August 01, 2015

COMMUNITY ASSET EVALUATION

FOR

Las Torres

Cave Creek, Arizona

Thank you for choosing Arizona Reserve Services, LLC for your community's needs. We strive to be the very best while being competitive in today's market. Our experience comes from building and maintaining almost every aspect of a community. With Over 19 years of experience, we believe we are the best choice to meet your community's needs.

. The contents of this document are based on all visual assets of your community Association and any special inclusions your appointed representative(s) have requested. The use of Geotechnical, Engineering, Licensed/ Bonded Contractors, and Surveying services were not used for the development of this report or to determine any liability or responsibility of defect/ damage, thus Arizona reserve Services, LLC will not be responsible for any findings as a result of these services being applied.

The process used for the development of this document are based on actual current costs of materials and labor provided by local contractors, vendors, and professional services that are licensed to conduct operations in the State of Arizona. That combined with reviewing the past trends of material cost fluctuations, inflation, and consumer price index allow us to provide future costs to allow Your Community to prepare for its long term needs. The current site conditions are based on our own experiences of community development, homebuilding and landscaping of over 19 years, working for small private and large publically traded companies with great success. We currently recommend you update your reserve study on an annual basis as the present market is being impacted by rising petroleum costs combined with unstable business conditions.

This report was developed for the Las Torres Condo Association and shall not be distributed to any outside party, other than its intended user, without the explicit written consent of Arizona Reserve Services, LLC.

Thank you again for choosing Arizona Reserve Services, LLC and we would greatly appreciate any input or recommendations you may have in our effort to provide better Service.

Respectfully,

Bryan Whittaker

President

Arizona Reserve Services, LLC

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LAS TORRES

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SITE MAP

INTRODUCTION AND OVERVIEW

This Reserve Study/ Update was prepared by Arizona Reserve Services, LLC at the direction of the Board of directors of The Las Torres Homeowner's Association. This Reserve Study provides financial guidance and recommendations on condition, repair, and replacement of assets owned by the Association. All recommendations, assumptions and values are based on local municipal standard, manufacturer's recommendations, local material providers, local/ reputable contractors and vendors and other subject matter experts. Additionally provided in this Reserve Study may be recommendations for maintenance practice based on use and elemental conditions specific to your community. Maintenance of assets should be performed per industry standards and manufacturer's recommendations and should also be in the current maintenance plan and budget. These facets of maintenance will not be included in the Reserve and may consist of, but not limited to, monthly contracted maintenance, minor repairs of less than $500.00 and does not fund for significant weather events and or acts of criminal or reckless behaviors. There will be a contingency line item included in the report that will provide a non allocated fund reserve for each year that should assist in some of these instances. As you read this Reserve Analysis, you will notice the term "useful life" which refers to the anticipated life expectancy of each component. The value or time frame given to the "useful life" is not a guarantee that the component will last that long as there are many contributing factors that may lengthen or shorten the components "useful life". This term is a guideline only and should be considered as such.

This Reserve Study is based on, but not limited to, documentation or information provided by your Association and/ or its authorized agent, a site investigation, contractor pricing and various private and municipal online services.

It is assumed the community improvements were completed in 1979 based on the date the Final Plat was recorded. There were no technical services such as Survey, Geotechnical Engineering, Civil Engineering or Architectural services used in building this report. The benefit of a Reserve Study is the association's ability to plan long term for financial needs and set appropriate assessments early on in an effort to maintain the value of the community and avoid special assessments. It is recommended that the reserve study be updated on an annual basis as a result of the fluctuating market and to keep the association in a state of financial readiness.

ABOUT THE COMMUNITY

The Las Torres is an age restricted 55+ community with 25 units and is located in Cave Creek, Arizona. The community is amenitized with mature landscape, private pool and private basket ball and tennis area.

EXECUTIVE SUMMARY

Report Date: August 01, 2015 **Prepared By:** Bryan Whittaker

Date projected: 2016 -2045 **Prepared For:** Las Torres HOA

Management Company and Point of Contact: Oasis Management, Mary Hernandez

Estimated Inflation Rate:	3%	**Number of Units**	25
Net MMA Interest Rate:	1.13%	**Contribution per unit / per month**	$65.00
Contingency Rate:	3%	**Annual Contribution Increases**	(*)
Fully Funded Annual%:	100%+	**Community Contribution/ Month Starting 2016**	(*)
Fully Funded 30 year%	8.9%	**Community Contribution/Year Starting 2016**	(*)
		Estimated Date Components put in Service	1979
		Projected Reserve Balance 2016	$135,201.50

(*) See funding plan for recommendations. The reserve balance is projected to reflect January of 2016. We have used the May 1, 2015 financial report to base our assumptions and we have backed out the allocated budget for the cool deck that is being replaced this year. We have combined all reserve funds, less the interest, to base this report on.

Estimated Inflation Rate: The estimated inflation is based on a 30 year CPI with a focus on our local industries, labor, natural resources and manufacturers.

Recommended Minimum Contribution and increase per unit / per year: This is based on the cost of repairs and inflation combined with the community needs over the next 30 years. All funding plans are based on 100% funded.

FUNDING FOR CAPITAL ASSETS

Your Community receives assessments from all of its members to fund the operations of your Homeowner's Association and to provide adequate reserve savings to repair and replace your assets as necessary. It is critical to maintain the community's assets, and repair and replace as necessary to protect the interest of the community and maintain property values and marketability of the homes in the community.

NOTE: Any increase to assessments or implementation of Special Assessments must be conducted as described in your community's governing documents.

