Reserve Analysis Report

Paradise View Villas
Scottsdale, Arizona
Version 004 (revised)
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Paradise View Villas

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Preface

This preface is intended to provide an introduction to the enclosed reserve analysis as well as detailed information regarding the reserve analysis report format, reserve fund goals/objectives and calculation methods. The following sections are included in this preface:

♦ ♦ ♦ ♦ INTRODUCTION TO RESERVE BUDGETING ♦ ♦ ♦ ♦

The Board of Directors of an association has a fiduciary duty to maintain the community in a good state of repair. Individual unit property values are significantly impacted by the level of maintenance and upkeep provided by the association as well as the amount of the regular assessment charged to each owner.

A prudent plan must be implemented to address the issues of long-range maintenance, repair and replacement of the common areas. Additionally, the plan should recognize that the value of each unit is affected by the amount of the regular assessment charged to each unit.

There is a fine line between “not enough,” “just right” and “too much.” Each member of an association should contribute to the reserve fund for their proportionate amount of “depreciation” (or “use”) of the reserve components. Through time, if each owner contributes his “fair share” into the reserve fund for the depreciation of the reserve components, then the possibility of large increases in regular assessments or special assessments will be minimized.

An accurate reserve analysis and a “healthy” reserve fund are essential to protect and maintain the association's common areas and the property values of the individual unit owners. A comprehensive reserve analysis is one of the most significant elements of any association's long-range plan and provides the critical link between sound business judgment and good fiscal planning. The reserve analysis provides a “financial blueprint” for the future of an association.

♦ ♦ ♦ ♦ UNDERSTANDING THE RESERVE ANALYSIS ♦ ♦ ♦ ♦

In order for the reserve analysis to be useful, it must be understandable by a variety of individuals. Board members (from seasoned, experienced Board members to new Board members), property managers, accountants, attorneys and even homeowners may ultimately review the reserve analysis. The reserve analysis must be detailed enough to provide a comprehensive analysis, yet simple enough to enable less experienced individuals to understand the results.

There are four key bits of information that a comprehensive reserve analysis should provide: Budget, Percent Funded, Projections and Inventory. This information is described as follows:

Budget
Amount recommended to be transferred into the reserve account for the fiscal year for which the reserve analysis was prepared. In some cases, the reserve analysis may present two or more funding plans based on different goals/objectives. The Board should have a clear understanding of the differences among these funding goals/objectives prior to implementing one of them in the annual budget.

Percent Funded
Measure of the reserve fund “health” (expressed as a percentage) as of the beginning of the fiscal year for which the

reserve analysis was prepared. This figure is the ratio of the actual reserve fund on hand to the fully funded balance. A reserve fund that is "100% funded" means the association has accumulated the proportionately correct amount of money, to date, for the reserve components it maintains.

Projections
Indicate the "level of service" the association will provide the membership as well as a "road map" for the fiscal future of the association. The projections define the timetables for repairs and replacements, such as when the buildings will be painted or when the asphalt will be seal coated. The projections also show the financial plan for the association – when an underfunded association will "catch up" or how a properly funded association will remain fiscally "healthy."

Inventory
Complete listing of the reserve components. Key bits of information are available for each reserve component, including placed-in-service date, useful life, remaining life, replacement year, quantity, current cost of replacement, future cost of replacement and analyst's comments.

♦ ♦ ♦ ♦ RESERVE FUNDING GOALS / OBJECTIVES ♦ ♦ ♦ ♦

There are four reserve funding goals/objectives which may be used to develop a reserve funding plan that corresponds with the risk tolerance of the association: Full Funding, Baseline Funding, Threshold Funding and Statutory Funding. These goals/objectives are described as follows:

Full Funding
Describes the goal/objective to have reserves on hand equivalent to the value of the deterioration of each reserve component. The objective of this funding goal is to achieve and/or maintain a 100% percent funded reserve fund. The component calculation method or cash flow calculation method is typically used to develop a full funding plan.

Baseline Funding
Describes the goal/objective to have sufficient reserves on hand to never completely run out of money. The objective of this funding goal is to simply pay for all reserve expenses as they come due without regard to the association's percent funded. The cash flow calculation method is typically used to develop a baseline funding plan.

Threshold Funding
Describes the goal/objective other than the 100% level (full funding) or just staying cash-positive (baseline funding). This threshold goal/objective may be a specific percent funded target or a cash balance target. Threshold funding is often a value chosen between full funding and baseline funding. The cash flow calculation method is typically used to develop a threshold funding plan.

Statutory Funding
Describes the pursuit of an objective as described or required by local laws or codes. The component calculation method or cash flow calculation method is typically used to develop a statutory funding plan.

♦ ♦ ♦ ♦ RESERVE FUNDING CALCULATION METHODS ♦ ♦ ♦ ♦

There are two funding methods which can be used to develop a reserve funding plan based on a reserve funding goal/objective: Component Calculation Method and Cash Flow Calculation Method. These calculation methods are described as follows:

Component Calculation Method
This calculation method develops a funding plan for each individual reserve component. The sum of the funding plan for each component equals the total funding plan for the association. This method is often referred to as the "straight line"

method and is widely believed to be the most conservative reserve funding method. This method structures a funding plan that enables the association to pay all reserve expenditures as they come due, enables the association to achieve the ideal level of reserves in time, and then enables the association to maintain the ideal level of reserves through time. The following is a detailed description of the component calculation method:

Step 1: Calculation of fully funded balance for each component

The fully funded balance is calculated for each component based on its age, useful life and current cost. The actual formula is as follows:

$$\text{Fully Funded Balance} = \frac{\text{Age}}{\text{Useful Life}} \text{ X Current Cost}$$

Step 2: Distribution of current reserve funds

The association's current reserve funds are assigned to (or distributed amongst) the reserve components based on each component's remaining life and fully funded balance as follows:

Pass 1: Components are organized in remaining life order, from least to greatest, and the current reserve funds are assigned to each component up to its fully funded balance, until reserves are exhausted.

Pass 2: If all components are assigned their fully funded balance and additional funds exist, they are assigned in a "second pass." Again, the components are organized in remaining life order, from least to greatest, and the remaining current reserve funds are assigned to each component up to its current cost, until reserves are exhausted.

Pass 3: If all components are assigned their current cost and additional funds exist, they are assigned in a "third pass." Components with a remaining life of zero years are assigned double their current cost.

Distributing, or assigning, the current reserve funds in this manner is the most efficient use of the funds on hand – it defers the make-up period of any underfunded reserves over the lives of the components with the largest remaining lives.

Step 3: Developing a funding plan

After step 2, all components have a "starting" balance. A calculation is made to determine what funding would be required to get from the starting balance to the future cost over the number of years remaining until replacement. The funding plan incorporates the annual contribution increase parameter to develop a "stair stepped" contribution.

For example, if an association needs to accumulate $100,000 in ten years, $10,000 could be contributed each year. Alternatively, the association could contribute $8,723 in the first year and increase the contribution by 3% each year thereafter until the tenth year.

In most cases, this rate should match the inflation parameter. Matching the annual contribution increase parameter to the inflation parameter indicates, in theory, that member contributions should increase at the same rate as the cost of living (inflation parameter). Due to the "time value of money," this creates the most equitable distribution of member contributions through time.

Using an annual contribution increase parameter that is greater than the inflation parameter will reduce the burden to the current membership at the expense of the future membership. Using an annual contribution increase parameter that is less than the inflation parameter will increase the burden to the current membership to the benefit of the future membership. The following chart shows a comparison:

	0% Increase	3% Increase	10% Increase
Year 1	$10,000.00	$8,723.05	$6,274.54
Year 2	$10,000.00	$8,984.74	$6,901.99
Year 3	$10,000.00	$9,254.28	$7,592.19
Year 4	$10,000.00	$9,531.91	$8,351.41
Year 5	$10,000.00	$9,817.87	$9,186.55
Year 6	$10,000.00	$10,112.41	$10,105.21
Year 7	$10,000.00	$10,415.78	$11,115.73
Year 8	$10,000.00	$10,728.25	$12,227.30
Year 9	$10,000.00	$11,050.10	$13,450.03
Year 10	$10,000.00	$11,381.60	$14,795.04
TOTAL	$100,000.00	$100,000.00	$100,000.00

This parameter is used to develop a funding plan only; it does not necessarily mean that the reserve contributions must be raised each year. There are far more significant factors that will contribute to a total reserve contribution increase or decrease from year to year than this parameter.

One of the major benefits of using this calculation method is that for any single component (or group of components), the accumulated balance and reserve funding can be precisely calculated. For example, using this calculation method, the reserve analysis can indicate the exact amount of current reserve funds "in the bank" for the roofs and the amount of money being funded towards the roofs each month. This information is displayed on the Management / Accounting Summary and Charts as well as elsewhere within the report.

Cash Flow Calculation Method

This calculation method develops a funding plan based on current reserve funds and projected expenditures during a specific timeframe (typically 30 years). This funding method structures a funding plan that enables the association to pay for all reserve expenditures as they come due, but is not necessarily concerned with the ideal level of reserves through time.

This calculation method tests reserve contributions against reserve expenditures through time to determine the minimum contribution necessary (baseline funding) or some other defined goal/objective (full funding, threshold funding or statutory funding). Unlike the component calculation method, this calculation method cannot precisely calculate the reserve funding for any single component (or group of components). In order to work-around this issue to provide this bookkeeping information, a formula has been applied to component method results to calculate a reasonable breakdown. This information is displayed on the Management / Accounting Summary and Charts as well as elsewhere within the report.

The **Directed Cash Flow Calculation Method** is our primary calculation method. It allows for several funding strategies to be manually tested until the optimal funding strategy accomplishing three goals is created:

Goal #1: Ensures that all scheduled reserve expenditures are covered by keeping the reserve cash balance above zero during the projected period (typically 30 years)

Goal #2: Uniformly distributes the costs of replacements over time to benefit both current & future members of the association by using consistent, incremental contribution increases

Goal #3: Provides for the lowest reserve funding recommendation as possible over time with the goal of approaching, reaching and/or maintaining a 100% fully funded reserve balance

These very important aspects of the **Directed Cash Flow Calculation Method** will greatly aid the board of directors during the annual budgeting process.

Preface

♦ ♦ ♦ ♦ READING THE RESERVE ANALYSIS ♦ ♦ ♦ ♦

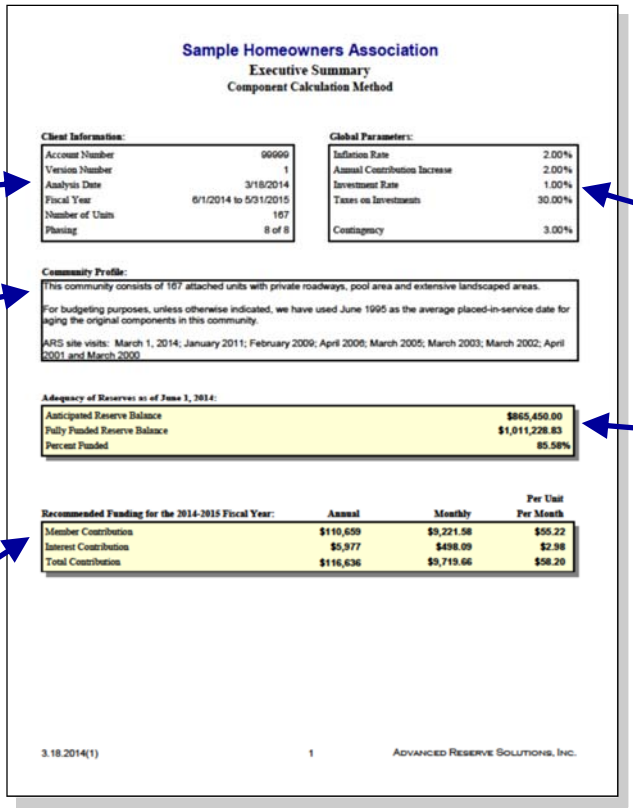
In some cases, the reserve analysis may be a lengthy document of one hundred pages or more. A complete and thorough review of the reserve analysis is always a good idea. However, if time is limited, it is suggested that a thorough review of the summary pages be made. If a "red flag" is raised in this review, the reader should then check the detail information, of the component in question, for all relevant information. In this section, a description of most of the summary or report sections is provided along with comments regarding what to look for and how to use each section.

Executive Summary

Provides general information about the client, global parameters used in the calculation of the reserve analysis as well as the core results of the reserve analysis.

Client Information
Provides various client information including fiscal year for which the reserve analysis was prepared, number of units, phasing, etc.

Global Parameters
Displays the calculation parameters that were used to calculate the reserve analysis including inflation, annual contribution increase, investment rate, tax rate and contingency.



Sample Homeowners Association
Executive Summary
Component Calculation Method

Client Information:

Account Number	99999
Version Number	1
Analysis Date	3/18/2014
Fiscal Year	6/1/2014 to 5/31/2015
Number of Units	167
Phasing	8 of 8

Global Parameters:

Inflation Rate	2.00%
Annual Contribution Increase	2.00%
Investment Rate	1.00%
Taxes on Investments	30.00%
Contingency	3.00%

Community Profile:
This community consists of 167 attached units with private roadways, pool area and extensive landscaped areas.

For budgeting purposes, unless otherwise indicated, we have used June 1995 as the average placed-in-service date for aging the original components in this community.

ARS site visits: March 1, 2014; January 2011; February 2009; April 2006; March 2005; March 2003; March 2002; April 2001 and March 2000

Adequacy of Reserves as of June 1, 2014:

Anticipated Reserve Balance	$865,450.00
Fully Funded Reserve Balance	$1,011,228.83
Percent Funded	85.58%

Recommended Funding for the 2014-2015 Fiscal Year:	Annual	Monthly	Per Unit Per Month
Member Contribution	$110,659	$9,221.58	$55.22
Interest Contribution	$5,977	$498.09	$2.98
Total Contribution	$116,636	$9,719.66	$58.20

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Community Profile
Provides brief description of the community, as well as other "global" type comments.

Budget
Provides recommended funding for the fiscal year for which the reserve analysis was prepared. Indicates the reserve funding from the membership, anticipated interest contribution and the total contribution

Adequacy of Reserves
Displays the results of calculations with regard to the "health" of the reserve fund as of the beginning of the fiscal year for which the reserve analysis was prepared. Provides the anticipated reserve balance, fully funded reserve balance and the percent funded.

