

RDA REPORT

Villas at Union Hills
Phoenix, Arizona
Account 3519 - Version 002
September 28, 2016

RESERVE DATA ANALYSIS, INC.

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RDA Reserve Study Guide

The RDA reserve study is a multi-purpose tool that is designed to assist the Board of Directors and Community Management team in the financial management of the Association's long term assets. To properly manage these assets, the Board of Directors and Community Manager need to spend some time reading, digesting and understanding what the reserve study is advising. The following instructions provide a step-by-step guide of what to do now that you have a reserve study prepared by Reserve Data Analysis.

Step 1: Review the last page of the report titled the "Detail Report Index" to familiarize yourself with the assets that make up your RDA Reserve Study.

Step 2: Pick a single asset to review. Your goal is to obtain a clear understanding of the pieces that go into budgeting for a specific asset including the placed in service date, useful life, quantity and unit cost. Once you have a clear understanding of how a single asset works, apply that knowledge to all other assets in the report.

Step 3: Review the detailed information that budgeting for each asset is based on. Look at each asset in the report. If the placed in service date, useful life, quantity, and replacement cost are considered reasonable and accurate, then the calculations and results of your RDA reserve study will be reasonable and accurate. Most questions can be answered by reading the detailed "Remarks" included with each asset.

Step 4: Review Page 2 – 1. The top of page 2 – 1 identifies the parameters that were used to generate the RDA Reserve Study calculations including budget year, reserve fund balance, annual contribution increase, interest rate earned on invested reserve funds, and contingency. The bottom of this page provides the summarized RDA Reserve Study results for the 1st year, including the recommended monthly reserve contribution in total and per unit.

Step 5: Review the page titled "Distribution of Accumulated Reserves". This page will provide justification for the percent funded calculations. It shows, by asset, how much money should be in the reserve account, based on the level of depreciation each asset has experienced as of the beginning of the budget year the RDA Reserve Study has been prepared for. **Note that the figures listed in the column labeled "Fully Funded Reserves" do not represent the replacement cost unless the remaining life shows "0".**

Step 6: Review the page titled "Cash Flow Specific Projections". This page will provide a rolling year to year projection of the reserve account for the next 30 years including recommended annual contributions, estimated interest earnings on invested reserve funds, expected annual expenditures, projected year end reserve balances, and the fully funded amount that should be in the reserve account at the end of each year. **This is your funding strategy.** The goal of an RDA funding strategy is to allow the Association to cover all planned reserve expenditures, build the reserve account to a fully funded (100%) position by end of the reporting period (30 years in most cases), all while starting with the lowest possible contribution to reserves.

Step 7: Review the Annual Expenditure Detail pages. These pages will show the projected future costs by year for each planned reserve expense through the end of the reporting period.

Step 8: Call us with questions! For someone who does not deal with them on a daily basis, reserve studies can be difficult to wade through. If there is something you don't understand, or something that you disagree with, we encourage you to call us to discuss it. RDA is committed to a long-term relationship with you and will spend the time on the phone with you to ensure that you understand where we are coming from, where we obtained our information or assumptions, and why we did what we did. Again, please call us with any questions you have as we are here to help in any way we can.

Please Note

This document has been provided pursuant to an agreement containing restrictions on its use. No part of this document may be copied or distributed, in any form or by any means, nor disclosed to third parties without the express written permission of Reserve Data Analysis, Inc., until it has been paid for in full. The Client shall have the right to reproduce and distribute copies of this report, or the information contained within, as may be required for compliance with all applicable regulations.

This reserve analysis study and the parameters under which it has been completed are based upon information provided to us in part by representatives of the association, its contractors, assorted vendors, specialist and independent contractors, the Community Associations Institute, various construction pricing and scheduling manuals including, but not limited to: Marshall & Swift Valuation Service, RS Means Facilities Maintenance & Repair Cost Data, RS Means Repair & Remodeling Cost Data, National Construction Estimator, National Repair & Remodel Estimator, Dodge Cost Manual and the McGraw Hill Book Company. Additionally, costs are obtained from numerous vendor catalogues, actual quotations or historical costs, and our own experience in the field of property management and preparation of reserve analysis studies.

It has been assumed, unless otherwise noted in this report, that all assets have been designed and constructed properly and each estimated useful life will approximate that of the norm per industry standards and/or manufacture specifications used. In some cases, estimates may have been used on assets which have an indeterminable but potential liability to the association. The decision for the inclusion of these as well as all assets considered is left to the client.

We recommend that your reserve analysis study be updated every two to three years due to fluctuating interest rates, inflationary changes and the unpredictable nature of the lives of many of the assets under consideration. All of the information collected during our inspection of the association and subsequent computations made in preparing this reserve analysis study are retained in our computer files. Therefore, updates can typically be completed in a more timely manner than the original study.

Reserve Data Analysis, Inc. would like to thank you for using our services, and we invite you to call us at any time should you have any questions or comments or need assistance. In addition, any of the parameters and estimates used in this study may be changed at your request, after which we will provide you with a revised study.

RESERVE DATA ANALYSIS, INC.

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PART I - INTRODUCTION

Preparing the annual budget and overseeing the association's finances are perhaps the most important responsibilities of board members. The annual operating and reserve budgets reflect the planning and goals of the association and set the level and quality of service for all of the association's activities.

■ 1. Funding Options

When a major repair or replacement is required in a community, an association has essentially four options available to address the expenditure:

The first option is to pass a "special assessment" to the membership in an amount required to cover the expenditure. Although not commonplace, there have been special assessments in the amount of \$10,000 per member assessed in associations in Virginia and southern California. When a special assessment is passed, the association has the authority and responsibility to collect the assessments, even by means of foreclosure if necessary. However, an association operating on a special assessment basis cannot guarantee that an assessment, when needed, will be passed. Consequently, it cannot guarantee its ability to perform the required repairs or replacements to those major components for which the association is obligated to maintain when the need arises. Additionally, while relatively new communities require very little in the way of major "reserve" expenditures, associations reaching 12 to 15 years of age and older find many components reaching the end of their effective useful lives. These required expenditures, all accruing at the same time, can be devastating to an association's overall budget.

The second option is for the association to acquire a loan from a lending institution in order to effect the required repairs. In many cases, banks will lend money to an association using "future homeowner assessments" as collateral for the loan. With this method, not only is the current board of directors pledging the future assets of an association, they are also required to pay interest fees on the loan payback in addition to the original principal. In the case of a \$150,000 roofing replacement, the association may be required to pay back the loan over a three to five year period, with interest; whereas, if the association was setting aside reserves for this purpose, using the

vehicle of the regularly assessed membership dues, it would have had the full term of the life of the roof in order to accumulate the necessary moneys. Additionally, those contributions would have been evenly distributed over the entire membership and would have earned interest as part of that contribution.

The third option, too often used, is simply to defer the required repair or replacement. This option can create an environment of declining property values due to the increasing deferred maintenance and the association's financial inability to keep pace with the normal aging process of the common area components. This, in turn, can have a seriously negative impact on sellers in the Association by making it difficult or even impossible for potential buyers to obtain financing from lenders. Increasingly, many lending institutions are requesting copies of the association's most recent reserve study before granting loans, either for the association, a prospective purchaser, or for an individual within such association.

The fourth, and only logical means that the board of directors has to ensure its ability to maintain the assets for which it is obligated, uniformly distributing the costs of the replacements over the entire membership, is by assessing an adequate level of reserves as part of the regular membership assessment. The community is not only comprised of present members, but also future members. Any decision by the board of directors to adopt a calculation method or funding plan which would disproportionately burden future members in order to make up for past reserve deficits would be a breach of its fiduciary responsibility to those future members. Unlike individuals determining their own course of action, the board is responsible to the "community" as a whole.

■ 2. The Reserve Study

There are two components of a reserve study – a physical analysis and a financial analysis. During the physical analysis, a reserve provider evaluates information regarding the physical status and repair/replacement cost of the association's major common area components. To do so, the provider conducts a component inventory, a condition assessment, and life and valuation estimates. A financial analysis assesses the association's reserve balance or "fund status" (measured in cash or as percent funded) to determine a recommendation for an appropriate reserve contribution rate in the future known as the "funding plan."

Reserve studies fit into one of three categories: 1) Full Study; 2) Update - with site inspection; and 3) Update - without site inspection.

- In a Full reserve study, the reserve provider conducts a component inventory, a condition assessment (based upon on-site visual observations), and life and valuation estimates to determine both a "fund status" and "funding plan."

- In an Update – with site inspection, the reserve provider conducts a component inventory (verification only, not quantification), a condition assessment (based on on-site visual observations), and life and valuation estimates to determine both the “fund status” and “funding plan.”
- In an Update – without site inspection, the reserve provider conducts life and valuation estimates to determine the “fund status” and “funding plan.”

■ 3. Developing a Component List

The budget process begins with an accurate inventory of all the major components for which the association is responsible. The determination of whether an expense should be labeled as operational, reserve, or excluded altogether is sometimes subjective. Since this labeling may have a major impact on the financial plans of the association, subjective determinations should be minimized. We suggest the following considerations when labeling an expense:

OPERATIONAL EXPENSES occur at least annually, no matter how large the expense, and can be effectively budgeted for each year. They are characterized as being reasonably predictable both in terms of frequency and cost. Operational expenses include all minor expenses which would not otherwise adversely affect an operational budget from one year to the next. Examples of Operational Expenses include:

Utilities:

- Electricity
- Gas
- Water
- Telephone
- Cable TV

Services:

- Landscaping
- Pool Maintenance
- Street Sweeping
- Accounting
- Reserve Study

Administrative:

- Supplies
- Bank Service Charges
- Dues & Publications
- Licenses, Permits & Fees

Repair Expenses:

- Tile Roof Repairs
- Equipment Repairs
- Minor Concrete Repairs
- Operating Contingency

RESERVE EXPENSES are major expenses that occur other than annually and which must be budgeted for in advance in order to provide the necessary funds in time

for their occurrence. Reserve expenses are reasonably predictable both in terms of frequency and cost. However, they may include significant assets which have an indeterminable but potential liability which may be demonstrated as a likely occurrence. They are expenses that when incurred would have a significant affect on the smooth operation of the budgetary process from one year to the next if they were not reserved for in advance. Examples of Reserve Expenses include:

- Roof Replacements
- Painting
- Deck Resurfacing
- Fencing Replacement
- Street Seal/Slurry Coatings
- Asphalt Overlays
- Pool Re-plastering
- Pool Equipment Replacement
- Pool Furniture Replacement
- Tennis Court Resurfacing
- Park & Play Equipment
- Equipment Replacement
- Interior Furnishings
- Lighting Replacement

BUDGETING IS NORMALLY EXCLUDED FOR repairs or replacements of assets which are deemed to have an estimated useful life equal to or exceeding the estimated useful life of the facility or community itself, or exceeding the legal life of the community as defined in an association's governing documents. Examples include the complete replacement of elevators, tile roofs, wiring and plumbing. Also excluded are insignificant expenses which may be covered either by an operating or reserve contingency, or otherwise in a general maintenance fund. Costs which are caused by acts of God, accidents or other occurrences which are more properly insured for, rather than reserved for, are also excluded.

■ 4. Preparing the Reserve Study

Once the reserve assets have been identified and quantified, their respective replacement costs, useful lives and remaining lives must be assigned so that a funding schedule can be constructed. Replacement costs and useful lives can be found in published manuals such as construction estimators, appraisal handbooks, and valuation guides. Remaining lives are calculated from the useful lives and ages of assets and adjusted according to conditions such as design, manufacture quality, usage, exposure to the elements and maintenance history.

By following the recommendations of an effective reserve study the association should avoid any major shortfalls. However, to remain accurate, the report should be updated every two to three years to reflect such changes as shifts in economic parameters, additions of phases or assets, or expenditures of reserve funds. The association can assist in simplifying the reserve analysis update process by keeping accurate records of these changes throughout the year.

