CAPITAL RESERVE ANALYSTS

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March 1, 2016

Sample Association

Regarding: FY2016 - Level I Capital Replacement Reserve Study

We are pleased to submit this Level I Reserve Study for Sample Association. This report is a budgeting tool designed to help you navigate the uncertain future. It contains financial projections to help you understand your future reserve expenses. This report will help you answer the questions “Do we have enough in our Reserve account?” and “How much do we need to contribute to our reserve fund?”

If you have questions about the Reserve Study, please contact us at (480) 840-7130. We look forward to doing business with you in the future.

Thank you,

Casey Arnett

Contents

Disclosure and Limitations

Because we have no control over future events, we cannot claim that all the events we anticipate will occur as planned. We expect that inflationary trends will continue, and we expect that financial institutions will provide interest earnings on funds on-deposit. We believe that reasonable estimates for these figures are much more accurate than ignoring these economic realities. The things we can control are measurements, which we attempt to establish within 5% accuracy. Your starting Reserve Balance and current Reserve interest earnings are also numbers that can be identified with a high degree of certainty. These figures have been provided to us, and were not confirmed by our independent research. Our projections assume a stable economic environment and lack of natural disasters. Because both the physical status and financial status of the association change each year, this Reserve Study is by nature a "one-year" document. This information can and should be adjusted annually as part of the Reserve Study Update process so that more accurate estimates can be reflected in the Reserve plan.

Reality often differs from even the best assumptions due to changing economic factors, physical factors, or ownership expectations. Because many years of financial preparation help the preparation for large expenses, this Report shows expenses for the next 30 years. We fully expect a number of adjustments will be necessary through the interim years to both the cost and timing of distant expense projections.

It is our recommendation and that of the American Institute of Certified Public Accountants (AICPA) that your Reserve Study be updated annually. We have relied upon the client to provide the current (or projected) Reserve Balance, the estimated net-after-tax current rate of interest earnings, and to indicate if those earnings accrue to the Reserve Fund. In addition, we have considered the association's representation of current and historical Reserve projects reliable, and we have considered the representations made by its vendors and suppliers to also be accurate and reliable.

Component quantities indicated in this Report were developed by Capital Reserves unless otherwise noted in our "Site Inspection Notes" comments. No destructive or intrusive testing was performed, nor should the site inspection be assumed to be anything other than for budget purposes.

Report Guide

The Board of Directors or governing body of common interest entities has a fiduciary responsibility to maintain and preserve the value of common area assets belonging to the entity. As part of their fiduciary duty, board members are responsible for the long-term planning and funding of future major repairs and replacements of community assets such as; remodeling the clubhouse, retrofit of the fire alarm system and resurfacing of private streets.

The purpose of this study is to provide the Association with an inventory of reserve components that require periodic repair and replacement and a reserve funding plan to offset the associated costs of these projects. This report provides condition assessments and maintenance schedules of each reserve component to assist the association in making budget decisions regarding reserve funding.

This reserve study adheres to the Community Association Institute's (CAI) standards regarding service levels and disclosures. This report is in compliance with The American Institute of Certified Public Accountants (AICPA) guidelines for Common Interest Realty Associations. Recommendations and accompanying assumptions included herein are based on information provided to Capital Reserve Analysts and assembled for the Association's use.

The report has been divided into four easy-to-understand sections:

Report Summary
Provides an overview of the Association's current physical condition and financial situation, outlining significant findings and conclusions. This section of the report should be used as a quick reference in helping the reader to understand the parameters and results of the study.

Methodology
Details the framework, methods, and materials used in developing the reserve study and the associated funding plan. This section provides a comprehensive understanding of the methodology and the process taken to develop the report.

Financial Analysis
Examines report finding and results with projections for individual reserve components expenses and recommended funding.

Physical Analysis
Provides in-depth, detailed condition assessments for each reserve component along with maintenance recommendations and depreciation schedules based on estimated useful life, remaining useful life and current replacement costs.

Project Overview

Association Name:
Sample Association

Project Description
Condominiums

Number of Units
32

Location:
Anywhere, Arizona

Type of Study
Level I Reserve Study

Date Prepared
March 1, 2016

Year Constructed
1986

Funding Strategy Recommended
Full Funding

Next Study
2016

Project Summary

Report Period (Fiscal Year)	1/1/2016 – 12/31/2045
Inflation Rate	3.00%
Interest Rate	0.20%
Projected Starting Reserve Balance	*$35,404
Fully Funded Balance	$99,887
Percent Funded	35.4%
*2016 Annual Contribution	$6,228
2017 Special Assessment	$25,000

Current projected Reserve balance on 1/1/2016

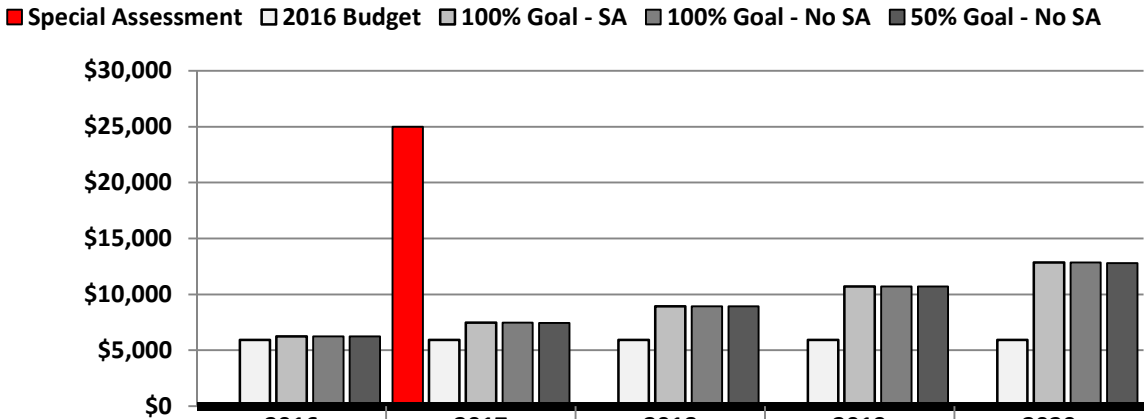
100% Funded level

**Recommended funding plan includes 19.85% annual increases for 8 years followed by 3% annual increases for the remaining years.*

Financial Overview

5-Year Summary of Reserve Funding Plans

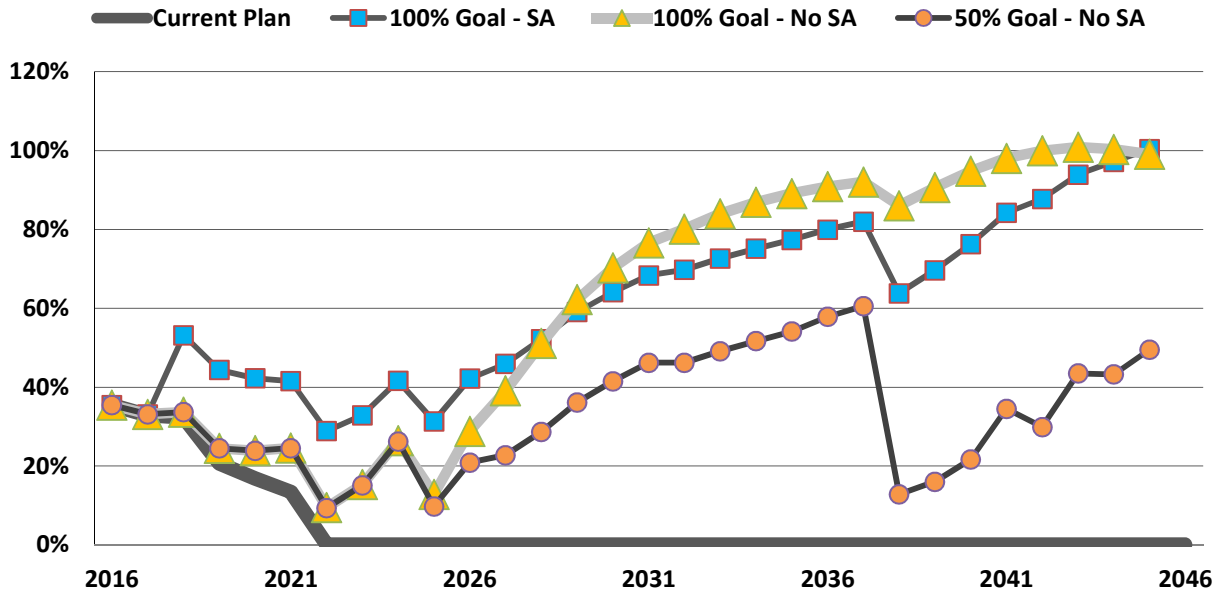
The graph below shows the comparison between the current funding plan against three funding scenarios: 100% goal without special assessment, 100% goal with 2017 special assessment and 50% goal without special assessment. In order to spread contributions evenly and for each homeowner to pay its equal share of common area expenses, we recommend the 100% with 2017 Special Assessment funding plan.