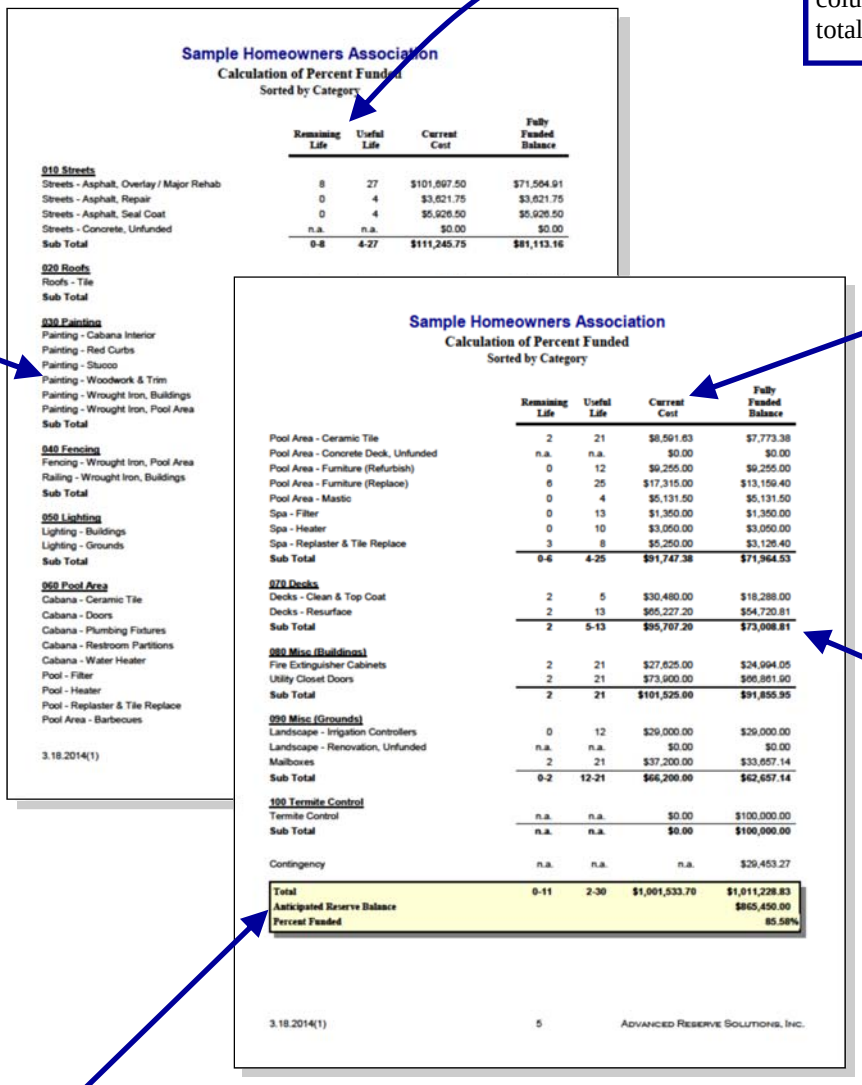
Preface

Calculation of Percent Funded

Summary displays all reserve components, shown here in "category" order. Provides the remaining life, useful life, current cost and the fully funded balance at the beginning of the fiscal year for which the reserve analysis was prepared.

Lifespans
Remaining life and useful life are displayed. And, these columns are conveniently sub totaled to show range.

Reserve Components
All components are displayed (shown here in "category" order).



Sample Homeowners Association
Calculation of Percent Funded
Sorted by Category

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
010 Streets				
Streets - Asphalt, Overlay / Major Rehab	8	27	$101,697.50	$71,564.91
Streets - Asphalt, Repair	0	4	$3,621.75	$3,621.75
Streets - Asphalt, Seal Coat	0	4	$5,926.50	$5,926.50
Streets - Concrete, Unfunded	n.a.	n.a.	$0.00	$0.00
Sub Total	**0-8**	**4-27**	**$111,245.75**	**$81,113.16**
020 Roofs				
Roofs - Tile				
Sub Total				
030 Painting				
Painting - Cabana Interior				
Painting - Red Curbs				
Painting - Stucco				
Painting - Woodwork & Trim				
Painting - Wrought Iron, Buildings				
Painting - Wrought Iron, Pool Area				
Sub Total				
040 Fencing				
Fencing - Wrought Iron, Pool Area				
Railing - Wrought Iron, Buildings				
Sub Total				
050 Lighting				
Lighting - Buildings				
Lighting - Grounds				
Sub Total				
060 Pool Area				
Cabana - Ceramic Tile				
Cabana - Doors				
Cabana - Plumbing Fixtures				
Cabana - Restroom Partitions				
Cabana - Water Heater				
Pool - Filter				
Pool - Heater				
Pool - Replaster & Tile Replace				
Pool Area - Barbecues				

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Sample Homeowners Association
Calculation of Percent Funded
Sorted by Category

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
Pool Area - Ceramic Tile	2	21	$8,591.63	$7,773.38
Pool Area - Concrete Deck, Unfunded	n.a.	n.a.	$0.00	$0.00
Pool Area - Furniture (Refurbish)	0	12	$9,255.00	$9,255.00
Pool Area - Furniture (Replace)	6	25	$17,315.00	$13,159.40
Pool Area - Mastic	0	4	$5,131.50	$5,131.50
Spa - Filter	0	13	$1,350.00	$1,350.00
Spa - Heater	0	10	$3,050.00	$3,050.00
Spa - Replaster & Tile Replace	3	8	$5,250.00	$3,126.40
Sub Total	**0-6**	**4-25**	**$91,747.38**	**$71,964.53**
070 Decks				
Decks - Clean & Top Coat	2	5	$30,480.00	$18,288.00
Decks - Resurface	2	13	$65,227.20	$54,720.81
Sub Total	**2**	**5-13**	**$95,707.20**	**$73,008.81**
080 Misc (Buildings)				
Fire Extinguisher Cabinets	2	21	$27,625.00	$24,994.05
Utility Closet Doors	2	21	$73,900.00	$66,861.90
Sub Total	**2**	**21**	**$101,525.00**	**$91,855.95**
090 Misc (Grounds)				
Landscape - Irrigation Controllers	0	12	$29,000.00	$29,000.00
Landscape - Renovation, Unfunded	n.a.	n.a.	$0.00	$0.00
Mailboxes	2	21	$37,200.00	$33,657.14
Sub Total	**0-2**	**12-21**	**$66,200.00**	**$62,657.14**
100 Termite Control				
Termite Control	n.a.	n.a.	$0.00	$100,000.00
Sub Total	**n.a.**	**n.a.**	**$0.00**	**$100,000.00**
Contingency	n.a.	n.a.	n.a.	$29,453.27
Total	**0-11**	**2-30**	**$1,001,533.70**	**$1,011,228.83**
Anticipated Reserve Balance				**$865,450.00**
Percent Funded				**85.58%**

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Current Cost
Displays the current cost to replace or otherwise maintain each component. This column is conveniently sub totaled.

Fully Funded Balance
Displays the fully funded balance for each component. This column is conveniently sub totaled.

The total current cost to replace or otherwise maintain all components, total fully funded balance, anticipated reserve balance and percent funded are provided at the bottom of this summary. Also shown is the range of reserve component remaining lives and useful lives.

Preface

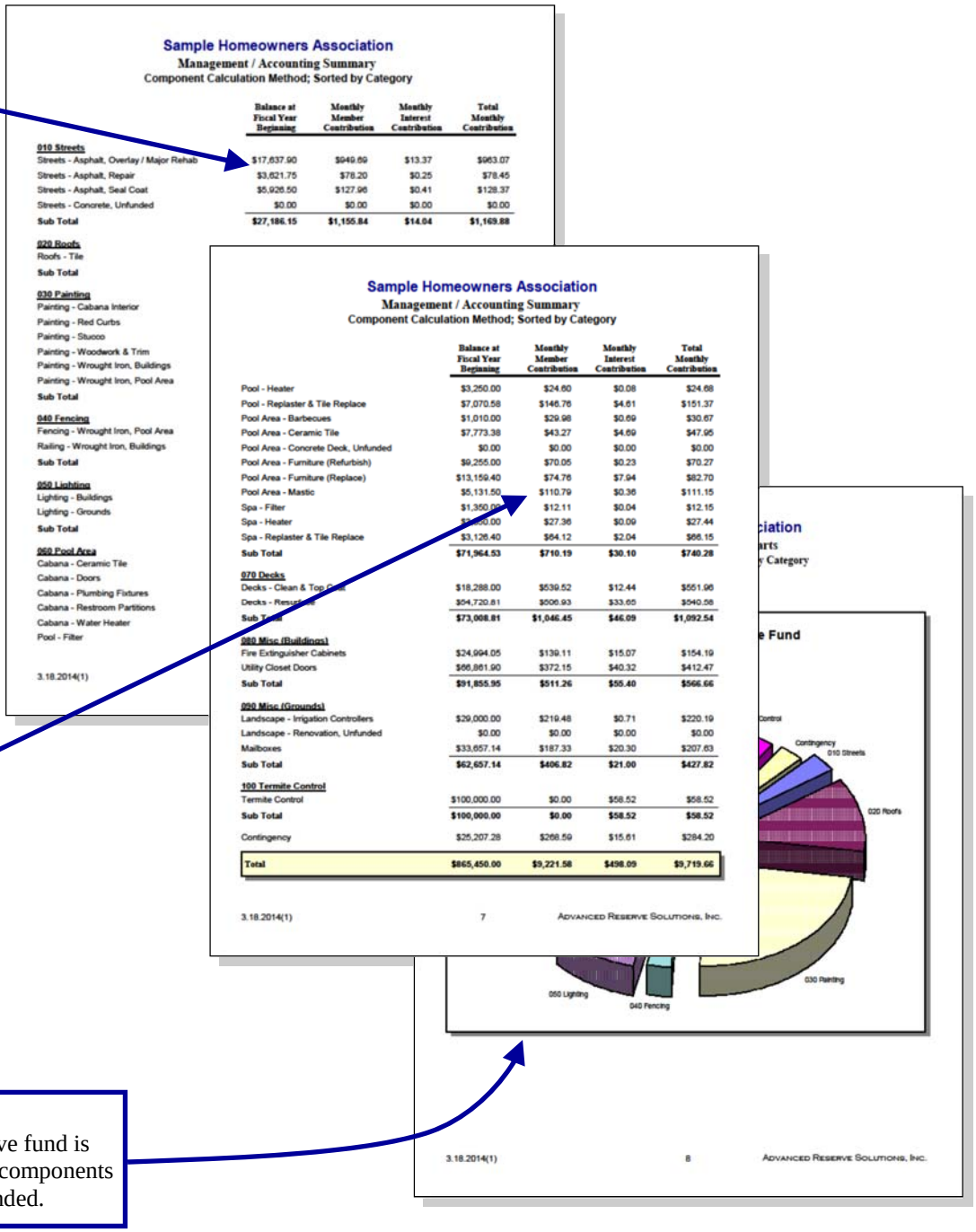
Management / Accounting Summary and Charts

Summary displays all reserve components, shown here in "category" order. Provides the assigned reserve funds at the beginning of the fiscal year for which the reserve analysis was prepared along with the monthly member contribution, interest contribution and total contribution for each component and category. Pie charts show graphically how the total reserve fund is distributed amongst the reserve component categories and how each category is funded on a monthly basis.

Balance at FYB
Shows the amount of reserve funds assigned to each reserve component. And, this column is conveniently sub totaled.

Monthly Funding
Displays the monthly funding for each component from the members and interest. Total monthly funding is also indicated. And, these columns are conveniently sub totaled.

Pie Charts
Show graphically how the reserve fund is distributed amongst the reserve components and how the components are funded.



Sample Homeowners Association
Management / Accounting Summary
Component Calculation Method; Sorted by Category

	Balance at Fiscal Year Beginning	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
010 Streets				
Streets - Asphalt, Overlay / Major Rehab	$17,637.90	$949.69	$13.37	$963.07
Streets - Asphalt, Repair	$3,621.75	$78.20	$0.25	$78.45
Streets - Asphalt, Seal Coat	$5,926.50	$127.96	$0.41	$128.37
Streets - Concrete, Unfunded	$0.00	$0.00	$0.00	$0.00
Sub Total	$27,186.15	$1,155.84	$14.04	$1,169.88
020 Roofs				
Roofs - Tile				
Sub Total				
030 Painting				
Painting - Cabana Interior				
Painting - Red Curbs				
Painting - Stucco				
Painting - Woodwork & Trim				
Painting - Wrought Iron, Buildings				
Painting - Wrought Iron, Pool Area				
Sub Total				
040 Fencing				
Fencing - Wrought Iron, Pool Area				
Railing - Wrought Iron, Buildings				
Sub Total				
050 Lighting				
Lighting - Buildings				
Lighting - Grounds				
Sub Total				
060 Pool Area				
Cabana - Ceramic Tile				
Cabana - Doors				
Cabana - Plumbing Fixtures				
Cabana - Restroom Partitions				
Cabana - Water Heater				
Pool - Filter				

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Sample Homeowners Association
Management / Accounting Summary
Component Calculation Method; Sorted by Category