■ 5. Funding Methods

From the simplest to most complex, reserve analysis providers use many different computational processes to calculate reserve requirements. However, there are two basic processes identified as industry standards: the cash-flow method and the component method.

The cash flow method develops 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 actual anticipated schedule of reserve expenses until the desired funding goal is achieved. This method sets up a “window” in which all future anticipated replacement costs are computed, based on the individual lives of the components under consideration.

The component method develops a reserve-funding plan where the total contribution is based on the sum of contributions for individual components. The component method is the more conservative of the two funding options, and assures that the association will achieve and maintain an ideal level of reserves over time. This method also allows for computations on individual components in the analysis. The RDA Summary and RDA Projection Reports are based upon the component methodology.

■ 6. Funding Strategies

Once an association has established its funding goals, the association can select an appropriate funding plan. There are two basic strategies widely used by associations. It is recommended that associations consult professionals to determine the best strategy or combination of plans that best suit the association’s need. Additionally, associations should consult with their financial advisor to determine the tax implications of selecting a particular plan. Further, consultation with the American Institute of Certified Public Accountants (AICPA) for their reporting requirements is advisable. The two funding plans and descriptions of both are detailed below.

- Full Funding — Given that the basis of funding for reserves is to distribute the costs of the replacements over the lives of the components in question, it follows that the ideal level of reserves would be proportionately related to those lives and costs. If an association has a component with an expected estimated useful life of ten years, it would set aside approximately one-tenth of the replacement cost each year. At the end of three years, one would expect that three-tenths of the replacement cost to have accumulated, and if so, that component would be “fully-funded.” This model is

important in that it is a measure of the adequacy of an association's reserves at any one point of time, and is independent of any particular method which may have been used for past funding or may be under consideration for future funding. The formula is based on current replacement cost, and is a measure in time, independent of future inflationary or investment factors:

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

When an association's total accumulated reserves for all components meet this criteria, its reserves are "fully-funded."

- **Threshold Funding (RDA Modified Cash Flow Reports)** — There are two goals of this funding method. The first goal is to make sure that all scheduled reserve expenditures are covered by keeping the reserve cash balance above zero during the projected period. The second goal is to reach and maintain a 100% fully funded reserve balance during the projected period. Depending on the association's current percent funded, it may take the entire projected period (typically 30 years) before the 100% fully funded level is achieved.

Reaching and maintaining a 100% fully funded reserve balance by uniformly distributing the costs of the replacements over time benefits both current and future members of an association, and is the best approach the board of directors can take to fulfill its fiduciary responsibility. The modified cash flow method creates a funding strategy that gives the membership the lowest reserve funding recommendation as possible over time, while approaching the 100% fully funded level.

Another advantage of the modified cash flow method is that in most cases several strategies can be manually tested by Reserve Data Analysis, Inc. (the strategy is not based strictly on each components current funding status) until the best funding strategy is created – one that has consistent, incremental contribution increases from year to year. This very important aspect of the reserve study will aid the board of directors during the annual budgeting process.

■ 7. Distribution of Accumulated Reserves

The first step is to identify the ideal level of reserves for each asset. As indicated in the prior section, this is accomplished by evaluating the component's age proportionate to its estimated useful life and current replacement cost. Again, the equation used is as follows:

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

The RDA RESERVE MANAGEMENT SOFTWARE™ program performs the above calculations to the very month the component was placed-in-service. It also allows for the accumulation of the necessary reserves for the replacement to be available on the first day of the fiscal year it is scheduled to be replaced.

After identifying the ideal level of reserves for each asset, the beginning reserve balance must be allocated to each of the individual components identified in the analysis.

The next step the program performs is to arrange all of the assets used in the study in ascending order by remaining life, and alphabetically within each grouping of remaining life items. These assets are then assigned their respective ideal level of reserves until the amount of funds available are depleted, or until all assets are appropriately funded. If any assets are assigned a zero remaining life (schedule for replacement this fiscal year), then the amount assigned equals the current replacement cost and funding begins for the next cycle of replacement. If there are insufficient funds available to accomplish this, then the software automatically adjusts the zero remaining life item to 1 year and that asset assumes its new grouping position alphabetically in the final printed report.

If at the completion of this task there are additional moneys which have not been distributed, the remaining reserves are then assigned, in ascending order, to a level equal to, but not exceeding, the current replacement cost for each component. If there are sufficient moneys available to fund all assets at their current replacement cost levels, then any excess funds are designated as such initially, but are then considered to be available reserves in the report funding computations.

Assigning the reserves in this manner defers the make-up period for any underfunding over the longest remaining life of all the assets under consideration, thereby minimizing the impact of deficiency. For example, if the report indicates an underfunding of \$50,000, this underfunding will be assigned to components with the longest remaining life possible in order to give more time to "replenish" the account. If the \$50,000 underfunding were to be assigned to short remaining life items, the impact would be immediately felt.

If the reserves are underfunded, the monthly contribution requirements as outlined in this report may be higher than normal depending on the calculation method that is used. In future years, as individual assets are replaced, the funding requirements will return to their normal levels. In the case of a large deficiency, a special assessment may be considered. The program can easily generate revised reports outlining how the monthly contributions would be affected by such an adjustment, or by any other changes which may be under consideration.

■ 8. Funding Reserves

Two contribution numbers are provided in the report, the "Monthly Membership Contribution" and the "Net Monthly Allocation." The association should contribute to reserves each month the "Monthly Membership Contribution" figure, when the interest earned on the reserves is left in the reserve accounts as part of the contribution. When interest is earned on the reserves, that interest must be left in reserves and only amounts set aside for taxes should be removed.

The second alternative is to allocate the "Net Monthly Allocation" to reserves (this is the member contribution plus the anticipated interest earned for the fiscal year). This method assumes that all interest earned will be assigned directly as operating income. This allocation takes into consideration the anticipated interest earned on accumulated reserves regardless of whether or not it is actually earned. When taxes are paid the amount due will be taken directly from the association's operating accounts as the reserve accounts are allocated only those moneys net of taxes.

■ 9. Users' Guide to Your Reserve Analysis Study

Part II of your RDA REPORT contains the reserve analysis study for your association. There are seven types of pages in the study as described below.

REPORT SUMMARY

The **Report Summary** lists all of the parameters which were used in calculating the report as well as the summary of your reserve analysis study.

INDEX REPORTS

The **Distribution of Accumulated Reserves** report lists all assets in remaining life order. It also identifies the ideal level of reserves which should have accumulated for the association as well as the actual reserves available.

DETAIL REPORTS

The **Detail Report** itemizes each asset and lists all measurements, current and future costs and calculations for that asset. Provisions for percentage replacements, salvage values and one-time replacements can also be utilized.

The numerical listings for each asset are enhanced by extensive narrative detailing factors such as design, manufacture quality, usage, exposure to elements and maintenance history.

The **Detail Report Index** is an alphabetical listing of all assets together with the page number of the asset's detail report and asset number.

PROJECTIONS AND CHARTS

Thirty-year Projections of projected data add to the usefulness of your reserve analysis study.

■ 10. Definitions

REPORT I.D. - Includes the REPORT DATE (ex. November 15, 1992), VERSION (ex. 001), and ACCOUNT NUMBER (ex. 9773). Please use this information when referencing your report. (Displayed on the summary page.)

BUDGET YEAR BEGINNING/ENDING - The budgetary year for which the report is prepared. For associations with fiscal years ending December 31, the monthly contribution figures indicated are for the 12 month period beginning 1/1/2X and ending 12/31/2X.

NUMBER OF UNITS/PHASES - If applicable, the number of units and/or phases included in this version of the report.

INFLATION - This figure is used to approximate the future cost to repair or replace each component in the report. The current cost for each component is compounded on an annual basis by the number of remaining years to replacement and the total is used in calculating the monthly reserve contribution which will be necessary in order to accumulate the required funds in time for replacement.

ANNUAL CONTRIBUTION INCREASE - The percentage rate at which the association will increase its contribution to reserves at the end of each year until the year in which the asset is replaced. For example, in order to accumulate \$10,000 in 10 years, you could set aside \$1,000 per year. As an alternative, you could set aside \$795 the first year and increase that amount by 5% each year until the year of replacement. In either case you arrive at the same amount. The idea is that you start setting aside a lower amount and increase that number each year in accordance with the planned percentage. Ideally this figure should be equal to the rate of inflation. It can, however, be used to aid those associations that have not set aside appropriate reserves in the past by making the initial year's allocation less formidable.

INVESTMENT YIELD - The average interest rate anticipated by the association based upon its current investment practices.

TAXES ON YIELD - The estimated percentage of interest income which will be set aside for taxes.

ACCUMULATED RESERVE BALANCE - The anticipated reserve balance on the first day of the fiscal year for which this report has been prepared. Based upon information provided and not audited.

PERCENT FULLY FUNDED - The ratio, at the beginning of the fiscal year, of the actual (or projected) reserve balance to the calculated fully funded balance, expressed as a percentage.

PHASE INCREMENT DETAIL/AGE - Comments regarding aging of the components on the basis of construction date or date of acceptance by the association.

MONTHLY CONTRIBUTION - The contribution to reserves required by the association each month.

INTEREST CONTRIBUTION - The interest that should be earned on the reserves, net of taxes, based upon their beginning reserve balance and monthly contributions for one year. This figure is averaged for budgeting purposes.

NET MONTHLY ALLOCATION - The sum of the monthly contribution and interest contribution figures.

GROUP OR FACILITY NUMBER/CATEGORY NUMBER - The report may be prepared and sorted either by group or facility (location, building, phase, etc.) or by category (roofing, painting, etc.). Standard report printing format is by category.

PERCENTAGE OF REPLACEMENT - In some cases, an asset may not be replaced in its entirety or the cost may be shared with a second party. Examples are budgeting for a percentage of replacement of streets over a period of time, or sharing the expense to replace a common wall with a neighboring party.

PLACED-IN-SERVICE - The month and year that the asset was placed-in-service. - This may be the construction date, the first escrow closure date in a given phase, or the date of the last servicing or replacement.

ESTIMATED USEFUL LIFE - The estimated useful life of an asset based upon industry standards, manufacturer specifications, visual inspection, location, usage, association standards and prior history. All of these factors are taken into consideration when tailoring the estimated useful life to the particular asset. For example, the carpeting in a hallway or elevator (a heavy traffic area) will not have the same life as the identical carpeting in a seldom-used meeting room or office.

ADJUSTMENT TO USEFUL LIFE - Once the useful life is determined it may be adjusted +/- by this separate figure for the current cycle of replacement. This will allow for a current period adjustment without affecting the estimated replacement cycles for future replacements.

ESTIMATED REMAINING LIFE - This calculation is completed internally based upon the report's fiscal year date and the date the asset was placed-in-service.

REPLACEMENT YEAR - The year that the asset is scheduled to be replaced. The appropriate funds will be available by the first day of the fiscal year for which replacement is anticipated.

FIXED ACCUMULATED RESERVES - An optional figure which, if used, will override the normal process of allocating reserves to each asset.

FIXED MONTHLY CONTRIBUTION - An optional figure which, if used, will override all calculations and set the contribution at this amount.

SALVAGE VALUE - The salvage value of the asset at the time of replacement, if applicable.

ONE-TIME REPLACEMENT - Notation if the asset is to be replaced on a one-time basis.

CURRENT REPLACEMENT COST - The estimated replacement cost effective as of the beginning of the fiscal year for which the report is being prepared.

FUTURE REPLACEMENT COST - The estimated cost to repair or replace the asset at the end of its estimated useful life based upon the current replacement cost and inflation.

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).

