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**The Landings C.A.
*Litchfield Park, AZ***



Report #: 43744-0

Beginning: January 1, 2023

Expires: December 31, 2023

RESERVE STUDY
"Full"

May 16, 2022

Welcome to your Reserve Study!

A Reserve Study is a valuable tool to help you budget responsibly for your property. This report contains all the information you need to avoid surprise expenses, make informed decisions, save money, and protect property values.

Regardless of the property type, it's a fact of life that the very moment construction is completed, every major building component begins a predictable process of physical deterioration. The operative word is "predictable" because planning for the inevitable is what a Reserve Study by **Association Reserves** is all about!

In this Report, you will find three key results:

- **Component List**
Unique to each property, the Component List serves as the foundation of the Reserve Study and details the scope and schedule of all necessary repairs & replacements.
- **Reserve Fund Strength**
A calculation that measures how well the Reserve Fund has kept pace with the property's physical deterioration.
- **Reserve Funding Plan**
A multi-year funding plan based on current Reserve Fund strength that allows for component repairs and replacements to be completed in a timely manner, with an emphasis on fairness and avoiding "catch-up" funding.

Questions?

Please contact your Project Manager directly.



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The Landings C.A.
Litchfield Park, AZ
Level of Service: "Full"

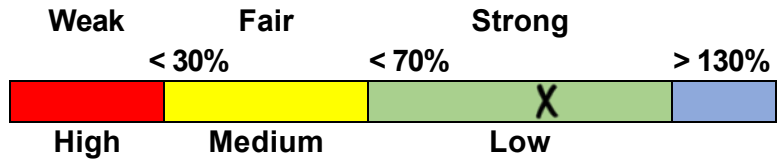
Report #: **43744-0**
of Units: 388
January 1, 2023 through December 31, 2023

Findings & Recommendations

as of January 1, 2023

Projected Starting Reserve Balance	\$55,863
Current Fully Funded Reserve Balance	\$52,111
Average Reserve Deficit (Surplus) Per Unit	(\$10)
Percent Funded	107.2 %
Current Monthly Reserve Contribution	\$6,207
Recommended 2023 Monthly Reserve Contribution	\$6,207

Reserve Fund Strength: 107.2%



Risk of Special Assessment:

Economic Assumptions:

Net Annual "After Tax" Interest Earnings Accruing to Reserves	0.25 %
Annual Inflation Rate	3.00 %

This is a "Full" Reserve Study (original, created "from scratch") based on our site inspection on 2/24/2022.

The Reserve expense threshold for this analysis is \$2,000. That means any Reserve related expenses under the threshold are not funded in the Reserve Study and need to be paid from the Operating Budget.

Your Reserve Fund is 107.2 % Funded. This means the Reserve Fund status is Strong, and the HOA's risk of special assessments & deferred maintenance is currently Low.

The objective of your multi-year Funding Plan is to Fully Fund Reserves, where associations enjoy a low risk of Reserve cash flow problems.

Based on this starting point and anticipated future expenses, we recommend keeping Monthly Reserve contributions at \$6,207 for the 2023 Fiscal Year, as well as the next several years. Nominal annual increases are scheduled to help offset inflation. Going forward, the contribution rate should be increased as illustrated on the 30-Year Summary Table.

This Reserve Study does not account for every potential expense the HOA may face. Projects deemed unpredictable with regard to timing and cost are typically not included. It is beyond the scope of this Reserve Study to inspect or assess structural conditions of buildings, walls, electrical systems, utilities, plumbing systems, irrigation, drainage, etc. We recommend scheduling periodic inspections by qualified engineers or other industry professionals to assess any potential issues or concerns.

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
GROUNDS				
100	Monument - Refurbish	20	19	\$7,500
220	Concrete - Repair	5	4	\$5,000
344	Landscape Lights - Replace	12	11	\$30,000
380	Mailboxes - Replace	18	17	\$89,000
500	Block Walls - Repair	25	24	\$100,000
510	View Fence - Replace	30	29	\$100,000
515	View Fence - Repaint (50%)	5	4	\$7,500
610	Irrig Controller - Replace	12	11	\$3,500
640	Granite - Replenish	10	9	\$240,000
660	Drywells - Inspect/Clean	5	4	\$12,000
662	Drywells - Partial Replace	30	29	\$44,000
PLAYGROUND				
805	Park Furniture - Replace	15	14	\$8,000
810	Playground Equip - Replace	20	19	\$75,000
812	Soccer Goals - Replace	20	19	\$20,000
816	Playground Wood - Replenish	5	4	\$4,500
820	Ramada Roof - Replace	30	29	\$3,500
16 Total Funded Components				

Note 1: Yellow highlighted line items are expected to require attention in this initial year.

Introduction



A Reserve Study is the art and science of anticipating, and preparing for, an association's major common area repair and replacement expenses. Partially art, because in this field we are making projections about the future. Partially science, because our work is a combination of research and well-defined computations, following consistent National Reserve Study Standard principles.

The foundation of this and every Reserve Study is your Reserve Component List (what you are reserving for). This is because the Reserve Component List defines the *scope and schedule* of all your anticipated upcoming Reserve projects. Based on that List and your starting balance, we calculate the association's Reserve Fund Strength (reported in terms of "Percent Funded"). Then we compute a Reserve Funding Plan to provide for the Reserve needs of the association. These form the three results of your Reserve Study.



Reserve contributions are not “for the future”. Reserve contributions are designed to offset the ongoing, daily deterioration of your Reserve assets. Done well, a stable, budgeted Reserve Funding Plan will collect sufficient funds from the owners who enjoyed the use of those assets, so the association is financially prepared for the irregular expenditures scattered through future years when those projects eventually require replacement.

Methodology



For this [Full Reserve Study](#), we started with a review of your Governing Documents, recent Reserve expenditures, an evaluation of how expenditures are handled (ongoing maintenance vs Reserves), and research into any well-established association precedents. We

performed an on-site inspection to quantify and evaluate your common areas, creating your Reserve Component List *from scratch*.

Which Physical Assets are Funded by Reserves?

There is a national-standard four-part test to determine which expenses should appear in your Reserve Component List. First, it must be a common area maintenance responsibility. Second, the component must have a limited life. Third, the remaining life must be predictable (or it by definition is a *surprise* which cannot be accurately anticipated). Fourth, the component must be above a minimum threshold cost (often between .5% and 1% of an association's total budget). This limits Reserve



Components to major, predictable expenses. Within this framework, it is inappropriate to include *lifetime* components, unpredictable expenses (such as damage due to fire, flood, or earthquake), and expenses more appropriately handled from the Operational Budget or as an insured loss.

How do we establish Useful Life and Remaining Useful Life estimates?

- 1) Visual Inspection (observed wear and age)
- 2) Association Reserves database of experience
- 3) Client History (install dates & previous life cycle information)
- 4) Vendor Evaluation and Recommendation

How do we establish Current Repair/Replacement Cost Estimates?

In this order...

- 1) Actual client cost history, or current proposals
- 2) Comparison to Association Reserves database of work done at similar associations
- 3) Vendor Recommendations
- 4) Reliable National Industry cost estimating guidebooks

How much Reserves are enough?

Reserve adequacy is not measured in cash terms. Reserve adequacy is found when the *amount* of current Reserve cash is compared to Reserve component deterioration (the *needs of the association*). Having *enough* means the association can execute its projects in a timely manner with existing Reserve funds. Not having *enough* typically creates deferred maintenance or special assessments.

