

RDA REPORT

Lookout Mountain Villas
Phoenix, Arizona
Account 1907 - Version 002
October 4, 2016

RESERVE DATA ANALYSIS, INC.

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RDA Reserve Management Software
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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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Lookout Mountain Villas
 Phoenix, Arizona
CFS Reserve Analysis Report Summary

Report Date	October 4, 2016	Parameters:	
Version	002	Inflation	2.67%
Account Number	1907	Annual Contribution Increase	2.00%
Budget Year Beginning	1/ 1/17	Investment Yield	0.80%
Ending	12/31/17	Taxes on Yield	0.00%
Total Units Included	72	Contingency	0.00%
Phase Development	1 of 1	Reserve Fund Balance as of	
		1/ 1/17:	\$120,534.00

Project Profile & Introduction

Unless otherwise indicated in this report, we have used 1978 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 January 1, 2017 reserve balance calculation.

Calculation Method: Modified Cash Flow
 Funding Strategy: Threshold
 RDA Reports: April 2003. Updated October 2016 (on site).

Cash Flow Specific Summary of Calculations

Monthly Contribution to Reserves Required:	\$3,915.00
(\$54.38 per unit per month)	
Average Net Monthly Interest Contribution This Year:	76.99
Net Monthly Allocation to Reserves 1/ 1/17 to 12/31/17:	\$3,991.99
(\$55.44 per unit per month)	

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Lookout Mountain Villas
Distribution of Accumulated Reserves

REPORT DATE: October 4, 2016
 VERSION: 002
 ACCOUNT NUMBER: 1907

DESCRIPTION	REM LIFE	FULLY FUNDED RESERVES	ASSIGNED RESERVES
** Reserve Balance Calculation	0	0.00	0.00
Asphalt - Crack Seal & Seal Coat	0	10,071.60	10,071.60
Granite Replenishment (Unfunded)	0	0.00	0.00
Paint - Wrought Iron	0	2,125.00	2,125.00
Pool - Deck Resurface	0	14,782.50	14,782.50
Pool - Furniture (Unfunded)	0	0.00	0.00
Concrete Components	2	1,333.33	1,333.33
Landscape/Irrigation	2	1,666.67	1,666.67
Paint - Building Exteriors	2	44,175.82	44,175.82
Paint - Perimeter Walls	2	2,933.83	2,933.83
Pool - Pump/Motor	2	652.54	652.54
Roofs - Flat, Foam (Recoat)	2	15,000.00	15,000.00
Walls - Repairs	2	1,004.85	1,004.85
Fencing - Wrought Iron (Replace)	3	13,102.14	13,102.14
Light Fixtures - Pole Mounted	4	1,516.67	1,516.67
Light Fixtures - Wall Mounted	4	4,680.00	4,680.00
Pool - Deck Recoat	7	0.00	0.00
Asphalt - Remove & Repave	8	132,323.68	7,489.05
Pool - Filter	8	638.89	0.00
Mailboxes	9	990.00	0.00
Pool - Resurface (Pebble)	10	7,423.39	0.00
Roofs - Asphalt Shingles (Replace)	19	38,881.76	0.00
Total Asset Summary:		293,302.67	120,534.00
Contingency @ 0.00%:		0.00	0.00
Grand Total:		293,302.67	120,534.00
Excess Reserves Not Used:			0.00
Percent Fully Funded:	41%		

