Mountain Park Ranch Homeowners Association

June 19, 2024 • Phoenix, AZ

RESERVE STUDY

RESERVE™ ADVISORS

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Corporate Office
Reserve Advisors, LLC
735 N. Water Street, Suite 175
Milwaukee, WI 53202

Mountain Park Ranch Homeowners Association
Phoenix, Arizona

Dear Board of Directors of Mountain Park Ranch Homeowners Association:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Reserve Study* of Mountain Park Ranch Homeowners Association in Phoenix, Arizona and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, June 19, 2024.

This *Reserve Study exceeds* the Association of Professional Reserve Analysts (APRA) standards fulfilling the requirements of a "Level II Reserve Study Update."

An ongoing review by the Board and an Update of this Reserve Study are necessary to ensure an equitable funding plan since a Reserve Study is a snapshot in time. We recommend the Board budget for an Update to this Reserve Study in two- to three-years. We look forward to continuing to help Mountain Park Ranch Homeowners Association plan for a successful future.

As part of our long-term thinking and everyday commitment to our clients, we are available to answer any questions you may have regarding this study.

Respectfully submitted on July 1, 2024 by

Reserve Advisors, LLC

Visual Inspection and Report by: Stephanie A. Mueller, RS[1]
Review by: Alan M. Ebert, RS, PRA[2], Director of Quality Assurance

1 RS (Reserve Specialist) is the reserve provider professional designation of the Community Associations Institute (CAI) representing America's more than 300,000 condominium, cooperative and homeowners associations.
2 PRA (Professional Reserve Analyst) is the professional designation of the Association of Professional Reserve Analysts. Learn more about APRA at http://www.apra-usa.com.

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1. RESERVE STUDY EXECUTIVE SUMMARY

Client: Mountain Park Ranch Homeowners Association (Mountain Park Ranch)
Location: Phoenix, Arizona
Reference: 060163

Property Basics: Mountain Park Ranch Homeowners Association is responsible for the common elements shared by 7,008 single family homes. The community was built from 1984 to 1999.

Reserve Components Identified: 59 Reserve Components.

Inspection Date: June 19, 2024. We conducted previous inspections in 2006, 2010, 2014 and 2019.

Funding Goal: The Funding Goal of this Reserve Study is to maintain reserves above an adequate, not excessive threshold during one or more years of significant expenditures. Our recommended Funding Plan recognizes this threshold funding year in 2053 due to the replacement of the recreation center #3 pool.

Methodology: We use the Cash Flow Method to compute the Reserve Funding Plan. This method offsets future variable Reserve Expenditures with existing and future stable levels of reserve funding. Our application of this method also considers:

- Current and future local costs of replacement
- 2.0% anticipated annual rate of return on invested reserves
- 3.5% future Inflation Rate for estimating Future Replacement Costs

Sources for *Local* Costs of Replacement: Our proprietary database, historical costs and published sources, i.e., R.S. Means, Incorporated.

Unaudited Cash Status of Reserve Fund:

- $1,322,639 as of April 30, 2024
- 2024 budgeted Reserve Contributions of $200,000

Project Prioritization: We note anticipated Reserve Expenditures for the next 30 years in the ***Reserve Expenditures*** tables and include a ***Five-Year Outlook*** table following the ***Reserve Funding Plan*** in Section 3. We recommend the Association prioritize the following projects in the next five years based on the conditions identified:

- Asphalt seal coat and repairs at parking areas
- Partial replacement of light poles and fixtures where rust and deterioration has accelerated
- Color coat at recreation centers #2 and #3 tennis courts
- Stucco paint finishes and repairs at pool houses
- Paint finishes and repairs at steel pool fences
- Partial replacement of pool equipment
- Replace shade canvas

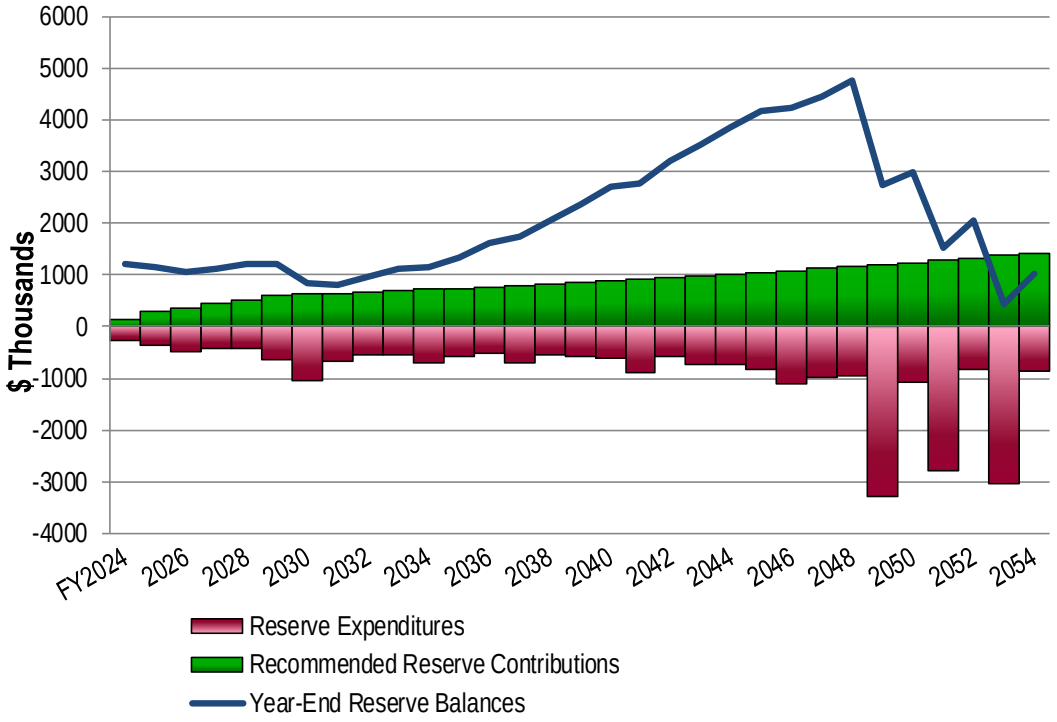
Recommended Reserve Funding: We recommend the following in order to achieve a stable and equitable Cash Flow Methodology Funding Plan:

- Phased increases of $80,500 from 2025 through 2029
- Inflationary increases thereafter through 2054, the limit of this study's Cash Flow Analysis

- Initial adjustment in Reserve Contributions of $80,500 represents an average monthly increase of $0.96 per owner and about a three percent (2.7%) adjustment in the 2024 total Operating Budget of $2,937,401.

Mountain Park Ranch
Recommended Reserve Funding Table and Graph

Year	Reserve Contributions ($)	Reserve Balances ($)	Year	Reserve Contributions ($)	Reserve Balances ($)	Year	Reserve Contributions ($)	Reserve Balances ($)
2025	280,500	1,157,747	2035	740,600	1,344,919	2045	1,044,600	4,153,198
2026	361,000	1,066,273	2036	766,500	1,614,078	2046	1,081,200	4,226,586
2027	441,500	1,106,599	2037	793,300	1,745,166	2047	1,119,000	4,457,033
2028	522,000	1,222,694	2038	821,100	2,058,032	2048	1,158,200	4,756,040
2029	602,500	1,212,678	2039	849,800	2,371,922	2049	1,198,700	2,746,522
2030	623,600	824,686	2040	879,500	2,697,949	2050	1,240,700	2,982,237
2031	645,400	801,690	2041	910,300	2,777,075	2051	1,284,100	1,522,826
2032	668,000	951,183	2042	942,200	3,205,163	2052	1,329,000	2,052,067
2033	691,400	1,124,438	2043	975,200	3,509,198	2053	1,375,500	431,702
2034	715,600	1,152,109	2044	1,009,300	3,845,021	2054	1,423,600	1,024,709



2. RESERVE STUDY REPORT

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Reserve Study* of

Mountain Park Ranch Homeowners Association

Phoenix, Arizona

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, June 19, 2024. We conducted previous inspections in 2006, 2010, 2014 and 2019.

We present our findings and recommendations in the following report sections and spreadsheets:

- **Identification of Property -** Segregates all property into several areas of responsibility for repair or replacement
- **Reserve Expenditures -** Identifies reserve components and related quantities, useful lives, remaining useful lives and future reserve expenditures during the next 30 years
- **Reserve Funding Plan -** Presents the recommended Reserve Contributions and year-end Reserve Balances for the next 30 years
- **Five-Year Outlook -** Identifies reserve components and anticipated reserve expenditures during the first five years
- **Reserve Component Detail -** Describes the reserve components, includes photographic documentation of the condition of various property elements, describes our recommendations for repairs or replacement, and includes detailed solutions and procedures for replacements for the benefit of current and future board members
- **Methodology -** Lists the national standards, methods and procedures used to develop the Reserve Study
- **Definitions -** Contains definitions of terms used in the Reserve Study, consistent with national standards
- **Professional Service Conditions -** Describes Assumptions and Professional Service Conditions
- **Credentials and Resources**

IDENTIFICATION OF PROPERTY

Our investigation includes Reserve Components or property elements as set forth in your Declaration or which were identified as part of your request for proposed services. The Expenditure tables in Section 3 list the elements contained in this study. Our analysis begins by segregating the property elements into several areas of responsibility for repair and replacement.

Our process of identification helps assure that future boards and the management team understand whether reserves, the operating budget or Owners fund certain replacements and assists in preparation of the annual budget. We derive these segregated classes of property from our review of the information provided by the Association and through conversations with Management and the Board. These classes of property include:

- Reserve Components
- Long-Lived Property Elements
- Operating Budget Funded Repairs and Replacements
- Property Maintained by Owners
- Property Maintained by Others

We advise the Board conduct an annual review of these classes of property to confirm its policy concerning the manner of funding, i.e., from reserves or the operating budget. Reserve Components are defined by CAI as property elements with:

- Mountain Park Ranch responsibility
- Limited useful life expectancies
- Predictable remaining useful life expectancies
- Replacement cost above a minimum threshold

The following tables depict the items excluded from the Reserve Expenditure plan:

Excluded Components

for

Mountain Park Ranch

Homeowners Association

Phoenix, Arizona

Operating Budget Components

Repairs normally funded through the Operating Budget and Expenditures less than $6,000 (These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.)

