RESERVE ANALYSIS REPORT

Stagecoach Village

Cave Creek, Arizona

Version 002

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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:

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

The Board of Directors of an association has a legal and 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 a "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 association common areas and property values of 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 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 is 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 is 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 "level of service" the association will provide the membership as well as a "road map" for the fiscal future of the association. Projections define the timetables for repairs and replacements, such as when buildings will be painted or when asphalt will be seal coated. 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 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 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. Component calculation method or directed cash flow calculation method is typically used to develop a full funding plan.

Baseline Funding
Describes 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. Minimum cash flow calculation method or directed cash flow calculation method s typically used to develop a baseline funding plan.

Threshold Funding
Describes 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. Minimum cash flow calculation method or directed cash flow calculation method is typically used to develop a threshold funding plan.

Statutory Funding
Describes goal/objective as described or required by local laws or codes. Component calculation method, minimum cash flow calculation method or directed cash flow calculation method may be used to develop a statutory funding plan, depending on the requirements.

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

There are three funding methods which can be used to develop a reserve funding plan based on reserve funding goals/ objectives: Component Calculation Method, Minimum Cash Flow Calculation Method and Directed Cash Flow Calculation Method.

Directed cash flow calculation method offers flexibility for developing custom funding plans. Directed cash flow calculation method funding plans can accommodate use of various contribution increases and/or special assessments (or loans) through time. As the name suggests, the user "directs" the funding plan as needed to achieve reserve funding goals or objectives. Because of this flexibility, the vast majority of reserve analyses are developed using the directed cash flow calculation method. Whereas component calculation method funding plans and minimum cash flow calculation method funding plans are typically used as reference information; usually considered the "floor" (minimum cash flow calculation method) and "ceiling" (component calculation method) of a reasonable reserve funding plan.

The three calculation methods are described as follows:

Component Calculation Method

Component 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. 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 fully funded reserves in time, and then enables the association to maintain fully funded reserves through time. The following is a detailed description of component calculation method:

Step 1: Calculation of fully funded balance for each component

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

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

Step 2: Distribution of current reserve funds

Association's current reserve funds are assigned to (or distributed amongst) 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 reserve funds 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, components are organized in remaining life order, from least to greatest, and remaining current reserve funds are assigned to each component up to its current cost, until reserve funds 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, until reserve funds are exhausted. After pass 3, if additional reserve funds remain, there are excess reserves.

Distributing, or assigning, 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 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, the contribution increase parameter should match the inflation parameter. Matching the 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 a contribution increase parameter that is greater than the inflation parameter will reduce the burden to current members at the expense of future members. Using a contribution increase parameter that is less than the inflation parameter will increase the burden to the current members to the benefit of future members. 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

One major benefit of using component calculation method is that for any single component (or group of components), 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 Summary and Charts as well as elsewhere within the report.

Minimum Cash Flow Calculation Method

Minimum cash flow 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 concerned with the ideal level of reserves or percent funded through time.

This calculation method tests reserve contributions against reserve expenditures through time to determine the minimum contribution necessary (baseline funding). This calculation method will determine the minimum reserve contribution to ensure that the beginning reserve balance is sufficient to pay for the scheduled expenditures in each year. By definition, this calculation method will create a funding plan where, at some point over the projection period, the beginning reserve fund balance will equal the expenditures for that year. Under some conditions, based on reserve expenditure profile, this calculation method produces a funding plan that will take the association into an overfunded status through time; in these cases, directed cash flow calculation method can be used to optimize results.

Minimum cash flow calculation method is not without downsides… Unlike component calculation method, the minimum cash flow calculation method cannot precisely calculate 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 calculation method results to calculate a reasonable breakdown. This information is displayed on the Management Summary and Charts as well as elsewhere within the report. Using minimum cash flow calculation method typical-

ly requires an annual reallocation of reserve funds (amongst reserve components) to ensure each component remains properly funded through time. Associations in states that require segregated reserve funds for certain components (i.e. roofs, painting, etc.), should pay special attention to this issue; it may be desirable to complete separate reserve analyses for segregated reserve components.

Directed Cash Flow Calculation Method

Directed cash flow 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 and, if possible, determine the optimal funding plan to achieve 100% funding over the projection period.

Directed cash flow calculation method offers flexibility for developing custom funding plans. Directed cash flow funding plans can accommodate use of various contribution increases and/or special assessments (or loans) through time. As the name suggests, the user "directs" the funding plan as needed to achieve any reserve funding goals or objectives. Because of this flexibility, the vast majority of reserve analyses are developed using this calculation method.

Directed cash flow calculation method is not without downsides… Unlike component calculation method, the directed cash flow calculation method cannot precisely calculate 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 calculation method results to calculate a reasonable breakdown. This information is displayed on the Management Summary and Charts as well as elsewhere within the report. Using directed cash flow calculation method typically requires an annual reallocation of reserve funds (amongst reserve components) to ensure each component remains properly funded through time. Associations in states that require segregated reserve funds for certain components (i.e. roofs, painting, etc.), should pay special attention to this issue; it may be desirable to complete separate reserve analyses for segregated reserve components.

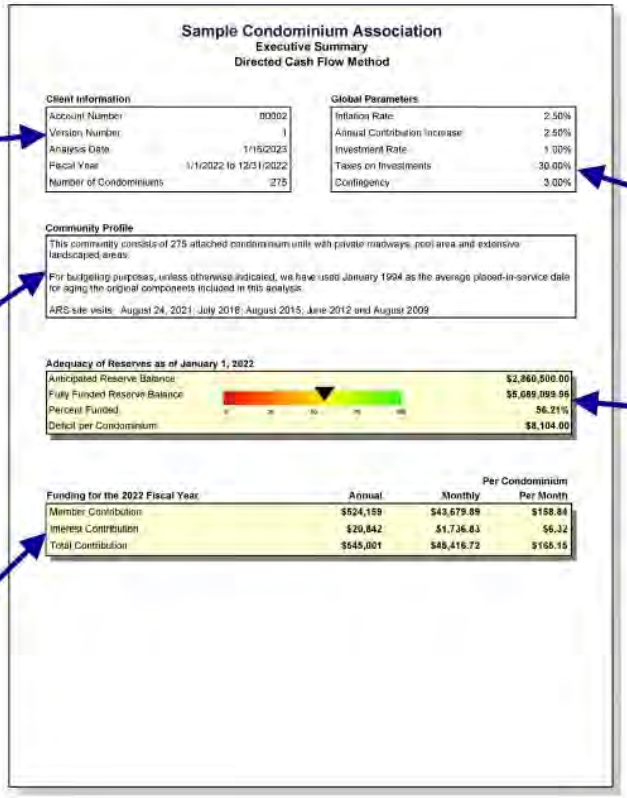
♦ ♦ ♦ ♦ READING THE RESERVE ANALYSIS ♦ ♦ ♦ ♦

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 ("Component Detail"), 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 project, global parameters used in the calculation of the reserve analysis as well as the core results of the reserve analysis.

Client Information
Provides information including fiscal year for which reserve analysis is prepared, number of units, etc.

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



Sample Condominium Association
Executive Summary
Directed Cash Flow Method

Client Information

Account Number	80002
Version Number	1
Analysis Date	1/15/2023
Fiscal Year	1/1/2022 to 12/31/2022
Number of Condominiums	275

Global Parameters

Inflation Rate	2.50%
Annual Contribution Increase	2.50%
Investment Rate	1.00%
Taxes on Investments	30.00%
Contingency	3.00%

Community Profile

This community consists of 275 attached condominium units with private roadways, pool area and extensive landscaped areas.

For budgeting purposes, unless otherwise indicated, we have used January 1994 as the average placed-in-service date for aging the original components included in this analysis.

ARS site visits: August 24, 2021; July 2018; August 2015; June 2012 and August 2009

Adequacy of Reserves as of January 1, 2022

Anticipated Reserve Balance	$2,860,500.00
Fully Funded Reserve Balance	$5,089,099.99
Percent Funded	56.21%
Deficit per Condominium	$8,104.00

Funding for the 2022 Fiscal Year	Annual	Monthly	Per Condominium Per Month
Member Contribution	$524,159	$43,679.89	$158.84
Interest Contribution	$20,842	$1,736.83	$6.32
Total Contribution	$545,001	$45,416.72	$165.15

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

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

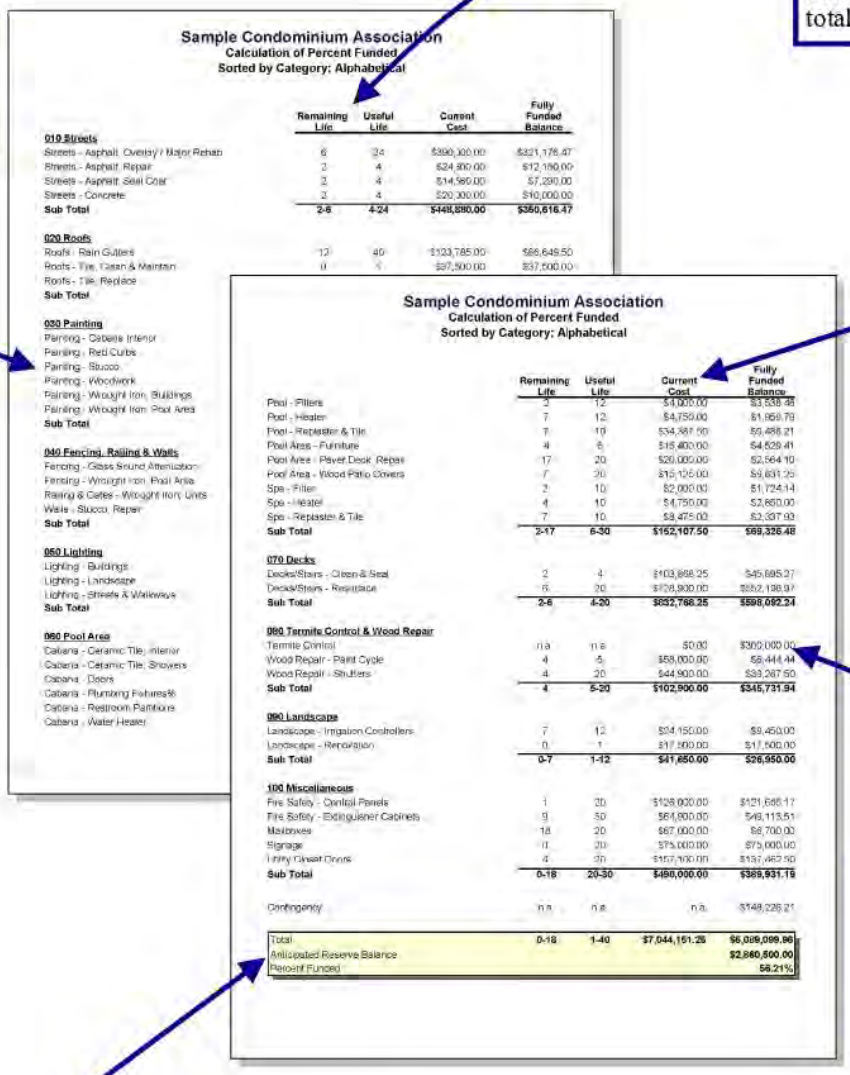
Adequacy of Reserves
Displays results of calculations with regard to "health" of reserve fund as of beginning of fiscal year for which the reserve analysis is prepared. Provides anticipated reserve balance, fully funded reserve balance and percent funded.