Lookout Mountain Villas
Funding Status Report

REPORT DATE: October 4, 2016
VERSION: 002
ACCOUNT NUMBER: 1907

DESCRIPTION	USE LIFE	+/- LIFE	REM LIFE	CURRENT COST	FULLY FUNDED RESERVES	ASSIGNED RESERVES
** Reserve Balance Calculation	0	0	0	0	0	0
*** CATEGORY SUMMARY:				0	0	0
Concrete Components	3	0	2	4,000	1,333	1,333
*** CATEGORY SUMMARY:				4,000	1,333	1,333
Asphalt - Crack Seal & Seal Coat	4	0	0	10,072	10,072	10,072
Asphalt - Remove & Repave	35	+12	8	159,467	132,324	7,489
*** CATEGORY SUMMARY:				169,539	142,395	17,561
Roofs - Asphalt Shingles (Replace)	25	0	19	169,250	38,882	0
Roofs - Flat, Foam (Recoat)	5	0	2	25,000	15,000	15,000
*** CATEGORY SUMMARY:				194,250	53,882	15,000
Paint - Building Exteriors	8	0	2	60,000	44,176	44,176
Paint - Perimeter Walls	8	0	2	3,985	2,934	2,934
Paint - Wrought Iron	4	0	0	2,125	2,125	2,125
*** CATEGORY SUMMARY:				66,110	49,235	49,235
Fencing - Wrought Iron (Replace)	40	+2	3	14,110	13,102	13,102
Walls - Repairs	8	0	2	1,340	1,005	1,005
*** CATEGORY SUMMARY:				15,450	14,107	14,107
Light Fixtures - Pole Mounted	30	0	4	1,750	1,517	1,517
Light Fixtures - Wall Mounted	30	0	4	5,400	4,680	4,680
*** CATEGORY SUMMARY:				7,150	6,197	6,197
Pool - Deck Recoat	14	-7	7	5,749	0	0
Pool - Deck Resurface	14	0	0	14,783	14,783	14,783
Pool - Filter	18	0	8	1,150	639	0
Pool - Furniture (Unfunded)	0	0	0	0	0	0
Pool - Pump/Motor	5	0	2	1,100	653	653
Pool - Resurface (Pebble)	30	0	10	11,198	7,423	0
*** CATEGORY SUMMARY:				33,979	23,497	15,435
Mailboxes	20	0	9	1,800	990	0
*** CATEGORY SUMMARY:				1,800	990	0
Granite Replenishment (Unfunded)	0	0	0	0	0	0
Landscape/Irrigation	3	0	2	5,000	1,667	1,667
*** CATEGORY SUMMARY:				5,000	1,667	1,667

Lookout Mountain Villas
Funding Status Report

DESCRIPTION	USE +/- LIFE	REM LIFE	CURRENT COST	FULLY FUNDED RESERVES	ASSIGNED RESERVES
TOTAL ASSET SUMMARY:			497,277	293,303	120,534
CONTINGENCY @ 0.00%:				0	0
GRAND TOTAL:				293,303	120,534

