Reserve Analysis Report

La Tierra Condominiums

Tempe, Arizona

Version 005

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La Tierra Condominiums

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Preface

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Step 1: Calculation of fully funded balance for each component

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

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

Step 2: Distribution of current reserve funds

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

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

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

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

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

Step 3: Developing a funding plan

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

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

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

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

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

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

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

Cash Flow Calculation Method

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

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

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

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

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

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

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

Preface

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

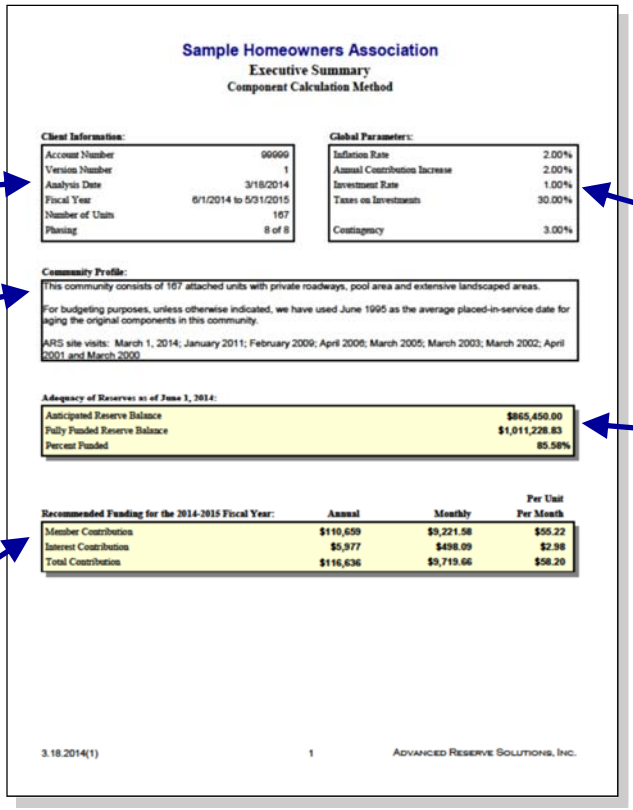
In some cases, the reserve analysis may be a lengthy document of one hundred pages or more. A complete and thorough review of the reserve analysis is always a good idea. However, if time is limited, it is suggested that a thorough review of the summary pages be made. If a "red flag" is raised in this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

Executive Summary

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

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

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



Sample Homeowners Association
Executive Summary
Component Calculation Method

Client Information:

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

Global Parameters:

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

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

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

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

Adequacy of Reserves as of June 1, 2014:

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

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

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

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

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

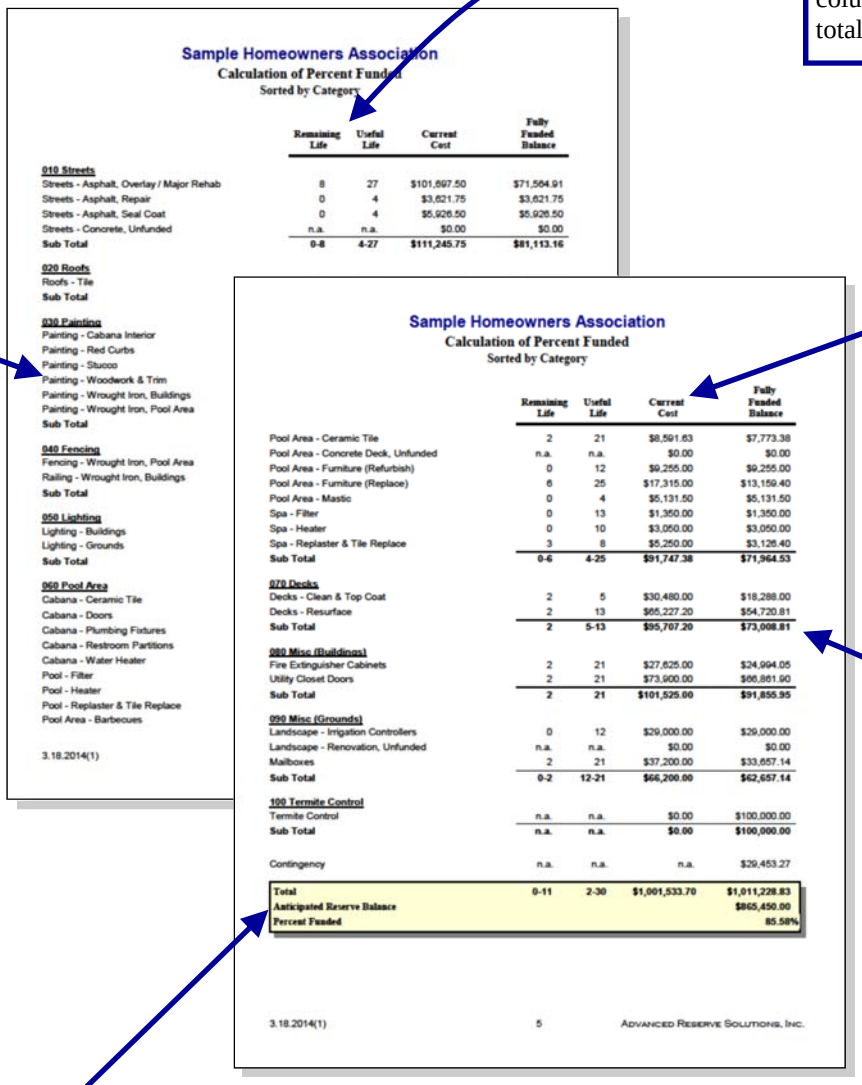
Preface

Calculation of Percent Funded

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

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

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



Sample Homeowners Association
Calculation of Percent Funded
Sorted by Category

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

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Sample Homeowners Association
Calculation of Percent Funded
Sorted by Category

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

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

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

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

Preface

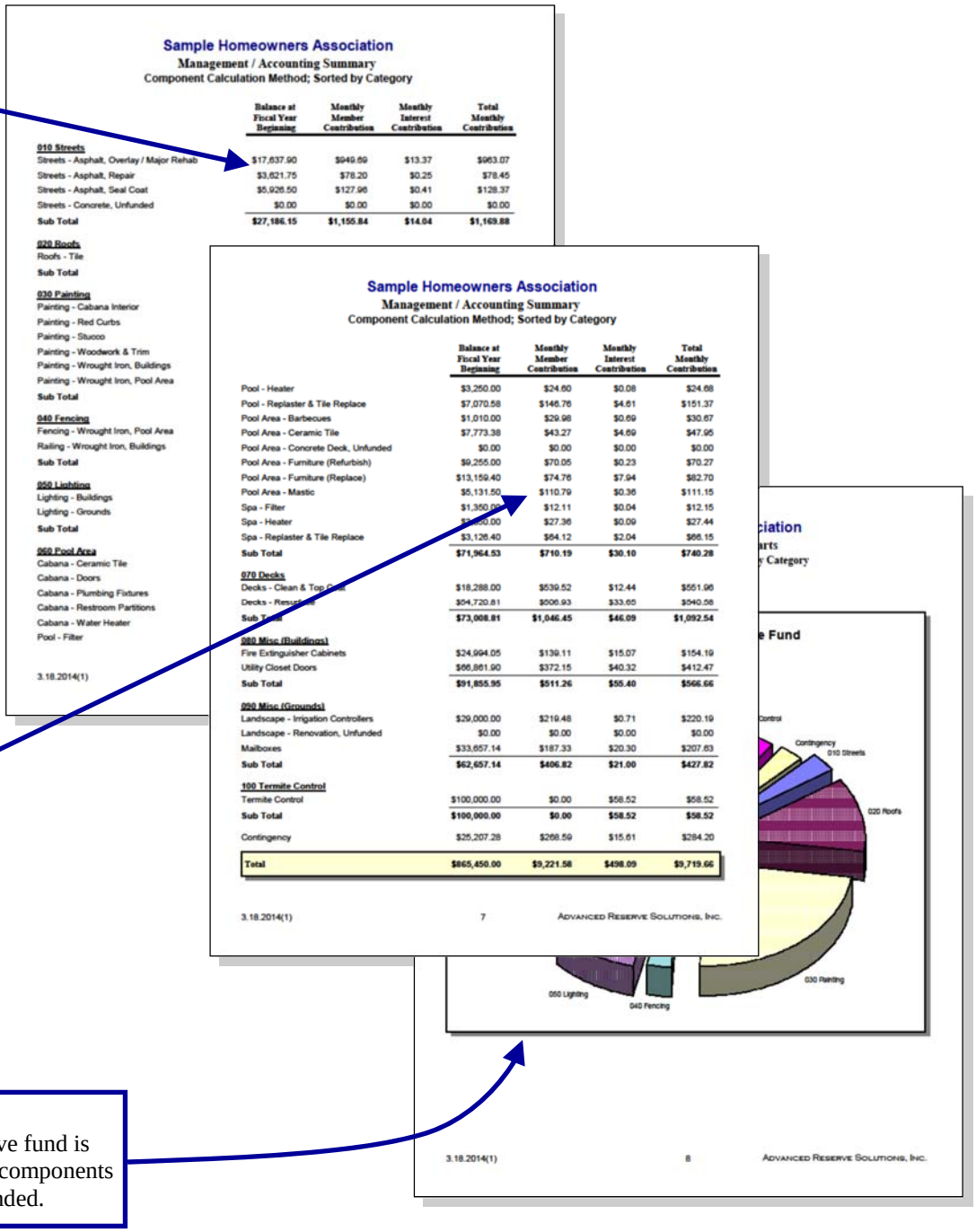
Management / Accounting Summary and Charts