■ 11. A Multi-Purpose Tool

Your RDA REPORT is an important part of your association's budgetary process. Following its recommendations should ensure the association's smooth budgetary transitions from one fiscal year to the next, and either decrease or eliminate the need for "special assessments".

In addition, your RDA reserve study serves a variety of useful purposes:

- Following the recommendations of a reserve study performed by a professional consultant can protect the Board of Directors in a community from personal liability concerning reserve components and reserve funding.
- A reserve analysis study is required by your accountant during the preparation of the association's annual audit.
- A reserve study is often requested by lending institutions during the process of loan applications, both for the community and, in many cases, the individual owners.
- Your RDA REPORT is also a detailed inventory of the association's major assets and serves as a management tool for scheduling, coordinating and planning future repairs and replacements.
- Your RDA REPORT is a tool which can assist the Board in fulfilling its legal and fiduciary obligations for maintaining the community in a state of good repair. If a community is operating on a special assessment basis, it cannot guarantee that an assessment, when needed, will be passed. Therefore, it cannot guarantee its ability to perform the required repairs or replacements to those major components which the association is obligated to maintain.
- Since the RDA reserve analysis study includes precise measurements and cost estimates of the client's assets, the detail reports may be used to evaluate the accuracy and price of contractor bids when assets are due to be repaired or replaced.
- The reserve study is an annual disclosure to the membership concerning the financial condition of the association, and may be used as a "consumers' guide" by prospective purchasers.

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Villas at Union Hills
 Phoenix, Arizona
CFS Reserve Analysis Report Summary

Report Date	September 28, 2016
Version	002
Account Number	3519
Budget Year Beginning	1/ 1/17
Ending	12/31/17
Total Units Included	200
Phase Development	1 of 1

Parameters:	
Inflation	2.67%
Annual Contribution Increase	3.50%
Investment Yield	0.02%
Taxes on Yield	0.00%
Contingency	0.00%
Reserve Fund Balance as of	
1/ 1/17:	\$870,120.00

Project Profile & Introduction

Unless otherwise indicated in this report, we have used 2006 as the basis for aging the original components examined in this analysis.

Refer to Asset ID #1001 (Reserve Balance Calculation) for an explanation of how the projected 1/1/2017 reserve balance was arrived at.

Calculation Method: Modified Cash Flow
 Funding Strategy: Threshold
 RDA Reports: 2/2012. Updated 6/2016 (on-site) (revised 9/2016).

Cash Flow Specific Summary of Calculations

Monthly Contribution to Reserves Required:	\$6,095.00
(\$30.48 per unit per month)	
Average Net Monthly Interest Contribution This Year:	13.92
Net Monthly Allocation to Reserves 1/ 1/17 to 12/31/17:	\$6,108.92
(\$30.54 per unit per month)	

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Villas at Union Hills
Distribution of Accumulated Reserves

REPORT DATE: September 28, 2016
 VERSION: 002
 ACCOUNT NUMBER: 3519

DESCRIPTION	REM LIFE	FULLY FUNDED RESERVES	ASSIGNED RESERVES
** Reserve Balance Calculation	0	0.00	0.00
Asphalt - Seal Coat/Repair	0	13,390.00	13,390.00
Clubhouse - HVAC Systems (2006)	0	21,500.00	21,500.00
Clubhouse - Surveillance System	0	7,500.00	7,500.00
Granite Replenishment (Unfunded)	0	0.00	0.00
Irrigation System (Unfunded)	0	0.00	0.00
Paint - Carport Support Structures	0	7,500.00	7,500.00
Paint - Metal Light Poles	0	1,150.00	1,150.00
Paint - Wrought Iron (All)	0	7,500.00	7,500.00
Stamped Asphalt - Repair & Recoat	0	10,133.75	10,133.75
Tree Trimming (Unfunded)	0	0.00	0.00
BBQ Grills - Gas, Pedestal	1	2,291.67	2,500.00
Clubhouse - Business Ctr Computers	1	1,687.50	2,250.00
Clubhouse - Cardio Equipment	1	18,333.33	20,000.00
Clubhouse - Carpet	1	8,341.67	9,100.00
Clubhouse - Televisions	1	2,795.83	3,050.00
Pool - BBQ Grills (Built-In)	1	2,566.67	2,800.00
Pool - Furniture (Lounges & Chairs)	1	4,162.50	5,550.00
Light Fixtures - Buildings	2	1,200.00	2,000.00
Pool - Trim Tile	2	2,855.77	3,375.00
Paint - Railings & Doors	3	6,527.33	16,318.32
Pool/Spa - Pumps & Motors	3	1,000.00	4,000.00
Access Phone (Cave Creek)	4	2,566.67	3,500.00
Clubhouse - Fire Alarm Panel	4	3,666.67	5,000.00
Gate Operators (Cave Creek)	4	10,266.67	14,000.00
Gate Operators (Union Hills)	4	5,133.33	7,000.00
Irrigation Controllers	4	1,246.67	1,700.00
Pool - Deck Resurface	4	10,624.17	14,487.50
Pool - Wrought Iron Fencing	4	8,154.67	11,120.00
Spa - Heater	4	1,250.00	2,500.00
Paint - Clubhouse Interior	5	5,487.90	11,585.57
Clubhouse - HVAC Systems (2014)	6	8,600.00	21,500.00
Pool - Heater	6	655.32	2,800.00
Paint - Buildings, Walls, Breezeway	7	9,545.66	143,184.87
Pool - Filter	7	825.00	1,350.00
Roofs - Flat (Built Up)	7	47,055.56	77,000.00

Villas at Union Hills
Distribution of Accumulated Reserves

DESCRIPTION	REM LIFE	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Pool - Resurface (Pebble Sheen)	8	9,451.32	16,325.00
Clubhouse - Strength Equipment	9	9,350.00	17,000.00
Light Fixtures - Bollards	9	3,960.00	7,200.00
Pool - Cabana Area (Remodel)	9	4,125.00	7,500.00
Pool - Furniture (Tables)	9	1,980.00	3,600.00
Pool - Restrooms (Remodel)	9	4,125.00	7,500.00
Spa - Retile	9	1,925.00	3,500.00
Spa - Filter	11	427.78	1,100.00
Pool - Deck Recoat	12	0.00	5,337.50
Gates - Trash Enclosures	14	3,344.00	7,600.00
Light Fixtures - Box Style	14	2,376.00	5,400.00
Lighting - Poles w/Lantern Fixtures	14	770.00	1,750.00
Mailboxes - Wall Mounted	14	4,026.00	9,150.00
Monument Sign - Ceramic Tile	14	4,400.00	10,000.00
Asphalt - Rehabilitation	18	74,231.03	159,044.64
Stamped Asphalt - Remove & Restamp	18	6,639.35	6,639.35
Clubhouse - Elevator Modernization	19	16,500.00	16,500.00
Clubhouse - Interior Remodel	19	27,500.00	27,500.00
Entrance Gates (Cave Creek)	19	4,363.33	4,363.33
Entrance Gates (Union Hills)	19	2,181.67	2,181.67
Fencing - Wrought Iron (Perimeter)	19	5,483.50	5,483.50
Roofs - Tile, Underlayment	19	89,100.00	89,100.00
Total Asset Summary:		511,773.29	870,120.00
Contingency @ 0.00%:		0.00	0.00
Grand Total:		511,773.29	870,120.00
Excess Reserves Not Used:			0.00
Percent Fully Funded:	170%		

Villas at Union Hills
Funding Status Report

REPORT DATE: September 28, 2016
VERSION: 002
ACCOUNT NUMBER: 3519

DESCRIPTION	USE LIFE	+/-	REM LIFE	CURRENT COST	FULLY FUNDED RESERVES	ASSIGNED RESERVES
** Reserve Balance Calculation	0	0	0	0	0	0
*** CATEGORY SUMMARY:				0	0	0
Asphalt - Rehabilitation	29	0	18	195,700	74,231	159,045
Asphalt - Seal Coat/Repair	4	0	0	13,390	13,390	13,390
*** CATEGORY SUMMARY:				209,090	87,621	172,435
Stamped Asphalt - Remove & Restamp	30	-1	18	17,504	6,639	6,639
Stamped Asphalt - Repair & Recoat	6	0	0	10,134	10,134	10,134
*** CATEGORY SUMMARY:				27,638	16,773	16,773
Roofs - Flat (Built Up)	18	0	7	77,000	47,056	77,000
Roofs - Tile, Underlayment	30	0	19	243,000	89,100	89,100
*** CATEGORY SUMMARY:				320,000	136,156	166,100
Paint - Buildings, Walls, Breezeway	8	0	7	143,185	9,546	143,185
Paint - Carport Support Structures	10	0	0	7,500	7,500	7,500
Paint - Clubhouse Interior	10	0	5	11,586	5,488	11,586
Paint - Metal Light Poles	10	0	0	1,150	1,150	1,150
Paint - Railings & Doors	5	0	3	16,318	6,527	16,318
Paint - Wrought Iron (All)	5	0	0	7,500	7,500	7,500
*** CATEGORY SUMMARY:				187,239	37,711	187,239
Entrance Gates (Cave Creek)	30	0	19	11,900	4,363	4,363
Entrance Gates (Union Hills)	30	0	19	5,950	2,182	2,182
Fencing - Wrought Iron (Perimeter)	30	0	19	14,955	5,484	5,484
Gates - Trash Enclosures	25	0	14	7,600	3,344	7,600
*** CATEGORY SUMMARY:				40,405	15,373	19,629
Light Fixtures - Bollards	20	0	9	7,200	3,960	7,200
Light Fixtures - Box Style	25	0	14	5,400	2,376	5,400
Light Fixtures - Buildings	5	0	2	2,000	1,200	2,000
Lighting - Poles w/Lantern Fixtures	25	0	14	1,750	770	1,750
*** CATEGORY SUMMARY:				16,350	8,306	16,350
Pool - BBQ Grills (Built-In)	12	0	1	2,800	2,567	2,800
Pool - Cabana Area (Remodel)	20	0	9	7,500	4,125	7,500
Pool - Deck Recoat	16	-4	12	5,338	0	5,338
Pool - Deck Resurface	16	-1	4	14,488	10,624	14,488
Pool - Filter	18	0	7	1,350	825	1,350
Pool - Furniture (Lounges & Chairs)	4	0	1	5,550	4,163	5,550
Pool - Furniture (Tables)	20	0	9	3,600	1,980	3,600
Pool - Heater	8	0	6	2,800	655	2,800