	2016	2017	2018	2019	2020
Special Assessment	$0	$25,000	$0	$0	$0
2016 Budget	$5,928	$5,928	$5,928	$5,928	$5,928
100% Goal - SA	$6,228	$7,464	$8,946	$10,722	$12,850
100% Goal - No SA	$6,228	$7,464	$8,946	$10,722	$12,850
50% Goal - No SA	$6,228	$7,458	$8,931	$10,695	$12,807

Percent Funded

The graph below highlights the movement of the association's reserve fund status (35.4%) in relation to the reserve contribution rate (100% vs. Current)



Immediately Necessary Repairs and Replacements

Fiscal Year	2016	2017	2018	2019	2020
Starting Reserve Balance	$35,404	$37,084	$43,146	$30,842	$32,753
Annual Reserve Contribution	$6,228	$7,464	$8,946	$10,722	$12,850
Special Assessment	$0	$0	$0	$0	$0
Interest Earnings	$72	$80	$74	$64	$69
Total Income	$41,704	$44,629	$52,166	$41,627	$45,673
Total Expenses	$4,620	$1,483	$21,324	$8,873	$9,184
Ending Reserve Balance:	$37,084	$43,146	$30,842	$32,753	$36,488

Reserve Asset	**2016**	**2017**	**2018**	**2019**	**2020**
COMMON AREA					
Asphalt - Mill & Overlay	$0	$0	$0	$0	$0
Asphalt - Seal/Repair/Crack Fill	$3,120	$0	$0	$3,409	$0
Carport Buildings - Repaint	$0	$0	$0	$5,464	$0
Carport Roofs - Replace	$0	$0	$0	$0	$0
Wood Fence - Replace	$0	$0	$17,929	$0	$0
Wood Fence - Repaint	$0	$0	$0	$0	$0
Mailboxes - Replace	$0	$0	$3,395	$0	$0
Entry Monument Sign - Replace	$1,500	$0	$0	$0	$0
UNIT BUILDINGS					
Building Roofs - Replace	$0	$0	$0	$0	$0
Unit Balconies - Repaint	$0	$0	$0	$0	$0
Unit Balconies - Resurface	$0	$0	$0	$0	$0
Unit Balconies - Repaint	$0	$0	$0	$0	$0
Unit Balconies - Resurface	$0	$0	$0	$0	$0
Unit Balconies - Repair (Major)	$0	$0	$0	$0	$0
Buildings - Repaint (Upper)	$0	$0	$0	$0	$9,184
Buildings - Repaint (Lower)	$0	$0	$0	$0	$0
Landscape Lights - Replace	$0	$1,483	$0	$0	$0
Total Expenses	$4,620	$1,483	$21,324	$8,873	$9,184

Immediately Necessary Repairs and Replacements
The table above identifies systems or components which are expected to have a remaining useful life of less than five (5) years, which are found to be in need of attention, which must be modified, repaired or replaced in order to maintain or preserve the useful life of the asset, or which are otherwise in a state of deferred maintenance.

Methodology

Reserve Study
A Reserve Study is a budgeting tool to help prepare and plan for future expenditures. It should be noted that the projections made in this study are just that, projections and do not predict with 100% surety the future. We do however, use well defined methodologies and extensive research is done in preparation of each Reserve Study. In this Report you will find the Reserve Component List. It contains our estimates for Useful Life, Remaining Useful Life, and the current repair or replacement cost for each major component the client is responsible to maintain or replace. Based on that list and your starting balance we calculated the Reserve Fund Strength, which is measured as "Percent Funded", and created a recommended 30-year Reserve Funding Strategy to offset future Reserve expenditures.

Reserve Component Four-Part Test
There is a national-standard four-part test to determine which expenses should be funded through Reserves. First, it must be a common area maintenance responsibility. Second, the component must have a limited life. Third, the limited life must be predictable. Fourth, the component must be above a minimum threshold cost. This means that Reserve Components should be major, predictable expenses. It is incorrect to include "lifetime" components, unpredictable expenses (such as insurance related losses), and expenses more appropriately handled from the Operational Budget.

No items have been reserved for which have an estimated useful life of less than one year or a total cost less than $1,000

Determining Expected Useful Life

1) Visual Inspection (observed wear and age)
2) Cost Database of experience and similar projects
3) Client Component History
4) Vendor Expertise and Recommendations

Cost Estimates
Financial projections and our current cost estimates are established in this order:

1) Client Cost History
2) Comparison to Cost database
3) Vendor Recommendations
4) Reliable National Industry cost estimating software

Reserve Funding Level
Do you have enough money in Reserves to fund future capital replacements? Reserve adequacy is measured by comparing where you need to be to where you are currently at with respect to Reserves:

1) Calculate your Fully Funded Balance (where you need to be).
2) Compare to the Reserve Fund Balance (where you currently are), and express as a percentage.

The Fully Funded Balance increases as assets deteriorate and age. The Fully Funded Balance shrinks when

projects are completed.

Recommended Funding Strategy

We utilize four funding principles in establishing our recommended Reserve Contributions:

1. Ensuring that the client has sufficient funds to perform current reserve projects on time.
2. Put in place a stable contribution rate over the 30-years.
3. Evenly distributed contributions over the years. (Prepare now with manageable monthly contributions rather than face unmanageable expenses in the future)
4. Assist board members and officials in doing their fiduciary duty to guide the entity's future.

Financial Analysis

The Financial Analysis is made up of a finding of the client's current *Reserve Fund Status* (measured in cash and Percent Funded) and a recommendation for an appropriate Reserve contribution rate (*Funding Plan*) in order to adequately plan for the ongoing major maintenance, repair and replacement of common area elements.

1. Projected Starting Reserve Balance	**$35,404**
2. Fully Funded Balance	**$99,887**
3. Percent Funded	**35.4%**
4. Recommended Monthly Reserve Contributions	**$519**
5. Recommended Special Assessment (2017)	**$25,000**
6. Report Start Date	**1/1/2016**

1. Your projected starting reserve balance is the dollar amount projected to be in the reserve account at the beginning of the report period. This amount is calculated based on client figures and is not audited.
2. Fully funded balance is the amount needed to cover future reserve expenses and reduce special assessment risk.
3. Percent funded compares what you currently have in the reserve account to the "Ideal" Reserve balance.
4. Recommended reserve contributions are the amount we recommend contributing to the reserve fund on a monthly basis in order to **increase** your Reserve Fund to the 100% funded level. It should be noted, we are recommending contributions of **$519/month** with annual increases of 19.85% for 8 years followed by annual increases of 3% for the remaining years.
5. Recommended special assessment during 2017 to increase the reserve fund and prepare for major future expenses e.g. (Asphalt Mill and Overlay and Unit building roof replacements)
6. Report start date is the date the funding model begins to calculate

Reserve Fund Strength

Reserve fund strength is measured as a percentage. Typically associations with a percent funded level of 70% and above have a low risk for special assessments conversely, associations with a percent funded level of 30% and below have a high risk of special assessments and deferred maintenance. The chart below illustrates the reserve fund percentage at **Sample Association** which is currently **35.4%** this represents a **Fair** position.

Recommended Funding Goal

☒ **Full Funding:** maintains the Reserve Fund at a level equal to the physical deterioration that has occurred is called "Full Funding" (100% Funded). As each asset ages and becomes "used up", the Reserve Fund grows proportionally. We have utilized the Full Funding approach for Settlers Run Condos Replacement Reserve Study. Entities in the 100% range rarely experience deferred maintenance or the need to raise emergency capital.

☐ **Baseline Funding:** allows the Reserves to fall close to zero, but not below zero. In these instances, deterioration occurs without matching Reserve contributions. With a low Percent Funded, emergency funding and deferred maintenance are common.