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

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

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

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



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

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

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

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

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

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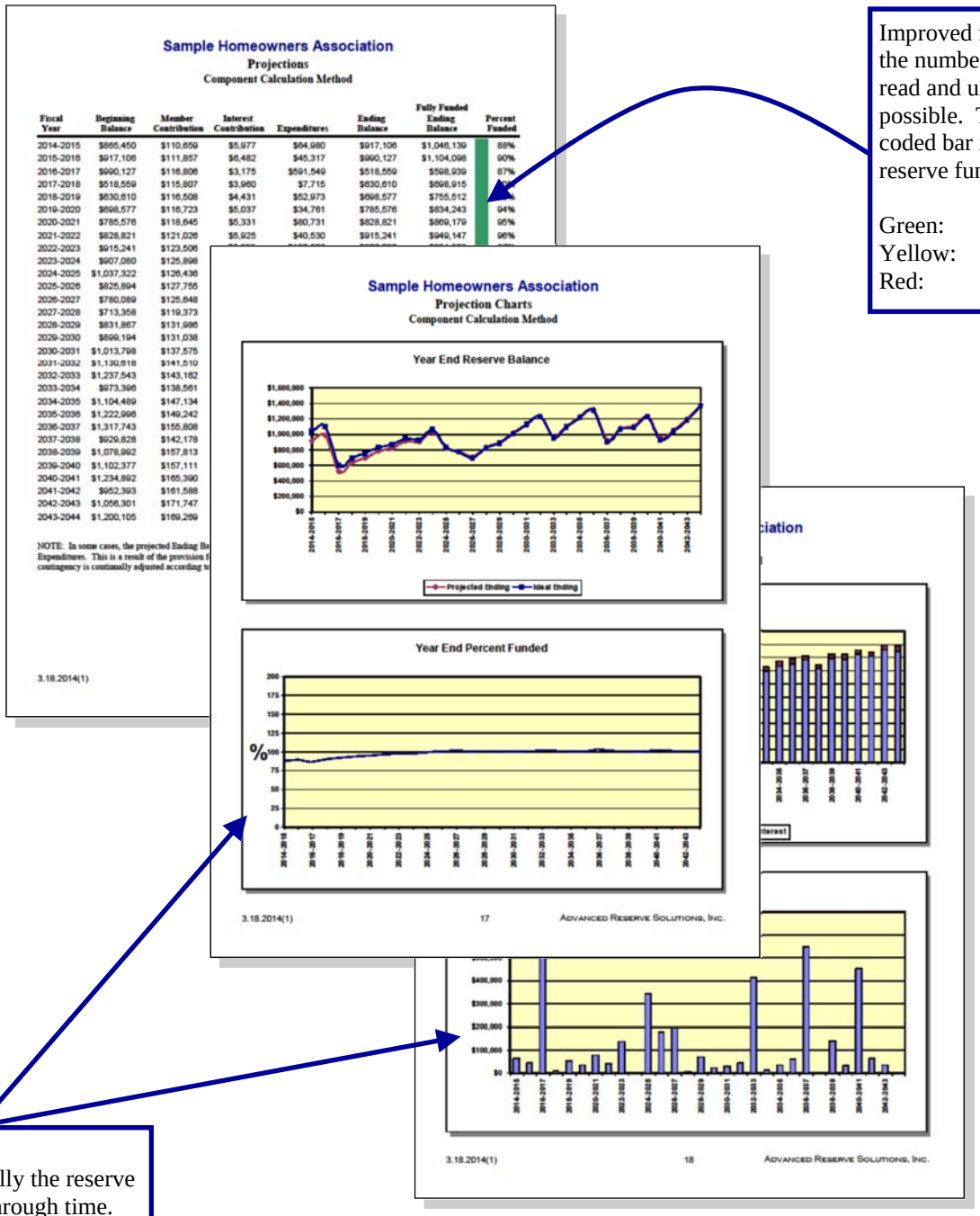
Preface

Projections and Charts

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



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

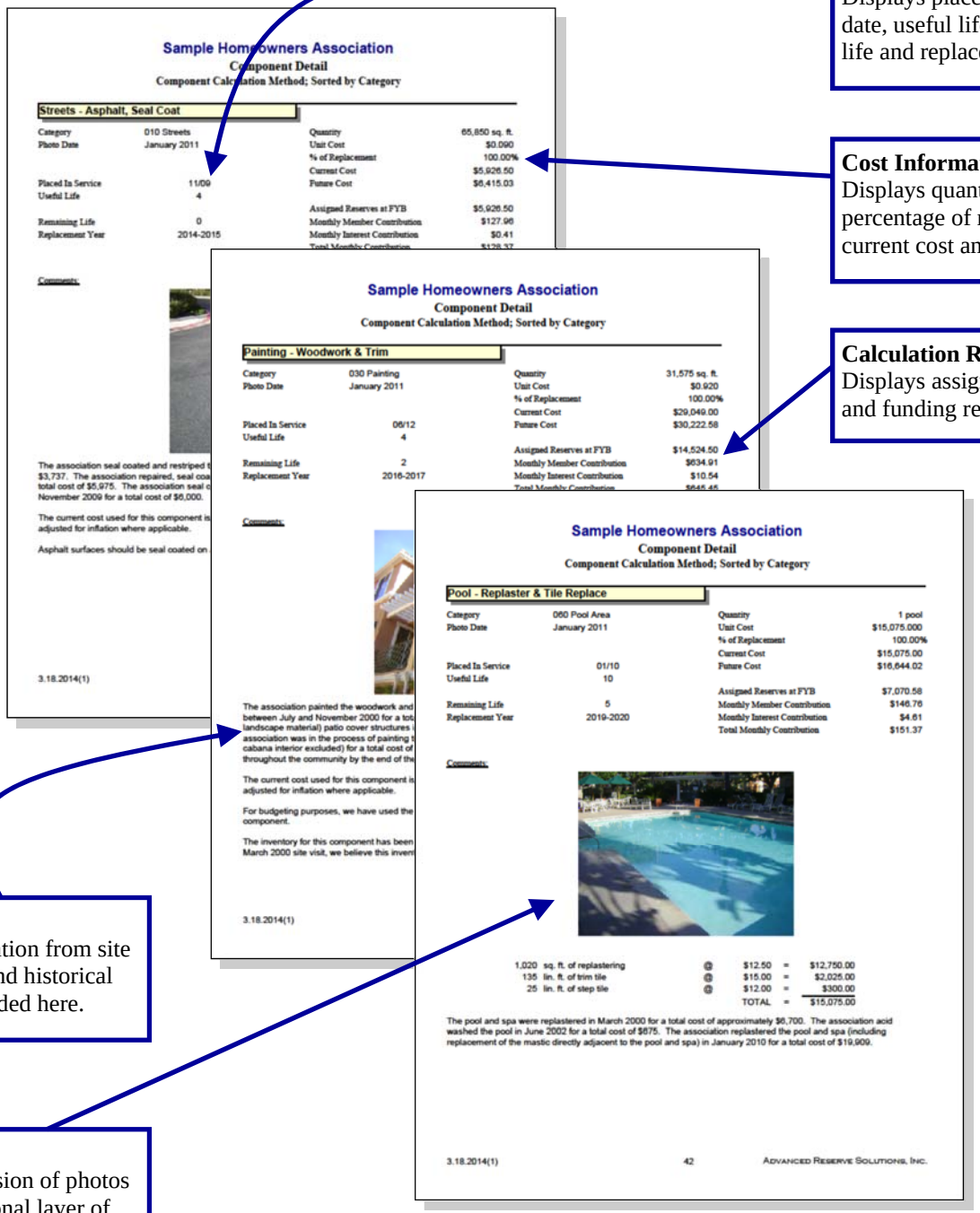
Green:	Good
Yellow:	Fair
Red:	Poor

Charts
Show graphically the reserve funding plan through time.

Preface

Component Detail

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



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

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

Calculation Results
Displays assigned reserves and funding requirements.

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

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

Preface

♦ ♦ ♦ ♦ GLOSSARY OF KEY TERMS ♦ ♦ ♦ ♦

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Reserve Components
Line items included in the reserve analysis.

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

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

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

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

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

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

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

La Tierra Condominiums

Executive Summary

Directed Cash Flow Calculation Method

Client Information:

Account Number	2391
Version Number	005
Analysis Date	05/07/2021
Fiscal Year	1/1/2021 to 12/31/2021
Number of Units	116
Phasing	1 of 1

Global Parameters:

Inflation Rate	2.45 %
Annual Contribution Increase	2.45 %
Investment Rate	0.85 %
Taxes on Investments	0.00 %
Contingency	0.00 %

Community Profile:

This community was originally constructed as apartments in 1986 and was converted to condominiums in 2005 - 2006. Refer to the Component Detail section of this report for the dates used to age each reserve component.

We have been advised that the 1/1/2021 reserve balance was $457,610.86 and that the 2021 budgeted reserve contribution is $60,882.50. Our recommendations begin in 2022.

Completed Reports: 10/2005, 11/2008, 10/2012, 11/2017, 2/2021 (updated with site visit) (revised 5/2021)

Adequacy of Reserves as of January 1, 2021:

Anticipated Reserve Balance	**$457,610.86**
Fully Funded Reserve Balance	**$664,932.85**
Percent Funded	**68.82%**

Recommended Funding for the 2021 Fiscal Year:	**Annual**	**Monthly**	**Per Unit Per Month**
Member Contribution	**$60,883**	**$5,073.54**	**$43.74**
Interest Contribution	**$4,143**	**$345.22**	**$2.98**
Total Contribution	**$65,025**	**$5,418.76**	**$46.71**

La Tierra Condominiums

Distribution of Current Reserve Funds

Sorted by Remaining Life

	Remaining Life	Fully Funded Balance	Assigned Reserves
Electrical: Light Fixtures (General Provision)	1	$4,666.67	$4,666.67
Grounds: BBQ Grills	1	$1,692.31	$1,692.31
Pool: Deck (Replace)	1	$24,000.00	$24,000.00
Pool: Heater	1	$3,281.25	$3,281.25
Roofs: Foam Recoat (Clubhouse)	1	$1,615.38	$1,615.38
Fitness Center: Carpet	2	$1,411.76	$1,411.76
Fitness Center: Strength Equipment	2	$6,617.65	$6,617.65
Grounds: Ramada Fabric Shade Cover	2	$1,350.00	$1,350.00
Spa: Replaster & Retile	2	$1,936.17	$1,936.17
Asphalt: Crack Seal & Seal Coat	3	$2,889.69	$2,889.69
Asphalt: Repairs	3	$716.12	$716.12
Buildings: 2nd Story Landings (Recoat)	3	$3,750.00	$3,750.00
Pool: Furniture	3	$3,000.00	$3,000.00
Paint: Buildings, Wall, Carports	4	$71,100.00	$71,100.00
Spa: Heater	4	$1,375.00	$1,375.00
Fitness Center: Cardio Equipment	6	$4,800.00	$4,800.00
Pool: Filter	7	$947.22	$947.22
Spa: Filter	7	$794.44	$794.44
Grounds: BBQ Area Countertops	8	$7,336.96	$7,336.96
Buildings: Stair Case Landings (2030)	9	$19,886.36	$19,886.36
Buildings: Stair Case Landings (2031)	10	$19,444.44	$19,444.44
Roofs: Tile Underlayment (2031)	10	$44,040.00	$44,040.00
Buildings: Stair Case Landings (2032)	11	$19,021.74	$19,021.74
Roofs: Tile Underlayment (2032)	11	$42,346.15	$42,346.15
Buildings: Stair Case Landings (2033)	12	$18,617.02	$18,617.02
Roofs: Tile Underlayment (2033)	12	$40,777.78	$40,777.78
Buildings: Stair Case Landings (2034)	13	$18,229.17	$18,229.17
Roofs: Tile Underlayment (2034)	13	$39,321.43	$39,321.43
Buildings: Stair Case Landings (2035)	14	$17,857.14	$17,857.14
Roofs: Tile Underlayment (2035)	14	$39,993.10	$34,789.00