Percent Fully Funded: 41%

Lookout Mountain Villas
Cash Flow Specific Projections

REPORT DATE: October 4, 2016
 VERSION: 002
 ACCOUNT NUMBER: 1907

Beginning Accumulated Reserves: \$120,534

YEAR	CURRENT REPLACEMENT COST	ANNUAL CONTRBTN	ANNUAL INTEREST CONTRBTN	ANNUAL EXPENDTRS	PROJECTED ENDING RESERVES	FULLY FUNDED RESERVES	PERCENT FULLY FUNDED
'17	497,277	46,980	924	26,979	141,459	307,434	46%
'18	510,555	47,920	1,312	0	190,690	350,549	54%
'19	524,187	48,878	861	105,859	134,570	286,583	47%
'20	538,182	49,856	1,141	15,271	170,296	314,879	54%
'21	552,552	50,853	1,382	21,497	201,033	338,507	59%
'22	567,305	51,870	1,722	10,267	244,358	375,291	65%
'23	582,452	52,907	2,156	0	299,422	424,621	71%
'24	598,003	53,965	2,295	38,300	317,382	436,489	73%
'25	613,970	55,045	948	224,479	148,896	260,062	57%
'26	630,363	56,145	1,384	2,282	204,144	308,186	66%
'27	647,194	57,268	1,050	99,592	162,870	258,843	63%
'28	664,474	58,414	1,426	12,026	210,683	299,279	70%
'29	682,215	59,582	1,489	52,539	219,215	300,426	73%
'30	700,430	60,774	1,983	0	281,972	356,802	79%
'31	719,132	61,989	2,216	34,393	311,784	380,663	82%
'32	738,333	63,229	2,736	0	377,749	441,798	86%
'33	758,046	64,493	3,121	18,592	426,771	486,838	88%
'34	778,286	65,783	3,227	54,935	440,847	497,164	89%
'35	799,066	67,099	2,943	104,969	405,920	457,831	89%
'36	820,401	68,441	1,269	279,226	196,404	239,856	82%
'37	842,306	69,810	1,545	35,904	231,855	267,388	87%
'38	864,796	71,206	2,043	9,997	295,107	323,801	91%
'39	887,886	72,630	2,262	46,601	323,398	345,729	94%
'40	911,592	74,083	2,736	16,499	383,718	400,781	96%
'41	935,932	75,564	3,174	22,955	439,502	452,350	97%
'42	960,921	77,076	3,812	0	520,390	530,584	98%
'43	986,578	78,617	3,265	149,738	452,533	458,937	99%
'44	1,012,919	80,190	3,501	53,164	483,061	486,344	99%
'45	1,039,964	81,793	3,726	56,422	512,158	512,999	100%
'46	1,067,731	83,429	4,233	23,189	576,631	576,398	100%

Lookout Mountain Villas
Annual Expenditure Detail

REPORT DATE: October 4, 2016
VERSION: 002
ACCOUNT NUMBER: 1907

DESCRIPTION	EXPENDITURES
REPLACEMENT YEAR 2017	
Asphalt - Crack Seal & Seal Coat	10,071.60
Paint - Wrought Iron	2,125.00
Pool - Deck Resurface	14,782.50
*** ANNUAL TOTAL:	<hr/> 26,979.10
REPLACEMENT YEAR 2018	
*** ANNUAL TOTAL:	0.00
REPLACEMENT YEAR 2019	
Concrete Components	4,216.45
Landscape/Irrigation	5,270.56
Paint - Building Exteriors	63,246.77
Paint - Perimeter Walls	4,200.37
Pool - Pump/Motor	1,159.52
Roofs - Flat, Foam (Recoat)	26,352.82
Walls - Repairs	1,412.30
*** ANNUAL TOTAL:	<hr/> 105,858.79
REPLACEMENT YEAR 2020	
Fencing - Wrought Iron (Replace)	15,270.66
*** ANNUAL TOTAL:	<hr/> 15,270.66
REPLACEMENT YEAR 2021	
Asphalt - Crack Seal & Seal Coat	11,191.09
Light Fixtures - Pole Mounted	1,944.52
Light Fixtures - Wall Mounted	6,000.23
Paint - Wrought Iron	2,361.20
*** ANNUAL TOTAL:	<hr/> 21,497.04
REPLACEMENT YEAR 2022	
Concrete Components	4,563.29
Landscape/Irrigation	5,704.10
*** ANNUAL TOTAL:	<hr/> 10,267.39

Lookout Mountain Villas
Annual Expenditure Detail

DESCRIPTION	EXPENDITURES
REPLACEMENT YEAR 2023	
*** ANNUAL TOTAL:	0.00
REPLACEMENT YEAR 2024	
Pool - Deck Recoat	6,913.19
Pool - Pump/Motor	1,322.81
Roofs - Flat, Foam (Recoat)	30,063.88
*** ANNUAL TOTAL:	38,299.88
REPLACEMENT YEAR 2025	
Asphalt - Crack Seal & Seal Coat	12,435.02
Asphalt - Remove & Repave	196,888.04
Concrete Components	4,938.65
Landscape/Irrigation	6,173.31
Paint - Wrought Iron	2,623.66
Pool - Filter	1,419.87
*** ANNUAL TOTAL:	224,478.55
REPLACEMENT YEAR 2026	
Mailboxes	2,281.72
*** ANNUAL TOTAL:	2,281.72
REPLACEMENT YEAR 2027	
Paint - Building Exteriors	78,088.46
Paint - Perimeter Walls	5,186.05
Pool - Resurface (Pebble)	14,573.92
Walls - Repairs	1,743.73
*** ANNUAL TOTAL:	99,592.16
REPLACEMENT YEAR 2028	
Concrete Components	5,344.89
Landscape/Irrigation	6,681.12
*** ANNUAL TOTAL:	12,026.01
REPLACEMENT YEAR 2029	
Asphalt - Crack Seal & Seal Coat	13,817.23
Paint - Wrought Iron	2,915.28
Pool - Pump/Motor	1,509.08