The operating budget provides money for the repair and replacement of certain Reserve Components. The Association may develop independent criteria for use of operating and reserve funds.

- Drinking Fountains, Interim Replacement
- Lakes, Aerators, Float Valves and Skimmer Baskets
- Lakes, Chemical Treatments
- Landscape, General Maintenance
- Light Fixtures, Wall and Ceiling Mounted, Bollards and Landscape
- Paint Finishes, Touch Up
- Pipes, Interior Building, Pool Houses
- Sand Replenishment
- Security System, Camera Surveillance
- Shade Structures, Paint Finishes
- Sport Courts, Standards
- Sport Courts, Tennis, Shelters and Benches
- Sump Pumps
- Tennis Courts, Light Fixtures, Interim Replacement
- Volleyball Courts
- Water Heaters, Pool Houses

Long-Lived Components

These elements may not have predictable Remaining Useful Lives or their replacement may occur beyond the scope of this study. The operating budget should fund infrequent repairs. Funding untimely or unexpected replacements from reserves will necessitate increases to Reserve Contributions. Periodic updates of this Reserve Study will help determine the merits of adjusting the Reserve Funding Plan.	Useful Life	Estimated Cost
• Electrical Systems, Common	to 70+	N/A
• Foundations	Indeterminate	N/A
• Perimeter Walls, Steel Fences (We include partial replacements at the time of each paint application. Future updates to the reserve study will consider the need for more significant replacements.)	Indeterminate	N/A
• Pipes, Subsurface Utilities, Common	to 80+	N/A
• Structural Frames, Pool Houses and Ramadas	Indeterminate	N/A
• Tennis Courts, Post Tension Concrete Surfaces, 2016-2018	to 45	N/A

Excluded Components

for

Mountain Park Ranch

Homeowners Association

Phoenix, Arizona

Owners Responsibility Components
Certain items have been designated as the responsibility of the Owners to repair or replace at their cost, including items billed back.
• Homes and Lots
• Perimeter Walls (Interior Lot Surfaces or 50%)

Others Responsibility Components
Certain items have been designated as the responsibility of Others to repair or replace.
• Concrete Sidewalks, Other than Recreation Centers and Parks (City of Phoenix)
• Foot Bridges (City of Phoenix)
• Light Poles and Fixtures, Streets (City of Phoenix)
• Mailbox Stations (United States Postal Service)
• Office Building, Except Interior Renovations (Leased)
• Street Systems (City of Phoenix)

3. RESERVE EXPENDITURES and FUNDING PLAN

The tables following this introduction present:

Reserve Expenditures

- Line item numbers
- Total quantities
- Quantities replaced per phase (in a single year)
- Reserve component inventory
- Estimated first year of event (i.e., replacement, application, etc.)
- Life analysis showing
  - useful life
  - remaining useful life
- 2024 local cost of replacement
  - Per unit
  - Per phase
  - Replacement of total quantity
- Percentage of future expenditures anticipated during the next 30 years
- Schedule of estimated future costs for each reserve component including inflation

Reserve Funding Plan

- Reserves at the beginning of each year
- Total recommended reserve contributions
- Estimated interest earned from invested reserves
- Anticipated expenditures by year
- Anticipated reserves at year end

Five-Year Outlook

- Line item numbers
- Reserve component inventory of only the expenditures anticipated to occur within the first five years
- Schedule of estimated future costs for each reserve component anticipated to occur within the first five years

The purpose of a Reserve Study is to provide an opinion of reasonable annual Reserve Contributions. Prediction of exact timing and costs of minor Reserve Expenditures typically will not significantly affect the 30-year cash flow analysis. Adjustments to the times and/or costs of expenditures may not always result in an adjustment in the recommended Reserve Contributions.

Financial statements prepared by your association, by you or others might rely in part on information contained in this section. For your convenience, we have provided an electronic data file containing the tables of ***Reserve Expenditures*** and ***Reserve Funding Plan***.

Years 2024 to 2039

RESERVE EXPENDITURES

Mountain Park Ranch
Homeowners Association
Phoenix, Arizona

Explanatory Notes:
1) **3.5%** is the estimated Inflation Rate for estimating Future Replacement Costs.
2) **FY2024** is Fiscal Year beginning January 1, 2024 and ending December 31, 2024.
3) **2055+** indicates a component which is considered long-lived

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years Useful	Remaining	Unit Cost (2024)	Per Phase Cost (2024)	Total Cost (2024)	Percentage of Future Expenditures	RUL = 0 FY2024	1 2025	2 2026	3 2027	4 2028	5 2029	6 2030	7 2031	8 2032	9 2033	10 2034	11 2035	12 2036	13 2037	14 2038	15 2039
				Property Site Elements																							
4.020	3,230	**3,230**	Square Yards	Asphalt Pavement, Parking Areas, Crack Repair, Patch and Seal Coat	2025	3 to 5	1	2.60	8,398	8,398	**0.3%**		8,692								11,446			13,134		
4.040	3,230	**3,230**	Square Yards	Asphalt Pavement, Parking Areas, Mill and Overlay	2029	15 to 25	5	15.50	50,065	50,065	**0.2%**						59,462									
4.045	3,230	**3,230**	Square Yards	Asphalt Pavement, Parking Areas, Total Replacement	2049	15 to 25	25	31.00	100,130	100,130	**0.8%**															
4.140	1	**1**	Allowance	Concrete Sidewalks and Curbs, Partial	2025	to 65	1 to 1	6,000.00	6,000	6,000	**0.4%**		6,210			6,885			7,634			8,464		9,384		
4.197	1	**1**	Allowance	Erosion Control Measures (Incl. Storm Damage Repairs), Partial	2025	Ongoing	1	20,000.00	20,000	20,000	**3.8%**		20,700	21,425	22,174	22,950	23,754	24,585	25,446	26,336	27,258	28,212	29,199	30,221	31,279	32,374	33,507
4.400	68	**68**	Each	Irrigation System, Controls	2034	to 15	10	2,000.00	136,000	136,000	**1.8%**											191,841				
4.420	1	**1**	Allowance	Irrigation System, Capital Repairs	2030	to 40+	6	50,000.00	50,000	50,000	**1.6%**							61,463					72,998			
4.513	4	**1**	Each	Lakes, Fountains (Pumps), Phased	2032	to 15	8 to 11	13,000.00	13,000	52,000	**0.7%**									17,119	17,718	18,338	18,980			
4.514	9,700	**9,700**	Square Yards	Lakes, Inspections, Partial Sediment Removal and Concrete Repairs	2037	to 30	13	8.00	77,600	77,600	**0.4%**													121,363		
4.500	1	**1**	Allowance	Landscape, Enhancements	2024	Ongoing	0	11,500.00	11,500	11,500	**2.2%**	11,500	11,903	12,319	12,750	13,197	13,658	14,136	14,631	15,143	15,673	16,222	16,790	17,377	17,985	18,615	19,267
4.501	1	**1**	Allowance	Landscape, Partial Tree Removal	2024	Ongoing	0	17,000.00	17,000	17,000	**3.3%**	17,000	17,595	18,211	18,848	19,508	20,191	20,897	21,629	22,386	23,169	23,980	24,819	25,688	26,587	27,518	28,481
4.560	31	**5**	Each	Light Poles and Fixtures, Phased	2026	to 35	2 to 12	4,000.00	20,680	124,000	**0.6%**			22,153		23,731		25,421		27,232		29,171		31,249			
4.601	1	**1**	Allowance	Maintenance Equipment and Vehicles, Scissor Lift and Trailer	2033	10 to 15	9	7,000.00	7,000	7,000	**0.1%**										9,540						
4.602	2	**1**	Each	Maintenance Equipment and Vehicles, Trucks (Used), Phased	2031	10 to 15	7 to 11	25,000.00	25,000	50,000	**0.6%**								31,807				36,499				
4.640	1,140,400	**190,067**	Square Feet	Perimeter Walls, Stucco, Inspections and Capital Repairs, Phased	2024	5 to 7	0 to 5	0.60	114,040	684,240	**22.0%**	114,040	118,031	122,163	126,438	130,864	135,444	140,184	145,091	150,169	155,425	160,865	166,495	172,322	178,354	184,596	191,057
4.643	49,300	**8,217**	Linear Feet	Perimeter Walls, View Fences, Steel, Paint Finishes and Repairs, Phased	2024	5 to 7	0 to 5	12.00	98,600	591,600	**19.0%**	98,600	102,051	105,623	109,320	113,146	117,106	121,205	125,447	129,837	134,382	139,085	143,953	148,991	154,206	159,603	165,189
4.660	1	**1**	Allowance	Playground Equipment, Recreation Center #1	2029	15 to 20	5	67,000.00	67,000	67,000	**0.8%**						79,575										
4.661	1	**1**	Allowance	Playground Equipment, Recreation Center #2	2030	15 to 20	6	74,000.00	74,000	74,000	**0.9%**							90,965									
4.662	1	**1**	Allowance	Playground Equipment, Recreation Center #3	2041	15 to 20	17	125,000.00	125,000	125,000	**0.8%**																
4.663	3	**1**	Allowance	Playground Equipment, Interim Canvas Replacement, Phased	2025	5 to 10	1 to 7	6,500.00	6,500	19,500	**0.4%**		6,728			7,459			8,270			9,169			10,166		
4.800	6	**6**	Each	Signage, Renovation, Entrance Monuments	2027	15 to 20	3	5,000.00	30,000	30,000	**0.4%**				33,262												
4.820	1	**1**	Allowance	Site Furniture, Benches, Tables and Trash Receptacles, Partial	2025	Ongoing	1	3,500.00	3,500	3,500	**0.7%**		3,623	3,749	3,881	4,016	4,157	4,302	4,453	4,609	4,770	4,937	5,110	5,289	5,474	5,665	5,864
4.830	14,280	**14,280**	Square Feet	Sport Courts, Pickleball & Basketball, Color Coat, Recreation Center #1	2029	4 to 6	5	1.50	21,420	21,420	**0.9%**						25,440					30,215					35,886
4.831	13,200	**13,200**	Square Feet	Sport Courts, Tennis, Color Coat, Recreation Center #2	2026	4 to 6	2	1.50	19,800	19,800	**0.7%**			21,210					25,191					29,919			
4.832	13,200	**13,200**	Square Yards	Sport Courts, Tennis, Color Coat, Recreation Center #3	2026	4 to 6	2	1.50	19,800	19,800	**0.7%**			21,210					25,191					29,919			
4.840	1,365	**455**	Linear Feet	Sport Courts, Pickleball and Tennis, Fences, Phased	2031	to 25	7 to 9	44.00	20,020	60,060	**0.3%**								25,471	26,363	27,285						
4.850	33	**33**	Each	Sport Courts, Tennis, Light Poles and Fixtures, Phased	2046	to 35	22	4,000.00	132,000	132,000	**1.0%**																
4.860	1,080	**1,080**	Square Yards	Sport Courts, Basketball, Surface Replacement, Recreation Center #1	2049	to 45	25	15.50	16,740	16,740	**0.1%**																
4.861	39,600	**13,200**	Square Yards	Sport Courts, Pickeball and Tennis, Surface Replacement, Phased	2061	to 45	37 to 30+	15.50	204,600	613,800	**0.0%**																
4.861	1,050	**1,050**	Linear Feet	Sport Courts, Tennis, Windscreens	2026	to 8	2	6.50	6,825	6,825	**0.2%**			7,311								9,627					
				Pool House and Office Elements																							
5.301	15	**3**	Each	Doors, Metal, Phased	2026	to 30	2 to 26	2,500.00	7,500	37,500	**0.2%**			8,034						9,876						12,140	
5.391	1	**1**	Allowance	Office Equipment (Incl. Partial Key Fob Access Equipment)	2026	to 6	2	23,000.00	23,000	23,000	**0.7%**			24,638						30,287						37,230	
5.392	3	**1**	Allowance	Office Furniture, Phased	2025	to 15	1 to 11	6,000.00	6,000	18,000	**0.2%**		6,210					7,376					8,760				
5.401	6	**2**	Each	Rest Rooms, Renovation (Incl. Showers), Phased	2030	to 20	6 to 8	8,000.00	16,000	48,000	**0.6%**							19,668	20,356	21,069							
5.600	13	**13**	Squares	Roof, Concrete Tiles, Recreation Center #1	2029	to 30	5	800.00	10,400	10,400	**0.0%**						12,352										
5.601	1	**1**	Allowance	Roofs, Copper, Recreation Center #2, Inspections and Capital Repairs	2031	to 20	7	6,500.00	6,500	6,500	**0.1%**								8,270								
5.602	1,200	**1,200**	Square Feet	Roofs, Flat, Recreation Centers #1 and #3	2028	15 to 20	4	12.00	14,400	14,400	**0.2%**					16,524											
5.861	16,000	**8,000**	Square Feet	Walls, Stucco, Paint Finishes and Capital Repairs, Phased	2025	5 to 8	1 to 2	1.70	13,600	27,200	**0.6%**		14,076	14,569							18,535	19,184					