It may be necessary to **increase** the **assessments** collected, per your governing documents, to keep up with the rising costs of professional services such as Landscape Maintenance, Pool Maintenance, etc. This also applies to repair and/ or replacement of your assets during, or at the end of, their useful lives. Material costs continue to rise along with increases in the cost of doing business and the current rates of inflation. We recommend that this option be discussed and assessed on an annual basis in an effort to make sure the need does not exceed the Association's ability to raise assessments.

The Board of Directors for Your Community may want to propose another option of funding to the members of the association, a **Special Assessment**. A Special Assessment is an assessment that is not typically collected unless there are circumstances that demand attention in which the association cannot fund based on the current reserve funds available. This is typically a onetime contribution and is for a specific purpose. Most governing documents require a voting process to take place of all members.

It is recommended that your Association budget for investments such as CD's or government Bonds for long term financial planning and use interest earning accounts for reserves and other accounts that hold association monies.

OPERATING EXPENSES FOR THE COMMUNITY ASSOCIATION

Your Community has an operating account, which is funded from assessments, for the operation of its ongoing expected costs. These costs are typically budgeted for, on an annual basis creating the Annual Budget, and are a tool used and approved by the Board of Directors and maintained by your community Association's Management Company. This budget covers expected expenses that are supposed to meet Your Community needs and some examples are listed below and are not accounted for in the reserve study;

1. **Utilities – Water, Electricity, Phone, Cable TV, Natural Gas** for the use of landscape, pools or water features, clubhouse kitchen and bath facilities, entry gates, lighting, irrigation controllers, or any other common use for utilities that is the responsibility of the HOA. This may include water or sewer for individual units as well.

2. **Contracted Services**- Landscape Maintenance, Pool Maintenance, Play structure Maintenance and Cleaning, Pest Control, Security, street sweeping, Electrical Gate services, Fire Services, maid/ cleaning services, backflow testing, and any other service specific to your community's needs that are contracted and are an expected reasonable cost. Typically this is defined by frequency of occurrence.

3. **Professional Services**- Insurance, Taxes, Legal Services, Banking services, reserve studies, Administrative services and supplies, and accounting services are all examples of expected professional service costs.

4. **Minor maintenance repairs** – Your annual budget should have some provisions for minor expected maintenance repairs to the assets your association is responsible for. A few examples are sprinkler heads and valves, tree stakes, pool chemicals, pre-emergent and post emergent, supplies for restroom facilities and clubhouses, etc.

There may be some things in your community that are not included in the annual operating budget or in the reserve study because they are not an actual asset of the association. Some examples are **publicly maintained** streets, curb and concrete sidewalks, streetlights, water meters, and fire hydrants.

RESERVE EXPENSES FOR THE COMMUNITY ASSOCIATION

These expenses are major and must be quantified and prepared far in advance to ensure the funds will be available when needed. These expenses are not frequent in comparison to the operating budget and are based on the projected life expectancy of the asset or the condition of the asset and its need for repair or replacement.

HOW TO USE THE ASSET DESCRIPTION EVALUATION AND CASHFLOW

This next portion of the report is the description and evaluation of each significant asset in your community that would require future savings for maintenance and repair. This section will detail the quantity of units, current cost of assets and the cost to maintain or replace as needed for the 30 year projection including the forecasted annual increases. This portion works together with the 30 Year Financial Projection Cash Flow portion and the Maintenance Summary Schedule.

30 YEAR FINANCIAL PROJECTION CASH FLOW

This part of the document shows you how much Your Community will spend on maintenance or replacement of each component listed, each time throughout the 30 year projection. At the end of each row, you will find a total for all monies to be spent on each asset. At the end of each column, you will see how much money is to be spent each year and the last column will be the 30 year total of needed dollars.

FUNDING PLAN (S)

Funding plan(s) are guide lines of how your community can fund for future repair or replacement of your assets at the end of their useful life. Typically the funding plans will be built to allow the association to make the necessary increases without the need of a special assessment or a majority vote. Some communities have restricted ability of increases due to the requirements of the governing documents. Please consult and adhere your governing documents when proposing increases.

In the funding plan(s) you will find in the first column the unit per month contribution. This is simply how much money each unit is to contribute out of their monthly assessment each month. The following columns will be unit per year, community per month and community per year.

After that, the next column will be the starting balance on January 1 of each year with the exception of the year the report is written. The reports will start with the month of the provided financial statement that initiates the Reserve Study.

The interest earned, interest plus balance and reserve expenses columns are fairly self explanatory and are separated for each year.

The roll to next year column is the amount of funds planned to be in your reserve account on December 31 of each year, after all contributions have been collected and all repairs/ replacements have been made.

The percent funded column can be a little confusing as we are using simple math to define the funding. When building the funding plan(s) we back track from the year you will need the most money at 100% funding to ensure you build your funds appropriately and as gentle as possible. You will see the remaining years may be much more than 100% funded as your reserve account balance is being leveraged against the yearly expenses, not the 30 year expenses. For example, 2017 may show funding at 900% but year 2034 will be at 100%. The funds will build over years but will be spent in your most expensive year of the 30 year plan.

DESCRIPTION AND EVALUATION OF ASSETS

The unit pricing for the components in this Reserve Study/ Update are based on actual cost provided by local Contractors and Vendors that service the Maricopa County/ Pinal County Area. In some cases, online resources are used for electrical and pool equipment. The unit costs are based on an average of high and low bids providing the ability to choose vendors and contractors that are reputable in quality and service. All quantities are based on a site inspection of visible and accessible assets unless plans are available for takeoff purposes.