Lookout Mountain Villas
Annual Expenditure Detail

DESCRIPTION	EXPENDITURES
Roofs - Flat, Foam (Recoat)	34,297.53
*** ANNUAL TOTAL:	52,539.12
REPLACEMENT YEAR 2030	
*** ANNUAL TOTAL:	0.00
REPLACEMENT YEAR 2031	
Concrete Components	5,784.55
Landscape/Irrigation	7,230.70
Pool - Deck Resurface	21,377.53
*** ANNUAL TOTAL:	34,392.78
REPLACEMENT YEAR 2032	
*** ANNUAL TOTAL:	0.00
REPLACEMENT YEAR 2033	
Asphalt - Crack Seal & Seal Coat	15,353.07
Paint - Wrought Iron	3,239.33
*** ANNUAL TOTAL:	18,592.40
REPLACEMENT YEAR 2034	
Concrete Components	6,260.38
Landscape/Irrigation	7,825.48
Pool - Pump/Motor	1,721.59
Roofs - Flat, Foam (Recoat)	39,127.36
*** ANNUAL TOTAL:	54,934.81
REPLACEMENT YEAR 2035	
Paint - Building Exteriors	96,412.95
Paint - Perimeter Walls	6,403.02
Walls - Repairs	2,152.92
*** ANNUAL TOTAL:	104,968.89
REPLACEMENT YEAR 2036	
Roofs - Asphalt Shingles (Replace)	279,226.34
*** ANNUAL TOTAL:	279,226.34

Lookout Mountain Villas
Annual Expenditure Detail

DESCRIPTION	EXPENDITURES
REPLACEMENT YEAR 2037	
Asphalt - Crack Seal & Seal Coat	17,059.63
Concrete Components	6,775.35
Landscape/Irrigation	8,469.19
Paint - Wrought Iron	3,599.39
*** ANNUAL TOTAL:	35,903.56
REPLACEMENT YEAR 2038	
Pool - Deck Recoat	9,997.44
*** ANNUAL TOTAL:	9,997.44
REPLACEMENT YEAR 2039	
Pool - Pump/Motor	1,964.03
Roofs - Flat, Foam (Recoat)	44,637.34
*** ANNUAL TOTAL:	46,601.37
REPLACEMENT YEAR 2040	
Concrete Components	7,332.67
Landscape/Irrigation	9,165.85
*** ANNUAL TOTAL:	16,498.52
REPLACEMENT YEAR 2041	
Asphalt - Crack Seal & Seal Coat	18,955.87
Paint - Wrought Iron	3,999.47
*** ANNUAL TOTAL:	22,955.34
REPLACEMENT YEAR 2042	
*** ANNUAL TOTAL:	0.00
REPLACEMENT YEAR 2043	
Concrete Components	7,935.84
Landscape/Irrigation	9,919.81
Paint - Building Exteriors	119,037.52
Paint - Perimeter Walls	7,905.57
Pool - Filter	2,281.56
Walls - Repairs	2,658.13
*** ANNUAL TOTAL:	149,738.43

