Book 1

# **FULL RESERVE STUDY**

# Myrtle Beach Villas II Homeowners Association, Inc.



Myrtle Beach, South Carolina November 29, 2018



Long-term thinking. Everyday commitment.

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Long-term thinking. Everyday commitment.

Myrtle Beach, South Carolina

Reserve Advisors, Inc. 735 N. Water Street, Suite 175 Milwaukee, WI 53202

Dear Board of Directors of Myrtle Beach Villas II Homeowners Association, Inc.:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a Full Reserve Study of Myrtle Beach Villas II Homeowners Association, Inc. in Myrtle Beach, South Carolina and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, November 29, 2018.

This Full Reserve Study exceeds the Association of Professional Reserve Analysts (APRA) standards fulfilling the requirements of a "Level I Full Reserve Study."

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

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

Respectfully submitted on January 18, 2019 by

Myrtle Beach Villas II Homeowners Association, Inc.

Reserve Advisors, Inc.

Visual Inspection and Report by: Jeffrey B. Dow, RS1 Review by: Alan M. Ebert, RS, PRA2, Director of Quality Assurance



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



community

<sup>&</sup>lt;sup>1</sup> RS (Reserve Specialist) is the reserve provider professional designation of the Community Associations Institute (CAI) representing America's more than 300,000 condominium, cooperative and homeowners



Long-term thinking. Everyday commitment.



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# 1.RESERVE STUDY EXECUTIVE SUMMARY

Client: Myrtle Beach Villas II Homeowners Association, Inc. (Myrtle Beach Villas II)

Location: Myrtle Beach, South Carolina

Reference: 111126

**Property Basics:** Myrtle Beach Villas II Homeowners Association, Inc. is a condominium style development of 28 units in two five-story buildings. The buildings were built in 2007.

Reserve Components Identified: 33 Reserve Components.

Inspection Date: November 29, 2018. We conducted the original inspection on April 17, 2012.

**Funding Goal:** The Funding Goal of this Reserve Study is to maintain reserves above an adequate, not excessive threshold during one or more years of significant expenditures. Our recommended Funding Plan recognizes this threshold funding year in 2048 due to replacement of the vinyl siding.

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

- · Current and future local costs of replacement
- 1.7% anticipated annual rate of return on invested reserves
- 2.7% future Inflation Rate for estimating Future Replacement Costs

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

## Cash Status of Reserve Fund:

- \$219,205 as of January 1, 2019
- 2018 budgeted Reserve Contributions of \$95,686
- 2019 budgeted Reserve Contributions of \$90,000

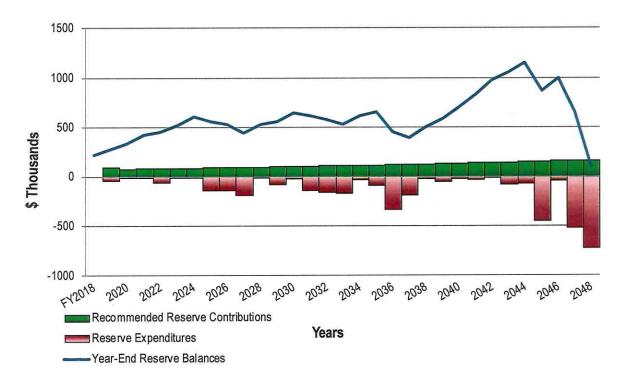
**Recommended Reserve Funding:** We recommend the following in order to achieve a stable and equitable Funding Plan:

- Reduced reserve budget of \$78,500 in 2020
- Inflationary increases from 2021 through 2048, the limit of this study's Cash Flow Analysis
- 2020 Reserve Contribution of \$78,500 is equivalent to an average monthly contribution
  of \$233.63 per homeowner. The Association may ascribe the actual contributions and
  assessments per owner based upon percent ownership, as defined by the Association's
  governing documents.



Myrtle Beach Villas II
Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2019	90,000	273,298	2029	99,800	556,629	2039	130,200	589,153
2020	78,500	339,880	2030	102,500	643,777	2040	133,700	709,539
2021	80,600	420,389	2031	105,300	614,761	2041	137,300	829,917
2022	82,800	450,394	2032	108,100	576,368	2042	141,000	974,755
2023	85,000	525,108	2033	111,000	531,606	2043	144,800	1,051,852
2024	87,300	604,120	2034	114,000	619,971	2044	148,700	1,147,913
2025	89,700	561,490	2035	117,100	656,336	2045	152,700	868,980
2026	92,100	526,069	2036	120,300	454,233	2046	156,800	994,680
2027	94,600	440,810	2037	123,500	393,391	2047	161,000	655,026
2028	97,200	528,558	2038	126,800	500,121	2048	165,300	102,165



Page 1.2 - Executive Summary



# 2. RESERVE STUDY REPORT

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

# Myrtle Beach Villas II Homeowners Association, Inc.

## Myrtle Beach, South Carolina

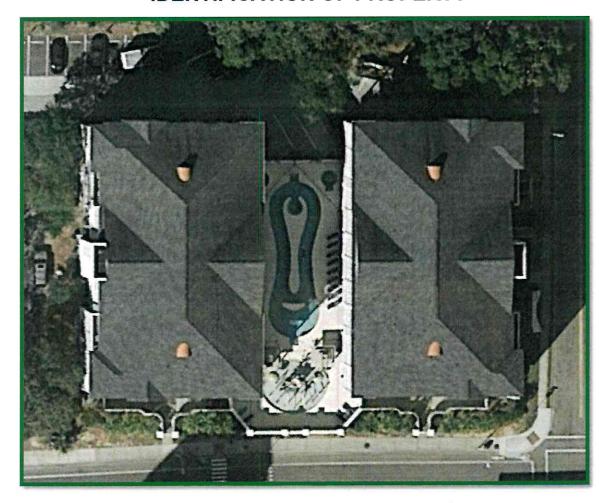
and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, November 29, 2018. We conducted the original inspection on April 17, 2012.