As you read this portion of the analysis, you will notice the term "expected useful life"**.** The expected useful life of any asset may be determined by the manufacturer or an industry standard of acceptance. This may also be adjusted based on the expectations of the Members of the Homeowner's Association, by the actual use or improper use of the asset, exposure to the elements, how it was engineered and constructed, and most importantly how it is maintained. It is more cost efficient to maintain and make small repairs frequently than it is to replace.

We recommend that your community Association hire a third party to inspect your assets at a minimum of one time per year to ensure that maintenance is being conducted to avoid significant costs when they might have been avoided. This is a service we can provide for Your Community at a value.

Asset #107	**Basketball Backboard**	**Quantity**	**1**
Constructed	2012	**Current Cost to replace**	$2,240.00
Useful Life	20 years	**Cost to Replace 2032**	$3,595.00
Years Remaining	19 years		

Replacement 2032

The basketball goal system is in new condition and was installed in 2012. It is critical to maintain all assets and we recommend having a sports equipment maintenance professional inspect all outdoor equipment a minimum occurrence of one time per year. This will ensure the longevity of the asset. Tax and removal of existing assets have been included in the unit pricing.

1 Flextreme Model 454 Basketball goal assembly@ **$2,240.00**

Asset #108	**Flex Court Replacement**	**Quantity**	**6,344 SQ FT**
Constructed	2012	**Current Cost to replace**	$21,253.00
Useful Life	25 years	**Cost to Replace 2037**	$40,723.00
Years Remaining	22 years		

Replacement	2037

The Flex Court system in your community is new and was installed in 2012. Per manufacturer's information, the court system is designed to exceed 20 years of useful life prior to needing replacement. We have estimated a useful life of 25 years as a result. It is critical to maintain all assets and we recommend having a sports equipment maintenance professional inspect all outdoor equipment a minimum occurrence of one time per year. This will ensure the longevity of the asset. Tax and removal of existing assets have been included in the unit pricing.

6,344 square feet of acrylic color material, to include prep work, @ $3.35 per square foot = **$21,252.40**

Asset #109	**Synthetic Turf Replace**	**Quantity**	**2,120 sq ft**
Constructed	2012	**Current Cost to replace**	$12,720.00
Useful Life	10 years	**Cost to Replace 2022**	$15,646.00

Years Remaining	7 years	**Cost to Replace 2032**	$21,024.00
Replacement	2022, 2032 and 2042	**Cost to Replace 2042**	$28,255.00

The current condition of the material seems to be good however there is obvious wrinkling which may indicate soil movement or poor installation methods. We recommend the association have the installer or another certified contractor investigate and repair the subgrade, the relay the existing material. This product has a 10 year warranty and all warranties should be used before replacement at the association's expense.

The synthetic turf in the community was manufactured by Global Syn-Turf who provides a limited warranty of 10 years along with a workmanship warranty of 1 year provided by Eco Turf, the installer. We recommend the association conduct a 1 year walk through with the installer to identify warranty concerns prior to the termination of warranty. It would be reasonable to schedule the walk thru 30 days prior to the warranty termination giving the contractor ample time to make any necessary repairs. We have estimated all ancillary expenses associated with the removal and replacement of this asset. Based on the manufacturer's information we have estimated the useful life of this component to be 10 years.

Approximately 2120 square feet of Synthetic Turf removed and replaced @ $6.00 each = **$12,720.00**

Asset #118	**Concrete Components**	**Quantity**	**NA**
Constructed	Assumed 1979	**Current Cost to Maintain**	NA
Useful Life	15 year maintenance schedule	**Cost to Maintain 20**	NA

Years Remaining	NA
Replacement	NA

The sidewalks and cool deck are the only real concrete components in this community that are visible. We typically provide a concrete budget for curb gutter and valley gutters at the time of repaving however, this community does not have these assets so we have not funded concrete in this report. Concrete has an undeterminable useful life and can last the life of the community. We do recommend making any necessary safety repairs immediately using your contingency line in the reserve study or out of your annual operating budget. If repairs are needed, we recommend all sub-grade of removed concrete to be compacted to a minimum 95% using MAG AA w/ Fiber mix and #5 epoxy coated rebar dowels to ensure replaced pieces do not move or float.

Asset #119	**Irrigation Controllers**	**Quantity**	**1**
Constructed	Assumed 2002	**Current Cost to replace**	$1,950.00

Useful Life	14 years	**Cost to Replace 2016**	$2,009.00
Years Remaining	1 year	**Cost to Replace 2030**	$3,038.00
Replacement	2016, 2030 and 2044	**Cost to Replace 2044**	$4,595.00

These components appear to be in good condition and have a useful life ranging from 8 to 15 years depending on use and exposure. We have estimated the useful life of these components to be 12 years.

3 - 12 Station Irritrol Rain Dial Controllers, Installed @ $650.00each = **$1,950.00**

This Price includes removal, replacement, valve ID and reprogramming.

This component controls the electric landscape valves.

Asset #120 Backflow Preventers Quantity 3

Constructed	Assumed 2001	**Current Cost to replace**	$4,950.00
Useful Life	20 years	**Cost to Replace 2021**	$5,738.00
Years Remaining	6 years	**Cost to Replace 2041**	$10,364.00
Replacement	2021 and 2041		

This component separates the potable drinking water from the landscape water preventing backflow of stagnant water that carries harmful bacteria in to the city water. These components have a useful life of 15 to 20 years before needing replacement. We are not sure when this component was last replaced but we are assuming they have been replaced at least one time since the community has been in service. We have used 2001 as an estimated replacement date based on the age of the community.