Calculation of Percent Funded

Summary displays all reserve components, shown here in "category" order. Provides remaining life, useful life, current cost and fully funded balance at beginning of fiscal year for which the reserve analysis is 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 Condominium Association
Calculation of Percent Funded
Sorted by Category: Alphabetical

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
010 Streets				
Streets - Asphalt, Overlay / Major Rehab	6	24	$390,300.00	$221,176.47
Streets - Asphalt, Repair	2	4	$24,800.00	$12,160.00
Streets - Asphalt, Seal Coat	2	4	$14,580.00	$7,290.00
Streets - Concrete	2	4	$20,300.00	$10,000.00
Sub Total	**2-6**	**4-24**	**$449,980.00**	**$350,616.47**
020 Roofs				
Roofs - Rain Gutters	12	40	$123,785.00	$66,648.50
Roofs - Tile, Clean & Maintain	0	1	$27,500.00	$27,500.00
Roofs - Tile, Replace				
Sub Total				
030 Painting				
Painting - Cabana Interior				
Painting - Rec Curbs				
Painting - Stucco				
Painting - Woodwork				
Painting - Wrought Iron, Buildings				
Painting - Wrought Iron, Pool Area				
Sub Total				
040 Fencing, Railing & Walls				
Fencing - Glass Sound Attenuation				
Fencing - Wrought Iron, Pool Area				
Railing & Gates - Wrought Iron, Units				
Walls - Stucco, Repair				
Sub Total				
050 Lighting				
Lighting - Buildings				
Lighting - Landscape				
Lighting - Streets & Walkways				
Sub Total				
060 Pool Area				
Cabana - Ceramic Tile, Interior				
Cabana - Ceramic Tile, Showers				
Cabana - Doors				
Cabana - Plumbing Fixtures/				
Cabana - Restroom Partitions				
Cabana - Water Heater				

Sample Condominium Association
Calculation of Percent Funded
Sorted by Category: Alphabetical

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
Pool - Filters	2	12	$4,000.00	$3,538.46
Pool - Heater	7	12	$4,750.00	$1,958.79
Pool - Replaster & Tile	7	10	$34,587.50	$9,486.21
Pool Area - Furniture	4	8	$15,400.00	$4,529.41
Pool Area - Paver Deck, Repair	17	20	$20,000.00	$2,564.10
Pool Area - Wood Patio Covers	7	20	$15,125.00	$9,631.25
Spa - Filter	2	10	$2,000.00	$1,724.14
Spa - Heater	4	10	$4,750.00	$2,850.00
Spa - Replaster & Tile	7	10	$3,475.00	$2,337.93
Sub Total	**2-17**	**8-30**	**$152,107.50**	**$69,326.48**
070 Decks				
Decks/Stairs - Clean & Seal	2	4	$103,868.25	$45,695.27
Decks/Stairs - Resurface	6	20	$728,900.00	$852,196.97
Sub Total	**2-6**	**4-20**	**$832,768.25**	**$898,892.24**
080 Termite Control & Wood Repair				
Termite Control	n.a.	n.a.	$0.00	$300,000.00
Wood Repair - Paint Cycle	4	5	$58,000.00	$8,444.44
Wood Repair - Shutters	4	20	$44,900.00	$33,287.50
Sub Total	**4**	**5-20**	**$102,900.00**	**$345,731.94**
090 Landscape				
Landscape - Irrigation Controllers	7	12	$24,150.00	$9,450.00
Landscape - Renovation	0	1	$17,500.00	$17,500.00
Sub Total	**0-7**	**1-12**	**$41,650.00**	**$26,950.00**
100 Miscellaneous				
Fire Safety - Control Panels	1	20	$128,000.00	$121,686.17
Fire Safety - Extinguisher Cabinets	9	50	$64,800.00	$48,113.51
Mailboxes	18	20	$67,000.00	$8,700.00
Signage	0	20	$75,000.00	$75,000.00
Entry Gleaet Doors	4	20	$157,700.00	$137,482.50
Sub Total	**0-18**	**20-30**	**$496,000.00**	**$389,931.19**
Contingency	n.a.	n.a.	n.a.	$148,226.21
Total	0-18	1-40	$7,044,151.25	$6,089,099.86
Anticipated Reserve Balance				$2,860,500.00
Percent Funded				56.21%

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

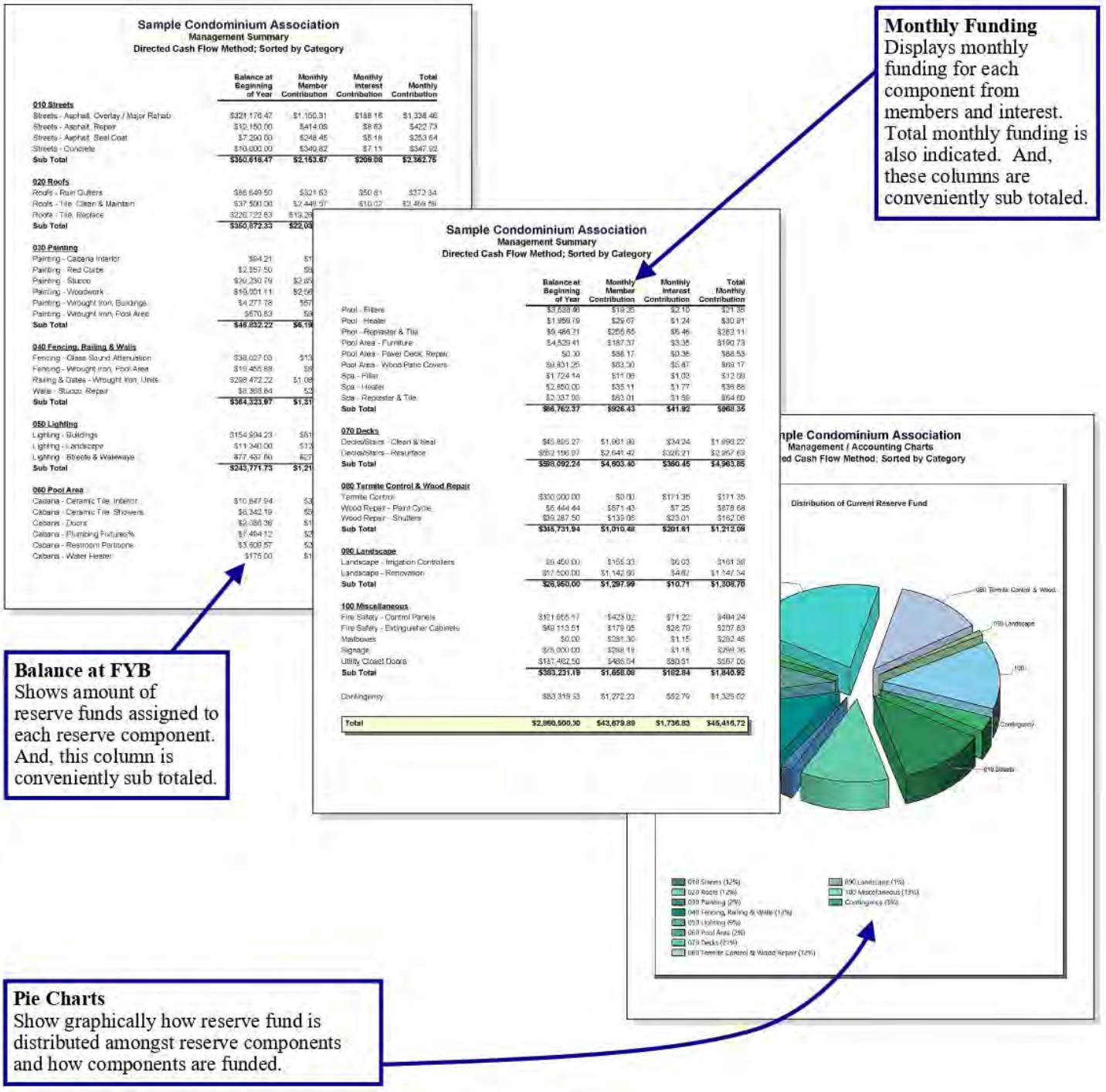
Fully Funded Balance
Displays fully funded balance for each component. This column is conveniently sub totaled.