La Tierra Condominiums

Distribution of Current Reserve Funds

Sorted by Remaining Life

	Remaining Life	Fully Funded Balance	Assigned Reserves
Asphalt: Remove & Repave	15	$98,977.50	$0.00
Buildings: Stair Case Landings (2036)	15	$17,500.00	$0.00
Buildings: Stair Case Landings (2037)	16	$17,156.86	$0.00
Buildings: Stair Case Landings (2038)	17	$16,826.92	$0.00
Buildings: Stair Case Landings (2039)	18	$16,509.43	$0.00
Fitness Center: HVAC	20	$0.00	$0.00
Grounds: Irrigation System	21	$17,642.86	$0.00
Pool: Resurface (Pebble)	21	$2,274.40	$0.00
Electrical: Infrastructure	27	$15,229.90	$0.00
Clubhouse: Unfunded	n.a.	$0.00	$0.00
Grounds: Concrete Components (Unfunded)	n.a.	$0.00	$0.00
Grounds: Granite Replenishment (Unfunded)	n.a.	$0.00	$0.00
Grounds: Monument Sign Letters (Unfunded)	n.a.	$0.00	$0.00
Grounds: Tree Trimming (Unfunded)	n.a.	$0.00	$0.00
Pool: Aluminum Fencing (Unfunded)	n.a.	$0.00	$0.00
Roofs: Metal, Carports (Unfunded)	n.a.	$0.00	$0.00
Contingency	n.a.	$0.00	$0.00
Total	**1-27**	**$664,932.85**	**$457,610.86**
Percent Funded			**68.82%**

La Tierra Condominiums

Calculation of Percent Funded

Sorted by Category

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
010 Asphalt				
Asphalt: Crack Seal & Seal Coat	3	4	$17,750.97	$2,889.69
Asphalt: Remove & Repave	15	30	$197,955.00	$98,977.50
Asphalt: Repairs	3	4	$4,399.00	$716.12
Sub Total	**3-15**	**4-30**	**$220,104.97**	**$102,583.31**
020 Roofs				
Roofs: Foam Recoat (Clubhouse)	1	13	$1,750.00	$1,615.38
Roofs: Metal, Carports (Unfunded)	n.a.	n.a.	$0.00	$0.00
Roofs: Tile Underlayment (2031)	10	25	$73,400.00	$44,040.00
Roofs: Tile Underlayment (2032)	11	26	$73,400.00	$42,346.15
Roofs: Tile Underlayment (2033)	12	27	$73,400.00	$40,777.78
Roofs: Tile Underlayment (2034)	13	28	$73,400.00	$39,321.43
Roofs: Tile Underlayment (2035)	14	29	$77,320.00	$39,993.10
Sub Total	**1-14**	**13-29**	**$372,670.00**	**$208,093.85**
030 Painting				
Paint: Buildings, Wall, Carports	4	10	$118,500.00	$71,100.00
Sub Total	**4**	**10**	**$118,500.00**	**$71,100.00**
035 Buildings				
Buildings: 2nd Story Landings (Recoat)	3	8	$6,000.00	$3,750.00
Buildings: Stair Case Landings (2030)	9	44	$25,000.00	$19,886.36
Buildings: Stair Case Landings (2031)	10	45	$25,000.00	$19,444.44
Buildings: Stair Case Landings (2032)	11	46	$25,000.00	$19,021.74
Buildings: Stair Case Landings (2033)	12	47	$25,000.00	$18,617.02
Buildings: Stair Case Landings (2034)	13	48	$25,000.00	$18,229.17
Buildings: Stair Case Landings (2035)	14	49	$25,000.00	$17,857.14
Buildings: Stair Case Landings (2036)	15	50	$25,000.00	$17,500.00
Buildings: Stair Case Landings (2037)	16	51	$25,000.00	$17,156.86
Buildings: Stair Case Landings (2038)	17	52	$25,000.00	$16,826.92
Buildings: Stair Case Landings (2039)	18	53	$25,000.00	$16,509.43
Sub Total	**3-18**	**8-53**	**$256,000.00**	**$184,799.10**
050 Electrical				
Electrical: Infrastructure	27	30	$152,299.04	$15,229.90
Electrical: Light Fixtures (General Provision)	1	5	$6,000.00	$4,666.67
Sub Total	**1-27**	**5-30**	**$158,299.04**	**$19,896.57**

La Tierra Condominiums

Calculation of Percent Funded

Sorted by Category

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
060 Pool				
Pool: Aluminum Fencing (Unfunded)	n.a.	n.a.	$0.00	$0.00
Pool: Deck (Replace)	1	5	$30,000.00	$24,000.00
Pool: Filter	7	18	$1,550.00	$947.22
Pool: Furniture	3	5	$7,500.00	$3,000.00
Pool: Heater	1	8	$3,750.00	$3,281.25
Pool: Resurface (Pebble)	21	25	$14,215.00	$2,274.40
Spa: Filter	7	18	$1,300.00	$794.44
Spa: Heater	4	8	$2,750.00	$1,375.00
Spa: Replaster & Retile	2	8	$2,600.00	$1,936.17
Sub Total	**1-21**	**5-25**	**$63,665.00**	**$37,608.49**
090 Clubhouse				
Clubhouse: Unfunded	n.a.	n.a.	$0.00	$0.00
Fitness Center: Cardio Equipment	6	10	$12,000.00	$4,800.00
Fitness Center: Carpet	2	17	$1,600.00	$1,411.76
Fitness Center: HVAC	20	20	$4,750.00	$0.00
Fitness Center: Strength Equipment	2	17	$7,500.00	$6,617.65
Sub Total	**2-20**	**10-20**	**$25,850.00**	**$12,829.41**
100 Grounds				
Grounds: BBQ Area Countertops	8	23	$11,250.00	$7,336.96
Grounds: BBQ Grills	1	7	$2,000.00	$1,692.31
Grounds: Concrete Components (Unfunded)	n.a.	n.a.	$0.00	$0.00
Grounds: Granite Replenishment (Unfunded)	n.a.	n.a.	$0.00	$0.00
Grounds: Irrigation System	21	25	$123,500.00	$17,642.86
Grounds: Monument Sign Letters (Unfunded)	n.a.	n.a.	$0.00	$0.00
Grounds: Ramada Fabric Shade Cover	2	8	$1,800.00	$1,350.00
Grounds: Tree Trimming (Unfunded)	n.a.	n.a.	$0.00	$0.00
Sub Total	**1-21**	**7-25**	**$138,550.00**	**$28,022.12**
Contingency	n.a.	n.a.	n.a.	$0.00
Total	**1-27**	**4-53**	**$1,353,639.01**	**$664,932.85**
Anticipated Reserve Balance				**$457,610.86**
Percent Funded				**68.82%**

La Tierra Condominiums

Projections

Directed Cash Flow Calculation Method

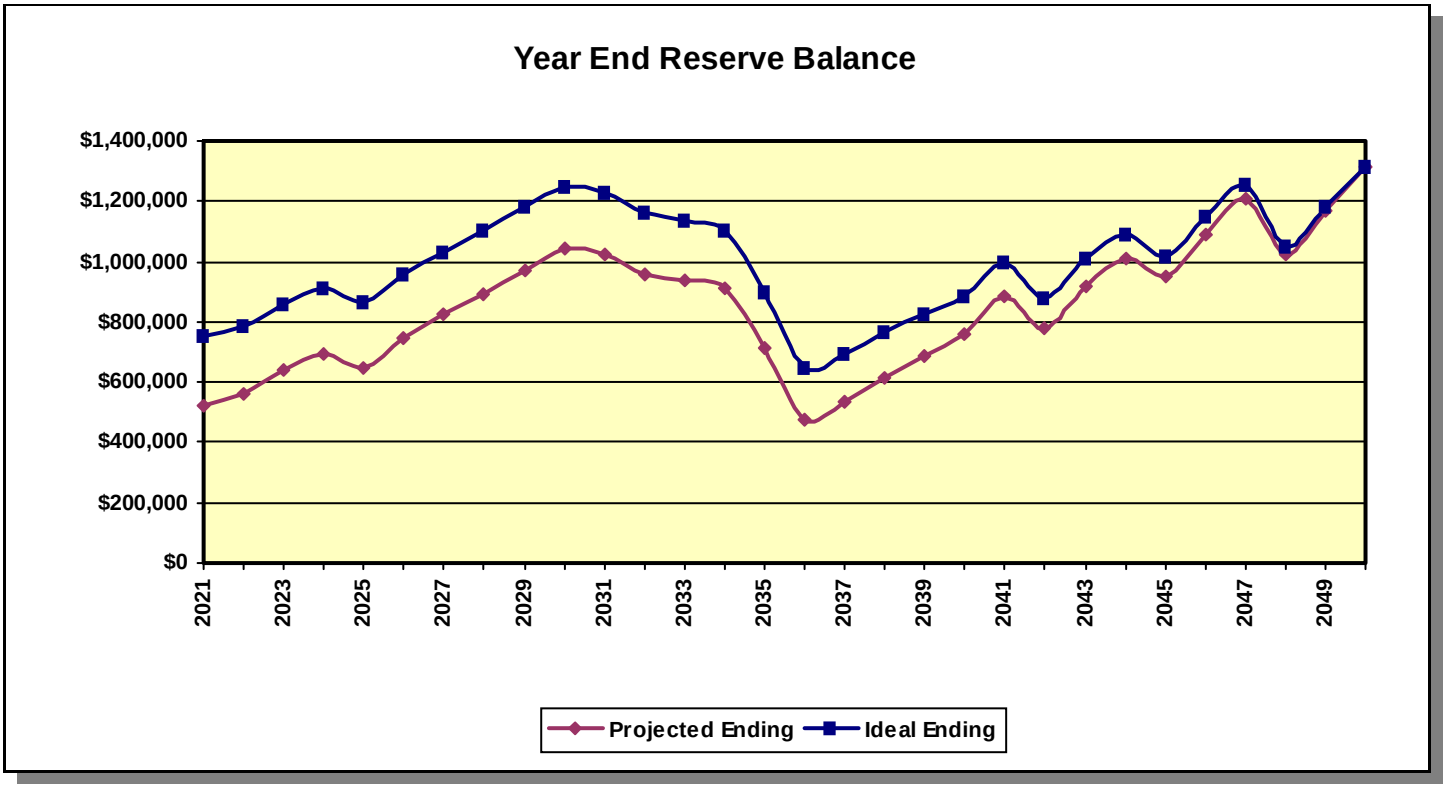
Fiscal Year	Beginning Balance	Member Contribution	Interest Contribution	Expenditures	Ending Balance	Fully Funded Ending Balance	Percent Funded
2021	$457,611	$60,883	$4,143	$0	$522,636	$751,166	70%
2022	$522,636	$81,345	$4,397	$44,566	$563,813	$789,149	71%
2023	$563,813	$83,338	$5,016	$14,170	$637,997	$860,794	74%
2024	$637,997	$85,380	$5,450	$38,335	$690,492	$910,366	76%
2025	$690,492	$87,472	$5,094	$133,576	$649,482	$865,237	75%
2026	$649,482	$89,615	$5,892	$0	$744,989	$957,552	78%
2027	$744,989	$91,810	$6,538	$20,813	$822,524	$1,032,548	80%
2028	$822,524	$94,060	$7,133	$29,616	$894,101	$1,102,148	81%
2029	$894,101	$96,364	$7,791	$25,183	$973,073	$1,179,881	82%
2030	$973,073	$98,725	$8,384	$35,747	$1,044,435	$1,250,643	84%
2031	$1,044,435	$101,144	$8,190	$130,952	$1,022,817	$1,227,615	83%
2032	$1,022,817	$103,622	$7,637	$175,270	$958,806	$1,160,700	83%
2033	$958,806	$106,161	$7,442	$135,241	$937,167	$1,135,306	83%
2034	$937,167	$108,762	$7,184	$145,061	$908,052	$1,101,451	82%
2035	$908,052	$111,426	$5,539	$309,889	$715,129	$900,195	79%
2036	$715,129	$114,156	$3,517	$355,272	$477,529	$649,885	73%
2037	$477,529	$116,953	$3,991	$63,337	$535,136	$694,977	77%
2038	$535,136	$119,818	$4,664	$43,385	$616,234	$764,142	81%
2039	$616,234	$122,754	$5,251	$57,048	$687,191	$823,613	83%
2040	$687,191	$125,762	$5,852	$59,000	$759,804	$884,971	86%
2041	$759,804	$128,843	$6,883	$12,170	$883,359	$998,300	88%
2042	$883,359	$131,999	$5,990	$241,830	$779,518	$881,498	88%
2043	$779,518	$135,233	$7,151	$3,406	$918,496	$1,008,709	91%
2044	$918,496	$138,547	$7,937	$51,737	$1,013,243	$1,092,195	93%
2045	$1,013,243	$141,941	$7,393	$211,839	$950,738	$1,016,440	94%
2046	$950,738	$145,418	$8,578	$12,088	$1,092,646	$1,146,280	95%
2047	$1,092,646	$148,981	$9,547	$42,030	$1,209,144	$1,251,499	97%
2048	$1,209,144	$152,631	$7,954	$346,879	$1,022,851	$1,049,924	97%
2049	$1,022,851	$156,371	$9,167	$20,186	$1,168,202	$1,181,123	99%
2050	$1,168,202	$160,202	$10,366	$26,734	$1,312,036	$1,311,919	100%