	Balance at Fiscal Year Beginning	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
Pool - Heater	$3,250.00	$24.60	$0.08	$24.68
Pool - Replaster & Tile Replace	$7,070.58	$146.76	$4.61	$151.37
Pool Area - Barbecues	$1,010.00	$29.98	$0.69	$30.67
Pool Area - Ceramic Tile	$7,773.38	$43.27	$4.69	$47.95
Pool Area - Concrete Deck, Unfunded	$0.00	$0.00	$0.00	$0.00
Pool Area - Furniture (Refurbish)	$9,255.00	$70.05	$0.23	$70.27
Pool Area - Furniture (Replace)	$13,159.40	$74.76	$7.94	$82.70
Pool Area - Mastic	$5,131.50	$110.79	$0.36	$111.15
Spa - Filter	$1,350.00	$12.11	$0.04	$12.15
Spa - Heater	$3,060.00	$27.36	$0.09	$27.44
Spa - Replaster & Tile Replace	$3,126.40	$64.12	$2.04	$66.15
Sub Total	$71,964.53	$710.19	$30.10	$740.28
070 Decks				
Decks - Clean & Top Coat	$18,288.00	$539.52	$12.44	$551.96
Decks - Resurface	$54,720.81	$506.93	$33.65	$540.58
Sub Total	$73,008.81	$1,046.45	$46.09	$1,092.54
080 Misc (Buildings)				
Fire Extinguisher Cabinets	$24,994.05	$139.11	$15.07	$154.19
Utility Closet Doors	$66,861.90	$372.15	$40.32	$412.47
Sub Total	$91,855.95	$511.26	$55.40	$566.66
090 Misc (Grounds)				
Landscape - Irrigation Controllers	$29,000.00	$219.48	$0.71	$220.19
Landscape - Renovation, Unfunded	$0.00	$0.00	$0.00	$0.00
Mailboxes	$33,657.14	$187.33	$20.30	$207.63
Sub Total	$62,657.14	$406.82	$21.00	$427.82
100 Termite Control				
Termite Control	$100,000.00	$0.00	$58.52	$58.52
Sub Total	$100,000.00	$0.00	$58.52	$58.52
Contingency	$25,207.28	$268.59	$15.61	$284.20
Total	$865,450.00	$9,221.58	$498.09	$9,719.66

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Control
Contingency
010 Streets
020 Roofs
030 Painting
040 Fencing
050 Lighting

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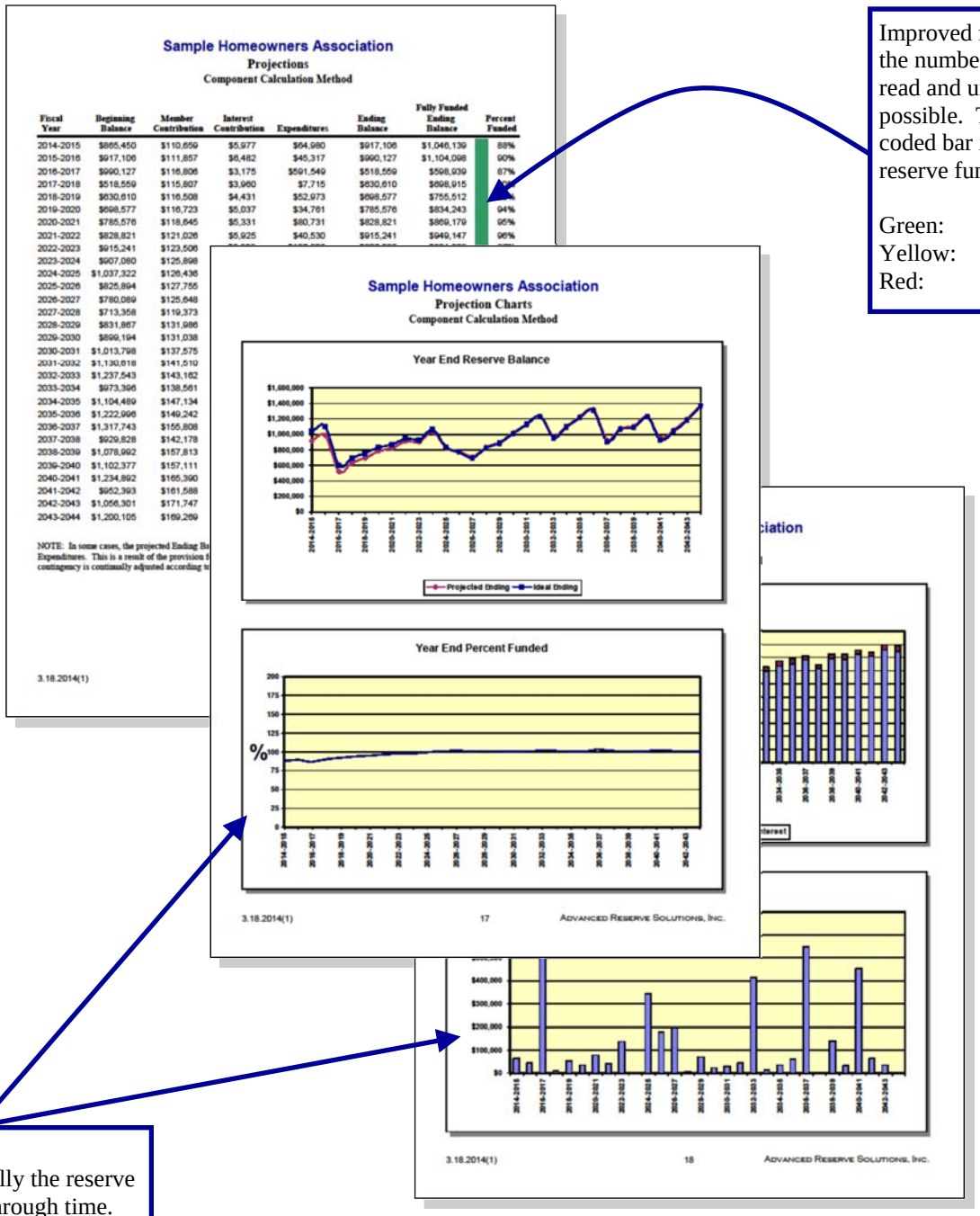
Projections and Charts

Summary displays projections of beginning reserve balance, member contribution, interest contribution, expenditures and ending reserve balance for each year of the projection period (shown here for 30 years). The two columns on the right-hand side provide the fully funded ending balance and the percent funded for each year. Charts show the same information in an easy-to-understand graphic format.



Improved format makes the numbers as easy to read and understand as possible. The color-coded bar indicates the reserve fund status:

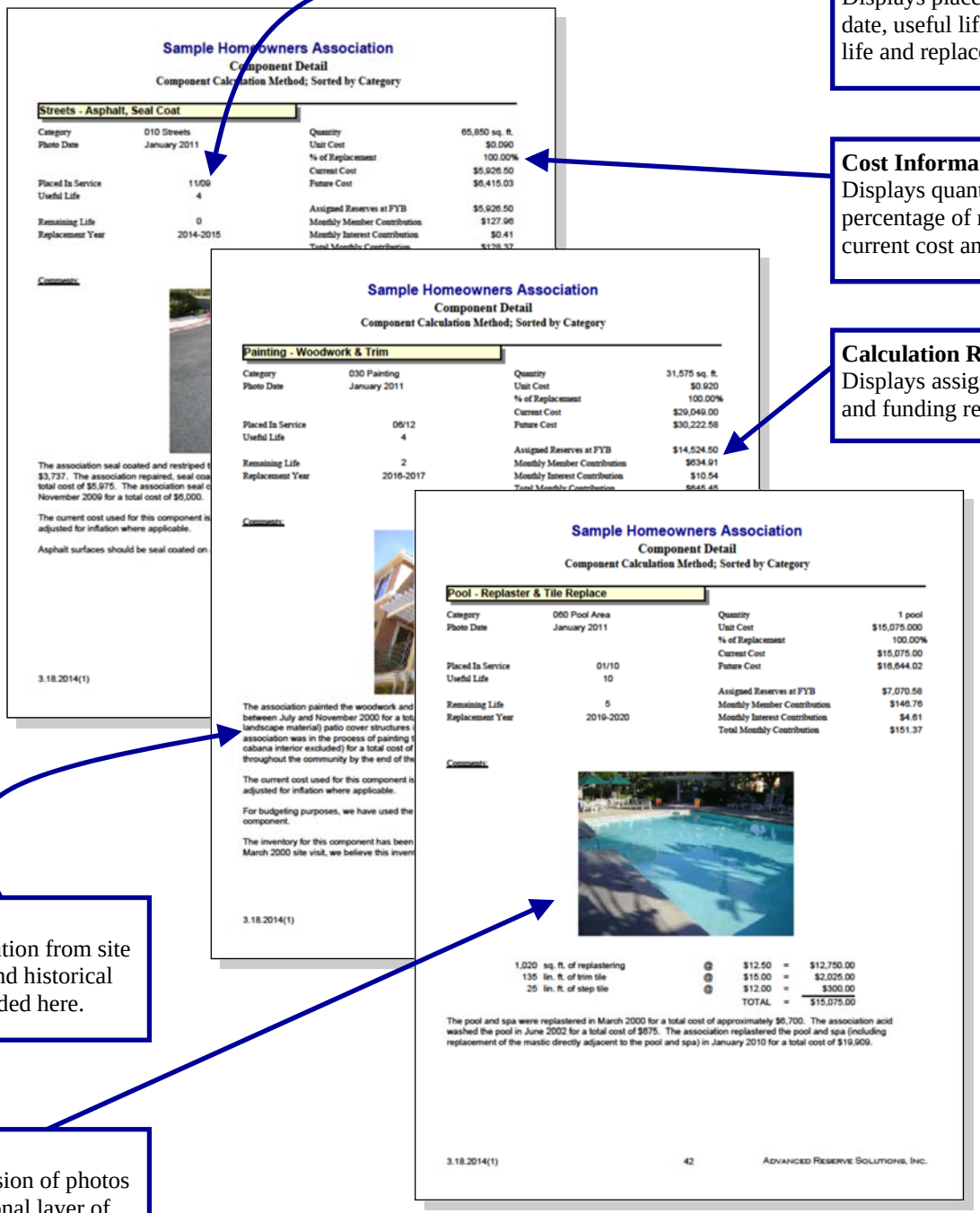
Green:	Good
Yellow:	Fair
Red:	Poor

Charts
Show graphically the reserve funding plan through time.

Preface

Component Detail

Summary provides detailed information about each reserve component. These pages display all information about each reserve component as well as comments from site observations and historical information regarding replacement or other maintenance.



Lifespan Information
Displays placed-in-service date, useful life, remaining life and replacement year.

Cost Information
Displays quantity, unit cost, percentage of replacement, current cost and future cost.

Calculation Results
Displays assigned reserves and funding requirements.

Comments
Useful information from site observations and historical expenses included here.

Photos
Optional inclusion of photos adds an additional layer of detail to the reserve analysis.

Preface

♦ ♦ ♦ ♦ GLOSSARY OF KEY TERMS ♦ ♦ ♦ ♦

Annual Contribution Increase Parameter
The rate used in the calculation of the funding plan. This rate is used on an annual compounding basis. This rate represents, in theory, the rate the association expects to increase contributions each year.

In most cases, this rate should match the inflation parameter. Matching the annual contribution increase parameter to the inflation parameter indicates, in theory, that member contributions should increase at the same rate as the cost of living (inflation parameter). Due to the "time value of money," this creates the most equitable distribution of member contributions through time.

This parameter is used to develop a funding plan only; it does not necessarily mean that the reserve contributions must be raised each year. There are far more significant factors that will contribute to a total reserve contribution increase or decrease from year to year than this parameter. See the description of "reserve funding calculation methods" in this preface for more detail on this parameter.

Anticipated Reserve Balance (or Reserve Funds)
The amount of money, as of a certain point in time, held by the association to be used for the repair or replacement of reserve components. This figure is "anticipated" because it is calculated based on the most current financial information available as of the analysis date, which is almost always prior to the fiscal year beginning date for which the reserve analysis is prepared.

Assigned Funds (and "Fixed" Assigned Funds)
The amount of money, as of the fiscal year beginning date for which the reserve analysis is prepared, that a reserve component has been assigned.

The assigned funds are considered "fixed" when the normal calculation process is bypassed and a specific amount of money is assigned to a reserve component. For example, if the normal calculation process assigns $10,000 to the roofs, but the association would like to show $20,000 assigned to roofs, "fixed" funds of $20,000 can be assigned.

Cash Flow Calculation Method
Reserve funding calculation method developed based on total annual expenditures. A more detailed description of the actual calculation process is included in the "reserve funding calculation methods" section of the preface.

Component Calculation Method
Reserve funding calculation method developed based on each individual component. A more detailed description of the actual calculation process is included in the "reserve funding calculation methods" section of the preface.

Contingency Parameter
The rate used as a built-in buffer in the calculation of the funding plan. This rate will assign a percentage of the reserve funds, as of the fiscal year beginning, as contingency funds and will also determine the level of funding toward the contingency each month.

Current Replacement Cost
The amount of money, as of the fiscal year beginning date for which the reserve analysis is prepared, that a reserve component is expected to cost to replace.

Fiscal Year
Indicates the budget year for the association for which the reserve analysis was prepared. The fiscal year beginning (FYB) is the first day of the budget year; the fiscal year end (FYE) is the last day of the budget year.

Fully Funded Reserve Balance (or Ideal Reserves)
The amount of money that should theoretically have accumulated in the reserve fund as of a certain point in time. Fully funded reserves are calculated for each reserve component based on the current replacement cost, age and useful life:

$$\text{Fully Funded Reserves} = \frac{\text{Age}}{\text{Useful Life}} \times \text{Current Replacement Cost}$$

The fully funded reserve balance is the sum of the fully funded reserves for each reserve component.

An association that has accumulated the fully funded reserve balance does not have all of the funds necessary to replace all of its reserve components immediately; it has the proportionately appropriate reserve funds for the reserve components it maintains, based on each component's current replacement cost, age and useful life.

Future Replacement Cost
The amount of money, as of the fiscal year during which replacement of a reserve component is scheduled, that a reserve component is expected to cost to replace. This cost is calculated using the current replacement cost compounded annually by the inflation parameter.

Global Parameters
The financial parameters used to calculate the reserve analysis. See also "inflation parameter," "annual contribution increase parameter," "investment rate parameter" and "taxes on investments parameter."

Inflation Parameter
The rate used in the calculation of future costs for reserve components. This rate is used on an annual compounding basis. This rate represents the rate the association expects the cost of goods and services relating to their reserve components to increase each year.

Interest Contribution
The amount of money contributed to the reserve fund by the interest earned on the reserve fund and member contributions.

Investment Rate Parameter
The gross rate used in the calculation of interest contribution (interest earned) from the reserve balance and member contributions. This rate (net of the taxes on investments parameter) is used on a monthly compounding basis. This parameter represents the weighted average interest rate the association expects to earn on their reserve fund investments.