Lookout Mountain Villas
Annual Expenditure Detail

DESCRIPTION	EXPENDITURES
REPLACEMENT YEAR 2044	
Pool - Pump/Motor	2,240.61
Roofs - Flat, Foam (Recoat)	50,923.25
*** ANNUAL TOTAL:	<hr/> 53,163.86
REPLACEMENT YEAR 2045	
Asphalt - Crack Seal & Seal Coat	21,062.89
Paint - Wrought Iron	4,444.03
Pool - Deck Resurface	30,914.86
*** ANNUAL TOTAL:	<hr/> 56,421.78
REPLACEMENT YEAR 2046	
Concrete Components	8,588.62
Landscape/Irrigation	10,735.79
Mailboxes	3,864.86
*** ANNUAL TOTAL:	<hr/> 23,189.27

Lookout Mountain Villas
Cash Flow Detail Report by Category

REPORT DATE: October 4, 2016
 VERSION: 002
 ACCOUNT NUMBER: 1907

**** Reserve Balance Calculation**

ASSET ID 1001
 GROUP/FACILITY 0
 CATEGORY 1

QUANTITY	1 comment
UNIT COST	0.000
PERCENT REPL	0.00%
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 (8/31/16):	\$ 131,067
Remaining 2016 Reserve Contributions: \$1,700/month x 4 months	+ 6,800
Remaining 2016 Reserve Expenses: Artistic Stairs hand rail installation	- 17,333
Projected January 1, 2017 Reserve Balance:	\$ 120,534

Lookout Mountain Villas
Cash Flow Detail Report by Category

Concrete Components		QUANTITY	1 total
ASSET ID	1031	UNIT COST	4,000.000
GROUP/FACILITY	0	PERCENT REPL	100.00%
CATEGORY	5	CURRENT COST	4,000.00
		FUTURE COST	4,216.45
		SALVAGE VALUE	0.00
PLACED IN SERVICE	1/16		
3 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR	2019		
2 YEAR REM LIFE			

REMARKS:

Over the past five (5) years the Association has spent reserve funds on repairs of concrete sidewalks, carport areas, and curbing. Concrete work is near impossible to predict, however, this Association appears to have a need for some level of budgeting for concrete work. Therefore, we have included a provision of 4,000 to be accumulated every three (3) years to be used as needed for concrete repair/replacement. If the Board would prefer to budget for concrete in a different manner, we will do so upon request in a revision of this report.

Lookout Mountain Villas
Cash Flow Detail Report by Category

Asphalt - Crack Seal & Seal Coat		QUANTITY	83,930 sq. ft.
		UNIT COST	0.120
ASSET ID	1028	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	10,071.60
CATEGORY	10	FUTURE COST	10,071.60
		SALVAGE VALUE	0.00
PLACED IN SERVICE	2/13		
4 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR	2017		
0 YEAR REM LIFE			

REMARKS:

Asphalt & Concrete Concepts LLC completed a project to crack seal the east parking area and main drive area in 2/2013 for \$9,800. The west parking area was seal coated but not crack sealed. We are budgeting to crack seal and seal coat all asphalt on a four (4) year cycle.

It should be noted that the repair/seal coat and rehabilitation assets are budgeted to occur simultaneously in 2025. 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.

Asphalt - Remove & Repave		QUANTITY	1 total
		UNIT COST	159,467.000
ASSET ID	1027	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	159,467.00
CATEGORY	10	FUTURE COST	196,888.03
		SALVAGE VALUE	0.00
PLACED IN SERVICE	1/78		
35 YEAR USEFUL LIFE			
+12 YEAR ADJUSTMENT			
REPLACEMENT YEAR	2025		
8 YEAR REM LIFE			

REMARKS:

83,930 - sq. ft. of removal & repaving @ \$ 1.90 = \$ 159,467.00

TOTAL = \$ 159,467.00

This component includes a provision to pulverize the existing asphalt, remove excess materials, grade and compact pulverized material, and repave with 2.5" of new asphalt.

Based on condition we are budgeting for this project in 2025.