3 – 1 ½" Febco 825YA backflow devices w/ cage removed and replaced @ $1,650.00 ea TOTAL = **$4,950.00**

Asset #125	Masonry Wall	Quantity	See Below
Constructed	Assumed 1979	**Current Cost to Repair**	$5,000.00
Useful Life	NA	**Cost to Repair 2021**	$5,920.00
Years Remaining	5 years	**Cost to Repair 2031**	$8,024.00
Repairs	2021, 2031 and 2041	**Cost to Repair 2041**	$10,783.00

The masonry wall in this community is made of an 8”X6”X16” block, fully grouted with concrete and rebar /bond beam reinforced. Due to the construction specs of this component it should last the life of the community providing it is maintained as needed. There will be a need to repair this component at some time and we are providing funding for this purpose. The need for repair may be less, or exceed the provisions we have made and can be adjusted over time.

$5,000.00 every 10 years starting in year 35, or 2021, will be funded for maintenance purposes.

Asset #126A	Wrought Iron Replacement	Quantity	See Below
Constructed	Unknown	Current Cost to replace	$19,790.00
Useful Life	30 years	Cost to Replace 2042	$43,959.00
Years Remaining	29 years		
Replacement	2042		

The wrought iron is in great condition with no signs of rusting or paint failure. We are not sure if this is the original Iron Fence or not but we have estimated 29 more years of useful life for this asset providing it is well maintained and painted/ repaired as needed.

Improper use, such as climbing, vehicle damage or vandalism will contribute to the degradation of this component. We recommend that these components be inspected by a professional on an annual basis to ensure appropriate maintenance is being scheduled.

Approximately 1150 square feet of Wrought Iron Fence removed and replaced @ $12.00 each = **$13,800.00**

2 Metal stairwells removed and replaced @ $2,050.00 each = **$4,100.00**

3 Metal 6’ Iron Gates removed and replaced with locks @ $690.00 each = **$1,890.00**

Total = **$19,790.00**

Asset #126B	Chain Link Fence Replacement	Quantity	3,600 Sq Ft
Constructed	2012	Current Cost to replace	$13,680.00
Useful Life	30 years	Cost to Replace 2042	$30,387.00
Years Remaining	27 years		
Replacement	2042		

The chain link was installed in 2012 along with the repainting of the existing poles. We recommend this asset be inspected annually and paint touch ups made immediately in an effort to extend the useful life of this component. The cost of this asset has increased exponentially from the previous report. These numbers were provided by American Fence. It is my opinion that more chain link is being installed driving up the cost based on demand.

Improper use, such as climbing, vehicle damage or vandalism will contribute to the degradation of this component. We recommend that these components be inspected by a professional on an annual basis to ensure appropriate maintenance is being scheduled.

Approximately 3,600 square feet of 11 gauge 1 ¾" mesh Chain Link Fence @ $3.80 each = **$13,680.00**

Asset #127	Paint Units and Masonry Wall	Quantity	See Below
Last Painted	2012	**Current Cost to paint**	$96,750.00
Useful Life	10 years	**Cost to Paint 2022**	$118,990.00
Years Remaining	7 years	**Cost to Paint 2032**	$159,913.00
Current Unit Cost	Lump Sum	**Cost to Paint 2042**	$214,910.00

The perimeter walls should be inspected on an annual basis to ensure repairs are made in a timely manner in an effort to extend the life of the paint and the wall itself. The masonry component, to include stucco, will not last the life of the community if it is not painted and maintained when needed. Please be sure to include any crack repair to the block wall or stucco in the scope of work for the painting company as this is a necessary practice prior to painting. Please ensure all wall repairs are made prior to painting to avoid duplicate efforts and costs. We recommend the use of high quality exterior paint to ensure longevity. Based on the current methods of application, we are funding for a double coat of cross hatch pattern high quality paint and application. Ask vendor to provide all receipts to ensure proper quantities were used and that the paint was not diluted.

Unit Painting and masonry walls lump sum = **$96,750.00**

Asset #128	Paint Metal Components	Quantity	(See Below)
Last Painted	Assumed 2009	**Current cost to paint**	$7,735.00
Useful Life	6 years (Best practice, as needed)	**Cost to paint 2018**	$8,206.00
Years Remaining	3 years	**Cost to paint 2024**	$9,798.00
Current Unit Price	See below	**Cost to paint 2030**	$11,700.00
		Cost to paint 2036	$13,970.00
		Cost to paint 2042	Replaced

The metal components in the community are in great condition. We have been informed by one of the members of the Board of Directors that the painting was last done in 2009. It is atypical for paint to last this long so we have kept the original funding and extended the current useful life. This components funding has been separated from the building and masonry painting as it will need to be applied more frequently. We have estimated the useful life of this component to be 6 years based on the current high maintenance standards in the community. The typical useful life ranges from 2 to 6 years and depends greatly on regular maintenance, proper workmanship and type of material used. The unit pricing is based on using Frazee direct to metal paint after all repairs, priming and prepping have been completed.