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

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



# **IDENTIFICATION OF PROPERTY**



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

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

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



We advise the Board conduct an annual review of these classes of property to confirm its policy concerning the manner of funding, i.e., from reserves or the operating budget. The Reserve Study identifies Reserve Components as set forth in your Declaration or which were identified as part of your request for proposed services. Reserve Components are defined by CAI as property elements with:

- Myrtle Beach Villas II responsibility
- · Limited useful life expectancies
- · Predictable remaining useful life expectancies
- · Replacement cost above a minimum threshold

Long-Lived Property Elements may not have predictable Remaining Useful Lives or their replacement may occur beyond the 30-year scope of the study. The operating budget should fund infrequent repairs. Funding untimely or unexpected replacements from reserves will necessitate increases to Reserve Contributions. Periodic updates of this Reserve Study will help determine the merits of adjusting the Reserve Funding Plan. We identify the following Long-Lived Property Elements as excluded from reserve funding at this time.

- Electrical Systems, Common
- · Elevators, Hydraulic Cylinders
- Foundations
- Pipes, Interior Building, Domestic Water, Sanitary Waste and Vent, Common
- Pipes, Subsurface Utilities, Laterals to Buildings
- Pool Structures
- Structural Frames

The operating budget provides money for the repair and replacement of certain Reserve Components. The Association may develop independent criteria for use of operating and reserve funds. For purposes of calculating appropriate Reserve Contributions, we identify the following list of Operating Budget Funded Repairs and Replacements:

- General Maintenance to the Common Elements
- Expenditures less than \$3,000 (These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.)
- Air Compressors
- Asphalt Pavement, Parking Area, Crack Repair, Patch and Seal Coat
- Catch Basins
- Concrete Wheel Stops
- Exhaust Fans, Pool Mechanical Rooms
- Fences, Vinyl, Pool Area and Trash Enclosure
- · Heaters, Pool Mechanical Rooms
- Landscape
- · Paint Finishes, Touch Up
- Pool Shower



- Power Washing
- Site Furniture
- Valves (We assume replacement as needed in lieu of an aggregate replacement of all small diameter valves as a single event)
- Other Repairs normally funded through the Operating Budget

Certain items have been designated as the responsibility of the homeowners to repair or replace at their cost. Property Maintained by Homeowners, including items billed back to Homeowners, relates to unit:

- Electrical Systems (Including Circuit Protection Panels)
- · Heating, Ventilating and Air Conditioning (HVAC) Units
- Interiors
- Light Fixtures, Balconies
- Pipes (Within Units)
- Windows and Doors



# 3. RESERVE EXPENDITURES and FUNDING PLAN

The tables following this introduction present:

# Reserve Expenditures

- Line item numbers
- Total quantities
- · Quantities replaced per phase (in a single year)
- · Reserve component inventory
- Estimated first year of event (i.e., replacement, application, etc.)
- · Life analysis showing
  - useful life
  - remaining useful life
- 2018 local cost of replacement
  - Per unit
  - Per phase
  - Replacement of total quantity
- · Total future costs of replacement anticipated during the next 30 years
- Schedule of estimated future costs for each reserve component including inflation

## Reserve Funding Plan

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

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

Reserve Advisors, Inc.

# RESERVE EXPENDITURES

Myrtle Beach Villas II Homeowners Association, Inc.

Explanatory Notes:

1) 2.7% is the estimated future Inflation Rate for estimating Future Replacement Costs.
2) FY2018 is Fiscal Year beginning January 1, 2018 and ending December 31, 2018.