Adequacy is measured in a two-step process:

- 1) Calculate the *value of deterioration* at the association (called Fully Funded Balance, or FFB).
- 2) Compare that to the Reserve Fund Balance, and express as a percentage.



Each year, the *value of deterioration* at the association changes. When there is more deterioration (as components approach the time they need to be replaced), there should be more cash to offset that deterioration and prepare for the expenditure. Conversely, the *value of deterioration* shrinks after projects are accomplished. The *value of deterioration* (the FFB) changes each year, and is a moving but predictable target.

There is a high risk of special assessments and deferred maintenance when the Percent Funded is *weak*, below 30%. Approximately 30% of all associations are in this high risk range. While the 100% point is Ideal (indicating Reserve cash is equal to the *value of deterioration*), a Reserve Fund in the 70% - 130% range is considered strong (low risk of special assessment).

Measuring your Reserves by Percent Funded tells how well prepared your association is for upcoming Reserve expenses. New buyers should be very aware of this important disclosure!

How much should we contribute?



RESERVE FUNDING PRINCIPLES

According to National Reserve Study Standards, there are four Funding Principles to balance in developing your Reserve Funding Plan. Our first objective is to design a plan that provides you with sufficient cash to perform your Reserve projects on time. Second, a stable contribution is desirable because it keeps these naturally irregular expenses from unsettling the budget.

Reserve contributions that are evenly distributed over current and future owners enable each owner to pay their fair share of the association's Reserve expenses over the years. And finally, we develop a plan that is fiscally responsible and safe for Boardmembers to recommend to their association. Remember, it is the Board's job to provide for the ongoing care of the common areas. Boardmembers invite liability exposure when Reserve contributions are inadequate to offset ongoing common area deterioration.

What is our Recommended Funding Goal?

Maintaining the Reserve Fund at a level equal to the *value* of deterioration is called "Full Funding" (100% Funded). As each asset ages and becomes "used up," the Reserve Fund grows proportionally. **This is simple, responsible, and our recommendation.** Evidence shows that associations in the 70 - 130% range *enjoy a low risk of special assessments or deferred maintenance.*



FUNDING OBJECTIVES

Allowing the Reserves to fall close to zero, but not below zero, is called Baseline Funding. Doing so allows the Reserve Fund to drop into the 0 - 30% range, where there is a high risk of special assessments & deferred maintenance. Since Baseline Funding still provides for the timely execution of all Reserve projects, and only the "margin of safety" is different, Baseline Funding contributions average only 10% - 15% less than Full Funding contributions. Threshold Funding is the title of all other Cash or Percent Funded objectives *between* Baseline Funding and Full Funding.

Site Inspection Notes

During the site visit on 2/24/2022, we started by visually inspecting the playground, followed by the remaining common areas.

Please see the Component Details Appendix at the end of this report for a detailed look at each component.



Projected Expenses

While this Reserve Study looks forward 30 years, we have no expectation that all of these expenses will take place as anticipated. This Reserve Study needs to be updated annually, because we expect the timing of expenses to shift and the size of the expenses to change. We do feel more certain of the timing and cost of near-term expenses than expenses many years away. Please be aware of your near-term expenses, which we are able to project more accurately than the more distant projections.

The chart below summarizes the projected future expenses at your association as defined by the Reserve Component List. A summary of these components is shown in the Component Details Table, while a summary of the expenses themselves is shown in the 30-yr Expense Summary Table.

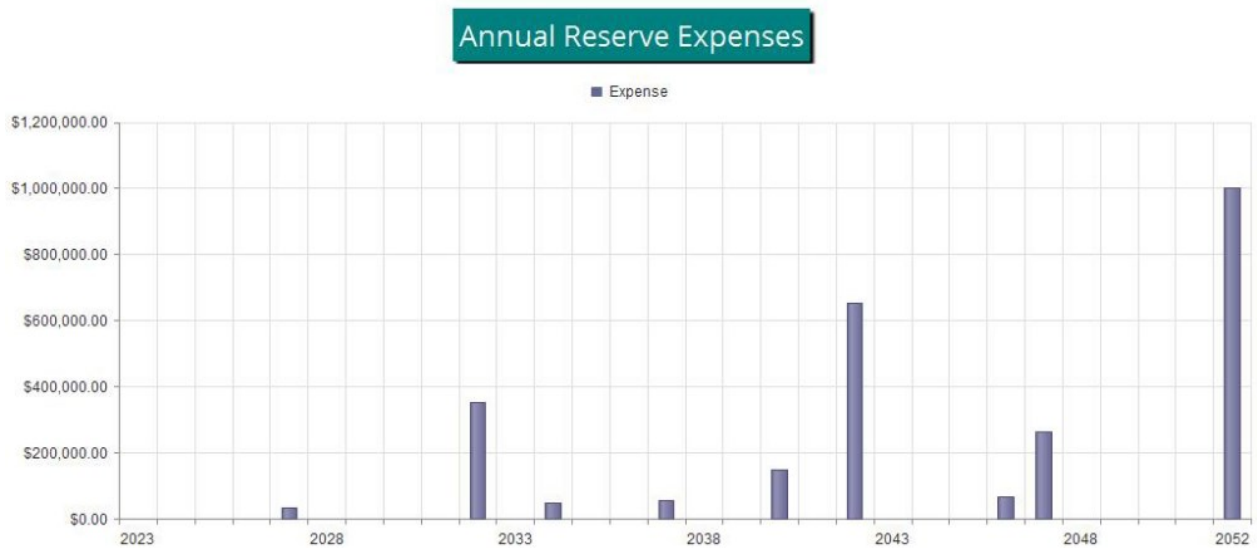


Figure 1

Reserve Fund Status

The starting point for our financial analysis is your Reserve Fund balance, projected to be \$55,863 as-of the start of your fiscal year on 1/1/2023. This is based on your actual balance of \$6,207 on 4/30/2022 and anticipated Reserve contributions projected through the end of your Fiscal Year. As of 1/1/2023, your Fully Funded Balance is computed to be \$52,111. This figure represents the deteriorated value of your common area components. Comparing your Reserve Balance to the Fully Funded Balance indicates Reserves are 107.2 % Funded.

Recommended Funding Plan

Based on your current Percent Funded and cash flow requirements, we recommend budgeting Monthly Reserve contributions of \$6,207 this Fiscal Year. The overall 30-year plan, in perspective, is shown below. This same information is shown numerically in both the 30-yr Summary and the Cash Flow Detail tables.