Villas at Union Hills
Funding Status Report

DESCRIPTION	USE LIFE	+/- LIFE	REM LIFE	CURRENT COST	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Pool - Restrooms (Remodel)	20	0	9	7,500	4,125	7,500
Pool - Resurface (Pebble Sheen)	20	-1	8	16,325	9,451	16,325
Pool - Trim Tile	12	+1	2	3,375	2,856	3,375
Pool - Wrought Iron Fencing	30	-15	4	11,120	8,155	11,120
Pool/Spa - Pumps & Motors	4	0	3	4,000	1,000	4,000
Spa - Filter	18	0	11	1,100	428	1,100
Spa - Heater	8	0	4	2,500	1,250	2,500
Spa - Retile	20	0	9	3,500	1,925	3,500
*** CATEGORY SUMMARY:				92,845	54,128	92,845
BBQ Grills - Gas, Pedestal	12	0	1	2,500	2,292	2,500
*** CATEGORY SUMMARY:				2,500	2,292	2,500
Clubhouse - Business Ctr Computers	4	0	1	2,250	1,688	2,250
Clubhouse - Cardio Equipment	12	0	1	20,000	18,333	20,000
Clubhouse - Carpet	12	0	1	9,100	8,342	9,100
Clubhouse - Elevator Modernization	30	0	19	45,000	16,500	16,500
Clubhouse - Fire Alarm Panel	15	0	4	5,000	3,667	5,000
Clubhouse - HVAC Systems (2006)	10	0	0	21,500	21,500	21,500
Clubhouse - HVAC Systems (2014)	10	0	6	21,500	8,600	21,500
Clubhouse - Interior Remodel	30	0	19	75,000	27,500	27,500
Clubhouse - Strength Equipment	20	0	9	17,000	9,350	17,000
Clubhouse - Surveillance System	10	0	0	7,500	7,500	7,500
Clubhouse - Televisions	12	0	1	3,050	2,796	3,050
*** CATEGORY SUMMARY:				226,900	125,775	150,900
Access Phone (Cave Creek)	15	0	4	3,500	2,567	3,500
Gate Operators (Cave Creek)	15	0	4	14,000	10,267	14,000
Gate Operators (Union Hills)	15	0	4	7,000	5,133	7,000
*** CATEGORY SUMMARY:				24,500	17,967	24,500
Mailboxes - Wall Mounted	25	0	14	9,150	4,026	9,150
Monument Sign - Ceramic Tile	25	0	14	10,000	4,400	10,000
*** CATEGORY SUMMARY:				19,150	8,426	19,150
Granite Replenishment (Unfunded)	0	0	0	0	0	0
Irrigation Controllers	15	0	4	1,700	1,247	1,700
Irrigation System (Unfunded)	0	0	0	0	0	0
Tree Trimming (Unfunded)	0	0	0	0	0	0
*** CATEGORY SUMMARY:				1,700	1,247	1,700

Villas at Union Hills
Funding Status Report

DESCRIPTION	USE +/- REM LIFE LIFE	CURRENT COST	FULLY FUNDED RESERVES	ASSIGNED RESERVES
TOTAL ASSET SUMMARY:		1,168,316	511,773	870,120
CONTINGENCY @ 0.00%:			0	0
GRAND TOTAL:			511,773	870,120

Percent Fully Funded: 170%

Villas at Union Hills
Cash Flow Specific Projections

REPORT DATE: September 28, 2016
 VERSION: 002
 ACCOUNT NUMBER: 3519

Beginning Accumulated Reserves: \$870,120

YEAR	CURRENT REPLACEMENT COST	ANNUAL CONTRBTN	ANNUAL INTEREST CONTRBTN	ANNUAL EXPENDTRS	PROJECTED ENDING RESERVES	FULLY FUNDED RESERVES	PERCENT FULLY FUNDED
'17	1,168,316	73,140	167	68,674	874,753	534,138	164%
'18	1,199,510	75,700	173	46,458	904,168	582,023	155%
'19	1,231,537	78,349	187	5,666	977,038	675,263	145%
'20	1,264,419	81,092	198	21,990	1,036,338	756,463	137%
'21	1,298,179	83,930	199	80,778	1,039,689	781,271	133%
'22	1,332,841	86,867	210	30,672	1,096,095	860,451	127%
'23	1,368,427	89,908	219	40,332	1,145,890	934,216	123%
'24	1,404,964	93,055	183	273,623	965,504	771,419	125%
'25	1,442,477	96,311	191	56,836	1,005,171	829,285	121%
'26	1,480,991	99,682	196	68,579	1,036,471	879,192	118%
'27	1,520,534	103,171	205	58,762	1,081,085	943,133	115%
'28	1,561,132	106,782	225	6,815	1,181,277	1,064,805	111%
'29	1,602,814	110,520	237	45,768	1,246,266	1,152,339	108%
'30	1,645,609	114,388	242	86,721	1,274,175	1,202,998	106%
'31	1,689,547	118,391	254	57,954	1,334,867	1,287,451	104%
'32	1,734,658	122,535	229	246,870	1,210,760	1,183,186	102%
'33	1,780,973	126,824	243	53,186	1,284,641	1,278,058	101%
'34	1,828,525	131,263	266	15,338	1,400,832	1,417,469	99%
'35	1,877,347	135,857	216	385,099	1,151,806	1,184,168	97%
'36	1,927,472	140,612	101	711,066	581,452	613,284	95%
'37	1,978,936	145,533	104	127,931	599,158	629,267	95%
'38	2,031,773	150,627	131	13,565	736,351	766,593	96%
'39	2,086,022	155,899	160	8,570	883,840	916,304	96%
'40	2,141,718	161,355	132	299,729	745,598	774,766	96%
'41	2,198,902	167,003	156	44,274	868,482	895,508	97%
'42	2,257,613	172,848	134	275,721	765,743	785,732	97%
'43	2,317,891	178,897	160	49,351	895,449	909,429	98%
'44	2,379,779	185,159	194	12,222	1,068,580	1,078,644	99%
'45	2,443,319	191,639	209	112,661	1,147,768	1,153,461	100%
'46	2,508,556	198,347	224	118,523	1,227,815	1,228,574	100%

Villas at Union Hills
Annual Expenditure Detail

REPORT DATE: September 28, 2016
 VERSION: 002
 ACCOUNT NUMBER: 3519

DESCRIPTION	EXPENDITURES
REPLACEMENT YEAR 2017	
Asphalt - Seal Coat/Repair	13,390.00
Clubhouse - HVAC Systems (2006)	21,500.00
Clubhouse - Surveillance System	7,500.00
Paint - Carport Support Structures	7,500.00
Paint - Metal Light Poles	1,150.00
Paint - Wrought Iron (All)	7,500.00
Stamped Asphalt - Repair & Recoat	10,133.75
*** ANNUAL TOTAL:	68,673.75
REPLACEMENT YEAR 2018	
BBQ Grills - Gas, Pedestal	2,566.75
Clubhouse - Business Ctr Computers	2,310.08
Clubhouse - Cardio Equipment	20,534.00
Clubhouse - Carpet	9,342.97
Clubhouse - Televisions	3,131.44
Pool - BBQ Grills (Built-In)	2,874.76
Pool - Furniture (Lounges & Chairs)	5,698.19
*** ANNUAL TOTAL:	46,458.19
REPLACEMENT YEAR 2019	
Light Fixtures - Buildings	2,108.23
Pool - Trim Tile	3,557.63
*** ANNUAL TOTAL:	5,665.86
REPLACEMENT YEAR 2020	
Paint - Railings & Doors	17,660.63
Pool/Spa - Pumps & Motors	4,329.03
*** ANNUAL TOTAL:	21,989.66
REPLACEMENT YEAR 2021	
Access Phone (Cave Creek)	3,889.05
Asphalt - Seal Coat/Repair	14,878.35
Clubhouse - Fire Alarm Panel	5,555.76
Gate Operators (Cave Creek)	15,556.16
Gate Operators (Union Hills)	7,778.07

Villas at Union Hills
Annual Expenditure Detail

DESCRIPTION	EXPENDITURES
Irrigation Controllers	1,888.96
Pool - Deck Resurface	16,097.84
Pool - Wrought Iron Fencing	12,356.03
Spa - Heater	2,777.88
*** ANNUAL TOTAL:	80,778.10
REPLACEMENT YEAR 2022	
Clubhouse - Business Ctr Computers	2,566.86
Paint - Clubhouse Interior	13,217.06
Paint - Wrought Iron (All)	8,556.17
Pool - Furniture (Lounges & Chairs)	6,331.56
*** ANNUAL TOTAL:	30,671.65
REPLACEMENT YEAR 2023	
Clubhouse - HVAC Systems (2014)	25,182.56
Pool - Heater	3,279.60
Stamped Asphalt - Repair & Recoat	11,869.48
*** ANNUAL TOTAL:	40,331.64
REPLACEMENT YEAR 2024	
Light Fixtures - Buildings	2,405.12
Paint - Buildings, Walls, Breezeway	172,187.67
Pool - Filter	1,623.46
Pool/Spa - Pumps & Motors	4,810.22
Roofs - Flat (Built Up)	92,596.73
*** ANNUAL TOTAL:	273,623.20
REPLACEMENT YEAR 2025	
Asphalt - Seal Coat/Repair	16,532.14
Paint - Railings & Doors	20,147.64
Pool - Resurface (Pebble Sheen)	20,155.89
*** ANNUAL TOTAL:	56,835.67
REPLACEMENT YEAR 2026	
Clubhouse - Business Ctr Computers	2,852.18
Clubhouse - Strength Equipment	21,549.68
Light Fixtures - Bollards	9,126.92
Pool - Cabana Area (Remodel)	9,507.22
Pool - Furniture (Lounges & Chairs)	7,035.34

Villas at Union Hills
Annual Expenditure Detail

DESCRIPTION	EXPENDITURES
Pool - Furniture (Tables)	4,563.47
Pool - Restrooms (Remodel)	9,507.22
Spa - Retile	4,436.72
*** ANNUAL TOTAL:	68,578.75
REPLACEMENT YEAR 2027	
Clubhouse - HVAC Systems (2006)	27,981.70
Clubhouse - Surveillance System	9,761.06
Paint - Carport Support Structures	9,761.06
Paint - Metal Light Poles	1,496.70
Paint - Wrought Iron (All)	9,761.06
*** ANNUAL TOTAL:	58,761.58
REPLACEMENT YEAR 2028	
Pool/Spa - Pumps & Motors	5,344.89
Spa - Filter	1,469.84
*** ANNUAL TOTAL:	6,814.73
REPLACEMENT YEAR 2029	
Asphalt - Seal Coat/Repair	18,369.75
Light Fixtures - Buildings	2,743.81
Pool - Deck Recoat	7,322.51
Spa - Heater	3,429.73
Stamped Asphalt - Repair & Recoat	13,902.50
*** ANNUAL TOTAL:	45,768.30
REPLACEMENT YEAR 2030	
BBQ Grills - Gas, Pedestal	3,521.30
Clubhouse - Business Ctr Computers	3,169.21
Clubhouse - Cardio Equipment	28,170.62
Clubhouse - Carpet	12,817.66
Clubhouse - Televisions	4,296.02
Paint - Railings & Doors	22,984.87
Pool - BBQ Grills (Built-In)	3,943.90
Pool - Furniture (Lounges & Chairs)	7,817.35
*** ANNUAL TOTAL:	86,720.93
REPLACEMENT YEAR 2031	
Gates - Trash Enclosures	10,990.68

Villas at Union Hills
Annual Expenditure Detail

DESCRIPTION	EXPENDITURES
Light Fixtures - Box Style	7,809.15
Lighting - Poles w/Lantern Fixtures	2,530.74
Mailboxes - Wall Mounted	13,232.18
Monument Sign - Ceramic Tile	14,461.39
Pool - Heater	4,049.20
Pool - Trim Tile	4,880.74
*** ANNUAL TOTAL:	57,954.08
REPLACEMENT YEAR 2032	
Paint - Buildings, Walls, Breezeway	212,593.77
Paint - Clubhouse Interior	17,201.67
Paint - Wrought Iron (All)	11,135.63
Pool/Spa - Pumps & Motors	5,939.00
*** ANNUAL TOTAL:	246,870.07
REPLACEMENT YEAR 2033	
Asphalt - Seal Coat/Repair	20,411.62
Clubhouse - HVAC Systems (2014)	32,774.46
*** ANNUAL TOTAL:	53,186.08
REPLACEMENT YEAR 2034	
Clubhouse - Business Ctr Computers	3,521.49
Light Fixtures - Buildings	3,130.20
Pool - Furniture (Lounges & Chairs)	8,686.28
*** ANNUAL TOTAL:	15,337.97
REPLACEMENT YEAR 2035	
Asphalt - Rehabilitation	314,466.89
Paint - Railings & Doors	26,221.65
Stamped Asphalt - Remove & Restamp	28,126.47
Stamped Asphalt - Repair & Recoat	16,283.75
*** ANNUAL TOTAL:	385,098.76
REPLACEMENT YEAR 2036	
Access Phone (Cave Creek)	5,774.26
Clubhouse - Elevator Modernization	74,240.40
Clubhouse - Fire Alarm Panel	8,248.94
Clubhouse - Interior Remodel	123,733.97
Entrance Gates (Cave Creek)	19,632.45