RESERVE EXPENDITURES

Mountain Park Ranch
Homeowners Association
Phoenix, Arizona

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years Useful	Remaining	Costs, $ Unit (2024)	Per Phase (2024)	Total (2024)	Percentage of Future Expenditures	16 2040	17 2041	18 2042	19 2043	20 2044	21 2045	22 2046	23 2047	24 2048	25 2049	26 2050	27 2051	28 2052	29 2053	30 2054
				Property Site Elements																						
4.020	3,230	**3,230**	Square Yards	Asphalt Pavement, Parking Areas, Crack Repair, Patch and Seal Coat	2025	3 to 5	1	2.60	8,398	8,398	**0.3%**		15,072				17,295								22,774	
4.040	3,230	**3,230**	Square Yards	Asphalt Pavement, Parking Areas, Mill and Overlay	2029	15 to 25	5	15.50	50,065	50,065	**0.2%**															
4.045	3,230	**3,230**	Square Yards	Asphalt Pavement, Parking Areas, Total Replacement	2049	15 to 25	25	31.00	100,130	100,130	**0.8%**										236,632					
4.140	1	**1**	Allowance	Concrete Sidewalks and Curbs, Partial	2025	to 65	1 to 1	6,000.00	6,000	6,000	**0.4%**	10,404			11,535			12,789			14,179			15,721		
4.197	1	**1**	Allowance	Erosion Control Measures (Incl. Storm Damage Repairs), Partial	2025	Ongoing	1	20,000.00	20,000	20,000	**3.8%**	34,680	35,894	37,150	38,450	39,796	41,189	42,630	44,122	45,667	47,265	48,919	50,631	52,403	54,238	56,136
4.400	68	**68**	Each	Irrigation System, Controls	2034	to 15	10	2,000.00	136,000	136,000	**1.8%**										321,401					
4.420	1	**1**	Allowance	Irrigation System, Capital Repairs	2030	to 40+	6	50,000.00	50,000	50,000	**1.6%**	86,699					102,972					122,298				
4.513	4	**1**	Each	Lakes, Fountains (Pumps), Phased	2032	to 15	8 to 11	13,000.00	13,000	52,000	**0.7%**								28,679	29,683	30,722	31,797				
4.514	9,700	**9,700**	Square Yards	Lakes, Inspections, Partial Sediment Removal and Concrete Repairs	2037	to 30	13	8.00	77,600	77,600	**0.4%**															
4.500	1	**1**	Allowance	Landscape, Enhancements	2024	Ongoing	0	11,500.00	11,500	11,500	**2.2%**	19,941	20,639	21,361	22,109	22,883	23,683	24,512	25,370	26,258	27,177	28,129	29,113	30,132	31,187	32,278
4.501	1	**1**	Allowance	Landscape, Partial Tree Removal	2024	Ongoing	0	17,000.00	17,000	17,000	**3.3%**	29,478	30,509	31,577	32,683	33,826	35,010	36,236	37,504	38,817	40,175	41,581	43,037	44,543	46,102	47,715
4.560	31	**5**	Each	Light Poles and Fixtures, Phased	2026	to 35	2 to 12	4,000.00	20,680	124,000	**0.6%**															
4.601	1	**1**	Allowance	Maintenance Equipment and Vehicles, Scissor Lift and Trailer	2033	10 to 15	9	7,000.00	7,000	7,000	**0.1%**						14,416									
4.602	2	**1**	Each	Maintenance Equipment and Vehicles, Trucks (Used), Phased	2031	10 to 15	7 to 11	25,000.00	25,000	50,000	**0.6%**				48,063				55,153							
4.640	1,140,400	**190,067**	Square Feet	Perimeter Walls, Stucco, Inspections and Capital Repairs, Phased	2024	5 to 7	0 to 5	0.60	114,040	684,240	**22.0%**	197,744	204,665	211,828	219,242	226,916	234,858	243,078	251,585	260,391	269,504	278,937	288,700	298,804	309,263	320,087
4.643	49,300	**8,217**	Linear Feet	Perimeter Walls, View Fences, Steel, Paint Finishes and Repairs, Phased	2024	5 to 7	0 to 5	12.00	98,600	591,600	**19.0%**	170,971	176,955	183,149	189,559	196,193	203,060	210,167	217,523	225,136	233,016	241,172	249,613	258,349	267,391	276,750
4.660	1	**1**	Allowance	Playground Equipment, Recreation Center #1	2029	15 to 20	5	67,000.00	67,000	67,000	**0.8%**								147,810							
4.661	1	**1**	Allowance	Playground Equipment, Recreation Center #2	2030	15 to 20	6	74,000.00	74,000	74,000	**0.9%**									168,966						
4.662	1	**1**	Allowance	Playground Equipment, Recreation Center #3	2041	15 to 20	17	125,000.00	125,000	125,000	**0.8%**		224,334													
4.663	3	**1**	Allowance	Playground Equipment, Interim Canvas Replacement, Phased	2025	5 to 10	1 to 7	6,500.00	6,500	19,500	**0.4%**	11,271			12,496			13,855			15,361			17,031		
4.800	6	**6**	Each	Signage, Renovation, Entrance Monuments	2027	15 to 20	3	5,000.00	30,000	30,000	**0.4%**								66,183							
4.820	1	**1**	Allowance	Site Furniture, Benches, Tables and Trash Receptacles, Partial	2025	Ongoing	1	3,500.00	3,500	3,500	**0.7%**	6,069	6,281	6,501	6,729	6,964	7,208	7,460	7,721	7,992	8,271	8,561	8,860	9,171	9,492	9,824
4.830	14,280	**14,280**	Square Feet	Sport Courts, Pickleball & Basketball, Color Coat, Recreation Center #1	2029	4 to 6	5	1.50	21,420	21,420	**0.9%**					42,621					50,621					60,122
4.831	13,200	**13,200**	Square Feet	Sport Courts, Tennis, Color Coat, Recreation Center #2	2026	4 to 6	2	1.50	19,800	19,800	**0.7%**		35,535					42,204					50,125			
4.832	13,200	**13,200**	Square Yards	Sport Courts, Tennis, Color Coat, Recreation Center #3	2026	4 to 6	2	1.50	19,800	19,800	**0.7%**		35,535					42,204					50,125			
4.840	1,365	**455**	Linear Feet	Sport Courts, Pickleball and Tennis, Fences, Phased	2031	to 25	7 to 9	44.00	20,020	60,060	**0.3%**															
4.850	33	**33**	Each	Sport Courts, Tennis, Light Poles and Fixtures, Phased	2046	to 35	22	4,000.00	132,000	132,000	**1.0%**							281,360								
4.860	1,080	**1,080**	Square Yards	Sport Courts, Basketball, Surface Replacement, Recreation Center #1	2049	to 45	25	15.50	16,740	16,740	**0.1%**										39,561					
4.861	39,600	**13,200**	Square Yards	Sport Courts, Pickeball and Tennis, Surface Replacement, Phased	2061	to 45	37 to 30+	15.50	204,600	613,800	**0.0%**															
4.861	1,050	**1,050**	Linear Feet	Sport Courts, Tennis, Windscreens	2026	to 8	2	6.50	6,825	6,825	**0.2%**			12,677								16,694				
				Pool House and Office Elements																						
5.301	15	**3**	Each	Doors, Metal, Phased	2026	to 30	2 to 26	2,500.00	7,500	37,500	**0.2%**					14,923						18,345				
5.391	1	**1**	Allowance	Office Equipment (Incl. Partial Key Fob Access Equipment)	2026	to 6	2	23,000.00	23,000	23,000	**0.7%**					45,765						56,257				
5.392	3	**1**	Allowance	Office Furniture, Phased	2025	to 15	1 to 11	6,000.00	6,000	18,000	**0.2%**	10,404					12,357					14,676				
5.401	6	**2**	Each	Rest Rooms, Renovation (Incl. Showers), Phased	2030	to 20	6 to 8	8,000.00	16,000	48,000	**0.6%**									36,533	37,812	39,135				
5.600	13	**13**	Squares	Roof, Concrete Tiles, Recreation Center #1	2029	to 30	5	800.00	10,400	10,400	**0.0%**															
5.601	1	**1**	Allowance	Roofs, Copper, Recreation Center #2, Inspections and Capital Repairs	2031	to 20	7	6,500.00	6,500	6,500	**0.1%**												16,455			
5.602	1,200	**1,200**	Square Feet	Roofs, Flat, Recreation Centers #1 and #3	2028	15 to 20	4	12.00	14,400	14,400	**0.2%**							30,694								
5.861	16,000	**8,000**	Square Feet	Walls, Stucco, Paint Finishes and Capital Repairs, Phased	2025	5 to 8	1 to 2	1.70	13,600	27,200	**0.6%**		24,408	25,262							32,140	33,265				

