RESERVE STUDY FOR
COLONIA DEL NORTE HOMEOWNERS ASSOCIATION

Community Management By
CID Management
1825 W Marlette Ave
Phoenix, AZ 85015

Report Prepared By
ECAS, LLC
11340 E. Monte Ave.
Mesa, AZ 85209

Prepared July 2012

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Colonia del Norte Homeowners Association
c/o CID Management
1825 W Marlette Ave.
Phoenix, AZ 85015
Attn: Kelly Nichols

Re: Reserve Study and Report

Dear Ms. Nichols:

This document has been provided pursuant to an agreement containing restrictions on its use. No part of this document may be copied or distributed, in any form or by any means, nor disclosed to third parties without the expressed written permission of ECAS, LLC. The client shall have the right to reproduce and distribute copies of this report, or the information contained within, as may be required for compliance with all applicable regulations. This study and report are based on the following:

1. This study is a full reserve study and is not based on any previous study.
2. Inspection of components was made with no invasive testing.
3. Separate measurement of components was conducted.

This reserve analysis study and the parameters under which it has been completed are based upon information provided to us in part by representatives of the association, its contractors, assorted vendors, specialist and independent contractors, the Community Association Institute, and various construction pricing and scheduling manuals including, but not limited to: Marshall & Swift Valuation Service, RS Means Facilities Maintenance & Repair Cost Data, RS Means Repair & Remodeling Cost Data, National Construction Estimator, National Repair & Remodel Estimator, Dodge Cost Manual and McGraw-Hill Professional. Additionally, costs are obtained from numerous vendor catalogues, actual quotations or historical costs, and our own experience in the field of property management and reserve study preparation.

It has been assumed, unless otherwise noted in this report, that all assets have been designed and constructed properly and that each estimated useful life will approximate that of the norm per industry standards and/or manufacturer's specifications. In some cases, estimates may have been used on assets, which have an indeterminable but potential liability to the association. The decision for the inclusion of these as well as all assets considered is left to the client.

We recommend that your reserve analysis study be updated on an annual basis due to fluctuating interest rates, inflationary changes, and the unpredictable nature of the lives of many of the assets under consideration. All of the information collected during our inspection of the association and computations made subsequently in preparing this reserve analysis study are retained in our computer files.

ECAS, LLC would like to thank you for using our services. We invite you to call us at any time, should you have questions, comments or need assistance. In addition, any of the parameters and estimates used in this study may be changed at your request, after which we will provide a revised study.

This reserve analysis study is provided as an aid for planning purposes and not as an accounting tool. Since it deals with events yet to take place, there is no assurance that the results enumerated within it

will, in fact, occur as described.

Respectfully,
William A. Schlimgen PE
ECAS, LLC

Part I

Introduction

Preparing the annual budget and overseeing the association's finances are perhaps the most important responsibilities of board members. The annual operating and reserve budgets reflect the planning and goals of the association and set the level and quality of service for all of the association's activities.

Funding Options

When a major repair or replacement is required in a community, an association has essentially four options available to address the expenditure:

The first, and only logical means that the Board of Directors has to ensure its ability to maintain the assets for which it is obligated, is by **assessing an adequate level of reserves** as part of the regular membership assessment, thereby distributing the cost of the replacements uniformly over the entire membership. The community is not only comprised of present members, but also future members. Any decision by the Board of Directors to adopt a calculation method or funding plan which would disproportionately burden future members in order to make up for past reserve deficits, would be a breach of its fiduciary responsibility to those future members. Unlike individuals determining their own course of action, the board is responsible to the "community" as a whole.

Whereas, if the association was setting aside reserves for this purpose, using the vehicle of the regularly assessed membership dues, it would have had the full term of the life of the roof, for example, to accumulate the necessary moneys. Additionally, those contributions would have been evenly distributed over the entire membership and would have earned interest as part of that contribution.

The second option is for the association to **acquire a loan** from a lending institution in order to effect the required repairs. In many cases, banks will lend to an association using "future homeowner assessments" as collateral for the loan. With this method, the current board is pledging the future assets of an association. They are also incurring the additional expense of interest fees along with the original principal amount. In the case of a $150,000 roofing replacement, the association may be required to pay back the loan over a three to five year period, with interest.

The third option, too often used, is simply to **defer the required repair or replacement**. This option, which is not recommended, can create an environment of declining property values due to expanding lists of deferred maintenance items and the association's financial inability to keep pace with the normal aging process of the common area components. This, in turn, can have a seriously negative impact on sellers in the association by making it difficult, or even impossible, for potential buyers to obtain financing from lenders. Increasingly, lending institutions are requesting copies of the association's most recent reserve study before granting loans, either for the association itself, a prospective purchaser, or for an individual within such an association.

The fourth option is to pass a "**special assessment**" to the membership in an amount required to cover the expenditure. When a special assessment is passed, the association has the authority and responsibility to collect the assessments, even by means of foreclosure, if necessary. However, an association considering a special assessment cannot guarantee that an assessment, when needed, will be passed. Consequently, the association cannot guarantee its ability to perform the required repairs or replacements to those major components for which it is obligated when the need arises. Additionally, while relatively new communities require very little in the way of major "reserve" expenditures, associations reaching 12 to 15 years of age and older, find many components reaching the end of their effective useful lives. These required expenditures, all accruing at the same time, could be devastating to an association's overall budget.

Types of Reserve Studies

Most reserve studies fit into one of three categories:

Full Reserve Study;

Update with site inspection; and

Update without site inspection.

In a **Full Reserve Study**, the reserve provider conducts a component inventory, a condition assessment (based upon on-site visual observations), and life and valuation estimates to determine both a "fund status" and "funding plan".

In an **Update with site inspection**, the reserve provider conducts a component inventory (verification only, not quantification unless new components have been added to the inventory), a condition assessment (based upon on-site visual observations), and life and valuation estimates to determine both the "fund status and "funding plan."

In an **Update without site inspection**, the reserve provider conducts life and valuation estimates to determine the "fund status" and "funding plan."

The Reserve Study: A Physical and a Financial Analysis

There are two components of a reserve study: a physical analysis and a financial analysis.

Physical Analysis

During the physical analysis, a reserve study provider evaluates information regarding the physical status and repair/replacement cost of the association's major common area components. To do so, the provider conducts a component inventory, a condition assessment, and life and valuation estimates.

Developing a Component List

The budget process begins with full inventory of all the major components for which the association is responsible. The determination of whether an expense should be labeled as operational, reserve, or excluded altogether is sometimes subjective. Since this labeling may have a major impact on the financial plans of the association, subjective determinations should be minimized. We suggest the following considerations when labeling an expense.

Operational Expenses

Occur at least annually, no matter how large the expense, and can be budgeted for effectively each year. They are characterized as being reasonably predictable, both in terms of frequency and cost. Operational expenses include all minor expenses, which would not otherwise adversely affect an operational budget from one year to the next. Examples of ***operational expenses*** include:

Utilities:	Bank Service Charges	Accounting
Electricity	Dues & Publications	Reserve Study
Gas	Licenses, Permits & Fees	**Repair Expenses:**
Water	Insurance(s)	Tile Roof Repairs
Telephone	**Services:**	Equipment Repairs
Cable TV	Landscaping	Minor Concrete Repairs
Administrative:	Pool Maintenance	Operating Contingency
Supplies	Street Sweeping	

Reserve Expenses

These are major expenses that occur other than annually, and which must be budgeted for in advance in order to ensure the availability of the necessary funds in time for their use. Reserve expenses are reasonably predictable both in terms of frequency and cost. However, they may include significant assets that have an indeterminable but potential liability that may be demonstrated as a likely occurrence. They are expenses that, when incurred, would have a significant effect on the smooth operation of the budgetary process from one year to the next, if they were not reserved for in advance. Examples of reserve expenses include:

Roof Replacements	Park/Play Equipment
Painting	Pool/Spa Re-plastering
Deck Resurfacing	Pool Equipment Replacement
Fencing Replacement	Pool Furniture Replacement
Asphalt Seal Coating	Tennis Court Resurfacing
Asphalt Repairs	Lighting Replacement
Asphalt Overlays	Insurance(s)
Equipment Replacement	Reserve Study
Interior Furnishings	

Budgeting is Normally Excluded for:

Repairs or replacements of assets which are deemed to have an estimated useful life equal to or exceeding the estimated useful life of the facility or community itself, or exceeding the legal life of the community as defined in an association's governing documents. Examples include the complete replacement of elevators, tile roofs, wiring and plumbing. Also excluded are insignificant expenses that may be covered either by an operating or reserve contingency, or otherwise in a general maintenance fund. Expenses that are necessitated by acts of nature, accidents or other occurrences that are more properly insured for, rather than reserved for, are also excluded.

Financial Analysis

The financial analysis assesses the association's reserve balance or "fund status" (measured in cash or as percent fully funded) to determine a recommendation for the appropriate reserve contribution rate in the future, known as the "funding plan".

Preparing the Reserve Study

Once the reserve assets have been identified and quantified, their respective replacement costs, useful lives and remaining lives must be assigned so that a funding schedule can be constructed. Replacement costs and useful lives can be found in published manuals such as construction estimators, appraisal handbooks, and valuation guides. Remaining lives are calculated from the useful lives and ages of assets and adjusted according to conditions such as design, manufactured quality, usage, exposure to the elements and maintenance history.

By following the recommendations of an effective reserve study, the association should avoid any major shortfalls. However, to remain accurate, the report should be updated on an annual basis to reflect such changes as shifts in economic parameters, additions of phases or assets, or expenditures of reserve funds. The association can assist in simplifying the reserve analysis update process by keeping accurate records of these changes throughout the year.

Funding Methods

From the simplest to the most complex, reserve analysis providers use many different computational processes to calculate reserve requirements. However, there are two basic processes identified as industry standards: the cash flow method and the component method.

The cash flow method develops a reserve-funding plan where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the actual anticipated schedule of reserve expenses until the desired funding goal is achieved. This method sets up a "window" in which all future anticipated replacement costs are computed, based upon the individual lives of the components under consideration. The ECAS Threshold and the ECAS Current Assessment funding models are based upon the cash flow method.