Lookout Mountain Villas
Cash Flow Detail Report by Category

Roofs - Asphalt Shingles (Replace)		QUANTITY	1 total
ASSET ID	1009	UNIT COST	169,250.000
GROUP/FACILITY	0	PERCENT REPL	100.00%
CATEGORY	20	CURRENT COST	169,250.00
		FUTURE COST	279,226.32
		SALVAGE VALUE	0.00

PLACED IN SERVICE 5/11
 25 YEAR USEFUL LIFE
 +0 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2036
 19 YEAR REM LIFE

REMARKS:

Ky-Ko Roofing installed new asphalt shingle roofs atop all buildings in 5/2011 for a total cost of \$164,800. These are 25 year shingles.

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

Roofs - Flat, Foam (Recoat)		QUANTITY	1 total
ASSET ID	1034	UNIT COST	25,000.000
GROUP/FACILITY	0	PERCENT REPL	100.00%
CATEGORY	20	CURRENT COST	25,000.00
		FUTURE COST	26,352.82
		SALVAGE VALUE	0.00

PLACED IN SERVICE 1/14
 5 YEAR USEFUL LIFE
 +0 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2019
 2 YEAR REM LIFE

REMARKS:

Ky-Ko Roofing completed a project to recoat the flat, foam roofs atop all buildings in 2014 for \$25,000. This project came with a 5-year warranty.

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

Lookout Mountain Villas
Cash Flow Detail Report by Category

Paint - Building Exteriors		QUANTITY	1 total
ASSET ID	1003	UNIT COST	60,000.000
GROUP/FACILITY	0	PERCENT REPL	100.00%
CATEGORY	30	CURRENT COST	60,000.00
		FUTURE COST	63,246.77
		SALVAGE VALUE	0.00
PLACED IN SERVICE	6/11		
8 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR	2019		
2 YEAR REM LIFE			

REMARKS:

The building exteriors were painted in 6/2011 for \$54,385 by Investment Painting. We are budgeting to paint the buildings on an eight (8) year cycle.

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

Paint - Perimeter Walls		QUANTITY	11,385 sq. ft.
ASSET ID	1005	UNIT COST	0.350
GROUP/FACILITY	0	PERCENT REPL	100.00%
CATEGORY	30	CURRENT COST	3,984.75
		FUTURE COST	4,200.38
		SALVAGE VALUE	0.00
PLACED IN SERVICE	6/11		
8 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR	2019		
2 YEAR REM LIFE			

REMARKS:

This component is to paint the double-sided block wall along the west perimeter (7th Street), double-sided block wall along the north perimeter (Roberts Road), the stucco monument sign wall at the entrance, and the stucco pilasters supporting the wrought iron fencing that is located between the block and monument sign walls.

Lookout Mountain Villas
Cash Flow Detail Report by Category

Paint - Wrought Iron	QUANTITY	2,125 sq. ft.
ASSET ID 1016	UNIT COST	1.000
GROUP/FACILITY 0	PERCENT REPL	100.00%
CATEGORY 30	CURRENT COST	2,125.00
	FUTURE COST	2,125.00
	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 an estimate to paint the wrought iron fencing and gates at the pool area, the three sections of wrought iron fencing along the north perimeter, and the wrought iron fencing at the NW corner of the community.

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.

Lookout Mountain Villas
Cash Flow Detail Report by Category

Fencing - Wrought Iron (Replace)

ASSET ID 1018
 GROUP/FACILITY 0
 CATEGORY 40

QUANTITY	1 total
UNIT COST	14,110.000
PERCENT REPL	100.00%
CURRENT COST	14,110.00
FUTURE COST	15,270.66
SALVAGE VALUE	0.00

PLACED IN SERVICE 1/78
 40 YEAR USEFUL LIFE
 +2 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2020
 3 YEAR REM LIFE

REMARKS:

45 - lin. ft. of 4'8" fencing (entrance) @	\$ 27.00 =	\$ 1,215.00
89 - lin. ft. of 5'0" fencing (north per.) @	28.00 =	2,492.00
106 - lin. ft. of 5'0" fencing (NW corner) @	28.00 =	2,968.00
220 - lin. ft. of 5'0" fencing (pool) @	28.00 =	6,160.00
1 - 5'0" x 2'8" gate (pool) @	375.00 =	375.00
2 - 5'0" x 3'7" gates (pool) @	450.00 =	900.00

	TOTAL =	\$ 14,110.00

Walls - Repairs

ASSET ID 1014
 GROUP/FACILITY 0
 CATEGORY 40

QUANTITY	6,090 sq. ft.
UNIT COST	11.000
PERCENT REPL	2.00%
CURRENT COST	1,339.80
FUTURE COST	1,412.30
SALVAGE VALUE	0.00

PLACED IN SERVICE 1/11
 8 YEAR USEFUL LIFE
 +0 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2019
 2 YEAR REM LIFE

REMARKS:

This component estimates the cost to make repairs to the perimeter walls on an eight (8) year cycle, in conjunction with each paint project.

Lookout Mountain Villas
Cash Flow Detail Report by Category

Light Fixtures - Pole Mounted		QUANTITY	1 total
		UNIT COST	1,750.000
ASSET ID	1008	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	1,750.00
CATEGORY	50	FUTURE COST	1,944.52
		SALVAGE VALUE	0.00

PLACED IN SERVICE 1/91
 30 YEAR USEFUL LIFE
 +0 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2021
 4 YEAR REM LIFE

REMARKS:

5 - 8' poles w/lantern fixtures @ \$ 350.00 = \$ 1,750.00

TOTAL = \$ 1,750.00

These pole mounted lantern fixtures are located along Eugie Avenue.

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.

Light Fixtures - Wall Mounted		QUANTITY	54 fixtures
		UNIT COST	100.000
ASSET ID	1007	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	5,400.00
CATEGORY	50	FUTURE COST	6,000.23
		SALVAGE VALUE	0.00

PLACED IN SERVICE 1/91
 30 YEAR USEFUL LIFE
 +0 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2021
 4 YEAR REM LIFE

REMARKS:

This component is to replace the wall mounted lantern fixtures that are located at the front and rear of each building, and at garages.

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.

Lookout Mountain Villas
Cash Flow Detail Report by Category

Pool - Deck Recoat		QUANTITY	3,285 sq. ft.
ASSET ID	1035	UNIT COST	1.750
GROUP/FACILITY	0	PERCENT REPL	100.00%
CATEGORY	60	CURRENT COST	5,748.75
		FUTURE COST	6,913.19
		SALVAGE VALUE	0.00
PLACED IN SERVICE	1/17		
14 YEAR USEFUL LIFE			
-7 YEAR ADJUSTMENT			
REPLACEMENT YEAR	2024		
7 YEAR REM LIFE			

REMARKS:

This component includes a provision to repair and recoat (repaint) the pool deck seven (7) years after install or full resurface cycle.

Pool - Deck Resurface		QUANTITY	3,285 sq. ft.
ASSET ID	1020	UNIT COST	4.500
GROUP/FACILITY	0	PERCENT REPL	100.00%
CATEGORY	60	CURRENT COST	14,782.50
		FUTURE COST	14,782.50
		SALVAGE VALUE	0.00
PLACED IN SERVICE	1/03		
14 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR	2017		
0 YEAR REM LIFE			

REMARKS:

This component includes a provision to resurface the pool deck (includes scabbling of the deck and acrylic lace texture overlay). The existing deck is cracked and is delaminating in a number of areas. We are budgeting for this project to occur in 2017.