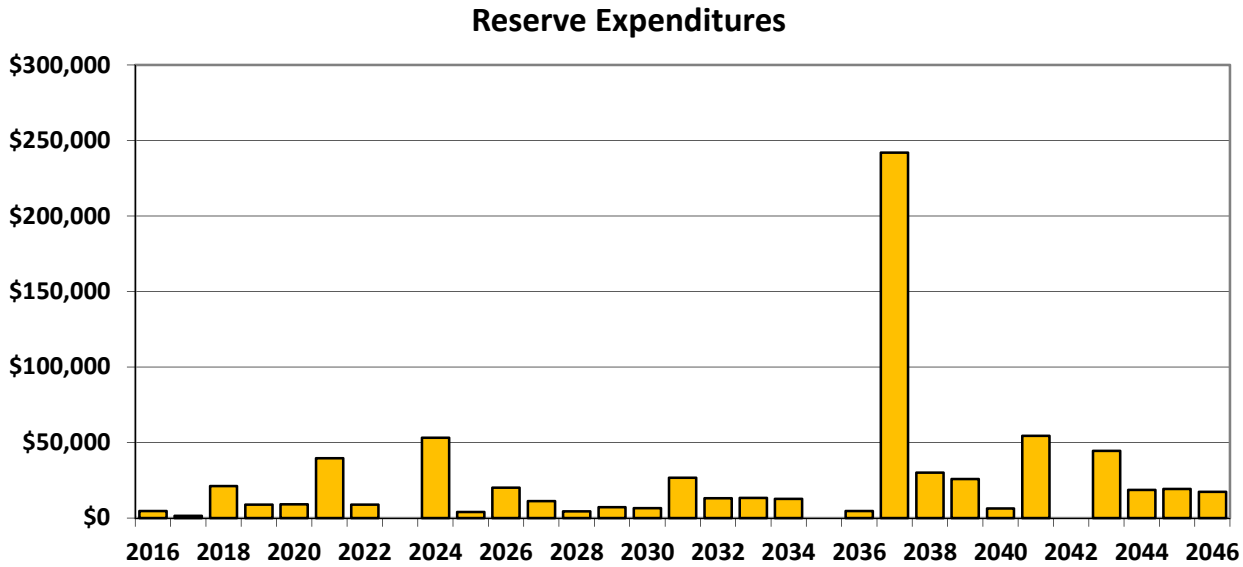
☐ **Threshold Funding:** is the title of all other objectives randomly selected between Baseline Funding and Full Funding.

Recommended Reserve Contribution

Sample Association is a 32-unit condominium project located in Flagstaff, Arizona. Construction began during 1986. 2016 budgeted reserve contributions are **$494/Month or $5,928/Year.** The association's major Reserve obligations include: four buildings, asphalt parking and common areas. In order to prepare for major capital expenditures associated with these assets, we **recommend** monthly reserve contributions to ***$519/month during 2016** with annual increases **of 19.85% for 8 years** followed by annual increases of 3% for the remaining years. In order to prepare for future reserve expenses associated with the parking asphalt and building roofs, we also **recommend a one-time special assessment of $25,000** during 2017.

*The approved 2016 budget includes $600 for a "Reserve Study" however the remaining balance due for the Reserve Study during 2016 will be $300. We are recommending this surplus be added to the 2016 Reserve Contribution. 2016 Budgeted RC = $5,928 + $300 Excess Reserve Study funds = $6,228 or $519/Month.

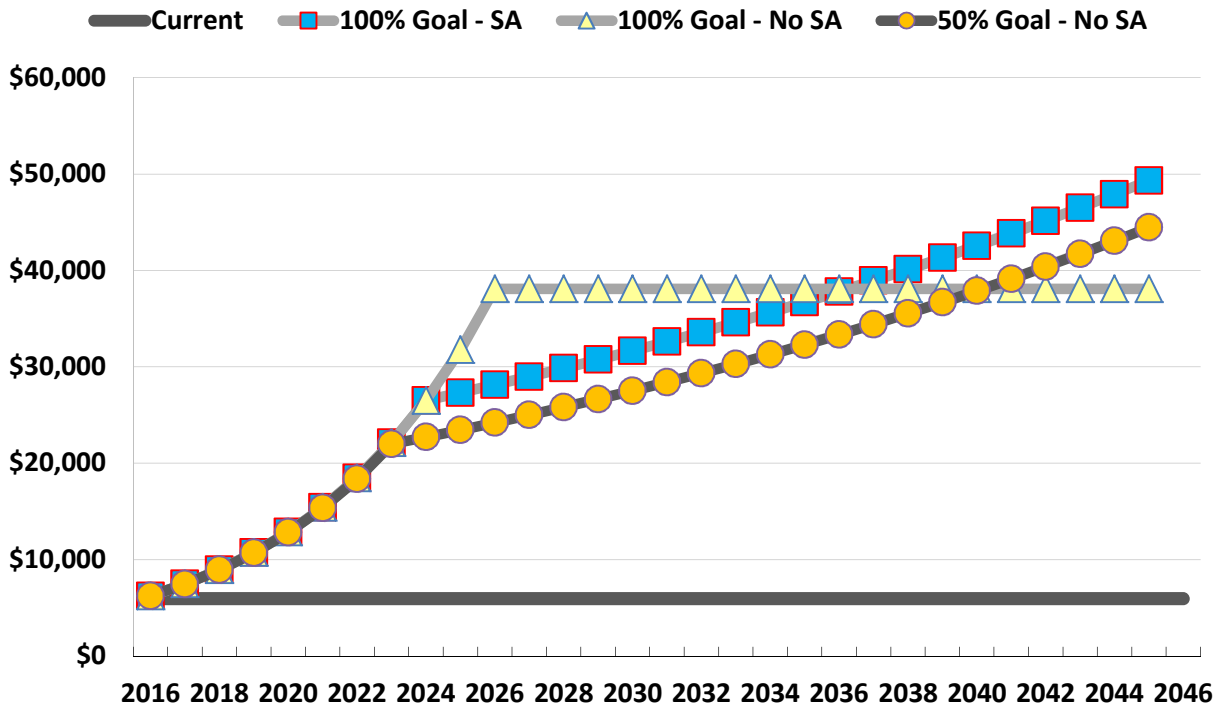
Projected Reserve Expenses



Reserve Fund Account

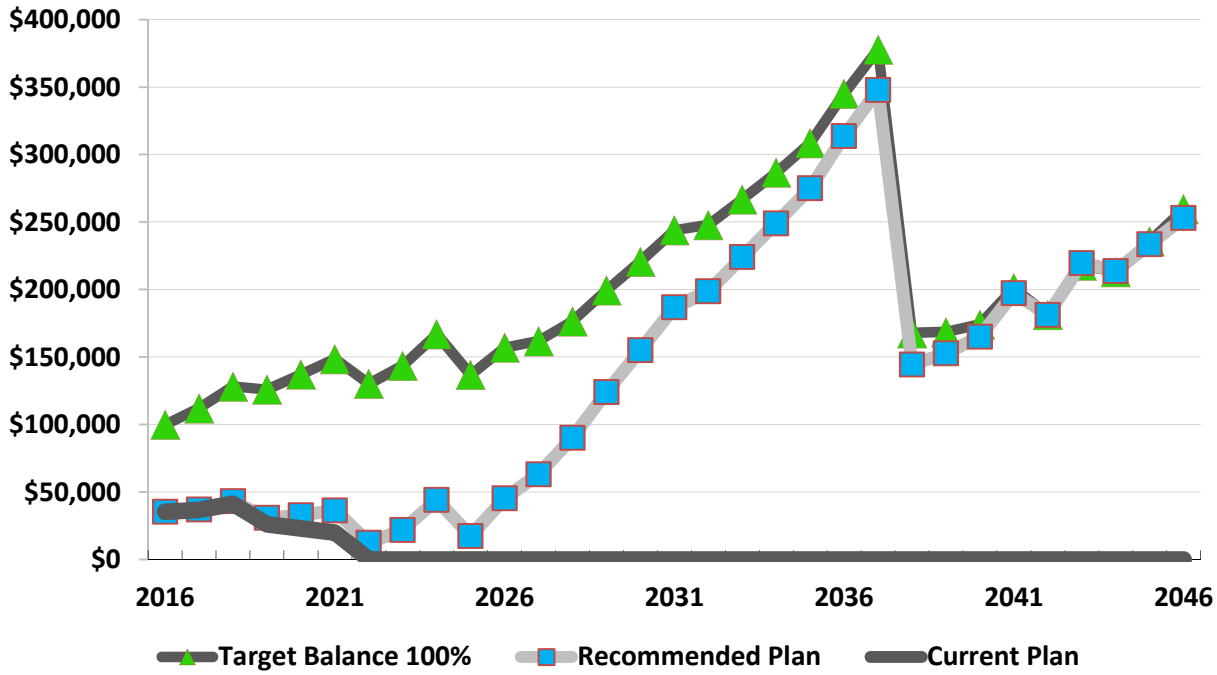
Projected Reserve Contributions

Reserve contributions should be set at a stable level in order to match annual deterioration and keep up with inflation; this level generally falls around 3-5% annual increases.



Projected Reserve Account Balance

This chart tracks the reserve fund balance (Recommended Plan) compared to the target balance of 100%.