Membership Contribution
The amount of money contributed to the reserve fund by the association's membership.

Monthly Contribution (and "Fixed" Monthly Contribution)
The amount of money, for the fiscal year which the reserve analysis is prepared, that a reserve component will be funded.

The monthly contribution is considered "fixed" when the normal calculation process is bypassed and a specific amount of money is funded to a reserve component. For example, if the normal calculation process funds $1,000 to the roofs each month, but the association would like to show $500 funded to roofs each month, a "fixed" contribution of $500 can be assigned.

Number of Units (or other assessment basis)
Indicates the number of units for which the reserve analysis was prepared. In "phased" developments (see phasing), this number represents the number of units, and corresponding common area components, that existed as of a certain point in time.

For some associations, assessments and reserve contributions are based on a unit of measure other than the number of units. Examples include time-interval weeks for timeshare resorts or lot acreage for commercial/industrial developments.

One-Time Replacement
Used for components that will be budgeted for only once.

Percent Funded
A measure, expressed as a percentage, of the association's reserve fund "health" as of a certain point in time. This number is the ratio of the anticipated reserve fund balance to the fully funded reserve balance:

$$\text{Percent Funded} = \frac{\text{Anticipated Reserve Fund Balance}}{\text{Fully Funded Reserve Balance}}$$

An association that is 100% funded does not have all of the reserve funds necessary to replace all of its reserve components immediately; it has the proportionately appropriate reserve funds for the reserve components it maintains, based on each component's current replacement cost, age and useful life.

Percentage of Replacement
The percentage of the reserve component that is expected to be replaced.

For most reserve components, this percentage should be 100%. In some cases, this percentage may be more or less than 100%. For example, fencing which is shared with a neighboring community may be set at 50%.

Phasing
Indicates the number of phases for which the reserve analysis was prepared and the total number of phases expected at build-out (i.e. Phase 4 of 7). In phased developments, the first number represents the number of phases, and corresponding common area components, that existed as of a certain point in time. The second number represents the number of phases that are expected to exist at build-out.

Placed-In-Service Date
The date (month and year) that the reserve component was originally put into service or last replaced.

Remaining Life
The length of time, in years, until a reserve component is scheduled to be replaced.

Remaining Life Adjustment
The length of time, in years, that a reserve component is expected to last in excess (or deficiency) of its useful life for the current cycle of replacement.

If the current cycle of replacement for a reserve component is expected to be greater than or less than the "normal" life expectancy, the reserve component's life should be adjusted using a remaining life adjustment.

For example, if wood trim is painted normally on a 4 year cycle, the useful life should be 4 years. However, when it comes time to paint the wood trim and it is determined that it can be deferred for an additional year, the useful life should remain at 4 years and a remaining life adjustment of +1 year should be used.

Replacement Year
The fiscal year that a reserve component is scheduled to be replaced.

Reserve Components
Line items included in the reserve analysis.

Taxes on Investments Parameter
The rate used to offset the investment rate parameter in the calculation of the interest contribution. This parameter represents the marginal tax rate the association expects to pay on interest earned by the reserve funds and member contributions.

Total Contribution
The sum of the membership contribution and interest contribution.

Useful Life
The length of time, in years, that a reserve component is expected to last each time it is replaced. See also "remaining life adjustment."

♦ ♦ ♦ ♦ LIMITATIONS OF RESERVE ANALYSIS ♦ ♦ ♦ ♦

This reserve analysis is intended as a tool for the association's Board of Directors to be used in evaluating the association's current physical and financial condition with regard to reserve components. The results of this reserve analysis represent the independent opinion of the preparer. There is no implied warranty or guarantee of this work product.

For the purposes of this reserve analysis, it has been assumed that all components have been installed properly, no construction defects exist and all components are operational. Additionally, it has been assumed that all components will be maintained properly in the future.

The representations set forth in this reserve analysis are based on the best information and estimates of the preparer as of the date of this analysis. These estimates are subject to change. This reserve analysis includes estimates of replacement costs and life expectancies as well as assumptions regarding future events. Some estimates are projections of future events based on information currently available and are not necessarily indicative of the actual future outcome. The longer the time period between the estimate and the estimated event, the more likely the possibility or error and/or discrepancy. For example, some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the preparation of this reserve analysis. Therefore, the actual replacement costs and remaining lives may vary from this reserve analysis and the variation may be significant. Additionally, inflation and other economic events may impact this reserve analysis, particularly over an extended period of time and those events could have a significant and negative impact on the accuracy of this reserve analysis and, further, the funds available to meet the association's obligation for repair, replacement or other maintenance of major components during their estimated useful life. Furthermore, the occurrence of vandalism, severe weather conditions, earthquakes, floods, acts of nature or other unforeseen events cannot be predicted and/or accounted for and are excluded when assessing life expectancy, repair and/or replacement costs of the components.

Paradise View Villas

Executive Summary

Directed Cash Flow Calculation Method

Client Information:

Account Number	2323
Version Number	004 (revised)
Analysis Date	08/22/2018
Fiscal Year	1/1/2019 to 12/31/2019
Number of Units	64
Phasing	1 of 1

Global Parameters:

Inflation Rate	2.60 %
Annual Contribution Increase	0.00 %
Investment Rate	1.40 %
Taxes on Investments	0.00 %
Contingency	0.00 %

Community Profile:

Refer to the Component Detail section of the report for the dates used to age the various components examined in this analysis.

Reserve Balance as of April 30, 2018: $466,355

Remaining 2018 Reserve Contributions: $49,600 ($6,200/month x 8 months)

Remaining 2018 Interest to be Earned (1.40%): $4,216

Remaining 2018 Reserve Expenditures: $11,900 (granite replenishment)
7,500 (Bldg 6 elevator door operator upgrade)
8,000 (Bldg 5 elevator door operator upgrade)
2,000 (celluar upgrade to the gate phone)
10,000 (adding pedestrian gate to south side of property)

Projected January 1, 2019 Reserve Balance: $480,771

REPORTS: 2005. Updated 2010, 2014 & 2018.

Adequacy of Reserves as of January 1, 2019:

Anticipated Reserve Balance	**$480,771.00**
Fully Funded Reserve Balance	**$513,540.41**
Percent Funded	**93.62%**

Recommended Funding for the 2019 Fiscal Year:	**Annual**	**Monthly**	**Per Unit Per Month**
Member Contribution	**$72,400**	**$6,033.33**	**$94.27**
Interest Contribution	**$6,809**	**$567.39**	**$8.87**
Total Contribution	**$79,209**	**$6,600.72**	**$103.14**

Paradise View Villas

Distribution of Current Reserve Funds

Sorted by Remaining Life

	Remaining Life	Fully Funded Balance	Assigned Reserves
Buildings - HVAC, Elevator Equipment Rooms (A)	0	$2,400.00	$2,400.00
Pool - BBQ Grills	0	$2,500.00	$2,500.00
Security - Access Phone (West Entrance)	0	$4,000.00	$4,000.00
Security - Gate Operators (East Entrance)	0	$7,500.00	$7,500.00
Security - Gate Operators (West)	0	$7,500.00	$7,500.00
Streets - Asphalt Repair, Seal Coat & Restripe	0	$6,750.00	$6,750.00
Buildings - FACPs (Bldgs 5 & 6)	1	$3,733.33	$3,733.33
Paint - Community Exteriors	1	$97,077.92	$97,077.92
Pool - Heater	3	$2,062.50	$2,062.50
Spa - Heater	3	$1,716.13	$1,716.13
Pool/Spa - Pumps & Motors	4	$2,250.00	$2,250.00
Grounds: Mailboxes (Pedestal Sets)	5	$4,500.00	$4,500.00
Buildings - HVAC, Elevator Equipment Rooms (B)	6	$394.37	$394.37
Roofs - Flat, Built-Up, Replace (Condo Bldgs)	6	$41,888.00	$41,888.00
Grounds: Light Fixtures (Pathways)	7	$7,916.67	$7,916.67
Roofs - Flat, Foam, Repair/Recoat (Townhomes)	7	$3,973.50	$3,973.50
Buildings - FACPs (Bldgs 7 & 8)	9	$1,586.59	$1,586.59
Grounds: Granite Replenishment	9	$626.32	$626.32
Pool - Filter (Cartridge)	9	$275.00	$275.00
Buildings - Light Fixtures (Wall Mounted)	10	$7,500.00	$7,500.00
Gates - Metal (Trash Enclosures)	10	$2,700.00	$2,700.00
Spa - Filter (Cartridge)	10	$112.77	$112.77
Buildings - Fire Alarm Radio Dialers	11	$407.04	$407.04
Buildings - Tile Floor Cover (Landings/Walkways)	11	$30,800.00	$30,800.00
Fencing/Gates - Wrought Iron (Pool Area)	11	$5,555.56	$5,555.56
Pool Building - Remodel Provision	11	$2,777.78	$2,777.78
Gates - Wrought Iron (East Entrance)	15	$2,875.00	$2,875.00
Gates - Wrought Iron (West Entrance)	15	$2,500.00	$2,500.00
Roofs - Tile, Underlayment (All Bldgs)	15	$60,750.00	$60,750.00
Buildings - Modernize Elevators	16	$149,333.33	$134,722.53
Streets - Asphalt Rehabilitation	16	$31,420.00	$31,420.00

Paradise View Villas

Distribution of Current Reserve Funds

Sorted by Remaining Life

	Remaining Life	Fully Funded Balance	Assigned Reserves
Pool - Furniture	17	$1,418.10	$0.00
Walls - Stucco, Repairs	19	$1,610.40	$0.00
Pool - Deck (Travertine)	22	$1,905.29	$0.00
Pool - Resurface & Retile	22	$1,484.64	$0.00
Spa - Resurface & Retile	22	$346.42	$0.00
Fencing/Gates - Wrought Iron (Townhome Patios)	24	$5,600.00	$0.00
Gates - Wrought Iron (Emergency - SWC)	25	$1,593.75	$0.00
Fencing/Gates - Wrought Iron (Condo Patios)	26	$4,200.00	$0.00
Buildings - Gutters & Downspouts (Unfunded)	n.a.	$0.00	$0.00
Grounds: Concrete Components (Unfunded)	n.a.	$0.00	$0.00
Grounds: Irrigation System (Unfunded)	n.a.	$0.00	$0.00
Grounds: Monument Sign (Unfunded)	n.a.	$0.00	$0.00
Grounds: Tree Trimming (Unfunded)	n.a.	$0.00	$0.00
Roofs - Metal, Carports (Unfunded)	n.a.	$0.00	$0.00
Contingency	n.a.	$0.00	$0.00
Total	**0-26**	**$513,540.41**	**$480,771.00**
Percent Funded			**93.62%**

Paradise View Villas

Projections

Directed Cash Flow Calculation Method

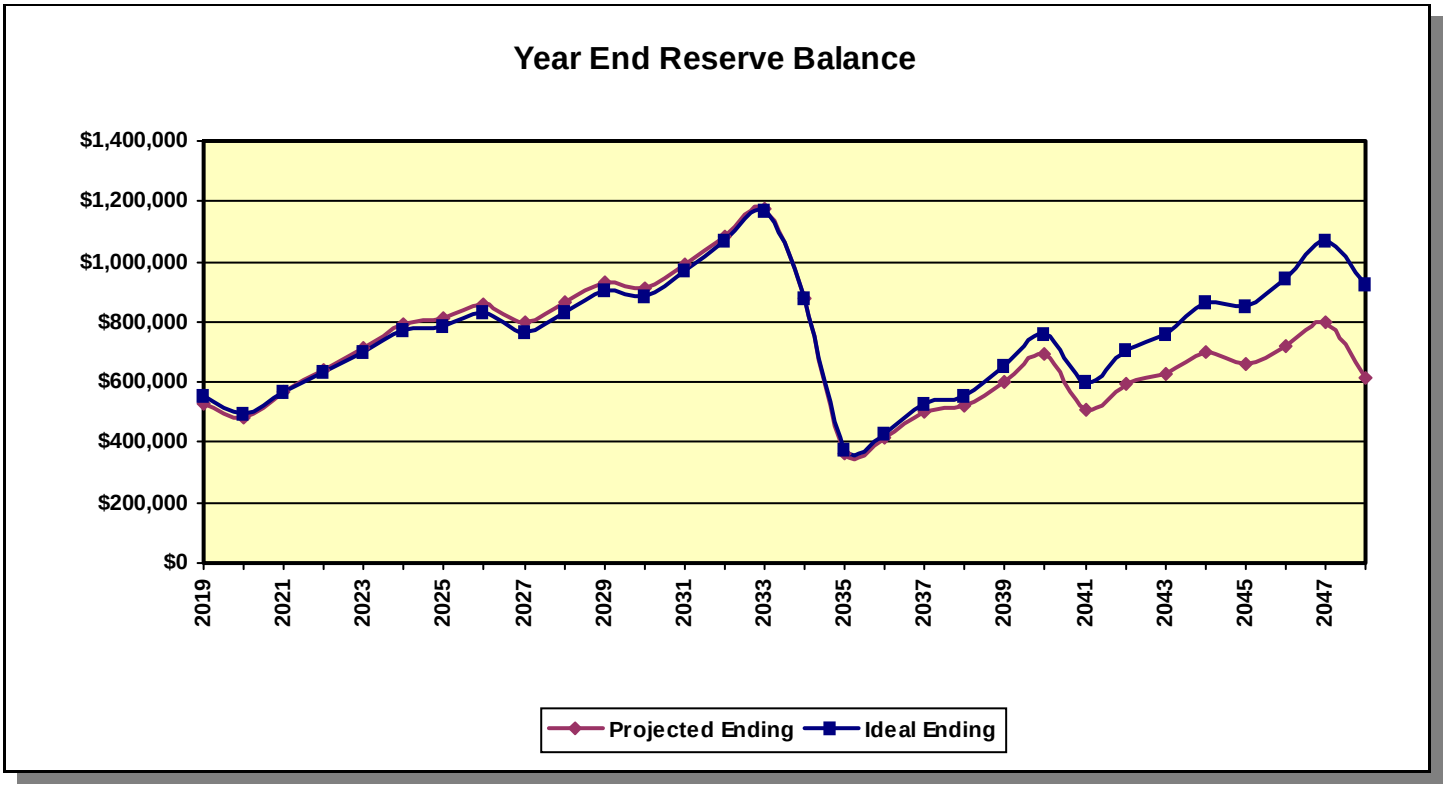
Fiscal Year	Beginning Balance	Member Contribution	Interest Contribution	Expenditures	Ending Balance	Fully Funded Ending Balance	Percent Funded
2019	$480,771	$72,400	$6,809	$30,650	$529,330	$551,744	96%
2020	$529,330	$70,400	$6,192	$122,094	$483,827	$497,011	97%
2021	$483,827	$76,080	$7,307	$0	$567,214	$567,584	100%
2022	$567,214	$74,080	$8,377	$6,588	$643,083	$634,719	101%
2023	$643,083	$72,080	$9,362	$11,635	$712,889	$699,959	102%
2024	$712,889	$77,760	$10,450	$6,822	$794,277	$773,412	103%
2025	$794,277	$75,760	$10,683	$70,736	$809,983	$784,815	103%
2026	$809,983	$73,760	$11,344	$38,592	$856,496	$831,155	103%
2027	$856,496	$79,440	$10,473	$149,502	$796,907	$766,610	104%
2028	$796,907	$77,440	$11,426	$21,418	$864,355	$833,467	104%
2029	$864,355	$75,440	$12,340	$23,041	$929,094	$902,185	103%
2030	$929,094	$81,120	$12,084	$108,592	$913,705	$886,734	103%
2031	$913,705	$79,120	$13,161	$15,852	$990,133	$967,918	102%
2032	$990,133	$77,120	$14,448	$0	$1,081,701	$1,069,411	101%
2033	$1,081,701	$82,800	$15,699	$5,371	$1,174,829	$1,170,017	100%
2034	$1,174,829	$80,800	$11,561	$391,291	$875,898	$879,321	100%
2035	$875,898	$78,800	$4,487	$593,474	$365,711	$375,716	97%
2036	$365,711	$84,480	$5,152	$38,669	$416,675	$430,359	97%
2037	$416,675	$82,480	$6,384	$1,270	$504,269	$526,992	96%
2038	$504,269	$80,480	$6,608	$72,078	$519,279	$556,460	93%
2039	$519,279	$86,160	$7,713	$11,278	$601,874	$651,407	92%
2040	$601,874	$84,160	$8,996	$1,886	$693,144	$760,853	91%
2041	$693,144	$82,160	$6,490	$270,124	$511,670	$600,324	85%
2042	$511,670	$87,840	$7,628	$10,431	$596,708	$704,582	85%
2043	$596,708	$85,840	$8,089	$61,842	$628,795	$761,387	83%
2044	$628,795	$83,840	$9,126	$19,472	$702,289	$865,791	81%
2045	$702,289	$89,520	$8,499	$140,022	$660,285	$851,944	78%
2046	$660,285	$87,520	$9,322	$38,685	$718,442	$944,498	76%
2047	$718,442	$85,520	$10,479	$13,849	$800,592	$1,067,803	75%
2048	$800,592	$91,200	$7,889	$282,419	$617,261	$921,699	67%