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

Preface

Management Summary and Charts

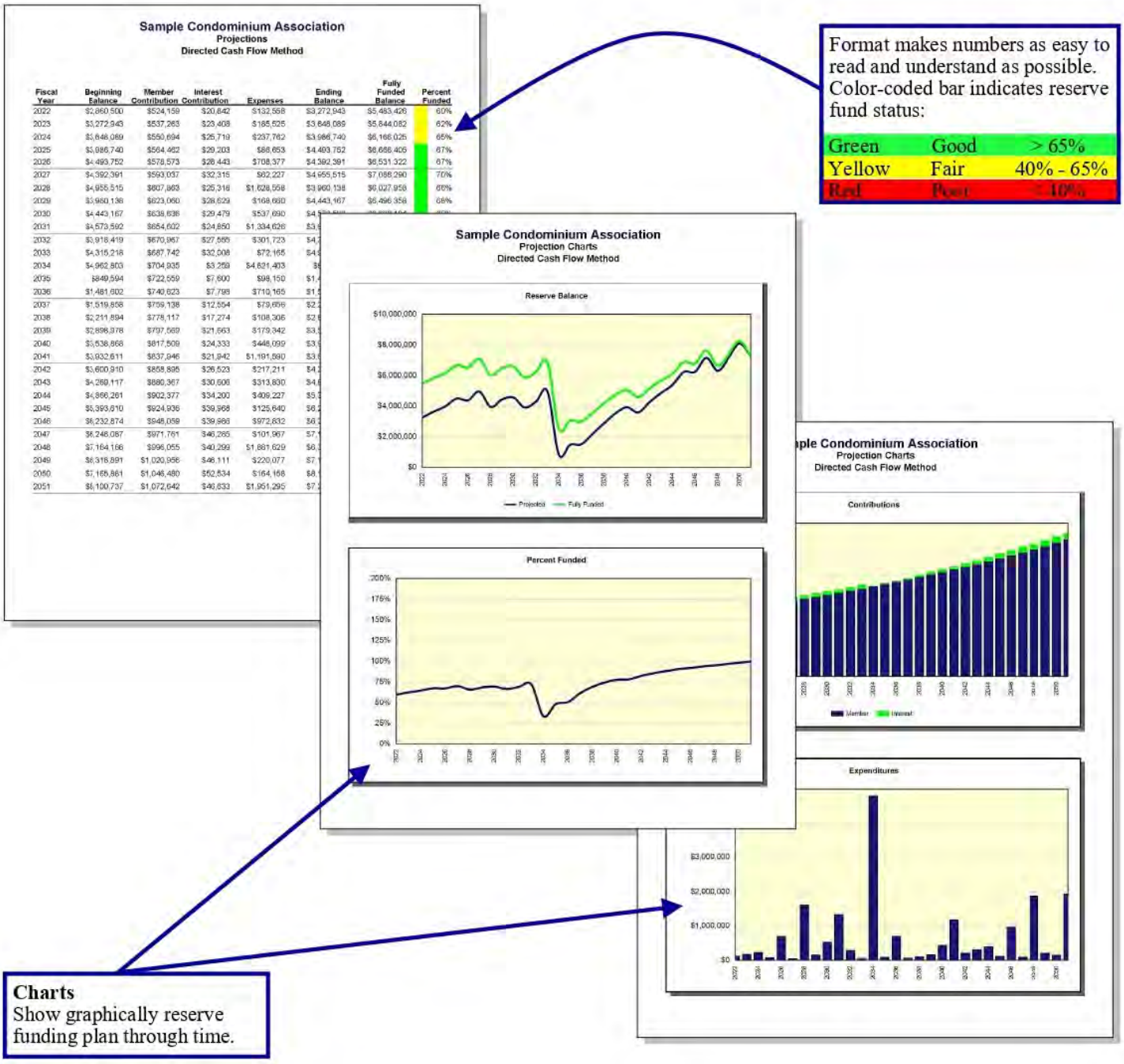
Summary displays all reserve components, shown here in "category" order. Provides assigned reserve funds at beginning of fiscal year for which reserve analysis is prepared along with monthly member contribution, interest contribution and total contribution for each component and category. Pie charts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



Preface

Projections and Charts

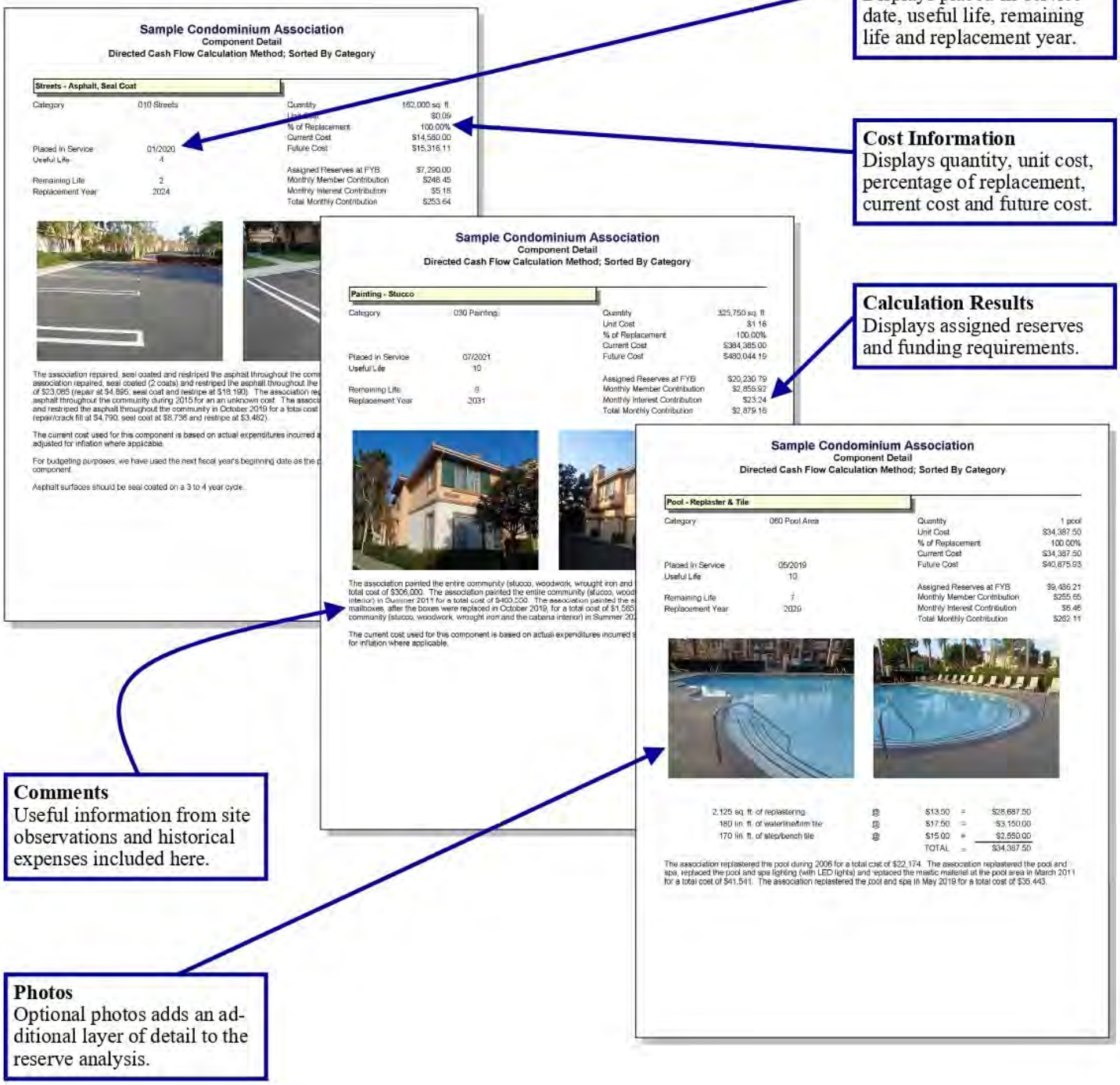
Summary displays projections of beginning reserve balance, member contribution, interest contribution, expenditures and ending reserve balance for each year of projection period (shown here for 30 years). Two columns on the right-hand side provide fully funded ending balance and percent funded for each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



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.



♦ ♦ ♦ ♦ GLOSSARY OF KEY TERMS ♦ ♦ ♦ ♦

Anticipated Reserve Balance (or Reserve Funds)
Amount of money, as of a certain point in time, held by 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)
Amount of money, as of fiscal year beginning date for which reserve analysis is prepared, that a reserve component has been assigned.

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.

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

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

Contribution Increase Parameter
Rate used in calculation of 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 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.

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

Directed 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.

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

Fully Funded Reserve Balance
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:

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

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 com-

ponents it maintains, based on each component's current replacement cost, age and useful life.

Future Replacement Cost
Amount of money, as of 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
Financial parameters used to calculate reserve analysis. See also "inflation parameter," "contribution increase parameter," "investment rate parameter" and "taxes on investments parameter."

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

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

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

Membership Contribution
Amount of money contributed to reserve fund by association's membership.

Minimum 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.

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

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)
Number of units for which reserve analysis is prepared. In "phased" developments, this number represents the number of units, and corresponding common area components, that exist as of a certain point in time.

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

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

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

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

Preface

Reserve fund health:

Green	Good	> 65%
Yellow	Fair	40% to 65%
Red	Poor	<40%

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

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

For most reserve components, this percentage is 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%. Another example would be a component where partial replacement is expected, such as interior doors.

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

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

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

If 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, 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, useful life should remain at 4 years and a remaining life adjustment of +1 year should be used.

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

Reserve Components
Line items included in the reserve analysis.

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

Total Contribution
Sum of membership contribution and interest contribution.

Useful Life
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.

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, climate change, 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 reserve components.

Stagecoach Village
Executive Summary
Directed Cash Flow Method

Client Information

Account Number	5266
Version Number	002
Analysis Date	5/15/2023
Fiscal Year	1/1/2024 to 12/31/2024
Number of Property	1

Global Parameters

Inflation Rate	3.00%
Annual Contribution Increase	20.00%
Investment Rate	0.00%
Taxes on Investments	0.00%
Contingency	0.00%

Community Profile

Unless otherwise indicated in this report, we have used 2008 as the basis for aging the original components examined in this analysis.

Reserve Balance as of April 10, 2023: $208,375.50

Remaining 2023 Reserve Contributions: $60,340.50 ($6,704.50/month x 9 months)

Remaining 2023 Reserve Expenditures: $98,310 (TREMCO - Roofs: Preventative Maint, Repairs, Parapets)
25,000 (Roadrunner - repaint all wood trim, excluding Bldg 5)
13,877 (Roadrunner - repair/repaint Bldg 7 stucco exteriors)

Projected January 1, 2024 Reserve Balance: $131,529

REPORTS: 2019. Updated 2023.