Years 2024 to 2039

RESERVE EXPENDITURES

Mountain Park Ranch
Homeowners Association
Phoenix, Arizona

Explanatory Notes:

1) **3.5% is the estimated Inflation Rate for estimating Future Replacement Costs.**
2) **FY2024 is Fiscal Year beginning January 1, 2024 and ending December 31, 2024.**
3) **2055+ indicates a component which is considered long-lived**

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years Useful	Remaining	Costs, $ Unit (2024)	Per Phase (2024)	Total (2024)	Percentage of Future Expenditures	RUL = 0 FY2024	1 2025	2 2026	3 2027	4 2028	5 2029	6 2030	7 2031	8 2032	9 2033	10 2034	11 2035	12 2036	13 2037	14 2038	15 2039
				Pool Elements																							
6.199	1	**1**	Allowance	Concrete Decks, Annual Repairs	2024	Ongoing	0	15,000.00	15,000	15,000	**2.9%**	15,000	15,525	16,068	16,631	17,213	17,815	18,439	19,084	19,752	20,443	21,159	21,900	22,666	23,459	24,280	25,130
6.200	8,900	**8,900**	Square Feet	Concrete Deck, Textured Coating, Partial Replacements and Repairs, #1	2029	15 to 20	5	10.00	89,000	89,000	**0.4%**						105,704										
6.201	7,220	**7,220**	Square Feet	Concrete Deck, Textured Coating, Partial Replacements and Repairs, #2	2031	15 to 20	7	10.00	72,200	72,200	**0.3%**								91,859								
6.202	8,670	**8,670**	Square Feet	Concrete Deck, Textured Coating, Partial Replacements and Repairs, #3	2030	15 to 20	6	10.00	86,700	86,700	**0.4%**							106,576									
6.395	1,525	**1,525**	Linear Feet	Fences, Steel, Paint Finishes (Incl. Partial Replacements)	2025	6 to 8	1	20.00	30,500	30,500	**0.9%**		31,568						38,805						47,701		
6.400	1,525	**305**	Linear Feet	Fences, Steel, Replacement, Phased	2031	to 30	7 to 30+	90.00	27,450	137,250	**0.7%**								34,924						42,931		
6.500	4	**1**	Allowance	Furniture, Phased	2026	to 12	2 to 11	12,500.00	12,500	50,000	**0.8%**			13,390			14,846			16,460			18,250			20,234	
6.599	6	**2**	Each	Mechanical Equipment, Heaters, Phased	2026	to 5	2 to 4	4,300.00	8,600	25,800	**1.0%**			9,213	9,535	9,869			10,942	11,325	11,721			12,995	13,450	13,921	
6.600	2	**1**	Allowance	Mechanical Equipment, Remaining, Recreation Center #1, Phased	2027	to 15	3 to 9	15,000.00	15,000	30,000	**0.5%**				16,631						20,443						25,130
6.601	2	**1**	Allowance	Mechanical Equipment, Remaining, Recreation Center #2, Phased	2027	to 15	3 to 9	15,000.00	15,000	30,000	**0.5%**				16,631						20,443						25,130
6.602	2	**1**	Allowance	Mechanical Equipment, Remaining, Recreation Center #3, Phased	2027	to 15	3 to 9	15,000.00	15,000	30,000	**0.5%**				16,631						20,443						25,130
6.800	10,970	**10,970**	Square Feet	Pool Finishes, Plaster (PebbleTec), Main and Kiddie #3	2030	15 to 20	6	17.00	186,490	186,490	**0.8%**							229,244									
6.801	865	**865**	Linear Feet	Pool Finishes, Tile, Main and Kiddie #3	2030	20 to 30	6	38.00	32,870	32,870	**0.1%**							40,406									
6.802	510	**510**	Square Feet	Pool Finishes, Tile, Kiddie #1 and #2	2030	20 to 30	6	64.00	32,640	32,640	**0.1%**							40,123									
6.803	255	**255**	Square Feet	Pool Finishes, Tile, Spas	2030	20 to 30	6	64.00	16,320	16,320	**0.1%**							20,061									
6.811	2	**1**	Each	Ramadas, Renovation, Recreation Centers #1 and #2, Phased	2028	to 25	4 to 6	13,000.00	13,000	26,000	**0.2%**					14,918		15,980									
6.812	1	**1**	Each	Ramada, Renovation, Recreation Center #3	2027	to 25	3	18,000.00	18,000	18,000	**0.2%**				19,957												
6.865	3	**1**	Each	Shade Structures, Canvas, Phased	2026	5 to 10	2 to 8	6,000.00	6,000	18,000	**0.4%**			6,427			7,126			7,901			8,760			9,712	
6.870	3	**1**	Each	Shade Structures, Canvas and Frames, Phased	2026	to 25	2 to 6	25,000.00	25,000	75,000	**0.9%**			26,781		28,688		30,731									
6.900	3,800	**3,800**	Square Feet	Structures and Deck, Total Replacement, Recreation Center #1	2049	to 70	25	190.00	722,000	722,000	**6.0%**																
6.901	3,800	**3,800**	Square Feet	Structures and Deck, Total Replacement, Recreation Center #2	2051	to 70	27	190.00	722,000	722,000	**6.5%**																
6.902	4,135	**4,135**	Square Feet	Structures and Deck, Total Replacement, Recreation Center #3	2053	to 70	29	190.00	785,650	785,650	**7.6%**																
				Anticipated Expenditures, By Year ($28,214,011 over 30 years)								256,140	362,910	474,494	422,688	428,967	636,630	1,031,763	684,499	535,862	538,696	710,469	572,513	526,638	695,473	545,889	579,771

