

Reserve Details

As per Florida Senate Bill 4-D (SB 4-D), we are required to conduct a Structural Integrity Reserve Study (SIRS) and maintain adequate financial reserves for essential building components. This law, effective as of December 31, 2024, prohibits waiving or reducing these reserves for all the budget adopted after December 31, 2024. Since we have adopted the 2025 budget before December 31, 2024 we were able to waive the reserve for 2025.

This means we must begin funding the reserve starting in 2026. However, for the 2026 budget, we will not add any new reserve contribution directly to the budget because we plan to fund the reserve through a transfer of \$130,000 from our assessment account to the reserve account.

Therefore, if the motion to transfer \$130,000 from the Assessment Account to the Reserves funds is adopted, the **quarterly** estimated contributions for the reserve to be added to the maintenance fees in the next 7 budgets will be:

	27 shares	29 shares	43 shares	48 shares
2026	\$0.00	\$0.00	\$0.00	\$0.00
2027	\$278.79	\$299.44	\$443.99	\$495.62
2028	\$287.15	\$308.42	\$457.31	\$510.49
2029	\$295.76	\$317.67	\$471.03	\$525.80
2030	\$304.64	\$327.20	\$485.16	\$541.58
2031	\$313.78	\$337.02	\$499.72	\$557.82
2032	\$323.19	\$347.13	\$514.71	\$574.56

The reserve amounts has not been determined by us, the contributions from residents have been determined based on the SIRS conducted by our engineer. This study assesses the expected lifespan and estimated costs for major repairs, helping us plan the reserve funding accordingly.

The reserve funds **will only be used** for the specific items identified in the SIRS: ***(Roof replacement, Structural/Concrete/Stucco, Building Painting, Railing, Common Area Electrical, Common Area Plumbing, Fire Alarm System, Windows and Entry Doors in common area)***.

While the reserve fund is designed to cover planned major expenses, it does not eliminate the possibility of a special assessment.

The reserve is based on estimates for expected repairs, considering projected timelines and costs. However, certain unexpected events, such as natural disasters, structural failures, or urgent repairs may occur sooner than anticipated or cost more than the funds available.

For example, while the SIRS allocates a reserve for the roof, if unforeseen damage occurs that requires replacing the roof much earlier than planned, or if the actual cost significantly exceeds the estimates, the reserve may not be sufficient. In such cases, a special assessment might still be required to cover the funding gap.

There are different types of accounts that we may use for the reserves.

I think that a Savings Account is a good option for us:

1. **Liquidity & Flexibility** – Unlike CDs, which lock funds for a set term, a saving account allows us to access our funds at any time without early withdrawal penalties. This ensures we have cash readily available for unforeseen expenses.
2. **Competitive Interest Rates** – Some saving accounts offer rates comparable to CDs, meaning we can earn interest while keeping funds accessible.

I believe a saving account is the best option for preserving liquidity while still earning interest on our funds.

3. **Security**

The bank deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per account category, and per FDIC-insured institution.

Given that in the second year, we will exceed the \$250,000 limit per account, I am considering the possibility of opening multiple saving accounts at the same branch to maximize FDIC insurance coverage. This approach would allow us to distribute funds across different accounts, ensuring greater protection for our deposits.

This information was found on the bank's website; it should be verified with our bank, and we could adjust our decision based on the bank's advice.