Villas at Union Hills
Annual Expenditure Detail

DESCRIPTION	EXPENDITURES
Entrance Gates (Union Hills)	9,816.24
Fencing - Wrought Iron (Perimeter)	24,672.56
Gate Operators (Cave Creek)	23,097.03
Gate Operators (Union Hills)	11,548.50
Irrigation Controllers	2,804.62
Pool/Spa - Pumps & Motors	6,599.15
Roofs - Tile, Underlayment	400,898.07
*** ANNUAL TOTAL:	711,066.19
REPLACEMENT YEAR 2037	
Asphalt - Seal Coat/Repair	22,680.45
Clubhouse - HVAC Systems (2006)	36,417.47
Clubhouse - Surveillance System	12,703.77
Paint - Carport Support Structures	12,703.77
Paint - Metal Light Poles	1,947.92
Paint - Wrought Iron (All)	12,703.77
Pool - Deck Resurface	24,539.43
Spa - Heater	4,234.56
*** ANNUAL TOTAL:	127,931.14
REPLACEMENT YEAR 2038	
Clubhouse - Business Ctr Computers	3,912.91
Pool - Furniture (Lounges & Chairs)	9,651.79
*** ANNUAL TOTAL:	13,564.70
REPLACEMENT YEAR 2039	
Light Fixtures - Buildings	3,571.01
Pool - Heater	4,999.39
*** ANNUAL TOTAL:	8,570.40
REPLACEMENT YEAR 2040	
Paint - Buildings, Walls, Breezeway	262,481.69
Paint - Railings & Doors	29,914.23
Pool/Spa - Pumps & Motors	7,332.67
*** ANNUAL TOTAL:	299,728.59
REPLACEMENT YEAR 2041	
Asphalt - Seal Coat/Repair	25,201.48
Stamped Asphalt - Repair & Recoat	19,072.85

Villas at Union Hills
Annual Expenditure Detail

DESCRIPTION	EXPENDITURES
*** ANNUAL TOTAL:	44,274.33
REPLACEMENT YEAR 2042	
BBQ Grills - Gas, Pedestal	4,830.87
Clubhouse - Business Ctr Computers	4,347.84
Clubhouse - Cardio Equipment	38,647.32
Clubhouse - Carpet	17,584.56
Clubhouse - Televisions	5,893.71
Paint - Clubhouse Interior	22,387.52
Paint - Wrought Iron (All)	14,492.74
Pool - BBQ Grills (Built-In)	5,410.63
Pool - Filter	2,608.70
Pool - Furniture (Lounges & Chairs)	10,724.62
Roofs - Flat (Built Up)	148,792.08
*** ANNUAL TOTAL:	275,720.59
REPLACEMENT YEAR 2043	
Clubhouse - HVAC Systems (2014)	42,655.12
Pool - Trim Tile	6,695.91
*** ANNUAL TOTAL:	49,351.03
REPLACEMENT YEAR 2044	
Light Fixtures - Buildings	4,073.89
Pool/Spa - Pumps & Motors	8,147.73
*** ANNUAL TOTAL:	12,221.62
REPLACEMENT YEAR 2045	
Asphalt - Seal Coat/Repair	28,002.73
Paint - Railings & Doors	34,126.81
Pool - Deck Recoat	11,162.37
Pool - Resurface (Pebble Sheen)	34,140.77
Spa - Heater	5,228.24
*** ANNUAL TOTAL:	112,660.92
REPLACEMENT YEAR 2046	
Clubhouse - Business Ctr Computers	4,831.13
Clubhouse - Strength Equipment	36,501.62
Light Fixtures - Bollards	15,459.54
Pool - Cabana Area (Remodel)	16,103.68

Villas at Union Hills
Annual Expenditure Detail

DESCRIPTION	EXPENDITURES
Pool - Furniture (Lounges & Chairs)	11,916.70
Pool - Furniture (Tables)	7,729.76
Pool - Restrooms (Remodel)	16,103.68
Spa - Filter	2,361.85
Spa - Retile	7,515.04
*** ANNUAL TOTAL:	<hr/> 118,523.00

Villas at Union Hills
Cash Flow Detail Report by Category

REPORT DATE: September 28, 2016
 VERSION: 002
 ACCOUNT NUMBER: 3519

**** Reserve Balance Calculation**

	QUANTITY	1 comment
ASSET ID 1001	UNIT COST	0.000
GROUP/FACILITY 0	PERCENT REPL	0.00%
CATEGORY 5	CURRENT COST	0.00
	FUTURE COST	0.00
	SALVAGE VALUE	0.00

PLACED IN SERVICE 0/ 0
 0 YEAR USEFUL LIFE
 +0 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2017
 0 YEAR REM LIFE

REMARKS:

Current Reserve Balance Per Client (2/29/16):	\$	808,035
Remaining 2016 Reserve Contributions:		
\$6,208.49/month x 10 months		+ 62,085

Projected January 1, 2017 Reserve Balance:	\$	870,120

Villas at Union Hills
Cash Flow Detail Report by Category

Asphalt - Rehabilitation	QUANTITY	1 total
	UNIT COST	195,700.000
ASSET ID 1002	PERCENT REPL	100.00%
GROUP/FACILITY 0	CURRENT COST	195,700.00
CATEGORY 10	FUTURE COST	314,466.90
	SALVAGE VALUE	0.00

PLACED IN SERVICE 1/06
 29 YEAR USEFUL LIFE
 +0 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2035
 18 YEAR REM LIFE

REMARKS:

103,000 - sq. ft. of rehabilitation @ \$ 1.90 = \$ 195,700.00

 TOTAL = \$ 195,700.00

This component is an estimate for the resurfacing/rehabilitation of the community asphalt. Future pavement conditions will dictate the specific scope of work required (overlay and/or removal and replacement). Most likely, with the type of configuration present at this community, the asphalt drive areas will be removed and repaved, and the parking areas will be overlaid. No new findings were made at the time of our site visit (6/16).

Asphalt - Seal Coat/Repair	QUANTITY	103,000 sq. ft.
	UNIT COST	0.130
ASSET ID 1003	PERCENT REPL	100.00%
GROUP/FACILITY 0	CURRENT COST	13,390.00
CATEGORY 10	FUTURE COST	13,390.00
	SALVAGE VALUE	0.00

PLACED IN SERVICE 1/13
 4 YEAR USEFUL LIFE
 +0 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2017
 0 YEAR REM LIFE

REMARKS:

This is a provision to repair, crack seal and seal coat the community asphalt in 2017, and then every four (4) years thereafter.

It should be noted that the seal coat, repairs and rehabilitation assets are budgeted to occur simultaneously in 2035. We acknowledge that the seal coat won't be needed in the same year as the rehabilitation. However, in an effort to properly budget for a continuous seal coat cycle, this can't be avoided. The funds available for the seal coat can be used to help offset additional expenses that may be associated with the rehabilitation.

Villas at Union Hills
Cash Flow Detail Report by Category

Stamped Asphalt - Remove & Restamp		QUANTITY	3,685 sq. ft.
		UNIT COST	4.750
ASSET ID	1005	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	17,503.75
CATEGORY	11	FUTURE COST	28,126.47
		SALVAGE VALUE	0.00
PLACED IN SERVICE	1/06		
30 YEAR USEFUL LIFE			
-1 YEAR ADJUSTMENT			
REPLACEMENT YEAR	2035		
18 YEAR REM LIFE			

REMARKS:

This is a provision to remove the existing stamped asphalt, repave it, and then restamp the pattern. The coating that follows the printing and restamping is accounted for in Asset ID #1004.

Stamped Asphalt - Repair & Recoat		QUANTITY	3,685 sq. ft.
		UNIT COST	2.750
ASSET ID	1004	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	10,133.75
CATEGORY	11	FUTURE COST	10,133.75
		SALVAGE VALUE	0.00
PLACED IN SERVICE	1/06		
6 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR	2017		
0 YEAR REM LIFE			

REMARKS:

This is a provision to clean, repair and recoat the decorative stamped asphalt areas located at crosswalks and in front of buildings 9 and 12, on a six (6) year cycle.

Villas at Union Hills
Cash Flow Detail Report by Category

Roofs - Flat (Built Up)	QUANTITY	22,000 sq. ft.
	UNIT COST	3.500
ASSET ID 1009	PERCENT REPL	100.00%
GROUP/FACILITY 0	CURRENT COST	77,000.00
CATEGORY 20	FUTURE COST	92,596.73
	SALVAGE VALUE	0.00

PLACED IN SERVICE 1/06
 18 YEAR USEFUL LIFE
 +0 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2024
 7 YEAR REM LIFE

REMARKS:

This is a provision to replace the flat, built up roofs atop the 11 condominium buildings.

We recommend that the client includes a line item in the annual operating budget for inspections, debris removal, & repairs on an "as needed" basis.

In order to ensure a high quality installation, the client may wish to obtain the services of an independent roofing consultant to work with the client and the roofing contractor providing installation. Consultants are available for the preparation of installation specifications and, if desired, to work with the contractor during the installation process. We have been advised that fees vary upon the size of the job and the extent of detail required by the client. However, fees for a consultant should not exceed six to eight percent of the actual roof replacement cost. The costs we have used do not include this additional expense. Should the client request, we would be happy to incorporate this into our calculations.

Roofs - Tile, Underlayment	QUANTITY	81,000 sq. ft.
	UNIT COST	3.000
ASSET ID 1008	PERCENT REPL	100.00%
GROUP/FACILITY 0	CURRENT COST	243,000.00
CATEGORY 20	FUTURE COST	400,898.06
	SALVAGE VALUE	0.00

PLACED IN SERVICE 1/06
 30 YEAR USEFUL LIFE
 +0 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2036
 19 YEAR REM LIFE

REMARKS:

The following comments apply to the concrete tile roofs atop the 11 condominium buildings and the clubhouse:

Tile roof systems are designed to last for the life of the project. How-

Villas at Union Hills
Cash Flow Detail Report by Category

Roofs - Tile, Underlayment, Continued ...

ever, the integrity of a tile roof is totally dependent on the roof underlayment. The tile can last forever, but will not keep the building watertight unless the underlayment is intact.

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.

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, prevent potential problems and extend 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 periodic inspections.

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 come to the conclusion that the underlayment has a life expectancy of 20 - 40 years. Therefore, in order to account for this significant future liability, we are budgeting to replace the underlayment. Should the client wish to budget for this component in a different manner we will do so at their request.

Villas at Union Hills
Cash Flow Detail Report by Category

Paint - Buildings, Walls, Breezeway		QUANTITY	1 total
		UNIT COST	143,184.870
ASSET ID	1006	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	143,184.87
CATEGORY	30	FUTURE COST	172,187.68
		SALVAGE VALUE	0.00
PLACED IN SERVICE	7/16		
8 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR	2024		
7 YEAR REM LIFE			

REMARKS:

EmpireWorks is in the process of completing a paint project that includes painting building exteriors, the pool ramada, stucco walls and electrical boxes for a total cost of \$130,184.87. We have added the cost to paint the breezeways to this asset at the Board's request (\$13,000)

We are budgeting to paint these areas on a six (6) year cycle at the Board's request.

Paint - Carport Support Structures		QUANTITY	1 total
		UNIT COST	7,500.000
ASSET ID	1014	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	7,500.00
CATEGORY	30	FUTURE COST	7,500.00
		SALVAGE VALUE	0.00
PLACED IN SERVICE	1/06		
10 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR	2017		
0 YEAR REM LIFE			

REMARKS:

This is a provision to paint the metal carport support beams and poles. Based on condition we recommend that they are painted in 2017.