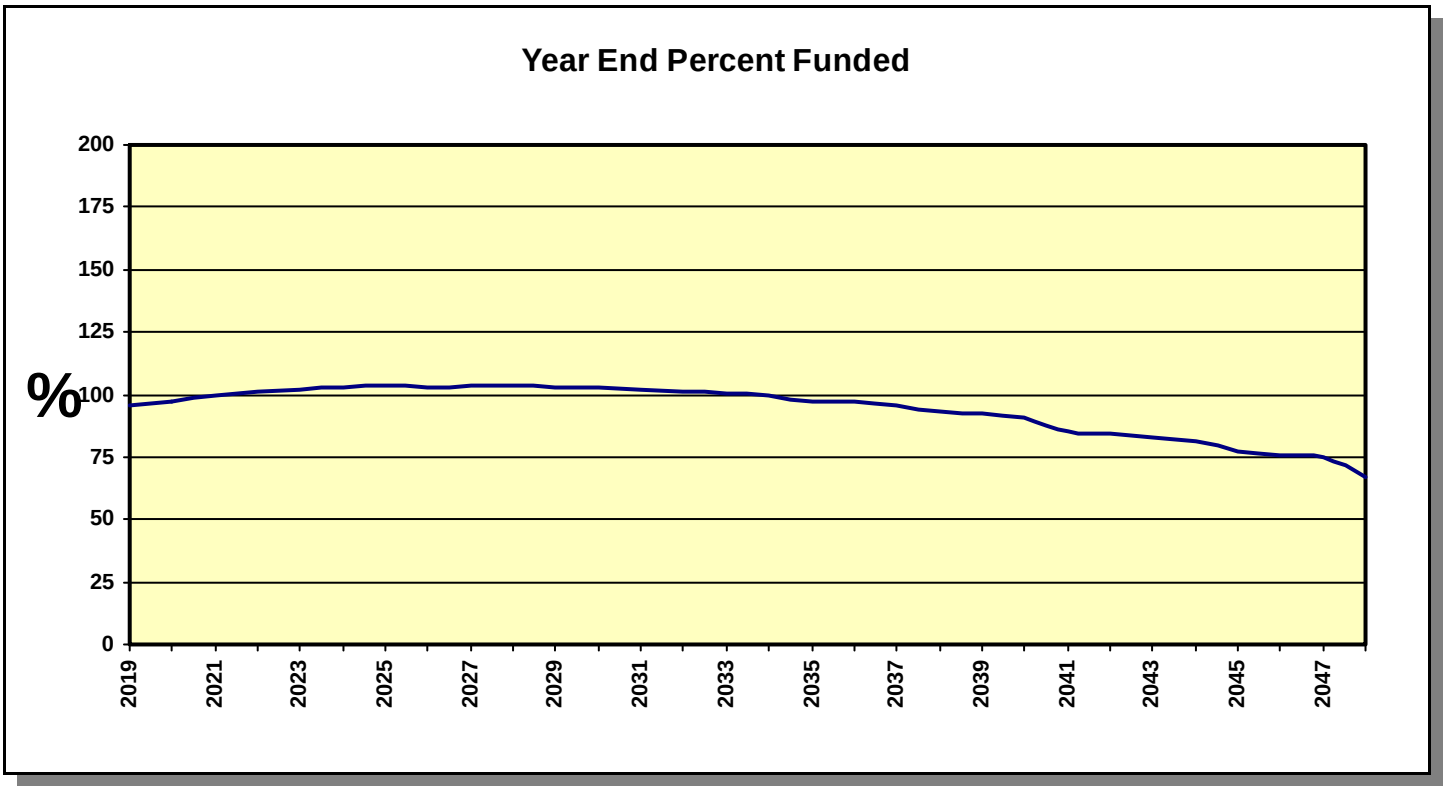
The 2018 reserve contribution is $74,400. As requested by the HOA Treasurer, the above projections reflect a $2,000 annual decrease to the reserve contribution to account for increased estimated operating expenses. However, the projections also account for a $10 dues increase every 3rd year, beginning in 2021, with the full amount of the dues increase ($7,680) going into the reserve account. In latter years, the dues increase will most likely be more than $10, given that the $10 will become a smaller & smaller percentage of the dues amount over time. However, for purposes of this study, the dues increase every 3rd year is held steady at $10 per month.