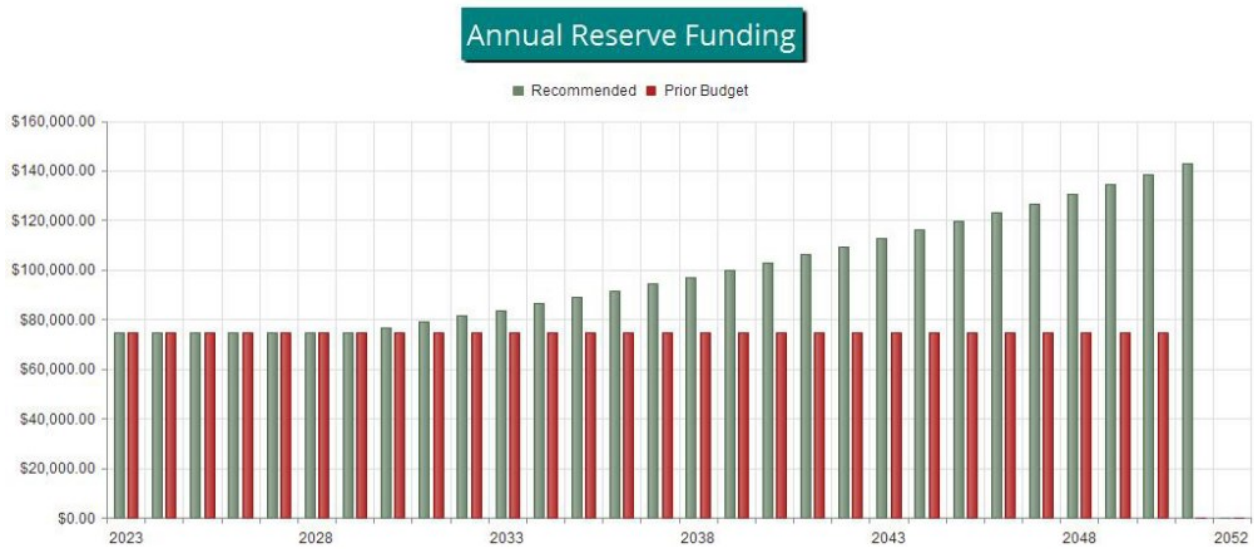


Figure 2

The following chart shows your Reserve balance under our recommended Funding Plan and your currently budgeted contribution rate, compared to the always-changing Fully Funded Balance target.

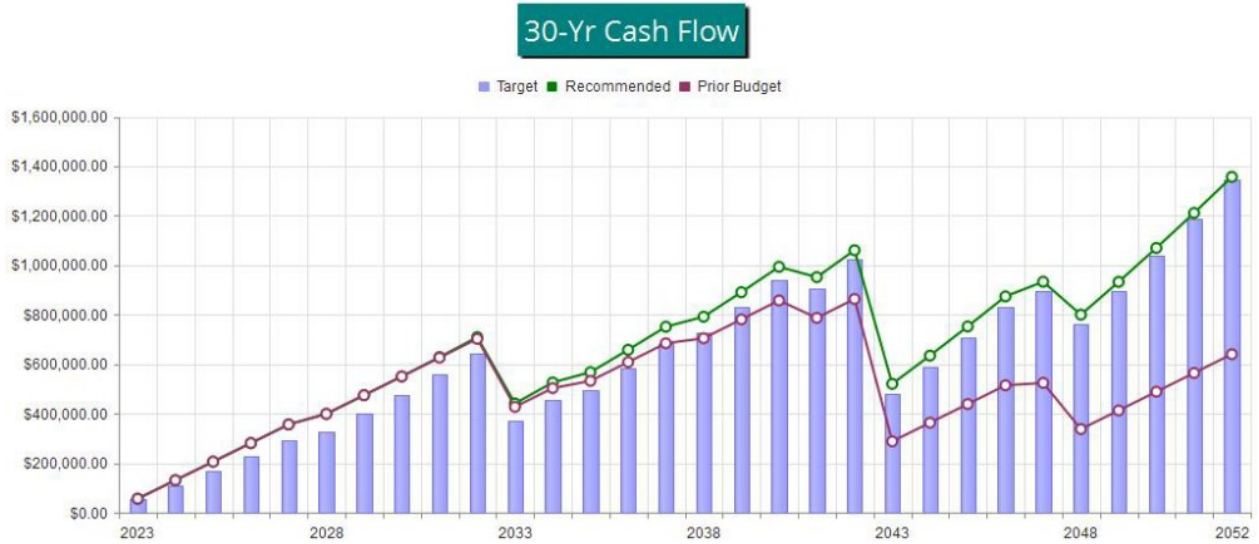


Figure 3

This chart shows the same information plotted on a Percent Funded scale. It is clear here to see how your Reserve Fund strength approaches the 100% Funded level under our recommended multi-year Funding Plan.

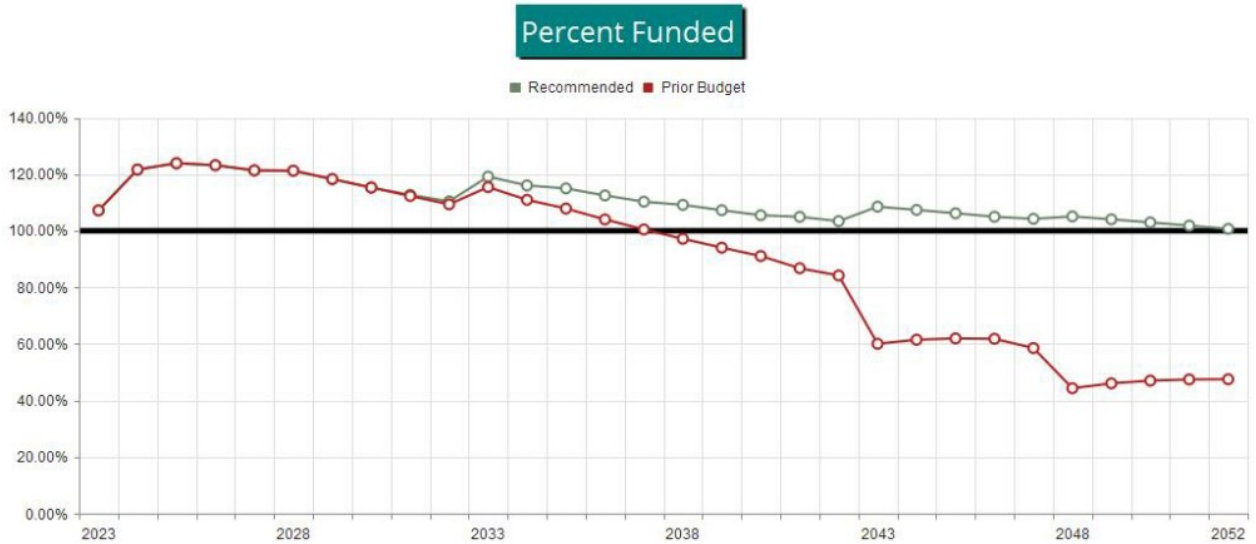


Figure 4



Executive Summary is a summary of your Reserve Components

Budget Summary is a management and accounting tool, summarizing groupings of your Reserve Components.

Reserve Component List Detail discloses key Component information, providing the foundation upon which the financial analysis is performed.

Fully Funded Balance shows the calculation of the Fully Funded Balance for each of your components, and their contributions to the property total. For each component, the Fully Funded Balance is the fraction of life used up multiplied by its estimated Current Replacement Cost.

Component Significance shows the relative significance of each component to Reserve funding needs of the property, helping you see which components have more (or less) influence than others on your total Reserve contribution rate. The deterioration cost/yr of each component is calculated by dividing the estimated Current Replacement Cost by its Useful Life, then that component's percentage of the total is displayed.

30-Yr Reserve Plan Summary provides a one-page 30-year summary of the cash flowing into and out of the Reserve Fund, with a display of the Fully Funded Balance, Percent Funded, and special assessment risk at the beginning of each year.

30-Year Income/Expense Detail shows the detailed income and expenses for each of the next 30 years. This table makes it possible to see which components are projected to require repair or replacement in a particular year, and the size of those individual expenses.