Adequacy of Reserves as of January 1, 2024

Anticipated Reserve Balance		**$131,529.00**
Fully Funded Reserve Balance		**$738,409.02**
Percent Funded	0 25 50 75 100	**17.81%**

Funding for the 2024 Fiscal Year	Annual	Monthly	Per Property Per Month
Member Contribution	**$96,545**	**$8,045.42**	**$8,045.42**
Interest Contribution	**$0**	**$0.00**	**$0.00**
Total Contribution	**$96,545**	**$8,045.42**	**$8,045.42**

Stagecoach Village
Distribution of Current Reserve Funds
Sorted by Remaining Life; Alphabetical

	Remaining Life	Fully Funded Balance	Assigned Reserves
Paint/Seal: Remaining Property Exteriors	1	$131,764.71	$131,529.00
Buildings: Fire Alarm Control Panel (Bldg 1)	2	$2,222.22	$0.00
Buildings: Fire Alarm Control Panel (Bldg 4)	2	$2,222.22	$0.00
Buildings: Fire Alarm Control Panel (Bldg 6)	2	$2,222.22	$0.00
Buildings: Fire Alarm Control Panel (Bldg 7)	2	$2,222.22	$0.00
Buildings: Fire Alarm Control Panel (Bldg 8)	2	$2,222.22	$0.00
Buildings: Fire Alarm Control Panel (Bldg 9)	2	$2,222.22	$0.00
Buildings: Fire Alarm Control Panel (Bldg 10)	2	$2,222.22	$0.00
Buildings: Fire Alarm Control Panel (Bldg 11)	2	$2,222.22	$0.00
Buildings: Fire Alarm Control Panel (Bldg 12)	2	$2,222.22	$0.00
Parking Lot: Asphalt Repair & Seal Coat	3	$15,000.00	$0.00
Grounds: Artificial Turf	5	$6,371.46	$0.00
Grounds: Sail Shades (Fabric)	5	$12,000.00	$0.00
Paint/Seal: Building 5	5	$5,000.00	$0.00
Paint/Seal: Wood Bldg Exteriors (Except Bldg 5)	5	$2,272.73	$0.00
Grounds: Mailboxes (Pedestal Sets)	6	$16,909.09	$0.00
Roofs: Foam (Repair & Recoat)	6	$80,000.00	$0.00
Buildings: Fire Alarm Control Panel (Bldg 2)	7	$1,333.33	$0.00
Buildings: Fire Alarm Control Panel (Bldg 3)	7	$1,333.33	$0.00
Paint: Building 7	7	$925.13	$0.00
Buildings: Fire Alarm Control Panel (Bldg 5)	9	$965.91	$0.00
Gates: Metal (Trash Enclosures)	9	$8,064.00	$0.00
Lighting: Pole Mounted Fixtures	14	$59,733.33	$0.00
Lighting: Wall Mounted Light Fixtures	14	$59,520.00	$0.00
Parking Lot: Asphalt Rehabilitation	19	$317,216.00	$0.00
Buildings: Metal Roofs & Siding (Unfunded)	n.a.	$0.00	$0.00
Fencing: Steel Split Rail (Unfunded)	n.a.	$0.00	$0.00
Grounds: Concrete Components (Unfunded)	n.a.	$0.00	$0.00
Grounds: Concrete Pavers (Unfunded)	n.a.	$0.00	$0.00
Grounds: Granite Replenishment (Unfunded)	n.a.	$0.00	$0.00
Grounds: Irrigation System (Unfunded)	n.a.	$0.00	$0.00
Grounds: Monument Signs (Unfunded)	n.a.	$0.00	$0.00
Grounds: Tree Trimming (Unfunded)	n.a.	$0.00	$0.00
Contingency	n.a.	$0.00	$0.00

Stagecoach Village
Distribution of Current Reserve Funds
Sorted by Remaining Life; Alphabetical

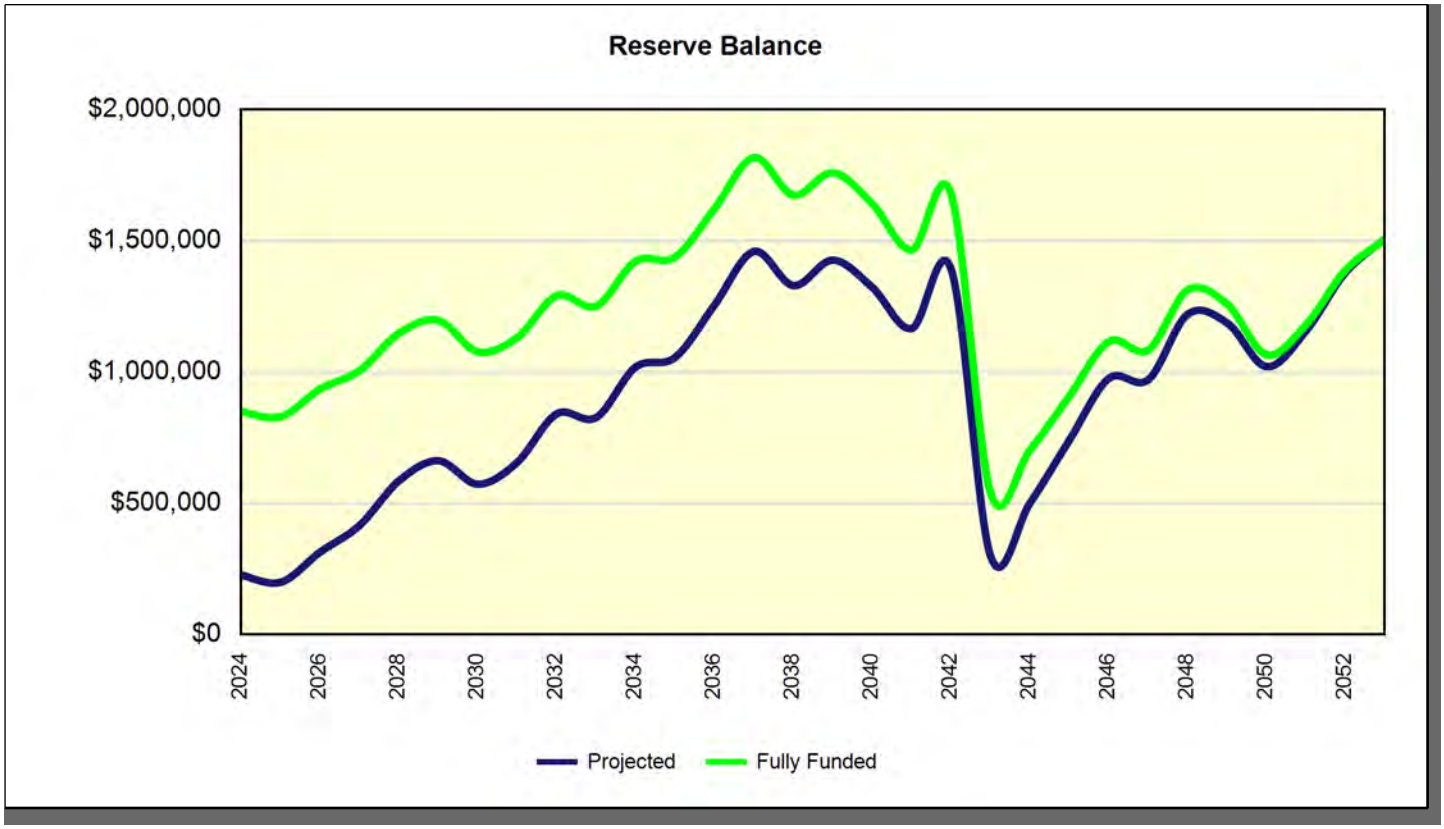
Total	**1-19**	**$738,409.02**	**$131,529.00**
Percent Funded			**17.81%**

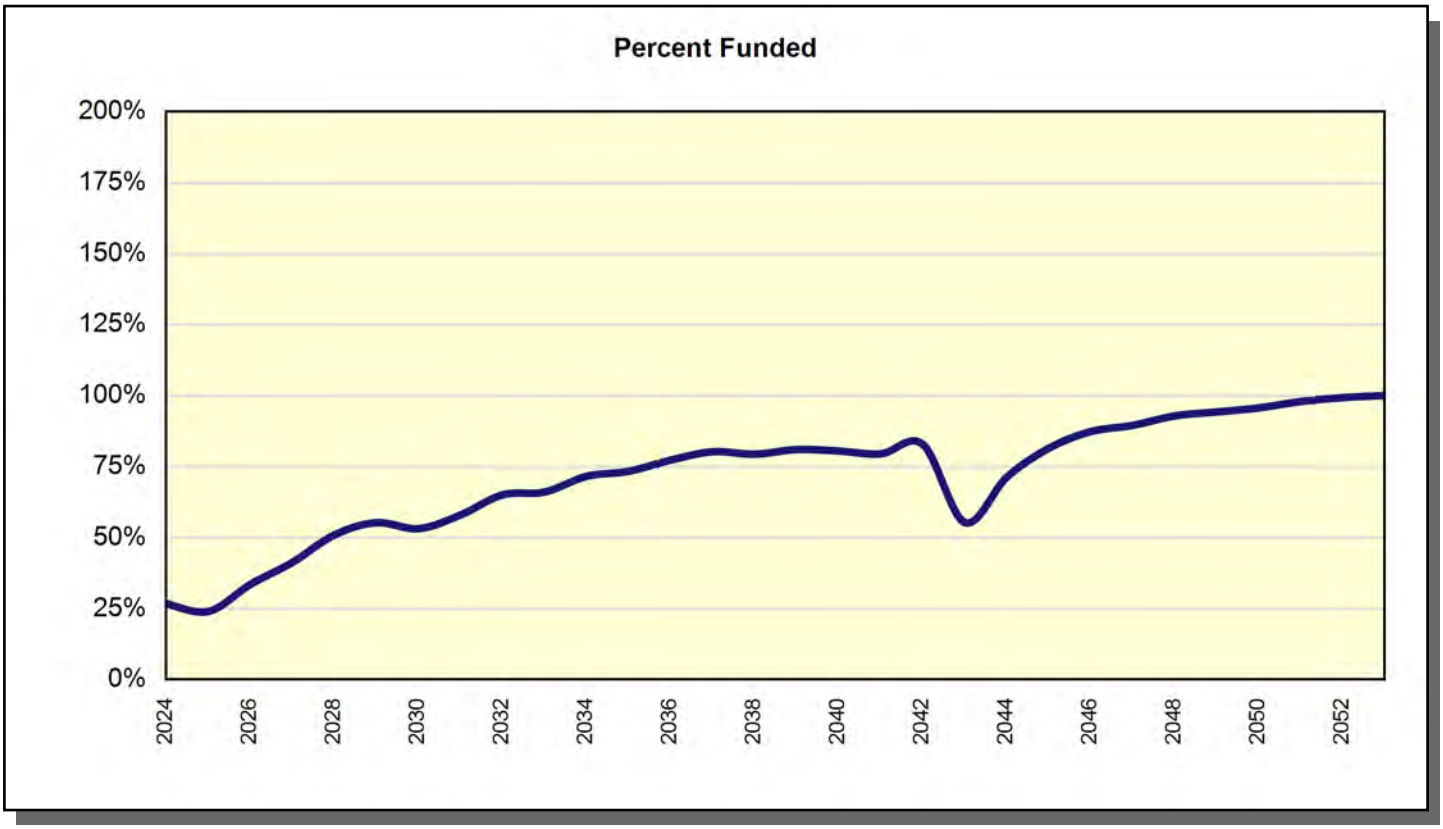
Stagecoach Village
Projections
Directed Cash Flow Method