Years 2018 to 2033

				Homeowners Association, Inc. Myrtle Beach, South Carolina								2) FY2	2018 is Fit	scal Year	<ol> <li>FY2018 is Fiscal Year beginning January 1, 2018 and ending December 31, 2018.</li> </ol>	Januar	1, 2018 a	nd ending	Decemb	er 31, 20	18.					
State   Stat	-				Estimated 1st Year of	Life Anal			sts.	lotal								7	000	6	10	<b>.</b>				15
15   15   15   15   15   15   15   15	E E	Quantity			Event	Useful Re.	. 1	i		i		- 1						2025	2026	2027	2028	2029	2030	2031	2032	2033
1.10 1. 10 Care Blackens efficiency Concept Specialists of Table 1. 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1				Exterior Building Elements																						
1,000   Control of the control of	1.020	37		Awnings, Aluminum	2032	to 25	4	800.00	25,600	25,600	37,173													88	37,173	
1.   1.   1.   1.   1.   1.   1.   1.	1,060	14,700			2027	8 to 12	6	6.75	99,225	99,225	505,587									126,112						
101 O 10 Death	1.103	465			2019	to 25		22.00	10,230	10,230	30,957	10,	909													
10 0 10 to 0 to 0 to 0 to 0 to 0 to 0 to	1.105				2033	to 25	15	29.00	29,435	29,435	43,896														*	43,896
50         500 Linear Feet         Coltinate Annium         200         67.70         41.75<	1.180	1		Doors, Metal	2027	lo 20	6	1,250.00	12,500	12,500	42,955									15,887						
2.0. Spanser   2.0.	1.240				2036	to 25	18	7.50	4,125	4,125	6,663															
1   Albourne   Albou	1.260	7.		Light Fixtures, Breezeways and Stairwells	2019	to 20	-	225.00	16,200	16,200	44,983	16,1	637													
1   4   Each   Rock, Metal Domesa   200   10   10   10   10   10   10   1	1.280			Roofs, Asphalt Shingles (Includes Dormer Repairs)		15 to 20	80	385.00	88,550	88,550	291,384								109,585							
1   1   1   1   1   1   1   1   1   1	1.460			Rools, Metal, Dormers	2045	to 40	27	3,000.00	12,000	12,000	24,637															
4 4 Each Shidness Walk Shacoand Elitis Earli Fallows Mark Shacoand Elitis Earli Earl	1,571		1 1 Allowano.			20 to 25	12	12,500.00	12,500	12,500	17,209												17,209			
1   14   14   15   15   15   15   15	1,600	4	4 4 Each	Staircases, Wood (Includes Railings)	2033	to 25	5	16,500.00	000'99	000'99	98,424														o	98,424
Street   Elevator Cale Fishers   Elevator Fisher Fishers   Elevator Cale Fis	1.860	1000	1 Allowanc		2019	to 1	÷	6,000.00	000'9	000'9	279,318	6,1						7,230	7,425	7,626	7,832	8,043	8,260	8,483	8,712	8,948
2   2   Each   Elevator Cab Fishbes   Eleva	1.920			eet Walls, Vinyl Siding	2048	lo 40	30	00'9	319,800	319,800	711,200															
2   2   Each   Elevator Cab Fishes  Elevator Carde Power Record Power Record Carde Ca																										
2         Each Deadly Cab Prinkher         Eleador, Hydraulic, Jungs and Contoba.         2021         is 20         9         1,000.00         20,000         84,727         Ack 534				Bullding Services Elements																						
2         Each Death Elevators, Hydraulic, Purpos and Controls         200         18         76,000.00         182,000	3,311			Elevator Cab Finishes	2027	to 20	6	10,000,00	20,000	20,000	68,727									25,419						
1 1 Allowance Lib Solicy Systems. Control Panche and Emergency Devices 2011 b 25 11 1 1000 85.00 85.00 136,440 3,001 23.444 3,001 1 1 1 Allowance Systems Access System Planch and Emergency Devices Systems Application of the Control Panche and Emergency Devices Systems Application of the Control Panche and Emergency Devices Systems Application of the Control Panche and Emergency Panche and Emergency Systems Application of the Control Panche and Panche and Emergency Devices Device and Panche and Emergency Panche and Panche a	3,320			Elevators, Hydraulic, Pumps and Controls	2036		18	76,000.00	152,000	152,000	245,534															
2         2 Each         Peachaged Terminal Air Conditioning Units, Elevator Rooms         2019         to 5         1         1,500,00         3,000         3,000         3,644         3,181         3,520           1         1 Allowance Security System, Access System         2022         10 to 15         4 to 300,00         3,000         14,257         3,337         3,337           2.85         1 Allowance Security System, Surveillance System         2022         10 to 15         4 to 10         7,500,00         15,000         36,912         8,343         3,337           2.85         285 Square Feet         Concrete Oncores System         2022         10 to 15         10 30-1         11,00         3,575         85,250         31,585         85,250         36,715         85,270         35,775         4,195           2.85         285 Square Feet         Concrete Diversity Partial         2022         10 to 15         10 30-1         3,575         85,250         31,535         3,575         3,575         85,250         31,535         4,195           2.75         3.775 Square Feet         Concrete Diversity Partial         2022         10 to 15         200         2,500         2,500         3,575         85,250         3,575         85,250         3,575         3	3.560	5	1 Allowano		2031	to 25	13	96,500.00	96,500	96,500	136,440													136,440		
1   1 Allowence   Security System, Access System   2022   10 to 15   4 to 10   7,500.00   3,000   14,257   3,337   3	3,611			Packaged Terminal Air Conditioning Units, Elevator Rooms	2019		-	1,500.00	3,000	3,000	26,464	3,6	180				3,520					4,022				
2         1 Allowerce         Sociarity System, Phased         2022         10 to 15         4 to 10         7,500.00         7,500.00         7,500.00         15,000         16,000	3,820					10 to 15	4	3,000.00	3,000	3,000	14,257				3,33											
285         285 Square Yards         Appliable Pavement, Parking Area, Total Regiscement         2033         15 to 20         15         35.00         9.275         9.275         13.822         4.195           7,750         322 Square Feet         Connected Direct Applications, Parkial Registerments and Regalin         2019         to 5         1 to 30+         11.00         3,575         65,290         31,536         3,572         4,195           3,725 Square Feet         Connected Direct Shalin Applications, Parkial Registerments and Regalin         2022         6 to 8         4         5,20         5,700         5,700         5,700         28,280           1         1 Allowance         Furniture         Mochanical Equipment, Fillus and Pumps, Phased         2022         6 to 14         5,700,00         5,700         5,800         8,280           4         4 Eborh         Mochanical Equipment, Fillus and Pumps, Phased         2022         10-16         4         4,500,00         10,000         2,800         8,246         10,758         11,553           4         4 Eborh         Mochanical Equipment, Fillus and Pumps, Phased         2022         10-16         4         4,500,00         10,000         19,000         10,000         20,004         10,000         20,004         10,000         20,00	3,821						1 to 10	7,500.00	7,500	15,000	58,912				8,34						9,790					