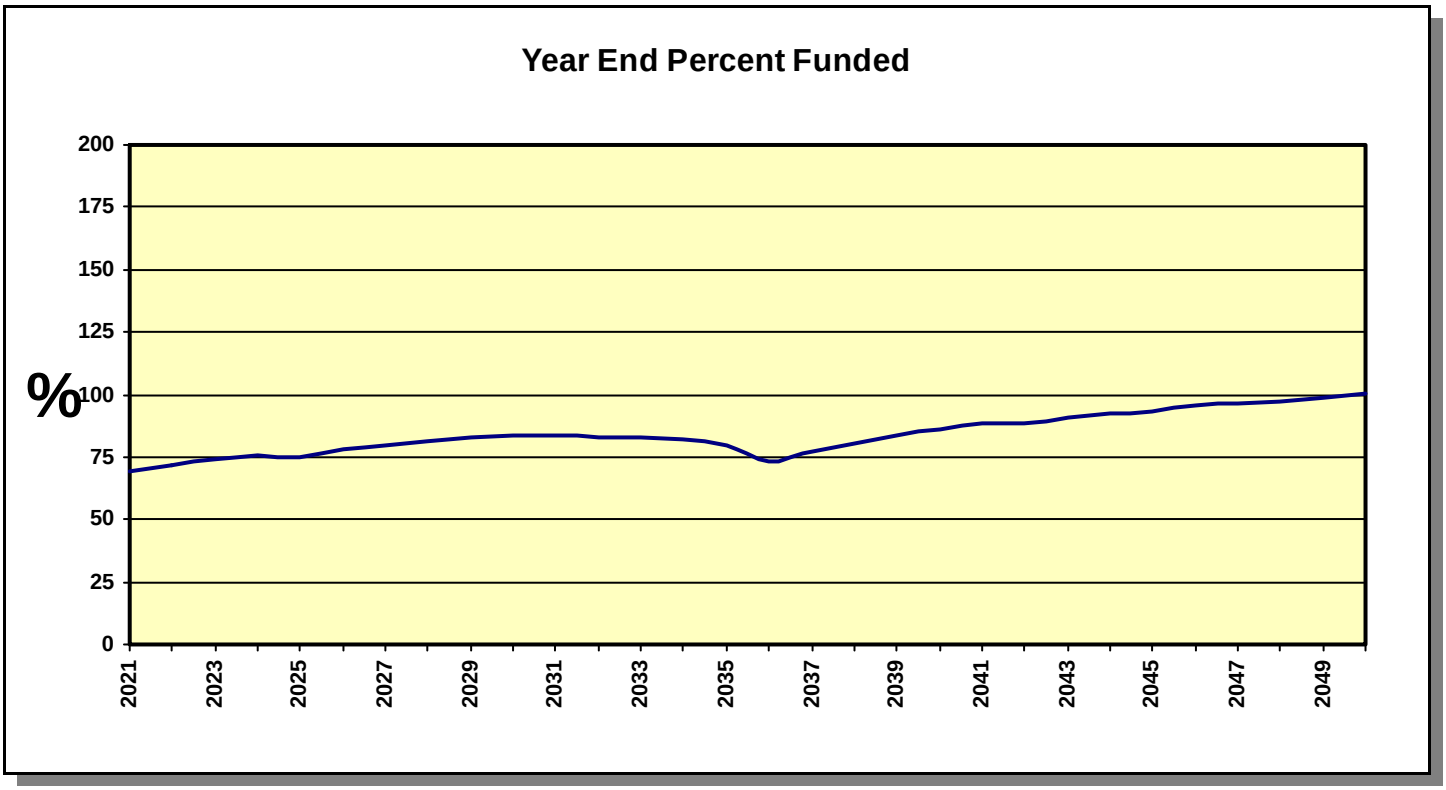
NOTE: In some cases, the projected Ending Balance may exceed the Fully Funded Ending Balance in years following high Expenditures. This is a result of the provision for contingency in this analysis, which in these projections is never expended. The contingency is continually adjusted according to need and any excess is redistributed among all components included.