Fiscal Year	Beginning Balance	Member Contribution	Interest Contribution	Expenses	Ending Balance	Fully Funded Balance	Percent Funded
2024	$131,529	$96,545	$0	$0	$228,074	$850,517	27%
2025	$228,074	$115,854	$0	$144,200	$199,728	$829,989	24%
2026	$199,728	$139,025	$0	$23,870	$314,883	$936,133	34%
2027	$314,883	$166,830	$0	$65,564	$416,149	$1,005,691	41%
2028	$416,149	$170,216	$0	$0	$586,365	$1,148,138	51%
2029	$586,365	$173,672	$0	$97,289	$662,748	$1,197,565	55%
2030	$662,748	$177,197	$0	$266,572	$573,373	$1,077,570	53%
2031	$573,373	$180,794	$0	$97,009	$657,159	$1,132,039	58%
2032	$657,159	$184,465	$0	$0	$841,623	$1,291,722	65%
2033	$841,623	$188,209	$0	$202,370	$827,462	$1,251,521	66%
2034	$827,462	$192,030	$0	$0	$1,019,492	$1,422,439	72%
2035	$1,019,492	$195,928	$0	$159,187	$1,056,233	$1,438,525	73%
2036	$1,056,233	$199,905	$0	$0	$1,256,138	$1,623,176	77%
2037	$1,256,138	$203,963	$0	$0	$1,460,102	$1,817,612	80%
2038	$1,460,102	$208,104	$0	$338,215	$1,329,991	$1,673,891	79%
2039	$1,329,991	$212,328	$0	$115,098	$1,427,221	$1,760,173	81%
2040	$1,427,221	$216,639	$0	$320,941	$1,322,919	$1,641,664	81%
2041	$1,322,919	$221,036	$0	$377,548	$1,166,408	$1,466,072	80%
2042	$1,166,408	$225,524	$0	$0	$1,391,931	$1,679,007	83%
2043	$1,391,931	$230,102	$0	$1,321,986	$300,047	$541,754	55%
2044	$300,047	$234,773	$0	$32,510	$502,310	$703,763	71%
2045	$502,310	$239,539	$0	$0	$741,848	$909,496	82%
2046	$741,848	$244,401	$0	$9,581	$976,669	$1,117,071	87%
2047	$976,669	$249,363	$0	$254,350	$971,682	$1,084,466	90%
2048	$971,682	$254,425	$0	$5,082	$1,221,024	$1,313,505	93%
2049	$1,221,024	$259,589	$0	$293,129	$1,187,485	$1,258,778	94%
2050	$1,187,485	$264,859	$0	$431,318	$1,021,026	$1,066,309	96%
2051	$1,021,026	$270,236	$0	$133,277	$1,157,984	$1,181,468	98%
2052	$1,157,984	$275,722	$0	$53,194	$1,380,511	$1,389,181	99%
2053	$1,380,511	$281,319	$0	$155,351	$1,506,479	$1,504,716	100%

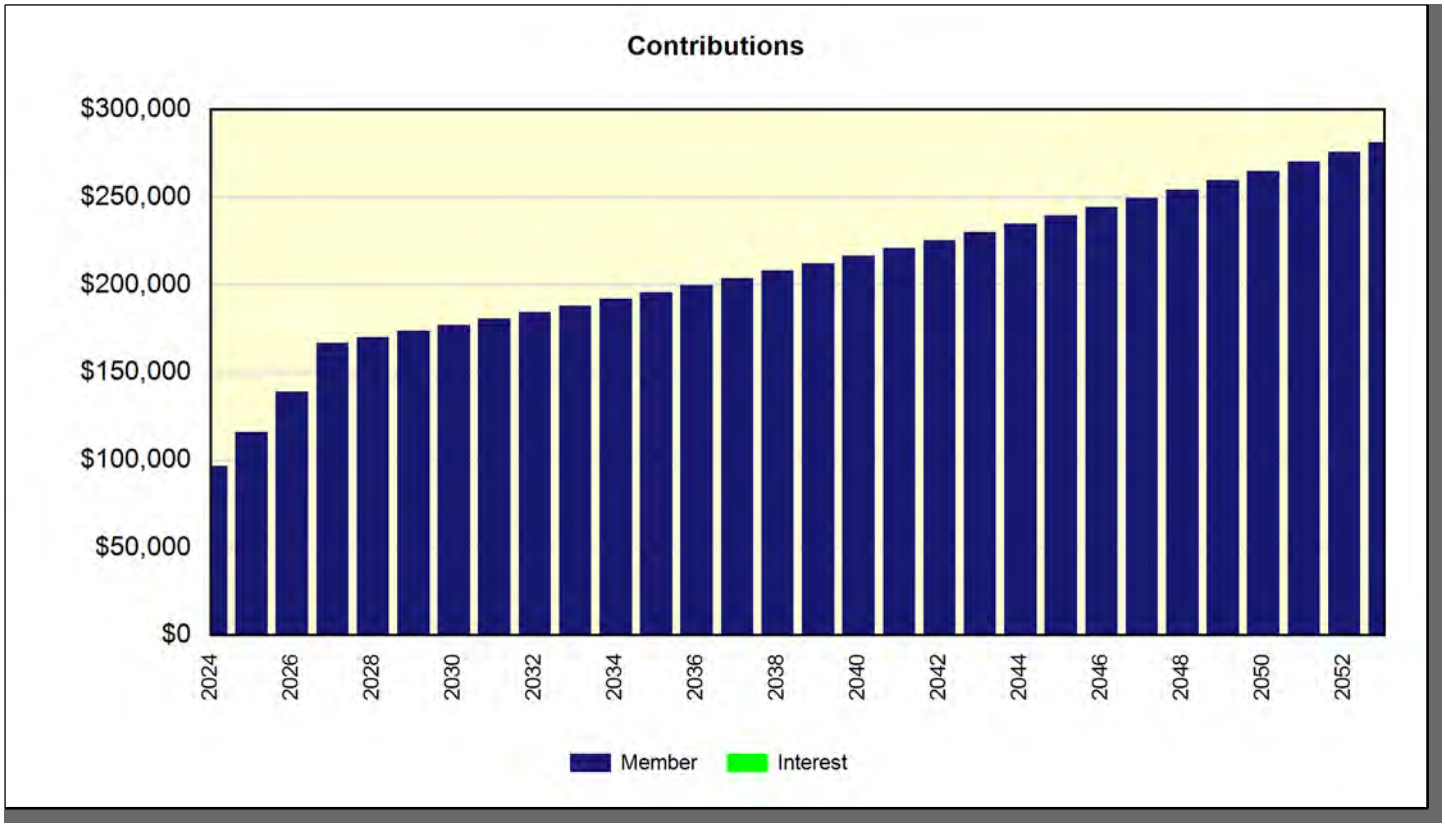
The client's 2023 budgeted reserve contribution is $80,454. Based on the reserve schedule of expenses outlined in this report, we have incorporated a 20.00% annual contribution increase from 2024 - 2027, and then a 2.03% annual contribution increase thereafter.