285         285 Square Yard Alphath Pavement, Parking Area, Total Replacement         2033         15 b 20         15         35.00         9.275         9.275         13,522         4,195           7,750         325 Square Year Concrete Drivewary, Parkial Replacement, Parkial Replacements and Repairs         2019         16 5 1 to 30+         11.00         3,575         65,290         31,536         3,572         4,195           3,725         3,725 Square Feet Concrete Drivewary, Parkial Replacements and Repairs         2022         6 b 8         4         5.26         115,526         117,528         21,755           1         1 Allowance Furnitive         Light Fickures, Wall-Mounted         2022         6 b 8         4         5.26         15,000         2,500         2,500         3,249           1         1 Allowance Mochanical Equipment, Fillus and Pumps, Phased         2022         6 b 10         8         5,700.00         2,500         3,249         11,553           4         4 Eborh         Mochanical Equipment, Fillus and Pumps, Phased         2022         15 b 14         16,200         15,000         15,000         19,249         11,553           2,125 Square Feel         Volority Placed         2022         15 b 10         4         4,500.00         19,000         19,000         10,200																										
Type   25 Square Feet   Concrete Diversity Parial   Peot Feet   Concrete Diversity Parial Replacements and Repairs   2012   15 0 20   13   23.75   24.75   2				Property Site Elements			,	9	250.0	370.0	60 60															42 623
Pool Elements   Pool Elements   Pool Elements   Pool Elements   Pool Elements   Pool Elements and Repairs   2022   6 to 8   4   5.25   19.556   117.528   117.528   21.755     1   Allowance   Light Fatures, Wall-Mounted   2024   to 20   6   200.00   2,600   8,249   2,500     2   1   1   1   1   1   1   1   1   1	4.045	7		arus Aspriak raverneni, raitulig Artea, Toka Koptatoerinen. net Concrete Divisuary Partial			530+	11.00	3,575	85,250	34 536	36	225				4 195					4.792				3000
3.725 Square Feet Concrete Deck, Shin Applications, Partial Replacements and Repairs         2022 6 to 8         4         5.25 (1956)         19,556 (1956)         117,628         21,755           1         1 Allowance Furniture         Furniture         2022 to 14 (1920)         6 (1900)         5,700 (1900)         5,700 (1900)         28,280         11,653           13         13 Each         Light Fixtures, Walk-Mounted         2022 to 14 (1920)         6 (2000)         2,600 (1920)         6,000 (1920)         19,800 (1920)         1,600         19,800 (1920)         1,600         1,																	1									
3.725         3.725 Square Feet         Controled Dack, Shinh Applicationn, Partial Repilizer ments and Repairs         2022         6 to 6         4         5.25         19.556         19.556         17.65         21.755           1         1 Allowance Repiline Manufactures, Wall-Mounted Repiline and Pumps, Phased         2024         to 2         6         2.000         2.600         2.600         8,439         1.058         1.553           5         1 Allowance Mochanical Equipment, Filters and Pumps, Phased         2022         to 16         4         4,500.00         18,000         18,000         19,000         19,000         19,000         19,000         20,024         20,024         1,553           2,125         2,125 Square Feet         Pool Finishere, Plaster and Tible         2025         16 to 10         7         19,000         19,000         10,000         20,004         20,004         20,004         11,563				Pool Elements																						
1         1 Allowance Furnithre         Fundamental Equipment, Mal-Mounted         2026         b 10         8         5,700.00         5,700         6,700         2,8260         3,8260         3,051           5         1 Allowance Mochanical Equipment, Filters and Pumps, Phased         2021         b 15         2 to 14         10,200.00         10,000         5,700         5,800         1,6320         11,653           4         4 Ecoch         Mochanical Equipment, Filters and Tile         2022         5 to 10         4         4,500.00         18,000         18,000         10,383         7         20,024           2,125         2,125 Square Feel         Pool Finishes, Plaster and Tile         2025         5 to 10         7         19,75         41,969         41,969         20,004         20,004         7           1         1 Ecoch         Water Features, Splast Pool         2025         15 to 20         7         70,000.00         70,000	6.200			eel Concrete Deck, Stain Applications, Partial Replacements and Repairs	2022	6 to 8	4	5.25	19,556	19,556	117,628				21,75	2						26,216				
13         15 Each         Light Fetures, Wall-Mounted         2024         to 20         6         200.00         2,600         2,600         8,849         11,653           5         1 Allowance         Mochanical Equipment, Flater and Pumps, Phased         2020         to 16         2 to 14         10,000         15,000         15,000         15,000         15,000         15,000         15,000         10,000         10,000         10,000         10,000         20,024         20,024           2,125         2,125         2,125 Square Feel         Maker Features, Splash Pool         2025         16 to 2         7         10,000         70,000         70,000         70,000         70,000         228,065         8	6.500	65	1 Allowanc		2026	to 10	80	5,700.00	2,700	2,700	28,280								7,054							
5 1 Allowance Mochanical Equipment, Filters and Pumps, Phased 2020 to 15 2 to 14 10,000.00 10,000 15	6.561			Light Fixtures, Wall-Mounted	2024	to 20	9	200.00	2,600	2,600	8,249						3,051									
4 4 Each Mochanical Equipment, Hashtras 2022 5 to 10 4 4,500.00 18,000 18,000 18,000 2024 20024 2,125 2,125 Square Feet Pool Finisher, Plaster and Tile 2025 8 to 12 7 19,75 41,969 41,969 202,749 202	9.600				2020	15	2 to 14	10,200.00	10,200	51,000	158,241		10,	758		11,65.	2		12,623			13,673			14,811	
2,125 2,125 Square Feel Poof Finishere, Plaster and Tide 2025 8 to 12 7 19,75 41,969 41,969 202,749 1 1 Each Water Features, Splash Pool 2025 15 to 20 7 70,000, 70,000 70,000 228,065	6.601			Mechanical Equipment, Heaters	2022	5 to 10	4	4,500.00	18,000	18,000	108,267				20,02	4						24,129				
1 1 Each Water Features, Splash Pool 2025 15 to 20 7 70,000 70,000 70,000 228,045	6.800				2025	8 to 12	1	19,75	41,969	41,969	202,749							50,573								
	6.950		1 1 Each	Water Features, Splash Pool		15 to 20	1	70,000.00	70,000	70,000	228,065							84,351								