Reserve Component List

Location	Reserve Asset Title	Quantity	Unit of Measure	EL	RUL	Current Cost	Condition: Good	Condition: Fair	Condition: Poor	Comments/Maintenance Recommendations
COMMON AREA										
Parking Areas	Asphalt - Mill & Overlay	24,000	Sq Ft	30	8	$42,000		X		The HOA has no record of the parking lot asphalt being resurfaced. Based the number of cracks and surface wear, this asphalt is in fair condition.
Parking Areas	Asphalt - Seal/Repair/Crack Fill	24,000	Sq Ft	3	0	$3,120			X	Asphalt surfaces should be sealed every 3 years to achieve the full service life. Recommend regular crack filling to prevent water infiltration into the sub-surface.
Carports	Carport Buildings - Repaint	6,624	Sq Ft	10	3	$5,000		X		Paint surfaces typically last 4-6 years. Cycles of repainting should be coordinated with the Unit Buildings. There are (8) Carport structures which include approximately 6,624 gross square feet of paint surface.
Carports	Carport Roofs - Replace	9,800	Sq Ft	25	21	$34,300	X			Per the HOA, the building roofs were replaced during 2012. We assume the carport roofs were replaced at this time. Asphalt shingle roofs have a useful life expectancy of 25 years. Regular repairs and inspections should be funded through the Operating budget.
Perimeter	Wood Fence - Replace	650	LF	25	2	$16,900		X		Sample Association has a perimeter wood fence. The north and east sections were installed during 1986. Based on age, replacement should be anticipated in the near future. Fence quantity does not include the south section bordering the neighbor association.
Perimeter	Wood Fence - Repaint	1,080	LF	4	6	$4,320		X		Wood surfaces should be repainted every 4-6 years. Because the wood fence is scheduled for complete replacement during 2018, we are not planning for repaint until 2022 which is 4 years after the scheduled replacement.
Common Area	Mailboxes - Replace	32	Unit	20	2	$3,200		X		Cluster Box Mailbox Units have a useful life expectancy of 20 years. Repair per USPS standards. Eventual replacement should be funded through reserves.
Entrance	Entry Monument Sign - Replace	1	Unit	15	0	$1,500			X	This sign appears intact. This component funds to refresh or update the community entrance sign during 2016.
UNIT BUILDINGS										
Buildings	Building Roofs - Replace	26,077	Sq Ft	25	21	$91,269	X			Per the HOA, the building roofs were replaced during 2012. Asphalt shingle roofing systems have a useful life expectancy of 25 years. Inspect regularly for leaks and repair out of the Operating budget.

Location	Reserve Asset Title	Quantity	Unit of Measure	EL	RUL	Current Cost	Condition: Good	Condition: Fair	Condition: Poor	Comments/Maintenance Recommendations
Buildings A-B	Unit Balconies - Repaint	8	Unit	5	10	$1,280	X			These balconies were repaired during 2015. Repairs included repainting of the handrails, application of elastomeric coating and miscellaneous repairs. Elastomeric surfaces should be repainted every 5 years and a more extensive "Resurfacing" should be planned every 20 years.
Buildings A-B	Unit Balconies - Resurface	8	Unit	20	5	$8,000	X			This line item provides funding to "Resurface" these balconies. Regular cycles of repainting should occur between "Resurface" cycles.
Buildings C-D	Unit Balconies - Repaint	8	Unit	5	10	$1,280	X			These balconies were repaired during 2015. Repairs included repainting of the handrails, application of elastomeric coating and miscellaneous repairs. Elastomeric surfaces should be repainted every 5 years and a more extensive "Resurfacing" should be planned every 20 years.
Buildings C-D	Unit Balconies - Resurface	8	Unit	20	5	$8,000	X			This line item provides funding to "Resurface" these balconies. Regular cycles of repainting should occur between "Resurface" cycles.
Buildings A-D	Unit Balconies - Repair (Major)	1	Allowance	10	5	$10,000	X			Due to the age of these balconies, we have included funding for major repairs to the unit balconies.
Buildings A-D	Buildings - Repaint (Upper)	9,600	Sq Ft	6	4	$8,160	X			Per the HOA, these surfaces were repainted during 2014. This line item provides funding to perform similar work during 2020.
Buildings A-D	Buildings - Repaint (Lower)	9,600	Sq Ft	6	5	$8,160	X			Per the HOA, these surfaces were repainted during 2015. This line item provides funding to perform similar work during 2021.
Buildings A-D	Landscape Lights - Replace	1	LS	20	1	$1,440		X		These landscape lights are located along common area walkways and adjacent to unit buildings. This line item provides funding to replace all of these lights during 2017 to maintain a uniform appearance.

**Line items with [redacted] have a remaining life of zero and are scheduled for replacement (2016) **

**EL = Expected Useful Life

**RUL = Remaining Useful Life

Projected Reserve Expenses (2016-2030)

Reserve Asset	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
COMMON AREA															
Asphalt - Mill & Overlay	$0	$0	$0	$0	$0	$0	$0	$0	$53,204	$0	$0	$0	$0	$0	$0
Asphalt - Seal/Repair/Crack Fill	$3,120	$0	$0	$3,409	$0	$0	$3,725	$0	$0	$4,071	$0	$0	$4,448	$0	$0
Carport Buildings - Repaint	$0	$0	$0	$5,464	$0	$0	$0	$0	$0	$0	$0	$0	$0	$7,343	$0
Carport Roofs - Replace	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Wood Fence - Replace	$0	$0	$17,929	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Wood Fence - Repaint	$0	$0	$0	$0	$0	$0	$5,158	$0	$0	$0	$5,806	$0	$0	$0	$6,534
Mailboxes - Replace	$0	$0	$3,395	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Entry Monument Sign - Replace	$1,500	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
UNIT BUILDINGS															
Building Roofs - Replace	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Unit Balconies - Repaint	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,720	$0	$0	$0	$0
Unit Balconies - Resurface	$0	$0	$0	$0	$0	$9,274	$0	$0	$0	$0	$0	$0	$0	$0	$0
Unit Balconies - Repaint	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,720	$0	$0	$0	$0
Unit Balconies - Resurface	$0	$0	$0	$0	$0	$9,274	$0	$0	$0	$0	$0	$0	$0	$0	$0
Unit Balconies - Repair (Major)	$0	$0	$0	$0	$0	$11,593	$0	$0	$0	$0	$0	$0	$0	$0	$0
Buildings - Repaint (Upper)	$0	$0	$0	$0	$9,184	$0	$0	$0	$0	$0	$10,966	$0	$0	$0	$0
Buildings - Repaint (Lower)	$0	$0	$0	$0	$0	$9,460	$0	$0	$0	$0	$0	$11,295	$0	$0	$0
Landscape Lights - Replace	$0	$1,483	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Expenses	$4,620	$1,483	$21,324	$8,873	$9,184	$39,601	$8,884	$0	$53,204	$4,071	$20,213	$11,295	$4,448	$7,343	$6,534

Projected Reserve Expenses (2031-2045)

Reserve Asset	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
COMMON AREA															
Asphalt - Mill & Overlay	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Asphalt - Seal/Repair/Crack Fill	$4,861	$0	$0	$5,312	$0	$0	$5,804	$0	$0	$6,342	$0	$0	$6,930	$0	$0
Carport Buildings - Repaint	$0	$0	$0	$0	$0	$0	$0	$0	$9,869	$0	$0	$0	$0	$0	$0
Carport Roofs - Replace	$0	$0	$0	$0	$0	$0	$63,808	$0	$0	$0	$0	$0	$0	$0	$0
Wood Fence - Replace	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$37,540	$0	$0
Wood Fence - Repaint	$0	$0	$0	$7,355	$0	$0	$0	$8,278	$0	$0	$0	$0	$0	$0	$0
Mailboxes - Replace	$0	$0	$0	$0	$0	$0	$0	$6,132	$0	$0	$0	$0	$0	$0	$0
Entry Monument Sign - Replace	$2,337	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
UNIT BUILDINGS															
Building Roofs - Replace	$0	$0	$0	$0	$0	$0	$169,787	$0	$0	$0	$0	$0	$0	$0	$0
Unit Balconies - Repaint	$1,994	$0	$0	$0	$0	$2,312	$0	$0	$0	$0	$0	$0	$0	$0	$0
Unit Balconies - Resurface	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$16,750	$0	$0	$0	$0
Unit Balconies - Repaint	$1,994	$0	$0	$0	$0	$2,312	$0	$0	$0	$0	$0	$0	$0	$0	$0
Unit Balconies - Resurface	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$16,750	$0	$0	$0	$0
Unit Balconies - Repair (Major)	$15,580	$0	$0	$0	$0	$0	$0	$0	$0	$0	$20,938	$0	$0	$0	$0
Buildings - Repaint (Upper)	$0	$13,094	$0	$0	$0	$0	$0	$15,635	$0	$0	$0	$0	$0	$18,669	$0
Buildings - Repaint (Lower)	$0	$0	$13,487	$0	$0	$0	$0	$0	$16,104	$0	$0	$0	$0	$0	$19,230
Landscape Lights - Replace	$0	$0	$0	$0	$0	$0	$2,679	$0	$0	$0	$0	$0	$0	$0	$0
Total Expenses	$26,766	$13,094	$13,487	$12,666	$0	$4,624	$242,078	$30,045	$25,973	$6,342	$54,438	$0	$44,470	$18,669	$19,230

Thirty Year Summary – Recommended Plan

This funding plan assumes 2016 contributions of $6,228 annual increases of 19.85% for 8 years followed by 3% increases for 22 years and a one-time special assessment of $25,000 during 2017.

