

RESERVE EXPENDITURES

9400 Ocean Highway Condominium, Inc. Ocean City, Maryland

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Costs, \$			Percentage of Future Expenditures
						Useful	Remaining	Unit (2023)	Per Phase (2023)	Total (2023)	
<u>Exterior Building Elements</u>											
1.060	26,900	5,380	Square Feet	Balconies, Concrete, Inspections and Repairs, Phased	2025	8 to 12	2 to 10	8.00	43,040	215,200	6.6%
1.105	5,700	2,850	Linear Feet	Balconies, Railings, Aluminum (Incl. Terrace), Phased	2027	to 50	4 to 5	150.00	427,500	855,000	5.6%
1.115	400	400	Square Feet	Deck and Stairs, Composite, Beach Access	2044	20 to 25	21	41.00	16,400	16,400	0.2%
1.180	7	1	Each	Doors, Automatic Sliding, Phased	2026	to 25	3 to 21	14,500.00	14,500	101,500	1.1%
1.499	11,700	11,700	Square Feet	Roof, Modified Bitumen, Coating Application	2026	to 10	3	16.00	187,200	187,200	3.5%
1.500	11,700	11,700	Square Feet	Roof, Modified Bitumen, Replacement	2036	15 to 20	13	42.50	497,250	497,250	4.4%
1.610	12,400	12,400	Square Feet	Terrace, Concrete, Coatings and Capital Repairs, Northeast Section	2023	10 to 15	0	5.00	62,000	62,000	1.7%
1.611	8,000	8,000	Square Feet	Terrace, Concrete, Coatings and Capital Repairs, Pool Area	2023	10 to 15	0	8.00	64,000	64,000	1.7%
1.612	3,900	3,900	Square Feet	Terrace, Concrete, Coatings and Capital Repairs, Remaining Areas	2032	10 to 15	9	5.00	19,500	19,500	0.4%
1.660	100,100	20,020	Square Feet	Walls, Concrete, Inspections, Repairs and Coating Applications, Phased	2023	to 10	0 to 8	8.00	160,160	800,800	25.6%
1.980	2,120	2,120	Square Feet	Windows and Doors, Common	2048	45 to 55	25	117.00	248,040	248,040	3.3%
<u>Interior Building Elements</u>											
2.060	32,250	16,125	Square Feet	Ceilings, Acoustical Tiles, Grid and Lighting, Hallways and Lobby, Phased	2037	to 30	14 to 15	9.50	153,188	306,375	2.9%
2.100	3	3	Each	Elevator Cab Finishes	2030	to 20	7	16,000.00	48,000	48,000	1.0%
2.160	2	1	Allowance	Exercise Equipment, Phased	2026	5 to 15	3 to 8	9,800.00	9,800	19,600	0.6%
2.180	1	1	Allowance	Exercise Room, Renovation	2031	to 15	8	5,100.00	5,100	5,100	0.1%
2.200	2,260	1,130	Square Yards	Floor Coverings, Carpet, Hallways, Phased	2035	15 to 20	12 to 13	60.00	67,800	135,600	2.3%
