was noted to be copper.</p> <p>Electrical systems and installations within the dwelling units are reported to be the responsibility of the respective condominium unit owner to maintain and replace.</p> <p>Based on the age of the Property, primary common area electrical systems are anticipated during the evaluation period. Funds have been spread throughout the Replacement Reserves Cost Estimate Table, adopting the straight-line accounting method to ensure the availability of funds at the end of the replaced element's EUL, beyond the evaluation period of this assessment.</p>

9.0 LIFE SAFETY AND SECURITY SYSTEMS

Item	Description/Observations/Comments
Fire Protection	<p>The building is protected by a wet-pipe fire sprinkler suppression system and is equipped with a central fire alarm system.</p> <p>The common areas are also equipped with battery-powered emergency lighting, illuminated exist signs and dry chemical fire extinguishers.</p> <p>The fire system was noted to be in good operating condition. Funds for component replacement have been spread throughout the Replacement Reserves Cost Estimate Table, adopting the straight-line accounting method to ensure the availability of funds at the end of the replaced element's EUL, beyond the evaluation period of this assessment.</p> <p>Central fire alarm panels typically have an EUL of 25 years. Funds have been spread throughout the Replacement Reserves Cost Estimate Table, adopting the straight-line accounting method to ensure the availability of funds at the end of the replaced element's EUL, beyond the evaluation period of this assessment.</p> <p>The emergency lighting, exit signs and fire extinguishers were noted to be in good operating condition, requiring routine maintenance.</p> <p>Fire protection and life safety systems within the dwelling units are reported to be the responsibility of the respective unit owner to maintain and replace.</p>

10.0 ESTIMATED CAPITAL REPAIR COST TABLES

Based on our walk-through observations, we make the following comments on Property conditions and deficiencies, including estimates of repair cost.

10.1 Immediate Repairs/Deferred Maintenance Costs

The attached Table 1 and 4 - Immediate Repairs Cost Estimate, is an analysis of the estimated cost for immediate repair work defined as Capital expenditure items requiring repair or replacement based on their being (i) an existing or potentially significant unsafe condition, (ii) material physical deficiency (iii) poor or deteriorated condition of a critical element or system, (iv) significant building code violation, or (v) a condition that if left “as is,” with an extensive delay in remedying it, has the potential to result in or contribute to a critical element or system failure and will probably result in a significant escalation of its remedial cost.

10.2 Replacement Reserve Analysis

The attached Tables 2 and 3 - Replacement Reserves Cost Estimate, Average Annual Funding and Replacement Schedule, is an analysis of the estimated cost for normally anticipated replacement for the major components of the improvements during the next thirty (30) years. The attached Table 5 - Replacement Reserves Cost Estimate is an analysis of the estimated cost for normally anticipated replacement for SIRS major components during the next twelve (12) years. The remaining life values are based on published historical performance data for comparable items with consideration for the present condition and reported service history. The costs are provided with a 3% inflation factor for future expenditures.

The projected expenses are based on statistical assumptions. In fact, actual schedules may vary from those projected by the Table, but such variances should not significantly alter the totals shown. The reserve cost estimate assumes that the Immediate Repairs items listed in this Report will be completed within the next 12 months depending on specific priority. Estimated costs assume that the repair or replacement work is contracted out by the Property management and, in most cases, do not include a general contractor's fee. It is assumed that, given the current level of on-site staffing and in-house expertise, most of the work included in the Table would not be completed by on-site maintenance personnel.

10.3 Reliance

All reports, both verbal and written, are for the benefit of Naples Square III. This report has no other purpose and may not be relied upon by any other person or entity without the written consent of Florida Engineering.

TABLES

7/12/2024

TRS IMMEDIATE REPAIRS COST ESTIMATE

PROJECT NO.: 2407990

Naples Square III
1135 Third Avenue South
Naples, Florida 34102

Property Type: **Multifamily**
Number of Stories: **5**
Units: **77**
Building Area (SF):
Reserve Term: **30**
Actual Property Age: **5**

Item No.	Item Description	Quantity	Unit	Cost	Totals	Starting Balance	Remaining Funds	Comments
1	No significant deficiencies identified			\$0	\$0			
					Subtotal	\$1,100,000	\$1,100,000	
				Total Immediate Repairs	\$0			
				Cost Per Unit	\$0.00			

7/12/2024

SIRS IMMEDIATE REPAIRS COST ESTIMATE

PROJECT NO.: 2407990

Naples Square III

1135 Third Avenue South

Naples, Florida 34102

Property Type: Multifamily

Number of Stories: 5

Units: 77

Building Area (SF):

Reserve Term: 30

Actual Property Age: 5

Item No.	Item Description	Quantity	Unit	Cost	Totals				Comments
1	No significant deficiencies identified			\$0	\$0				
						Subtotal			
				Total Immediate Repairs	\$0				
				Cost Per Unit	\$0.00				