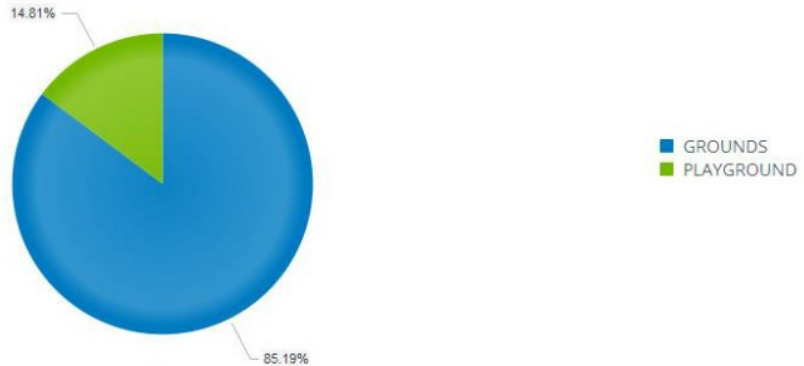


	Useful Life		2023 Rem. Useful Life		Estimated Replacement Cost in 2023	2023 Expenditures	01/01/2023	01/01/2023	Remaining Bal. to be Funded	2023 Contributions
	Min	Max	Min	Max			Current Fund Balance	Fully Funded Balance		
GROUNDS	5	30	4	29	\$638,500	\$0	\$49,110	\$45,811	\$589,390	\$65,479
PLAYGROUND	5	30	4	29	\$111,000	\$0	\$6,754	\$6,300	\$104,246	\$9,005
					\$749,500	\$0	\$55,863	\$52,111	\$693,637	\$74,484

Percent Funded: 107.2%

Budget Summary

Percentage of Total Estimated Replacement Costs



#	Component	Quantity	Useful Life	Rem. Useful Life	Current Cost Estimate
GROUNDS					
100	Monument - Refurbish	(1) Monument	20	19	\$7,500
220	Concrete - Repair	Numerous Sq Ft	5	4	\$5,000
344	Landscape Lights - Replace	Approx (94) Lights	12	11	\$30,000
380	Mailboxes - Replace	(27) Clusters	18	17	\$89,000
500	Block Walls - Repair	Approx 80,000 Sq Ft	25	24	\$100,000
510	View Fence - Replace	Approx 2,530 LF	30	29	\$100,000
515	View Fence - Repaint (50%)	Approx 2,530 LF	5	4	\$7,500
610	Irrig Controller - Replace	(1) Toro	12	11	\$3,500
640	Granite - Replenish	Approx 647,500 Sq Ft	10	9	\$240,000
660	Drywells - Inspect/Clean	Approx (28) Drywells	5	4	\$12,000
662	Drywells - Partial Replace	(2) of (28) Drywells	30	29	\$44,000
PLAYGROUND					
805	Park Furniture - Replace	(6) Pieces	15	14	\$8,000
810	Playground Equip - Replace	(1) Play Structure	20	19	\$75,000
812	Soccer Goals - Replace	(4) Goals	20	19	\$20,000
816	Playground Wood - Replenish	Approx 1,800 Sq Ft	5	4	\$4,500
820	Ramada Roof - Replace	(1) Ramada: ~260 Sq Ft	30	29	\$3,500
<hr/>					
16	Total Funded Components				

#	Component	Current Cost Estimate	X	Effective Age	/	Useful Life	=	Fully Funded Balance
GROUNDS								
100	Monument - Refurbish	\$7,500	X	1	/	20	=	\$375
220	Concrete - Repair	\$5,000	X	1	/	5	=	\$1,000
344	Landscape Lights - Replace	\$30,000	X	1	/	12	=	\$2,500
380	Mailboxes - Replace	\$89,000	X	1	/	18	=	\$4,944
500	Block Walls - Repair	\$100,000	X	1	/	25	=	\$4,000
510	View Fence - Replace	\$100,000	X	1	/	30	=	\$3,333
515	View Fence - Repaint (50%)	\$7,500	X	1	/	5	=	\$1,500
610	Irrig Controller - Replace	\$3,500	X	1	/	12	=	\$292
640	Granite - Replenish	\$240,000	X	1	/	10	=	\$24,000
660	Drywells - Inspect/Clean	\$12,000	X	1	/	5	=	\$2,400
662	Drywells - Partial Replace	\$44,000	X	1	/	30	=	\$1,467
PLAYGROUND								
805	Park Furniture - Replace	\$8,000	X	1	/	15	=	\$533
810	Playground Equip - Replace	\$75,000	X	1	/	20	=	\$3,750
812	Soccer Goals - Replace	\$20,000	X	1	/	20	=	\$1,000
816	Playground Wood - Replenish	\$4,500	X	1	/	5	=	\$900
820	Ramada Roof - Replace	\$3,500	X	1	/	30	=	\$117
								\$52,111

# Component	Useful Life (yrs)	Current Cost Estimate	Deterioration Cost/Yr	Deterioration Significance
GROUNDS				
100 Monument - Refurbish	20	\$7,500	\$375	0.72 %
220 Concrete - Repair	5	\$5,000	\$1,000	1.92 %
344 Landscape Lights - Replace	12	\$30,000	\$2,500	4.80 %
380 Mailboxes - Replace	18	\$89,000	\$4,944	9.49 %
500 Block Walls - Repair	25	\$100,000	\$4,000	7.68 %
510 View Fence - Replace	30	\$100,000	\$3,333	6.40 %
515 View Fence - Repaint (50%)	5	\$7,500	\$1,500	2.88 %
610 Irrig Controller - Replace	12	\$3,500	\$292	0.56 %
640 Granite - Replenish	10	\$240,000	\$24,000	46.06 %
660 Drywells - Inspect/Clean	5	\$12,000	\$2,400	4.61 %
662 Drywells - Partial Replace	30	\$44,000	\$1,467	2.81 %
PLAYGROUND				
805 Park Furniture - Replace	15	\$8,000	\$533	1.02 %
810 Playground Equip - Replace	20	\$75,000	\$3,750	7.20 %
812 Soccer Goals - Replace	20	\$20,000	\$1,000	1.92 %
816 Playground Wood - Replenish	5	\$4,500	\$900	1.73 %
820 Ramada Roof - Replace	30	\$3,500	\$117	0.22 %
16 Total Funded Components			\$52,111	100.00 %

30-Year Reserve Plan Summary

Report # 43744-0
Full

Fiscal Year Start: 2023

Interest:

0.25 %

Inflation:

3.00 %

Reserve Fund Strength: as-of Fiscal Year Start Date

Projected Reserve Balance Changes

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Special Assmt Risk	% Increase		Reserve Funding	Reserve Funding	Loan or Special Assmts	Interest Income	Reserve Expenses
					In Annual Reserve Funding	In Annual Reserve Funding					
2023	\$55,863	\$52,111	107.2 %	Low	0.00 %	\$74,484	\$0	\$233	\$0		
2024	\$130,581	\$107,349	121.6 %	Low	0.00 %	\$74,484	\$0	\$420	\$0		
2025	\$205,485	\$165,854	123.9 %	Low	0.00 %	\$74,484	\$0	\$608	\$0		
2026	\$280,576	\$227,773	123.2 %	Low	0.00 %	\$74,484	\$0	\$795	\$0		
2027	\$355,856	\$293,258	121.3 %	Low	0.00 %	\$74,484	\$0	\$943	\$32,640		
2028	\$398,643	\$328,847	121.2 %	Low	0.00 %	\$74,484	\$0	\$1,091	\$0		
2029	\$474,218	\$400,936	118.3 %	Low	0.00 %	\$74,484	\$0	\$1,280	\$0		
2030	\$549,982	\$477,054	115.3 %	Low	3.00 %	\$76,719	\$0	\$1,473	\$0		
2031	\$628,173	\$557,379	112.7 %	Low	3.00 %	\$79,020	\$0	\$1,671	\$0		
2032	\$708,864	\$642,093	110.4 %	Low	3.00 %	\$81,391	\$0	\$1,437	\$350,984		
2033	\$440,708	\$369,876	119.2 %	Low	3.00 %	\$83,832	\$0	\$1,208	\$0		
2034	\$525,748	\$453,106	116.0 %	Low	3.00 %	\$86,347	\$0	\$1,366	\$46,372		
2035	\$567,089	\$493,234	115.0 %	Low	3.00 %	\$88,938	\$0	\$1,531	\$0		
2036	\$657,558	\$584,558	112.5 %	Low	3.00 %	\$91,606	\$0	\$1,760	\$0		
2037	\$750,924	\$680,917	110.3 %	Low	3.00 %	\$94,354	\$0	\$1,928	\$55,966		
2038	\$791,240	\$724,888	109.2 %	Low	3.00 %	\$97,185	\$0	\$2,102	\$0		
2039	\$890,527	\$830,257	107.3 %	Low	3.00 %	\$100,100	\$0	\$2,354	\$0		
2040	\$992,981	\$941,297	105.5 %	Low	3.00 %	\$103,103	\$0	\$2,430	\$147,103		
2041	\$951,411	\$906,735	104.9 %	Low	3.00 %	\$106,196	\$0	\$2,514	\$0		
2042	\$1,060,122	\$1,025,314	103.4 %	Low	3.00 %	\$109,382	\$0	\$1,975	\$651,427		
2043	\$520,051	\$479,222	108.5 %	Low	3.00 %	\$112,664	\$0	\$1,443	\$0		
2044	\$634,158	\$590,540	107.4 %	Low	3.00 %	\$116,044	\$0	\$1,732	\$0		
2045	\$751,934	\$708,107	106.2 %	Low	3.00 %	\$119,525	\$0	\$2,032	\$0		
2046	\$873,490	\$832,196	105.0 %	Low	3.00 %	\$123,111	\$0	\$2,258	\$66,115		
2047	\$932,744	\$894,994	104.2 %	Low	3.00 %	\$126,804	\$0	\$2,165	\$262,230		
2048	\$799,482	\$760,856	105.1 %	Low	3.00 %	\$130,608	\$0	\$2,164	\$0		
2049	\$932,255	\$896,064	104.0 %	Low	3.00 %	\$134,526	\$0	\$2,502	\$0		
2050	\$1,069,283	\$1,038,699	102.9 %	Low	3.00 %	\$138,562	\$0	\$2,850	\$0		
2051	\$1,210,695	\$1,189,087	101.8 %	Low	3.00 %	\$142,719	\$0	\$3,209	\$0		
2052	\$1,356,623	\$1,347,563	100.7 %	Low	3.00 %	\$147,001	\$0	\$2,328	\$1,000,362		

Fiscal Year	2023	2024	2025	2026	2027
Starting Reserve Balance	\$55,863	\$130,581	\$205,485	\$280,576	\$355,856
Annual Reserve Funding	\$74,484	\$74,484	\$74,484	\$74,484	\$74,484
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$233	\$420	\$608	\$795	\$943
Total Income	\$130,581	\$205,485	\$280,576	\$355,856	\$431,283
# Component					
GROUPS					
100 Monument - Refurbish	\$0	\$0	\$0	\$0	\$0
220 Concrete - Repair	\$0	\$0	\$0	\$0	\$5,628
344 Landscape Lights - Replace	\$0	\$0	\$0	\$0	\$0
380 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
500 Block Walls - Repair	\$0	\$0	\$0	\$0	\$0
510 View Fence - Replace	\$0	\$0	\$0	\$0	\$0
515 View Fence - Repaint (50%)	\$0	\$0	\$0	\$0	\$8,441
610 Irrig Controller - Replace	\$0	\$0	\$0	\$0	\$0
640 Granite - Replenish	\$0	\$0	\$0	\$0	\$0
660 Drywells - Inspect/Clean	\$0	\$0	\$0	\$0	\$13,506
662 Drywells - Partial Replace	\$0	\$0	\$0	\$0	\$0
PLAYGROUND					
805 Park Furniture - Replace	\$0	\$0	\$0	\$0	\$0
810 Playground Equip - Replace	\$0	\$0	\$0	\$0	\$0
812 Soccer Goals - Replace	\$0	\$0	\$0	\$0	\$0
816 Playground Wood - Replenish	\$0	\$0	\$0	\$0	\$5,065
820 Ramada Roof - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$0	\$0	\$0	\$0	\$32,640
Ending Reserve Balance	\$130,581	\$205,485	\$280,576	\$355,856	\$398,643

Fiscal Year	2028	2029	2030	2031	2032
Starting Reserve Balance	\$398,643	\$474,218	\$549,982	\$628,173	\$708,864
Annual Reserve Funding	\$74,484	\$74,484	\$76,719	\$79,020	\$81,391
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,091	\$1,280	\$1,473	\$1,671	\$1,437
Total Income	\$474,218	\$549,982	\$628,173	\$708,864	\$791,692
# Component					
GROUNDS					
100 Monument - Refurbish	\$0	\$0	\$0	\$0	\$0
220 Concrete - Repair	\$0	\$0	\$0	\$0	\$6,524
344 Landscape Lights - Replace	\$0	\$0	\$0	\$0	\$0
380 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
500 Block Walls - Repair	\$0	\$0	\$0	\$0	\$0
510 View Fence - Replace	\$0	\$0	\$0	\$0	\$0
515 View Fence - Repaint (50%)	\$0	\$0	\$0	\$0	\$9,786
610 Irrig Controller - Replace	\$0	\$0	\$0	\$0	\$0
640 Granite - Replenish	\$0	\$0	\$0	\$0	\$313,146
660 Drywells - Inspect/Clean	\$0	\$0	\$0	\$0	\$15,657
662 Drywells - Partial Replace	\$0	\$0	\$0	\$0	\$0
PLAYGROUND					
805 Park Furniture - Replace	\$0	\$0	\$0	\$0	\$0
810 Playground Equip - Replace	\$0	\$0	\$0	\$0	\$0
812 Soccer Goals - Replace	\$0	\$0	\$0	\$0	\$0
816 Playground Wood - Replenish	\$0	\$0	\$0	\$0	\$5,871
820 Ramada Roof - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$0	\$0	\$0	\$0	\$350,984
Ending Reserve Balance	\$474,218	\$549,982	\$628,173	\$708,864	\$440,708

Fiscal Year	2033	2034	2035	2036	2037
Starting Reserve Balance	\$440,708	\$525,748	\$567,089	\$657,558	\$750,924
Annual Reserve Funding	\$83,832	\$86,347	\$88,938	\$91,606	\$94,354
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,208	\$1,366	\$1,531	\$1,760	\$1,928
Total Income	\$525,748	\$613,461	\$657,558	\$750,924	\$847,206
# Component					
GROUNDS					
100 Monument - Refurbish	\$0	\$0	\$0	\$0	\$0
220 Concrete - Repair	\$0	\$0	\$0	\$0	\$7,563
344 Landscape Lights - Replace	\$0	\$41,527	\$0	\$0	\$0
380 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
500 Block Walls - Repair	\$0	\$0	\$0	\$0	\$0
510 View Fence - Replace	\$0	\$0	\$0	\$0	\$0
515 View Fence - Repaint (50%)	\$0	\$0	\$0	\$0	\$11,344
610 Irrig Controller - Replace	\$0	\$4,845	\$0	\$0	\$0
640 Granite - Replenish	\$0	\$0	\$0	\$0	\$0
660 Drywells - Inspect/Clean	\$0	\$0	\$0	\$0	\$18,151
662 Drywells - Partial Replace	\$0	\$0	\$0	\$0	\$0
PLAYGROUND					
805 Park Furniture - Replace	\$0	\$0	\$0	\$0	\$12,101
810 Playground Equip - Replace	\$0	\$0	\$0	\$0	\$0
812 Soccer Goals - Replace	\$0	\$0	\$0	\$0	\$0
816 Playground Wood - Replenish	\$0	\$0	\$0	\$0	\$6,807
820 Ramada Roof - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$0	\$46,372	\$0	\$0	\$55,966
Ending Reserve Balance	\$525,748	\$567,089	\$657,558	\$750,924	\$791,240