2.240	1,140	1,140	Square Yards	Floor Coverings, Tile, Hallways, Floors 2-22	2049	to 30	26	100.00	114,000	114,000	1.6%
2.241	200	200	Square Yards	Floor Coverings, Tile, Lobby Level	2030	to 30	7	100.00	20,000	20,000	0.1%
2.450	2	1	Allowance	Furnishings, Lobby, Phased	2030	to 20	7 to 17	13,000.00	13,000	26,000	0.4%
2.700	165	165	Each	Mailboxes	2030	to 35	7	105.00	17,325	17,325	0.1%
2.715	1	1	Allowance	Manager Apartment, Renovation	2030	15 to 20	7	35,000.00	35,000	35,000	0.7%
2.800	84,200	42,100	Square Feet	Paint Finishes, Hallways and Lobby, Phased	2027	8 to 12	4 to 5	0.90	37,890	75,780	2.7%
2.820	2	2	Each	Paint Finishes, Stairwells (Includes Railings)	2035	15 to 20	12	23,500.00	47,000	47,000	0.4%
2.840	1	1	Allowance	Party (Chesapeake) Room, Renovation, Complete	2037	15 to 20	14	43,000.00	43,000	43,000	0.4%
2.845	1	1	Allowance	Party (Chesapeake) Room, Renovation, Partial	2029	8 to 10	6	13,000.00	13,000	13,000	0.3%
2.900	2	2	Each	Rest Rooms, Renovation, Pool	2031	to 25	8	10,500.00	21,000	21,000	0.2%
<u>Building Services Elements</u>											
3.070	3	3	Each	Air Handling and Condensing Units, Split Systems (Near Term is One)	2024	15 to 20	1	8,000.00	24,000	24,000	0.6%
3.360	3	3	Each	Elevators, Traction, Controls and Equipment	2033	to 30	10	323,000.00	969,000	969,000	7.7%
3.440	1	1	Each	Generator, Emergency, 100-kW (Includes Transfer Switch)	2043	to 30	20	48,000.00	48,000	48,000	0.5%
3.500	18	3	Each	Laundry Equipment, Washers and Dryers, Phased	2025	10 to 15	2 to 12	1,500.00	4,500	27,000	0.5%
3.555	1	1	Allowance	Life Safety System, Control Panels	2025	to 15	2	34,000.00	34,000	34,000	0.6%
3.560	1	1	Allowance	Life Safety System, Emergency Devices	2025	to 25	2	120,000.00	120,000	120,000	2.4%
3.605	165	17	Units	Pipes, Domestic Water, Waste and Vent, Partial	2038	to 80+	15 to 30+	6,500.00	107,250	1,072,500	8.0%
3.700	2	2	Each	Pumps, Domestic Cold Water, 15-HP (Incl. Controls & VFDs)	2034	15 to 20	11	20,500.00	41,000	41,000	1.0%
3.770	1	1	Each	Pump, Fire Suppression, 75-HP (Incl. Jockey Pump)	2053	to 50	30	77,000.00	77,000	77,000	1.2%
3.771	1	1	Allowance	Pump, Fire Suppression, Controller	2024	to 50	1	40,000.00	40,000	40,000	0.2%