7/12/2024

SIRS REPLACEMENT RESERVE COST ESTIMATES - COMPONENT FUNDING
PROJECT NO.: 2407990

Naples Square III
1135 Third Avenue South
Naples, Florida 34102

Property Type: **Multifamily**
Number of Stories: **5**
Units: **77**
Building Area (SF):
Reserve Term: **30**
Actual Property Age: **5**

1 2 3 4 5 6 7 8 9 10 11 12

No.	Primary Components	EUL	Eff. Age	RUL	Quantity	Unit	Unit Cost	Total Cost Per Line Item	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Cumulative			
1	Pavers recreation area decking	30	5	25	16,000	Sq Ft	\$12	\$192,000	\$7,680	\$7,680	\$7,680	\$7,680	\$7,680	\$7,680	\$7,680	\$7,680	\$7,680	\$7,680	\$7,680	\$7,680	\$92,160			
2	Structural systems (walls, balconies)	50	NA	NA	1	Annual	\$5,000	\$250,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$60,000			
3	Exterior painting / waterproofing / stucco restoring / railing	10	5	5	77	Unit	\$4,500	\$346,500	\$69,300	\$69,300	\$69,300	\$69,300	\$34,650	\$34,650	\$34,650	\$34,650	\$34,650	\$34,650	\$34,650	\$589,050				
4	Roof covering - low slope (membrane replacement)	20	5	15	34,600	Sq Ft	\$20	\$692,000	\$46,133	\$46,133	\$46,133	\$46,133	\$46,133	\$46,133	\$46,133	\$46,133	\$46,133	\$46,133	\$46,133	\$553,600				
5	Roof covering - pitched (concrete tiles)	40	5	35	22,500	Sq Ft	\$15	\$337,500	\$9,643	\$9,643	\$9,643	\$9,643	\$9,643	\$9,643	\$9,643	\$9,643	\$9,643	\$9,643	\$9,643	\$115,714				
6	Doors / windows - common areas	40	5	35	1	Lump Sum	\$620,000	\$620,000	\$17,714	\$17,714	\$17,714	\$17,714	\$17,714	\$17,714	\$17,714	\$17,714	\$17,714	\$17,714	\$17,714	\$212,571				
7	Plumbing systems upgrade	45	NA	NA	1	Annual	\$2,000	\$90,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$24,000				
8	Electrical systems upgrade	45	NA	NA	1	Annual	\$2,000	\$90,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$24,000				
9	Fire protection & life safety	35	NA	NA	1	Annual	\$2,000	\$70,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$24,000				
10	Central fire alarm system	25	5	20	1	Each	\$32,000	\$32,000	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$19,200				
	Immediate Repairs Total							\$0	\$2,720,000															
	Component Costs per Year							\$163,070	\$163,070	\$163,070	\$163,070	\$163,070	\$128,420	\$1,714,296										
	Escalation Factor per year							3.00%					\$0	\$4,892	\$9,931	\$15,121	\$20,467	\$20,454	\$24,920	\$29,521	\$34,259	\$39,139	\$44,166	\$49,343
	Component Costs Escalated per Year (100% Funding)							\$163,070	\$167,963	\$173,001	\$178,192	\$183,537	\$148,875	\$153,341	\$157,941	\$162,679	\$167,560	\$172,586	\$177,764	\$2,006,509				
	Residential Cost Per Unit (unescalated)							\$2,117.80	\$2,117.80	\$2,117.80	\$2,117.80	\$2,117.80	\$1,667.80	\$1,667.80										
	Residential Cost Per Unit (escalated)							\$2,117.80	\$2,181.33	\$2,246.77	\$2,314.18	\$2,383.60	\$1,933.44	\$1,991.44	\$2,051.18	\$2,112.72	\$2,176.10	\$2,241.38	\$2,308.62					
	Required Contribution / Unit / Month							\$176.48	\$181.78	\$187.23	\$192.85	\$198.63	\$161.12	\$165.95	\$170.93	\$176.06	\$181.34	\$186.78	\$192.39					