Fiscal Year	2038	2039	2040	2041	2042
Starting Reserve Balance	\$791,240	\$890,527	\$992,981	\$951,411	\$1,060,122
Annual Reserve Funding	\$97,185	\$100,100	\$103,103	\$106,196	\$109,382
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$2,102	\$2,354	\$2,430	\$2,514	\$1,975
Total Income	\$890,527	\$992,981	\$1,098,515	\$1,060,122	\$1,171,479
# Component					
GROUNDS					
100 Monument - Refurbish	\$0	\$0	\$0	\$0	\$13,151
220 Concrete - Repair	\$0	\$0	\$0	\$0	\$8,768
344 Landscape Lights - Replace	\$0	\$0	\$0	\$0	\$0
380 Mailboxes - Replace	\$0	\$0	\$147,103	\$0	\$0
500 Block Walls - Repair	\$0	\$0	\$0	\$0	\$0
510 View Fence - Replace	\$0	\$0	\$0	\$0	\$0
515 View Fence - Repaint (50%)	\$0	\$0	\$0	\$0	\$13,151
610 Irrig Controller - Replace	\$0	\$0	\$0	\$0	\$0
640 Granite - Replenish	\$0	\$0	\$0	\$0	\$420,841
660 Drywells - Inspect/Clean	\$0	\$0	\$0	\$0	\$21,042
662 Drywells - Partial Replace	\$0	\$0	\$0	\$0	\$0
PLAYGROUND					
805 Park Furniture - Replace	\$0	\$0	\$0	\$0	\$0
810 Playground Equip - Replace	\$0	\$0	\$0	\$0	\$131,513
812 Soccer Goals - Replace	\$0	\$0	\$0	\$0	\$35,070
816 Playground Wood - Replenish	\$0	\$0	\$0	\$0	\$7,891
820 Ramada Roof - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$0	\$0	\$147,103	\$0	\$651,427
Ending Reserve Balance	\$890,527	\$992,981	\$951,411	\$1,060,122	\$520,051

Fiscal Year	2043	2044	2045	2046	2047
Starting Reserve Balance	\$520,051	\$634,158	\$751,934	\$873,490	\$932,744
Annual Reserve Funding	\$112,664	\$116,044	\$119,525	\$123,111	\$126,804
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,443	\$1,732	\$2,032	\$2,258	\$2,165
Total Income	\$634,158	\$751,934	\$873,490	\$998,859	\$1,061,713
# Component					
GROUNDS					
100 Monument - Refurbish	\$0	\$0	\$0	\$0	\$0
220 Concrete - Repair	\$0	\$0	\$0	\$0	\$10,164
344 Landscape Lights - Replace	\$0	\$0	\$0	\$59,208	\$0
380 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
500 Block Walls - Repair	\$0	\$0	\$0	\$0	\$203,279
510 View Fence - Replace	\$0	\$0	\$0	\$0	\$0
515 View Fence - Repaint (50%)	\$0	\$0	\$0	\$0	\$15,246
610 Irrig Controller - Replace	\$0	\$0	\$0	\$6,908	\$0
640 Granite - Replenish	\$0	\$0	\$0	\$0	\$0
660 Drywells - Inspect/Clean	\$0	\$0	\$0	\$0	\$24,394
662 Drywells - Partial Replace	\$0	\$0	\$0	\$0	\$0
PLAYGROUND					
805 Park Furniture - Replace	\$0	\$0	\$0	\$0	\$0
810 Playground Equip - Replace	\$0	\$0	\$0	\$0	\$0
812 Soccer Goals - Replace	\$0	\$0	\$0	\$0	\$0
816 Playground Wood - Replenish	\$0	\$0	\$0	\$0	\$9,148
820 Ramada Roof - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$0	\$0	\$0	\$66,115	\$262,230
Ending Reserve Balance	\$634,158	\$751,934	\$873,490	\$932,744	\$799,482

Fiscal Year	2048	2049	2050	2051	2052
Starting Reserve Balance	\$799,482	\$932,255	\$1,069,283	\$1,210,695	\$1,356,623
Annual Reserve Funding	\$130,608	\$134,526	\$138,562	\$142,719	\$147,001
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$2,164	\$2,502	\$2,850	\$3,209	\$2,328
Total Income	\$932,255	\$1,069,283	\$1,210,695	\$1,356,623	\$1,505,951
# Component					
GROUNDS					
100 Monument - Refurbish	\$0	\$0	\$0	\$0	\$0
220 Concrete - Repair	\$0	\$0	\$0	\$0	\$11,783
344 Landscape Lights - Replace	\$0	\$0	\$0	\$0	\$0
380 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
500 Block Walls - Repair	\$0	\$0	\$0	\$0	\$0
510 View Fence - Replace	\$0	\$0	\$0	\$0	\$235,657
515 View Fence - Repaint (50%)	\$0	\$0	\$0	\$0	\$17,674
610 Irrig Controller - Replace	\$0	\$0	\$0	\$0	\$0
640 Granite - Replenish	\$0	\$0	\$0	\$0	\$565,576
660 Drywells - Inspect/Clean	\$0	\$0	\$0	\$0	\$28,279
662 Drywells - Partial Replace	\$0	\$0	\$0	\$0	\$103,689
PLAYGROUND					
805 Park Furniture - Replace	\$0	\$0	\$0	\$0	\$18,853
810 Playground Equip - Replace	\$0	\$0	\$0	\$0	\$0
812 Soccer Goals - Replace	\$0	\$0	\$0	\$0	\$0
816 Playground Wood - Replenish	\$0	\$0	\$0	\$0	\$10,605
820 Ramada Roof - Replace	\$0	\$0	\$0	\$0	\$8,248
Total Expenses	\$0	\$0	\$0	\$0	\$1,000,362
Ending Reserve Balance	\$932,255	\$1,069,283	\$1,210,695	\$1,356,623	\$505,589



Accuracy, Limitations, and Disclosures

Association Reserves and its employees have no ownership, management, or other business relationships with the client other than this Reserve Study engagement. DJ Vlaming, R.S., company president, is a credentialed Reserve Specialist (#61). All work done by Association Reserves is performed under his Responsible Charge and is performed in accordance with National Reserve Study Standards (NRSS). There are no material issues to our knowledge that have not been disclosed to the client that would cause a distortion of the client's situation.

Per NRSS, information provided by official representative(s) of the client, vendors, and suppliers regarding financial details, component physical details and/or quantities, or historical issues/conditions will be deemed reliable, and is not intended to be used for the purpose of any type of audit, quality/forensic analysis, or background checks of historical records. As such, information provided to us has not been audited or independently verified.