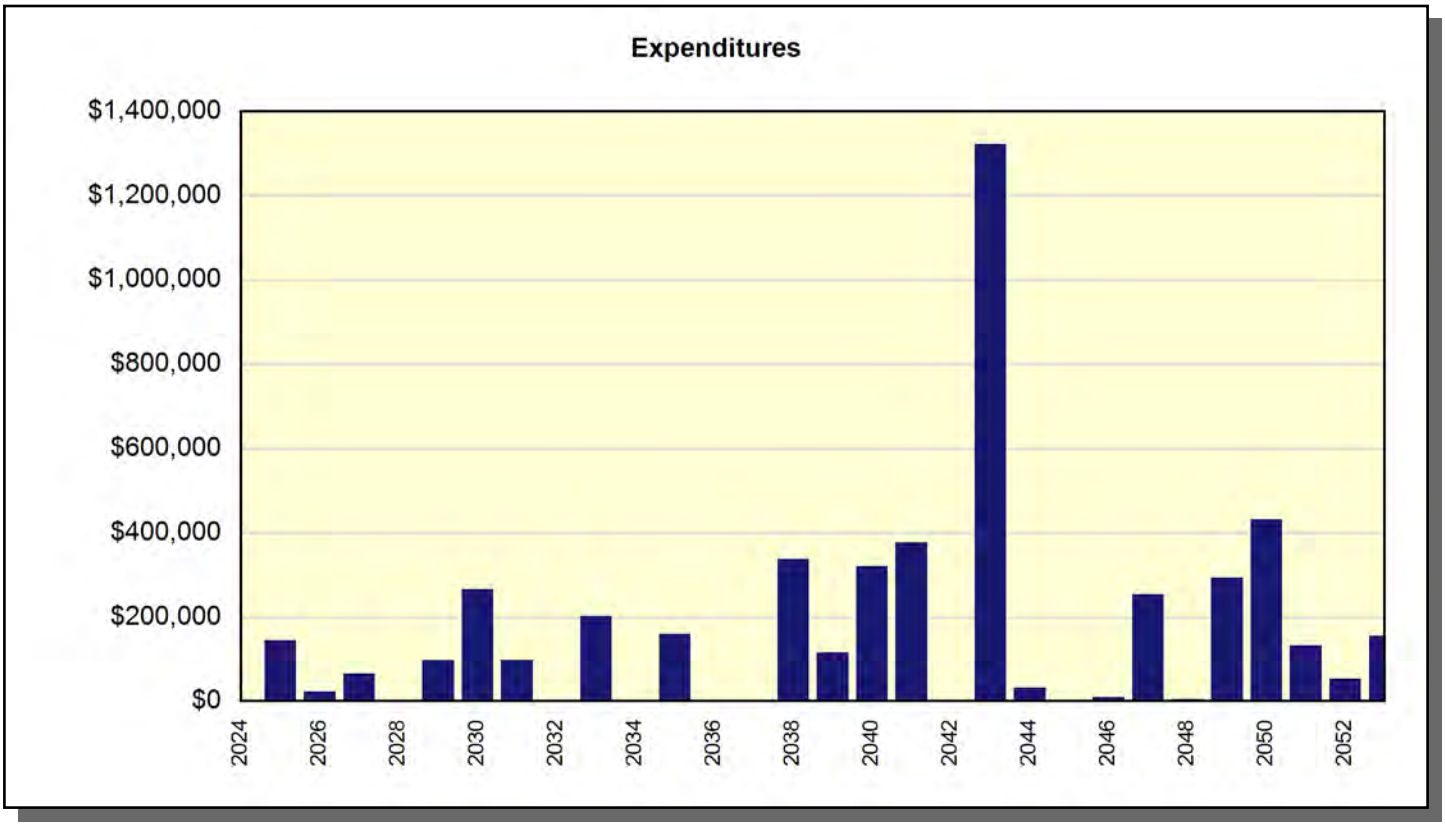
Stagecoach Village
Projection Charts
Directed Cash Flow Method





Stagecoach Village
Projection Charts
Directed Cash Flow Method





Stagecoach Village
Annual Expenditures
Sorted by Alphabetical

2025 Fiscal Year	
Paint/Seal: Remaining Property Exteriors	$144,200.00
Sub Total	**$144,200.00**
2026 Fiscal Year	
Buildings: Fire Alarm Control Panel (Bldg 1)	$2,652.25
Buildings: Fire Alarm Control Panel (Bldg 4)	$2,652.25
Buildings: Fire Alarm Control Panel (Bldg 6)	$2,652.25
Buildings: Fire Alarm Control Panel (Bldg 7)	$2,652.25
Buildings: Fire Alarm Control Panel (Bldg 8)	$2,652.25
Buildings: Fire Alarm Control Panel (Bldg 9)	$2,652.25
Buildings: Fire Alarm Control Panel (Bldg 10)	$2,652.25
Buildings: Fire Alarm Control Panel (Bldg 11)	$2,652.25
Buildings: Fire Alarm Control Panel (Bldg 12)	$2,652.25
Sub Total	**$23,870.25**
2027 Fiscal Year	
Parking Lot: Asphalt Repair & Seal Coat	$65,563.62
Sub Total	**$65,563.62**
2029 Fiscal Year	
Grounds: Artificial Turf	$12,662.17
Grounds: Sail Shades (Fabric)	$20,866.93
Paint/Seal: Building 5	$34,778.22
Paint/Seal: Wood Bldg Exteriors (Except Bldg 5)	$28,981.85
Sub Total	**$97,289.18**
2030 Fiscal Year	
Grounds: Mailboxes (Pedestal Sets)	$27,761.72
Roofs: Foam (Repair & Recoat)	$238,810.46
Sub Total	**$266,572.18**
2031 Fiscal Year	
Buildings: Fire Alarm Control Panel (Bldg 2)	$3,074.68
Buildings: Fire Alarm Control Panel (Bldg 3)	$3,074.68
Paint: Building 7	$17,066.96
Parking Lot: Asphalt Repair & Seal Coat	$73,792.43
Sub Total	**$97,008.76**
2033 Fiscal Year	
Buildings: Fire Alarm Control Panel (Bldg 5)	$3,261.93
Gates: Metal (Trash Enclosures)	$16,440.14
Paint/Seal: Remaining Property Exteriors	$182,668.25

Stagecoach Village
Annual Expenditures
Sorted by Alphabetical

Sub Total	**$202,370.32**
2035 Fiscal Year	
Paint/Seal: Building 5	$41,527.02
Paint/Seal: Wood Bldg Exteriors (Except Bldg 5)	$34,605.85
Parking Lot: Asphalt Repair & Seal Coat	$83,054.03
Sub Total	**$159,186.90**
2038 Fiscal Year	
Lighting: Pole Mounted Fixtures	$169,410.05
Lighting: Wall Mounted Light Fixtures	$168,805.01
Sub Total	**$338,215.06**
2039 Fiscal Year	
Paint: Building 7	$21,619.91
Parking Lot: Asphalt Repair & Seal Coat	$93,478.05
Sub Total	**$115,097.96**
2040 Fiscal Year	
Roofs: Foam (Repair & Recoat)	$320,941.29
Sub Total	**$320,941.29**
2041 Fiscal Year	
Buildings: Fire Alarm Control Panel (Bldg 1)	$4,132.12
Buildings: Fire Alarm Control Panel (Bldg 4)	$4,132.12
Buildings: Fire Alarm Control Panel (Bldg 6)	$4,132.12
Buildings: Fire Alarm Control Panel (Bldg 7)	$4,132.12
Buildings: Fire Alarm Control Panel (Bldg 8)	$4,132.12
Buildings: Fire Alarm Control Panel (Bldg 9)	$4,132.12
Buildings: Fire Alarm Control Panel (Bldg 10)	$4,132.12
Buildings: Fire Alarm Control Panel (Bldg 11)	$4,132.12
Buildings: Fire Alarm Control Panel (Bldg 12)	$4,132.12
Grounds: Artificial Turf	$18,053.23
Paint/Seal: Building 5	$49,585.43
Paint/Seal: Remaining Property Exteriors	$231,398.67
Paint/Seal: Wood Bldg Exteriors (Except Bldg 5)	$41,321.19
Sub Total	**$377,547.59**
2043 Fiscal Year	
Parking Lot: Asphalt Rehabilitation	$1,216,775.39
Parking Lot: Asphalt Repair & Seal Coat	$105,210.36

Sub Total	**$1,321,985.75**
2044 Fiscal Year	
Grounds: Sail Shades (Fabric)	$32,510.00
Sub Total	**$32,510.00**
2046 Fiscal Year	
Buildings: Fire Alarm Control Panel (Bldg 2)	$4,790.26
Buildings: Fire Alarm Control Panel (Bldg 3)	$4,790.26
Sub Total	**$9,580.52**
2047 Fiscal Year	
Paint/Seal: Building 5	$59,207.60
Paint/Seal: Wood Bldg Exteriors (Except Bldg 5)	$49,339.66
Paint: Building 7	$27,387.46
Parking Lot: Asphalt Repair & Seal Coat	$118,415.19
Sub Total	**$254,349.91**
2048 Fiscal Year	
Buildings: Fire Alarm Control Panel (Bldg 5)	$5,081.99
Sub Total	**$5,081.99**
2049 Fiscal Year	
Paint/Seal: Remaining Property Exteriors	$293,128.91
Sub Total	**$293,128.91**
2050 Fiscal Year	
Roofs: Foam (Repair & Recoat)	$431,318.25
Sub Total	**$431,318.25**
2051 Fiscal Year	
Parking Lot: Asphalt Repair & Seal Coat	$133,277.34
Sub Total	**$133,277.34**
2052 Fiscal Year	
Grounds: Mailboxes (Pedestal Sets)	$53,194.32
Sub Total	**$53,194.32**
2053 Fiscal Year	
Grounds: Artificial Turf	$25,739.59
Paint/Seal: Building 5	$70,696.97
Paint/Seal: Wood Bldg Exteriors (Except Bldg 5)	$58,914.14

Stagecoach Village
Annual Expenditures
Sorted by Alphabetical

Sub Total	**$155,350.69**

Stagecoach Village
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Parking Lot: Asphalt Rehabilitation

Category	010 Parking Lot	Quantity	198,260 sq. ft.
		Unit Cost	$3.50
		% of Replacement	100.00%
		Current Cost	$693,910.00
Placed In Service	01/2008	Future Cost	$1,216,775.39
Useful Life	35		
		Assigned Reserves at FYB	$0.00
Remaining Life	19	Monthly Member Contribution	$2,184.90
Replacement Year	2043	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$2,184.90

This component budgets to remove & repave the parking lot asphalt (drive lanes, covered parking spaces, uncovered parking spaces).

Parking Lot: Asphalt Repair & Seal Coat

Category	010 Parking Lot	Quantity	1 total
		Unit Cost	$60,000.00
		% of Replacement	100.00%
		Current Cost	$60,000.00
Placed In Service	01/2023	Future Cost	$65,563.62
Useful Life	4		
		Assigned Reserves at FYB	$0.00
Remaining Life	3	Monthly Member Contribution	$956.68
Replacement Year	2027	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$956.68

Historical Maintenance Information:

2018: crack sealed, seal coated & restriped (cost unknown)
Oct 2022: crack seaed, seal coated & restriped by API GC at a cost of $55,533.78

This component budgets for similar work on a continuous four year cycle, and includes a provision for asphalt repairs. We have used January 2023 as the basis for aging this component.