La Tierra Condominiums

Projection Charts

Directed Cash Flow Calculation Method

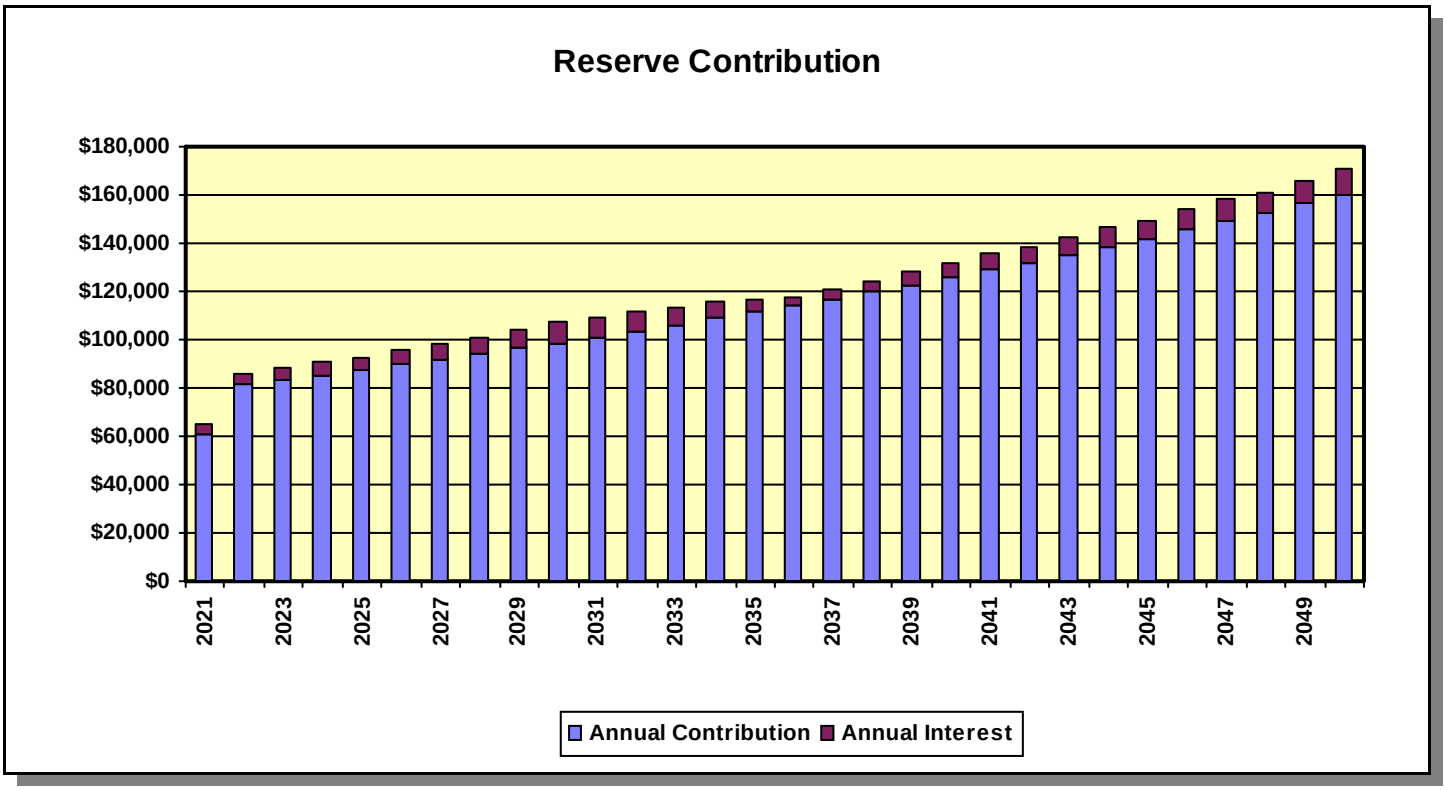


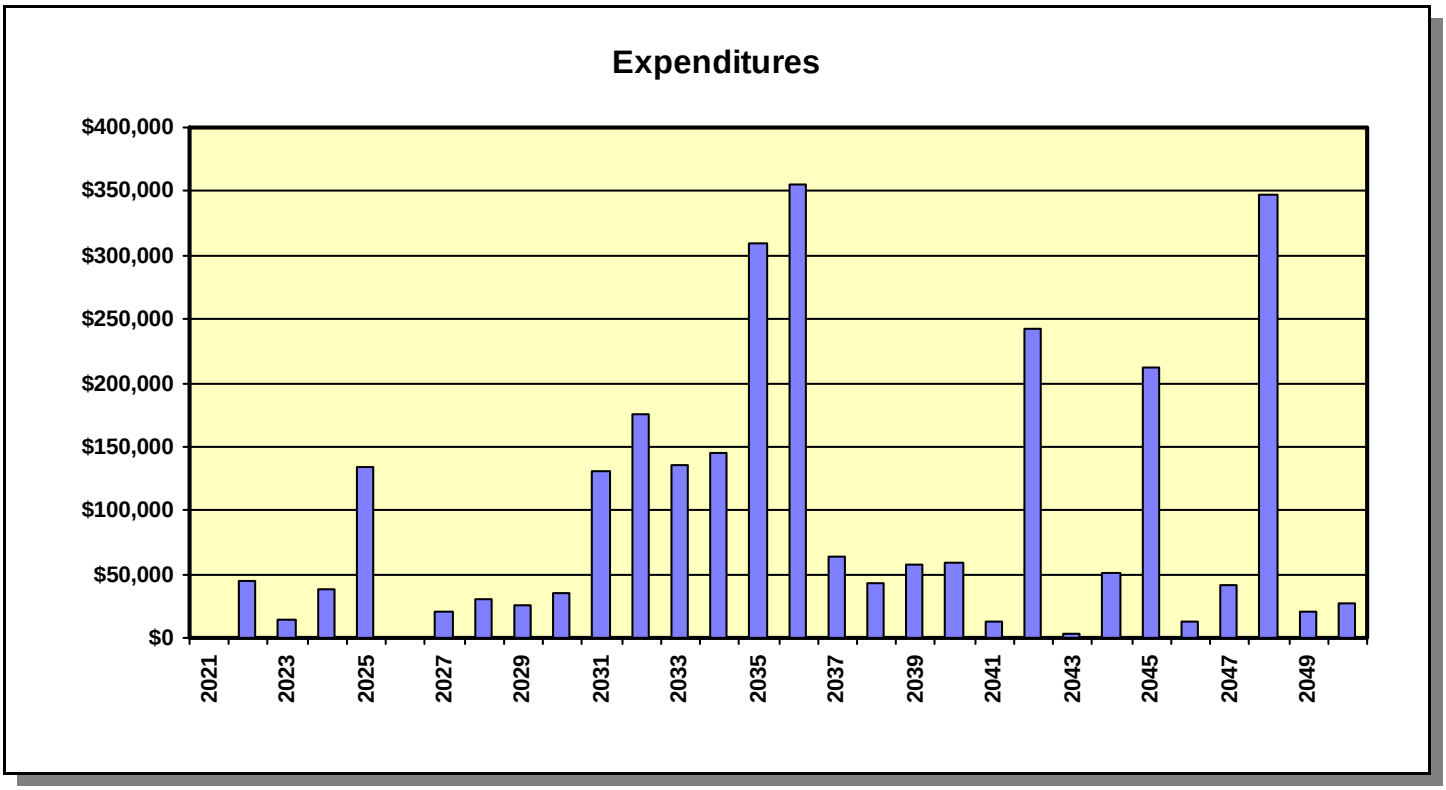


La Tierra Condominiums

Projection Charts

Directed Cash Flow Calculation Method





La Tierra Condominiums

Annual Expenditure Detail

Sorted by Description

2022 Fiscal Year	
Electrical: Light Fixtures (General Provision)	$6,147.00
Grounds: BBQ Grills	$2,049.00
Pool: Deck (Replace)	$30,735.00
Pool: Heater	$3,841.88
Roofs: Foam Recoat (Clubhouse)	$1,792.88
Sub Total	**$44,565.75**
2023 Fiscal Year	
Fitness Center: Carpet	$1,679.36
Fitness Center: Strength Equipment	$7,872.00
Grounds: Ramada Fabric Shade Cover	$1,889.28
Spa: Replaster & Retile	$2,728.96
Sub Total	**$14,169.60**
2024 Fiscal Year	
Asphalt: Crack Seal & Seal Coat	$19,087.89
Asphalt: Repairs	$4,730.31
Buildings: 2nd Story Landings (Recoat)	$6,451.89
Pool: Furniture	$8,064.87
Sub Total	**$38,334.96**
2025 Fiscal Year	
Paint: Buildings, Wall, Carports	$130,546.79
Spa: Heater	$3,029.57
Sub Total	**$133,576.36**
2027 Fiscal Year	
Electrical: Light Fixtures (General Provision)	$6,937.82
Fitness Center: Cardio Equipment	$13,875.64
Sub Total	**$20,813.46**
2028 Fiscal Year	
Asphalt: Crack Seal & Seal Coat	$21,028.38
Asphalt: Repairs	$5,211.20
Pool: Filter	$1,836.18
Spa: Filter	$1,540.02
Sub Total	**$29,615.78**
2029 Fiscal Year	
Grounds: BBQ Area Countertops	$13,653.63

La Tierra Condominiums

Annual Expenditure Detail

Sorted by Description

Grounds: BBQ Grills	$2,427.31
Pool: Furniture	$9,102.42
Sub Total	**$25,183.37**
2030 Fiscal Year	
Buildings: Stair Case Landings (2030)	$31,084.77
Pool: Heater	$4,662.72
Sub Total	**$35,747.49**
2031 Fiscal Year	
Buildings: Stair Case Landings (2031)	$31,846.35
Grounds: Ramada Fabric Shade Cover	$2,292.94
Roofs: Tile Underlayment (2031)	$93,500.88
Spa: Replaster & Retile	$3,312.02
Sub Total	**$130,952.18**
2032 Fiscal Year	
Asphalt: Crack Seal & Seal Coat	$23,166.14
Asphalt: Repairs	$5,740.97
Buildings: 2nd Story Landings (Recoat)	$7,830.38
Buildings: Stair Case Landings (2032)	$32,626.58
Electrical: Light Fixtures (General Provision)	$7,830.38
Roofs: Foam Recoat (Clubhouse)	$2,283.86
Roofs: Tile Underlayment (2032)	$95,791.65
Sub Total	**$175,269.97**
2033 Fiscal Year	
Buildings: Stair Case Landings (2033)	$33,425.93
Roofs: Tile Underlayment (2033)	$98,138.54
Spa: Heater	$3,676.85
Sub Total	**$135,241.33**
2034 Fiscal Year	
Buildings: Stair Case Landings (2034)	$34,244.87
Pool: Furniture	$10,273.46
Roofs: Tile Underlayment (2034)	$100,542.94
Sub Total	**$145,061.27**
2035 Fiscal Year	
Buildings: Stair Case Landings (2035)	$35,083.87
Paint: Buildings, Wall, Carports	$166,297.54

La Tierra Condominiums

Annual Expenditure Detail

Sorted by Description

Roofs: Tile Underlayment (2035)	$108,507.39
Sub Total	**$309,888.80**
2036 Fiscal Year	
Asphalt: Crack Seal & Seal Coat	$25,521.23
Asphalt: Remove & Repave	$284,607.22
Asphalt: Repairs	$6,324.60
Buildings: Stair Case Landings (2036)	$35,943.42
Grounds: BBQ Grills	$2,875.47
Sub Total	**$355,271.95**
2037 Fiscal Year	
Buildings: Stair Case Landings (2037)	$36,824.04
Electrical: Light Fixtures (General Provision)	$8,837.77
Fitness Center: Cardio Equipment	$17,675.54
Sub Total	**$63,337.35**
2038 Fiscal Year	
Buildings: Stair Case Landings (2038)	$37,726.23
Pool: Heater	$5,658.93
Sub Total	**$43,385.16**
2039 Fiscal Year	
Buildings: Stair Case Landings (2039)	$38,650.52
Grounds: Ramada Fabric Shade Cover	$2,782.84
Pool: Furniture	$11,595.16
Spa: Replaster & Retile	$4,019.65
Sub Total	**$57,048.17**
2040 Fiscal Year	
Asphalt: Crack Seal & Seal Coat	$28,115.73
Asphalt: Repairs	$6,967.57
Buildings: 2nd Story Landings (Recoat)	$9,503.39
Fitness Center: Carpet	$2,534.24
Fitness Center: Strength Equipment	$11,879.24
Sub Total	**$59,000.16**
2041 Fiscal Year	
Fitness Center: HVAC	$7,707.84
Spa: Heater	$4,462.44

La Tierra Condominiums

Annual Expenditure Detail

Sorted by Description

Sub Total	**$12,170.28**
2042 Fiscal Year	
Electrical: Light Fixtures (General Provision)	$9,974.76
Grounds: Irrigation System	$205,313.82
Pool: Resurface (Pebble)	$23,631.87
Roofs: Foam Recoat (Clubhouse)	$2,909.31
Sub Total	**$241,829.75**
2043 Fiscal Year	
Grounds: BBQ Grills	$3,406.38
Sub Total	**$3,406.38**
2044 Fiscal Year	
Asphalt: Crack Seal & Seal Coat	$30,974.00
Asphalt: Repairs	$7,675.90
Pool: Furniture	$13,086.89
Sub Total	**$51,736.78**
2045 Fiscal Year	
Paint: Buildings, Wall, Carports	$211,838.77
Sub Total	**$211,838.77**
2046 Fiscal Year	
Pool: Filter	$2,838.77
Pool: Heater	$6,868.00
Spa: Filter	$2,380.91
Sub Total	**$12,087.68**
2047 Fiscal Year	
Electrical: Light Fixtures (General Provision)	$11,258.03
Fitness Center: Cardio Equipment	$22,516.05
Grounds: Ramada Fabric Shade Cover	$3,377.41
Spa: Replaster & Retile	$4,878.48
Sub Total	**$42,029.97**
2048 Fiscal Year	
Asphalt: Crack Seal & Seal Coat	$34,122.83
Asphalt: Repairs	$8,456.23
Buildings: 2nd Story Landings (Recoat)	$11,533.85
Electrical: Infrastructure	$292,765.68

La Tierra Condominiums

Annual Expenditure Detail

Sorted by Description

Sub Total	**$346,878.59**
2049 Fiscal Year	
Pool: Furniture	$14,770.53
Spa: Heater	$5,415.86
Sub Total	**$20,186.40**
2050 Fiscal Year	
Grounds: BBQ Area Countertops	$22,698.62
Grounds: BBQ Grills	$4,035.31
Sub Total	**$26,733.93**

La Tierra Condominiums

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Asphalt: Crack Seal & Seal Coat

Category	010 Asphalt	Quantity	1 total
		Unit Cost	$17,750.970
		% of Replacement	100.00%
		Current Cost	$17,750.97
Placed In Service	06/20	Future Cost	$19,087.89
Useful Life	4		
		Assigned Reserves at FYB	$2,889.69
Remaining Life	3	Monthly Member Contribution	$272.06
Replacement Year	2024	Monthly Interest Contribution	$3.62
		Total Monthly Contribution	$275.67

Comments:

Rose Paving completed a project to repair, crack seal and seal coat the community asphalt in 6/2020 for $17,750.97. This project also included concrete repairs. We are budgeting for this scope of work every four (4) years.

