

Crestview Court HOA

Reserve Management Plan

Type 1

Reserve Study with On-Site Analysis

For 30-Year Projection Period Beginning January 1, 2018



Crestview Court HOA
January 1, 2018

Crestview Court HOA
Reserve Management Plan

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Preparer's Report on Reserve Study

Reserve Management Plan

Type I Reserve Study With On-Site Analysis

For 30-Year Projection Period Beginning January 1, 2018

Board of Directors

Crestview Court HOA

Chandler, AZ

Description of Reserve Management Plan Engagement and Reserve Study Report

A reserve management plan engagement involves the reserve professional providing assistance to management of Crestview Court HOA by helping them identify key factors, develop assumptions, gather and assemble information, and develop a financial model so they may consider the results based upon their stated assumptions.

A Type I reserve study engagement is based on an on-site analysis. The on-site analysis of Crestview Court HOA upon which this reserve management plan is based was performed by Pierre Del Rosario, RS, RSS of Facilities Advisors International LLC on January 20, 2018.

The attached basic financial exhibits and disclosures comprise a Type I Reserve Study report of Crestview Court HOA. The basic financial exhibits comprising this reserve study report are the statement of position and summary component list as of January 1, 2018, statements of projected cash flows and expenditures for the 30-year period beginning January 1, 2018, and related disclosures that provide important information regarding the basic financial exhibits.

Management's Responsibility for Reserve Study

The Governing Body of Crestview Court HOA is responsible for the preparation and fair presentation of this reserve study report in accordance with Generally Accepted Reserve Study Principles.

Reserve Professional's Responsibility

Our responsibility is to perform our reserve management plan engagement and compile the reserve study report in accordance with Generally Accepted Reserve Study Standards.

Report on Reserve Study

Our reserve management plan engagement was performed in accordance with Generally Accepted Reserve Study Standards. A reserve study involves performing procedures to identify, quantify and evaluate condition of components based upon a visual observation for the purpose of making a financial projection. The procedures selected are based on the reserve professional's judgment. We believe that the procedures we have performed are sufficient and appropriate to support the reserve study report as presented. We are not responsible for any events subsequent to the date of this report.

We have compiled the accompanying reserve study report of Crestview Court HOA, comprised of the financial exhibits referred to above in accordance with Generally Accepted Reserve Study Principles.

This reserve study report was prepared using software meeting the reserve study calculation and software standards of the International Capital Budgeting Institute.

We are not aware of any material modifications that should be made to the financial exhibits referred to above, based upon the stated significant assumptions and exclusions, for them to be presented in conformity with Generally Accepted Reserve Study Principles.

This reserve study report is restricted to the management and members of the Crestview Court HOA, and should not be relied upon by others not involved in the establishment of the significant assumptions and exclusions upon which this report is based. Readers of the reserve study report should consider the significant assumptions, excluded components, and general exclusions in forming their own conclusions regarding the reserve study report.

Required Supplementary Information

Generally Accepted Reserve Study Standards require that the component list compiled at the major or minor component level be presented to supplement the basic financial exhibits. This component list is the responsibility of the Crestview Court HOA's management and was used to prepare the basic financial exhibits. The information contained in this list has been subjected to the procedures applied in the compilation of the reserve study report, and we are not aware of any material modifications that should be made thereto.

Regulatory Information

In the case of common interest realty associations located in the U.S.A., Generally Accepted Reserve Study Standards require that regulatory disclosures be presented to supplement the basic financial exhibits. Regulatory Disclosures consist of supplemental information required by the Financial Accounting Standards Board and any disclosures required by state or local jurisdictions. Such information is the responsibility of the Crestview Court HOA's management and was derived from the component list used to prepare the reserve study report. The information has been subjected to the procedures applied in the compilation of the basic reserve study report, and we are not aware of any material modifications that should be made thereto.

Facilities Advisors International LLC

Pierre Del Rosario, RS, RSS

June 19, 2018

Crestview Court HOA
January 1, 2018

Statement of Position

Projection period: January 1, 2018 to 2046
 Type of Project: Planned Unit Development
 Number of Units: 176
 Location: Chandler, AZ
 Projected Construction date: February 10, 1987

Description of Project: Crestview Court HOA is an 176 - unit Planned Unit development located in Chandler, AZ. The project was developed in February 10, 1987.