Approximately 1,250’ of wrought Iron fence @ $1.20 each = **$1,500.00**

Approximately 750’ of Poles painted @ $2.50 each =**$1,875.00**

Approximately 3,600 square feet of Chain Link Fence painted @ $1.10 each =**$3,960.00**

2 Metal Stair Wells primed and painted @ $200.00 each = **$400.00**

Total = **$7,735.00**

Asset #135	Monument Letter Replacement	Quantity	3
Last Installed	Unknown	Current Cost to Replace	$3,000.00
Useful Life	20 + years	Cost to Replace 2032	$4,814.00
Years Remaining	17 years		
Replacement	2032		

The 2 etched stone monument signs are in great condition and has a average useful life of 20+ years before needing replacement. Applying clear sealants every couple years will extend the useful life of the component, possibly beyond the 30 year scope of this report. Specific information regarding the age of this component was available so we have estimated 20 years of existing life in this asset.

3 – Etched pieces of 1 ½" to 2" thick flag stone, removed and replaced at $1,000.00 each = **$3,000.00**

Asset # 206	Asphalt Seal Coat/ Crack Seal	Quantity	4,312 sq yards
Last Sealed	2012	**Current Cost to replace**	$6,528.00
Useful Life	5 years standard(As needed, Best)	**Cost to replace 2017**	$6,926.00
Years Remaining	2 years	**Cost to Replace 2022**	$8,029.00
Current Unit Cost	$1.05 per square yard	**Cost to Replace 2027**	$9,307.00
		Cost to Replace 2032	$10,790.00
		Cost to Replace 2037	$12,508.00
		Cost to Replace 2042	$5,081.00

Sealants and Crack Sealants can last up to 5 years but may be adjusted based on the use and exposure of the streets, and the type of sealants used. Drainage is also a big factor as some asphalt is designed to carry storm water and others are sloped from the center to divert the water to curb gutters and valley gutters. We highly recommend the use of Master Seal Asphalt Emulsion MTR for the seal coat as these products last longer than other types of sealants. We also recommend crack seal for all utility adjustments and anywhere the asphalt meets the concrete. Any cracking ¼" or wider in the asphalt will also require a rubberized crack sealant. This will prevent moisture from penetrating in to the sub-grade and prevent asphalt movement and excessive cracking. These numbers include the cleaning of the roads 2 times prior to the applications. Rain or excessive humidity will delay drying time. After replacement it is critical to maintain the asphalt as needed. We have a fog seal coat budgeted in for 2042 as the new asphalt will need the additional oil within the first year for best maintenance practices.

Approximately 4,312 sq yds of Master Seal TA1000 or MTR (2 coats) @ $1.05 per Sq Yard = **$4,527.60**

Approximately 1,000 LF of crack Seal @ $0.53 per LF = **$400.00**

Estimated Asphalt repairs prior to seal coat = **$1,000.00**

Striping painted Lump Sum = **$600.00**

TOTAL = $6,527.60

Asset # 208	Asphalt Replacement	Quantity	4,312 sq yards
Constructed	Assumed 2005	Current Cost to replace	$78,311.00
Useful Life	30 +2 years	Cost to Resurface 2042	$173,951.00
Years Remaining	25 years		
Replace	2042		

Asphalt typically has a 20 to 30 year useful life before an overlay, or replacement, will be necessary. This is determined on how the asphalt was designed and built, and how well the asphalt has been maintained and the exposure and use of this component. We have assessed the useful life of this component to be 30 years based on the current condition and minimal use. We highly recommend the use of a Survey company for establishing sub-grade drainage and locating utility adjustments need to be removed and replaced and for drainage purposes on the finish elevation of the asphalt. We further recommend the use of a Geotechnical Firm to for material samples and density testing of the finished product to ensure the asphalt is being installed per municipal specifications ensuring the product and workmanship provided by the contractor. We recommend asphalt replacement, pulverizing and removing existing material. Some material may be used to improve the grade which will reduce removal and trucking fees. Mature communities may run in to extra costs as the sub-grade material might not be reusable and in some cases, does not exist. An alternate is to use the asphalt millings to establish a sub-grade base which would relieve some of the removal trucking fees but will require additional survey time, density testing and labor.

Approximately 4,312 sq. yd. of 2" overlay of asphalt @ $13.50/ sq yd = **$58,212.00**

Approximately 4,312 sq. yd. of asphalt removal@ $2.00/ sq yd = **$8,624.00**

3 - Water Valve Adjustments (including removals)@ $325.00 each = **$975.00**

Survey Services Estimated at **$3,200.00**

Geotechnical Services Estimated at **$4,300.00**

Contract and Construction Management Estimated at **$3,000.00**

TOTAL = $78,311.00

We highly recommend that the HOA hire a third party to manage and inspect the mill and overlay process. This is a service we can provide but there are many qualified agencies to choose from.

ALL ASPHALT PRODUCTS, WITH THE EXCEPTION OF POLYMER BASED MATERIALS, ARE PETROLEUM BASED PRODUCTS AND PRICING IS SUBJECT TO CHANGE DAILY AS A RESULT OF THE CURRENT MARKET AND AVAILABILITY OF OIL.

THE ROADS ARE THE MOST EXPENSIVE ASSET THE ASSOCIATION OWNS AND IT IS ABSOLUTLEY CRITICAL THAT THIS ASSET BE MAINTAINED AS NEEDED TO ENSURE THE COMMUNITY VALUE, SAFTEY, ACCESS, AND PROPER WORKINGS OF THE WET UTILITIES THAT THE ROADS COVER.