PHOTOGRAPHIC DOCUMENTATION

PHOTO 1

PROPERTY IDENTIFICATION SIGN



PHOTO 2

GENERAL VIEW OF PROPERTY



PHOTO 3

GENERAL VIEW OF PROPERTY



PHOTO 4

GENERAL VIEW OF PARKING GARAGE



PHOTO 5

GENERAL VIEW OF PEDESTRIAN WALKWAY

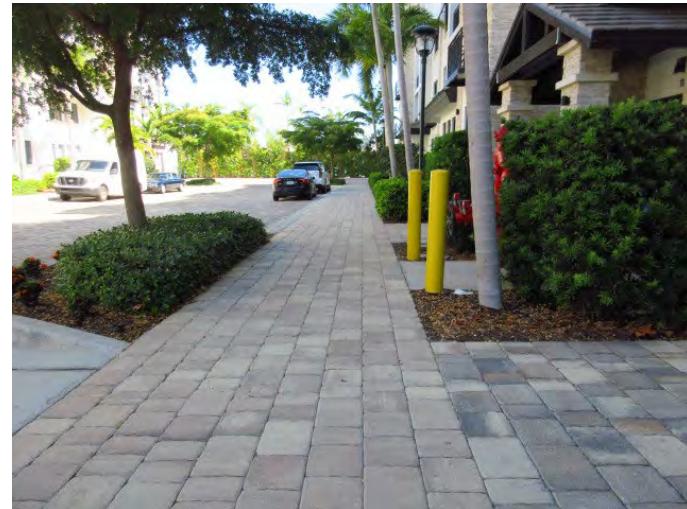


PHOTO 6

VIEW OF RECREATION COURT

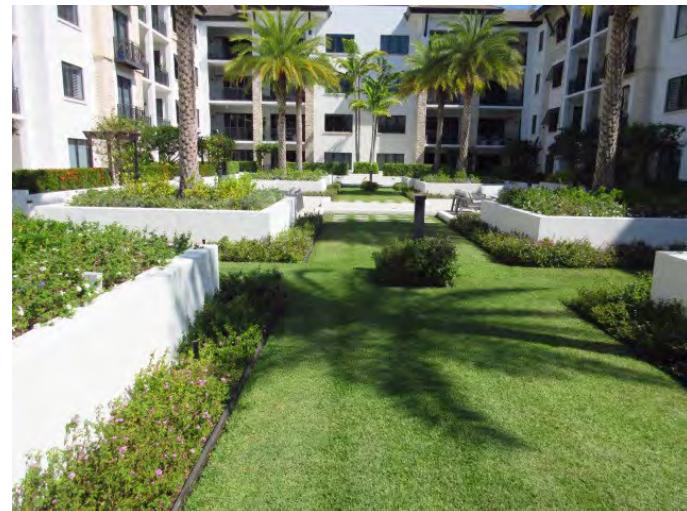


PHOTO 7

GENERAL VIEW OF SWIMMING POOL EQUIPMENT



PHOTO 8

VIEW OF SITE LIGHTING



PHOTO 9

VIEW OF BUILDING EXTERIOR FINISHES



PHOTO 10

GENERAL VIEW OF BUILDING EXTERIOR FINISHES



PHOTO 11

GENERAL VIEW OF BUILDING EXTERIOR FINISHES



PHOTO 12

VIEW OF ROOF COVERING



PHOTO 13

VIEW OF ROOF COVERING



PHOTO 14

VIEW OF ROOF COVERING



PHOTO 15

GENERAL VIEW OF ROOF DRAIN



PHOTO 16

VIEW OF HVAC EQUIPMENT



PHOTO 17

VIEW OF HVAC EQUIPMENT



PHOTO 18

VIEW OF DOMESTIC WATER HEATER



PHOTO 19

VIEW OF DOMESTIC WATER PIPING



PHOTO 20

VIEW OF ELECTRICAL EQUIPMENT



PHOTO 21

VIEW OF COMMON AREA INTERIOR



PHOTO 22

VIEW OF COMMON AREA INTERIOR



PHOTO 23

VIEW OF ELEVATOR LOBBY



PHOTO 24

VIEW OF COMMON AREA HALLWAY

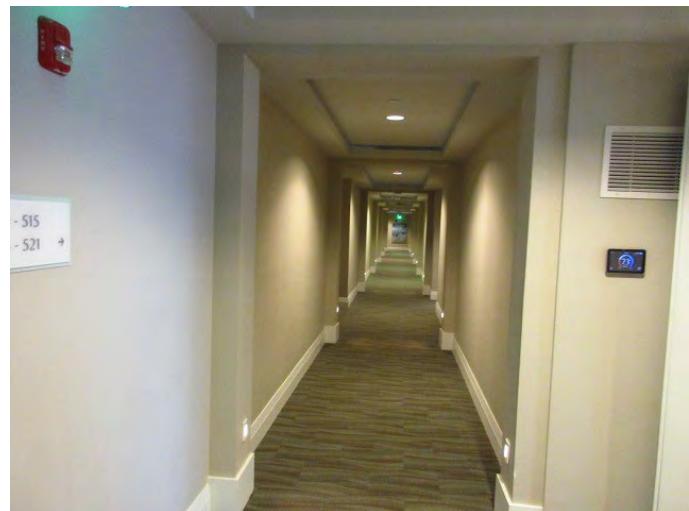


PHOTO 25

VIEW OF FIRE EXTINGUISHER



PHOTO 26

VIEW OF FIRE SUPPRESSION SYSTEM



PHOTO 27

VIEW OF CENTRAL ALARM PANEL



SUPPORTING DOCUMENTATION

(NO SUPPORTING DOCUMENTS PROVIDED)