The component method develops a reserve-funding plan where the total contribution is based upon the sum of contributions for individual components. The component method is the more conservative of the two funding options, and assures that the association will achieve and maintain an ideal level of reserve over time. This method also allows for computations on individual components in the analysis. The ECAS Component Funding model is based upon the component methodology.

Funding Strategies

Once an association has established its funding goals, the association can select an appropriate funding plan. There are four basic strategies from which most associations select. It is recommended that associations consult professionals to determine the best strategy or combination of plans that best suit the association's need. Additionally, associations should consult with their financial advisor to determine the tax implications of selecting a particular plan. Further, consultation with the American Institute of Certified Public Accountants (AICPA) for their reporting requirements is advisable. The four funding plans and descriptions of each are detailed below. Associations will have to update their reserve studies more or less frequently depending on the funding strategy they select.

Full Funding---Given that the basis of funding for reserves is to distribute the costs of the replacements over the lives of the components in question, it follows that the ideal level of reserves would be proportionately related to those lives and costs. If an association has a component with an expected estimated useful life of ten years, it would set aside approximately one-tenth of the replacement cost each year. At the end of three years, one would expect three-tenths of the replacement cost to have accumulated, and if so, that component would be "fully-funded." This model is important in that it is a measure of the adequacy of an association's reserves at any one point of time, and is independent of any particular method which may have been used for past funding or may be under consideration for future funding. This formula represents a snapshot in time and is based upon current replacement cost, independent of future inflationary or investment factors:

Fully Funded Reserves = **Age** divided by **Useful Life** the results multiplied by **Current Replacement Cost**

When an association's total accumulated reserves for all components meet this criterion, its reserves are considered "fully-funded."

The ECAS **Threshold Funding Model (Minimum Funding)**. The goal of this funding method is to keep the reserve cash balance above zero. This means that while each individual component may not be fully funded, the reserve balance overall does not drop below zero during the projected period. An association using this funding method must understand that even a minor reduction in a component's remaining useful life can result in a deficit in the reserve cash balance.

The ECAS **Threshold Funding Model.** This method is based upon the cash flow funding concept. The minimum reserve cash balance in threshold funding, however, is set at a predetermined dollar amount (other than $0).

The ECAS **Current Assessment Funding Model**. This method is also based upon the cash flow funding concept. The initial reserve assessment is set at the association's current fiscal year funding level and a 30-year projection is calculated to illustrate the adequacy of the current funding over time.

The ECAS **Component Funding Model.** This is a straight-line funding model. It distributes the cash reserves to individual reserve components and then calculates what the reserve assessment and interest contribution (minus taxes) should be, again by each reserve component. The current annual assessment is then determined by summing all the individual component assessments, hence the name "Component Funding Model". This is the most conservative funding model. It leads to or maintains the fully funded reserve position. The following details this calculation process.

Component Funding Model Distribution of Accumulated Reserves

The "Distribution of Accumulated Reserves Report" is a "Component Funding Model" calculation. This distribution **does not** apply to the cash flow funding models.

When calculating reserves based upon the component methodology, a beginning reserve balance must be

allocated for each of the individual components considered in the analysis, before the individual calculations can be completed. When this distribution is not available, or of sufficient detail, the following method is suggested for allocating reserves:

The first step the program performs in this process is subtracting, from the total accumulated reserves, any amounts for assets that have predetermined (fixed) reserve balances. The user can "fix" the accumulated reserve balance within the program on the individual asset's detail page. If, by error, these amounts total more than the amount of funds available, then the remaining assets are adjusted accordingly. A provision for a contingency reserve is then deducted by the determined percentage used, and if there are sufficient remaining funds available.

The second step is to identify the ideal level of reserves for each asset. As indicated in the prior section, this is accomplished by evaluating the component's age proportionate to its estimated useful life and current replacement cost. Again, the equation used is as follows:

Fully Funded Reserves = (Age/Useful Life) x Current Replacement Cost

The ✹Reserve Analyst© software program performs the above calculations to the actual month the component was placed-in-service. The program projects that the accumulation of necessary reserves for repairs or replacements will be available on the first day of the fiscal year in which they are scheduled to occur.

The next step the program performs is to arrange all of the assets used in the study in ascending order by remaining life, and alphabetically within each grouping of remaining life items. These assets are then assigned their respective ideal level of reserves until the amount of funds available is depleted, or until all assets are appropriately funded. If any assets are assigned a zero remaining life (scheduled for replacement in the current fiscal year), then the amount assigned equals the current replacement cost and funding begins for the next cycle of replacement. If there are insufficient funds available to accomplish this, then the software automatically adjusts the zero remaining life items to one year, and that asset assumes its new grouping position alphabetically in the final printed report.

If, at the completion of this task, there are additional moneys that have not been distributed, the remaining reserves are then assigned, in ascending order, to a level equal to, but not exceeding, the current replacement cost for each component. If there are sufficient moneys available to fund all assets at their current replacement cost levels, then any excess funds are designated as such and are not factored into any of the report computations. If, at the end of this assignment process there are designated excess funds, they can be used to offset the monthly contribution requirements recommended, or used in any other manner the client may desire.

Assigning the reserves in this manner defers the make-up period for any under-funding over the longest remaining life of all assets under consideration, thereby minimizing the impact of any deficiency. For example, if the report indicates an under funding of $50,000, this under-funding will be assigned to components with the longest remaining lives in order to give more time to "replenish" the account. If the $50,000 under-funding were to be assigned to short remaining life items, the impact would be felt immediately.

If the reserves are under-funded, the monthly contribution requirements, as outlined in this report, can be expected to be higher than normal. In future years, as individual assets are replaced, the funding requirements will return to their normal levels. In the case of a large deficiency, a special assessment may be considered. The program can easily generate revised reports outlining how the monthly contributions would be affected by such an adjustment, or by any other changes that may be under consideration.

Funding Reserves

Three assessment and contribution figures are provided in the report, the "Monthly Reserve Assessment Required", the "Average Net Monthly Interest Earned" contribution and the "Total Monthly Allocation to Reserves." The association should allocate the "Monthly Reserve Assessment Required" amount to reserves each month when the interest earned on the reserves is left in the reserve accounts as part of the contribution. Any interest earned on reserve deposits, must be left in reserves and only amounts set aside for taxes should be removed.

The second alternative is to allocate the "Total Monthly Allocation" to reserves (this is the member assessment plus the anticipated interest earned for the fiscal year). This method assumes that all interest earned will be assigned directly as operating income. This allocation takes into consideration the anticipated interest earned on accumulated reserves regardless of whether or not it is actually earned. When taxes are paid, the amount due will be taken directly from the association's operating accounts as the reserve accounts are allocated only those moneys net of taxes.

Users' Guide to your Reserve Analysis Study

Part II of your ECAS Report contains the reserve analysis study for your association. There are seven types of reports in the study as described below.

Report Summaries

The Report Summary for all funding models lists all of the parameters that were used in calculating the report as well as the summary of your reserve analysis study.

Index Reports

The **Distribution of Accumulated Reserves** report lists all assets in remaining life order. It also identifies the ideal level of reserves that should have accumulated for the association as well as the actual reserves available. This information is valid only for the "Component Funding Model" calculation.

The **Component Listing/Summary** lists all assets by category (i.e. roofing, painting, lighting, etc.) together with their remaining life, current cost, monthly reserve contribution, and net monthly allocation.

Detail Reports

The Detail Report itemizes each asset and lists all measurements, current and future costs, and calculations for that asset. Provisions for percentage replacements, salvage values, and one-time replacements can also be utilized. These reports can be sorted by category or group.

The numerical listings for each asset are enhanced by extensive narrative detailing factors such as design, manufactured quality, usage, exposure to elements and maintenance history.

The ECAS Detail Index is an alphabetical listing of all assets, together with the page number of the asset's detail report, the projected replacement year, and the asset number.

Projections

Thirty-year projections add to the usefulness of your reserve analysis study.

Definitions

Report I.D.
Includes the Report Date (example: November 15, 1992), Account Number (example: 9773), and Version (example: 1.0). Please use this information (displayed on the summary page) when referencing your report.

Budget Year Beginning/Ending
The budgetary year for which the report is prepared. For associations with fiscal years ending December 31st, the monthly contribution figures indicated are for the 12-month period beginning 1/1/2011 and ending 12/31/2011.

Number of Units and/or Phases
If applicable, the number of units and/or phases included in this version of the report.

Inflation
This figure is used to approximate the future cost to repair or replace each component in the report. The current cost for each component is compounded on an annual basis by the number of remaining years to replacement, and the total is used in calculating the monthly reserve contribution that will be necessary to accumulate the required funds in time for replacement.

Annual Assessment Increase
This represents the percentage rate at which the association will increase its assessment to reserves at the end of each year. For example, in order to accumulate $10,000 in 10 years, you could set aside $1,000 per year. As an alternative, you could set aside $795 the first year and increase that amount by 5% each year until the year of replacement. In either case you arrive at the same amount. The idea is that you start setting aside a lower amount and increase that number each year in accordance with the planned percentage. Ideally this figure should be equal to the rate of inflation. It can, however, be used to aide those associations that have not set aside appropriate reserves in the past, by making the initial year's allocation less formidable.

Investment Yield Before Taxes

The average interest rate anticipated by the association based upon its current investment practices.

Taxes on Interest Yield
The estimated percentage of interest income that will be set aside to pay income taxes on the interest earned.

Projected Reserve Balance
The anticipated reserve balance on the first day of the fiscal year for which this report has been prepared. This is based upon information provided and not audited.

Percent Fully Funded
The ratio, at the beginning of the fiscal year, of the actual (or projected) reserve balance to the calculated fully funded balance, expressed as a percentage.

Phase Increment Detail and/or Age
Comments regarding aging of the components on the basis of construction date or date of acceptance by the association.

Monthly Assessment
The assessment to reserves required by the association each month.