100% Goal - Special Assessment

Year	Beginning Balance	Fully Funded Balance	Percent Funded	Rating	Reserve Contribution	Special Assesm.	Interest Earned	Reserve Expenses	Ending Balance
2016	$35,404	$99,887	35.4%	Fair	$6,228	$0	$72	$4,620	$37,084
2017	$37,084	$112,021	33.1%	Fair	$7,464	$25,000	$105	$1,483	$68,171
2018	$68,171	$128,166	53.2%	Fair	$8,946	$0	$124	$21,324	$55,917
2019	$55,917	$125,969	44.4%	Fair	$10,722	$0	$114	$8,873	$57,879
2020	$57,879	$137,008	42.2%	Fair	$12,850	$0	$120	$9,184	$61,664
2021	$61,664	$148,550	41.5%	Fair	$15,401	$0	$99	$39,601	$37,563
2022	$37,563	$130,228	28.8%	Weak	$18,458	$0	$85	$8,884	$47,222
2023	$47,222	$143,534	32.9%	Fair	$22,122	$0	$117	$0	$69,460
2024	$69,460	$166,947	41.6%	Fair	$26,513	$0	$112	$53,204	$42,881
2025	$42,881	$136,834	31.3%	Fair	$27,308	$0	$109	$4,071	$66,227
2026	$66,227	$157,016	42.2%	Fair	$28,127	$0	$140	$20,213	$74,282
2027	$74,282	$161,786	45.9%	Fair	$28,971	$0	$166	$11,295	$92,124
2028	$92,124	$176,510	52.2%	Fair	$29,840	$0	$210	$4,448	$117,726
2029	$117,726	$199,373	59.0%	Fair	$30,735	$0	$259	$7,343	$141,377
2030	$141,377	$220,605	64.1%	Fair	$31,657	$0	$308	$6,534	$166,808
2031	$166,808	$243,991	68.4%	Fair	$32,607	$0	$340	$26,766	$172,989
2032	$172,989	$247,945	69.8%	Fair	$33,585	$0	$367	$13,094	$193,847
2033	$193,847	$266,826	72.6%	Strong	$34,593	$0	$409	$13,487	$215,362
2034	$215,362	$286,616	75.1%	Strong	$35,631	$0	$454	$12,666	$238,781
2035	$238,781	$308,616	77.4%	Strong	$36,700	$0	$515	$0	$275,995
2036	$275,995	$345,116	80.0%	Strong	$37,801	$0	$586	$4,624	$309,758
2037	$309,758	$377,813	82.0%	Strong	$38,935	$0	$417	$242,078	$107,032
2038	$107,032	$167,726	63.8%	Fair	$40,103	$0	$224	$30,045	$117,314
2039	$117,314	$168,438	69.6%	Fair	$41,306	$0	$250	$25,973	$132,897
2040	$132,897	$174,162	76.3%	Strong	$42,545	$0	$302	$6,342	$169,402
2041	$169,402	$201,101	84.2%	Strong	$43,821	$0	$328	$54,438	$159,113
2042	$159,113	$181,261	87.8%	Strong	$45,136	$0	$364	$0	$204,613
2043	$204,613	$217,803	93.9%	Strong	$46,490	$0	$412	$44,470	$207,045
2044	$207,045	$213,042	97.2%	Strong	$47,885	$0	$444	$18,669	$236,704
2045	$236,704	$235,747	100.4%	Strong	$49,321	$0	$504	$19,230	$267,299

Thirty Year Summary – Full Funding No Special Assessment

This funding plan assumes 2016 contributions of $6,228 annual increases of 19.85% for 10 years followed by 0% increases for 20 years.

100% Goal - No Special Assessment

Year	Beginning Balance	Fully Funded Balance	Percent Funded	Rating	Reserve Contribution	Special Assesm.	Interest Earned	Reserve Expenses	Ending Balance
2016	$35,404	$99,887	35.4%	Fair	$6,228	$0	$72	$4,620	$37,084
2017	$37,084	$112,021	33.1%	Fair	$7,464	$0	$80	$1,483	$43,146
2018	$43,146	$128,166	33.7%	Fair	$8,946	$0	$74	$21,324	$30,842
2019	$30,842	$125,969	24.5%	Weak	$10,722	$0	$64	$8,873	$32,753
2020	$32,753	$137,008	23.9%	Weak	$12,850	$0	$69	$9,184	$36,488
2021	$36,488	$148,550	24.6%	Weak	$15,401	$0	$49	$39,601	$12,337
2022	$12,337	$130,228	9.5%	Weak	$18,458	$0	$34	$8,884	$21,945
2023	$21,945	$143,534	15.3%	Weak	$22,122	$0	$66	$0	$44,133
2024	$44,133	$166,947	26.4%	Weak	$26,513	$0	$62	$53,204	$17,503
2025	$17,503	$136,834	12.8%	Weak	$31,775	$0	$63	$4,071	$45,270
2026	$45,270	$157,016	28.8%	Weak	$38,083	$0	$109	$20,213	$63,249
2027	$63,249	$161,786	39.1%	Fair	$38,083	$0	$153	$11,295	$90,190
2028	$90,190	$176,510	51.1%	Fair	$38,083	$0	$214	$4,448	$124,038
2029	$124,038	$199,373	62.2%	Fair	$38,083	$0	$279	$7,343	$155,057
2030	$155,057	$220,605	70.3%	Strong	$38,083	$0	$342	$6,534	$186,947
2031	$186,947	$243,991	76.6%	Strong	$38,083	$0	$386	$26,766	$198,650
2032	$198,650	$247,945	80.1%	Strong	$38,083	$0	$423	$13,094	$224,061
2033	$224,061	$266,826	84.0%	Strong	$38,083	$0	$473	$13,487	$249,130
2034	$249,130	$286,616	86.9%	Strong	$38,083	$0	$524	$12,666	$275,071
2035	$275,071	$308,616	89.1%	Strong	$38,083	$0	$589	$0	$313,742
2036	$313,742	$345,116	90.9%	Strong	$38,083	$0	$662	$4,624	$347,863
2037	$347,863	$377,813	92.1%	Strong	$38,083	$0	$492	$242,078	$144,360
2038	$144,360	$167,726	86.1%	Strong	$38,083	$0	$297	$30,045	$152,695
2039	$152,695	$168,438	90.7%	Strong	$38,083	$0	$318	$25,973	$165,123
2040	$165,123	$174,162	94.8%	Strong	$38,083	$0	$362	$6,342	$197,225
2041	$197,225	$201,101	98.1%	Strong	$38,083	$0	$378	$54,438	$181,248
2042	$181,248	$181,261	100.0%	Strong	$38,083	$0	$401	$0	$219,732
2043	$219,732	$217,803	100.9%	Strong	$38,083	$0	$433	$44,470	$213,778
2044	$213,778	$213,042	100.3%	Strong	$38,083	$0	$447	$18,669	$233,639
2045	$233,639	$235,747	99.1%	Strong	$38,083	$0	$487	$19,230	$252,979

Thirty Year Summary – 50% Goal No Special Assessment

This funding plan assumes 2016 contributions of $6,228 annual increases of 19.75% for 7 years followed by 3.25% increases for 23 years.