SEAL COATING

MILLING AND OVERLAY OF NEW ASPHALT

Asset #301	Pool Resurfacing	Quantity	1,450 Sq Ft
Constructed	2002	Current Cost to Resurface	$13,703.00
Useful Life	15 years	Cost to Resurface 2017	$29,539.00
Years Remaining	2 years	Cost to Resurface 2032	$22,651.00

The pool surface appears to be in good condition for its age. We have funded for pebbletec based on new information provided by one of the Board Members. Depending on many different factors such as element exposure, use, chemical applications, etc the useful life of this component increase or decrease. As we do not know the when the last time the pool was resurfaced we are giving this component a useful life of 15 years until the next application in 2017. We have also included an additional $15,000.00 for county requirements on the drains in 2017. This is based on an average of what we have been told by many different pool companies making repairs between $9,000.00 and $20,000.00. This is based on unknowns when excavating.

Approximately 1,450 sq ft of plaster replacement @ $8.30 per sq ft **= $12,035.00**

Approximately 153' tile @ $10.90 per ft **= $1,667.70**

Total = $13,702.70

Prep for Replacement

Resurfacing

Asset #301A	South Pool / Spa Resurfacing	Quantity	150 sq ft
Constructed	2002	Current Cost to Resurface	$1,692.00
Useful Life	15 years	Cost to Resurface 2017	$1,795.00
Years Remaining	2 years	Cost to Resurface 2032	$2,797.00

The spa surface appears to be in good condition. Pebble Tec has a typical useful life ranging from 13 to 18 years depending on chemical use and exposure. We have estimated the useful life to be 15 years and have assumed there is a remaining 7 years of existing life before replacement is needed.

Approximately 150 sq. ft. of Pebble Tec replacement @ $8.30 per sq ft **= $1,245.00**

Approximately 41' tile @ $10.90 per ft **= $446.90**

Total = **$1,691.90**

Asset #303	Pool/ Spa Heater Replace	Quantity	2
Constructed	Assumed 2007	Current Cost to Replace	$5,500.00
Useful Life	9 years	Cost to Replace 2016	$5,665.00
Years Remaining	1 years	Cost to Replace 2025	$7,392.00
		Cost to Replace 2034	$9,644.00
		Cost to Replace 2034	$12,584.00

We have assumed the pool/ spa heaters were replaced in 2007 based on their current condition. One of the heater was not operational at the time of the inspection so we are not sure if the component needs repair. These components have a useful life that averages from 7 to 12 years depending on frequency of use, exposure and maintenance practices and should be inspected regularly by a licensed professional. For uniformity purposes we have funded for the same brand of heaters in lieu of the 2 different manufacturers as displayed in the photos. Makes and models are often discontinued in which case we use the closest comparable models.

1 Pentair 200K BTU Master Temp Low Nox Natural Gas heater @ **$2,500.00**

1 Pentair 400K BTU Master Temp Low Nox Natural Gas heater @ **$3,000.00**

Total =$**5,500.00**

Asset #306	Pool / Spa Filter Replace	Quantity	2
Constructed	Assumed 2002	Current Cost to replace	$2,700.00
Useful Life	18 years	Cost to Replace 2020	$3,130.00
Years Remaining	5 years	Cost to Replace 2038	$5,173 .00
Replacement	2020 and 2038		

The filters were not in operation at the time of the inspection but there were no visible defects with these components. Pool filters have a useful life ranging from 8 to 20 years depending on use, exposure, proper maintenance, etc. These components are estimated with a useful life 18 years. Replacements have been estimated by the Associations contracted pool vendor.