Reserve Advisors, Inc.

# RESERVE EXPENDITURES

Years 2034 to 2048

Myrtle Beach Villas II Homeowners Association, Inc. Myrtle Beach, South Carolina

30 2048 9,954 10,223 10,499 10,782 11,073 11,372 11,679 11,995 12,318 12,651 12,993 13,343 214,864 43,308 22,087 29 2047 27,068 6,325 12,018 28 2046 143,714 181,799 86,164 27 2045 24,637 20,451 7,147 5,198 2044 5,997 38,067 35,038 25 2043 24 2042 18,824 23 13,478 22 2040 28,346 6,255 5,249 2039 17,378 20 2038 164,611 19 2037 9,692 31,590 29,076 18 2036 6,663 16,043 66,012 9,437 17 2035 279,318 9,189 13,832 31,536 5,475 16 2034 58,912 11,487 14,257 4,595 26,464 4,595 30-Year Total (Inflated) 291,384 245,534 117,628 108,267 202,749 24,637 17,209 98,424 28,280 8,249 158,241 6,663 44,983 6,000 41,969 3,000 9,275 51,000 18,000 29,435 4,125 16,200 88,550 12,000 12,500 000'99 96,500 5,700 2,600 Costs, \$ Per Phase Total (2018) (2018) 9,275 18,000 41,969 29,435 4,125 88,550 12,000 000'9 152,000 96,500 3,000 19,556 5,700 2,600 10,200 12,500 16,200 12,500 10,000,00 35.00 5,700.00 200.00 10,200.00 4,500.00 70,000.00 3,000.00 12,500.00 16,500.00 6,000,00 76,000.00 3,000.00 7,500.00 5.25 19.75 29.00 1,250.00 225.00 385.00 1,500.00 22.00 7.50 96,500.00 Estimated Life Analysis, Unit 1st Year of Years Unit Event Useful Remaining (2018) 15 1 to 30+ 4 to 10 15 to 20 8 to 12 15 to 20 20 to 25 to 65 6 to 8 lo 40 to 25 to 20 to 25 to 20 to 1 to 40 6 5 2025 2033 2022 2022 2026 2045 2030 2036 2031 2024 2019 14,700 Square Feet Balconies and Breezeways, Concrete, Repairs and Waterproof Coating Applications Balconies and Breezeways, Railings, Vinyl (Excludes Small Balcony Railings) 3,725 Square Feet Concrete Deck, Stain Applications, Partial Replacements and Repairs Walls, Stucco and EIFS, Paint Finishes and Capital Repairs, Partial Life Safety Systems, Control Panels and Emergency Devices Reserve Component Inventory Packaged Terminal Air Conditioning Units, Elevator Rooms **Building Services Elements** Exterior Building Elements Property Site Elements 265 Square Yards Asphalt Pavement, Parking Area, Total Replacement Mechanical Equipment, Filters and Pumps, Phased Roots, Asphalt Shingles (Includes Dormer Repairs) Pool Elements Security System, Surveillance System, Phased Signage, Property Identification, Renovation Elevators, Hydraulic, Pumps and Controls Light Fixtures, Breezeways and Stairwells Staircases, Wood (Includes Railings) Gutters and Downspouts, Aluminum Security System, Access System Mechanical Equipment, Heaters Balconies, Railings, Vinyl, Small 2,125 Square Feet Pool Finishes, Plaster and Tile Water Features, Splash Pool Light Fixtures, Wall-Mounted 325 Square Feet Concrete Driveway, Partial Roofs, Metal, Dormers Elevator Cab Finishes 53,300 53,300 Square Feet Walls, Vinyl Siding Doors, Metal 1,015 Linear Feet 465 Linear Feet 550 Linear Feet 1 Allowance Units 1 Each 230 Squares 4 Each 10 Each 72 Each 2 Each 13 Each 4 Each 2 Each 4 Each Total Per Phase Quantity Quantity 3,725 265 14,700 1,015 9 465 550 230 6.561 6.600 6.800 6.950 3,311 3.820 4.045 6.200 Line 1,280 1.460 1,571 1,600 1.920 3.560 3.611 1.105 1.180 1.240 1.260