50% Goal - No Special Assessment

Year	Beginning Balance	Fully Funded Balance	Percent Funded	Rating	Reserve Contribution	Special Assesm.	Interest Earned	Reserve Expenses	Ending Balance
2016	$35,404	$99,887	35.4%	Fair	$6,228	$0	$72	$4,620	$37,084
2017	$37,084	$112,021	33.1%	Fair	$7,458	$0	$80	$1,483	$43,140
2018	$43,140	$128,166	33.7%	Fair	$8,931	$0	$74	$21,324	$30,820
2019	$30,820	$125,969	24.5%	Weak	$10,695	$0	$64	$8,873	$32,705
2020	$32,705	$137,008	23.9%	Weak	$12,807	$0	$69	$9,184	$36,397
2021	$36,397	$148,550	24.5%	Weak	$15,336	$0	$49	$39,601	$12,182
2022	$12,182	$130,228	9.4%	Weak	$18,365	$0	$34	$8,884	$21,697
2023	$21,697	$143,534	15.1%	Weak	$21,993	$0	$65	$0	$43,755
2024	$43,755	$166,947	26.2%	Weak	$22,707	$0	$57	$53,204	$13,315
2025	$13,315	$136,834	9.7%	Weak	$23,445	$0	$46	$4,071	$32,736
2026	$32,736	$157,016	20.8%	Weak	$24,207	$0	$70	$20,213	$36,800
2027	$36,800	$161,786	22.7%	Weak	$24,994	$0	$87	$11,295	$50,586
2028	$50,586	$176,510	28.7%	Weak	$25,806	$0	$123	$4,448	$72,067
2029	$72,067	$199,373	36.1%	Fair	$26,645	$0	$164	$7,343	$91,533
2030	$91,533	$220,605	41.5%	Fair	$27,511	$0	$204	$6,534	$112,713
2031	$112,713	$243,991	46.2%	Fair	$28,405	$0	$227	$26,766	$114,580
2032	$114,580	$247,945	46.2%	Fair	$29,328	$0	$246	$13,094	$131,060
2033	$131,060	$266,826	49.1%	Fair	$30,282	$0	$279	$13,487	$148,133
2034	$148,133	$286,616	51.7%	Fair	$31,266	$0	$315	$12,666	$167,048
2035	$167,048	$308,616	54.1%	Fair	$32,282	$0	$367	$0	$199,696
2036	$199,696	$345,116	57.9%	Fair	$33,331	$0	$428	$4,624	$228,832
2037	$228,832	$377,813	60.6%	Fair	$34,414	$0	$250	$242,078	$21,419
2038	$21,419	$167,726	12.8%	Weak	$35,533	$0	$48	$30,045	$26,955
2039	$26,955	$168,438	16.0%	Weak	$36,688	$0	$65	$25,973	$37,734
2040	$37,734	$174,162	21.7%	Weak	$37,880	$0	$107	$6,342	$69,379
2041	$69,379	$201,101	34.5%	Fair	$39,111	$0	$124	$54,438	$54,175
2042	$54,175	$181,261	29.9%	Weak	$40,382	$0	$149	$0	$94,706
2043	$94,706	$217,803	43.5%	Fair	$41,694	$0	$187	$44,470	$92,117
2044	$92,117	$213,042	43.2%	Fair	$43,050	$0	$209	$18,669	$116,706
2045	$116,706	$235,747	49.5%	Fair	$44,449	$0	$259	$19,230	$142,184

Supplemental Disclosures

General:
CRA has no other involvement(s) with Sample Association which could result in actual or perceived conflicts of interest.

Physical Analysis:
Capital Reserve Analysts did conduct a physical inspection.

Completeness:
CRA has found no material issues which, if not disclosed, would cause a distortion of the Association's situation.

Reliance on Client Data:
Information provided by the official representative of the client regarding financial, physical, quantity, or historical issues will be deemed reliable by CRA.

Scope:
This Reserve Study is a reflection of information provided to CRA and assembled for the client's use, not for the purpose of performing an audit, quality/forensic analysis, health and safety inspection, or background checks of historical records.

Reserve Balance:
The actual beginning reserve fund balance in this Reserve Study is based upon information provided and was not audited.

Reserve Projects:
Information provided about reserve projects will be considered reliable. Any on-site inspection should not be considered a project audit, quality inspection, or health and safety review.

Definitions

CASH FLOW METHOD: A method of developing a Reserve Funding Plan where contributions to the Reserve fund are designed to offset the variable annual expenditures from the Reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of Reserve expenses until the desired Funding Goal is achieved.

COMPONENT: The individual line items in the Reserve Study developed or updated in the Physical Analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association responsibility, 2) with limited Useful Life expectancies, 3) predictable Remaining Useful Life expectancies, 4) above a minimum threshold cost, and 5) as required by local codes.

COMPONENT INVENTORY: The task of selecting and quantifying Reserve Components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representative(s) of the association or cooperative.

COMPONENT METHOD: A method of developing a Reserve Funding Plan where the total contribution is based on the sum of contributions for individual components. See “Cash Flow Method.”

CONDITION ASSESSMENT: The task of evaluating the current condition of the component based on observed or reported characteristics.

CURRENT REPLACEMENT COST: See “Replacement Cost.”

DEFICIT: An actual (or projected) Reserve Balance less than the Fully Funded Balance. The opposite would be a Surplus.

EFFECTIVE AGE: The difference between Useful Life and Remaining Useful Life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computations.

FINANCIAL ANALYSIS: The portion of a Reserve Study where current status of the Reserves (measured as cash or Percent Funded) and a recommended Reserve contribution rate (Reserve Funding Plan) are derived, and the projected Reserve income and expense over time is presented. The Financial Analysis is one of the two parts of a Reserve Study.

FULLY FUNDED: 100% Funded. When the actual (or projected) Reserve balance is equal to the Fully Funded Balance.

FULLY FUNDED BALANCE (FFB): Total Accrued Depreciation. An indicator against which Actual (or projected) Reserve balance can be compared. The Reserve balance that is in direct proportion to the fraction of life “used up” of the current Repair or Replacement cost. This number is calculated for each component, then summed together for an association total. Two formulae can be utilized, depending

on the provider's sensitivity to interest and inflation effects. Note: Both yield identical results when interest and inflation are equivalent.

FFB = Current Cost X Effective Age / Useful Life

Or

FFB = (Current Cost X Effective Age / Useful Life) + [(Current Cost X Effective Age /Useful Life) / (1 + Interest Rate) ^ Remaining Life] - [(Current Cost X Effective Age /Useful Life) / (1 + Inflation Rate) ^ Remaining Life]

FUND STATUS: The status of the reserve fund as compared to an established benchmark such as percent funding.

FUNDING GOALS: Independent of methodology utilized, the following represent the basic categories of Funding Plan goals:
Baseline Funding: Establishing a Reserve funding goal of keeping the Reserve cash balance above zero.

Full Funding: Setting a Reserve funding goal of attaining and maintaining Reserves at or near 100% funded.

Statutory Funding: Establishing a Reserve funding goal of setting aside the specific minimum amount of Reserves required by local statues.

Threshold Funding: Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount. Depending on the threshold, this may be more or less conservative than "Fully Funding."

FUNDING PLAN: An association's plan to provide income to a Reserve fund to offset anticipated expenditures from that fund.
Funding Principles:

- Sufficient Funds When Required
- Stable Contribution Rate over the Years
- Evenly Distributed Contributions over the Years
- Fiscally Responsible

LIFE AND VALUATION ESTIMATES: The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components.

PERCENT FUNDED: The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the *actual (or projected)* Reserve Balance to the *Fully Funded Balance*, expressed as a percentage.

PHYSICAL ANALYSIS: The portion of the Reserve Study where the Component Inventory, Condition Assessment, and Life and Valuation Estimate tasks are performed. This represents one of the two parts

of the Reserve Study.

REMAINING USEFUL LIFE (RUL): Also referred to as “Remaining Life” (RL). The estimated time, in years, that a reserve component can be expected to continue to serve its intended function. Projects anticipated to occur in the initial year have “zero” Remaining Useful Life.

REPLACEMENT COST: The cost of replacing, repairing, or restoring a Reserve Component to its original functional condition. The Current Replacement Cost would be the cost to replace, repair, or restore the component during that particular year.

RESERVE BALANCE: Actual or projected funds as of a particular point in time that the association has identified for use to defray the future repair or replacement of those major components which the association is obligated to maintain. Also known as Reserves, Reserve Accounts, Cash Reserves. Based upon information provided and not audited.

RESERVE PROVIDER: An individual that prepares Reserve Studies.

RESERVE STUDY: A budget planning tool which identifies the current status of the Reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures. The
Reserve Study consists of two parts: the Physical Analysis and the Financial Analysis. “Our budget and finance committee is soliciting proposals to update our Reserve Study for next year’s budget.”

Reserve Asset Photographic Inventory

Item Parameters - Full Detail

Landscape Granite - Replenish

Item Number	1	**Measurement Basis**	Tons
Type	Landscape Granite	**Estimated Useful Life**	8:00
Category	Common Area	**Basis Cost**	$55.00/Ton
Tracking	Logistical		
Method	Fixed		

Code	Description	Service Date	Replace Date	Rem Life	Est. Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0002		n/a	2017	2:00	8:00	70 Tons	$3,850	$4,084

Comments

Over time, with rains, irrigation, silting, and being tread upon, granite is ground into smaller pieces and loses its fullness. To avoid exposed patches of dirt, we recommend periodic top dressing of the landscape rock. There is approximately 8,400 square feet of landscape rock located throughout the property. This component budgets to replenish 100% of the total square footage with ¾" rock at 2" deep which converts to approximately 70 tons of rock. Recommend replenishment at roughly the timing and costs above. See image above for areas currently covered with Landscape Granite. **Note:** We are only budgeting to replenish the areas highlighted in green above.

Item Parameters - Full Detail

Mailboxes - Replace

Item Number	2	**Measurement Basis**	Unit
Type	Cluster Box Units	**Estimated Useful Life**	20:00
Category	Common Area	**Basis Cost**	$3,350
Tracking	Logistical		
Method	Fixed		

Code	Description	Service Date	Replace Date	Rem Life	Est. Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0003		2004	2024	9:00	20:00	(2) CBUs	$3,350	$4,371

Comments

The association maintains (2) 16-unit cluster box units manufactured during 2004 by AF Florence Manufacturing company. These mailboxes are located on the southeastern corner of the property and are in good condition. Typical useful life expectancy for these types of mailboxes is between 20 and 25 years. The association should anticipate replacement at roughly the cost and time frame listed above.