1 Pentair Triton II TR140 Commercial Sand Filter @ **$1,500.00**

1 Pentair Triton II TR60 Commercial Sand Filter @ **$1,200.00**

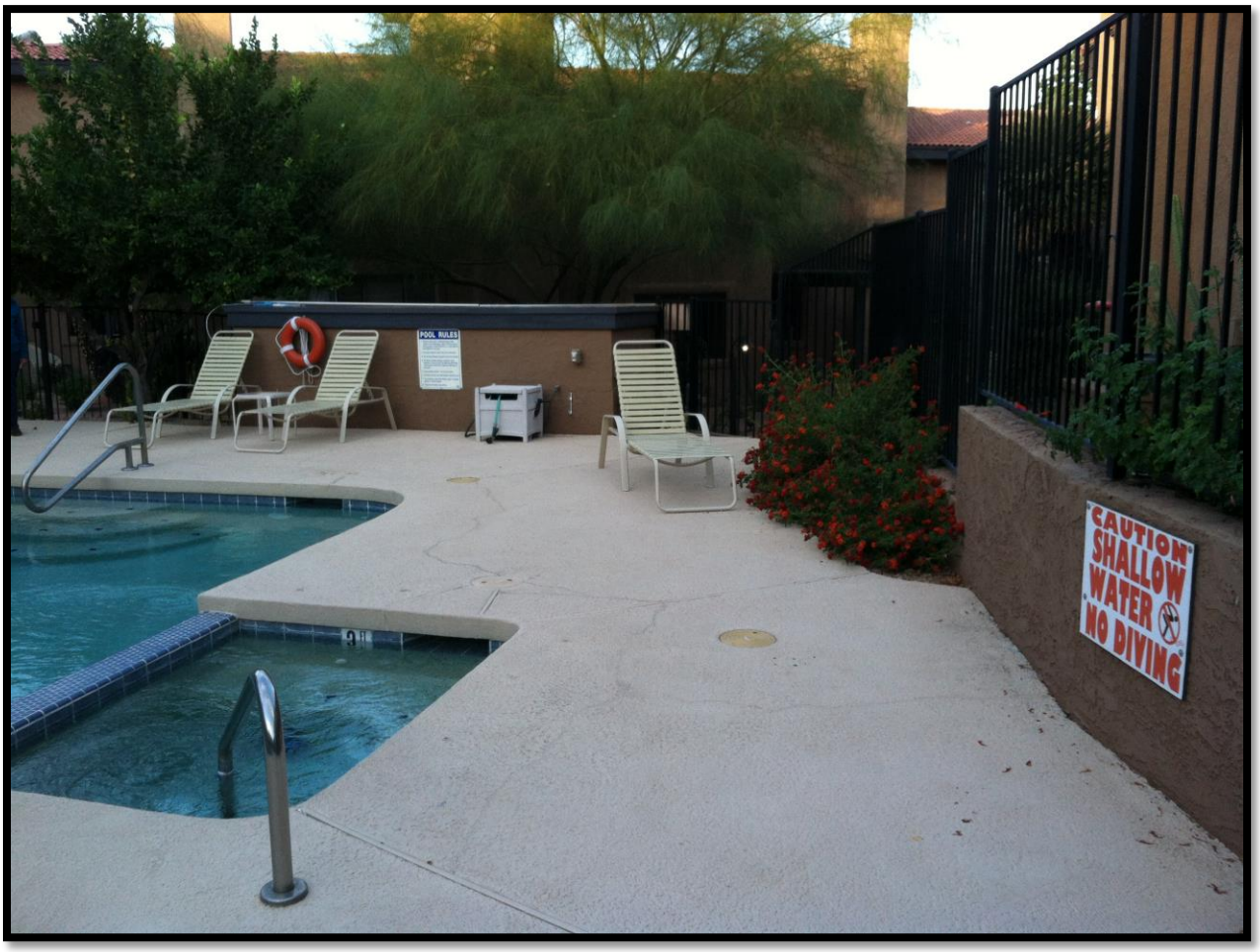
Total = **$2,700.00**

Asset #314	Cool Deck	Quantity	1,735 sq ft
Constructed	2015	Current Cost to Resurface	$13,013.00
Useful Life	15 years	Cost to Resurface 2030	$19,683.00
Years Remaining	15 years	Cost to Resurface 2045	$30,666.00
Current Unit Cost	$7.50/ sq ft		

We conducted a site visit as part of this reserve study and found the cool deck to be in good condition with the exception of the concrete slab under the cool deck. There are many cracks that are indicative of soil movement caused by water saturation. We recommend the Association have their landscape irrigation lines checked in this area as well as a pressure test on the pool plumbing. A large portion of the concrete slab will need to be removed and replaced prior to the next application of cool deck or a remodel changing to tile. We have pushed funding for replacement of the cool deck to 2014.

Approximately 1,735 sq ft @ $7.50 / sq ft = **$13,012.50**

Grinding = $3.00/ sq ft new deck = $3.90 / sq ft crack seal slab and expansion joint= $0.60/ sq ft **TOTAL $7.50/ sq ft**



Asset #317	Pool Furniture Replace	Quantity	See Below
Constructed	Unknown	Current Cost to replace	$2,600.00
Useful Life	8 years	Cost to Replace 2017	$2,758.00
Years Remaining	2 years	Cost to Replace 2025	$3,494.00
		Cost to Replace 2033	$4,426.00
		Cost to Replace 2041	$5,607.00

The pool furniture appears to be in good working condition at the time of the inspection. We have provided a funding plan to add and replace the furniture components every 8 years as these components are stored outside and exposed to the elements.

PVC Wrapped Metal Patio dining sets with 40" round glass top at $900.00 each = **$1,800.00**

8 Lounge Chairs rewrapped with PVC Bands at $100.00 each = **$800.00**

Total= $2,600.00

Asset #400	Roofing Tile Underlayment	Quantity	NA
Constructed	2009	Current Cost to Replace	$183,006.00
Useful Life	20 years	Cost to Replace 2029	$268,750.00
Years Remaining	14 years		
Replace	2029		

The roofing tile underlayment was recently replaced in 2009. It consists of 2 plies of 40 lb felt mechanically attached. We have been informed that the material has a 50 year warranty combined with a contractor leak free warranty of 10 years. We strongly recommend the Association read and fully understand the details of this warranty as adhere to all required maintenance and inspection stipulations per the warranty. If there are no requirements we recommend hiring a licensed and bonded roofing professional to inspect the roof surfaces at a minimum on occurrence per year. Please read the roofing report provided by Roofing Southwest. This report has effected the reserve study significantly as the previous report did not fund for underlayment replacement at the direction of the BOD at that time.

The 2009 Value of the underlayment was $122,600. The roofing work was conducted by Phillips Roofing LLC 10%, and Progressive Roofing completing the remaining 90%.

Approximately 49,461 square feet removed and replaced at $3.70 each = **$183,005.70**

Asset #404	Roofing/ Flat Resurface	Quantity	3,605 sq ft
Constructed	2009	**Current Cost to Replace**	$8,652.00
Useful Life	10 years	**Cost to Resurface 2016**	$8,912.00
Years Remaining	1 years	**Cost to Resurface 2026**	$11,976.00
Resurface	2016, 2026 and 2036	**Cost to Resurface 2036**	$16,095.00

The foam roofing was recoated in 2009 by Phillips Roofing LLC. The recoat or, base and top coat have an average useful life of 10 years if the roofing is regularly maintained, cleaned and inspected by a professional a minimum one time per year. It is a good practice to have all of your roofing systems checked after each significant weather or wind event to ensure all debris is removed and no damage has been done. Make sure to specify the 10 year coating when collecting bids.