Paradise View Villas

Projection Charts

Directed Cash Flow Calculation Method

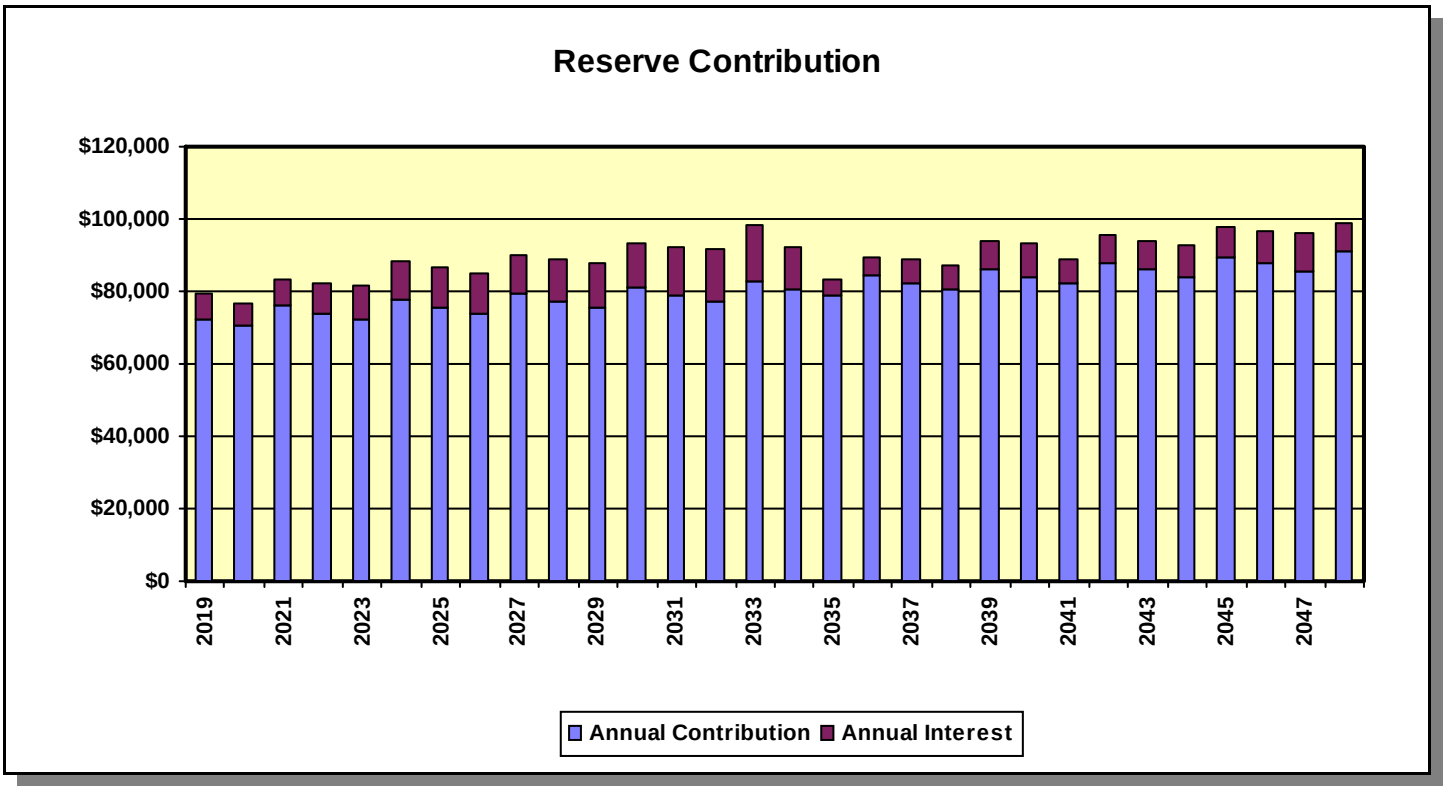


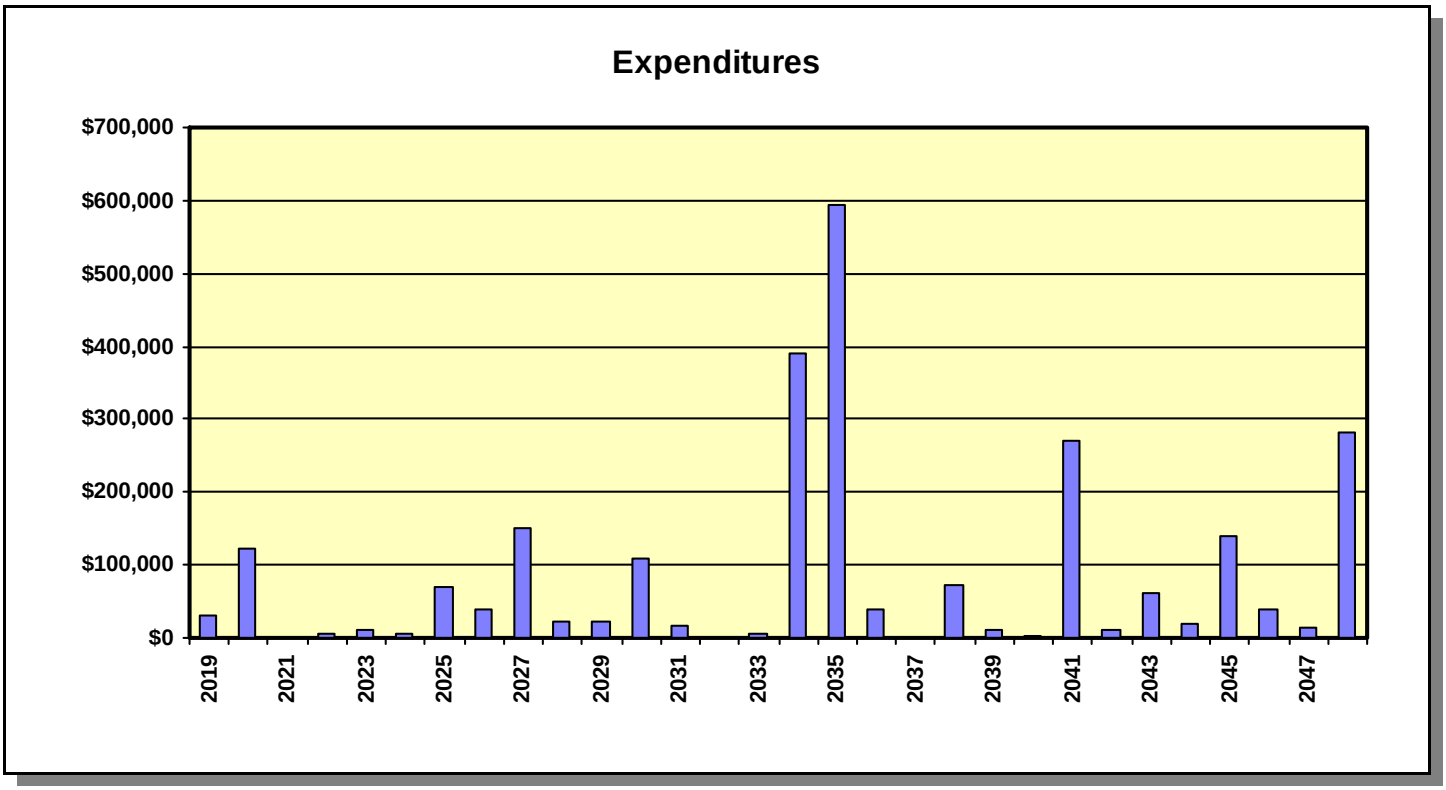


Paradise View Villas

Projection Charts

Directed Cash Flow Calculation Method





Paradise View Villas

Annual Expenditure Detail

Sorted by Description

2019 Fiscal Year	
Buildings - HVAC, Elevator Equipment Rooms (A)	$2,400.00
Pool - BBQ Grills	$2,500.00
Security - Access Phone (West Entrance)	$4,000.00
Security - Gate Operators (East Entrance)	$7,500.00
Security - Gate Operators (West)	$7,500.00
Streets - Asphalt Repair, Seal Coat & Restripe	$6,750.00
Sub Total	**$30,650.00**
2020 Fiscal Year	
Buildings - FACPs (Bldgs 5 & 6)	$4,104.00
Paint - Community Exteriors	$117,990.00
Sub Total	**$122,094.00**
2022 Fiscal Year	
Pool - Heater	$3,564.15
Spa - Heater	$3,024.13
Sub Total	**$6,588.28**
2023 Fiscal Year	
Pool/Spa - Pumps & Motors	$4,155.48
Streets - Asphalt Repair, Seal Coat & Restripe	$7,479.86
Sub Total	**$11,635.33**
2024 Fiscal Year	
Grounds: Mailboxes (Pedestal Sets)	$6,821.63
Sub Total	**$6,821.63**
2025 Fiscal Year	
Buildings - HVAC, Elevator Equipment Rooms (B)	$933.20
Roofs - Flat, Built-Up, Replace (Condo Bldgs)	$69,803.27
Sub Total	**$70,736.47**
2026 Fiscal Year	
Grounds: Light Fixtures (Pathways)	$22,739.72
Roofs - Flat, Foam, Repair/Recoat (Townhomes)	$15,851.98
Sub Total	**$38,591.70**
2027 Fiscal Year	
Paint - Community Exteriors	$141,213.67
Streets - Asphalt Repair, Seal Coat & Restripe	$8,288.63

Paradise View Villas

Annual Expenditure Detail

Sorted by Description

Sub Total	**$149,502.29**
2028 Fiscal Year	
Buildings - FACPs (Bldgs 7 & 8)	$5,039.49
Grounds: Granite Replenishment	$14,992.47
Pool - Filter (Cartridge)	$1,385.86
Sub Total	**$21,417.82**
2029 Fiscal Year	
Buildings - Light Fixtures (Wall Mounted)	$16,157.85
Gates - Metal (Trash Enclosures)	$5,816.83
Spa - Filter (Cartridge)	$1,066.42
Sub Total	**$23,041.10**
2030 Fiscal Year	
Buildings - Fire Alarm Radio Dialers	$7,665.65
Buildings - Tile Floor Cover (Landings/Walkways)	$72,943.01
Fencing/Gates - Wrought Iron (Pool Area)	$13,262.36
Pool - Heater	$4,376.58
Pool Building - Remodel Provision	$6,631.18
Spa - Heater	$3,713.46
Sub Total	**$108,592.24**
2031 Fiscal Year	
Buildings - HVAC, Elevator Equipment Rooms (A)	$3,265.72
Pool - BBQ Grills	$3,401.80
Streets - Asphalt Repair, Seal Coat & Restripe	$9,184.85
Sub Total	**$15,852.37**
2033 Fiscal Year	
Pool/Spa - Pumps & Motors	$5,371.48
Sub Total	**$5,371.48**
2034 Fiscal Year	
Gates - Wrought Iron (East Entrance)	$8,450.42
Gates - Wrought Iron (West Entrance)	$7,348.19
Paint - Community Exteriors	$169,008.39
Roofs - Tile, Underlayment (All Bldgs)	$178,561.03
Security - Access Phone (West Entrance)	$5,878.55
Security - Gate Operators (East Entrance)	$11,022.29
Security - Gate Operators (West)	$11,022.29

Paradise View Villas

Annual Expenditure Detail

Sorted by Description

Sub Total	**$391,291.15**
2035 Fiscal Year	
Buildings - FACPs (Bldgs 5 & 6)	$6,031.39
Buildings - Modernize Elevators	$482,511.59
Streets - Asphalt Rehabilitation	$94,753.21
Streets - Asphalt Repair, Seal Coat & Restripe	$10,177.98
Sub Total	**$593,474.18**
2036 Fiscal Year	
Pool - Furniture	$18,177.87
Roofs - Flat, Foam, Repair/Recoat (Townhomes)	$20,490.71
Sub Total	**$38,668.58**
2037 Fiscal Year	
Buildings - HVAC, Elevator Equipment Rooms (B)	$1,269.82
Sub Total	**$1,269.82**
2038 Fiscal Year	
Grounds: Granite Replenishment	$19,379.69
Grounds: Light Fixtures (Pathways)	$30,942.36
Pool - Heater	$5,374.20
Spa - Heater	$4,559.93
Walls - Stucco, Repairs	$11,821.94
Sub Total	**$72,078.11**
2039 Fiscal Year	
Streets - Asphalt Repair, Seal Coat & Restripe	$11,278.49
Sub Total	**$11,278.49**
2040 Fiscal Year	
Pool - Filter (Cartridge)	$1,885.76
Sub Total	**$1,885.76**
2041 Fiscal Year	
Paint - Community Exteriors	$202,273.87
Pool - Deck (Travertine)	$33,858.89
Pool - Resurface & Retile	$26,383.55
Spa - Filter (Cartridge)	$1,451.10
Spa - Resurface & Retile	$6,156.16
Sub Total	**$270,123.56**

Paradise View Villas

Annual Expenditure Detail

Sorted by Description

2042 Fiscal Year	
Buildings - Fire Alarm Radio Dialers	$10,430.79
Sub Total	**$10,430.79**
2043 Fiscal Year	
Buildings - FACPs (Bldgs 7 & 8)	$7,406.22
Buildings - HVAC, Elevator Equipment Rooms (A)	$4,443.73
Fencing/Gates - Wrought Iron (Townhome Patios)	$25,921.77
Pool - BBQ Grills	$4,628.89
Pool/Spa - Pumps & Motors	$6,943.33
Streets - Asphalt Repair, Seal Coat & Restripe	$12,498.00
Sub Total	**$61,841.94**
2044 Fiscal Year	
Gates - Wrought Iron (Emergency - SWC)	$8,073.71
Grounds: Mailboxes (Pedestal Sets)	$11,398.17
Sub Total	**$19,471.88**
2045 Fiscal Year	
Fencing/Gates - Wrought Iron (Condo Patios)	$23,389.05
Roofs - Flat, Built-Up, Replace (Condo Bldgs)	$116,633.41
Sub Total	**$140,022.46**
2046 Fiscal Year	
Pool - Heater	$6,599.22
Roofs - Flat, Foam, Repair/Recoat (Townhomes)	$26,486.87
Spa - Heater	$5,599.34
Sub Total	**$38,685.43**
2047 Fiscal Year	
Streets - Asphalt Repair, Seal Coat & Restripe	$13,849.37
Sub Total	**$13,849.37**
2048 Fiscal Year	
Grounds: Granite Replenishment	$25,050.73
Paint - Community Exteriors	$242,086.91
Walls - Stucco, Repairs	$15,281.37
Sub Total	**$282,419.01**

Paradise View Villas

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Streets - Asphalt Rehabilitation

Category	010 Streets	Quantity	31,420 sq. ft.
		Unit Cost	$2.000
		% of Replacement	100.00%
		Current Cost	$62,840.00
Placed In Service	01/03	Future Cost	$94,753.21
Useful Life	32		
		Assigned Reserves at FYB	$31,420.00
Remaining Life	16	Monthly Member Contribution	$253.03
Replacement Year	2035	Monthly Interest Contribution	$38.50
		Total Monthly Contribution	$291.53

Comments:

This component budgets to remove & repave the community asphalt (drive lanes, covered parking spaces, uncovered parking spaces).

Paradise View Villas

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Streets - Asphalt Repair, Seal Coat & Restripe

Category	010 Streets	Quantity	1 total
		Unit Cost	$6,750.000
		% of Replacement	100.00%
		Current Cost	$6,750.00
Placed In Service	07/15	Future Cost	$7,479.86
Useful Life	4		
		Assigned Reserves at FYB	$6,750.00
Remaining Life	0	Monthly Member Contribution	$148.78
Replacement Year	2019	Monthly Interest Contribution	$0.98
		Total Monthly Contribution	$149.76

Comments:

$6,124 was spent in mid-2015 to repair, seal coat & restripe the community asphalt. This component budgets for similar work every four (4) years.

It should be noted that the repair/seal coat and rehabilitation assets are budgeted to occur in the same budget year. It is recommended that the asphalt be seal coated within 6 months of rehabilitation. Therefore, this component appears in the same year as the rehabilitation project. If the Association chooses not to seal coat within 6 months of rehabilitation, the accumulated funds can be used for any additional expenses associated with the rehabilitation, or remain in the reserve account to be reallocated to other future projects.

Paradise View Villas

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Roofs - Flat, Built-Up, Replace (Condo Bldgs)

Category	020 Roofing	Quantity	14,960 sq. ft.
		Unit Cost	$4.000
		% of Replacement	100.00%
		Current Cost	$59,840.00
Placed In Service	01/05	Future Cost	$69,803.27
Useful Life	20		
		Assigned Reserves at FYB	$41,888.00
Remaining Life	6	Monthly Member Contribution	$317.00
Replacement Year	2025	Monthly Interest Contribution	$51.19
		Total Monthly Contribution	$368.19

Comments:

The flat, built-up roofs atop the four condominium buildings received an elastomeric coating in 2011/2012. This component budgets to replace the flat, built-up roofs atop the condominium buildings on a 20 year cycle. Accumulated funds can be used to recoat these roofs if desired by the client. Should this occur, the useful life cycle of these roofs can be reevaluated.

Paradise View Villas

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Roofs - Flat, Foam, Repair/Recoat (Townhomes)

Category	020 Roofing	Quantity	8,830 sq. ft.
		Unit Cost	$1.500
		% of Replacement	100.00%
		Current Cost	$13,245.00
Placed In Service	01/16	Future Cost	$15,851.98
Useful Life	10		
		Assigned Reserves at FYB	$3,973.50
Remaining Life	7	Monthly Member Contribution	$127.62
Replacement Year	2026	Monthly Interest Contribution	$5.49
		Total Monthly Contribution	$133.11

Comments:

The flat roofs atop the four townhome buildings appear to have all been foamed between 2015 & 2017. For budgeting purposes we have used 2016 as an average placed in service date for these roofs. This component budgets to repair & recoat the foam roofs on a continuous 10 year cycle.

No provision has been included in this reserve study to replace the foam roofs. If inspected annually, repaired as needed, and recoated as recommended, the foam roofs should last indefinitely.

Roofs - Metal, Carports (Unfunded)

Category	020 Roofing	Quantity	1 comment
		Unit Cost	$0.000
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	07/05	Future Cost	$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	$0.00
Remaining Life	n.a.	Monthly Member Contribution	$0.00
Replacement Year	n.a.	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$0.00

Comments:

We are not budgeting to replace the corrugated metal carport roofs because they should last indefinitely. However, the condition of these roofs should be monitored over time, and if future replacements are anticipated, we will include a provision for such in a future update of this report. Should the client wish to budget for these roofs at this time, we will revise this report to include these roofs at their request. Minor repairs should be handled on an “as needed” basis using operating funds.

Roofs - Tile, Underlayment (All Bldgs)

Category	020 Roofing	Quantity	27,000 sq. ft.
		Unit Cost	$4.500
		% of Replacement	100.00%
		Current Cost	$121,500.00
Placed In Service	01/04	Future Cost	$178,561.03
Useful Life	30		
		Assigned Reserves at FYB	$60,750.00
Remaining Life	15	Monthly Member Contribution	$508.05
Replacement Year	2034	Monthly Interest Contribution	$74.57
		Total Monthly Contribution	$582.63

Comments:

This component budgets to replace the tile roof underlayment atop the condominium buildings, townhome buildings & pool building (average placed in service date of 2004). The following comments apply:

Tile roof systems are designed to last for the life of the project. However, the integrity of the tile roof is dependent on the roof underlayment. The tile can last indefinitely, but will not keep the building watertight unless the underlayment is in good condition.

The condition of a tile roof can be deceiving. The tile may appear to be in good condition, but must be removed in order to determine the condition of the underlayment. Should it be discovered that the underlayment has deteriorated, the only solution is to remove the existing tile, replace the underlayment, and reinstall the tile. If too many tiles are damaged during the removal process, it is possible that the tiles may require replacement at an additional cost.

Flashing defects, attachment problems and broken/displaced/missing tiles are common factors affecting the condition of the underlayment by allowing exposure to sun and rain. Therefore, in order to protect your investment and to ensure the life of the underlayment, it is necessary to have a qualified roofer inspect the tile roofs on a regular basis. We recommend including a line item in the operating budget for regular tile roof inspections and repairs.

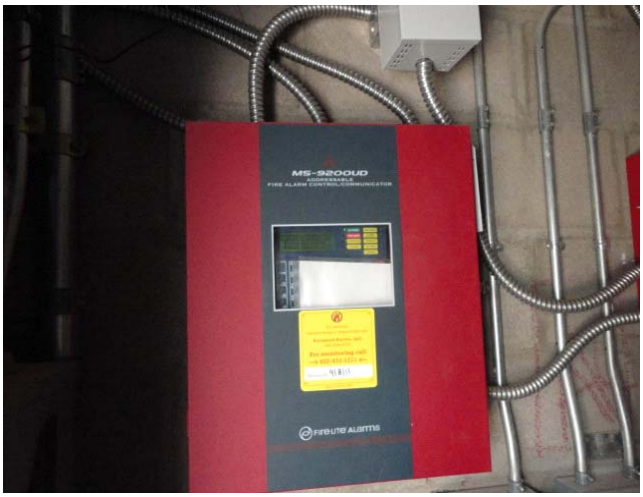
Given the many factors listed above, we have included a provision for tile roof underlayment replacement. After several discussions with local roofing contractors and inspectors, we have been advised that tile roof underlayment has an

expected life range of 20 - 40 years. In order to account for this significant future liability, we are budgeting to replace the underlayment. Should the client wish to budget for the tile roofs in a different manner we will do so at their request.