# RESERVE EXPENDITURES

Years 2018 to 2033

				NEOENAE EN ENDI ONEO									Evoluna	Evolanatory Motes													
				Myrtle Beach Villas II								÷	2.7%	is the es	timated fu	ıture Infl	ation Rat	1) 2.7% is the estimated future Inflation Rate for estimating Future Replacement Costs.	nating Fu	uture Rep	olacemen	t Costs,					
				Homeowners Association, Inc. Myrle Beach, South Carolina								2)	FY2018	is Fiscal	Year begi	nning Ja	nuary 1,	2) FY2018 is Fiscal Year beginning January 1, 2018 and ending December 31, 2018.	ending D	Jecember	31, 2018						
					Estimated	_	ife Analysis,		Costs, \$																		
Line	Line Total Per Phase Item Quantity Quantity	Line Total Per Phase Item Quantity Quantity	Units	Reserve Component Inventory	1st Year of Event	Useful	t Year of Years Event Useful Remaining	Unit P (2018)	Per Phase (2018)	Total 3 (2018)	30-Year Total (Inflated)	RUL = 0 FY2018	2019	2 2020	3 2021	4 2022	5 2023	6 2024	7 2025 2	8 2026 2	9 2027 2	10 2028 20	2029 20	12 1 2030 20	13 1 2031 20	14 15 2032 2033	33
				Garage Elements									h														
7.360	17,000	850 Squ	Square Feet	850 Squara Feet Concrete, On-Grade, Partial	2027	to 90	9 to 30+	12.00	10,200	204,000	51,972									4	12,964						
7,500	17,000	17,000 Squ	duare Feet	17,000 17,000 Square Feet Fire Suppression System	2047	to 50	59	3,50	29,500	29,500	128,843																
7.551	16,000	16,000 Squ	Square Feet	16,000 16,000 Square Feet Insulation, Ceilings	2032	to 15	14	1.25	20,000	20,000	72,349														29,041	141	
7.600	86	86 Each	ach	Light Fixtures	2032	to 30	14	300.00	25,800	25,800	37,463														37,463	163	
7,701	505		505 Linear Feet	Railings, Aluminum	2032	to 25	14	40.00	20,200	20,200	29,332														29,332	332	
				Anticipated Expenditures, By Year							\$3,901,526	0	40,058	17,086	6,499	60,134	18,508	17,806 14	142,154 13	136,687 18	188,008 17	17,622 80	80,875 25,	25,469 144,	144,923 156,	156,532 165,100	100

# RESERVE EXPENDITURES

Years 2034 to 2048

Myrtle Beach Villas II Homeowners Association, Inc.

				Myrtle Beach, South Carolina																					
					Estimated	Life A	nalysis,		Costs, \$	3.5															
Line	Total	Per Phase			1st Year of		Years		Per Phase		30-Year Total	16	4	# #	19 20	7	22	23	54	22	56	27	58	53	30
Item	Quantity	Quantity Quantity U	Units	Reserve Component Inventory	Event	Useful	Remaining	(2018)	(2018)	(2018)	(Inflated)	2034	1	.			1	1	1	2043	2044	2045	2046	2047	2048
				Garage Elements																					
7,360	17,000		quare Feet C	850 Square Feet Concrete, On-Grade, Partial	2027	to 90	9 to 30+	12.00	10,200	204,000	51,972			16,	16,921									22,087	
7.500	17,000	17,000 Squar	quare Feet F	17,000 17,000 Square Feet Fire Suppression System	2047	to 50	59	3,50	29,500	29,500	128,843													128,843	
7.551	16,000	16,000 Squar	quare Feet 1	16,000 Square Feet Insulation, Ceilings	2032	to 15	41	125	20,000	20,000	72,349													43,308	
7.600	98	6 86 Each		Light Fixtures	2032	to 30	4	300.00	25,800	25,800	37,463														
7.701	505		near Feet 8	505 Linear Feet Railings, Aluminum	2032	to 25	14	40.00	20,200	20,200	29,332													N. C. C.	
			n 🍮	Anticipated Expenditures, By Year							\$3,901,526	35,341	91,492 331	331,763 191	191,486 27,601	01 50,349	19 24,260	29,897	11,372	84,784	71,179	448,632	46,808	514,558	724,543

# RESERVE FUNDING PLAN

CASH FLOW ANALYSIS Myrtle Beach Villas II

Homeowners Association, Inc.  Myrtle Beach, South Carolina Reserves at Beginning of Year (Note 1)  Total Recommended Reserve Contributions (Note 2)  Plus Estimated Interest Earned, During Year (Note 3)  ess Anticipated Expenditures, By Year	FY2018 N/A N/A N/A N/A	2019 2019 219,205 90,000 4,151 (40,058	S	8. Cash Flows for the Next 2021 2022 339,880 420,389 80,600 82,800 6,408 7,339 (6,499) (60,134)	2022 420,389 420,389 82,800 7,339 (60,134)	2023 2023 450,394 8,222 (18,508)	2024 525,108 87,300 9,518 (17,806)	2025 604,120 89,700 9,824 (142,154)	2026 561,490 92,100 9,166 (136,687)	2027 526,069 94,600 8,149 (188,008)	2028 440,810 97,200 8,170 (17,622)	2029 528,558 99,800 9,146 (80,875)	2030 556,629 102,500 10,117 (25,469)	2031 643,777 105,300 10,607 (144,923)	2032 614,761 108,100 10,039 (156,532)	2033 576,368 111,000 9,38 (165,100)
Anticipated Reserves at Year End	\$219,205	\$219.205 \$273.298 \$339.880	\$339,880	\$420,389	\$450,394	\$525,108	\$604,120	\$561,490	\$526,069	\$440,810	\$528,558	\$556,629	\$643,777	\$614,761	\$576.368	\$531,606