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

Instead of using a typical seal coat maintenance program, the Association has the option to go with a High Density Mineral Bond (HA5) surface treatment. This product, sold in AZ by Holbrook Asphalt, provides a durable surface that reduces the frequency of "coating", preserves the underlying asphalt, and can significantly extend the timeframe before the major asphalt project may be needed. If the Association would like us to create an alternative reserve study that assumes an HA5 program, we can do so at the Board's request for an additional fee.

Note that we are not endorsing Holbrook Asphalt, but presenting the HA5 program as an alternative option to a typical seal coat maintenance program. We recommend that the Association contact Holbrook Asphalt (602.377.5406) to have the community asphalt evaluated to determine if the HA5 program is a viable option.

La Tierra Condominiums

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Asphalt: Remove & Repave

Category	010 Asphalt	Quantity	87,980 sq. ft.
		Unit Cost	$2.250
		% of Replacement	100.00%
		Current Cost	$197,955.00
Placed In Service	01/06	Future Cost	$284,607.22
Useful Life	30		
		Assigned Reserves at FYB	$0.00
Remaining Life	15	Monthly Member Contribution	$787.58
Replacement Year	2036	Monthly Interest Contribution	$4.72
		Total Monthly Contribution	$792.30

Comments:

The community asphalt drives and parking spaces were pulverized and repaved during the conversion process at a cost of approximately $118,000.00. The cost used above is based on current costs.

We are budgeting for similar work to be performed in 2036.

Asphalt: Repairs

Category	010 Asphalt	Quantity	87,980 sq. ft.
		Unit Cost	$5.000
		% of Replacement	1.00%
		Current Cost	$4,399.00
Placed In Service	06/20	Future Cost	$4,730.31
Useful Life	4		
		Assigned Reserves at FYB	$716.12
Remaining Life	3	Monthly Member Contribution	$67.42
Replacement Year	2024	Monthly Interest Contribution	$0.90
		Total Monthly Contribution	$68.32

Comments:

It is estimated that a percentage of the asphalt areas will require repair or replacement. These repairs are not specifically predictable in terms of nature, location or cost. The actual condition of the asphalt should be monitored through time and these estimates adjusted accordingly. The accumulated funds should be used as needed to make necessary repairs in conjunction with seal coat cycles.

Roofs: Foam Recoat (Clubhouse)

Category	020 Roofs	Quantity	1 total
		Unit Cost	$1,750.000
		% of Replacement	100.00%
		Current Cost	$1,750.00
Placed In Service	01/09	Future Cost	$1,792.88
Useful Life	10		
Adjustment	+3	Assigned Reserves at FYB	$1,615.38
Remaining Life	1	Monthly Member Contribution	$8.56
Replacement Year	2022	Monthly Interest Contribution	$1.16
		Total Monthly Contribution	$9.72

Comments:

This component is for an elastomeric recoat to the foam roofs in 2022 at the Board's request.

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

The clubhouse flat roof was foamed in in 2009.

Roofs: Metal, Carports (Unfunded)

Category	020 Roofs	Quantity	1 comment
		Unit Cost	$0.000
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	01/86	Future Cost	$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	$0.00
Remaining Life	n.a.	Monthly Member Contribution	$0.00
Replacement Year	n.a.	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$0.00

Comments:

We are not budgeting to replace the corrugated metal carport roofs because this type of roof has an indefinite useful life, and should last for the life of the carports if properly maintained. The condition of these roofs should be monitored over time, and if it becomes evident that future replacements are anticipated, we will include them in a future update of this report. If the Board would prefer that we include budgeting to replace these roofs, we will make the necessary changes based on direction provided by the Board with respect to replacement date.

Roofs: Tile Underlayment (2031)

Category	020 Roofs	Quantity	18,350 sq. ft.
		Unit Cost	$4.000
		% of Replacement	100.00%
		Current Cost	$73,400.00
Placed In Service	01/06	Future Cost	$93,500.88
Useful Life	25		
		Assigned Reserves at FYB	$44,040.00
Remaining Life	10	Monthly Member Contribution	$205.47
Replacement Year	2031	Monthly Interest Contribution	$31.53
		Total Monthly Contribution	$236.99

Comments:

The client has advised us that approximately $298,000.00 was spent during the conversion process to replace the tile roof underlayment on all buildings (KY-KO Roofing Systems). This included 10 buildings and the clubhouse with total square footage of 92,700 sq. ft.

The Board has requested that we budget to replace the underlayment on two (2) buildings per year starting in 2031, finishing in 2035.

We recommend that the client includes a line item in the annual operating budget for period roof inspections and repairs on an "as needed" basis.

Roofs: Tile Underlayment (2032)

Category	020 Roofs	Quantity	18,350 sq. ft.
		Unit Cost	$4.000
		% of Replacement	100.00%
		Current Cost	$73,400.00
Placed In Service	01/06	Future Cost	$95,791.65
Useful Life	26		
		Assigned Reserves at FYB	$42,346.15
Remaining Life	11	Monthly Member Contribution	$198.81
Replacement Year	2032	Monthly Interest Contribution	$30.32
		Total Monthly Contribution	$229.13

Comments:

The Board has requested that we budget to replace the underlayment on two (2) buildings per year starting in 2031, finishing in 2035.

La Tierra Condominiums

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Roofs: Tile Underlayment (2033)

Category	020 Roofs	Quantity	18,350 sq. ft.
		Unit Cost	$4.000
		% of Replacement	100.00%
		Current Cost	$73,400.00
Placed In Service	01/06	Future Cost	$98,138.54
Useful Life	27		
		Assigned Reserves at FYB	$40,777.78
Remaining Life	12	Monthly Member Contribution	$192.65
Replacement Year	2033	Monthly Interest Contribution	$29.21
		Total Monthly Contribution	$221.85

Comments:

The Board has requested that we budget to replace the underlayment on two (2) buildings per year starting in 2031, finishing in 2035.

Roofs: Tile Underlayment (2034)

Category	020 Roofs	Quantity	18,350 sq. ft.
		Unit Cost	$4.000
		% of Replacement	100.00%
		Current Cost	$73,400.00
Placed In Service	01/06	Future Cost	$100,542.94
Useful Life	28		
		Assigned Reserves at FYB	$39,321.43
Remaining Life	13	Monthly Member Contribution	$186.93
Replacement Year	2034	Monthly Interest Contribution	$28.17
		Total Monthly Contribution	$215.10

Comments:

The Board has requested that we budget to replace the underlayment on two (2) buildings per year starting in 2031, finishing in 2035.

La Tierra Condominiums

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Roofs: Tile Underlayment (2035)

Category	020 Roofs	Quantity	19,330 sq. ft.
		Unit Cost	$4.000
		% of Replacement	100.00%
		Current Cost	$77,320.00
Placed In Service	01/06	Future Cost	$108,507.39
Useful Life	29		
		Assigned Reserves at FYB	$34,789.00
Remaining Life	14	Monthly Member Contribution	$208.99
Replacement Year	2035	Monthly Interest Contribution	$25.18
		Total Monthly Contribution	$234.17

Comments:

The Board has requested that we budget to replace the underlayment on two (2) buildings per year starting in 2031, finishing in 2035.

La Tierra Condominiums

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Paint: Buildings, Wall, Carports

Category	030 Painting	Quantity	1 total
		Unit Cost	$118,500.000
		% of Replacement	100.00%
		Current Cost	$118,500.00
Placed In Service	01/15	Future Cost	$130,546.79
Useful Life	10		
		Assigned Reserves at FYB	$71,100.00
Remaining Life	4	Monthly Member Contribution	$709.44
Replacement Year	2025	Monthly Interest Contribution	$53.17
		Total Monthly Contribution	$762.60

Comments:

The client has advised us that $100,000 was spent in late 2014 to paint the following components:

- building exteriors (stucco, metal, wood)
- perimeter and trash enclosure walls
- metal carport support structures (120 spaces)

The cost has been adjusted for inflation.

We are budgeting to paint the above components on a continuous 10 year cycle.

** NOTE: Approximately $4,500 was spent in 2008 to scrape and restucco the front and side perimeter walls where needed.

La Tierra Condominiums

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Buildings: 2nd Story Landings (Recoat)

Category	035 Buildings	Quantity	1 total
		Unit Cost	$6,000.000
		% of Replacement	100.00%
		Current Cost	$6,000.00
Placed In Service	01/16	Future Cost	$6,451.89
Useful Life	8		
		Assigned Reserves at FYB	$3,750.00
Remaining Life	3	Monthly Member Contribution	$43.96
Replacement Year	2024	Monthly Interest Contribution	$2.84
		Total Monthly Contribution	$46.80

Comments:

The 2nd story landings at the top of the staircases throughout the property were recoated in 2016.

Based on the condition observed at the time of our 2/2021 site visit, we are budgeting to recoat them on a continuous eight (8) year cycle. There are approximately 1,235 sq. ft. of 2nd story landings.

Buildings: Stair Case Landings (2030)

Category	035 Buildings	Quantity	1 total
		Unit Cost	$25,000.000
		% of Replacement	100.00%
		Current Cost	$25,000.00
Placed In Service	01/86	Future Cost	$31,084.77
Useful Life	40		
Adjustment	+4	Assigned Reserves at FYB	$19,886.36
Remaining Life	9	Monthly Member Contribution	$49.00
Replacement Year	2030	Monthly Interest Contribution	$13.97
		Total Monthly Contribution	$62.97

Comments:

We have been asked to budget $25,000 per year between 2030 and 2039 for rebuilding the upper metal staircase stringers that support the steps.

We have included budgeting for this project on a 40 year cycle.

La Tierra Condominiums

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Buildings: Stair Case Landings (2031)

Category	035 Buildings	Quantity	1 total
		Unit Cost	$25,000.000
		% of Replacement	100.00%
		Current Cost	$25,000.00
Placed In Service	01/86	Future Cost	$31,846.35
Useful Life	40		
Adjustment	+5	Assigned Reserves at FYB	$19,444.44
Remaining Life	10	Monthly Member Contribution	$48.16
Replacement Year	2031	Monthly Interest Contribution	$13.67
		Total Monthly Contribution	$61.83

Comments:

We have been asked to budget $25,000 per year between 2030 and 2039 for rebuilding the upper metal staircase stringers that support the steps.