Buildings - FACPs (Bldgs 5 & 6)

Category	025 Buildings	Quantity	2 panels
		Unit Cost	$2,000.000
		% of Replacement	100.00%
		Current Cost	$4,000.00
Placed In Service	01/05	Future Cost	$4,104.00
Useful Life	15		
		Assigned Reserves at FYB	$3,733.33
Remaining Life	1	Monthly Member Contribution	$25.85
Replacement Year	2020	Monthly Interest Contribution	$4.54
		Total Monthly Contribution	$30.39

Comments:



This component budgets to replace the Fire Lite, MS-9200UD fire alarm control panels at Buildings 5 & 6.

Paradise View Villas

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Buildings - FACPs (Bldgs 7 & 8)

Category	025 Buildings	Quantity	2 panels
		Unit Cost	$2,000.000
		% of Replacement	100.00%
		Current Cost	$4,000.00
Placed In Service	02/13	Future Cost	$5,039.49
Useful Life	15		
		Assigned Reserves at FYB	$1,586.59
Remaining Life	9	Monthly Member Contribution	$27.64
Replacement Year	2028	Monthly Interest Contribution	$2.04
		Total Monthly Contribution	$29.68

Comments:

The Building 7 fire alarm control panel (Fire Lite, MS-9200UDLS) was replaced in February 2013 at a cost of $1,792.23. The fire alarm control panel (Fire Lite, MS-9200UDLS) at Building 8 appears to have been replaced around the same time. For budgeting purposes we have used 2014 as an average placed in service date for these two fire alarm control panels.

Paradise View Villas

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Buildings - Fire Alarm Radio Dialers

Category	025 Buildings	Quantity	4 dialers
		Unit Cost	$1,445.000
		% of Replacement	100.00%
		Current Cost	$5,780.00
Placed In Service	03/18	Future Cost	$7,665.65
Useful Life	12		
		Assigned Reserves at FYB	$407.04
Remaining Life	11	Monthly Member Contribution	$49.48
Replacement Year	2030	Monthly Interest Contribution	$0.80
		Total Monthly Contribution	$50.28

Comments:

The radio dialers for the fire alarm systems at Bldgs 5, 6, 7 & 8 were all replaced in March 2018 at a cost of $5,780.

Paradise View Villas

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Buildings - Gutters & Downspouts (Unfunded)

Category	025 Buildings	Quantity	1 comment
		Unit Cost	$0.000
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	01/04	Future Cost	$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	$0.00
Remaining Life	n.a.	Monthly Member Contribution	$0.00
Replacement Year	n.a.	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$0.00

Comments:

The aluminum gutters & downspouts have an indefinite life if maintained properly and cleaned out on a regular basis. Good maintenance practice won't allow the need to accumulate reserves to a point of major expense. Minor repairs & clean outs should be handled on an "as needed" basis using operating funds.

Buildings - HVAC, Elevator Equipment Rooms (A)

Category	025 Buildings	Quantity	3 systems
		Unit Cost	$800.000
		% of Replacement	100.00%
		Current Cost	$2,400.00
Placed In Service	01/05	Future Cost	$3,265.72
Useful Life	12		
		Assigned Reserves at FYB	$2,400.00
Remaining Life	0	Monthly Member Contribution	$20.45
Replacement Year	2019	Monthly Interest Contribution	$0.13
		Total Monthly Contribution	$20.58

Comments:

These are Comfort Aire, thru-the-wall, HVAC systems for the elevator equipment rooms at Buildings 5, 6, & 8.

Paradise View Villas

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Buildings - HVAC, Elevator Equipment Rooms (B)

Category	025 Buildings	Quantity	1 system
		Unit Cost	$800.000
		% of Replacement	100.00%
		Current Cost	$800.00
Placed In Service	03/13	Future Cost	$933.20
Useful Life	12		
		Assigned Reserves at FYB	$394.37
Remaining Life	6	Monthly Member Contribution	$6.59
Replacement Year	2025	Monthly Interest Contribution	$0.51
		Total Monthly Contribution	$7.10

Comments:

This is an LG, thru-the-wall, HVAC system for the elevator equipment room at Building 7. This system was installed in February 2013 at a cost of $650.

Paradise View Villas

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Buildings - Light Fixtures (Wall Mounted)

Category	025 Buildings	Quantity	1 total
		Unit Cost	$12,500.000
		% of Replacement	100.00%
		Current Cost	$12,500.00
Placed In Service	01/04	Future Cost	$16,157.85
Useful Life	25		
		Assigned Reserves at FYB	$7,500.00
Remaining Life	10	Monthly Member Contribution	$57.42
Replacement Year	2029	Monthly Interest Contribution	$9.17
		Total Monthly Contribution	$66.59

Comments:

This component includes a provision to replace the following wall mounted light fixtures:

16 - stairway lanterns (condo buildings)
32 - garage lanterns (townhome buildings)
16 - front door lanterns (townhome buildings)
2 - 2'6" metal bollards (entrances)

The client has advised us that all of these lights were replaced with LED lights in 2013 when the buildings were repainted. However, it appears as though the light fixtures are still original.

Paradise View Villas

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Buildings - Modernize Elevators

Category	025 Buildings	Quantity	4 elevators
		Unit Cost	$80,000.000
		% of Replacement	100.00%
		Current Cost	$320,000.00
Placed In Service	01/05	Future Cost	$482,511.59
Useful Life	30		
		Assigned Reserves at FYB	$134,722.53
Remaining Life	16	Monthly Member Contribution	$1,432.79
Replacement Year	2035	Monthly Interest Contribution	$167.37
		Total Monthly Contribution	$1,600.16

Comments:

This component is for the modernization (new controller, fixtures, machinery, replacement of obsolete parts, cab refurbishment, etc.) of the condominium building elevators (4) on a 30 year cycle. The accumulated funds can also be used to cover unforeseen expenses and repairs not covered by the client's service agreement. The following types of expenses have occurred:

4 - Cellular Communicators replaced in April 2018 at a cost of $3,160
1 - Bldg 7 digital phase converter upgrade in October 2017 at a cost of $9,870, plus tax
1 - Bldg 6 door operator upgrade in May 2018 at a cost of $7,300
1 - Bldg 5 door operator upgrade in August 2018 at a cost of $8,000

The condition of the elevators should be monitored over time, and the useful life & cost estimates adjusted accordingly.

Paradise View Villas

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Buildings - Tile Floor Cover (Landings/Walkways)

Category	025 Buildings	Quantity	1 total
		Unit Cost	$55,000.000
		% of Replacement	100.00%
		Current Cost	$55,000.00
Placed In Service	01/05	Future Cost	$72,943.01
Useful Life	25		
		Assigned Reserves at FYB	$30,800.00
Remaining Life	11	Monthly Member Contribution	$254.73
Replacement Year	2030	Monthly Interest Contribution	$37.79
		Total Monthly Contribution	$292.52

Comments:

This component includes a provision to replace the exterior ceramic tile walkways & landings on all three levels of the four condominium buildings (total of approximately 4,720 sq. ft.).

Paradise View Villas

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Paint - Community Exteriors

Category	030 Painting	Quantity	1 total
		Unit Cost	$115,000.000
		% of Replacement	100.00%
		Current Cost	$115,000.00
Placed In Service	08/13	Future Cost	$117,990.00
Useful Life	7		
		Assigned Reserves at FYB	$97,077.92
Remaining Life	1	Monthly Member Contribution	$1,588.13
Replacement Year	2020	Monthly Interest Contribution	$124.25
		Total Monthly Contribution	$1,712.38

Comments:

The community exteriors (buildings, carports, walls, wrought iron, etc.) were repainted by Desert Rose Group LLC in August 2013 at a cost of $99,766.19. We are budgeting to repaint the community exteriors every seven (7) years.

Paradise View Villas

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Fencing/Gates - Wrought Iron (Condo Patios)

Category	040 Fencing/Walls	Quantity	1 total
		Unit Cost	$12,000.000
		% of Replacement	100.00%
		Current Cost	$12,000.00
Placed In Service	01/05	Future Cost	$23,389.05
Useful Life	40		
		Assigned Reserves at FYB	$0.00
Remaining Life	26	Monthly Member Contribution	$61.03
Replacement Year	2045	Monthly Interest Contribution	$0.40
		Total Monthly Contribution	$61.43

Comments:

This component includes a provision to replace the following wrought iron components located at the ground level patios at the condominium buildings:

96 - LF of 2'4" fencing
40 - LF of 4'10" fencing
16 - 5'1" x 3'0" gates

Paradise View Villas

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Fencing/Gates - Wrought Iron (Pool Area)

Category	040 Fencing/Walls	Quantity	1 total
		Unit Cost	$10,000.000
		% of Replacement	100.00%
		Current Cost	$10,000.00
Placed In Service	04/05	Future Cost	$13,262.36
Useful Life	25		
		Assigned Reserves at FYB	$5,555.56
Remaining Life	11	Monthly Member Contribution	$46.67
Replacement Year	2030	Monthly Interest Contribution	$6.82
		Total Monthly Contribution	$53.49

Comments:

This component includes a provision to replace the following wrought iron components at the pool area:

214 - lin. ft. of 5'0" fencing
16 - lin. ft. of 6'7" fencing
1 - 4'4" x 3'8" gate (equipment enclosure)
1 - 5'0" x 3'0" gate
2 - 5'0" x 4'0" gates
2 - 5'1" x 2'8" gates

Fencing/Gates - Wrought Iron (Townhome Patios)

Category	040 Fencing/Walls	Quantity	1 total
		Unit Cost	$14,000.000
		% of Replacement	100.00%
		Current Cost	$14,000.00
Placed In Service	01/03	Future Cost	$25,921.77
Useful Life	40		
		Assigned Reserves at FYB	$0.00
Remaining Life	24	Monthly Member Contribution	$74.37
Replacement Year	2043	Monthly Interest Contribution	$0.49
		Total Monthly Contribution	$74.86

Comments:

This component includes a provision to replace the following wrought iron components located at the ground level patios at the townhome buildings:

144 - LF of 4'10" fencing
16 - 5'1" x 3'5" gates

Paradise View Villas

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Gates - Metal (Trash Enclosures)

Category	040 Fencing/Walls	Quantity	1 total
		Unit Cost	$4,500.000
		% of Replacement	100.00%
		Current Cost	$4,500.00
Placed In Service	01/04	Future Cost	$5,816.83
Useful Life	25		
		Assigned Reserves at FYB	$2,700.00
Remaining Life	10	Monthly Member Contribution	$20.67
Replacement Year	2029	Monthly Interest Contribution	$3.31
		Total Monthly Contribution	$23.98

Comments:

This component includes a provision to replace the following trash enclosure gates:

6 - 5'9" x 5'2" corrugated metal gates

Paradise View Villas

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Gates - Wrought Iron (East Entrance)

Category	040 Fencing/Walls	Quantity	1 total
		Unit Cost	$5,750.000
		% of Replacement	100.00%
		Current Cost	$5,750.00
Placed In Service	01/04	Future Cost	$8,450.42
Useful Life	30		
		Assigned Reserves at FYB	$2,875.00
Remaining Life	15	Monthly Member Contribution	$24.04
Replacement Year	2034	Monthly Interest Contribution	$3.53
		Total Monthly Contribution	$27.57

Comments:

This component includes a provision to replace the following gates at the east entrance/exit area:

2 - 5'0" x 12'8" vehicle gates
1 - 5'0" x 2'10" pedestrian gate
1 - 5'8" x 3'9" pedestrian gate

Gates - Wrought Iron (Emergency - SWC)

Category	040 Fencing/Walls	Quantity	1 total
		Unit Cost	$4,250.000
		% of Replacement	100.00%
		Current Cost	$4,250.00
Placed In Service	01/04	Future Cost	$8,073.71
Useful Life	40		
		Assigned Reserves at FYB	$0.00
Remaining Life	25	Monthly Member Contribution	$22.07
Replacement Year	2044	Monthly Interest Contribution	$0.14
		Total Monthly Contribution	$22.21

Comments:

This component includes a provision to replace the following gates at the SW corner emergency exit area:

2 - 5'8" x 7'9" vehicle gates
1 - 5'8" x 3'9" pedestrian gate

Paradise View Villas

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Gates - Wrought Iron (West Entrance)

Category	040 Fencing/Walls	Quantity	1 total
		Unit Cost	$5,000.000
		% of Replacement	100.00%
		Current Cost	$5,000.00
Placed In Service	01/04	Future Cost	$7,348.19
Useful Life	30		
		Assigned Reserves at FYB	$2,500.00
Remaining Life	15	Monthly Member Contribution	$20.91
Replacement Year	2034	Monthly Interest Contribution	$3.07
		Total Monthly Contribution	$23.97

Comments:

This component includes a provision to replace the following gates at the west entrance/exit area:

2 - 5'0" x 12'8" vehicle gates
1 - 5'0" x 2'10" pedestrian gate

Paradise View Villas

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Walls - Stucco, Repairs

Category	040 Fencing/Walls	Quantity	22,685 sq. ft.
		Unit Cost	$16.000
		% of Replacement	2.00%
		Current Cost	$7,259.20
Placed In Service	08/13	Future Cost	$11,821.94
Useful Life	10		
Adjustment	+15	Assigned Reserves at FYB	$0.00
Remaining Life	19	Monthly Member Contribution	$44.45
Replacement Year	2038	Monthly Interest Contribution	$0.29
		Total Monthly Contribution	$44.74

Comments:

This component will accumulate funds for 25 years, and then on a continuous 10 year cycle, for the major repair/replacement of a percentage of the common area stucco walls. The accumulated funds should be used “as needed”, and the percentage budgeted for repair/replacement should be adjusted over time as conditions dictate.