RESERVE EXPENDITURES

Mountain Park Ranch
Homeowners Association
Phoenix, Arizona

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years Useful	Remaining	Costs, $ Unit (2024)	Per Phase (2024)	Total (2024)	Percentage of Future Expenditures	16 2040	17 2041	18 2042	19 2043	20 2044	21 2045	22 2046	23 2047	24 2048	25 2049	26 2050	27 2051	28 2052	29 2053	30 2054
				Pool Elements																						
6.199	1	**1**	Allowance	Concrete Decks, Annual Repairs	2024	Ongoing	0	15,000.00	15,000	15,000	**2.9%**	26,010	26,920	27,862	28,838	29,847	30,891	31,973	33,092	34,250	35,449	36,689	37,974	39,303	40,678	42,102
6.200	8,900	**8,900**	Square Feet	Concrete Deck, Textured Coating, Partial Replacements and Repairs, #1	2029	15 to 20	5	10.00	89,000	89,000	**0.4%**															
6.201	7,220	**7,220**	Square Feet	Concrete Deck, Textured Coating, Partial Replacements and Repairs, #2	2031	15 to 20	7	10.00	72,200	72,200	**0.3%**															
6.202	8,670	**8,670**	Square Feet	Concrete Deck, Textured Coating, Partial Replacements and Repairs, #3	2030	15 to 20	6	10.00	86,700	86,700	**0.4%**															
6.395	1,525	**1,525**	Linear Feet	Fences, Steel, Paint Finishes (Incl. Partial Replacements)	2025	6 to 8	1	20.00	30,500	30,500	**0.9%**				58,636						72,079					
6.400	1,525	**305**	Linear Feet	Fences, Steel, Replacement, Phased	2031	to 30	7 to 30+	90.00	27,450	137,250	**0.7%**				52,773						64,871					
6.500	4	**1**	Allowance	Furniture, Phased	2026	to 12	2 to 11	12,500.00	12,500	50,000	**0.8%**		22,433			24,872			27,576			30,574			33,898	
6.599	6	**2**	Each	Mechanical Equipment, Heaters, Phased	2026	to 5	2 to 4	4,300.00	8,600	25,800	**1.0%**		15,434	15,974	16,534			18,331	18,973	19,637			21,771	22,533	23,322	
6.600	2	**1**	Allowance	Mechanical Equipment, Remaining, Recreation Center #1, Phased	2027	to 15	3 to 9	15,000.00	15,000	30,000	**0.5%**						30,891						37,974			
6.601	2	**1**	Allowance	Mechanical Equipment, Remaining, Recreation Center #2, Phased	2027	to 15	3 to 9	15,000.00	15,000	30,000	**0.5%**						30,891						37,974			
6.602	2	**1**	Allowance	Mechanical Equipment, Remaining, Recreation Center #3, Phased	2027	to 15	3 to 9	15,000.00	15,000	30,000	**0.5%**						30,891						37,974			
6.800	10,970	**10,970**	Square Feet	Pool Finishes, Plaster (PebbleTec), Main and Kiddie #3	2030	15 to 20	6	17.00	186,490	186,490	**0.8%**															
6.801	865	**865**	Linear Feet	Pool Finishes, Tile, Main and Kiddie #3	2030	20 to 30	6	38.00	32,870	32,870	**0.1%**															
6.802	510	**510**	Square Feet	Pool Finishes, Tile, Kiddie #1 and #2	2030	20 to 30	6	64.00	32,640	32,640	**0.1%**															
6.803	255	**255**	Square Feet	Pool Finishes, Tile, Spas	2030	20 to 30	6	64.00	16,320	16,320	**0.1%**															
6.811	2	**1**	Each	Ramadas, Renovation, Recreation Centers #1 and #2, Phased	2028	to 25	4 to 6	13,000.00	13,000	26,000	**0.2%**														35,254	
6.812	1	**1**	Each	Ramada, Renovation, Recreation Center #3	2027	to 25	3	18,000.00	18,000	18,000	**0.2%**													47,163		
6.865	3	**1**	Each	Shade Structures, Canvas, Phased	2026	5 to 10	2 to 8	6,000.00	6,000	18,000	**0.4%**		10,768			11,939			13,237			14,676			16,271	
6.870	3	**1**	Each	Shade Structures, Canvas and Frames, Phased	2026	to 25	2 to 6	25,000.00	25,000	75,000	**0.9%**					49,745			53,288		57,083					
6.900	3,800	**3,800**	Square Feet	Structures and Deck, Total Replacement, Recreation Center #1	2049	to 70	25	190.00	722,000	722,000	**6.0%**										1,706,263					
6.901	3,800	**3,800**	Square Feet	Structures and Deck, Total Replacement, Recreation Center #2	2051	to 70	27	190.00	722,000	722,000	**6.5%**												1,827,791			
6.902	4,135	**4,135**	Square Feet	Structures and Deck, Total Replacement, Recreation Center #3	2053	to 70	29	190.00	785,650	785,650	**7.6%**													2,130,587		
				Anticipated Expenditures, By Year ($28,214,011 over 30 years)								603,670	885,382	573,342	737,645	746,290	815,613	1,090,780	974,529	950,413	3,282,500	1,061,705	2,788,116	835,154	3,020,457	845,013

RESERVE FUNDING PLAN

CASH FLOW ANALYSIS
Mountain Park Ranch
Homeowners Association
Phoenix, Arizona

Individual Reserve Budgets & Cash Flows for the Next 30 Years

		FY2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Reserves at Beginning of Year	*(Note 1)*	1,322,639	1,216,648	1,157,747	1,066,273	1,106,599	1,222,694	1,212,678	824,686	801,690	951,183	1,124,438	1,152,109	1,344,919	1,614,078	1,745,166	2,058,032
Total Recommended Reserve Contributions	*(Note 2)*	**133,333**	**280,500**	**361,000**	**441,500**	**522,000**	**602,500**	**623,600**	**645,400**	**668,000**	**691,400**	**715,600**	**740,600**	**766,500**	**793,300**	**821,100**	**849,800**
Estimated Interest Earned, During Year	*(Note 3)*	16,816	23,509	22,020	21,514	23,062	24,113	20,172	16,103	17,355	20,551	22,540	24,723	29,297	33,260	37,655	43,861
Anticipated Expenditures, By Year		(256,140)	(362,910)	(474,494)	(422,688)	(428,967)	(636,630)	(1,031,763)	(684,499)	(535,862)	(538,696)	(710,469)	(572,513)	(526,638)	(695,473)	(545,889)	(579,771)
Anticipated Reserves at Year End		$1,216,648	$1,157,747	$1,066,273	$1,106,599	$1,222,694	$1,212,678	$824,686	$801,690	$951,183	$1,124,438	$1,152,109	$1,344,919	$1,614,078	$1,745,166	$2,058,032	$2,371,922

(continued)

Individual Reserve Budgets & Cash Flows for the Next 30 Years, Continued

	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Reserves at Beginning of Year	2,371,922	2,697,949	2,777,075	3,205,163	3,509,198	3,845,021	4,153,198	4,226,586	4,457,033	4,756,040	2,746,522	2,982,237	1,522,826	2,052,067	431,702
Total Recommended Reserve Contributions	**879,500**	**910,300**	**942,200**	**975,200**	**1,009,300**	**1,044,600**	**1,081,200**	**1,119,000**	**1,158,200**	**1,198,700**	**1,240,700**	**1,284,100**	**1,329,000**	**1,375,500**	**1,423,600**
Estimated Interest Earned, During Year	50,197	54,208	59,230	66,479	72,814	79,190	82,968	85,976	91,219	74,283	56,720	44,605	35,395	24,592	14,420
Anticipated Expenditures, By Year	(603,670)	(885,382)	(573,342)	(737,645)	(746,290)	(815,613)	(1,090,780)	(974,529)	(950,413)	(3,282,500)	(1,061,705)	(2,788,116)	(835,154)	(3,020,457)	(845,013)
Anticipated Reserves at Year End	$2,697,949	$2,777,075	$3,205,163	$3,509,198	$3,845,021	$4,153,198	$4,226,586	$4,457,033	$4,756,040	$2,746,522	$2,982,237	$1,522,826	$2,052,067	$431,702	$1,024,709
														(NOTE 5)	*(NOTE 4)*

Explanatory Notes:

1) Year 2024 starting reserves are as of April 30, 2024; FY2024 starts January 1, 2024 and ends December 31, 2024.
2) Reserve Contributions for 2024 are the remaining budgeted 8 months; 2025 is the first year of recommended contributions.
3) **2.0%** is the estimated annual rate of return on invested reserves; 2024 is a partial year of interest earned.
4) Accumulated year 2054 ending reserves consider the age, size, overall condition and complexity of the property.
5) Threshold Funding Year (reserve balance at critical point).

FIVE-YEAR OUTLOOK

Mountain Park Ranch
Homeowners Association
Phoenix, Arizona

Line Item	Reserve Component Inventory	RUL = 0 FY2024	1 2025	2 2026	3 2027	4 2028	5 2029
	Property Site Elements						
4.020	Asphalt Pavement, Parking Areas, Crack Repair, Patch and Seal Coat		8,692				
4.040	Asphalt Pavement, Parking Areas, Mill and Overlay						59,462
4.140	Concrete Sidewalks and Curbs, Partial		6,210			6,885	
4.197	Erosion Control Measures (Incl. Storm Damage Repairs), Partial		20,700	21,425	22,174	22,950	23,754
4.500	Landscape, Enhancements	11,500	11,903	12,319	12,750	13,197	13,658
4.501	Landscape, Partial Tree Removal	17,000	17,595	18,211	18,848	19,508	20,191
4.560	Light Poles and Fixtures, Phased			22,153		23,731	
4.640	Perimeter Walls, Stucco, Inspections and Capital Repairs, Phased	114,040	118,031	122,163	126,438	130,864	135,444
4.643	Perimeter Walls, View Fences, Steel, Paint Finishes and Repairs, Phased	98,600	102,051	105,623	109,320	113,146	117,106
4.660	Playground Equipment, Recreation Center #1						79,575
4.663	Playground Equipment, Interim Canvas Replacement, Phased		6,728			7,459	
4.800	Signage, Renovation, Entrance Monuments				33,262		
4.820	Site Furniture, Benches, Tables and Trash Receptacles, Partial		3,623	3,749	3,881	4,016	4,157
4.830	Sport Courts, Pickleball & Basketball, Color Coat, Recreation Center #1						25,440
4.831	Sport Courts, Tennis, Color Coat, Recreation Center #2			21,210			
4.832	Sport Courts, Tennis, Color Coat, Recreation Center #3			21,210			
4.861	Sport Courts, Tennis, Windscreens			7,311			
	Pool House and Office Elements						
5.301	Doors, Metal, Phased			8,034			
5.391	Office Equipment (Incl. Partial Key Fob Access Equipment)			24,638			
5.392	Office Furniture, Phased		6,210				
5.600	Roof, Concrete Tiles, Recreation Center #1						12,352
5.602	Roofs, Flat, Recreation Centers #1 and #3					16,524	
5.861	Walls, Stucco, Paint Finishes and Capital Repairs, Phased		14,076	14,569			
	Pool Elements						
6.199	Concrete Decks, Annual Repairs	15,000	15,525	16,068	16,631	17,213	17,815
6.200	Concrete Deck, Textured Coating, Partial Replacements and Repairs, #1						105,704
6.395	Fences, Steel, Paint Finishes (Incl. Partial Replacements)		31,568				
6.500	Furniture, Phased			13,390			14,846
6.599	Mechanical Equipment, Heaters, Phased			9,213	9,535	9,869	
6.600	Mechanical Equipment, Remaining, Recreation Center #1, Phased				16,631		
6.601	Mechanical Equipment, Remaining, Recreation Center #2, Phased				16,631		

FIVE-YEAR OUTLOOK

Mountain Park Ranch
Homeowners Association
Phoenix, Arizona

Line Item	Reserve Component Inventory	RUL = 0 FY2024	1 2025	2 2026	3 2027	4 2028	5 2029
6.602	Mechanical Equipment, Remaining, Recreation Center #3, Phased				16,631		
6.811	Ramadas, Renovation, Recreation Centers #1 and #2, Phased					14,918	
6.812	Ramada, Renovation, Recreation Center #3				19,957		
6.865	Shade Structures, Canvas, Phased			6,427			7,126
6.870	Shade Structures, Canvas and Frames, Phased			26,781		28,688	
	Anticipated Expenditures, By Year ($28,214,011 over 30 years)	256,140	362,910	474,494	422,688	428,967	636,630

4. RESERVE COMPONENT DETAIL

The Reserve Component Detail of this *Reserve Study* includes enhanced solutions and procedures for select significant components. This section describes the Reserve Components, documents specific problems and condition assessments, and may include detailed solutions and procedures for necessary capital repairs and replacements for the benefit of current and future board members. We advise the Board use this information to help define the scope and procedures for repair or replacement when soliciting bids or proposals from contractors. *However, the Report in whole or part is not and should not be used as a design specification or design engineering service*.