On-Site analysis performed by: Pierre Del Rosario
 Component analysis performed by: Pierre Del Rosario
 Report prepared by: Pierre Del Rosario

No special assessments are considered necessary during the 30-year projection period.

Components Excluded From This Report

Major Component	Reason Excluded
Building Structures	Lifetime Component
Utilities - Underground and in Structure	Long-lived Component
Street Base	Lifetime Component
Hardscape – sidewalks and curbs	Lifetime Component
Irrigation Lines and Sprinklers	Included in Operating Budget

See Next Page for Summary Component List

Current Replacement Cost of All Components	\$ 144,358
Future Replacement Cost of All Components	\$ 164,260
Projected Balance of Reserve Funds at January 1, 2018	\$ 78,816
100% Funded Amount at January 1, 2018	\$ 76,391
Percent Funded at January 1, 2018	103.17 %
Reserve (Surplus)/Deficit – Average per Unit at January 1, 2018	\$ -13
Projected Reserve Contribution	\$ 5,100
Average Annual Reserve Contribution Per Unit	\$ 28
Monthly Reserve Contribution First Year of Projection	\$ 425
Average Monthly Reserve Contribution Per Unit	\$ 2
Projected Special Assessment	\$ 0
Projected Inflation Rate	2.00 %
Projected Interest Rate	1.00 %

See Preparer's Report
 See Summary of Significant Assumptions

Crestview Court HOA

Analysis Date - January 1, 2018

Inflation:2.00% Investment:1.00% Contribution Factor:0.00% Calc:Future

Summary of Major Components

Categories	Estimated Useful Lives Years	Estimated Remaining Useful Lives Years	Estimated Future Replacement Cost
Fences, Walls, & Gate	10	8- 9	\$ 26,684
Furniture Outdoors	15-25	7-20	33,385
Landscape	5-15	0-11	100,970
Paint	6-10	3- 7	3,222
			<u>\$ 164,261</u>

Crestview Court HOA

Analysis Date - January 1, 2018

Inflation:2.00% Investment:1.00% Contribution Factor:0.00% Calc:Future

Cash Flow - Annual

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Begin Balance	\$ 78,816	\$ 70,587	\$ 62,710	\$ 35,524	\$ 26,384	\$ 19,556	\$ 29,621	\$ 39,176	\$ 20,121	\$ 28,058
Contribution	5,100	5,814	6,627	7,555	8,613	9,819	11,194	12,761	14,548	16,584
Average Per Unit	28	33	37	42	48	55	63	72	82	94
Percent Change	0.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
Interest	694	612	411	251	171	245	341	242	232	176
Less Expenditures	14,023	14,303	34,226	16,947	15,612	0	1,981	32,058	6,842	22,167
Ending Balance	\$ 70,587	\$ 62,710	\$ 35,524	\$ 26,384	\$ 19,556	\$ 29,621	\$ 39,176	\$ 20,121	\$ 28,058	\$ 22,651

	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Begin Balance	\$ 22,651	\$ 24,636	\$ 28,767	\$ 11,724	\$ 18,781	\$ 23,228	\$ 47,186	\$ 74,600	\$ 67,796	\$ 88,222
Contribution	18,906	21,553	24,571	25,111	25,664	26,229	26,805	27,395	27,998	28,614
Average Per Unit	107	122	139	142	145	149	152	155	159	162
Percent Change	14.00%	14.00%	14.00%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%
Interest	172	201	107	85	135	348	608	650	769	817
Less Expenditures	17,094	17,623	41,721	18,140	21,352	2,620	0	34,850	8,341	24,186
Ending Balance	\$ 24,636	\$ 28,767	\$ 11,724	\$ 18,781	\$ 23,228	\$ 47,186	\$ 74,600	\$ 67,796	\$ 88,222	\$ 93,467