Estimates for interest and inflation have been included, because including such estimates are more accurate than ignoring them completely. When we are hired to prepare Update reports, the client is considered to have deemed those previously developed component quantities as accurate and reliable, whether established by our firm or other individuals/firms (unless specifically mentioned in our Site Inspection Notes). During inspections our company standard is to establish measurements within 5% accuracy, and our scope includes visual inspection of accessible areas and components and does not include any destructive or other testing. Our work is done only for budget purposes. Uses or expectations outside our expertise and scope of work include, but are not limited to, project audit, quality inspection, and the identification of construction defects, hazardous materials, or dangerous conditions. Identifying hidden issues such as but not limited to plumbing or electrical problems are also outside our scope of work. Our estimates assume proper original installation & construction, adherence to recommended preventive maintenance, a stable economic environment, and do not consider frequency or severity of natural disasters. Our opinions of component Useful Life, Remaining Useful Life, and current or future cost estimates are not a warranty or guarantee of actual costs or timing.

Because the physical and financial status of the property, legislation, the economy, weather, owner expectations, and usage are all in a continual state of change over which we have no control, we do not expect that the events projected in this document will all occur exactly as planned. This Reserve Study is by nature a "one-year" document in need of being updated annually so that more accurate estimates can be incorporated. It is only because a long-term perspective improves the accuracy of near-term planning that this Report projects expenses into the future. We fully expect a number of adjustments will be necessary through the interim years to the cost and timing of expense projections and the funding necessary to prepare for those estimated expenses.

In this engagement our compensation is not contingent upon our conclusions, and our liability in any matter involving this Reserve Study is limited to our fee for services rendered.



Terms and Definitions

BTU	British Thermal Unit (a standard unit of energy)
DIA	Diameter
GSF	Gross Square Feet (area). Equivalent to Square Feet
GSY	Gross Square Yards (area). Equivalent to Square Yards
HP	Horsepower
LF	Linear Feet (length)
Effective Age	The difference between Useful Life and Remaining Useful Life. Note that this is not necessarily equivalent to the chronological age of the component.
Fully Funded Balance (FFB)	The value of the deterioration of the Reserve Components. This is the fraction of life "used up" of each component multiplied by its estimated Current Replacement. While calculated for each component, it is summed together for an association total.
Inflation	Cost factors are adjusted for inflation at the rate defined in the Executive Summary and compounded annually. These increasing costs can be seen as you follow the recurring cycles of a component on the "30-yr Income/Expense Detail" table.
Interest	Interest earnings on Reserve Funds are calculated using the average balance for the year (taking into account income and expenses through the year) and compounded monthly using the rate defined in the Executive Summary. Annual interest earning assumption appears in the Executive Summary.
Percent Funded	The ratio, at a particular point in time (the first day of the Fiscal Year), of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage.
Remaining Useful Life (RUL)	The estimated time, in years, that a common area component can be expected to continue to serve its intended function.
Useful Life (UL)	The estimated time, in years, that a common area component can be expected to serve its intended function.



Component Details

The primary purpose of the Component Details appendix is to provide the reader with the basis of our funding assumptions resulting from the physical analysis and subsequent research. The information presented here represents a wide range of components that were observed and measured against National Reserve Study Standards to determine if they meet the criteria for reserve funding:

- 1) Common area repair & replacement responsibility
- 2) Component must have a limited useful life
- 3) Life limit must be predictable
- 4) Above a minimum threshold cost (board's discretion – typically ½ to 1% of Annual operating expenses).

Not all of your components may have been found appropriate for reserve funding. In our judgment, the components meeting the above four criteria are shown with the Useful Life (how often the project is expected to occur), Remaining Useful Life (when the next instance of the expense will be) and representative market cost range termed “Best Cost” and “Worst Cost”. There are many factors that can result in a wide variety of potential costs, and we have attempted to present the cost range in which your actual expense will occur.

Where no Useful Life, Remaining Useful Life, or pricing exists, the component was deemed inappropriate for Reserve Funding.

GROUNDS

Comp #: 100 Monument - Refurbish

Quantity: (1) Monument

Location: Community entrance along Camelback Rd

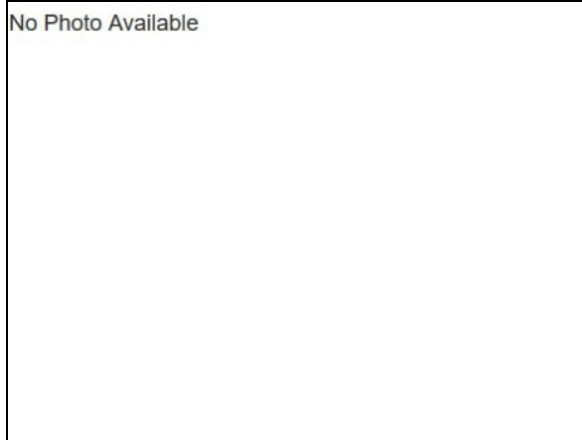
Funded?: Yes.

History: Will likely be installed in 2022.

Comments: Not installed at the time of our inspection. This component funds an allowance to refurbish/modernize the monument sign.

Useful Life:
20 years

Remaining Life:
19 years



Best Case: \$ 7,500

Worst Case: \$ 7,500

Cost Source: AR Cost Allowance

Comp #: 220 Concrete - Repair

Quantity: Numerous Sq Ft

Location: Common area walkways throughout community

Funded?: Yes.

History:

Comments: There is no expectancy to completely replace the concrete. This component funds an allowance for periodic repairs and partial replacements as needed.

Useful Life:
5 years

Remaining Life:
4 years



Best Case: \$ 5,000

Worst Case: \$ 5,000

Cost Source: AR Cost Allowance

Comp #: 344 Landscape Lights - Replace

Quantity: Approx (94) Lights

Location: Mounted along 193rd Dr

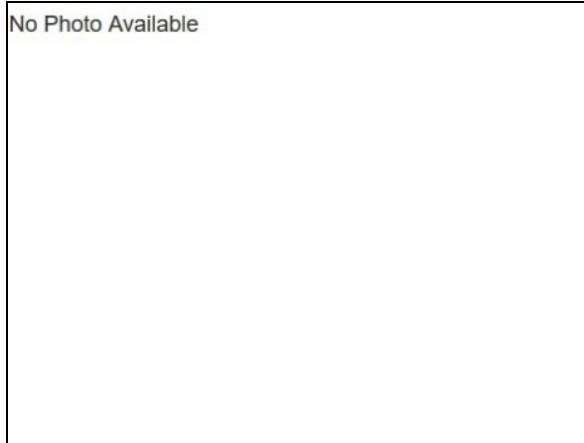
Funded?: Yes.

History: Will likely be installed in 2022.

Comments: Quantity includes a combination of spot lights, uplights and well lights. Funding also includes replacement of transformers. Treat repairs and individual replacements as a maintenance expense. Expect to eventually replace all of the fixtures to update and restore the lighting.

Useful Life:
12 years

Remaining Life:
11 years



Best Case: \$ 30,000

Worst Case: \$ 30,000

Cost Source: AR Cost Database

Comp #: 380 Mailboxes - Replace

Quantity: (27) Clusters

Location: Bordering streets throughout the community

Funded?: Yes.

History: Installed around 2022.

Comments: Quantity includes (1) 8-box and (26) 16-box clusters. No significant wear or weathering evident.

*Mfg. Date: 1/2022

Useful Life:
18 years

Remaining Life:
17 years



Best Case: \$ 89,000

Worst Case: \$ 89,000

Cost Source: AR Cost Database

Comp #: 500 Block Walls - Repair

Quantity: Approx 80,000 Sq Ft

Location: Bordering common areas throughout community

Funded?: Yes.

History: Installed around 2022.

Comments: These are unpainted block walls. Walls are expected to last the life of the community under normal circumstances. This component funds an allowance for repairs and partial replacement due to excessive settling or other sources of damage.