Property Site Elements

Asphalt Pavement, Repaving

Line Items: 4.020, 4.040 and 4.045

Quantity: Approximately 3,230 square yards at the parking areas

History:

- Repaving: Repaved (two-inch overlay) in 2007.
- Repairs: Repaired and seal coat in approximately 2021.

Condition: Fair overall with frequent cracks, settlement near curb and previous repairs evident.

Pavement overview at rec 1

Pavement overview at rec 3

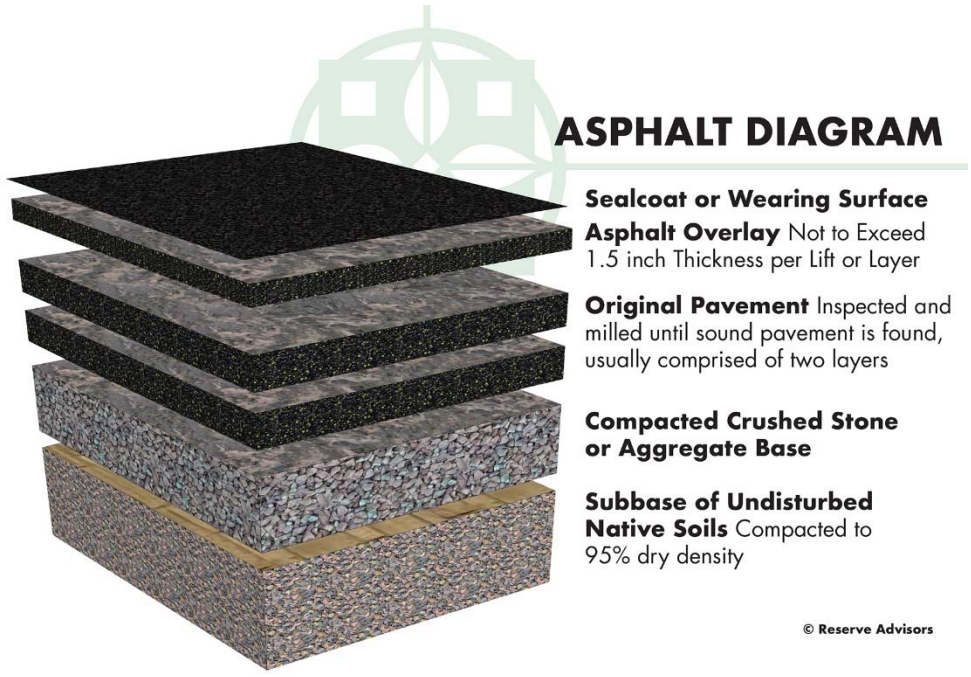
Pavement overview at rec 2

Pavement deterioration at rec 2

Useful Life: 15- to 25-years with the benefit of crack repair, patch, seal coat, and striping events every three- to five-years

Component Detail Notes: Proposals should include mechanically routing and filling all cracks with hot emulsion. Repairs should also include patching at areas exhibiting settlement, potholes, or excessive cracking. The contractor should only apply seal coat applications after repairs are completed. A seal coat does not bridge or close cracks, therefore, unrepaired cracks render the seal coat applications useless. These activities minimize the damaging effects of vehicle fluids, maintain a uniform and positive appearance, and maximize the useful life of the pavement.

The initial installation of asphalt uses at least two lifts, or two separate applications of asphalt, over the base course. The first lift is the binder course. The second lift is the wearing course. The wearing course comprises a finer aggregate for a smoother more watertight finish. The following diagram depicts the typical components although it may not reflect the actual configuration at Mountain Park Ranch:



The manner of repaving is either a mill and overlay or total replacement. A mill and overlay is a method of repaving where cracked, worn and failed pavement is mechanically removed or milled until sound pavement is found. A new layer of asphalt is overlaid atop the remaining base course of pavement. Total replacement includes the removal of all existing asphalt down to the base course of aggregate and native soil followed by the application of two or more new lifts of asphalt. We recommend mill and overlayment on asphalt pavement that exhibits normal deterioration and wear. We recommend total replacement of asphalt pavement that exhibits severe deterioration, inadequate drainage, pavement that has been overlaid multiple times in the past or where the configuration makes overlayment not possible. Based on the apparent visual condition and configuration of the asphalt pavement, we recommend the mill and overlay method for initial repaving followed by the total replacement method for subsequent repaving at Mountain Park Ranch.

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
    - Inspect for settlement, large cracks and trip hazards, and ensure proper drainage
    - Repair areas which could cause vehicular damage such as potholes
- As needed:
    - Perform crack repairs and patching

Priority/Criticality: Defer only upon opinion of independent professional or engineer

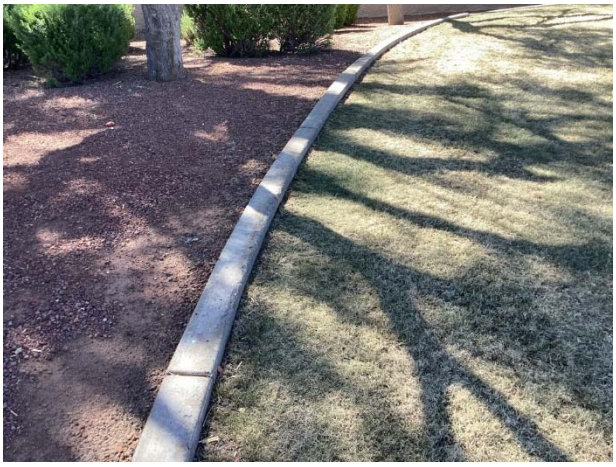
Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Our cost includes an allowance for crack repairs and patching of up to two percent (2%) of the pavement. Our cost for milling and overlayment includes area patching of up to ten percent (10%).

Concrete Sidewalks and Curbs

Line Item: 4.140

Quantity: Approximately 30,450 square feet of sidewalks at the recreation areas and lakes, and 5,670 linear feet of curbs

Condition: Good to fair overall with periodic cracks, spalled concrete and scaling evident.



Concrete landscaping curbs

Sidewalk cracks near lake

Sidewalk scaling

Concrete sidewalk with minor cracks at rec area

Useful Life: Up to 65 years although interim deterioration of areas is common

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
    - Inspect and repair major cracks, spalls and trip hazards
    - Mark with orange safety paint prior to replacement or repair
    - Repair or perform concrete leveling in areas in immediate need of repair or possible safety hazard

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. For budgetary purposes, we include replacement of approximately one percent (1%) of the sidewalks and curbs during each project expense.

Erosion Control Measures

Line Item: 4.197

Component Detail Notes: The Association maintains washes throughout the community to aid in storm water management. Storm damage has often exacerbated erosion and damage. Erosion control measures are typically completed on an annual basis and may include rip rap and granite replenishment, and slope and vegetation repairs.

Storm water drainage wash

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Our cost is based on information provided by the Association.

Irrigation System, Controllers

Line Item: 4.400

Quantity: 68 each

History: Replaced in 2022.

Condition: Reported satisfactory without operational deficiencies

Irrigation system controller

Useful Life: Up to 15 years

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Our cost is based on information provided by the Association.

Irrigation System, Capital Repairs

Line Item: 4.420

Quantity: Approximately 1,200 heads located at the common areas.

History: Varied ages.

Condition: Satisfactory operational condition and Management and the Board normal maintenance and repairs.

Useful Life: Up to and sometimes beyond 40 years

Component Detail Notes: Irrigation systems typically include the following components:

- Electronic controls (timer)
- Impact rotors

- Network of supply pipes
- Pop-up heads
- Valves

Mountain Park Ranch should anticipate interim and partial replacements of the system network supply pipes and other components as normal maintenance to maximize the useful life of the irrigation system. The Association should fund these ongoing seasonal repairs through the operating budget.

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Semi-annually:
    - Conduct seasonal repairs which includes valve repairs, controller repairs, partial head replacements and pipe repairs
    - Blow out irrigation water lines and drain building exterior faucets each fall if applicable

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. In lieu of aggregate replacement and based on conversations with Management, we include periodic capital repairs to fund partial replacements of the irrigation system.

Lakes, Fountains

Line Item: 4.513

Quantity: Four fountains

History: Replaced from 2017 through 2019.

Condition: Reported satisfactory without operational deficiencies

Lake fountain aerator

Useful Life: Up to 15 years

Component Detail Notes: The use of small pumps, motors and aerators circulates pond water and increases the amount of entrained oxygen in the water, increasing water quality and reducing algae growths.

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Our cost is partially based on information provided by the Association.

Lakes, Sediment Removal

Line Item: 4.514

Quantity: Approximately 9,700 square yards of water surface area and 2,950 linear feet of shoreline at the five lakes

History: No history of sediment removal and we are informed that near term sediment removal is not required.

Condition: Good overall

Lake overview

Concrete bulkhead/liner

Lake overview

Lake debris buildup

Lake overview

Lake shoreline with sidewalk abutting

Useful Life: Based on the visual condition, construction, adjacent deciduous trees and visibly apparent erosion, we recommend the Association anticipate the need to eventually remove pond sediment up to every 30 years.

Component Detail Notes: The gradual build-up of natural debris, including tree leaves, branches and silt, may eventually change the topography of areas of the pond. Silt typically accumulates at inlets, outlets and areas of shoreline erosion. Sediment removal of ponds becomes necessary if this accumulation alters the quality of pond water or the functionality of the ponds as storm water management structures. Sediment removal is the optimal but also the most capital intensive method of pond management. Excavation equipment used for sediment removal includes clamshells, draglines and suction pipe lines. Sediment removal can also include shoreline regrading. Regrading includes removal of collapsed and eroded soil, and redefining the shoreline.