We have included budgeting for this project on a 40 year cycle.

Buildings: Stair Case Landings (2032)

Category	035 Buildings	Quantity	1 total
		Unit Cost	$25,000.000
		% of Replacement	100.00%
		Current Cost	$25,000.00
Placed In Service	01/86	Future Cost	$32,626.58
Useful Life	40		
Adjustment	+6	Assigned Reserves at FYB	$19,021.74
Remaining Life	11	Monthly Member Contribution	$47.35
Replacement Year	2032	Monthly Interest Contribution	$13.37
		Total Monthly Contribution	$60.72

Comments:

We have been asked to budget $25,000 per year between 2030 and 2099 for rebuilding the upper metal staircase stringers that support the steps.

We have included budgeting for this project on a 40 year cycle.

La Tierra Condominiums

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Buildings: Stair Case Landings (2033)

Category	035 Buildings	Quantity	1 total
		Unit Cost	$25,000.000
		% of Replacement	100.00%
		Current Cost	$25,000.00
Placed In Service	01/86	Future Cost	$33,425.93
Useful Life	40		
Adjustment	+7	Assigned Reserves at FYB	$18,617.02
Remaining Life	12	Monthly Member Contribution	$46.58
Replacement Year	2033	Monthly Interest Contribution	$13.09
		Total Monthly Contribution	$59.67

Comments:

We have been asked to budget $25,000 per year between 2030 and 2099 for rebuilding the upper metal staircase stringers that support the steps.

We have included budgeting for this project on a 40 year cycle.

Buildings: Stair Case Landings (2034)

Category	035 Buildings	Quantity	1 total
		Unit Cost	$25,000.000
		% of Replacement	100.00%
		Current Cost	$25,000.00
Placed In Service	01/86	Future Cost	$34,244.87
Useful Life	40		
Adjustment	+8	Assigned Reserves at FYB	$18,229.17
Remaining Life	13	Monthly Member Contribution	$45.84
Replacement Year	2034	Monthly Interest Contribution	$12.82
		Total Monthly Contribution	$58.66

Comments:

We have been asked to budget $25,000 per year between 2030 and 2099 for rebuilding the upper metal staircase stringers that support the steps.

We have included budgeting for this project on a 40 year cycle.

La Tierra Condominiums

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Buildings: Stair Case Landings (2035)

Category	035 Buildings	Quantity	1 total
		Unit Cost	$25,000.000
		% of Replacement	100.00%
		Current Cost	$25,000.00
Placed In Service	01/86	Future Cost	$35,083.87
Useful Life	40		
Adjustment	+9	Assigned Reserves at FYB	$17,857.14
Remaining Life	14	Monthly Member Contribution	$45.13
Replacement Year	2035	Monthly Interest Contribution	$12.56
		Total Monthly Contribution	$57.69

Comments:

We have been asked to budget $25,000 per year between 2030 and 2099 for rebuilding the upper metal staircase stringers that support the steps.

We have included budgeting for this project on a 40 year cycle.

Buildings: Stair Case Landings (2036)

Category	035 Buildings	Quantity	1 total
		Unit Cost	$25,000.000
		% of Replacement	100.00%
		Current Cost	$25,000.00
Placed In Service	01/86	Future Cost	$35,943.42
Useful Life	40		
Adjustment	+10	Assigned Reserves at FYB	$0.00
Remaining Life	15	Monthly Member Contribution	$99.46
Replacement Year	2036	Monthly Interest Contribution	$0.60
		Total Monthly Contribution	$100.06

Comments:

We have been asked to budget $25,000 per year between 2030 and 2099 for rebuilding the upper metal staircase stringers that support the steps.

We have included budgeting for this project on a 40 year cycle.

La Tierra Condominiums

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Buildings: Stair Case Landings (2037)

Category	035 Buildings	Quantity	1 total
		Unit Cost	$25,000.000
		% of Replacement	100.00%
		Current Cost	$25,000.00
Placed In Service	01/86	Future Cost	$36,824.04
Useful Life	40		
Adjustment	+11	Assigned Reserves at FYB	$0.00
Remaining Life	16	Monthly Member Contribution	$93.95
Replacement Year	2037	Monthly Interest Contribution	$0.56
		Total Monthly Contribution	$94.51

Comments:

We have been asked to budget $25,000 per year between 2030 and 2099 for rebuilding the upper metal staircase stringers that support the steps.

We have included budgeting for this project on a 40 year cycle.

Buildings: Stair Case Landings (2038)

Category	035 Buildings	Quantity	1 total
		Unit Cost	$25,000.000
		% of Replacement	100.00%
		Current Cost	$25,000.00
Placed In Service	01/86	Future Cost	$37,726.23
Useful Life	40		
Adjustment	+12	Assigned Reserves at FYB	$0.00
Remaining Life	17	Monthly Member Contribution	$89.09
Replacement Year	2038	Monthly Interest Contribution	$0.53
		Total Monthly Contribution	$89.63

Comments:

We have been asked to budget $25,000 per year between 2030 and 2099 for rebuilding the upper metal staircase stringers that support the steps.

We have included budgeting for this project on a 40 year cycle.

Buildings: Stair Case Landings (2039)

Category	035 Buildings	Quantity	1 total
		Unit Cost	$25,000.000
		% of Replacement	100.00%
		Current Cost	$25,000.00
Placed In Service	01/86	Future Cost	$38,650.52
Useful Life	40		
Adjustment	+13	Assigned Reserves at FYB	$0.00
Remaining Life	18	Monthly Member Contribution	$84.78
Replacement Year	2039	Monthly Interest Contribution	$0.51
		Total Monthly Contribution	$85.29

Comments:

We have been asked to budget $25,000 per year between 2030 and 2099 for rebuilding the upper metal staircase stringers that support the steps.

We have included budgeting for this project on a 40 year cycle.

Electrical: Infrastructure

Category	050 Electrical	Quantity	1 total
		Unit Cost	$152,299.040
		% of Replacement	100.00%
		Current Cost	$152,299.04
Placed In Service	01/18	Future Cost	$292,765.68
Useful Life	30		
		Assigned Reserves at FYB	$0.00
Remaining Life	27	Monthly Member Contribution	$367.99
Replacement Year	2048	Monthly Interest Contribution	$2.21
		Total Monthly Contribution	$370.20

Comments:

Arizona Experts completed a project to replace the electrical conduit and wiring to the lighting and irrigation systems throughout the community in late 2017 for $152,299.04. The management team has requested that we budget for this same scope of work every 30 years.

La Tierra Condominiums

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Electrical: Light Fixtures (General Provision)

Category	050 Electrical	Quantity	1 total
		Unit Cost	$6,000.000
		% of Replacement	100.00%
		Current Cost	$6,000.00
Placed In Service	07/17	Future Cost	$6,147.00
Useful Life	5		
		Assigned Reserves at FYB	$4,666.67
Remaining Life	1	Monthly Member Contribution	$75.35
Replacement Year	2022	Monthly Interest Contribution	$3.67
		Total Monthly Contribution	$79.01

Comments:

A number of electrical and lighting projects are being completed during the latter half of 2017. We are including a provision of $6.000 every five (5) to be used as needed for repair/replacement of lighting throughout the community.

Pool: Aluminum Fencing (Unfunded)

One Time Replacement

Category	060 Pool	Quantity	1 comment
		Unit Cost	$0.000
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	01/19	Future Cost	$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	$0.00
Remaining Life	n.a.	Monthly Member Contribution	$0.00
Replacement Year	n.a.	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$0.00

Comments:

The Board previously advised that they would be replacing the pool fencing in 2019 with a maintenance free vinyl fence. At the time of our 2/2021 site visit, we noted that the new fence is an aluminum fence. Aluminum fencing is meant to be maintenance free and should not rust. Therefore, we have not included budgeting to paint, repair or replace this fencing in this analysis. Any required repairs should be handled as needed using funds from the annual operating budget.

La Tierra Condominiums

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Pool: Deck (Replace)

One Time Replacement

Category	060 Pool	Quantity	1 total
		Unit Cost	$30,000.000
		% of Replacement	100.00%
		Current Cost	$30,000.00
Placed In Service	01/17	Future Cost	$30,735.00
Useful Life	14		
Adjustment	-9	Assigned Reserves at FYB	$24,000.00
Remaining Life	1	Monthly Member Contribution	$341.57
Replacement Year	2022	Monthly Interest Contribution	$18.55
		Total Monthly Contribution	$360.13

Comments:

Tropical Water Pools resurfaced the pool deck in early 2017 for $9,356.

The Board has requested that we budget $20,000 - $30,000 to replace the pool deck with pavers in 2022. This is a one-time expense for $30,000 in 2022 that is not recurring in this analysis as pavers have an indefinite life once replaced.

Measurement = 2,360 square feet

Pool: Filter

Category	060 Pool	Quantity	1 filter
		Unit Cost	$1,550.000
		% of Replacement	100.00%
		Current Cost	$1,550.00
Placed In Service	01/10	Future Cost	$1,836.18
Useful Life	18		
		Assigned Reserves at FYB	$947.22
Remaining Life	7	Monthly Member Contribution	$5.63
Replacement Year	2028	Monthly Interest Contribution	$0.69
		Total Monthly Contribution	$6.31

Comments:

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

We were not provided keys to the pool equipment room where the filters are located.

La Tierra Condominiums

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Pool: Furniture

Category	060 Pool	Quantity	1 total
		Unit Cost	$7,500.000
		% of Replacement	100.00%
		Current Cost	$7,500.00
Placed In Service	01/19	Future Cost	$8,064.87
Useful Life	5		
		Assigned Reserves at FYB	$3,000.00
Remaining Life	3	Monthly Member Contribution	$84.15
Replacement Year	2024	Monthly Interest Contribution	$2.56
		Total Monthly Contribution	$86.72

Comments:

The pool furniture is of varying ages but most is high quality and in good condition. For budgeting purposes we have included a provision of $7,500 every 5 years to be used as needed.

Pool: Heater

Category	060 Pool	Quantity	1 heater
		Unit Cost	$3,750.000
		% of Replacement	100.00%
		Current Cost	$3,750.00
Placed In Service	01/14	Future Cost	$3,841.88
Useful Life	8		
		Assigned Reserves at FYB	$3,281.25
Remaining Life	1	Monthly Member Contribution	$27.86
Replacement Year	2022	Monthly Interest Contribution	$2.43
		Total Monthly Contribution	$30.29

Comments:

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

Placed in service date is based on the serial number on the heater.