	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
Begin Balance	\$ 93,467	\$ 72,673	\$ 79,030	\$ 51,855	\$ 61,442	\$ 70,719	\$ 104,199	\$ 138,481	\$ 127,985	\$ 154,018
Contribution	29,243	29,887	30,544	31,216	31,903	32,605	33,322	34,055	34,805	35,570
Average Per Unit	166	169	173	177	181	185	189	193	197	202
Percent Change	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%
Interest	715	674	527	483	573	873	1,212	1,253	1,396	1,466
Less Expenditures	50,753	24,205	58,246	22,113	23,199	0	252	45,805	10,168	29,483
Ending Balance	\$ 72,673	\$ 79,030	\$ 51,855	\$ 61,442	\$ 70,719	\$ 104,199	\$ 138,481	\$ 127,985	\$ 154,018	\$ 161,572

Crestview Court HOA

Analysis Date - January 1, 2018

Inflation:2.00% Investment:1.00% Contribution Factor:0.00% Calc:Future

Expenditures

Component	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Block Wall Repair									\$ 6,842	
Block Walls - paint				2,065						2,326
Front Yard Landscape	14,023	14,303	14,589	14,881	15,612					
Granite - replenish			19,636					21,680		
Irrigation Controller										
Landscape replacement								5,752		
Monument Sign								1,156		
Park Furniture - replace								3,468		
Play Equipment Replace										
Pony Wall										19,841
Tot Lot Mulch - replenish							1,981			
	\$ 14,023	\$ 14,303	\$ 34,226	\$ 16,947	\$ 15,612	\$ 0	\$ 1,981	\$ 32,058	\$ 6,842	\$ 22,167

Crestview Court HOA

Analysis Date - January 1, 2018

Inflation:2.00% Investment:1.00% Contribution Factor:0.00% Calc:Future

Expenditures

Component	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Block Wall Repair									\$ 8,341	
Block Walls - paint						2,620				
Front Yard Landscape	17,094	17,435	17,784	18,140	19,031					
Granite - replenish			23,937					26,428		
Irrigation Controller		187								
Landscape replacement								7,012		
Monument Sign								1,409		
Park Furniture - replace										
Play Equipment Replace										
Pony Wall										24,186
Tot Lot Mulch - replenish					2,321					
	\$ 17,094	\$ 17,623	\$ 41,721	\$ 18,140	\$ 21,352	\$ 2,620	\$ 0	\$ 34,850	\$ 8,341	\$ 24,186

Crestview Court HOA

Analysis Date - January 1, 2018

Inflation:2.00% Investment:1.00% Contribution Factor:0.00% Calc:Future

Expenditures

Component	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
Block Wall Repair									\$ 10,168	
Block Walls - paint		2,950						3,322		
Front Yard Landscape	20,837	21,254	21,679	22,113	23,199					
Granite - replenish			29,179					32,216		
Irrigation Controller							252			
Landscape replacement								8,548		
Monument Sign								1,718		
Park Furniture - replace			4,668							
Play Equipment Replace	29,915									
Pony Wall										29,483
Tot Lot Mulch - replenish			2,719							
	\$ 50,753	\$ 24,205	\$ 58,246	\$ 22,113	\$ 23,199	\$ 0	\$ 252	\$ 45,805	\$ 10,168	\$ 29,483

Crestview Court HOA

Analysis Date - January 1, 2018

Inflation:2.00% Investment:1.00% Contribution Factor:0.00% Calc:Future

Component List - Summary

Component	Replace			Current Cost	Est	Rem	Future Cost
	Date	Basis Cost	Quantity		Life	Life	
Block Wall Repair	5/2026	\$ 3	1,934 LF	\$ 5,802	10:00	8:04	\$ 6,842
Block Walls - paint	5/2021	1	1,934 Job	1,934	6:00	3:04	2,065
Front Yard Landscape	2/18 - 2/22	400	176 Job	70,400	10:00	2:01	73,410
Granite - replenish	5/2020	25	750 SF	18,750	5:00	2:04	19,636
Irrigation Controller	5/2029	150	1 Each	150	15:00	11:04	187
Landscape replacement	2/2025	5,000	1 Lot	5,000	10:00	7:01	5,752
Monument Sign	5/2025	500	2 Each	1,000	10:00	7:04	1,156
Park Furniture - replace	5/2025	3,000	1 Lot	3,000	15:00	7:04	3,468
Play Equipment Replace	5/2038	20,000	1 Each	20,000	25:00	20:04	29,915
Pony Wall	2/2027	2	6,630 LF	16,575	10:00	9:01	19,841
Tot Lot Mulch - replenish	5/2024	1	1,165 SF	1,747	8:00	6:04	1,981
				\$ 144,358			\$ 164,260

Crestview Court HOA
January 1, 2018

Disclosures

Site Analysis

Crestview Court HOA is a Planned Unit development association located in Chandler, AZ. The Association consists of 176 units located at 5773 West Jupiter Way. The units were constructed as a single phase in February 10, 1987.