Interest Contribution (After Taxes)
The interest that should be earned on the reserves, net of taxes, based upon their beginning reserve balance and monthly contributions for one year. This figure is averaged for budgeting purposes.

Total Monthly Allocation
The sum of the monthly assessment and interest contribution figures.

Group and Category
The report may be prepared and sorted either by group (location, building, phase, etc.) or by category (roofing, painting, etc.). The standard report printing format is by category.

Percentage of Replacement or Repairs
In some cases, an asset may not be replaced in its entirety or the cost may be shared with a second party. Examples are budgeting for a percentage of replacement of streets over a period of time, or sharing the expense to replace a common wall with a neighboring party.

Placed-In-Service Date
The month and year that the asset was placed-in-service. This may be the construction date, the first escrow closure date in a given phase, or the date of the last servicing or replacement.

Estimated Useful Life
The estimated useful life of an asset based upon industry standards, manufacturer specifications, visual inspection, location, usage, association standards and prior history. All of these factors are taken into consideration when tailoring the estimated useful life to the particular asset. For example, the carpeting in a hallway or elevator (a heavy traffic area) will not have the same life as the identical carpeting in a seldom-used meeting room or office.

Adjustment to Useful Life
Once the useful life is determined, it may be adjusted, up or down, by this separate figure for the current cycle of replacement. This will allow for a current period adjustment without affecting the estimated replacement cycles for future replacements.

Estimated Remaining Life
This calculation is completed internally based upon the report's fiscal year date and the date the asset

was placed-in-service.

Replacement Year
The year that the asset is scheduled to be replaced. The appropriate funds will be available by the first day of the fiscal year for which replacement is anticipated.

Annual Fixed Reserves
An optional figure which, if used, will override the normal process of allocating reserves to each asset.

Fixed Assessment
An optional figure which, if used, will override all calculations and set the assessment at this amount. This assessment can be set for monthly, quarterly or annually as necessary.

Salvage Value
The salvage value of the asset at the time of replacement, if applicable.

One-Time Replacement
Notation if the asset is to be replaced on a one-time basis.

Current Replacement Cost
The estimated replacement cost effective at the beginning of the fiscal year for which the report is being prepared

Future Replacement Cost
The estimated cost to repair or replace the asset at the end of its estimated useful life based upon the current replacement cost and inflation.

Component Inventory
The task of selecting and qualifying reserve components. This task can be accomplished through on-site visual, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representative(s).

A Multi-Purpose Tool

Your ECAS Report is an important part of your association's budgetary process. Following its recommendations should ensure the association's smooth budgetary transitions from one fiscal year to the next, and either decrease or eliminate the need for "special assessments".

In addition, your reserve study serves a variety of useful purposes:

Following the recommendations of a reserve study performed by a professional consultant can protect the Board of Directors in a community from personal liability concerning reserve components and reserve funding.

A reserve analysis study is required by your accountant during the preparation of the association's annual audit.

The reserve study is often requested by lending institutions during the process of loan applications, both for the community and, in many cases, the individual owners.

Your Report is also a detailed inventory of the association's major assets and serves as a management tool for scheduling, coordinating and planning future repairs and replacements.

Your Report is a tool that can assist the Board in fulfilling its legal and fiduciary obligations for maintaining the community in a state of good repair. If a community is operating on a special assessment basis, it cannot guarantee that an assessment, when needed, will be passed. Therefore, it cannot guarantee its ability to perform the required repairs or replacements to those major components for which the association is obligated.

Since the reserve analysis study includes measurements and cost estimates of the client's assets, the detail reports may be used to evaluate the accuracy and price of contractor bids when assets are due to be repaired or replaced.

The reserve study is an annual disclosure to the membership concerning the financial condition of the association, and may be used as a "consumers' guide" by prospective purchasers.

The Owners' Summary meets the disclosure requirements of the recently adopted ECHO standards.

Your Report provides a record of the time, cost, and quantities of past reserve replacements. At times the association's management company and board of directors are transitory which may result in the loss of these important records.

Colonia Del Norte
Phoenix, AZ
RA Current Assessment Funding Model Summary

Report Date	January 01, 2013
Budget Year Beginning	January 01, 2013
Budget Year Ending	December 31, 2013
Total Units	126

Report Parameters

Inflation	3.00%
Annual Assessment Increase	3.00%
Interest Rate on Reserve Deposit	3.00%
Tax Rate on Interest	30.00%
Contingency	3.00%
2013 Beginning Balance	$46,294.00

Current Assessment Funding Model Summary of Calculations

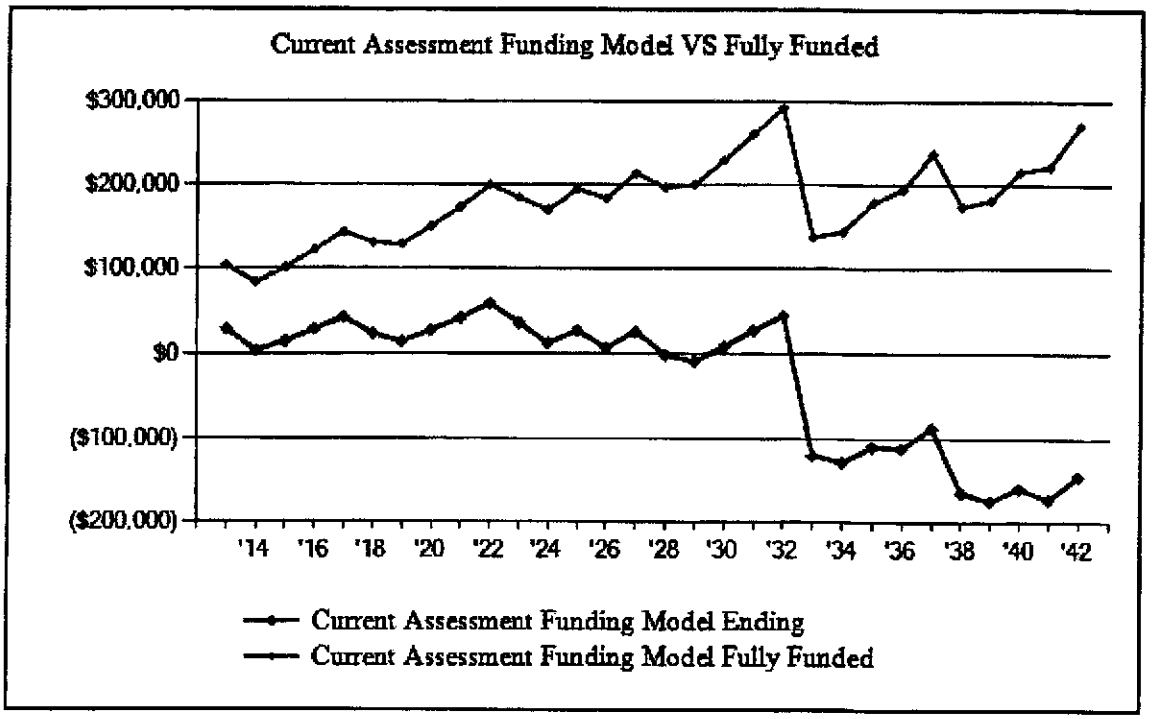
Required Annual Contribution	$12,000.00
$95.24 per unit annually	
Average Net Annual Interest Earned	$608.98
Total Annual Allocation to Reserves	$12,608.98
$100.07 per unit annually	

Colonia Del Norte
RA Current Assessment Funding Model Projection

Beginning Balance: $46,294

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2013	186,312	12,000	609	29,295	29,608	104,478	28%
2014	191,902	12,360	94	37,502	4,559	84,361	5%
2015	197,659	12,731	317	2,179	15,429	101,645	15%
2016	203,588	13,113	599		29,141	122,274	23%
2017	209,696	13,506	896		43,543	144,050	30%
2018	215,987	13,911	493	33,961	23,986	130,960	18%
2019	222,467	14,329	310	23,553	15,072	129,089	11%
2020	229,141	14,758	573	2,526	27,878	150,065	18%
2021	236,015	15,201	877	1,330	42,626	173,534	24%
2022	243,095	15,657	1,224		59,507	199,731	29%
2023	250,388	16,127	762	39,370	37,026	185,539	19%
2024	257,900	16,611	268	40,883	13,021	169,962	7%
2025	265,637	17,109	571	2,928	27,773	194,889	14%
2026	273,606	17,622	161	37,716	7,840	184,312	4%
2027	281,814	18,151	546		26,537	214,175	12%
2028	290,268	18,696		45,641	-408	197,201	0%
2029	298,977	19,256		26,478	-7,629	200,818	-3%
2030	307,946	19,834	185	3,395	8,996	229,828	3%
2031	317,184	20,429	580	1,788	28,218	262,214	10%
2032	326,700	21,042	935	4,734	45,460	293,263	15%
2033	336,501	21,673		186,111	-118,977	138,003	-86%
2034	346,596	22,324		30,695	-127,348	144,121	-88%
2035	356,994	22,993		3,935	-108,290	179,875	-60%
2036	367,703	23,683		25,726	-110,333	194,632	-56%
2037	378,735	24,394			-85,940	238,248	-36%
2038	390,097	25,125		103,024	-163,839	174,910	-93%
2039	401,799	25,879		35,584	-173,543	182,450	-95%
2040	413,853	26,655		11,726	-158,613	216,753	-73%
2041	426,269	27,455		40,505	-171,664	222,764	-77%
2042	439,057	28,279		859	-144,244	272,329	-52%

Colonia Del Norte
RA Current Assessment Funding Model VS Fully Funded Chart



The Current Assessment Funding Model is based on the current annual assessment, parameters, and reserve fund balance. Because it is calculated using the current annual assessment, it will give the accurate projection of how well the association is funded for the next 30 years of planned reserve expenditures.