Paradise View Villas

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Pool - BBQ Grills

Category	060 Pool/Spa	Quantity	2 BBQ grills
		Unit Cost	$1,250.000
		% of Replacement	100.00%
		Current Cost	$2,500.00
Placed In Service	04/05	Future Cost	$3,401.80
Useful Life	12		
		Assigned Reserves at FYB	$2,500.00
Remaining Life	0	Monthly Member Contribution	$21.30
Replacement Year	2019	Monthly Interest Contribution	$0.14
		Total Monthly Contribution	$21.44

Comments:

These are Barbeques Galore, 3 burner, pedestal mounted, gas BBQ grills next to the pool area.

Paradise View Villas

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Pool - Deck (Travertine)

Category	060 Pool/Spa	Quantity	1,750 sq. ft.
		Unit Cost	$11.000
		% of Replacement	100.00%
		Current Cost	$19,250.00
Placed In Service	08/16	Future Cost	$33,858.89
Useful Life	25		
		Assigned Reserves at FYB	$0.00
Remaining Life	22	Monthly Member Contribution	$107.55
Replacement Year	2041	Monthly Interest Contribution	$0.71
		Total Monthly Contribution	$108.26

Comments:

The acrylic pool deck was replaced with a travertine deck in 2016.

Paradise View Villas

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Pool - Filter (Cartridge)

Category	060 Pool/Spa	Quantity	1 filter
		Unit Cost	$1,100.000
		% of Replacement	100.00%
		Current Cost	$1,100.00
Placed In Service	01/16	Future Cost	$1,385.86
Useful Life	12		
		Assigned Reserves at FYB	$275.00
Remaining Life	9	Monthly Member Contribution	$9.16
Replacement Year	2028	Monthly Interest Contribution	$0.38
		Total Monthly Contribution	$9.54

Comments:

This is a Pentair, Clean & Clear Plus, 420 sq. ft. cartridge filter.

Pool - Furniture

Category	060 Pool/Spa	Quantity	1 total
		Unit Cost	$11,750.000
		% of Replacement	100.00%
		Current Cost	$11,750.00
Placed In Service	09/16	Future Cost	$18,177.87
Useful Life	20		
		Assigned Reserves at FYB	$0.00
Remaining Life	17	Monthly Member Contribution	$77.51
Replacement Year	2036	Monthly Interest Contribution	$0.51
		Total Monthly Contribution	$78.01

Comments:

$11,175 was spent on the following Mallin pool furniture in September 2016:

6 - sling chaise lounges
10 - sling chairs
2 - metal tables
3 - metal tea tables
1 - fabric umbrella

The client previously advised us that the reslinging of the pool furniture is an operating expense.

Paradise View Villas

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Pool - Heater

Category	060 Pool/Spa	Quantity	1 heater
		Unit Cost	$3,300.000
		% of Replacement	100.00%
		Current Cost	$3,300.00
Placed In Service	01/14	Future Cost	$3,564.15
Useful Life	8		
		Assigned Reserves at FYB	$2,062.50
Remaining Life	3	Monthly Member Contribution	$37.74
Replacement Year	2022	Monthly Interest Contribution	$2.67
		Total Monthly Contribution	$40.41

Comments:

This is a Raypak, 400,000 BTU input heater that was replaced in 1/2014 at a cost of $2,989.99.

Paradise View Villas

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Pool - Resurface & Retile

Category	060 Pool/Spa	Quantity	1 total
		Unit Cost	$15,000.000
		% of Replacement	100.00%
		Current Cost	$15,000.00
Placed In Service	08/16	Future Cost	$26,383.55
Useful Life	25		
		Assigned Reserves at FYB	$0.00
Remaining Life	22	Monthly Member Contribution	$83.80
Replacement Year	2041	Monthly Interest Contribution	$0.55
		Total Monthly Contribution	$84.35

Comments:

The pool was resurfaced & retiled in August 2016:

1,640 - sq. ft. (internal area) of pebble surface
136 - LF of trim tile
60 - LF of bench tile

Paradise View Villas

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Pool Building - Remodel Provision

Category	060 Pool/Spa	Quantity	1 total
		Unit Cost	$5,000.000
		% of Replacement	100.00%
		Current Cost	$5,000.00
Placed In Service	04/05	Future Cost	$6,631.18
Useful Life	25		
		Assigned Reserves at FYB	$2,777.78
Remaining Life	11	Monthly Member Contribution	$23.34
Replacement Year	2030	Monthly Interest Contribution	$3.41
		Total Monthly Contribution	$26.74

Comments:

This component will accumulate funds on a 25 year cycle for the remodeling of the following pool building components on an "as needed" basis: toilet, sinks, floor tile, wall tile, counter top tile, ceiling fans, door & interior paint.

Paradise View Villas

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Pool/Spa - Pumps & Motors

Category	060 Pool/Spa	Quantity	1 total
		Unit Cost	$3,750.000
		% of Replacement	100.00%
		Current Cost	$3,750.00
Placed In Service	01/13	Future Cost	$4,155.48
Useful Life	10		
		Assigned Reserves at FYB	$2,250.00
Remaining Life	4	Monthly Member Contribution	$35.32
Replacement Year	2023	Monthly Interest Contribution	$2.87
		Total Monthly Contribution	$38.19

Comments:

This component will accumulate funds for the major repair/replacement of the pool & spa pumps & motors on an "as needed" basis.

Paradise View Villas

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Spa - Filter (Cartridge)

Category	060 Pool/Spa	Quantity	1 filter
		Unit Cost	$825.000
		% of Replacement	100.00%
		Current Cost	$825.00
Placed In Service	06/17	Future Cost	$1,066.42
Useful Life	12		
		Assigned Reserves at FYB	$112.77
Remaining Life	10	Monthly Member Contribution	$7.14
Replacement Year	2029	Monthly Interest Contribution	$0.18
		Total Monthly Contribution	$7.32

Comments:

This Pentair, Clean & Clear, 240 sq. ft. cartridge was purchased/installed in June 2017 at a cost of $794.51.

Paradise View Villas

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Spa - Heater

Category	060 Pool/Spa	Quantity	1 heater
		Unit Cost	$2,800.000
		% of Replacement	100.00%
		Current Cost	$2,800.00
Placed In Service	04/14	Future Cost	$3,024.13
Useful Life	8		
		Assigned Reserves at FYB	$1,716.13
Remaining Life	3	Monthly Member Contribution	$32.97
Replacement Year	2022	Monthly Interest Contribution	$2.23
		Total Monthly Contribution	$35.20

Comments:

This is a Raypak, 206,000 BTU input heater that was replaced in April 2014 at a cost of $2,374.76.

Paradise View Villas

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Spa - Resurface & Retile

Category	060 Pool/Spa	Quantity	1 total
		Unit Cost	$3,500.000
		% of Replacement	100.00%
		Current Cost	$3,500.00
Placed In Service	08/16	Future Cost	$6,156.16
Useful Life	25		
		Assigned Reserves at FYB	$0.00
Remaining Life	22	Monthly Member Contribution	$19.55
Replacement Year	2041	Monthly Interest Contribution	$0.13
		Total Monthly Contribution	$19.68

Comments:

The spa was resurfaced & retiled in August 2016:

1 - 8' diameter spa (pebble)
27 - LF of trim tile
27 - LF of bench tile

Paradise View Villas

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Security - Gate Operators (East Entrance)

Category	080 Access/Security	Quantity	2 operators
		Unit Cost	$3,750.000
		% of Replacement	100.00%
		Current Cost	$7,500.00
Placed In Service	01/04	Future Cost	$11,022.29
Useful Life	15		
		Assigned Reserves at FYB	$7,500.00
Remaining Life	0	Monthly Member Contribution	$54.04
Replacement Year	2019	Monthly Interest Contribution	$0.35
		Total Monthly Contribution	$54.39

Comments:

These are Elite, SL-3000-UL sliding gate operators located at the east entrance/exit gates.

Paradise View Villas

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Security - Access Phone (West Entrance)

Category	081 Access/Security	Quantity	1 access phone
		Unit Cost	$4,000.000
		% of Replacement	100.00%
		Current Cost	$4,000.00
Placed In Service	01/04	Future Cost	$5,878.55
Useful Life	15		
		Assigned Reserves at FYB	$4,000.00
Remaining Life	0	Monthly Member Contribution	$28.82
Replacement Year	2019	Monthly Interest Contribution	$0.19
		Total Monthly Contribution	$29.01

Comments:

This is a Door King entry access phone at the west entrance.

Paradise View Villas

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Security - Gate Operators (West)

Category	081 Access/Security	Quantity	2 operators
		Unit Cost	$3,750.000
		% of Replacement	100.00%
		Current Cost	$7,500.00
Placed In Service	01/04	Future Cost	$11,022.29
Useful Life	15		
		Assigned Reserves at FYB	$7,500.00
Remaining Life	0	Monthly Member Contribution	$54.04
Replacement Year	2019	Monthly Interest Contribution	$0.35
		Total Monthly Contribution	$54.39

Comments:

These are Elite, SL-3000-UL sliding gate operators located at the west entrance/exit gates.

Paradise View Villas

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Grounds: Concrete Components (Unfunded)

Category	100 Grounds	Quantity	1 comment
		Unit Cost	$0.000
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	01/04	Future Cost	$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	$0.00
Remaining Life	n.a.	Monthly Member Contribution	$0.00
Replacement Year	n.a.	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$0.00

Comments:

We are not budgeting for repair or replacement of concrete components in this analysis. It is anticipated that any repairs/replacements required will be addressed immediately due to safety concerns. There should not be a need for complete replacement at a single point in time, and good maintenance practice won't allow the need for repairs to accumulate to a point of major expense. We recommend that a line item be set up in the annual operating budget to account for potential concrete repairs/replacements on an "as needed" basis. However, should the client wish to include budgeting for concrete components as a reserve expense, we will do so at their request (cost and useful life to be provided by client).

Paradise View Villas

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Grounds: Granite Replenishment

Category	100 Grounds	Quantity	1 total
		Unit Cost	$11,900.000
		% of Replacement	100.00%
		Current Cost	$11,900.00
Placed In Service	07/18	Future Cost	$14,992.47
Useful Life	10		
		Assigned Reserves at FYB	$626.32
Remaining Life	9	Monthly Member Contribution	$121.85
Replacement Year	2028	Monthly Interest Contribution	$1.54
		Total Monthly Contribution	$123.39

Comments:

$11,900 was spent in July 2018 to replenish the granite throughout the property (140 tons). This component budgets for similar work every 10 years.

Paradise View Villas

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Grounds: Irrigation System (Unfunded)

Category	100 Grounds	Quantity	1 comment
		Unit Cost	$0.000
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	01/04	Future Cost	$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	$0.00
Remaining Life	n.a.	Monthly Member Contribution	$0.00
Replacement Year	n.a.	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$0.00

Comments:

Irrigation systems are one of the most difficult items to budget for without specific information provided by an expert who is familiar with the system inventory and system condition. We have been advised by irrigation system experts that most system components (piping, sprinkler heads, valves, etc) have a useful life of 20+ years. However, budgeting for the replacement of an irrigation system requires evaluation of the present condition (to identify remaining useful life) and replacement cost - both of which call for expert evaluation, but fall outside the scope of a reserve study.

Therefore, we recommend that the Association board and/or management company have the system evaluated to determine the appropriate scope of work, projected replacement cost and remaining life, all of which are necessary so that budgeting can be included in a revision or future update of this analysis.

NOTE: The inexpensive irrigation controller located at the pool equipment enclosure should be replaced on an "as needed" basis using operating funds.

Paradise View Villas

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Grounds: Light Fixtures (Pathways)

Category	100 Grounds	Quantity	1 total
		Unit Cost	$19,000.000
		% of Replacement	100.00%
		Current Cost	$19,000.00
Placed In Service	01/14	Future Cost	$22,739.72
Useful Life	12		
		Assigned Reserves at FYB	$7,916.67
Remaining Life	7	Monthly Member Contribution	$155.87
Replacement Year	2026	Monthly Interest Contribution	$10.31
		Total Monthly Contribution	$166.18

Comments:

Pathway lighting systems were installed throughout the community in November 2013 for $17,593.76. This component budgets to replace these lighting systems on a 12 year cycle.

Paradise View Villas

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Grounds: Mailboxes (Pedestal Sets)

Category	100 Grounds	Quantity	1 total
		Unit Cost	$6,000.000
		% of Replacement	100.00%
		Current Cost	$6,000.00
Placed In Service	01/04	Future Cost	$6,821.63
Useful Life	20		
		Assigned Reserves at FYB	$4,500.00
Remaining Life	5	Monthly Member Contribution	$31.53
Replacement Year	2024	Monthly Interest Contribution	$5.48
		Total Monthly Contribution	$37.01

Comments:

4	16 box sets w/2 parcel lockers	@	$1,500.00	=	$6,000.00
			TOTAL	=	$6,000.00

Paradise View Villas

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Grounds: Monument Sign (Unfunded)

Category	100 Grounds	Quantity	1 comment
		Unit Cost	$0.000
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	01/04	Future Cost	$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	$0.00
Remaining Life	n.a.	Monthly Member Contribution	$0.00
Replacement Year	n.a.	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$0.00

Comments:

The monument sign is made up of a granite slab with etched/painted letters that indicate "PARADISE VIEW VILLAS" "7609 - 7645" & "1001 - 3016". We are not budgeting to replace this sign because it should last indefinitely.

NOTE: At the time of the August 2018 field inspection, this sign had fallen off of the wall and was on the ground. We recommend using operating funds to reattach this sign to the wall. The sign did not appear to receive any damage to the front facing side during the fall.

Paradise View Villas

Component Detail

Directed Cash Flow Calculation Method; Sorted by Category

Grounds: Tree Trimming (Unfunded)

Category	100 Grounds	Quantity	1 comment
		Unit Cost	$0.000
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	01/04	Future Cost	$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	$0.00
Remaining Life	n.a.	Monthly Member Contribution	$0.00
Replacement Year	n.a.	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$0.00

Comments:

The client has advised us that tree trimming is an operating expense.

Paradise View Villas

Detail Report Index

Paradise View Villas

Detail Report Index

Number of components included in this reserve analysis is 45.