Item Parameters - Full Detail

Concrete - Repairs

Item Number	3	**Measurement Basis**	Sq. Ft
Type	Concrete Sidewalks	**Estimated Useful Life**	10:00
Category	Common Area	**Basis Cost**	$12.00/Sq. Ft
Tracking	Logistical		
Method	Fixed		

Code	Description	Service Date	Replace Date	Rem Life	Est. Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0004		N/A	2020	5:00	10:00	1,370 GSF	$1,500	$1,739

Comments

The association maintains approximately 1,370 square feet of concrete sidewalks and surface area throughout the property. These sidewalks are in overall good condition. Some signs of minor deterioration and cracking noted, however nothing major. Concrete surfaces typically have a useful life of up to 65 years although partial failures and deterioration is common. Weather conditions, installation methods and finishing techniques can result in premature deterioration such as cracks, chips and spalls. Various conditions like these result in the need to plan for periodic partial replacements over the next 30 years. We estimate approximately 10% of the concrete surfaces will require replacement on a 10 year cycle.

Item Parameters - Full Detail

Chain Link Fence – Replace

Item Number	4	**Measurement Basis**	LF
Type	Chain Link Fence	**Estimated Useful Life**	30:00
Category	Common Area	**Basis Cost**	$45.00/LF
Tracking	Logistical		
Method	Fixed		

Code	Description	Service Date	Replace Date	Rem Life	Est. Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0004		N/A	2015	0:00	30:00	165 LF	$7,425	$18,022

Comments

There is approximately 165 linear feet of 5’ high chain link fencing located along the West perimeter of the property. This fence appears original from the 1970’s. The association plans to replace this fencing with new wrought iron fencing to match the rest of the property fencing. Metal fencing has a long useful life, but is not maintenance free. Periodic maintenance should include periodic applications of protective paint finish. We anticipate a useful life of up to 30 years for this fence.

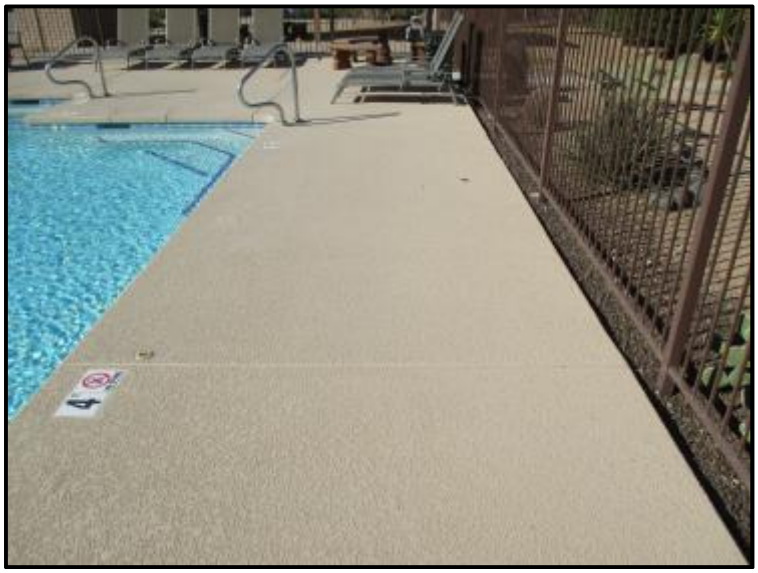
Item Parameters - Full Detail

Pool Deck - Resurface

Item Number	5	**Measurement Basis**	Sq. Ft.
Type	Kool Deck Surface	**Estimated Useful Life**	16:00
Category	Common Area	**Basis Cost**	$5.50/Sq. Ft.
Tracking	Logistical		
Method	Fixed		

Code Description	Service Date	Replace Date	Rem Life	Est. Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0004	2011	2027	12:00	16:00	1,082 GSF	$5,950	$8,483

Comments



The pool deck was resurfaced during 2011. We suggest inspecting each year prior to annual operating budget process and factoring any local repair/replacement needs at that time. We recommend planning to resurface at the interval and pricing above based on our experience in similar communities.

Item Parameters - Full Detail

Pool Deck – Recoat/Repair

Item Number	6	**Measurement Basis**	Sq. Ft.
Type	Kool Deck Surface	**Estimated Useful Life**	4:00
Category	Common Area	**Basis Cost**	$1.50/Sq. Ft.
Tracking	Logistical		
Method	Fixed		

Code	Description	Service Date	Replace Date	Rem Life	Est. Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0004		2011	2017	2:00	4:00	1,082 GSF	$1,620	$1,719

Comments

This pool deck was resurfaced during 2011 and appears to be in good condition. As routine maintenance, inspect regularly for any damage, repair as needed. Regular cycles of sealer/paint will help maintain appearance and maximize useful life. Remaining useful life reflects current conditions observed.

Item Parameters - Full Detail

Pool/Spa - Resurface

Item Number	7	**Measurement Basis**	Unit
Type	Plaster	**Estimated Useful Life**	10:00
Category	Common Area	**Basis Cost**	$11,000
Tracking	Logistical		
Method	Fixed		

Code	Description	Service Date	Replace Date	Rem Life	Est. Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0004		2011	2021	6:00	10:00	100 LF	$11,000	$13,135

Comments

The pool & Spa were resurfaced with new plaster during 2011. Good condition observed. Continue to clean, maintain proper chemical balance to help extend intervals for resurface of plaster. Typical useful life cycle is between eight to twelve years depending on usage levels. Recommend planning replacement at roughly the cost and time frame listed above.

Item Parameters - Full Detail

Pool Fence - Replace

Item Number	8	**Measurement Basis**	LF
Type	Metal Fence	**Estimated Useful Life**	30:00
Category	Common Area	**Basis Cost**	$47.50/LF
Tracking	Logistical		
Method	Fixed		

Code	Description	Service Date	Replace Date	Rem Life	Est. Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0004		2011	2041	26:00	30:00	220 LF	$10,450	$22,536

Comments

This component includes 190 linear feet of metal pool fence and 30 linear feet of fencing and gates located on the north and south side of the property. Repainting should be handled as an Operating expense; therefore no Reserve Funding is required. Metal components and structural connections are prone to rusting if not thoroughly maintained.

Item Parameters - Full Detail

Pool Furniture - Replace

Item Number	9	**Measurement Basis**	Unit
Type	Furniture	**Estimated Useful Life**	8:00
Category	Common Area	**Basis Cost**	$3,800
Tracking	Logistical		
Method	Fixed		

Code	Description	Service Date	Replace Date	Rem Life	Est. Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0004		2011	2019	4:00	8:00	(15) Pieces	$3,800	$4,277

Comments

Furniture installed during 2011. This component includes (6) chaise lounges, (2) trash receptacles, (5) table chairs, and (2) fabric umbrellas. We are not funding to replace the (3) concrete tables as these should last the lifetime of the property. See the table below for unit costs and quantities.

Item	Quantity	$/Unit	Total
Chaise Lounges	6	$ 275.00	$ 1,650.00
Trash Receptacles	2	$ 100.00	$ 200.00
Table Chairs	5	$ 150.00	$ 750.00
Fabric Umbrellas	2	$ 600.00	$ 1,200.00
			$ 3,800.00

Item Parameters - Full Detail

Spa Pump – Replace (2007)

Item Number	10	**Measurement Basis**	Unit
Type	WhisperFlo	**Estimated Useful Life**	10:00
Category	Common Area	**Basis Cost**	$1,000
Tracking	Logistical		
Method	Fixed		

Code	Description	Service Date	Replace Date	Rem Life	Est. Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0007		2007	2017	2:00	10:00	(1) Pump	$1,000	$1,061

Comments

This spa pump was installed during 2007. Observed to be functional and in decent condition. Manufacturer: WhisperFlo, Model Number: WFE-8 208-230V, Horse Power: 2, Serial Number: 03262540701530. As routine maintenance, inspect regularly and repair out of the Operating budget.

Item Parameters - Full Detail

Pool Pump – Replace (2010)

Item Number	11	**Measurement Basis**	Unit
Type	IntelliFlo	**Estimated Useful Life**	10:00
Category	Common Area	**Basis Cost**	$1,200
Tracking	Logistical		
Method	Fixed		

Code	Description	Service Date	Replace Date	Rem Life	Est. Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0007		2010	2020	5:00	10:00	(1) Pump	$1,200	$1,391

Comments

This pool pump was installed during 2010. Observed to be functional and in good condition. Manufacturer: IntelliFlo, Model Number: VS0350 Horse Power: 3, Serial Number: 0332118100014P. As routine maintenance, inspect regularly and repair out of the Operating budget.