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
    - Inspect and remediate shoreline erosion and areas of sediment accumulation
    - Clear and remove debris and vegetation overgrowth at pond edges, and inlet and outlet structures
    - Inspect for algae blooms and remedy as needed through a chemical treatment program or aeration

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. For reserve budgeting purposes, we estimate the need to drain the lakes, inspect and remove sediment, and conduct concrete repairs. However, the actual volume of material to remove may vary dependent upon an invasive analysis at the time of removal. A visual inspection of a body of water cannot reveal the amount of accumulated silt. This is especially true on larger bodies of water. It is therefore inaccurate to assume an entire body of water will require sediment removal. It is more cost effective to spot remove in areas of intense silt accumulation as noted through bathymetric surveys. The amount or depth of silt is determined through prodding into the silt until a relatively solid base is found or through bathymetric surveys. A bathymetric survey establishes a base of data about the depth of the body of water over many locations against which the data of future surveys is compared. These invasive procedures are beyond the scope of a Reserve Study and require multiple visits to the site. We recommend Mountain Park Ranch contract with a local engineer for periodic bathymetric surveys. Future updates of the Reserve Study can incorporate future anticipated expenditures based on the results of the bathymetric surveys.

Unit costs per cubic yard to remove can vary significantly based on the type of equipment used, quantity of removed material and disposal of removed material. Sediment removal costs must also include mobilization, or getting the equipment to and from the site. Also, the portion of the overall cost to remove associated with mobilization varies based on the volume removed. Costs for sediment disposal also vary depending on the site. Compact sites will require hauling and in some cases disposal fees.

Landscape

Line Items: 4.500 and 4.501

Component Detail Notes: The Association contains a large quantity of trees, shrubbery and other landscape elements. Replacement of these elements is an ongoing need. Many associations budget for these replacements as normal maintenance. Other associations fund ongoing replacements from reserves. Large amounts of landscape may need replacement due to disease, drought or other forces of nature. If the cost of removal and replacement is substantial, funding from reserves is logical. The Association may also desire to periodically update the appearance of the community through major improvements to the landscape.

Useful Life: At the request of Management and the Board, we include an allowance for landscape enhancements and partial tree removal on an annual basis.

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3.

Light Poles and Fixtures

Line Item: 4.560

Quantity: 31 steel poles with light fixtures at the recreation areas

History: Primarily original

Condition: Fair overall with rust and finish deterioration evident.

Light pole and fixture

Pole rust at rec 3

Light pole and fixture

Useful Life: Up to 35 years

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- As-needed:
  - Inspect and repair broken or dislodged fixtures, and leaning or damaged poles
  - Replaced burned out bulbs as needed

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3.

Maintenance Vehicles and Equipment

Line Items: 4.601 and 4.602

Quantity and History: One Nissan truck acquired in 2019, one Silverado truck acquired in 2023, and one scissor lift and trailer acquired in 2021

Condition: Reported satisfactory overall

Useful Life: 10- to 15-years

Priority/Criticality: Per Management discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Our costs are based on information provided by the Association.

Perimeter Walls

Line Items: 4.640 and 4.643

Quantity: Stucco comprises approximately 1,140,400 square feet of surface area and approximately 264,000 linear feet. Homeowners are responsible for their interior lot side. Steel view fences comprise approximately 49,300 linear feet are also located at the perimeter walls.

History: Partial paint finishes and repairs of the walls and view fences are conducted on annual basis, or approximately one-sixth of the quantities.

Condition: The walls and view fences are in good to fair condition overall and paint finish varies in condition overall with periodic cracks and stains, and steel paint finish deterioration, rust and corrosion evident.

Stucco perimeter wall overview

Wall stucco cracks

Wall paint finish deterioration along bottom

Stucco perimeter wall overview

Wall stucco cracks and rust

Wall stucco cracks

Steel view fences

Paint finish deterioration

Rust and corrosion

Fence rust

Useful Life: Indefinitely long with periodic finish applications and proper maintenance every five- to seven-years

Component Detail Notes: Stucco is Portland cement plaster that is applied directly to a solid base such as masonry or concrete. Periodic paint finish applications and repairs to stucco help prevent water infiltration and spalling from weather exposure, maintain a good appearance and maximize the useful life of the system.

Steel components at grade and key structural connections are especially prone to failure if not thoroughly maintained. Secure and rust free fasteners and connections will prevent premature deterioration. Preparation of the steel before application of the paint finish is critical to maximize the useful life of the finish.

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- As-needed:
    - Inspect for significant stucco damage, cracks and paint finish deterioration. If these conditions exist, perform near term repairs and remediation, utilizing reserve funds if project scope warrants.
    - Ensure irrigation heads are directed away from the walls
    - Pressure clean as necessary at areas of finish stains and organic growth

Priority/Criticality: Not recommended to defer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Our costs are partially based on information provided by the Association.

Playground Equipment

Line Items: 4.660 through 4.663

Quantity: Playground equipment includes the following elements:

- Playsets and swings
- Sand surface

History:

- Recreation centers #1 and #2 – Replaced in 2011. The shade canvas at #2 was replaced in 2018.
- Recreation center #3 – Replaced in 2023. The shade structure was kept.

Condition: Good to fair overall at #1 and #2

Playground equipment overview at rec 1

Playground equipment at rec 1

Playground equipment overview at rec 2

Playground equipment at rec 2

Playground equipment overview at rec 3

Rec 3 shade

Playground equipment at rec 3

Useful Life: 15- to 20-years and interim replacement of shade canvas every 5- to 10-years.

Component Detail Notes: Safety is the major purpose for maintaining playground equipment. We recommend an annual inspection of the playground equipment to identify and repair as normal maintenance loose connections and fasteners or damaged elements. We suggest the Association learn more about the specific requirements of playground equipment at PlaygroundSafety.org. We recommend the use of a specialist for the design or replacement of the playground equipment environment.

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
    - Inspect and repair loose connections and fasteners or damaged elements
    - Inspect for safety hazards and adequate coverage of ground surface cover

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We include an allowance in the unit cost for replacement of the safety surface. Our cost for replacement of recreation center #3 is partially based on information provided by the Association.

Signage

Line Item: 4.800

Quantity: Six stucco and masonry monuments at five locations

History: Renovated from 2006 to 2008.

Condition: Good to fair overall

Signage monument

Delaminated stone tiles

Useful Life: 15- to 20-years

Component Detail Notes: Community signage contributes to the overall aesthetic appearance of the property to owners and potential buyers. Renovation or replacement of community signs is often predicated upon the desire to "update" the perceived identity of the community rather than for utilitarian concerns. Therefore, the specific times for replacement or renovation are discretionary.

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
  - Inspect and repair damage, vandalism and loose components
  - Verify lighting is working properly
  - Touch-up paint finish applications if applicable

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Our cost for renovations is based on information provided by the Association and includes repairs to the stucco, and replacement of lettering and lighting.

Site Furniture

Line Item: 4.820

Quantity:

- Benches
- Picnic tables
- Trash receptacles

History: Varied ages.

Condition: Fair overall

Deteriorated concrete bench

Picnic tables and trash receptacle

Useful Life: 15- to 25-years, or based on historical practices we include replacements in an ongoing manner.

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3.

Sport Courts

Line Items: 4.830, 4.831, 4.832 and 4.860

Quantity and History:

- Recreation center #1 – 14,280 square feet of concrete comprising six pickleball courts and one basketball court. The previous tennis courts were converted to pickleball use in 2024 and the basketball court color coat is older. The post tension concrete courts were installed over the existing cushion courts at the now pickleball courts in 2017 and the basketball court was replaced in 2012.
- Recreation center #2 – 13,200 square feet of concrete comprising two tennis courts. The post tension concrete courts were similarly installed in 2016.
- Recreation center #3 – 13,200 square feet of concrete comprising two tennis courts. The post tension concrete courts were similarly installed in 2018.

Condition: Good overall with color coat fade evident. Basketball court exhibits cracks and deterioration.

Pickleball courts overview

Pickleball surface

Basketball court overview

Concrete cracks and previous ponded water evident

Tennis courts overview at rec 3

Previous repair or partial color coat at rec 3

Prior ponded water evident near gate entry at rec 3

Tennis courts overview at rec 2

Tennis court overview at rec 2

Useful Life: Up to 45 years for replacement of the surface with the benefit of color coat applications and repairs every four- to six-years

Preventative Maintenance Notes: Prior to the application of the color coat, the Association should require the contractor to rout and fill all cracks with hot emulsion. This deters water infiltration and further deterioration of the asphalt playing surface. We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
    - Inspect and repair large cracks, trip hazards and possibly safety hazards
    - Verify gate and fencing is secure
    - Verify lighting is working properly if applicable
    - Inspect and repair standards and windscreens as needed

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3.

Sport Courts, Fences and Windscreens

Line Items: 4.840 and 4.861

Quantity: 1,365 linear feet and 1,050 linear feet of windscreens

History: The chain link was replaced at #2 and #3 in conjunction with the surfaces while the poles were kept. The fence at #1 is older. The windscreens primarily date to replacement of the respective surfaces or have been replaced as needed.

Condition: Good to fair overall with warped webbing and finish deterioration evident.

Chain link fence at rec 1

Chain link fence at rec 3

Torn windscreen at rec 3

Chain link fence at rec 2

Useful Life: Up to 25 years and replacement of the windscreens up to every eight years

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3.

Sport Courts, Tennis, Light Poles and Fixtures

Line Item: 4.850

Quantity: 33 steel light poles and fixtures

History: Replaced from 2016 through 2018.

Condition: Good to fair overall

Light poles and fixtures at rec 1

Light poles and fixtures at rec 3

Useful Life: Up to 35 years

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3.

Pool House and Office Elements

Rec 1 pool house

Rec 2 pool house

Rec 3 pool house

Doors, Metal

Line Item: 5.301

Quantity: Seven single and eight double metal doors at the three pool houses

History: Varied ages.