The site analysis was performed on January 20, 2018 by Pierre Del Rosario, RS, RSS of Facilities Advisors International LLC. Jennifer Conner was interviewed regarding component existence, maintenance activities, dates last repaired/replaced, and actual or bid costs, if known. Site analysis procedures included:

- Review of Google Earth satellite images
- Tour of Association common areas
- Identification and quantification / measurement of common area components
- Component condition assessment

The site analysis was performed as a limited scope visual observation. No destructive or invasive testing was performed. The condition of components may be assessed differently if destructive / invasive testing was performed, but such testing is beyond the scope of a reserve study.

Component Analysis

Components considered for inclusion in the reserve study report are all those components that are the maintenance responsibility of the Association that are anticipated to require future major repair or replacement under the assumption that such components are subject to normal maintenance activities and normal wear and tear. Components with a useful life of less than two years or a cost of \$1,000 have generally been excluded from this analysis, as such items are considered to be part of the Association's operating budget.

The component list was compiled based upon the tour of association common areas, inquiry of Association management and maintenance staff, and selected vendors providing maintenance services to the Association. The component list is believed to be complete, except for the exclusions noted below, which are considered normal exclusions.

Estimated future major repair and replacement costs are generally based on current replacement costs projected to estimated repair or replacement date, applying an inflation factor of 2.00% for the entire 30-year financial projection period.

Current estimated replacement costs are derived from a variety of sources including; actual prior costs, current bids, vendor or contractor estimates, management's estimates, Facilities Advisors International LLC cost database, or cost estimator manuals. This data is considered reliable and has been relied upon in the determination of current cost. Current cost includes material or product cost, labor, overhead, delivery, and sales tax.

See Preparer's Report
See Summary of Significant Assumptions

Crestview Court HOA
 January 1, 2018

General Exclusions from the analysis are:

Excluded Conditions	Reason for Exclusion
Building code or zoning violations or upgrades	Outside scope of study
Structural stability or engineering analysis	Outside scope of study
Environmental conditions *	Outside scope of study
Geological stability or soil conditions	Outside scope of study
Soil contamination	Outside scope of study
Hydrological conditions	Outside scope of study
Mold or fungus	Outside scope of study
Termites or other pest control	Outside scope of study
Risks of wildfire, flood or seismic activity	Outside scope of study
Water quality or testing	Outside scope of study
Illegal or controlled substances	Outside scope of study
Building values or appraisals	Outside scope of study
Adequacy of efficiency of any system or component	Outside scope of study
Information not provided by the association necessary to identify all components	Outside scope of study

* Asbestos, radon, formaldehyde, lead, water or air quality, electromagnetic radiation or other environmental hazards.

Financial Analysis

The financial projection was prepared using the pooled cash flow method. Under this method, aggregate expenditures are projected to future estimated repair or replacement dates considering inflation at 2.00%. Actual expenditures may vary from estimated expenditures, and the differences may be significant.

Reserve fund revenues consist of member assessments and interest earned (and other income). Interest income has been estimated at 1.00%. The funding plan does not contain an income tax expense related to interest earned, as income taxes are paid from the operating fund. The projected annual assessment has been subjected to an annual increase factor for the projection period. This annual assessment adjustment factor is necessary to counteract the effects of inflation on projected expenditures.

Percent funded at January 1, 2018 of 103.17 was calculated using the inflation adjusted method.

The beginning balance of reserve funds was estimated at \$ 78,816, based on information provided by management. The beginning balance of reserve funds was provided by management.

Total Funds available for reserves beginning balance \$ 78,816

See Preparer's Report
 See Summary of Significant Assumptions

January 1, 2018

Significant Assumptions

The following significant assumptions were used in the preparation of this reserve study report. If the actual replacement costs or remaining lives vary from the assumptions used in this analysis, the impact could be significant on future assessments. Accordingly, an annual review of the analysis is necessary to see if the Board, within its authority, should increase the regular assessments, pass special assessments or reschedule future replacement dates.