Villas at Union Hills
Cash Flow Detail Report by Category

Paint - Clubhouse Interior

QUANTITY	1 total
UNIT COST	11,585.570
PERCENT REPL	100.00%
CURRENT COST	11,585.57
FUTURE COST	13,217.07
SALVAGE VALUE	0.00

ASSET ID 1057
 GROUP/FACILITY 0
 CATEGORY 30

PLACED IN SERVICE 7/12
 10 YEAR USEFUL LIFE
 +0 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2022
 5 YEAR REM LIFE

REMARKS:

Radius Interiors completed a project to repair and paint the clubhouse interior in 2012 for \$11,585.57.

Paint - Metal Light Poles

QUANTITY	1 total
UNIT COST	1,150.000
PERCENT REPL	100.00%
CURRENT COST	1,150.00
FUTURE COST	1,150.00
SALVAGE VALUE	0.00

ASSET ID 1012
 GROUP/FACILITY 0
 CATEGORY 30

PLACED IN SERVICE 1/06
 10 YEAR USEFUL LIFE
 +0 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2017
 0 YEAR REM LIFE

REMARKS:

This component is to paint the metal poles for the box style fixtures (9) at parking areas and the lantern fixtures next to BBQ areas (5) on a 10 year cycle.

Paint - Railings & Doors

QUANTITY	1 total
UNIT COST	16,318.320
PERCENT REPL	100.00%
CURRENT COST	16,318.32
FUTURE COST	17,660.63
SALVAGE VALUE	0.00

ASSET ID 1059
 GROUP/FACILITY 0
 CATEGORY 30

PLACED IN SERVICE 1/15
 5 YEAR USEFUL LIFE
 +0 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2020
 3 YEAR REM LIFE

Villas at Union Hills
Cash Flow Detail Report by Category

Paint - Railings & Doors, Continued ...

REMARKS:

CetraPro Painters completed a project in late 2014 to paint the drywall and ceilings in building breezeways, stairwell railings and unit entry doors for a total cost of \$29,318.32.

At the Board's request we have moved the painting of the breezeways to the main building paint asset. This asset now only includes budgeting to paint the railings and doors at a cost of \$16,318.32 (per Board).

At the Board's request we are budgeting for this project in 2020.

Paint - Wrought Iron (All)	QUANTITY	1 total
	UNIT COST	7,500.000
ASSET ID 1041	PERCENT REPL	100.00%
GROUP/FACILITY 0	CURRENT COST	7,500.00
CATEGORY 30	FUTURE COST	7,500.00
	SALVAGE VALUE	0.00

PLACED IN SERVICE 1/12
 5 YEAR USEFUL LIFE
 +0 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2017
 0 YEAR REM LIFE

REMARKS:

This is a provision to paint the wrought iron fencing and gates at the following locations noted below every five (5) years:

- pool area fencing & gates
- entrance fencing & gates
- perimeter fencing
- trash gates (8)

Villas at Union Hills
Cash Flow Detail Report by Category

Entrance Gates (Cave Creek)	QUANTITY	1 total
	UNIT COST	11,900.000
ASSET ID 1038	PERCENT REPL	100.00%
GROUP/FACILITY 0	CURRENT COST	11,900.00
CATEGORY 40	FUTURE COST	19,632.46
	SALVAGE VALUE	0.00
PLACED IN SERVICE 1/06		
30 YEAR USEFUL LIFE		
+0 YEAR ADJUSTMENT		
REPLACEMENT YEAR 2036		
19 YEAR REM LIFE		

REMARKS:

4 - 6'1" x 12'4" vehicle gates	@	\$ 2,625.00	=	\$ 10,500.00
2 - 6'2" x 3'3" pedestrian gates	@	700.00	=	1,400.00

		TOTAL	=	\$ 11,900.00

Entrance Gates (Union Hills)	QUANTITY	1 total
	UNIT COST	5,950.000
ASSET ID 1039	PERCENT REPL	100.00%
GROUP/FACILITY 0	CURRENT COST	5,950.00
CATEGORY 40	FUTURE COST	9,816.23
	SALVAGE VALUE	0.00
PLACED IN SERVICE 1/06		
30 YEAR USEFUL LIFE		
+0 YEAR ADJUSTMENT		
REPLACEMENT YEAR 2036		
19 YEAR REM LIFE		

REMARKS:

2 - 6'1" x 12'4" vehicle gates	@	\$ 2,625.00	=	\$ 5,250.00
1 - 6'2" x 3'3" pedestrian gate	@	700.00	=	700.00

		TOTAL	=	\$ 5,950.00

Villas at Union Hills
Cash Flow Detail Report by Category

Fencing - Wrought Iron (Perimeter)		QUANTITY	1 total
ASSET ID	1040	UNIT COST	14,955.000
GROUP/FACILITY	0	PERCENT REPL	100.00%
CATEGORY	40	CURRENT COST	14,955.00
		FUTURE COST	24,672.55
		SALVAGE VALUE	0.00

PLACED IN SERVICE 1/06
 30 YEAR USEFUL LIFE
 +0 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2036
 19 YEAR REM LIFE

REMARKS:

200 - lin. ft. of 3'2" fencing (Cave Creek)	@	\$ 25.00	=	\$ 5,000.00
265 - lin. ft. of 3'8" fencing (Union Hills)	@	27.00	=	7,155.00
80 - lin. ft. of 5'8" fencing (entrance)	@	35.00	=	2,800.00

		TOTAL	=	\$ 14,955.00

Sheperd hooks were added to the top of each fence picket along Union Hills in 2015 for a total cost of \$4,611.

Gates - Trash Enclosures		QUANTITY	1 total
ASSET ID	1042	UNIT COST	7,600.000
GROUP/FACILITY	0	PERCENT REPL	100.00%
CATEGORY	40	CURRENT COST	7,600.00
		FUTURE COST	10,990.65
		SALVAGE VALUE	0.00

PLACED IN SERVICE 1/06
 25 YEAR USEFUL LIFE
 +0 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2031
 14 YEAR REM LIFE

REMARKS:

8 - 5'9" x 5'6" gates	@	\$ 950.00	=	\$ 7,600.00

		TOTAL	=	\$ 7,600.00

Villas at Union Hills
Cash Flow Detail Report by Category

Light Fixtures - Bollards		QUANTITY	9 fixtures
		UNIT COST	800.000
ASSET ID	1010	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	7,200.00
CATEGORY	50	FUTURE COST	9,126.93
		SALVAGE VALUE	0.00

PLACED IN SERVICE 1/06
 20 YEAR USEFUL LIFE
 +0 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2026
 9 YEAR REM LIFE

REMARKS:

These are 3'6" aluminum bollard fixtures located near the clubhouse.

We are not budgeting to replace any ground level pagoda type or spot/flood-light fixtures because the cost to do so is most often considered an operating expense. It is difficult to determine a useful life for these types of fixtures because they are frequently damaged by pedestrians, landscape personnel, and weather conditions. Any repairs and/or replacements should be handled on an "as needed" basis, and the expense paid for out of the operating budget.

Light Fixtures - Box Style		QUANTITY	9 fixtures
		UNIT COST	600.000
ASSET ID	1011	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	5,400.00
CATEGORY	50	FUTURE COST	7,809.15
		SALVAGE VALUE	0.00

PLACED IN SERVICE 1/06
 25 YEAR USEFUL LIFE
 +0 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2031
 14 YEAR REM LIFE

REMARKS:

These are 15 - 18' high, pole mounted box style fixtures for the parking areas.

The cost does not include the replacement of the poles or mounting brackets.

Villas at Union Hills
Cash Flow Detail Report by Category

Light Fixtures - Buildings		QUANTITY	1 total
		UNIT COST	2,000.000
ASSET ID	1015	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	2,000.00
CATEGORY	50	FUTURE COST	2,108.23
		SALVAGE VALUE	0.00
PLACED IN SERVICE 1/14			
5 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR 2019			
2 YEAR REM LIFE			

REMARKS:

There are a couple of different types of building mounted light fixtures. It is likely that these fixtures will be replaced as needed over time with the labor being provided by the on-site maintenance manager. Therefore, we have included a provision for these fixtures that will accumulate over a five (5) year period of time to be used as needed.

Lighting - Poles w/Lantern Fixtures		QUANTITY	1 total
		UNIT COST	1,750.000
ASSET ID	1013	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	1,750.00
CATEGORY	50	FUTURE COST	2,530.74
		SALVAGE VALUE	0.00
PLACED IN SERVICE 1/06			
25 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR 2031			
14 YEAR REM LIFE			

REMARKS:

5 - 6' poles w/lantern fixtures @ \$ 350.00	=	\$ 1,750.00

TOTAL	=	\$ 1,750.00

Located next to BBQ areas.

Villas at Union Hills
Cash Flow Detail Report by Category

Pool - BBQ Grills (Built-In)	QUANTITY	2 grills
ASSET ID 1032	UNIT COST	1,400.000
GROUP/FACILITY 0	PERCENT REPL	100.00%
CATEGORY 60	CURRENT COST	2,800.00
	FUTURE COST	2,874.76
	SALVAGE VALUE	0.00

PLACED IN SERVICE 1/06
 12 YEAR USEFUL LIFE
 +0 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2018
 1 YEAR REM LIFE

REMARKS:

These are Turbo by Barbeques Galore, STS, natural gas, built in grills at the pool area.

The cost estimates on this asset have been provided by the client and incorporated into our report at their request.

Pool - Cabana Area (Remodel)	QUANTITY	1 total
ASSET ID 1034	UNIT COST	7,500.000
GROUP/FACILITY 0	PERCENT REPL	100.00%
CATEGORY 60	CURRENT COST	7,500.00
	FUTURE COST	9,507.22
	SALVAGE VALUE	0.00

PLACED IN SERVICE 1/06
 20 YEAR USEFUL LIFE
 +0 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2026
 9 YEAR REM LIFE

REMARKS:

This is a provision to remodel the pool cabana area on a 20 year cycle, including replacement of the following components: tile flooring (360 sq. ft.) tile countertops, undercounter fridge, ceiling fan, and lighting.

Villas at Union Hills
Cash Flow Detail Report by Category

Pool - Deck Recoat	QUANTITY	3,050 sq. ft.
	UNIT COST	1.750
ASSET ID 1018	PERCENT REPL	100.00%
GROUP/FACILITY 0	CURRENT COST	5,337.50
CATEGORY 60	FUTURE COST	7,322.52
	SALVAGE VALUE	0.00

PLACED IN SERVICE 1/17
 16 YEAR USEFUL LIFE
 -4 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2029
 12 YEAR REM LIFE

REMARKS:

This component includes a provision to repair and recoat (repaint) the pool deck in 2029 and then every 16 years.

Pool - Deck Resurface	QUANTITY	3,050 sq. ft.
	UNIT COST	4.750
ASSET ID 1019	PERCENT REPL	100.00%
GROUP/FACILITY 0	CURRENT COST	14,487.50
CATEGORY 60	FUTURE COST	16,097.84
	SALVAGE VALUE	0.00

PLACED IN SERVICE 1/06
 16 YEAR USEFUL LIFE
 -1 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2021
 4 YEAR REM LIFE

REMARKS:

This component includes a provision to resurface (includes scabbling of deck and acrylic overlay) the pool deck surface in 2021, at the Board's request.

Pool - Filter	QUANTITY	1 filter
	UNIT COST	1,350.000
ASSET ID 1024	PERCENT REPL	100.00%
GROUP/FACILITY 0	CURRENT COST	1,350.00
CATEGORY 60	FUTURE COST	1,623.45
	SALVAGE VALUE	0.00

PLACED IN SERVICE 1/06
 18 YEAR USEFUL LIFE
 +0 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2024
 7 YEAR REM LIFE

Villas at Union Hills
Cash Flow Detail Report by Category

Pool - Filter, Continued ...