Explanatory Notes:

- 1) **3.5%** is the estimated Inflation Rate for estimating Future Replacement Costs.
- 2) FY2023 is Fiscal Year beginning October 1, 2022 and ending September 30, 2023.

RUL = 0 FY2023	1 2024	2 2025	3 2026	4 2027	5 2028	6 2029	7 2030	8 2031	9 2032	10 2033	11 2034	12 2035	13 2036	14 2037	15 2038
		46,106		49,389		52,907		56,675		60,712		65,036		69,669	
				490,566	507,736										
			16,076			17,824			19,762			21,910			24,293
		207,552													
													777,677		
62,000												93,686			
64,000												96,708			
									26,576						
177,921	171,567	183,787	196,878	210,900	225,921	242,013	259,250								
														247,964	256,642
							61,069								
		10,865						12,905					15,327		
								6,716							
												102,450	106,036		
								25,446							
								16,540							
								22,042							
								44,530							
			43,480	45,001								57,254	59,258		
												71,020			
														69,604	
						15,980									
								27,653							
	8,280											36,266			
										1,366,870					
		4,821	5,164	5,532	5,926	6,348	6,800								
		36,422													
		128,547													
															179,681
											59,859				
41,400															

16 2039	17 2040	18 2041	19 2042	20 2043	21 2044	22 2045	23 2046	24 2047	25 2048	26 2049	27 2050	28 2051	29 2052	30 2053
74,631		79,946		85,641		91,740		98,274		105,274		112,772		120,804
		26,934			33,775								37,992	
					29,862		412,985							
								141,566						
								146,133						
277,715		297,495		318,685		341,383		365,698		391,745		419,647		449,536
									586,179					
												121,515		
	18,203						21,620						25,678	
							11,251							190,301
										278,839				
	23,331											32,910		
								79,916						
					78,032	80,763								106,349
								29,683						
													62,884	
	8,076		8,651		95,510					10,635		11,392		
	61,019				9,267		9,928							
													303,788	
		199,216			220,874			244,887				271,511		301,029
													111,187	
														216,123

RESERVE EXPENDITURES

**9400 Ocean Highway
Condominium, Inc.
Ocean City, Maryland**

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Costs, \$			Percentage of Future Expenditures
						Useful	Remaining	Unit (2023)	Per Phase (2023)	Total (2023)	
3.820	3	1	Allowance	Security System, Phased	2028	10 to 15	5 to 15	23,500.00	23,500	70,500	1.5%
3.880	22	22	Floors	Trash Chute and Doors	2029	to 55	6	3,500.00	77,000	77,000	0.5%
3.900	1	1	Each	Trash Compactor	2032	to 25	9	17,000.00	17,000	17,000	0.1%
3.940	1	1	Each	Water Heater	2033	15 to 20	10	15,000.00	15,000	15,000	0.3%
<u>Property Site Elements</u>											
4.020	6,200	6,200	Square Yards	Asphalt Pavement, Crack Repair, Patch, Seal Coat, and Striping	2023	to 5	0	3.40	21,080	21,080	1.1%
4.040	6,200	6,200	Square Yards	Asphalt Pavement, Mill and Overlay, Parking Areas	2028	15 to 20	5	17.50	108,500	108,500	0.7%
4.045	6,200	6,200	Square Yards	Asphalt Pavement, Total Replacement, Parking Areas	2048	15 to 20	25	33.00	204,600	204,600	2.7%
4.200	540	540	Linear Feet	Fence, Aluminum, Perimeters	2047	to 25	24	36.00	19,440	19,440	0.3%
4.500	1	1	Allowance	Landscape, Dune Renovations	2032	to 10	9	20,000.00	20,000	20,000	0.7%
4.560	27	27	Each	Light Poles and Fixtures	2031	to 25	8	3,000.00	81,000	81,000	0.6%
<u>Pool Elements</u>											
6.300	1,210	1,210	Square Feet	Cover, Vinyl	2025	6 to 8	2	4.50	5,445	5,445	0.2%
6.400	220	220	Linear Feet	Fence, Aluminum, Five-Foot Height Only	2043	to 25	20	54.00	11,880	11,880	0.1%
6.800	1,080	1,080	Square Feet	Pool Finish, Plaster	2026	8 to 12	3	15.00	16,200	16,200	0.4%
6.801	130	130	Linear Feet	Pool Finish, Tile	2036	15 to 25	13	42.50	5,525	5,525	0.0%

Anticipated Expenditures, By Year (\$17,701,590 over 30 years)

Explanatory Notes:

- 1) **3.5%** is the estimated Inflation Rate for estimating Future Replacement Costs.
- 2) FY2023 is Fiscal Year beginning October 1, 2022 and ending September 30, 2023.

RUL = 0 FY2023	1 2024	2 2025	3 2026	4 2027	5 2028	6 2029	7 2030	8 2031	9 2032	10 2033	11 2034	12 2035	13 2036	14 2037	15 2038
					27,911					33,149					39,371
						94,653				23,169					
										21,159					
21,080										29,735					35,316
					128,864										
										27,258					
								106,662							
		5,833								7,681					
			17,961										25,336		
													8,641		
325,001	49,680	393,296	252,454	772,386	709,512	383,774	169,627	427,437	96,765	1,751,575	59,859	793,143	992,275	646,487	535,303