Approximately 3,605 Sq. Ft. of Foam Roofing @$2.40 per square foot = **$8,652.00**

PROFESSIONAL SERVICES/ CONTRACTOR/ VENDOR LIST

The professionals, contractors and vendors listed below are reputable professionals and contributed to the development of this report by providing current material and labor costs for their specific fields of expertise(with the exception of professional services.) These professionals are being listed for your convenience and in an effort to provide you actual costs of the repair and replacement of your assets. This is a free service to Cerrano HOA as part of the reserve study and there are no compensations provided to Arizona reserve Services, LLC by any of the services listed in this directory.

PROFESSIONAL SERVICES

Civil Engineering;

M2 Group Inc……Jose Montoya……..480-539-7497

Financial/ Investments;

Wachovia Securities……..Thomas Griffin……..1-800-833-3405

Geotechnical Services;

Construction Inspection Testing (CIT)……480-446-9876

Geotechnologies Inc (GTI)……Dr. Peter Fleming……480-922-2899

Legal;

Carpenter Hazlewood……Ritchie Lipson……..480-991-6949

The Law Firm of John Chaix……John Chaix……602-235-9399

Mulcahy Law Firm ……Beth Mulcahy Esq./ Kristen Rosenbeck Esq. ……602-241-1093

Survey;

EPS Group Inc……Brandyn Jones……480-503-2250

M2 Group Inc……Jose Montoya……480-539-7497

ASSOCIATION CONSULTANT EXPERTS AND GENERAL CONTRACTORS

John Wayne Construction……..David Dillon……..480-346-1270

CONTRACTORS AND SERVICE PROVIDERS

Arborists;

All Year Round tree Care…… Larry Brown……..602-647-4747

AAA Landscape……Jackie Hales ……..602-437-2690

Caretaker Inc……Todd Schneider……..480-545-9755

Asphalt/ Slurry Seal;

MR Tanner……Myron Vogt……..480-633-8500

American Asphalt……..Alex Guttierez……602-558-2381

Cholla Pavement Maintenance Inc……..Chance Cherry……..480-893-1044

Automated Gate Services;

Signature Gates……..Kori Malave……602-695-6031

Park Pro……..Trace Beatty……602-254-0770

Signal Gates……...602-997-6891

Backflow Testing and Repair;

Backflow Prevention Device……Scott Brueckner……602-788-5411

AAA Landscape……..Brian Fero……602-437-2690

Brick Pavers;

Rish Masonry and Stone……..Chip Rish……..602-757-7685

Concrete;

HW Johnson, LLC……..Paul Chapman ……602-447-8055

Temcon Concrete……Bobby Bernal Sr……..480-893-1789

Dry Well Maintenance, Repair, and Replacement;

Torrent Resources……..Neva Andrade……..602-268-0785

Handy Man Services;

Caretaker Inc……Todd Schneider……480-545-9755

New Look Restoration……Bill Sykes……602-697-6200

Landscape Construction;

Gothic Landscape……Brent Kline……602-470-1711

Siteworks Landscape Development……Mike Larsen……480-820-1600

AAA Landscape……Cheryl Walter……602-437-2690

Landscape Maintenance;

Gothic Grounds Management……Michael Scheidt……602-305-3690

AAA Landscape……Jackie Hales ……602-437-2690

Caretaker Inc……Todd Schneider……480-545-9755

Blue Marble Landscape……Dennis Lynch……480-251-0401

Lighting/ Electrical;

Brooks Brothers Electric……Keef Brooks……602-266-9499

Cissell Electric……Mark Cissell……602-614-9466

Masonry;

Rish Masonry and Stone……Chip Rish……602-757-7685

Painting;

Kommercial Painting Services……Richard Bircher……602-616-0107

Wall Masters……Dave McCarthy……480-577-4604

Dean Fence and Gate……Derek Lester……480-969-4995

Pest Control;

Bircher Exterminating Services……Richard Bircher……602-616-0107

Play Structure, Tot Lots, Recreational Amenities Installation and Replacement;

Desert Jewel & Associates……Shanna Liles……..1-800-456-7903

Recreation Design Concepts……Jeffery Johnson……480-890-8393

Landscape Structures……Kevin……763-370-7264

Dave Bang and Associates……480-892-2266

Play Structure, Tot Lots, Recreational Amenities Maintenance, Cleaning, and Repair;

Tot Lot Services, Inc……Richard Bircher……602-616-0107

Pool, Spa, and Water Feature Maintenance;

Doctor Pool……Tim Kempton……480-343-5308

Pool installation and Design;

California Pools……Paul Tipton……480-345-0005

Recreational Amenities- Basketball/ Tennis Courts

Arizona Master Court……480-990-4152

Roofing;

Sprayfoam Southwest……Robert Timmons……480-752-8550

Mulcock Roofing

Security;

Tin Star Protection……Landon Rankin……480-234-0550

Sewer Services;

The Pipeline Company……Don Young……602-768-3027

Southwest Pipeline……Stanton White……602-309-3544

Pipeline Video and Hydro Vac……602-237-0292

Stamped Asphalt;

Creative Paving Solutions……..Hadar Rahav……480-941-2766

Windows, New Install and Replacement:

Panoramic Windows……Brian Dietsch……602-363-3419

Wrought Iron;

Cactus Ornamental Iron……Andy Alvis……..480-834-0774

Crossroads Fence, LLC……Bill Wallis……480-239-9745

Granite Material Providers

Kalamazoo Materials……..Mike Price……520-631-8268

Irrigation Material Suppliers

Sprinkler World of Mesa……..Kelly Cox……480-892-5001

Sign Manufacturers and Installers

City Signs……Todd Verley……..480-982-6696