REMARKS:

This is a Triton II, 7.06 sq. ft. sand filter.

Pool - Furniture (Lounges & Chairs)

	QUANTITY	1 total
	UNIT COST	5,550.000
ASSET ID 1029	PERCENT REPL	100.00%
GROUP/FACILITY 0	CURRENT COST	5,550.00
CATEGORY 60	FUTURE COST	5,698.19
	SALVAGE VALUE	0.00

PLACED IN SERVICE 1/14
 4 YEAR USEFUL LIFE
 +0 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2018
 1 YEAR REM LIFE

REMARKS:

27 - chaise lounges	@	\$ 110.00	=	\$ 2,970.00
12 - dining chairs	@	80.00	=	960.00
9 - bar height chairs	@	80.00	=	720.00
3 - umbrellas, fabric w/stand	@	300.00	=	900.00

			TOTAL	= \$ 5,550.00

New pool furniture was purchased from Sundrella in late 2013/early 2014 for a total cost of \$10,108.03. We are budgeting to RE-STRAP this furniture everyt four (4) years based on the present condition.

Pool - Furniture (Tables)

	QUANTITY	1 total
	UNIT COST	3,600.000
ASSET ID 1030	PERCENT REPL	100.00%
GROUP/FACILITY 0	CURRENT COST	3,600.00
CATEGORY 60	FUTURE COST	4,563.46
	SALVAGE VALUE	0.00

PLACED IN SERVICE 1/06
 20 YEAR USEFUL LIFE
 +0 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2026
 9 YEAR REM LIFE

Villas at Union Hills
Cash Flow Detail Report by Category

Pool - Furniture (Tables), Continued ...

REMARKS:

3 - faux stone top tables	@	\$ 400.00	=	\$ 1,200.00
8 - faux stone top tea tables	@	150.00	=	1,200.00
3 - faux stone top bar height tables	@	400.00	=	1,200.00

		TOTAL	=	\$ 3,600.00

Pool - Heater

ASSET ID 1027
 GROUP/FACILITY 0
 CATEGORY 60

QUANTITY	1 heater
UNIT COST	2,800.000
PERCENT REPL	100.00%
CURRENT COST	2,800.00
FUTURE COST	3,279.59
SALVAGE VALUE	0.00

PLACED IN SERVICE 3/15
 8 YEAR USEFUL LIFE
 +0 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2023
 6 YEAR REM LIFE

REMARKS:

A new heater was purchased from Leslie's and installed by Jasper's in 3/2015 for \$2,734.76. We are budgeting to replace this heater every eight (8) years.

This is a Raypak, 400,000 BTU input heater (black & silver).

The current cost used on this asset is based upon actual expenditures incurred at last replacement, and has been adjusted for inflation where applicable.

Pool - Restrooms (Remodel)

ASSET ID 1033
 GROUP/FACILITY 0
 CATEGORY 60

QUANTITY	1 total
UNIT COST	7,500.000
PERCENT REPL	100.00%
CURRENT COST	7,500.00
FUTURE COST	9,507.22
SALVAGE VALUE	0.00

PLACED IN SERVICE 1/06
 20 YEAR USEFUL LIFE
 +0 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2026
 9 YEAR REM LIFE

Villas at Union Hills
Cash Flow Detail Report by Category

Pool - Restrooms (Remodel), Continued ...

REMARKS:

This is a provision to remodel the pool restroom interiors on a 20 year cycle, including replacement of the following components: toilets, sinks, tile floor and wall cover, and interior painting.

Pool - Resurface (Pebble Sheen)

ASSET ID 1020
 GROUP/FACILITY 0
 CATEGORY 60

QUANTITY	1 total
UNIT COST	16,325.000
PERCENT REPL	100.00%
CURRENT COST	16,325.00
FUTURE COST	20,155.88
SALVAGE VALUE	0.00

PLACED IN SERVICE 1/06
 20 YEAR USEFUL LIFE
 -1 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2025
 8 YEAR REM LIFE

REMARKS:

2,210 - sq. ft. (IA) of resurfacing	@	\$ 7.00	=	\$ 15,470.00
95 - lin. ft. of bench tile	@	9.00	=	855.00

TOTAL				= \$ 16,325.00

At the Boar's request we are budgeting to resurface the pebble pool in 2025.

Pool - Trim Tile

ASSET ID 1022
 GROUP/FACILITY 0
 CATEGORY 60

QUANTITY	1 total
UNIT COST	3,375.000
PERCENT REPL	100.00%
CURRENT COST	3,375.00
FUTURE COST	3,557.63
SALVAGE VALUE	0.00

PLACED IN SERVICE 1/06
 12 YEAR USEFUL LIFE
 +1 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2019
 2 YEAR REM LIFE

Villas at Union Hills
Cash Flow Detail Report by Category

Pool - Trim Tile, Continued ...

REMARKS:

225 - lin. ft. of trim (water line) tile @ \$ 15.00 = \$ 3,375.00

TOTAL = \$ 3,375.00

We are budeting to replace the pool trim tile after 13 years and then again in conjucion with the pool resurfacing project.

Pool - Wrought Iron Fencing	QUANTITY	1 total
	UNIT COST	11,120.000
ASSET ID 1031	PERCENT REPL	100.00%
GROUP/FACILITY 0	CURRENT COST	11,120.00
CATEGORY 60	FUTURE COST	12,356.03
	SALVAGE VALUE	0.00

PLACED IN SERVICE 1/06
30 YEAR USEFUL LIFE
-15 YEAR ADJUSTMENT
REPLACEMENT YEAR 2021
4 YEAR REM LIFE

REMARKS:

Measurements:

215 - lin. ft. of 4'10" fencing
2 - 4'10" x 3'3" gates
2 - 4'10" x 3'7" gates

We were previously budgeting approximately \$8,120. The Board has requested that we budget to replace this fencing in 2021 and that we increase the cost by \$3,000.

Pool/Spa - Pumps & Motors	QUANTITY	1 total
	UNIT COST	4,000.000
ASSET ID 1028	PERCENT REPL	100.00%
GROUP/FACILITY 0	CURRENT COST	4,000.00
CATEGORY 60	FUTURE COST	4,329.03
	SALVAGE VALUE	0.00

PLACED IN SERVICE 1/16
4 YEAR USEFUL LIFE
+0 YEAR ADJUSTMENT
REPLACEMENT YEAR 2020
3 YEAR REM LIFE

Villas at Union Hills
Cash Flow Detail Report by Category

Pool/Spa - Pumps & Motors, Continued ...

REMARKS:

This component will accumulate funds for the major repair/replacement of the pool and spa pumps and motors (4).

Two new pump motors were installed in late 2015 for \$715 and \$786.

The actual date this item was placed-in-service was not available. For budgeting purposes, we have estimated this date based upon its present condition.

Spa - Filter	QUANTITY	1 filter
	UNIT COST	1,100.000
ASSET ID 1025	PERCENT REPL	100.00%
GROUP/FACILITY 0	CURRENT COST	1,100.00
CATEGORY 60	FUTURE COST	1,469.85
	SALVAGE VALUE	0.00

PLACED IN SERVICE 1/10
 18 YEAR USEFUL LIFE
 +0 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2028
 11 YEAR REM LIFE

REMARKS:

This is a Triton II, 3.14 sq. ft. sand filter.

This filter was replaced in late 2009.

For budgeting purposes, we have used the next fiscal year's beginning date as the placed-in-service date for this component.

Spa - Heater	QUANTITY	1 heater
	UNIT COST	2,500.000
ASSET ID 1026	PERCENT REPL	100.00%
GROUP/FACILITY 0	CURRENT COST	2,500.00
CATEGORY 60	FUTURE COST	2,777.88
	SALVAGE VALUE	0.00

PLACED IN SERVICE 1/13
 8 YEAR USEFUL LIFE
 +0 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2021
 4 YEAR REM LIFE

Villas at Union Hills
Cash Flow Detail Report by Category

Spa - Heater, Continued ...

REMARKS:

This is a Raypak, 266,000 BTU input heater. The serial number indicates that this heater was installed in late 2012.

For budgeting purposes, we have used the next fiscal year's beginning date as the placed-in-service date for this component.

Spa - Retime	QUANTITY	1 total
ASSET ID 1023	UNIT COST	3,500.000
GROUP/FACILITY 0	PERCENT REPL	100.00%
CATEGORY 60	CURRENT COST	3,500.00
	FUTURE COST	4,436.70
	SALVAGE VALUE	0.00
PLACED IN SERVICE 1/06		
20 YEAR USEFUL LIFE		
+0 YEAR ADJUSTMENT		
REPLACEMENT YEAR 2026		
9 YEAR REM LIFE		

REMARKS:

This is a provision to retime the existing tile spa (8' diameter).

Villas at Union Hills
Cash Flow Detail Report by Category

BBQ Grills - Gas, Pedestal		QUANTITY	5 BBQs
		UNIT COST	500.000
ASSET ID	1017	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	2,500.00
CATEGORY	65	FUTURE COST	2,566.75
		SALVAGE VALUE	0.00
PLACED IN SERVICE	1/06		
12 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR	2018		
1 YEAR REM LIFE			

REMARKS:

These are MHP, natural gas, pedestal mounted grills located throughout the community.

Villas at Union Hills
Cash Flow Detail Report by Category

Clubhouse - Business Ctr Computers		QUANTITY	3 computers
		UNIT COST	750.000
ASSET ID	1055	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	2,250.00
CATEGORY	75	FUTURE COST	2,310.08
		SALVAGE VALUE	0.00
PLACED IN SERVICE 1/14			
4 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR 2018			
1 YEAR REM LIFE			

REMARKS:

This is a provision for the replacement of the three (3) business center computers every four (4) years.

Clubhouse - Cardio Equipment		QUANTITY	1 total
		UNIT COST	20,000.000
ASSET ID	1053	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	20,000.00
CATEGORY	75	FUTURE COST	20,534.00
		SALVAGE VALUE	0.00
PLACED IN SERVICE 1/06			
12 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR 2018			
1 YEAR REM LIFE			

REMARKS:

This is a provision for the replacement of the following pieces of cardio exercise equipment on a 10 year cycle:

- 2 - Life Fitness 95Ti treadmills
- 1 - Life Fitness 95Xi elliptical trainer
- 1 - Life Fitness 95Ri recumbent bike

Villas at Union Hills
Cash Flow Detail Report by Category

Clubhouse - Carpet		QUANTITY	260 sq. yds.
		UNIT COST	35.000
ASSET ID	1050	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	9,100.00
CATEGORY	75	FUTURE COST	9,342.97
		SALVAGE VALUE	0.00
PLACED IN SERVICE 1/06			
12 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR 2018			
1 YEAR REM LIFE			
REMARKS: NONE			

Clubhouse - Elevator Modernization		QUANTITY	1 elevator
		UNIT COST	45,000.000
ASSET ID	1049	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	45,000.00
CATEGORY	75	FUTURE COST	74,240.38
		SALVAGE VALUE	0.00
PLACED IN SERVICE 1/06			
30 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR 2036			
19 YEAR REM LIFE			
REMARKS:			

This component is for the modernization (new controller, fixtures, machinery, replacement of obsolete parts, etc.) of the elevators on a 30 year cycle. The accumulated funds can also be used to cover unforeseen expenses and repairs not covered by the service agreement.

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

Clubhouse - Fire Alarm Panel		QUANTITY	1 total
		UNIT COST	5,000.000
ASSET ID	1051	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	5,000.00
CATEGORY	75	FUTURE COST	5,555.77
		SALVAGE VALUE	0.00
PLACED IN SERVICE 1/06			
15 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR 2021			
4 YEAR REM LIFE			

Villas at Union Hills
Cash Flow Detail Report by Category

Clubhouse - Fire Alarm Panel, Continued ...