16 2039	17 2040	18 2041	19 2042	20 2043	21 2044	22 2045	23 2046	24 2047	25 2048	26 2049	27 2050	28 2051	29 2052	30 2053
				46,760					55,536					65,960
39,303														
				41,945										59,167
483,520														
			38,450					44,388						54,238
10,114														
				23,639										
35,739														
352,346	92,426	631,908	47,101	612,180	411,969	513,886	491,523	1,150,545	1,135,870	789,176	741,116	698,276	165,425	1,509,269

RESERVE FUNDING PLAN

CASH FLOW ANALYSIS

9400 Ocean Highway
Condominium, Inc.

Individual Reserve Budgets & Cash Flows for the Next 30 Years

Ocean City, Maryland	FY2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
Reserves at Beginning of Year	(Note 1) 474,770	312,773	537,659	516,138	732,639	445,261	235,824	369,260	736,590	866,544	1,348,605	193,509	727,964	530,310	131,443	97,555
Total Recommended Reserve Contributions	(Note 2) 160,485	271,600	368,100	464,600	480,900	497,700	515,100	533,100	551,800	571,100	591,100	591,100	591,100	591,100	611,800	633,200
Estimated Interest Earned, During Year	(Note 3) 2,519	2,966	3,675	4,355	4,108	2,375	2,110	3,857	5,591	7,726	5,379	3,214	4,389	2,308	799	1,026
Anticipated Expenditures, By Year	(325,001)	(49,680)	(393,296)	(252,454)	(772,386)	(709,512)	(383,774)	(169,627)	(427,437)	(96,765)	(1,751,575)	(59,859)	(793,143)	(992,275)	(646,487)	(535,303)
Anticipated Reserves at Year End	\$312,773	\$537,659	\$516,138	\$732,639	\$445,261	\$235,824	\$369,260	\$736,590	\$866,544	\$1,348,605	\$193,509	\$727,964	\$530,310	\$131,443	\$97,555	\$196,478
						(NOTE 5)					(NOTE 5)					(NOTE 5)
Predicted Reserves based on 2023 funding level of:	\$175,074	312,773	440,795	224,895	148,818	(449,543)	(988,998)									

(continued)

Individual Reserve Budgets & Cash Flows for the Next 30 Years, Continued

	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
Reserves at Beginning of Year	196,478	391,182	867,245	825,039	1,389,863	1,412,758	1,658,702	1,826,873	2,042,144	1,621,979	1,238,787	1,226,911	1,290,174	1,424,767	2,123,919
Total Recommended Reserve Contributions	545,000	564,100	583,800	604,200	625,300	647,200	669,900	693,300	717,600	742,700	768,700	795,600	823,400	852,200	882,000
Estimated Interest Earned, During Year	2,050	4,389	5,902	7,725	9,775	10,713	12,157	13,494	12,780	9,978	8,600	8,779	9,469	12,377	12,672
Anticipated Expenditures, By Year	(352,346)	(92,426)	(631,908)	(47,101)	(612,180)	(411,969)	(513,886)	(491,523)	(1,150,545)	(1,135,870)	(789,176)	(741,116)	(698,276)	(165,425)	(1,509,269)
Anticipated Reserves at Year End	\$391,182	\$867,245	\$825,039	\$1,389,863	\$1,412,758	\$1,658,702	\$1,826,873	\$2,042,144	\$1,621,979	\$1,238,787	\$1,226,911	\$1,290,174	\$1,424,767	\$2,123,919	\$1,509,322
															(NOTE 4)

Explanatory Notes:

- 1) Year 2023 starting reserves are as of October 31, 2022; FY2023 starts October 1, 2022 and ends September 30, 2023.
- 2) Reserve Contributions for 2023 are the remaining budgeted 11 months; 2024 is the first year of recommended contributions.
- 3) 0.7% is the estimated annual rate of return on invested reserves; 2023 is a partial year of interest earned.
- 4) Accumulated year 2053 ending reserves consider the need to fund for subsequent replacement of modified bitumen roof and elevator equipment shortly after 2053, and the age, size, overall condition and complexity of the property.
- 5) Threshold Funding Years (reserve balance at critical point).