Colonia Del Norte
Phoenix, AZ
RA Threshold Funding Model Summary

Report Date	January 01, 2013
Budget Year Beginning	January 01, 2013
Budget Year Ending	December 31, 2013
Total Units	126

Report Parameters

Inflation	3.00%
Annual Assessment Increase	3.00%
Interest Rate on Reserve Deposit	3.00%
Tax Rate on Interest	30.00%
Contingency	3.00%
2013 Beginning Balance	$14,294.00

Threshold Funding Model Summary of Calculations

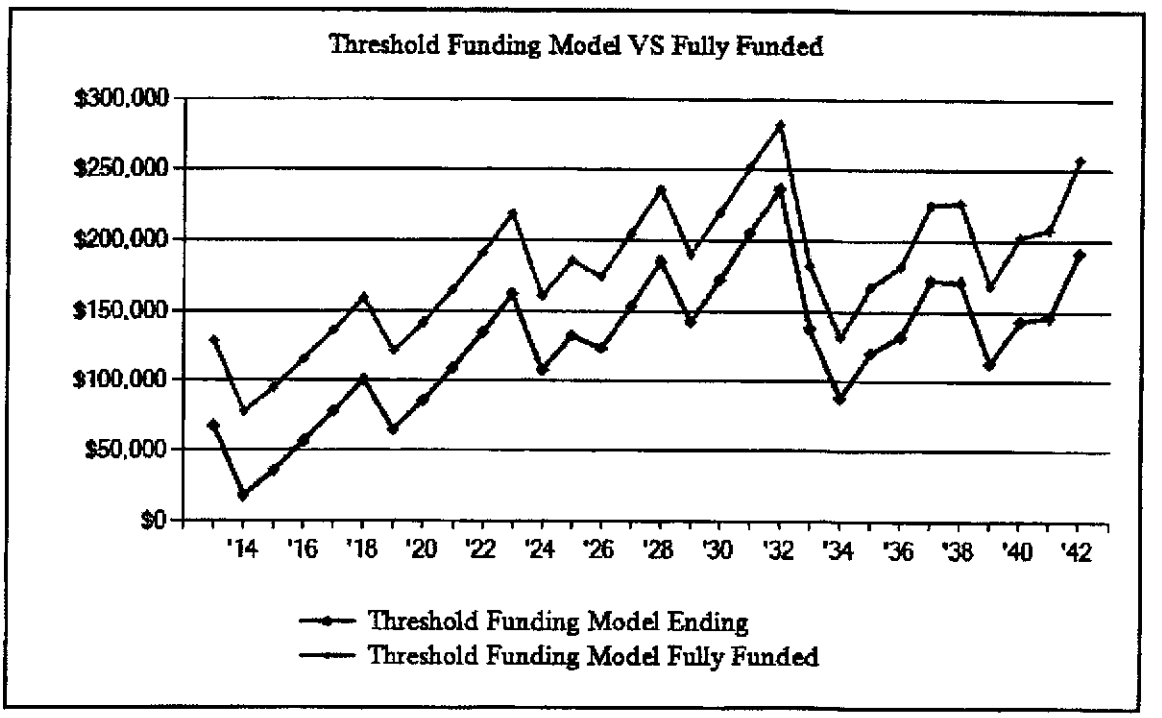
Required Annual Contribution	$51,990.20
$412.62 per unit annually	
Average Net Annual Interest Earned	$1,391.97
Total Annual Allocation to Reserves	$53,382.17
$423.67 per unit annually	

Colonia Del Norte
RA Threshold Funding Model Projection

Beginning Balance: $14,294

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2013	186,312	51,990	1,392		67,676	129,364	52%
2014	191,902	18,290	384	67,676	18,675	77,953	23%
2015	197,659	18,839	742	2,179	36,077	95,045	37%
2016	203,588	19,404	1,165		56,646	115,476	49%
2017	209,696	19,986	1,609		78,242	137,047	57%
2018	215,987	20,586	2,075		100,904	159,809	63%
2019	222,467	21,204	1,335	58,532	64,910	121,660	53%
2020	229,141	21,840	1,769	2,526	85,993	142,414	60%
2021	236,015	22,495	2,250	1,330	109,408	165,653	66%
2022	243,095	23,170	2,784		135,362	191,614	70%
2023	250,388	23,865	3,344		162,570	218,983	74%
2024	257,900	24,581	2,220	81,434	107,937	161,350	66%
2025	265,637	25,318	2,737	2,928	133,064	186,018	71%
2026	273,606	26,078	2,550	37,716	123,975	175,175	70%
2027	281,814	26,860	3,168		154,003	204,765	75%
2028	290,268	27,666	3,815		185,484	235,972	78%
2029	298,977	28,496	2,950	73,488	143,443	190,834	75%
2030	307,946	29,351	3,557	3,395	172,956	219,545	78%
2031	317,184	30,231	4,229	1,788	205,629	251,622	81%
2032	326,700	31,138	4,873	4,734	236,906	282,353	83%
2033	336,501	32,072	2,851	133,201	138,629	182,949	75%
2034	346,596	33,035	1,816	85,192	88,287	132,548	66%
2035	356,994	34,026	2,486	3,935	120,864	167,954	71%
2036	367,703	35,046	2,734	25,726	132,918	182,353	72%
2037	378,735	36,098	3,549		172,565	225,601	76%
2038	390,097	37,181	3,529	41,687	171,588	227,015	75%
2039	401,799	38,296	2,334	98,761	113,457	169,033	67%
2040	413,853	39,445	2,965	11,726	144,141	202,934	71%
2041	426,269	40,628	3,030	40,505	147,294	208,530	70%
2042	439,057	41,847	3,954	859	192,236	257,668	74%

Colonia Del Norte
RA Threshold Funding Model VS Fully Funded Chart



The **Threshold Funding Model** calculates the minimum reserve assessments, with the restriction that the reserve balance is not allowed to go below $0 or other predetermined threshold, during the period of time examined. All funds for planned reserve expenditures will be available on the first day of each fiscal year. The **Threshold Funding Model** allows the client to choose the level of conservative funding they desire by choosing the threshold dollar amount.

Colonia Del Norte
Phoenix, AZ
RA Component Funding Model Summary

Report Date	January 01, 2013
Budget Year Beginning	January 01, 2013
Budget Year Ending	December 31, 2013
Total Units	126

Report Parameters

Inflation	3.00%
Interest Rate on Reserve Deposit	3.00%
Tax Rate on Interest	30.00%
Contingency	3.00%
2013 Beginning Balance	$14,294.00

Component Funding Model Summary of Calculations

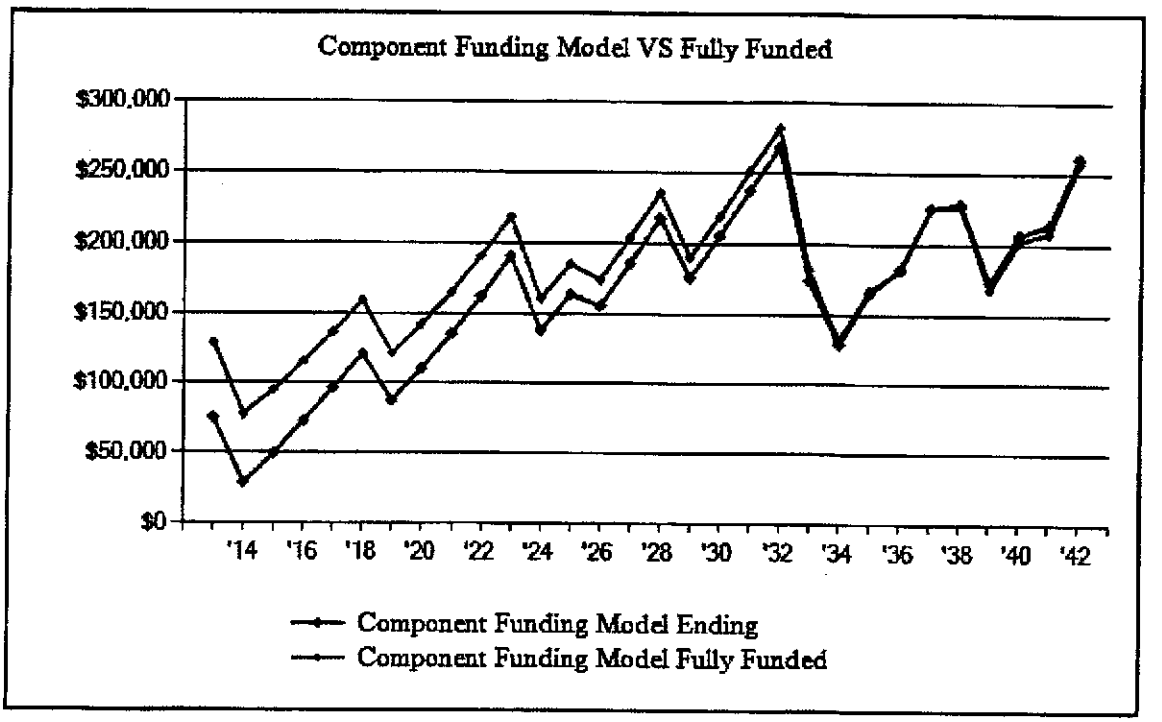
Required Annual Contribution	$59,430.16
$471.67 per unit annually	
Average Net Annual Interest Earned	$1,548.21
Total Annual Allocation to Reserves	$60,978.37
$483.96 per unit annually	

Colonia Del Norte
RA Component Funding Model Projection

Beginning Balance: $14,294

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2013	186,312	59,430	1,548		75,272	129,364	58%
2014	191,902	21,112	603	67,676	29,311	77,953	37%
2015	197,659	21,560	1,023	2,179	49,715	95,045	52%
2016	203,588	21,520	1,496		72,730	115,476	62%
2017	209,696	21,824	1,986		96,540	137,047	70%
2018	215,987	22,152	2,493		121,185	159,809	75%
2019	222,467	23,126	1,801	58,532	87,580	121,660	71%
2020	229,141	23,310	2,276	2,526	110,640	142,414	77%
2021	236,015	23,645	2,792	1,330	135,747	165,653	81%
2022	243,095	23,993	3,355		163,094	191,614	85%
2023	250,388	24,379	3,937		191,410	218,983	87%
2024	257,900	25,684	2,849	81,434	138,508	161,350	85%
2025	265,637	25,634	3,385	2,928	164,599	186,018	88%
2026	273,606	26,286	3,217	37,716	156,386	175,175	89%
2027	281,814	26,484	3,840		186,709	204,765	91%
2028	290,268	26,963	4,487		218,159	235,972	92%
2029	298,977	28,264	3,632	73,488	176,567	190,834	92%
2030	307,946	28,549	4,236	3,395	205,958	219,545	93%
2031	317,184	29,064	4,898	1,788	238,133	251,622	94%
2032	326,700	29,682	5,525	4,734	268,605	282,353	95%
2033	336,501	35,998	3,599	133,201	175,002	182,949	95%
2034	346,596	36,975	2,662	85,192	129,447	132,548	97%
2035	356,994	37,440	3,422	3,935	166,374	167,954	99%
2036	367,703	38,370	3,759	25,726	182,777	182,353	100%
2037	378,735	38,614	4,649		226,040	225,601	100%
2038	390,097	39,836	4,708	41,687	228,897	227,015	100%
2039	401,799	40,321	3,580	98,761	174,036	169,033	102%
2040	413,853	40,622	4,262	11,726	207,194	202,934	102%
2041	426,269	43,049	4,404	40,505	214,143	208,530	102%
2042	439,057	42,657	5,375	859	261,315	257,668	101%

Colonia Del Norte
RA Component Funding Model VS Fully Funded Chart



The **Component Funding Model's** long-term objective is to provide a plan to a fully funded reserve position over the longest period of time practical. This is the most conservative funding model.