Pool: Resurface (Pebble)

Category	060 Pool	Quantity	1 total
		Unit Cost	$14,215.000
		% of Replacement	100.00%
		Current Cost	$14,215.00
Placed In Service	01/17	Future Cost	$23,631.87
Useful Life	25		
		Assigned Reserves at FYB	$0.00
Remaining Life	21	Monthly Member Contribution	$42.25
Replacement Year	2042	Monthly Interest Contribution	$0.25
		Total Monthly Contribution	$42.50

Comments:

Tropical Water Pools completed a project to resurface the pool with a pebble surface during 2016 for a total cost of $12,904. We are budgeting to resurface on a 25 year cycle.

Measurements: 1,320 SF (Internal Area), 115 LF of trim tile

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

Spa: Filter

Category	060 Pool	Quantity	1 filter
		Unit Cost	$1,300.000
		% of Replacement	100.00%
		Current Cost	$1,300.00
Placed In Service	01/10	Future Cost	$1,540.02
Useful Life	18		
		Assigned Reserves at FYB	$794.44
Remaining Life	7	Monthly Member Contribution	$4.72
Replacement Year	2028	Monthly Interest Contribution	$0.57
		Total Monthly Contribution	$5.29

Comments:

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

We were not provided keys to the pool equipment room where the filters are located.

Spa: Heater

Category	060 Pool	Quantity	1 heater
		Unit Cost	$2,750.000
		% of Replacement	100.00%
		Current Cost	$2,750.00
Placed In Service	01/17	Future Cost	$3,029.57
Useful Life	8		
		Assigned Reserves at FYB	$1,375.00
Remaining Life	4	Monthly Member Contribution	$20.01
Replacement Year	2025	Monthly Interest Contribution	$1.06
		Total Monthly Contribution	$21.07

Comments:

This is a Raypak, 206,000 BTU input heater.

Installed late 2016/early 2017 by Tropical Water Pools for $2,498.

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

La Tierra Condominiums

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Spa: Replaster & Retile

Category	060 Pool	Quantity	1 total
		Unit Cost	$2,600.000
		% of Replacement	100.00%
		Current Cost	$2,600.00
Placed In Service	03/15	Future Cost	$2,728.96
Useful Life	8		
		Assigned Reserves at FYB	$1,936.17
Remaining Life	2	Monthly Member Contribution	$19.54
Replacement Year	2023	Monthly Interest Contribution	$1.45
		Total Monthly Contribution	$20.99

Comments:

Tropical Water Pools replastered the spa during 2015 for $2,348.

We are budgeting to resurface the spa in 2020 with all tile or a pebble sheen surface in order to get a much longer userful life.

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

Clubhouse: Unfunded

Category	090 Clubhouse	Quantity	1 comment
		Unit Cost	$0.000
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	01/06	Future Cost	$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	$0.00
Remaining Life	n.a.	Monthly Member Contribution	$0.00
Replacement Year	n.a.	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$0.00

Comments:

The Board has requested that we exclude budgeting for all clubhouse related expenses except for the roof.

La Tierra Condominiums

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Fitness Center: Cardio Equipment

Category	090 Clubhouse	Quantity	1 total
		Unit Cost	$12,000.000
		% of Replacement	100.00%
		Current Cost	$12,000.00
Placed In Service	01/17	Future Cost	$13,875.64
Useful Life	10		
		Assigned Reserves at FYB	$4,800.00
Remaining Life	6	Monthly Member Contribution	$70.87
Replacement Year	2027	Monthly Interest Contribution	$3.72
		Total Monthly Contribution	$74.59

Comments:

Comm Fit replaced the treadmill ($4,102.06) and recumbent bike ($2,092.96) in 1/2017. We have included a provision for the elliptical trainer and rower and have scheduled replacement every 10 years.

Fitness Center: Carpet

Category	090 Clubhouse	Quantity	40 sq. yds.
		Unit Cost	$40.000
		% of Replacement	100.00%
		Current Cost	$1,600.00
Placed In Service	01/06	Future Cost	$1,679.36
Useful Life	17		
		Assigned Reserves at FYB	$1,411.76
Remaining Life	2	Monthly Member Contribution	$6.26
Replacement Year	2023	Monthly Interest Contribution	$1.01
		Total Monthly Contribution	$7.27

Comments:

$1,400.00 was spent during the conversion process to purchase/install the carpet in the fitness center (40 sq. yds.). The cost has been adjusted for inflation.

Fitness Center: HVAC

Category	090 Clubhouse	Quantity	1 total
		Unit Cost	$4,750.000
		% of Replacement	100.00%
		Current Cost	$4,750.00
Placed In Service	01/21	Future Cost	$7,707.84
Useful Life	20		
		Assigned Reserves at FYB	$0.00
Remaining Life	20	Monthly Member Contribution	$14.71
Replacement Year	2041	Monthly Interest Contribution	$0.09
		Total Monthly Contribution	$14.80

Comments:

Klimate King Air Conditioning & Heating completed a project in late 2020 to replace the rooftop mounted AC unit with a Day & Night, 4 ton, package unit heat pump for a total cost of $4,750.

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

Fitness Center: Strength Equipment

Category	090 Clubhouse	Quantity	1 total
		Unit Cost	$7,500.000
		% of Replacement	100.00%
		Current Cost	$7,500.00
Placed In Service	01/06	Future Cost	$7,872.00
Useful Life	17		
		Assigned Reserves at FYB	$6,617.65
Remaining Life	2	Monthly Member Contribution	$29.35
Replacement Year	2023	Monthly Interest Contribution	$4.73
		Total Monthly Contribution	$34.08

Comments:

This component budgets to replace the BodySolid universal machine every 20 years, next in 2023 at the Board's request.

Grounds: BBQ Area Countertops

Category	100 Grounds	Quantity	750 sq. ft.
		Unit Cost	$15.000
		% of Replacement	100.00%
		Current Cost	$11,250.00
Placed In Service	01/06	Future Cost	$13,653.63
Useful Life	21		
Adjustment	+2	Assigned Reserves at FYB	$7,336.96
Remaining Life	8	Monthly Member Contribution	$33.80
Replacement Year	2029	Monthly Interest Contribution	$5.25
		Total Monthly Contribution	$39.06

Comments:

This component includes a provision to replace the ceramic tile counter tops at the BBQ grill areas, and the ceramic tile floor cover at the BBQ grill areas and ramada. This ceramic tile was installed during the conversion process. There is approximately 750 sq. ft. of ceramic tile at these locations.

Grounds: BBQ Grills

Category	100 Grounds	Quantity	2 grills
		Unit Cost	$1,000.000
		% of Replacement	100.00%
		Current Cost	$2,000.00
Placed In Service	07/15	Future Cost	$2,049.00
Useful Life	7		
		Assigned Reserves at FYB	$1,692.31
Remaining Life	1	Monthly Member Contribution	$17.90
Replacement Year	2022	Monthly Interest Contribution	$1.27
		Total Monthly Contribution	$19.17

Comments:

These are Turbo, 3-burner, built in grills.

Installed in 7/2015.

Board has requested replacement in 2022.

La Tierra Condominiums

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Grounds: Concrete Components (Unfunded)

Category	100 Grounds	Quantity	1 comment
		Unit Cost	$0.000
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	01/86	Future Cost	$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	$0.00
Remaining Life	n.a.	Monthly Member Contribution	$0.00
Replacement Year	n.a.	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$0.00

Comments:

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

Grounds: Granite Replenishment (Unfunded)

Category	100 Grounds	Quantity	1 comment
		Unit Cost	$0.000
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	01/86	Future Cost	$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	$0.00
Remaining Life	n.a.	Monthly Member Contribution	$0.00
Replacement Year	n.a.	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$0.00

Comments:

We are not budgeting to replenish the common area granite landscape rock located throughout the community because the cost to do so is most often considered an operating expense. We recommend that a line item be set up in the annual operating budget to account for future replenishments, that the condition of the granite be monitored over time, and adjusted an experience dictates.

Should the Association wish to have granite replenishment included in the reserve study, we will budget for it the Board's request. However, in order to do so, we will need the following information:

- $ amount to be budgeted or total square footage
- Useful life to be used
- Year in which the next expenditure should occur

La Tierra Condominiums

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Grounds: Irrigation System

Category	100 Grounds	Quantity	1 total
		Unit Cost	$123,500.000
		% of Replacement	100.00%
		Current Cost	$123,500.00
Placed In Service	07/17	Future Cost	$205,313.82
Useful Life	25		
		Assigned Reserves at FYB	$0.00
Remaining Life	21	Monthly Member Contribution	$367.09
Replacement Year	2042	Monthly Interest Contribution	$2.20
		Total Monthly Contribution	$369.28

Comments:

One Fix Sprinklers completed a project to replace the irrigation system during 2017 for a total cost of $112,000. The final $40,000 payment has been deducted from the beginning 1/2018 reserve balance.

We are budgeting to replace this system on a 30 year cyle going forward.

Grounds: Monument Sign Letters (Unfunded)

Category	100 Grounds	Quantity	1 comment
		Unit Cost	$0.000
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	01/06	Future Cost	$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	$0.00
Remaining Life	n.a.	Monthly Member Contribution	$0.00
Replacement Year	n.a.	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$0.00

Comments:

The client has advised us that the monument sign was rebuilt during the conversion process at a cost of $2,250.00. The new monument sign letters indicate, "LA TIERRA CONDOMINIUMS".

The following comments apply:

We are not budgeting to replace the solid steel letters making up this sign because they have an indefinite useful life and should last for the life of the community. Any required repairs and/or replacements should be handled as needed using funds from the operating budget.

Please note that should the Board wish to budget to replace these letters for aesthetic/remodeling purposes, we will do so at upon request in a revision or future update of this report.

Grounds: Ramada Fabric Shade Cover

Category	100 Grounds	Quantity	600 sq. ft.
		Unit Cost	$3.000
		% of Replacement	100.00%
		Current Cost	$1,800.00
Placed In Service	01/15	Future Cost	$1,889.28
Useful Life	8		
		Assigned Reserves at FYB	$1,350.00
Remaining Life	2	Monthly Member Contribution	$13.28
Replacement Year	2023	Monthly Interest Contribution	$1.01
		Total Monthly Contribution	$14.29

Comments:

This component includes a provision to replace the fabric shade cover atop the wood ramada beams.

The actual date this component was placed into service is not available. For budgeting purposes, this date has been estimated based on its condition at our most recent site visit.

Grounds: Tree Trimming (Unfunded)

Category	100 Grounds	Quantity	1 comment
		Unit Cost	$0.000
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	01/86	Future Cost	$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	$0.00
Remaining Life	n.a.	Monthly Member Contribution	$0.00
Replacement Year	n.a.	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$0.00

Comments:

We have been advised by arborists that major tree trimming is usually required every 3 – 5 years and could be considered a reserve expense. However, the cost for a major tree trimming 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 Board obtain a proposal and trimming schedule we will include budgeting for tree trimming in a revision or future update of this analysis at the Board's request.

La Tierra Condominiums

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Number of components included in this reserve analysis is 46.