REMARKS:

This is a provision for the replacement of the centralized fire alarm control panel and its associated components.

Clubhouse - HVAC Systems (2006)	QUANTITY	1 total
	UNIT COST	21,500.000
ASSET ID 1044	PERCENT REPL	100.00%
GROUP/FACILITY 0	CURRENT COST	21,500.00
CATEGORY 75	FUTURE COST	21,500.00
	SALVAGE VALUE	0.00

PLACED IN SERVICE 1/06
 10 YEAR USEFUL LIFE
 +0 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2017
 0 YEAR REM LIFE

REMARKS:

1 - 4 ton split system	@	\$ 6,500.00	=	\$ 6,500.00	
2 - 5 ton split systems	@	\$ 7,500.00	=	15,000.00	
				21,500.00	
		TOTAL	=	\$ 21,500.00	

These are all Bryant, split system heat pumps installed during the conversion process. The Board has requested that we budget to replace these units in 2017.

Location: pool equipment enclosure

The cost estimates on this asset have been provided by the client and incorporated into our report at their request.

Clubhouse - HVAC Systems (2014)	QUANTITY	1 total
	UNIT COST	21,500.000
ASSET ID 1061	PERCENT REPL	100.00%
GROUP/FACILITY 0	CURRENT COST	21,500.00
CATEGORY 75	FUTURE COST	25,182.56
	SALVAGE VALUE	0.00

PLACED IN SERVICE 1/13
 10 YEAR USEFUL LIFE
 +0 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2023
 6 YEAR REM LIFE

Villas at Union Hills
Cash Flow Detail Report by Category

Clubhouse - HVAC Systems (2014), Continued ...

REMARKS:

1 - 1.5 ton split system	@	\$ 4,000.00	=	\$ 4,000.00
1 - 2 ton split system	@	4,500.00	=	4,500.00
1 - 3 ton split system	@	5,500.00	=	5,500.00
1 - 5 ton split system	@	7,500.00	=	7,500.00

TOTAL				= \$ 21,500.00

The 1.5, 3, and 5 ton systems are Day & Night, and the 2 ton system is a Bryant. These systems were installed between 2012 and 2014. For budgeting purposes we have used an average placed in service date of 2013.

Clubhouse - Interior Remodel

	QUANTITY	1 total
	UNIT COST	75,000.000
ASSET ID 1056	PERCENT REPL	100.00%
GROUP/FACILITY 0	CURRENT COST	75,000.00
CATEGORY 75	FUTURE COST	123,733.97
	SALVAGE VALUE	0.00

PLACED IN SERVICE 1/06
 30 YEAR USEFUL LIFE
 +0 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2036
 19 YEAR REM LIFE

REMARKS:

This is a provision for the remodeling of the clubhouse interior on a 30 year cycle, and will allow funding to be available for the replacement of the following components on an "as needed" basis: furniture, appliances, restroom fixtures, floor and wall tile, window coverings, cabinets, work stations, countertops and pool table.

If the Board would like to budget for clubhouse related replacements or remodeling, we will make an requested changes in a revision at their request.

Villas at Union Hills
Cash Flow Detail Report by Category

Clubhouse - Strength Equipment		QUANTITY	1 total
		UNIT COST	17,000.000
ASSET ID	1052	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	17,000.00
CATEGORY	75	FUTURE COST	21,549.69
		SALVAGE VALUE	0.00
PLACED IN SERVICE 1/06			
20 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR 2026			
9 YEAR REM LIFE			

REMARKS:

This is a provision for the replacement of the following pieces of strength exercise equipment on a 20 year cycle. Any required pad, pulley or cable replacements should be handled on an as needed basis out of the annual operating budget. We previously budgeted \$12,000, the Board requested that we increase this number by \$5,000.

- 1 - Life Fitness leg curl/extension
- 1 - Life Fitness bicep curl/tricep extension
- 1 - Life Fitness lat pulldown/lat row
- 1 - Life Fitness multi press

Clubhouse - Surveillance System		QUANTITY	1 total
		UNIT COST	7,500.000
ASSET ID	1058	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	7,500.00
CATEGORY	75	FUTURE COST	7,500.00
		SALVAGE VALUE	0.00
PLACED IN SERVICE 1/06			
10 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR 2017			
0 YEAR REM LIFE			

REMARKS:

This is a provision for the replacement of the nine (9), ceiling mounted dome cameras and the associated recording device that make up the clubhouse interior surveillance system.

Villas at Union Hills
Cash Flow Detail Report by Category

Clubhouse - Televisions		QUANTITY	1 total
		UNIT COST	3,050.000
ASSET ID	1054	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	3,050.00
CATEGORY	75	FUTURE COST	3,131.44
		SALVAGE VALUE	0.00

PLACED IN SERVICE 1/06
 12 YEAR USEFUL LIFE
 +0 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2018
 1 YEAR REM LIFE

REMARKS:

2 - Vizio, 26" LCD televisions	@	\$ 300.00	=	\$ 600.00
1 - LG, 32" LCD television	@	350.00	=	350.00
1 - NUVision, 32" LCD television	@	350.00	=	350.00
2 - Vizio, 42" LCD televisions	@	500.00	=	1,000.00
1 - NEC, 50" Plasma television	@	750.00	=	750.00

		TOTAL	=	\$ 3,050.00

Villas at Union Hills
Cash Flow Detail Report by Category

Access Phone (Cave Creek)		QUANTITY	1 phone
		UNIT COST	3,500.000
ASSET ID	1037	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	3,500.00
CATEGORY	80	FUTURE COST	3,889.04
		SALVAGE VALUE	0.00
PLACED IN SERVICE 1/06			
15 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR 2021			
4 YEAR REM LIFE			

REMARKS:

This is a Door King, "hands-free", entry access phone.

Location: Cave Creek entrance

Gate Operators (Cave Creek)		QUANTITY	4 operators
		UNIT COST	3,500.000
ASSET ID	1035	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	14,000.00
CATEGORY	80	FUTURE COST	15,556.16
		SALVAGE VALUE	0.00
PLACED IN SERVICE 1/06			
15 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR 2021			
4 YEAR REM LIFE			

REMARKS:

These are Door King, model #9150-086, sliding gate operators.

Location: Cave Creek entrance

Gate Operators (Union Hills)		QUANTITY	2 operators
		UNIT COST	3,500.000
ASSET ID	1036	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	7,000.00
CATEGORY	80	FUTURE COST	7,778.08
		SALVAGE VALUE	0.00
PLACED IN SERVICE 1/06			
15 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR 2021			
4 YEAR REM LIFE			

Villas at Union Hills
Cash Flow Detail Report by Category

Gate Operators (Union Hills), Continued ...

REMARKS:

These are Door King, model #9150-086, sliding gate operators.

Location: Union Hills entrance

Villas at Union Hills
Cash Flow Detail Report by Category

Mailboxes - Wall Mounted		QUANTITY	1 total
		UNIT COST	9,150.000
ASSET ID	1016	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	9,150.00
CATEGORY	90	FUTURE COST	13,232.17
		SALVAGE VALUE	0.00
PLACED IN SERVICE 1/06			
25 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR 2031			
14 YEAR REM LIFE			
REMARKS:			
6 - 5 x 7 box set @ \$ 1,525.00 = \$ 9,150.00			
TOTAL = \$ 9,150.00			

Monument Sign - Ceramic Tile		QUANTITY	1 total
		UNIT COST	10,000.000
ASSET ID	1007	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	10,000.00
CATEGORY	90	FUTURE COST	14,461.38
		SALVAGE VALUE	0.00
PLACED IN SERVICE 1/06			
25 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR 2031			
14 YEAR REM LIFE			
REMARKS:			

The entrance monument sign is made up solid steel letters mounted on both sides of a wall covered with large tiles. The monument letters indicate "VILLAS AT UNION HILLS" "LUXURY RENTALS" "18416". This is a provision to replace the letters and tile on a 25 year cycle.

Villas at Union Hills
Cash Flow Detail Report by Category

Granite Replenishment (Unfunded)	QUANTITY	1 comment
	UNIT COST	0.000
ASSET ID 1045	PERCENT REPL	0.00%
GROUP/FACILITY 0	CURRENT COST	0.00
CATEGORY 100	FUTURE COST	0.00
	SALVAGE VALUE	0.00
PLACED IN SERVICE 0/ 0 0 YEAR USEFUL LIFE +0 YEAR ADJUSTMENT REPLACEMENT YEAR 2017 0 YEAR REM LIFE		

REMARKS:

There are substantial quantities of granite located throughout the community. We are not budgeting to replenish this granite because the cost to do so is most often considered an operating expense. We recommend that a line item be set up in the operating budget to account for this asset, that it be monitored over time, and adjusted as experience dictates.

Should the client wish to have granite replenishment included in the reserve study, we will do so at their request. However, the client will need to provide the sq. ft. of the common area granite. Otherwise, there would be an additional charge to have Reserve Data Analysis, Inc. provide the measurement.

Irrigation Controllers	QUANTITY	1 total
	UNIT COST	1,700.000
ASSET ID 1043	PERCENT REPL	100.00%
GROUP/FACILITY 0	CURRENT COST	1,700.00
CATEGORY 100	FUTURE COST	1,888.96
	SALVAGE VALUE	0.00
PLACED IN SERVICE 1/06 15 YEAR USEFUL LIFE +0 YEAR ADJUSTMENT REPLACEMENT YEAR 2021 4 YEAR REM LIFE		

REMARKS:

1 - Hunter ICC, 8 station	@	\$ 350.00	=	\$	350.00
1 - Hunter ICC, 16 station	@	450.00	=		450.00
1 - Irritrol, MC-18 Plus	@	900.00	=		900.00

		TOTAL	=	\$	1,700.00

The costs include an estimate for installation.

Locations: inside pool equipment enclosure, west side of buildings 10 & 12

Villas at Union Hills
Cash Flow Detail Report by Category

Irrigation System (Unfunded)	QUANTITY	1 comment
	UNIT COST	0.000
ASSET ID 1046	PERCENT REPL	0.00%
GROUP/FACILITY 0	CURRENT COST	0.00
CATEGORY 100	FUTURE COST	0.00
	SALVAGE VALUE	0.00
PLACED IN SERVICE 0/ 0		
0 YEAR USEFUL LIFE		
+0 YEAR ADJUSTMENT		
REPLACEMENT YEAR 2017		
0 YEAR REM LIFE		

REMARKS:

We have been advised that irrigation systems (pvc piping, sprinkler heads, valves, etc.) have a useful life of approximately 20 years, and should be included as a reserve component. However, budgeting for the replacement of the irrigation system requires evaluating the present condition (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 client have the system evaluated to determine these two factors so that budgeting can be included in a revision or future update of this report.

Tree Trimming (Unfunded)	QUANTITY	1 comment
	UNIT COST	0.000
ASSET ID 1047	PERCENT REPL	0.00%
GROUP/FACILITY 0	CURRENT COST	0.00
CATEGORY 100	FUTURE COST	0.00
	SALVAGE VALUE	0.00
PLACED IN SERVICE 0/ 0		
0 YEAR USEFUL LIFE		
+0 YEAR ADJUSTMENT		
REPLACEMENT YEAR 2017		
0 YEAR REM LIFE		

REMARKS:

We have been advised that major tree trimming is usually required every 3 - 5 years and could be considered as a reserve component. However, the cost for such a project depends on the size, type, maturity, and number of trees at the community - all of which call for expert evaluation, but fall outside the scope of a reserve study. Should the client obtain a cost and schedule we will include budgeting for this component in a revision or future update of this report at their request.

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TOTAL ASSET LINES INCLUDED: 58