					- 9	\$ \$102,165 (NOTES 4&5)
	204	994,680	161,000	13,904	(514,558)	\$655.026
	2046	868,980	156,800	15,708	(46,808)	\$994,680
	2045	1,147,913	152,700	16,999	(448,632)	\$868,980
	2044	1,051,852	148,700	18,540	(71,179)	\$1,147,913
	2043	974,755	144,800	17,081	(84,784)	1,051,852
	2042	829,917	141,000	15,210	(11,372)	\$974,755
	2041	709,539	137,300	12,975	(29,897)	\$829,917
	2040	589,153	133,700	10,946	(24,260)	\$709,539
ntinued	2039	500,121	130,200	9,181	(50,349)	\$589,153
30 Years, Cor	2038 203	393,391	126,800	7,531	(27,601)	\$500,121
for the Next	2037	454,233	123,500	7,144	(191,486)	\$393,391
& Cash Flows	35 2036 2037 2038	656,336	120,300	9,360	(331,763)	\$454,233
erve Budgets	2035	619,971	117,100	10,757	(91,492)	\$656,336
Individual Reserve Budge	2034	531,606	114,000	902'6	(35,341)	\$619,971
(continued)	The man is a children	Reserves at Beginning of Year	Total Recommended Reserve Contributions	Plus Estimated Interest Earned, During Year	Less Anticipated Expenditures, By Year	Anticipated Reserves at Year End

- Explanatory Notes:

  1 Year 2018 ending reserves are as of January 1, 2019; FY2018 starts January 1, 2018 and ends December 31, 2018.
  2 Reserver Contributions for 2019 are budgeted; 2020 is the first year of recommended contributions.
  3) 1.7% is the estimated annual rate of return on invested reserves
  4) Accumulated year 2046 ending reserves consider the age, size, overall condition and complexity of the property.
  5) Threshold Funding Year (reserve balance at critical point).

Funding Plan - Section 3



# **4.RESERVE COMPONENT DETAIL**

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

# **Exterior Building Elements**



Exterior view of buildings



Exterior view of building



Exterior view of building



Exterior view of building





Exterior view of building

# Awnings, Aluminum

Line Item: 1.020

Quantity: 32 aluminum awnings at the building exteriors

History: Original

Condition: Good overall







**Aluminum awnings** 

Useful Life: Up to 25 years

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the Reserve

Expenditures table in Section 3.



# Balconies and Breezeways, Concrete

Line Item: 1.060

Quantity: Concrete balconies and breezeways comprising approximately 14,700

square feet of horizontal surface area.

History: The Association applied waterproof coatings to the balconies and breezeways

in 2017.

Condition: Good overall



Concrete balconies and vinyl railings



Concrete balconies and vinyl railings



Overview of typical breezeway finishes and fixtures



Waterproof coating at concrete breezeway







Waterproof coating at concrete breezeway

Waterproof coating at concrete breezeway

**Useful Life:** Capital repairs including a close-up visual inspection, patching of delaminated concrete, routing and filling of cracked concrete, and waterproof coating applications every 8- to 12-years.

Component Detail Notes: A waterproof coating application minimizes storm water penetration into the concrete and therefore minimizes future concrete deterioration. Failure to maintain a waterproof coating on the balconies and breezeways will result in increased concrete repairs and replacements as the balconies and breezeways age. Capital repairs may also include replacement of the caulked joint between the balcony and breezeway and the building, and repair or replacement of the metal railings and railing fastener attachments as needed.

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

**Expenditure Detail Notes:** Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our cost is based on information provided by the Association and includes the following activities per event:

- Partial depth replacement of less than one percent (0.5%) of the concrete topsides, edges and undersides
- · Crack repairs as necessary
- Repairs to the railings as necessary
- · Replacement of perimeter sealants as needed
- Application of a waterproof coating (Urethane based elastomeric)

# Balconies and Breezeways, Railings, Vinyl

Line Items: 1.103 and 1.105

Quantity: 465 linear feet of small vinyl railings at the balconies, and 1,015 linear feet of small and large vinyl railings at the balconies and breezeways



History: Original

**Condition:** Good overall condition. Management informs us that there have been stability issues with the small balcony railings and the Association plans to replace them in the near term.



Small vinyl railing at balcony



Small vinyl railings at balconies



Vinyl railings at balconies



Vinyl railings at balconies







Vinyl railings at breezeway

Vinyl railings at breezeway

Useful Life: Up to 25 years

Component Detail Notes: The finish on these types of railings is maintenance free and should last the life of the railings.

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

**Expenditure Detail Notes:** Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We base our estimate of unit cost on information provided by Management.

# Doors, Entrances

Line Item: 1.180

Quantity: 10 metal doors at the garages and pool equipment rooms

History: Original

**Condition:** Good overall with finish deterioration evident at the doors to the pool mechanical rooms. The Association should fund finish applications to the doors from the operating budget on an as-needed basis.







Metal doors at pool mechanical rooms

Rust formation at pool mechanical room door

Useful Life: Up to 20 years

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the Reserve

Expenditures table in Section 3.

# **Gutters and Downspouts, Aluminum**

Line Item: 1.240

Quantity: Approximately 550 linear feet of aluminum gutters and three-inch by four-

inch downspouts

History: Installed in 2017

Condition: Good overall

Useful Life: Up to 25 years

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the Reserve

Expenditures table in Section 3.