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

Roofs: Foam (Repair & Recoat)

Category	020 Roofing	Quantity	1 total
		Unit Cost	$200,000.00
		% of Replacement	100.00%
		Current Cost	$200,000.00
Placed In Service	01/2020	Future Cost	$238,810.46
Useful Life	10		
		Assigned Reserves at FYB	$0.00
Remaining Life	6	Monthly Member Contribution	$1,665.11
Replacement Year	2030	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$1,665.11

The foam roofs atop the 12 buildings were repaired & recoated (manufacturer 10 year warranty) in 2019/2020. Additional work will be done to the leaking parapet walls by TREMCO in 2023. This component budgets to repair & recoat the foam roofs on a continuous 10 year cycle, and also includes a provision for ongoing repairs & recoats associated with the parapet walls.

Building 1: 9,980 sq. ft. of foam roofing
Building 2: 6,750 sq. ft. of foam roofing
Building 3: 10,400 sq. ft. of foam roofing
Building 4: 14,250 sq. ft. of foam roofing
Building 5: 10,275 sq. ft. of foam roofing
Building 6: 1,260 sq. ft. of foam roofing
Building 7: 7,920 sq. ft. of foam roofing
Building 8: 11,880 sq. ft. of foam roofing
Building 9: 1,270 sq. ft. of foam roofing
Building 10: 3,630 sq. ft. of foam roofing
Building 11: 3,630 sq. ft. of foam roofing
Buidling 12: 1,270 sq. ft. of foam roofing

No provision has been included in this reserve study to replace the foam roofs. If inspected annually, repaired as needed, and recoated as recommended, the foam roofs should last indefinitely under normal circumstances.

NOTE: The client's 2023 operating budget includes a $6,000 line item for "Roof (Maintenance/Cleaning)". Based on the 2023 TREMCO bid for roof work, we recommend significantly increasing the annual budget amount for this line item so that reserve funds don't need to be used for annual roof inspections, cleaning & maintenance going forward.

Stagecoach Village
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Buildings: Fire Alarm Control Panel (Bldg 1)

Category	025 Buildings	Quantity	1 FACP
		Unit Cost	$2,500.00
		% of Replacement	100.00%
		Current Cost	$2,500.00
Placed In Service	01/2008	Future Cost	$2,652.25
Useful Life	15		
Adjustment	+3	Assigned Reserves at FYB	$0.00
Remaining Life	2	Monthly Member Contribution	$58.93
Replacement Year	2026	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$58.93

This component budgets to replace the Fire-Lite Alarms, MS-5024 fire alarm control panel & associated components. The useful life cycle has been adjusted to reflect an anticipated replacement year of 2026.

Stagecoach Village
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Buildings: Fire Alarm Control Panel (Bldg 2)

Category	025 Buildings	Quantity	1 FACP
		Unit Cost	$2,500.00
		% of Replacement	100.00%
		Current Cost	$2,500.00
Placed In Service	01/2016	Future Cost	$3,074.68
Useful Life	15		
		Assigned Reserves at FYB	$0.00
Remaining Life	7	Monthly Member Contribution	$18.10
Replacement Year	2031	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$18.10

This component budgets to replace the Faraday, MCP-6000 fire alarm control panel & associated components. We have estimated the placed in service date to be 2016 for this panel.

Buildings: Fire Alarm Control Panel (Bldg 3)

Category	025 Buildings	Quantity	1 FACP
		Unit Cost	$2,500.00
		% of Replacement	100.00%
		Current Cost	$2,500.00
Placed In Service	01/2016	Future Cost	$3,074.68
Useful Life	15		
		Assigned Reserves at FYB	$0.00
Remaining Life	7	Monthly Member Contribution	$18.10
Replacement Year	2031	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$18.10

This component budgets to replace the Fire-Lite Alarms, MS-5UD fire alarm control panel & associated components. We have estimated the placed in service date to be 2016 for this panel.

Buildings: Fire Alarm Control Panel (Bldg 4)

Category	025 Buildings	Quantity	1 FACP
		Unit Cost	$2,500.00
		% of Replacement	100.00%
		Current Cost	$2,500.00
Placed In Service	01/2008	Future Cost	$2,652.25
Useful Life	15		
Adjustment	+3	Assigned Reserves at FYB	$0.00
Remaining Life	2	Monthly Member Contribution	$58.93
Replacement Year	2026	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$58.93

This component budgets to replace the Fire-Lite Alarms, MS-5024 fire alarm control panel & associated components. The useful life cycle has been adjusted to reflect an anticipated replacement year of 2026.

Stagecoach Village
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Buildings: Fire Alarm Control Panel (Bldg 5)

Category	025 Buildings	Quantity	1 FACP
		Unit Cost	$2,500.00
		% of Replacement	100.00%
		Current Cost	$2,500.00
Placed In Service	05/2018	Future Cost	$3,261.93
Useful Life	15		
		Assigned Reserves at FYB	$0.00
Remaining Life	9	Monthly Member Contribution	$14.48
Replacement Year	2033	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$14.48

This component budgets to replace the Fire-Lite Alarms, MS-5UD fire alarm control panel & associated components. We have estimated the placed in service date to be mid-2018 for this panel.

Buildings: Fire Alarm Control Panel (Bldg 6)

Category	025 Buildings	Quantity	1 FACP
		Unit Cost	$2,500.00
		% of Replacement	100.00%
		Current Cost	$2,500.00
Placed In Service	01/2008	Future Cost	$2,652.25
Useful Life	15		
Adjustment	+3	Assigned Reserves at FYB	$0.00
Remaining Life	2	Monthly Member Contribution	$58.93
Replacement Year	2026	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$58.93

This component budgets to replace the Fire-Lite Alarms, MS-5024 fire alarm control panel & associated components. The useful life cycle has been adjusted to reflect an anticipated replacement year of 2026.

Stagecoach Village
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Buildings: Fire Alarm Control Panel (Bldg 7)

Category	025 Buildings	Quantity	1 FACP
		Unit Cost	$2,500.00
		% of Replacement	100.00%
		Current Cost	$2,500.00
Placed In Service	01/2008	Future Cost	$2,652.25
Useful Life	15		
Adjustment	+3	Assigned Reserves at FYB	$0.00
Remaining Life	2	Monthly Member Contribution	$58.93
Replacement Year	2026	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$58.93

This component budgets to replace the Fire-Lite Alarms, MS-5024 fire alarm control panel & associated components. The useful life cycle has been adjusted to reflect an anticipated replacement year of 2026.

Stagecoach Village
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Buildings: Fire Alarm Control Panel (Bldg 8)

Category	025 Buildings	Quantity	1 FACP
		Unit Cost	$2,500.00
		% of Replacement	100.00%
		Current Cost	$2,500.00
Placed In Service	01/2008	Future Cost	$2,652.25
Useful Life	15		
Adjustment	+3	Assigned Reserves at FYB	$0.00
Remaining Life	2	Monthly Member Contribution	$58.93
Replacement Year	2026	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$58.93

This component budgets to replace the Fire-Lite Alarms, MS-5024 fire alarm control panel & associated components. The useful life cycle has been adjusted to reflect an anticipated replacement year of 2026.

Stagecoach Village
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Buildings: Fire Alarm Control Panel (Bldg 9)

Category	025 Buildings	Quantity	1 FACP
		Unit Cost	$2,500.00
		% of Replacement	100.00%
		Current Cost	$2,500.00
Placed In Service	01/2008	Future Cost	$2,652.25
Useful Life	15		
Adjustment	+3	Assigned Reserves at FYB	$0.00
Remaining Life	2	Monthly Member Contribution	$58.93
Replacement Year	2026	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$58.93

This component budgets to replace the Fire-Lite Alarms, MS-5024 fire alarm control panel & associated components. The useful life cycle has been adjusted to reflect an anticipated replacement year of 2026.

Buildings: Fire Alarm Control Panel (Bldg 10)

Category	025 Buildings	Quantity	1 FACP
		Unit Cost	$2,500.00
		% of Replacement	100.00%
		Current Cost	$2,500.00
Placed In Service	01/2008	Future Cost	$2,652.25
Useful Life	15		
Adjustment	+3	Assigned Reserves at FYB	$0.00
Remaining Life	2	Monthly Member Contribution	$58.93
Replacement Year	2026	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$58.93

This component budgets to replace the Fire-Lite Alarms, MS-5024 fire alarm control panel & associated components. The useful life cycle has been adjusted to reflect an anticipated replacement year of 2026.

Stagecoach Village
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Buildings: Fire Alarm Control Panel (Bldg 11)

Category	025 Buildings	Quantity	1 FACP
		Unit Cost	$2,500.00
		% of Replacement	100.00%
		Current Cost	$2,500.00
Placed In Service	01/2008	Future Cost	$2,652.25
Useful Life	15		
Adjustment	+3	Assigned Reserves at FYB	$0.00
Remaining Life	2	Monthly Member Contribution	$58.93
Replacement Year	2026	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$58.93

This component budgets to replace the Fire-Lite Alarms, MS-5024 fire alarm control panel & associated components. The useful life cycle has been adjusted to reflect an anticipated replacement year of 2026.

Buildings: Fire Alarm Control Panel (Bldg 12)

Category	025 Buildings	Quantity	1 FACP
		Unit Cost	$2,500.00
		% of Replacement	100.00%
		Current Cost	$2,500.00
Placed In Service	01/2008	Future Cost	$2,652.25
Useful Life	15		
Adjustment	+3	Assigned Reserves at FYB	$0.00
Remaining Life	2	Monthly Member Contribution	$58.93
Replacement Year	2026	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$58.93

This component budgets to replace the Fire-Lite Alarms, MS-5024 fire alarm control panel & associated components. The useful life cycle has been adjusted to reflect an anticipated replacement year of 2026.

Buildings: Metal Roofs & Siding (Unfunded)

Category	025 Buildings	Quantity	1 comment
		Unit Cost	$0.00
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	01/2008	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

The following comments apply to the following metal components: standing seam metal roofs atop several of the buildings & center ramada, corrugated metal roof awnings at several of the buildings, corrugated metal roofs atop the carports, metal siding on several buildings:

We are not budgeting to replace the metal roofs & siding because they should last indefinitely. However, we recommend including a line item in the operating budget to inspect the metal components annually, and to cover any minor repairs that may be needed. Should the inspections reveal that major repairs and/or replacements will be needed, we can begin budgeting for such in a future update of this report.