Colonia Del Norte
RA Component Funding Model Assessment & Category Summary

Description	Replacement Year		Useful Life	Adjustment	Remaining Life	Current Cost	Assigned Reserves	Fully Funded
Streets/Asphalt								
Asphalt Pavement Sealcoat	2014	D	5	0	1	29,295	13,865	24,412
Asphalt Pavement-Overlay	2033		20	40	20	70,525	0	47,017
Asphalt Pavement-Repairs	2014	D	5	0	1	16,500	0	13,750
Concrete curbs and sidewalkws	*unfunded*							
Streets/Asphalt - Total						$116,320	$13,865	$85,179
Fencing/Security								
Perimeter Walls	2042		30	0	29	364	0	12
RV Storage Vehicle Entry Gate-Replace	2051		40	0	38	2,000	0	100
RV Storage Wrough Iron Fencing and Gate-..	2015		5	0	2	227	0	136
Fencing/Security - Total						$2,591		$248
Recreation/Pool								
Cabana and Pool Building Shade Canopies	2047		35	0	34	9,000	0	257
Concrete Table and Benches	*unfunded*							
Paint Concrete Pilasters and Building	2019		7	0	6	3,225	0	461
Pool	2024		12	0	11	13,035	0	1,086
Pool Filter	2021		10	0	8	1,050	0	210
Pool Kool Deck	2014	D	12	0	1	19,910	0	18,378
Pool Trim	2026		15	0	13	2,548	0	340
Wrought Iron Fence-Replace	2041		30	0	28	12,180	0	812
Wrought Iron Fencing & Gate-Painting	2015		5	0	2	1,827	0	1,096
Wrought Iron Pool Entry Gate-Replace	2041		30	0	28	450	0	30
Recreation/Pool - Total						$63,225		$22,671
Grounds Components								
Concrete Tables and Benches	*unfunded*							
Metal Park Benches	2032		20	0	19	2,700	0	135
RV Storage Wrought Iron Fence-Replace	2041		30	0	28	1,476	0	98
Grounds Components - Total						$4,176		$233
Total Asset Summary						$186,312	$13,865	$108,331
Contingency at 3.00%							$429	$3,350
Summary Total							$14,294	$111,682
Fully Funded Level							13%	
Current Average Liability per Unit (Total Units: 126)							-$773	

'D' Component Deferred, Life Extended One Year

Colonia Del Norte
RA Distribution of Accumulated Reserves

Description	Remaining Life	Replacement Year	Assigned Reserves	Fully Funded Reserves
Asphalt Pavement Sealcoat	0	2013	29,295	29,295
Asphalt Pavement-Repairs	1	2014	D13,750	13,750
Pool Kool Deck	1	2014	*D1,860	18,378
RV Storage Wrough Iron Fencing and Gate-..	2	2015		136
Wrought Iron Fencing & Gate-Painting	2	2015		1,096
Paint Concrete Pilasters and Building	6	2019		461
Pool Filter	8	2021		210
Pool	11	2024		1,086
Pool Trim	13	2026		340
Metal Park Benches	19	2032		135
Asphalt Pavement-Overlay	20	2033		47,017
RV Storage Wrought Iron Fence-Replace	28	2041		98
Wrought Iron Fence-Replace	28	2041		812
Wrought Iron Pool Entry Gate-Replace	28	2041		30
Perimeter Walls	29	2042		12
Cabana and Pool Building Shade Canopies	34	2047		257
RV Storage Vehicle Entry Gate-Replace	38	2051		100
Concrete Table and Benches		unfunded		
Concrete Tables and Benches		unfunded		
Concrete curbs and sidewalkws		unfunded		
Total Asset Summary			$44,905	$113,214
Contingency at 3.00%			$1,389	$3,501
Summary Total			$46,294	$116,715
Fully Funded Level			40%	
Current Average Liability per Unit (Total Units: 126)			-$559	

'' Indicates Partially Funded*
'D' Indicates Deferred Funding

Colonia Del Norte
RA Annual Expenditure Detail

Description	Expenditures
No Replacement in 2013	
Replacement Year 2014	
Asphalt Pavement Sealcoat	30,174
Asphalt Pavement-Repairs	16,995
Pool Kool Deck	20,507
Total for 2014	**$67,676**
Replacement Year 2015	
RV Storage Wrough Iron Fencing and Gate-Painting	241
Wrought Iron Fencing & Gate-Painting	1,938
Total for 2015	**$2,179**
No Replacement in 2016	
No Replacement in 2017	
No Replacement in 2018	
Replacement Year 2019	
Asphalt Pavement Sealcoat	34,980
Asphalt Pavement-Repairs	19,702
Paint Concrete Pilasters and Building	3,851
Total for 2019	**$58,532**
Replacement Year 2020	
RV Storage Wrough Iron Fencing and Gate-Painting	279
Wrought Iron Fencing & Gate-Painting	2,247
Total for 2020	**$2,526**
Replacement Year 2021	
Pool Filter	1,330
Total for 2021	**$1,330**
No Replacement in 2022	
No Replacement in 2023	
Replacement Year 2024	
Asphalt Pavement Sealcoat	40,551
Asphalt Pavement-Repairs	22,840

Colonia Del Norte
RA Annual Expenditure Detail

Description	Expenditures
Replacement Year 2024 continued...	
Pool	18,043
Total for 2024	**$81,434**
Replacement Year 2025	
RV Storage Wrough Iron Fencing and Gate-Painting	323
Wrought Iron Fencing & Gate-Painting	2,605
Total for 2025	**$2,928**
Replacement Year 2026	
Paint Concrete Pilasters and Building	4,736
Pool Kool Deck	29,239
Pool Trim	3,742
Total for 2026	**$37,716**
No Replacement in 2027	
No Replacement in 2028	
Replacement Year 2029	
Asphalt Pavement Sealcoat	47,010
Asphalt Pavement-Repairs	26,478
Total for 2029	**$73,488**
Replacement Year 2030	
RV Storage Wrough Iron Fencing and Gate-Painting	375
Wrought Iron Fencing & Gate-Painting	3,020
Total for 2030	**$3,395**
Replacement Year 2031	
Pool Filter	1,788
Total for 2031	**$1,788**
Replacement Year 2032	
Metal Park Benches	4,734
Total for 2032	**$4,734**
Replacement Year 2033	
Asphalt Pavement-Overlay	127,376

Colonia Del Norte
RA Annual Expenditure Detail

Description	Expenditures
Replacement Year 2033 continued...	
Paint Concrete Pilasters and Building	5,825
Total for 2033	**$133,201**
Replacement Year 2034	
Asphalt Pavement Sealcoat	54,497
Asphalt Pavement-Repairs	30,695
Total for 2034	**$85,192**
Replacement Year 2035	
RV Storage Wrough Iron Fencing and Gate-Painting	435
Wrought Iron Fencing & Gate-Painting	3,501
Total for 2035	**$3,935**
Replacement Year 2036	
Pool	25,726
Total for 2036	**$25,726**
No Replacement in 2037	
Replacement Year 2038	
Pool Kool Deck	41,687
Total for 2038	**$41,687**
Replacement Year 2039	
Asphalt Pavement Sealcoat	63,177
Asphalt Pavement-Repairs	35,584
Total for 2039	**$98,761**
Replacement Year 2040	
Paint Concrete Pilasters and Building	7,164
RV Storage Wrough Iron Fencing and Gate-Painting	504
Wrought Iron Fencing & Gate-Painting	4,058
Total for 2040	**$11,726**
Replacement Year 2041	
Pool Filter	2,402

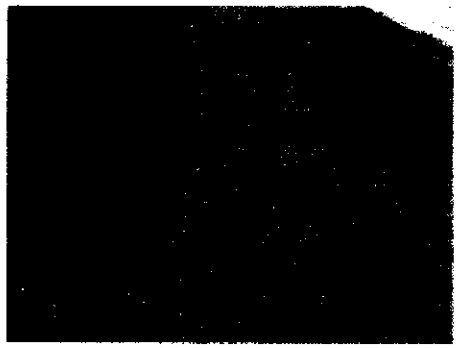
Colonia Del Norte
RA Annual Expenditure Detail

Description	Expenditures
Replacement Year 2041 continued...	
Pool Trim	5,830
RV Storage Wrought Iron Fence-Replace	3,377
Wrought Iron Fence-Replace	27,867
Wrought Iron Pool Entry Gate-Replace	1,030
Total for 2041	**$40,505**
Replacement Year 2042	
Perimeter Walls	859
Total for 2042	**$859**

Colonia Del Norte
RA Detail Report by Category

Asphalt Pavement Sealcoat - 2013

		10,850 SY	@ $2.70
Asset ID	1017	Asset Cost	$29,295.00
		Percent Replacement	100%
	Streets/Asphalt	Future Cost	$29,295.00
Placed in Service	January 2008	Assigned Reserves	$29,295.00
Useful Life	5		
		Annual Assessment	$1,967.38
Replacement Year	2013	Interest Contribution	$41.31
Remaining Life	0	Reserve Allocation	$2,008.69



Pavement needs to be sealed on a regular schedule of no longer than 5 year intervals in order to maximize the life of the pavement.