Pool - Filter		QUANTITY	1 filter
ASSET ID	1021	UNIT COST	1,150.000
GROUP/FACILITY	0	PERCENT REPL	100.00%
CATEGORY	60	CURRENT COST	1,150.00
		FUTURE COST	1,419.86
		SALVAGE VALUE	0.00
PLACED IN SERVICE	1/07		
18 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT			
REPLACEMENT YEAR	2025		
8 YEAR REM LIFE			

Lookout Mountain Villas
Cash Flow Detail Report by Category

Pool - Filter, Continued ...

REMARKS:

This is a Triton II, 4.91 sq. ft. sand filter.

Pool - Furniture (Unfunded)	QUANTITY	1 comment
ASSET ID 1024	UNIT COST	0.000
GROUP/FACILITY 0	PERCENT REPL	0.00%
CATEGORY 60	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:

We are not budgeting to replace the molded plastic pool furniture due to its inexpensive cost and unpredictable useful life. We recommend that it be replaced on an "as needed" basis, and the expense paid for out of the operating budget. We have listed for informational purposes only.

Pool - Pump/Motor	QUANTITY	1 pump
ASSET ID 1022	UNIT COST	1,100.000
GROUP/FACILITY 0	PERCENT REPL	100.00%
CATEGORY 60	CURRENT COST	1,100.00
	FUTURE COST	1,159.52
	SALVAGE VALUE	0.00
PLACED IN SERVICE 2/14		
5 YEAR USEFUL LIFE		
+0 YEAR ADJUSTMENT		
REPLACEMENT YEAR 2019		
2 YEAR REM LIFE		

REMARKS:

This is an estimate for replacement of the pool pump and motor. It was refurbished in 2/2014 for \$605.

Lookout Mountain Villas
Cash Flow Detail Report by Category

Pool - Resurface (Pebble)

ASSET ID 1026
 GROUP/FACILITY 0
 CATEGORY 60

QUANTITY	1 total
UNIT COST	11,198.000
PERCENT REPL	100.00%
CURRENT COST	11,198.00
FUTURE COST	14,573.91
SALVAGE VALUE	0.00

PLACED IN SERVICE 5/97
 30 YEAR USEFUL LIFE
 +0 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2027
 10 YEAR REM LIFE

REMARKS:

1,340 - sq. ft. of Pebble Tec (internal area)	@	\$ 7.00	=	\$ 9,380.00
120 - lin. ft. of trim tile	@	12.00	=	1,440.00
42 - lin. ft. of bench tile	@	9.00	=	378.00

		TOTAL	=	\$ 11,198.00

The pool was resurfaced with a pebble interior in 5/1997.

Lookout Mountain Villas
Cash Flow Detail Report by Category

Mailboxes	QUANTITY	1 total
ASSET ID 1010	UNIT COST	1,800.000
GROUP/FACILITY 0	PERCENT REPL	100.00%
CATEGORY 90	CURRENT COST	1,800.00
	FUTURE COST	2,281.73
	SALVAGE VALUE	0.00

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

REMARKS:

18 - 4 box sets @ \$ 100.00 = \$ 1,800.00

 TOTAL = \$ 1,800.00

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.

Lookout Mountain Villas
Cash Flow Detail Report by Category

Granite Replenishment (Unfunded)		QUANTITY	1 comment
		UNIT COST	0.000
ASSET ID	1002	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.

Landscape/Irrigation		QUANTITY	1 total
		UNIT COST	5,000.000
ASSET ID	1036	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	5,000.00
CATEGORY	100	FUTURE COST	5,270.56
		SALVAGE VALUE	0.00

PLACED IN SERVICE 1/16
 3 YEAR USEFUL LIFE
 +0 YEAR ADJUSTMENT
 REPLACEMENT YEAR 2019
 2 YEAR REM LIFE

REMARKS:

Due to the age of the community, we expect that the Association will need funds available every few years for landscape and irrigation system renovation. Therefore, we have included a provision of \$5,000 every three (3) years for this purpose. If the Board would prefer to budget for landscape/irrigation renovation in a different manner, we will do so upon request in a revision of this report.

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TOTAL ASSET LINES INCLUDED: 22