# **Light Fixtures**

Line Item: 1.260

Quantity: 72 exterior ceiling-mounted light fixtures accent the breezeways and

stairwells.



History: Original

**Condition:** Management informs us that the Association plans to replace the light fixtures in the near term.



Light fixtures at breezeway

Useful Life: Up to 20 years

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the Reserve

Expenditures table in Section 3.

# Roofs, Asphalt Shingles

Line Item: 1.280

Quantity: Approximately 230 squares<sup>1</sup>

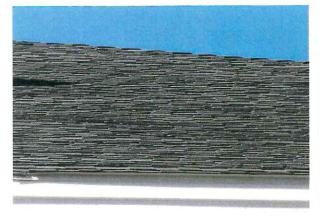
History: Original

Condition: Good overall with no significant deterioration evident from our visual

inspection from the ground.

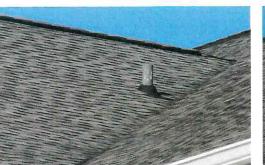
<sup>&</sup>lt;sup>1</sup> We quantify the roof area in squares where one square is equal to 100 square feet of surface area.







Asphalt shingle roof



Asphalt shingle roof



Asphalt shingle roof

Useful Life: 15- to 20-years

Asphalt shingle roof

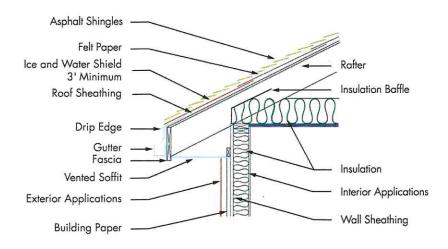
Component Detail Notes: The existing roof assembly comprises the following:

- Laminate shingles
- Boston style ridge caps
- Rubber seal with plastic base boot flashing at waste pipes
- · Soffit, dormer gables and ridge vents
- Enclosed full weaved valleys

The following cross-sectional schematic illustrates a typical asphalt shingle roof system although it may not reflect the actual configuration at Myrtle Beach Villas II:



# ROOF SCHEMATIC



© Reserve Advisors, Inc.

Contractors use one of two methods for replacement of sloped roofs, either an overlayment or a tear-off. Overlayment is the application of new shingles over an existing roof. However, there are many disadvantages to overlayment including hidden defects of the underlying roof system, absorption of more heat resulting in accelerated deterioration of the new and old shingles, and an uneven visual appearance. Therefore, we recommend only the tear-off method of replacement. The tear-off method of replacement includes removal of the existing shingles, flashings if required and underlayments.

The Association should plan to coordinate the replacement of gutters and downspouts with the adjacent roofs. This will result in the most economical unit price and minimize the possibility of damage to other roof components as compared to separate replacements.

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

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

## Roofs, Metal, Dormers

Line Item: 1.460

Quantity: Four standing seam metal roofs at the dormers



History: Original

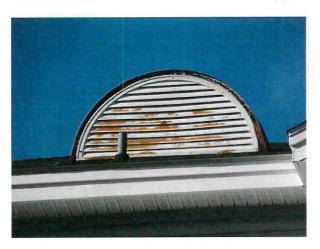
Condition: The metal roofs are in good overall condition. The gables at the roofs

exhibit finish deterioration and rust formation.



Metal roof at dormer

Finish deterioration and rust formation at dormer gable



Finish deterioration and rust formation at dormer gable

Useful Life: Up to 40 years

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the Reserve

Expenditures table in Section 3.

# Signage, Property Identification

Line Item: 1.571



Quantity: One large property identification sign attached to the façade of the northeast

building.

History: Original

Condition: Good to fair overall





Property identification signage

Property identification signage

Useful Life: Renovation every 20- to 25-years

Component Detail Notes: Community signage contributes to the overall aesthetic appearance of the property to owners and potential buyers. Renovation or replacement of community signs is often predicated upon the desire to "update" the perceived identity of the community rather than for utilitarian concerns. Therefore, the specific times for replacement or renovation are discretionary. The signage includes the following elements:

- Lettering
- Paint finishes
- Metal facade

Priority/Criticality: Per Board discretion

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

## Staircases, Wood

Line Item: 1.600

Quantity: Four sets of wood staircases located at the breezeways

History: Original

Condition: Good overall







Wood staircase and railings





Wood staircase and railings

Useful Life: Up to 25 years

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

**Expenditure Detail Notes:** Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. The Association should budget for periodic power washing, minor replacements, and staining through the operating budget.

# Walls, Stucco

Line Item: 1.860

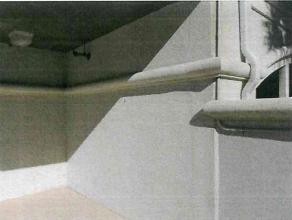
Quantity: Approximately 16,500 square feet at the building exteriors and pool wall

History: Management informs us that the Association conducts stucco repairs and paint applications on an annual basis.



**Condition:** The condition ranges from good to poor. We note areas of cracked and deteriorated stucco, and stained stucco finishes.





Exterior stucco wall finishes



Stucco wall finishes at pool area

Exterior stucco wall finishes



Exterior stucco wall finishes





Stucco crack and deterioration at base of exterior wall



Stucco crack and deterioration at base of exterior wall



Stain at exterior stucco wall



Stains at exterior stucco wall



Stucco crack at exterior wall



Stains at exterior stucco wall