- Generally, only long-term major repair and replacement activities for components with a life of 2 years or longer and a cost of \$1,000 or more have been considered in this analysis. A group of items with individual cost of less than \$1,000 are included if the aggregate cost exceeds \$1,000.
- The Board of Directors will implement and/or continue preventive maintenance and repair programs to prevent abnormal deterioration of the common areas.
- The analysis assumes that no unusual conditions will occur, such as weather, vandalism, unusual use, or unforeseen obsolescence.
- Measurements and quantities were obtained by count, measurement, or estimation from plans provided by the Board of Directors unless otherwise noted, and are assumed to be a close approximation to actual.
- Proper construction and installation of all improvements is assumed, unless otherwise noted.
- This analysis assumes that the Association membership wishes to continue the use and maintenance of all amenities currently in place.
- The Association carries comprehensive property insurance to cover most insurable property risks.
- Current financial information was supplied by the Board of Directors and is assumed to be reasonably accurate as of the date of this analysis. Funded cash balances were not audited nor confirmed directly with financial institutions as a part of this analysis.
- The Association will collect and set aside reserve assessments on an annual basis as set forth in the funding plan projection, in order that sufficient funds will be available when expenditures are scheduled or necessary.
- The Board of Directors does not anticipate any special assessments other than those that may be scheduled as part of the attached 30-year funding projection.
- Interest rate of 1.00% is used in the funding plan.
- Inflation rate of 2.00% is used in the funding plan.

Crestview Court HOA

Analysis Date - January 1, 2018

Inflation:2.00% Investment:1.00% Contribution Factor:0.00% Calc:Future

Supplementary Information on Future Major Repairs and Replacements

Category	Estimated Remaining Useful Lives Life YY:MM	Estimated Future Replacement Cost	2018 Funding Requirement	Components of Fund Balance at 12/31/2017
Fences, Walls, & Gate	8:04 - 9:01	\$ 26,684	\$ 928	\$ 2,583
Furniture Outdoors	7:04 -20:04	33,385	496	5,471
Landscape	0:01 -11:04	100,970	4,209	69,593
Paint	3:04 - 7:04	3,222	160	1,170
		\$ 164,261	\$ 5,793	\$ 78,817

Crestview Court HOA

Analysis Date - January 1, 2018

Inflation:2.00% Investment:1.00% Contribution Factor:0.00% Calc:Future

Component List - Summary

Category	Replace				Est	Rem	
Component	Date	Basis Cost	Quantity	Current Cost	Life	Life	Future Cost
Fences, Walls, & Gate							
Block Wall Repair	5/2026	\$ 3.00	1,934 LF	\$ 5,802	10:00	8:04	\$ 6,842
Pony Wall	2/2027	2.50	6,630 Lf	16,575	10:00	9:01	19,841
				\$ 22,377			\$ 26,684
Furniture Outdoors							
Park Furniture - replace	5/2025	\$ 3,000.00	1 Lot	\$ 3,000	15:00	7:04	\$ 3,468
Play Equipment Replace	5/2038	20,000.00	1 Each	20,000	25:00	20:04	29,915
				\$ 23,000			\$ 33,384
Landscape							
Front Yard Landscape	2/18 - 2/22	\$ 400.00	176 Job	\$ 70,400	10:00	2:01	\$ 73,410
Granite - replenish	5/2020	25.00	750 SF	18,750	5:00	2:04	19,636
Irrigation Controller	5/2029	150.00	1 Each	150	15:00	11:04	187
Landscape replacement	2/2025	5,000.00	1 Lot	5,000	10:00	7:01	5,752
Tot Lot Mulch - replenish	5/2024	1.50	1,165 SF	1,747	8:00	6:04	1,981
				\$ 96,047			\$ 100,968
Paint							
Block Walls - paint	5/2021	\$ 1.00	1,934 Job	\$ 1,934	6:00	3:04	\$ 2,065
Monument Sign	5/2025	500.00	2 Each	1,000	10:00	7:04	1,156
				\$ 2,934			\$ 3,222
				\$ 144,358			\$ 164,260