Stagecoach Village
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Paint/Seal: Building 5

Category	030 Painting	Quantity	1 total
		Unit Cost	$30,000.00
		% of Replacement	100.00%
		Current Cost	$30,000.00
Placed In Service	01/2023	Future Cost	$34,778.22
Useful Life	6		
		Assigned Reserves at FYB	$0.00
Remaining Life	5	Monthly Member Contribution	$295.44
Replacement Year	2029	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$295.44

The Building 5 wood exteriors were resealed/restained in late 2022 by Roadrunner Drywall Corp at a cost of $30,000. This component budgets for similar work every six (6) years.

Paint/Seal: Remaining Property Exteriors

Category	030 Painting	Quantity	1 total
		Unit Cost	$140,000.00
		% of Replacement	100.00%
		Current Cost	$140,000.00
Placed In Service	01/2008	Future Cost	$144,200.00
Useful Life	8		
Adjustment	+9	Assigned Reserves at FYB	$131,529.00
Remaining Life	1	Monthly Member Contribution	$571.48
Replacement Year	2025	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$571.48

This component includes a provision to repaint all of the remaining property exteriors that weren't repainted in 2022/2023. We have scheduled this painting project to occur in 2025, and then on an eight (8) year cycle. However, the accumulated funds should be used to repaint in 2024 or 2025. Once a specific paint schedule/cycle has been established by the client, we will incorporate it into a future update of this report.

The property exteriors include: building exteriors (stucco & metal), metal carport support structures, steel rail fencing, stucco & block walls near Building R-6, metal light poles, wood ramada structure in the center of the property, wood windmill structure, wood water feature structure & metal shade structure support poles.

Paint/Seal: Wood Bldg Exteriors (Except Bldg 5)

Category	030 Painting	Quantity	1 total
		Unit Cost	$25,000.00
		% of Replacement	100.00%
		Current Cost	$25,000.00
Placed In Service	07/2023	Future Cost	$28,981.85
Useful Life	6		
		Assigned Reserves at FYB	$0.00
Remaining Life	5	Monthly Member Contribution	$246.20
Replacement Year	2029	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$246.20

The client intends to repaint all of the wood building exteriors (excluding Bldg 5 which was already done) in 2023 at a cost of $25,000 (see the Roadrunner Drywall Corp bid for details). This component budgets for similar work every six (6) years.

Paint: Building 7

Category	030 Painting	Quantity	1 total
		Unit Cost	$13,877.00
		% of Replacement	100.00%
		Current Cost	$13,877.00
Placed In Service	07/2023	Future Cost	$17,066.96
Useful Life	8		
		Assigned Reserves at FYB	$0.00
Remaining Life	7	Monthly Member Contribution	$100.46
Replacement Year	2031	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$100.46

The Building 7 stucco exteriors are anticipated to be repaired & repainted in 2023 by Roadrunner Drywall Corp at a cost of $13,877. This component budgets for similar work every eight (8) years.

Gates: Metal (Trash Enclosures)

Category	040 Fencing/Gates	Quantity	1 total
		Unit Cost	$12,600.00
		% of Replacement	100.00%
		Current Cost	$12,600.00
Placed In Service	01/2008	Future Cost	$16,440.14
Useful Life	25		
		Assigned Reserves at FYB	$0.00
Remaining Life	9	Monthly Member Contribution	$72.99
Replacement Year	2033	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$72.99

This component budgets to replace the following corrugated metal trash enclosure gates (unpainted):

14 5'10" x 6'0" metal gates	@	$900.00	=	$12,600.00
		TOTAL	=	$12,600.00

Fencing: Steel Split Rail (Unfunded)

Category	040 Fencing/Walls	Quantity	1 comment
		Unit Cost	$0.00
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	01/2008	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

We are not budgeting to replace the steel split rail fencing because it has an indefinite life. Repairs should be handled on an “as needed” basis using operating funds.

Lighting: Pole Mounted Fixtures

Category	050 Lighting	Quantity	112 fixtures
		Unit Cost	$1,000.00
		% of Replacement	100.00%
		Current Cost	$112,000.00
Placed In Service	01/2008	Future Cost	$169,410.05
Useful Life	30		
		Assigned Reserves at FYB	$0.00
Remaining Life	14	Monthly Member Contribution	$447.18
Replacement Year	2038	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$447.18

This component budgets to replace the pole mounted, gooseneck style light fixtures scattered throughout the property.

Lighting: Wall Mounted Light Fixtures

Category	050 Lighting	Quantity	1 total
		Unit Cost	$111,600.00
		% of Replacement	100.00%
		Current Cost	$111,600.00
Placed In Service	01/2008	Future Cost	$168,805.01
Useful Life	30		
		Assigned Reserves at FYB	$0.00
Remaining Life	14	Monthly Member Contribution	$445.58
Replacement Year	2038	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$445.58

This component budgets to replace the wall mounted, gooseneck style light fixtures on the buildings throughout the property:

270	smaller gooseneck fixtures	@	$250.00	=	$67,500.00
126	larger gooseneck fixtures	@	$350.00	=	$44,100.00
			TOTAL	=	$111,600.00

Grounds: Artificial Turf

Category	100 Grounds	Quantity	1,285 sq. ft.
		Unit Cost	$8.50
		% of Replacement	100.00%
		Current Cost	$10,922.50
Placed In Service	01/2017	Future Cost	$12,662.17
Useful Life	12		
		Assigned Reserves at FYB	$0.00
Remaining Life	5	Monthly Member Contribution	$107.57
Replacement Year	2029	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$107.57

This component budgets to replace the artificial turf installed at the following locations in approximately 2017:

- near Building R-3 near the sail shades (230 sq. ft.)
- around the center ramada (235 sq. ft.)
- on the west side of Bulding R-3 (450 sq. ft.)
- at the monument sign island at the Cave Creek Road entrance area (370 sq. ft.)

Grounds: Concrete Components (Unfunded)

Category	100 Grounds	Quantity	1 comment
		Unit Cost	$0.00
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	01/2008	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

We are not budgeting for repair or replacement of concrete components in this analysis, including the concrete walls around the perimeters of the community. 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: Concrete Pavers (Unfunded)

Category	100 Grounds	Quantity	1 comment
		Unit Cost	$0.00
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	01/2008	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

The following comments apply to the concrete pavers on the bridge at the property entrance/exit area:

Pavers are typically constructed with 1" of sand over a 3" base of ABC, and are usually 2 3/5" to 3 1/8" thick. Due to the construction and type of material used, the pavers are anticipated to last indefinitely, assuming they were properly installed. It is anticipated that any repairs required will be addressed immediately using operating funds. Good maintenance practice won't allow the need for repairs to accumulate to a point of major expense.

Grounds: Granite Replenishment (Unfunded)

Category	100 Grounds	Quantity	1 comment
		Unit Cost	$0.00
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	01/2008	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

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

- $ amount to be budgeted (or total square footage of granite landscaped areas)
- Year in which the next expenditure should be scheduled to occur
- Number of years between expenditures (useful life cycle)

Grounds: Irrigation System (Unfunded)

Category	100 Grounds	Quantity	1 comment
		Unit Cost	$0.00
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	01/2008	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

Irrigation systems are one of the most difficult items to budget for without specific information provided by an expert who is familiar with the system inventory and system condition. We have been advised by irrigation system experts that most system components (piping, sprinkler heads, valves, etc) have a useful life of 20+ years. However, budgeting for the replacement of an irrigation system requires evaluation of the present condition (to identify remaining useful life) and replacement cost - both of which call for expert evaluation, but fall outside the scope of a reserve study.

Therefore, we recommend that the Association board and/or management company have the system evaluated to determine the appropriate scope of work, projected replacement cost and remaining life, all of which are necessary so that budgeting can be included in a revision or future update of this analysis.

Stagecoach Village
Component Detail
Directed Cash Flow Calculation Method; Sorted By Category

Grounds: Mailboxes (Pedestal Sets)

Category	100 Grounds	Quantity	1 total
		Unit Cost	$23,250.00
		% of Replacement	100.00%
		Current Cost	$23,250.00
Placed In Service	01/2008	Future Cost	$27,761.72
Useful Life	22		
		Assigned Reserves at FYB	$0.00
Remaining Life	6	Monthly Member Contribution	$193.57
Replacement Year	2030	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$193.57

6	13 box sets w/1 parcel box	@	$2,750.00	=	$16,500.00
3	2 box parcel sets	@	$2,250.00	=	$6,750.00
			TOTAL	=	$23,250.00

Grounds: Monument Signs (Unfunded)

Category	100 Grounds	Quantity	1 comment
		Unit Cost	$0.00
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	01/2008	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

We are not budgeting to replace the wood beams, light fixtures, decorative wheels or steel letters making up the two monument signs that indicate “STAGECOACH VILLAGE” because they should last indefinitely under normal circumstances. Any necessary repairs should be handled on an "as needed" basis using operating funds. Should the client wish to budget for the refubishment, replacement or reconstruction of the monuments for aesthetic/remodeling purposes, we will do so at their request.

Grounds: Sail Shades (Fabric)

Category	100 Grounds	Quantity	2,400 sq. ft.
		Unit Cost	$7.50
		% of Replacement	100.00%
		Current Cost	$18,000.00
Placed In Service	01/2014	Future Cost	$20,866.93
Useful Life	15		
		Assigned Reserves at FYB	$0.00
Remaining Life	5	Monthly Member Contribution	$177.26
Replacement Year	2029	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$177.26

This component budgets to replace the three fabric sail shades located in the courtyard area between Buildings R-3 & R-4. These shades were installed in approximately 2014.

Grounds: Tree Trimming (Unfunded)

Category	100 Grounds	Quantity	1 comment
		Unit Cost	$0.00
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	01/2008	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

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.

Stagecoach Village
Component Detail Index

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