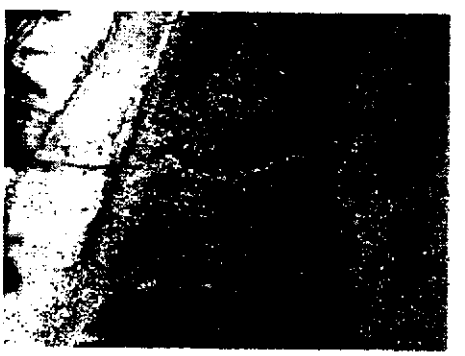
Asphalt Pavement-Overlay - 2033

		10,850 SY	@ $6.50
Asset ID	1001	Asset Cost	$70,525.00
		Percent Replacement	100%
	Streets/Asphalt	Future Cost	$127,375.99
Placed in Service	August 1973	Assigned Reserves	*none*
Useful Life	20		
Adjustment	40	Annual Assessment	$1,567.89
Replacement Year	2033	Interest Contribution	$32.93
Remaining Life	20	Reserve Allocation	$1,600.82

Asphalt Pavement-Overlay continued...

The pavement has multiple cracking probably resulting from exposure to UV and normal wear. Normal life for asphalt pavement is 20-30 years. This pavement if placed in the mid 70's is approaching 40 years. Some areas should be replaced due to structural failure. Repairing select areas and sealing could extend the life of the pavement 20+ years.

Asphalt Pavement-Repairs - 2014			
		550 SY	@ $30.00
Asset ID	1018	Asset Cost	$16,500.00
		Percent Replacement	100%
	Streets/Asphalt	Future Cost	$16,995.00
Placed in Service	January 2008	Assigned Reserves	$13,750.00
Useful Life	5		
		Annual Assessment	$893.01
Replacement Year	Deferred 2014	Interest Contribution	$307.50
Remaining Life	1	Reserve Allocation	$1,200.52



This study estimates that 5% of the pavement area needs to be repaired/replaced every 5 years to extend the life of the pavement.

Concrete curbs and sidewalkws

Asset ID 1002

Streets/Asphalt

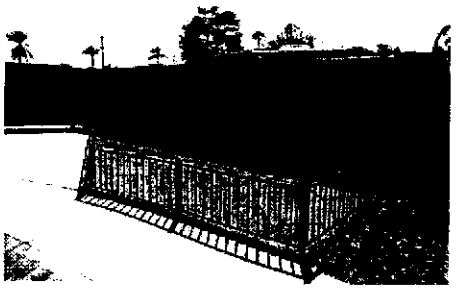
The concrete curb and sidewalks are in good condition with few signs of structural failure. These should last indefinitely. No replacement is scheduled. Small damaged areas may need to be replaced from maintenance funds.

Streets/Asphalt - Total Current Cost	**$116,320**
Assigned Reserves	**$43,045**
Fully Funded Reserves	**$90,062**

Colonia Del Norte
RA Detail Report by Category

Perimeter Walls - 2042

		405 LF	@ $9.00
Asset ID	1004	Asset Cost	$364.50
		Percent Replacement	10%
	Fencing/Security	Future Cost	$858.97
Placed in Service	January 2012	Assigned Reserves	*none*
Useful Life	30		
		Annual Assessment	$6.59
Replacement Year	2042	Interest Contribution	$0.14
Remaining Life	29	Reserve Allocation	$6.73



Block walls are in good condition. Normal useful life of block walls is 35 years. Based on the age of the community these walls are probably 30+ years old. Based on the condition it is estimated that these walls should last another 30 years with some repair. This study estimates that 10% of the wall will need replacement in 30 years.

RV Storage Vehicle Entry Gate-Replace - 2051

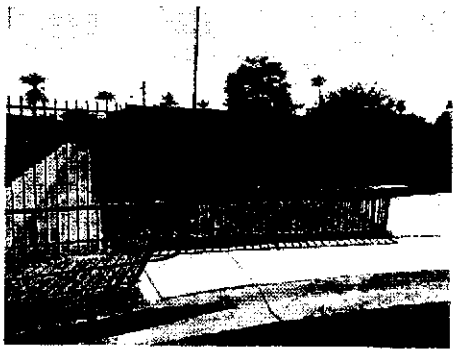
		1 EA	@ $2,000.00
Asset ID	1005	Asset Cost	$2,000.00
		Percent Replacement	100%
	Fencing/Security	Future Cost	$6,149.56
Placed in Service	January 2011	Assigned Reserves	*none*
Useful Life	40		
		Annual Assessment	$32.43
Replacement Year	2051	Interest Contribution	$0.68
Remaining Life	38	Reserve Allocation	$33.11

RV Storage Vehicle Entry Gate-Replace continued...

Gate in good condition.

RV Storage Wrough Iron Fencing and Gate-Painting - 2015

		252 SF	@ $0.90
Asset ID	1006	Asset Cost	$226.80
		Percent Replacement	100%
	Fencing/Security	Future Cost	$240.61
Placed in Service	January 2010	Assigned Reserves	*none*
Useful Life	5		
		Annual Assessment	$35.96
Replacement Year	2015	Interest Contribution	$0.76
Remaining Life	2	Reserve Allocation	$36.72



Paint is in good condition.

Colonia Del Norte
RA Detail Report by Category

Fencing/Security - Total Current Cost	**$2,591**
Assigned Reserves	**$0**
Fully Funded Reserves	**$248**

Cabana and Pool Building Shade Canopies - 2047

		720 SF	@ $12.50
Asset ID	1014	Asset Cost	$9,000.00
		Percent Replacement	100%
	Recreation/Pool	Future Cost	$24,587.15
Placed in Service	January 2012	Assigned Reserves	*none*
Useful Life	35		
		Annual Assessment	$151.86
Replacement Year	2047	Interest Contribution	$3.19
Remaining Life	34	Reserve Allocation	$155.04

Metal canopies are in good condition.

Concrete Table and Benches

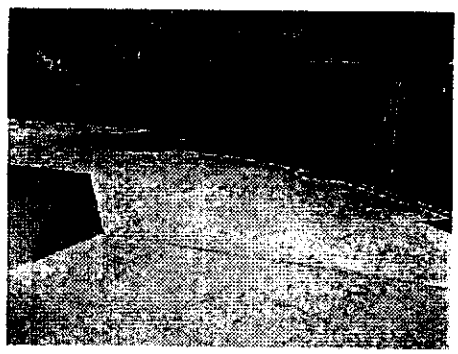
Asset ID 1016

Recreation/Pool

Concrete table and benches are in good condition and should last indefinitely.

Paint Concrete Pilasters and Building - 2019

		4,300 SF	@ $0.75
Asset ID	1012	Asset Cost	$3,225.00
		Percent Replacement	100%
	Recreation/Pool	Future Cost	$3,850.82
Placed in Service	January 2012	Assigned Reserves	*none*
Useful Life	7		
		Annual Assessment	$183.94
Replacement Year	2019	Interest Contribution	$3.86
Remaining Life	6	Reserve Allocation	$187.80



Paint is in good condition. For purposes of this study it is estimated that the existing paint was applied in the last year.

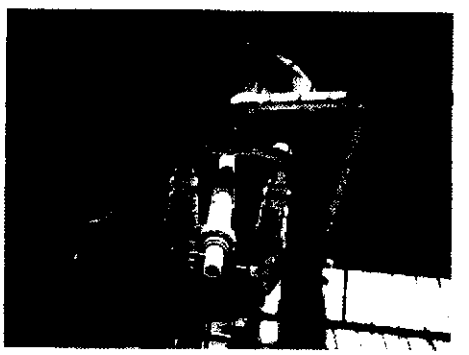
Pool - 2024

		2,370 SF	@ $5.50
Asset ID	1010	Asset Cost	$13,035.00
		Percent Replacement	100%
	Recreation/Pool	Future Cost	$18,043.49
Placed in Service	January 2012	Assigned Reserves	*none*
Useful Life	12		
		Annual Assessment	$445.63
Replacement Year	2024	Interest Contribution	$9.36
Remaining Life	11	Reserve Allocation	$454.99

Pool continued...

Pool is in good condition. For purposes of this study it is estimated that the pool was re-surfaced in 2011.

Pool Filter - 2021			
		1 EA	@ $1,050.00
Asset ID	1021	Asset Cost	$1,050.00
		Percent Replacement	100%
	Recreation/Pool	Future Cost	$1,330.11
Placed in Service	January 2011	Assigned Reserves	*none*
Useful Life	10		
		Annual Assessment	$46.65
Replacement Year	2021	Interest Contribution	$0.98
Remaining Life	8	Reserve Allocation	$47.63



Don't have a record of when the filter was last replaced. Looks to be in good condition. For purposes of this report it is assumed that it was replaced in 2011 and has a useful life of 10 years.

Colonia Del Norte
RA Detail Report by Category

Pool Kool Deck - 2014

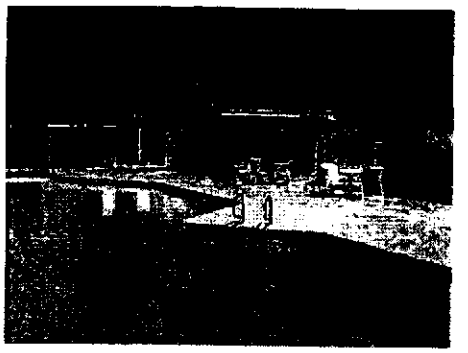
		3,620 SF	@ $5.50
Asset ID	1009	Asset Cost	$19,910.00
		Percent Replacement	100%
	Recreation/Pool	Future Cost	$20,507.30
Placed in Service	January 2001	Assigned Reserves	$1,860.18
Useful Life	12		
		Annual Assessment	$5,621.06
Replacement Year	Deferred 2014	Interest Contribution	$157.11
Remaining Life	1	Reserve Allocation	$5,778.16

Pool deck needs recoating.