Item Parameters - Full Detail

Pool Pump – Replace (2014)

Item Number	12	**Measurement Basis**	Unit
Type	IntelliFlo	**Estimated Useful Life**	10:00
Category	Common area	**Basis Cost**	$1,200
Tracking	Logistical		
Method	Fixed		

Code	Description	Service Date	Replace Date	Rem Life	Est. Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0007		2014	2024	9:00	10:00	(1) Pump	$1,200	$1,566

Comments

This pool pump was installed during 2014. Observed to be functional and in good condition. Manufacturer: IntelliFlo, Model Number: VS3050 Horse Power: 3, Serial Number: 033209110207A. As routine maintenance, inspect regularly and repair out of the Operating budget.

Item Parameters - Full Detail

Pool Filter – Replace (1995)

Item Number	13	**Measurement Basis**	Unit
Type	Triton	**Estimated Useful Life**	15:00
Category	Common area	**Basis Cost**	$1,000
Tracking	Logistical		
Method	Fixed		

Code	Description	Service Date	Replace Date	Rem Life	Est. Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0007		1995	2015	0:00	15:00	(1) Filter	$1,000	$1,558

Comments

This Triton TR-100 was installed during 1995. No signs of leaking or damage noted, however based on age, replacement should be anticipated at some point in the near future. Model: TR-100, Serial Number: 47795.

Item Parameters - Full Detail

Spa Filter – Replace (2011)

Item Number	14	**Measurement Basis**	Unit
Type	Triton	**Estimated Useful Life**	15:00
Category	Common area	**Basis Cost**	$1,000
Tracking	Logistical		
Method	Fixed		

Code	Description	Service Date	Replace Date	Rem Life	Est. Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0007		2011	2026	11:00	15:00	(1) Filter	$1,000	$1,384

Comments

This Triton TR-60 was installed during 2011. No signs of leaking or damage noted. Good condition observed. Inspect regularly and repair out of the Operating budget as needed. Model: TR-60, Serial Number: 0101068110056L.

Item Parameters - Full Detail

Spa Heater - Replace

Item Number	15	**Measurement Basis**	Unit
Type	Mastertemp 250	**Estimated Useful Life**	8:00
Category	Common area	**Basis Cost**	$1,800
Tracking	Logistical		
Method	Fixed		

Code	Description	Service Date	Replace Date	Rem Life	Est. Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0007		2011	2019	4:00	8:00	(1) Heater	$1,800	$2,026

Comments

This heater was installed during 2011 for approximately $1,760. No observed or reported damage. Recommend professional inspections, maintenance and repair to maximize useful life cycles.

Item Parameters - Full Detail

Ramada - Rebuild

Item Number	16	**Measurement Basis**	Unit
Type	Built up Structure	**Estimated Useful Life**	20:00
Category	Common area	**Basis Cost**	$10,000
Tracking	Logistical		
Method	Fixed		

	Service	Replace	Rem	Est.		Replacement Cost	
Code Description	**Date**	**Date**	**Life**	**Life**	**Quantity**	**Current**	**Future**
910-000-0007	N/A	2015	0:00	20:00	(1) Structure	$10,000	$18,061

Comments

The wood beams exhibit signs of dry rot and deterioration. The association plans to restore this structure during 2015. This project will include removal of the deteriorated wood beams, installation of new fascia boards, and re-coating of all exterior wood beams.

Item Parameters - Full Detail

Propane Tank - Replace

Item Number	17	**Measurement Basis**	Unit
Type	Above Ground Tank	**Estimated Useful Life**	30:00
Category	Common area	**Basis Cost**	$1,300
Tracking	Logistical		
Method	Fixed		

Code	Description	Service Date	Replace Date	Rem Life	Est. Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0007		2011	2041	26:00	30:00	(1) Tank	$1,300	$2,804

Comments

This tank was installed during 2011 for approximately $1,250. No reported leaks or damage observed. Recommend regular inspections to ensure safety and maximize useful life. Replacement should be anticipated at roughly the cost and time frame listed above.

Item Parameters - Full Detail

Foam Roofs – Recoat (North & South)

Item Number	18	**Measurement Basis**	Sq. Ft
Type	SPF Roofing	**Estimated Useful Life**	5:00
Category	Common area	**Basis Cost**	$1.00/Sq. Ft.
Tracking	Logistical		
Method	Fixed		

Code	Description	Service Date	Replace Date	Rem Life	Est. Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0007		2011	2016	1:00	5:00	15,550 GSF	$15,550	$16,017

Comments

The North and South foam roofs were recoated during 2011. During our inspection, we noted signs of ponding and some areas of minor damage. Recommend inspecting regularly and removing and debris. If water sits on the surface for more than 48 hours, it is called ponding. Ponding breaks down the acrylic coating and reduces the service life of your roof. Per **Sprayfoam Southwest**, foam roofs should be recoated 10 years after installation and every 5 years thereafter. If properly maintained, these roofs will last the lifetime of the community. Recommend annual inspections and repairs when needed.

Item Parameters - Full Detail

Foam Roofs – Recoat (East)

Item Number	19	**Measurement Basis**	Sq. Ft
Type	SPF Roofing	**Estimated Useful Life**	5:00
Category	Common area	**Basis Cost**	$1.00/Sq. Ft.
Tracking	Logistical		
Method	Fixed		

Code	Description	Service Date	Replace Date	Rem Life	Est. Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0007		2011	2021	6:00	5:00	8,590 GSF	$8,590	$10,257

Comments

The East foam roof was replaced during 2011. During our inspection, we noted signs of ponding and several “Blisters”. When moisture gets trapped while foam is being applied, it can cause high spots, or “blisters” in the foam. If the blister is sound enough structurally and is not broken, it is a cosmetic issue, unless it is creating severe ponding. If it is creating severe ponding, the acrylic can lift or separate from the foam, which will require maintenance more often than the rest of the roof. If the blister is broken, it can cause seepage into and below it. If “Blisters” get broken, they need to be cut it out and foam and acrylic coating need to be re-applied. Recommend inspecting regularly and removing and debris. Per **Sprayfoam Southwest**, foam roofs should be recoated 10 years after installation and every 5 years thereafter. If properly maintained, these roofs will last the lifetime of the community. Recommend annual inspections and repairs when needed. The remaining useful life of 6 years represents the 10 year initial warranty.

Item Parameters - Full Detail

Foam Roofs – Repair (Allowance)

Item Number	20	**Measurement Basis**	Sq. Ft
Type	SPF Roofing	**Estimated Useful Life**	5:00
Category	Common area	**Basis Cost**	$2,000
Tracking	Logistical		
Method	Fixed		

Code	Description	Service Date	Replace Date	Rem Life	Est. Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0007		2011	2015	0:00	5:00	Numerous	$2,000	$2,319

Comments

This line item provides an allowance for periodic repairs and replacements to the foam roofs. During our site inspection, we noted several “Blisters” and areas of ponding. We recommend a professional roofing inspection to assess the current condition of the roofs and determine needed repairs.

Item Parameters - Full Detail

Skylights - Replace

Item Number	21	**Measurement Basis**	Unit
Type	Skylights	**Estimated Useful Life**	25:00
Category	Common area	**Basis Cost**	$2,500
Tracking	Logistical		
Method	Fixed		

Code	Description	Service Date	Replace Date	Rem Life	Est. Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0007		2011	2036	21:00	25:00	(16) Lights	$2,500	$4,651

Comments

There are approximately (16) skylights. These skylights were installed during 2011. No major damage or deterioration noted. Recommend annual inspections in conjunction with the roofing systems. Future replacement should be anticipated at roughly the cost and time frame listed above.

Item Parameters - Full Detail

Unit Exteriors - Repaint

Item Number	22	**Measurement Basis**	Unit
Type	Facia, Trim etc.	**Estimated Useful Life**	5:00
Category	Common area	**Basis Cost**	$1,050/Unit
Tracking	Logistical		
Method	Fixed		

Code	Description	Service Date	Replace Date	Rem Life	Est. Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0007		2008	2015	0:00	5:00	(20) Units	$21,000	$24,345

Comments

Wood trim comprises one of the exterior finish materials of the buildings. Periodic application of a protective finish of paint or stain is an essential maintenance activity to maintain the physical appearance and integrity of the buildings. The Board plans to repaint the wood trim in 2015. The useful life of protective paint finishes in Arizona is four to five years. We recommend that Sample Property budget for replacement of rotted or damaged wood trim in coordination with each paint finish application see component “Wood Trim – Replace/Repair”.

Item Parameters - Full Detail

Wood Trim – Repair/Replace

Item Number	22	**Measurement Basis**	Unit
Type	Facia, Trim etc.	**Estimated Useful Life**	10:00
Category	Common area	**Basis Cost**	$500/Unit
Tracking	Logistical		
Method	Fixed		

Code	Description	Service Date	Replace Date	Rem Life	Est. Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0007		2008	2020	5:00	10:00	(20) Units	$10,000	$11,593

Comments

Wood trim comprises one of the exterior finish materials of the buildings. We recommend that Sample Property budget for replacement of rotted or damaged wood trim in coordination with each paint finish application. This component provides an allowance for periodic repairs and replacements to the wood trim.