Useful Life:
25 years

Remaining Life:
24 years



Best Case: \$ 100,000

Worst Case: \$ 100,000

Cost Source: AR Cost Allowance

Comp #: 510 View Fence - Replace

Quantity: Approx 2,530 LF

Location: Bordering common areas throughout community

Funded?: Yes.

History: Installed around 2022.

Comments: Quantity includes approximately 1,150 LF of 1.5' tall view fence and 1,380 LF of 4.5' tall view fence. Observed to be intact and secure with no significant weathering or rust evident.

Useful Life:
30 years

Remaining Life:
29 years



Best Case: \$ 100,000

Worst Case: \$ 100,000

Cost Source: AR Cost Database

Comp #: 515 View Fence - Repaint (50%)

Quantity: Approx 2,530 LF

Location: Bordering common areas throughout community (includes 100% of monument letters & playground ramada)

Funded?: Yes.

History: Painted around 2022.

Comments: Quantity includes approximately 1,150 LF of 1.5' tall view fence and 1,380 LF of 4.5' tall view fence. Per the CC&R's (article 7, section 6), the view fence repaint cost is shared evenly between the HOA and each owner that has a lot with view fence. Surfaces appear to be uniform with no significant weathering or rust evident. Cost reflects 50% shared responsibility.

Funding to repaint the monument letters and playground ramada is included at 100% responsibility.

Useful Life:
5 years

Remaining Life:
4 years



Best Case: \$ 7,500

Worst Case: \$ 7,500

Cost Source: AR Cost Database

Comp #: 600 Irrigation System - Replace

Quantity: Lines, Valves, Heads

Location: Common areas throughout the community

Funded?: No. It is beyond the scope of this Reserve Study to quantify and assess conditions of the irrigation system. Funding can be added for future replacement at the client's request, but we need to be provided with cost and life expectancy estimates.

Repairs and partial replacements should be included in the annual landscape maintenance budget.

History: Installed around 2022.

Comments:

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

Comp #: 610 Irrig Controller - Replace

Quantity: (1) Toro

Location: Common areas

Funded?: Yes.

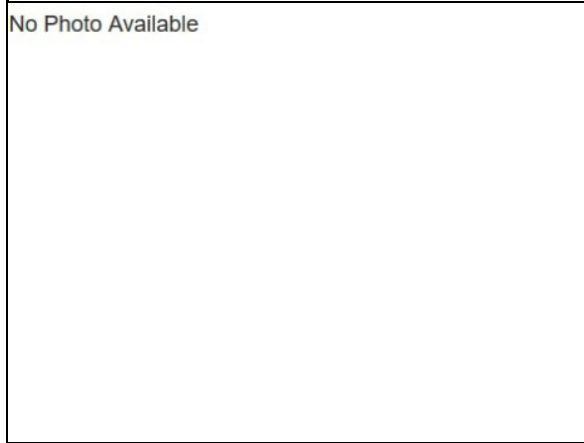
History: Will likely be installed in 2022.

Comments: Not installed at the time of our inspection.

*Model: CDEC-SA-100

Useful Life:
12 years

Remaining Life:
11 years



Best Case: \$ 3,500

Worst Case: \$ 3,500

Cost Source: AR Cost Database

Comp #: 640 Granite - Replenish

Quantity: Approx 647,500 Sq Ft

Location: Common areas throughout the community

Funded?: Yes.

History: Installed around 2022.

Comments: Complete replacement of the landscape granite is not anticipated. Coverage will deplete over time, so this component funds an allowance to top dress the existing granite with a new 1" layer.

Useful Life:
10 years

Remaining Life:
9 years



Best Case: \$ 240,000

Worst Case: \$ 240,000

Cost Source: AR Cost Allowance

Comp #: 660 Drywells - Inspect/Clean

Quantity: Approx (28) Drywells

Location: Common areas throughout the community

Funded?: Yes.

History:

Comments: Drywells need to be inspected and cleaned out periodically to ensure proper operation and to prevent failure. Not all of the drywells will require clean-out at the same time, so this component funds for a portion of them at the scheduled interval.

Useful Life:
5 years

Remaining Life:
4 years



Best Case: \$ 12,000

Worst Case: \$ 12,000

Cost Source: AR Cost Allowance

Comp #: 662 Drywells - Partial Replace

Quantity: (2) of (28) Drywells

Location: Common areas throughout the community

Funded?: Yes.

History: Installed around 2022.

Comments: There is no expectancy to replace all drywells under normal circumstances. Replacement is usually the result of improper installation or neglect. This component funds a long-term allowance for partial replacement in the event some do fail.

Useful Life:
30 years

Remaining Life:
29 years



Best Case: \$ 44,000

Worst Case: \$ 44,000

Cost Source: AR Cost Allowance

PLAYGROUND

Comp #: 805 Park Furniture - Replace**Quantity: (6) Pieces**

Location: Playground at the center of the community

Funded?: Yes.

History: Installed around 2022.

Comments: Quantity includes (3) 6' benches, (1) picnic table, (1) trash can and (1) BBQ grill (PW Athletic). Primarily manufactured by Anova Furnishings. No significant wear or weathering evident.

Useful Life:
15 yearsRemaining Life:
14 years

Best Case: \$ 8,000

Worst Case: \$ 8,000

Cost Source: AR Cost Database

Comp #: 807 Pet Station - Replace**Quantity: (1) Station**

Location: Playground at the center of the community

Funded?: No. Cost is below the Reserve expense threshold. Recommend replacing as needed with Operating funds.

History:

Comments:

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

Comp #: 810 Playground Equip - Replace

Quantity: (1) Play Structure

Location: Playground at the center of the community

Funded?: Yes.

History: Installed around 2022.

Comments: This is a play structure manufactured by Playworld. No significant wear or weathering evident. Long life expectancy under normal circumstances. Replacement should be expected to update and modernize the equipment.

Useful Life:
20 years

Remaining Life:
19 years



Best Case: \$ 75,000

Worst Case: \$ 75,000

Cost Source: AR Cost Database

Comp #: 812 Soccer Goals - Replace

Quantity: (4) Goals

Location: Playground at the center of the community (includes Parcel 1-2 park area)

Funded?: Yes.

History: Will likely be installed in 2022.

Comments: Not installed at the time of our inspection. Manufactured by PW Athletic.

*Model: 2233-01

Useful Life:
20 years

Remaining Life:
19 years



Best Case: \$ 20,000

Worst Case: \$ 20,000

Cost Source: AR Cost Database

Comp #: 816 Playground Wood - Replenish

Quantity: Approx 1,800 Sq Ft

Location: Playground at the center of the community

Funded?: Yes.

History: Installed around 2022.

Comments: There is no expectancy to completely replace the wood mulch surface. HOA should expect to top dress/replenish it periodically to maintain proper surfacing depths.

Useful Life:
5 years

Remaining Life:
4 years



Best Case: \$ 4,500

Worst Case: \$ 4,500

Cost Source: AR Cost Allowance

Comp #: 820 Ramada Roof - Replace

Quantity: (1) Ramada: ~260 Sq Ft

Location: Playground at the center of the community

Funded?: Yes.

History: Installed around 2022.

Comments: The ramada has a corrugated steel roof system. Long life expectancy under normal circumstances. Future replacement should still be planned, even if just for an aesthetic restoration.

Useful Life:
30 years

Remaining Life:
29 years



Best Case: \$ 3,500

Worst Case: \$ 3,500

Cost Source: AR Cost Database