Pool Trim - 2026

		182 LF	@ $14.00
Asset ID	1013	Asset Cost	$2,548.00
		Percent Replacement	100%
	Recreation/Pool	Future Cost	$3,741.82
Placed in Service	January 2011	Assigned Reserves	*none*
Useful Life	15		
		Annual Assessment	$76.52
Replacement Year	2026	Interest Contribution	$1.61
Remaining Life	13	Reserve Allocation	$78.13

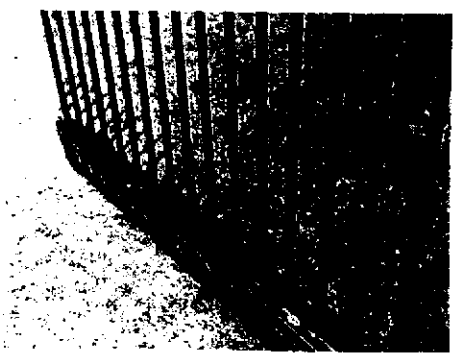
Pool Trim continued...



Tile is in good condition.

Wrought Iron Fence-Replace - 2041

Asset ID	1020	2,030 SF	@ $6.00
		Asset Cost	$12,180.00
		Percent Replacement	100%
	Recreation/Pool	Future Cost	$27,866.96
Placed in Service	January 2011	Assigned Reserves	*none*
Useful Life	30		
		Annual Assessment	$223.92
Replacement Year	2041	Interest Contribution	$4.70
Remaining Life	28	Reserve Allocation	$228.63



Fence is in good condition and should last several years if paint is kept in good condition.

Wrought Iron Fencing & Gate-Painting - 2015

		2,030 SF	@ $0.90
Asset ID	1011	Asset Cost	$1,827.00
		Percent Replacement	100%
	Recreation/Pool	Future Cost	$1,938.26
Placed in Service	January 2010	Assigned Reserves	*none*
Useful Life	5		
		Annual Assessment	$289.71
Replacement Year	2015	Interest Contribution	$6.08
Remaining Life	2	Reserve Allocation	$295.79

For purposes of this study it is assumed that the fence was painted in 2010 with a useful life of the paint of 5 years.

Wrought Iron Pool Entry Gate-Replace - 2041

		1 EA	@ $450.00
Asset ID	1015	Asset Cost	$450.00
		Percent Replacement	100%
	Recreation/Pool	Future Cost	$1,029.57
Placed in Service	January 2011	Assigned Reserves	*none*
Useful Life	30		
		Annual Assessment	$8.27
Replacement Year	2041	Interest Contribution	$0.17
Remaining Life	28	Reserve Allocation	$8.45

Wrought Iron Pool Entry Gate-Replace continued...

Recreation/Pool - Total Current Cost	**$63,225**
Assigned Reserves	**$1,860**
Fully Funded Reserves	**$22,671**

Concrete Tables and Benches

Asset ID 1007

Grounds Components

Concrete table and benches are in good condition and should last indefinitely.

Metal Park Benches - 2032

Asset ID	1008	3 EA	@ $900.00
		Asset Cost	$2,700.00
		Percent Replacement	100%
	Grounds Components	Future Cost	$4,734.47
Placed in Service	January 2012	Assigned Reserves	*none*
Useful Life	20		
		Annual Assessment	$62.03
Replacement Year	2032	Interest Contribution	$1.30
Remaining Life	19	Reserve Allocation	$63.33

Benches are in good condition.

RV Storage Wrought Iron Fence-Replace - 2041

		246 SF	@ $6.00
Asset ID	1019	Asset Cost	$1,476.00
		Percent Replacement	100%
	Grounds Components	Future Cost	$3,376.98
Placed in Service	January 2011	Assigned Reserves	*none*
Useful Life	30		
		Annual Assessment	$27.14
Replacement Year	2041	Interest Contribution	$0.57
Remaining Life	28	Reserve Allocation	$27.71

Fence is in good condition and should last several years if paint is kept in good condition.

Grounds Components - Total Current Cost	**$4,176**
Assigned Reserves	**$0**
Fully Funded Reserves	**$233**

Colonia Del Norte
RA Detail Report by Category

Detail Report Summary

Total of All Assets

Assigned Reserves	$44,905.18
Annual Contribution	$11,640.00
Annual Interest	$572.25
Annual Allocation	$12,212.25

Contingency at 3.00%

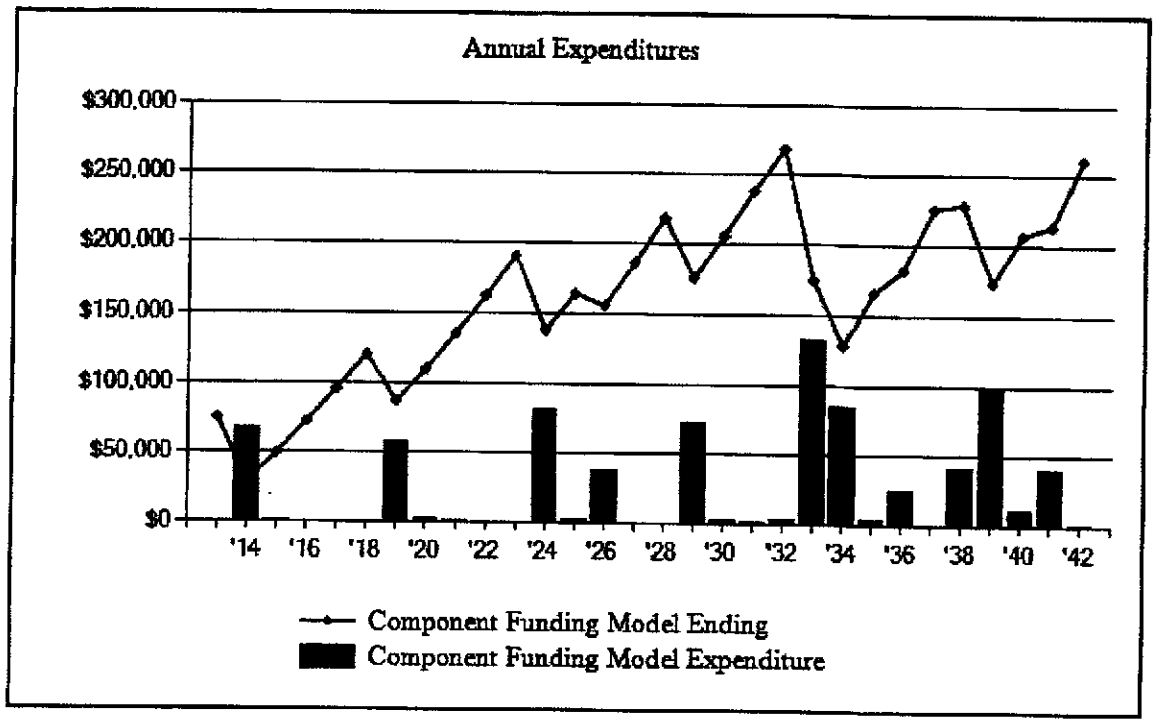
Assigned Reserves	$1,388.82
Annual Contribution	$360.00
Annual Interest	$17.70
Annual Allocation	$377.70

Grand Total

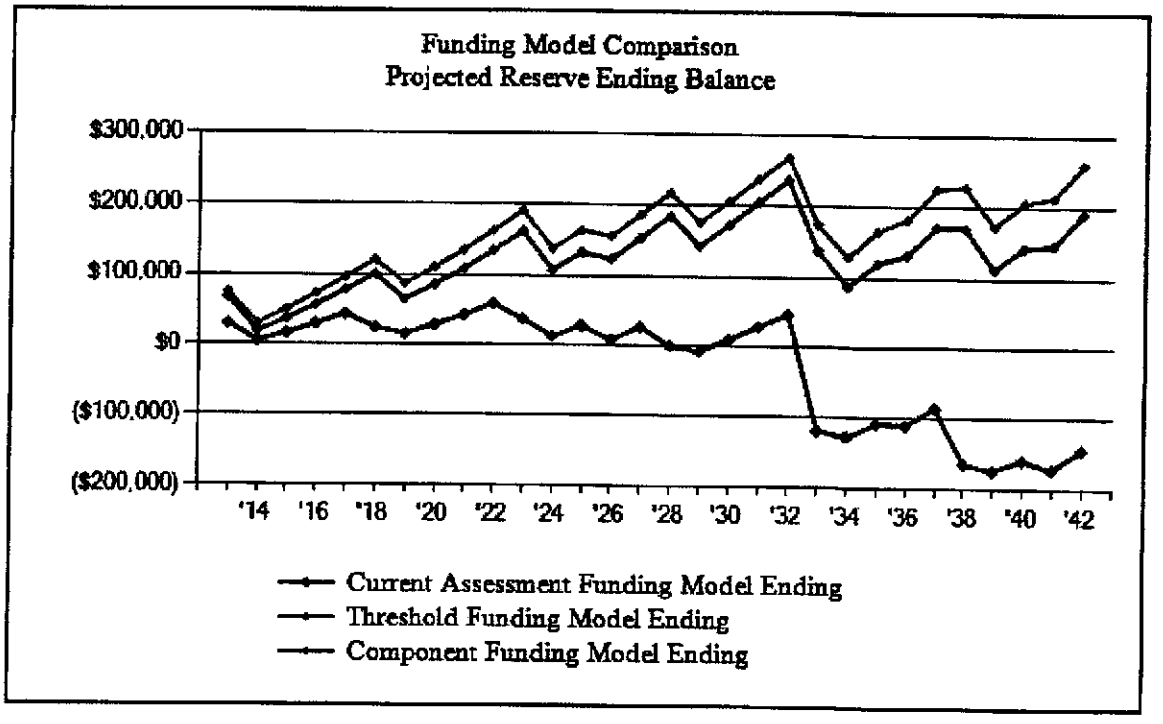
Assigned Reserves	$46,294.00
Annual Contribution	$12,000.00
Annual Interest	$589.95
Annual Allocation	$12,589.95

Colonia Del Norte
RA Category Detail Index

Colonia Del Norte
RA Annual Expenditure Chart

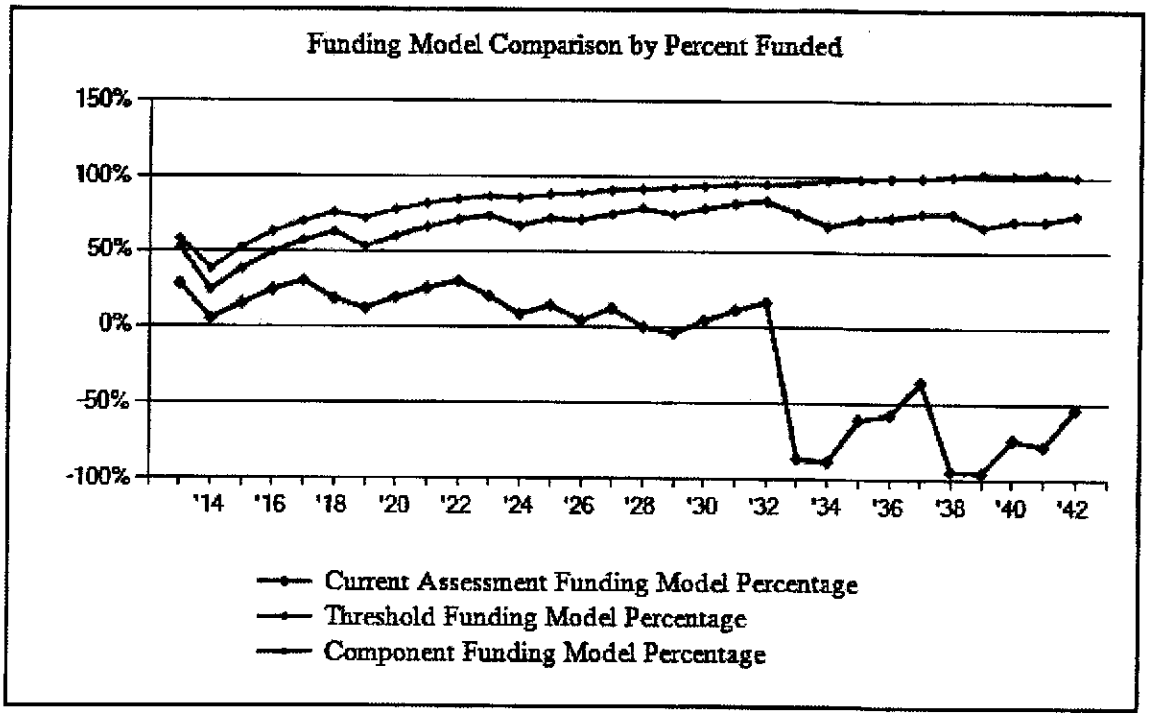


Colonia Del Norte
RA Funding Model Reserve Ending Balance Comparison Chart



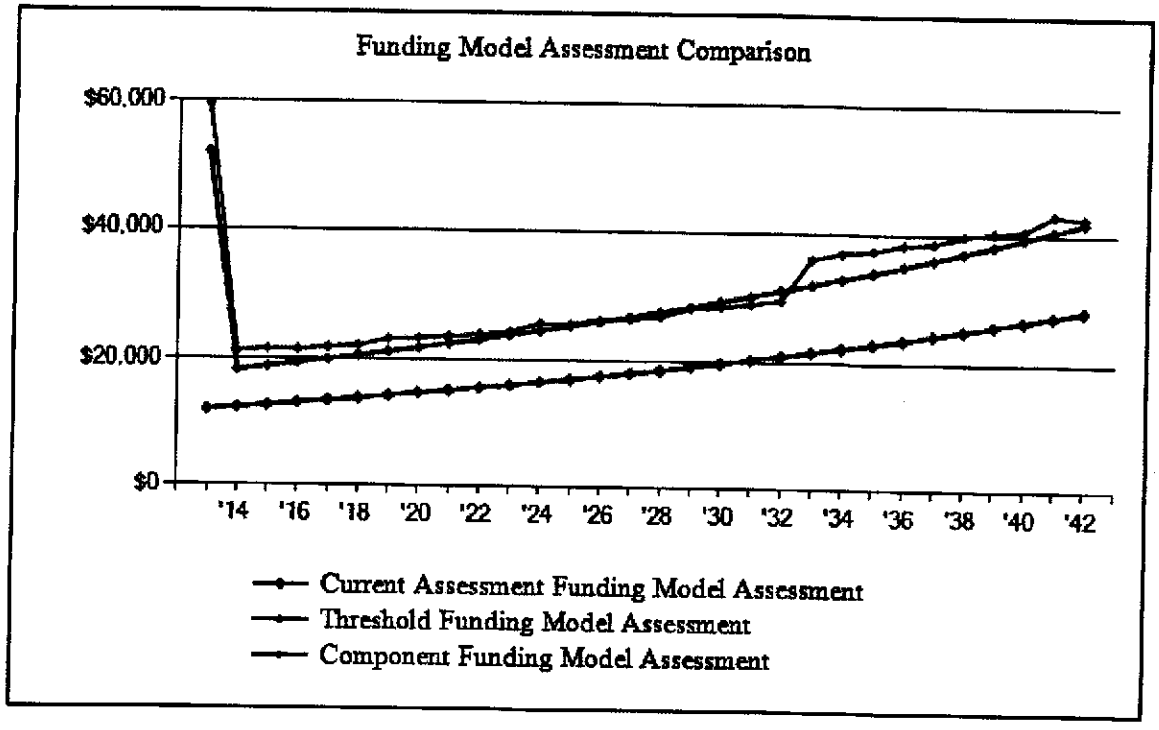
The chart above compares the projected reserve ending balances of the three funding models (Current Assessment Funding Model, Threshold Funding Model and Component Funding Model) over 30 years.

Colonia Del Norte
RA Funding Model Comparison by Percent Funded



The chart above compares the three funding models (Current Assessment Funding Model, Threshold Funding Model and Component Funding Model) by the percentage fully funded over 30 years. This allows your association to view and then choose the funding model that might best fit your community's needs.

Colonia Del Norte
RA Funding Model Assessment Comparison Chart



The chart above compares the annual assessment of the three funding models (Current Assessment Funding Model, Threshold Funding Model and Component Funding Model) over 30 years.

Colonia Del Norte
RA Spread Sheet

Description	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Asphalt Pavement Sealcoat	29,295					33,961				
Asphalt Pavement-Overlay										
Asphalt Pavement-Repairs		16,995					19,702			
Cabana and Pool Building Shade Canopies										
Concrete Table and Benches	*unfunded*									
Concrete Tables and Benches	*unfunded*									
Concrete curbs and sidewalkws	*unfunded*									
Metal Park Benches										
Paint Concrete Pilasters and Building							3,851			
Perimeter Walls										
Pool										
Pool Filter									1,330	
Pool Kool Deck		20,507								
Pool Trim										
RV Storage Vehicle Entry Gate-Replace										
RV Storage Wrough Iron Fencing and Gate..			241					279		
RV Storage Wrought Iron Fence-Replace										
Wrought Iron Fence-Replace										
Wrought Iron Fencing & Gate-Painting			1,938					2,247		
Wrought Iron Pool Entry Gate-Replace										
Year Total:	**29,295**	**37,502**	**2,179**			**33,961**	**23,553**	**2,526**	**1,330**	

Colonia Del Norte
RA Spread Sheet

Description	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Asphalt Pavement Sealcoat	39,370					45,641				
Asphalt Pavement-Overlay										
Asphalt Pavement-Repairs		22,840					26,478			
Cabana and Pool Building Shade Canopies										
Concrete Table and Benches	*unfunded*									
Concrete Tables and Benches	*unfunded*									
Concrete curbs and sidewalkws	*unfunded*									
Metal Park Benches										4,734
Paint Concrete Pilasters and Building				4,736						
Perimeter Walls										
Pool		18,043								
Pool Filter									1,788	
Pool Kool Deck				29,239						
Pool Trim				3,742						
RV Storage Vehicle Entry Gate-Replace										
RV Storage Wrough Iron Fencing and Gate..			323					375		
RV Storage Wrought Iron Fence-Replace										
Wrought Iron Fence-Replace										
Wrought Iron Fencing & Gate-Painting			2,605					3,020		
Wrought Iron Pool Entry Gate-Replace										
Year Total:	**39,370**	**40,883**	**2,928**	**37,716**		**45,641**	**26,478**	**3,395**	**1,788**	**4,734**

Colonia Del Norte
RA Spread Sheet

Description	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Asphalt Pavement Sealcoat	52,910					61,337				
Asphalt Pavement-Overlay	127,376									
Asphalt Pavement-Repairs		30,695					35,584			
Cabana and Pool Building Shade Canopies										
Concrete Table and Benches	*unfunded*									
Concrete Tables and Benches	*unfunded*									
Concrete curbs and sidewalkws	*unfunded*									
Metal Park Benches										
Paint Concrete Pilasters and Building	5,825							7,164		
Perimeter Walls										859
Pool				25,726						
Pool Filter									2,402	
Pool Kool Deck						41,687				
Pool Trim									5,830	
RV Storage Vehicle Entry Gate-Replace			435					504		
RV Storage Wrough Iron Fencing and Gate..									3,377	
RV Storage Wrought Iron Fence-Replace									27,867	
Wrought Iron Fence-Replace			3,501					4,058		
Wrought Iron Fencing & Gate-Painting									1,030	
Wrought Iron Pool Entry Gate-Replace										
Year Total:	**186,111**	**30,695**	**3,935**	**25,726**		**103,024**	**35,584**	**11,726**	**40,505**	**859**