Condition: Good to fair overall

Doors at rec 3

Rust at pool 3 equipment door

Rest room door at rec 2

Useful Life: Up to 30 years

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
  - Inspect and repair any damage, base corrosion or alignment issues
  - Replace deteriorated hardware and loose weather stripping
  - Periodic touch-up paint finish applications as needed

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3.

Office

Line Items: 5.391 and 5.392

Quantity: The Association maintains the office equipment and furniture at the management office. The remaining finishes and fixtures are maintained by the building owner, as the office space is leased.

History: The server and six computers were replaced in 2020, and furniture varies in age. The key fob access system was upgraded from 2021 through 2022.

Condition: Good to fair overall

Useful Life: Up to six years for equipment and up to 15 years for furniture

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Our cost for the equipment is partially based on information provided by the Association. We assume replacement of up to fifty percent (50%) of the key fob access system components per event.

Rest Rooms

Line Item: 5.401

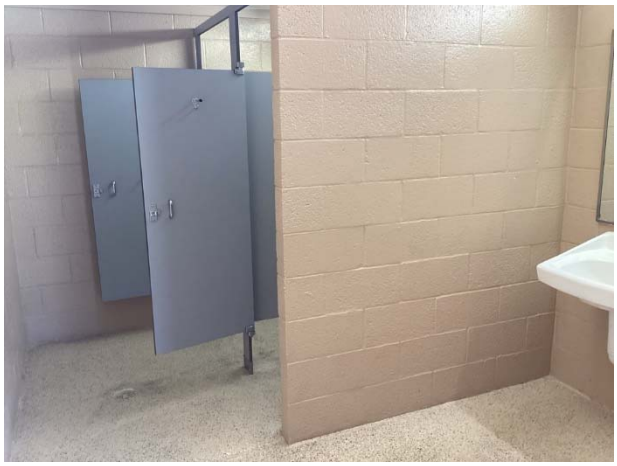
Quantity: The rest room components include:

- Epoxy coated concrete floors
- Paint finishes
- Tile finishes at outdoor showers
- Light fixtures
- Plumbing fixtures
- Toilet partitions

History: Components replaced or renovated from 2012 through 2016.

Condition: Good to fair overall

Shower tile at rec 1



Rec 1 rest room

Epoxy flooring delamination

Rest room overview at rec 3

Partitions at rec 2

Useful Life: Renovation up to every 20 years

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3.

Roof, Concrete Tiles

Line Item: 5.600

Quantity: Approximately 13 *squares*[1] at recreation center #1

History: Replaced in 2001.

Condition: Good to fair overall with damaged tiles evident from our visual inspection from the ground. Management does not report a history of leaks.

Concrete tile roof

Concrete tile roof

Useful Life: Up to 30 years

Component Detail Notes: A tile roof rarely fails at all points of application simultaneously. Rather, occurrences of roof leaks will increase as more concrete tiles crack, break and dislodge. This deterioration will result in increased maintenance costs such that replacement becomes the least costly long-term alternative as compared to ongoing repairs.

A concrete tile roof system comprises sheathing, underlayments, battens and the tiles themselves. Replacement standards should conform to the local building code and manufacturer's specifications at the time of actual replacement. The manner of construction is such that the underlayment is the primary line of defense from water infiltration. The tiles act to shade the underlayment from harmful sunlight and to protect the roof from heavy winds. Most storm water is shed from the roof tiles into the gutters or over the edge of the roof. However, this tile style is meant to allow water to pass between the tiles onto the underlayment. The underlayment thus sheds any remaining

[1] We quantify the roof area in squares where one square is equal to 100 square feet of surface area.

water into the gutters. In fact, horizontal driving rains will force their way up and under the tile only to be shed at some other point.

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3.

Roofs, Copper

Line Item: 5.601

Quantity: Approximately 15 squares at recreation center #2

History: Original

Condition: Good overall and Management does not report a history of leaks.

Copper roof

Useful Life: Copper roofs have indeterminate useful lives, though we anticipate the need for capital repairs up every 20 years.

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3.

Roofs, Flat

Line Item: 5.602

Quantity: Approximately 1,200 square feet at recreation centers #1 and #3

History: Replaced in approximately 2010.

Condition: Reported satisfactory overall and Management does not report a history of leaks.

Useful Life: 15- to 20-years

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3.

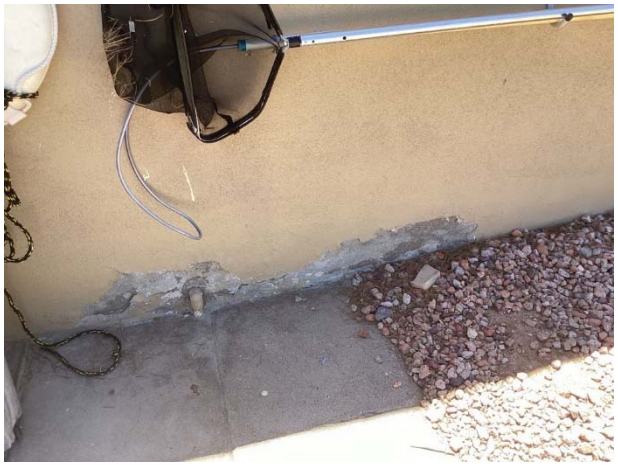
Walls, Stucco

Line Item: 5.861

Quantity: Approximately 16,000 square feet of the building exteriors

History: Painted and repaired in approximately 2017.

Condition: Good to fair overall with periodic cracks, coating deterioration and finish stains evident.



Stucco coating deterioration at rec 1

Stucco cracks at rec 1

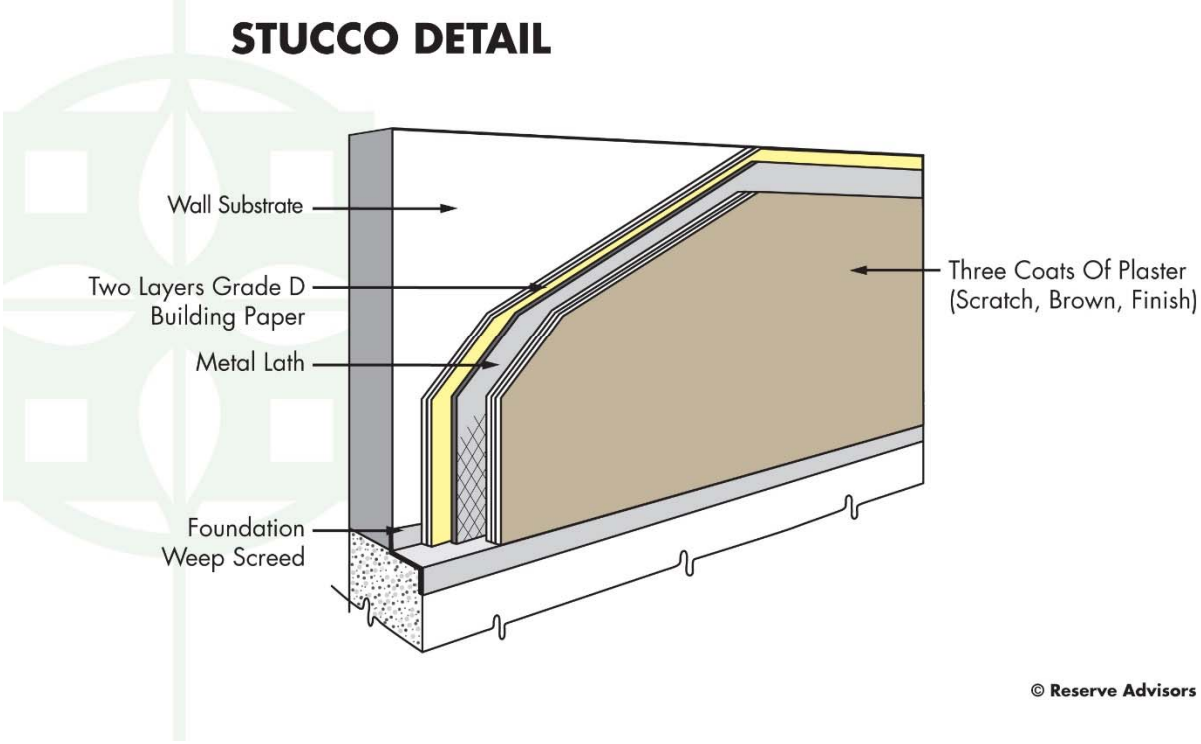
Stucco wall finishes at rec 3

Stucco damage at rec 3

Finish deterioration at rec 2

Useful Life: We recommend inspections, repairs and paint finish applications every five- to eight-years.

Component Detail Notes: The following graphic details the typical components of a stucco wall system on frame construction although it may not reflect the actual configuration at Mountain Park Ranch:



Correct and complete preparation of the surface before application of the paint finish maximizes the useful life of the paint finish and surface. The contractor should remove all loose, peeled or blistered paint before application of the new paint finish. The contractor should then power wash the surface to remove all dirt and biological growth. Water-soluble cleaners that will not attack Portland cement are acceptable for removing stains.

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Our estimate of cost anticipates the following in coordination with each paint finish application:

- Complete inspection of the stucco
- Crack repairs as needed (Each paint product has the limited ability to cover and seal cracks but we recommend repair of all cracks which exceed the ability of the paint product to bridge.)
- Replacement of up to two percent (2%), of the stucco walls (The exact amount of area in need of replacement will be discretionary based on the actual future conditions and the desired appearance.)
- Replacement of sealants as needed

Pool Elements

Rec 1 pool overview

Rec 1 spa

Rec 2 kiddie pool

Rec 2 pool overview

Rec 2 spa

Rec 3 kiddie pool

Rec 3 pool overview

Rec 3 spa

Concrete Decks

Line Items: 6.199 through 6.201

Quantity:

- Recreation center #1 – 8,900 square feet
- Recreation center #2 – 7,220 square feet
- Recreation center #3 – 8,670 square feet

History: The Association historically conducts annual repairs and partial coating replacement on an as needed basis. Based on conversations with Management, we assume this approach will extend the overall longevity of the textured coating.

Condition: Good to fair overall with periodic cracks, spall and coating deterioration evident. Coating deterioration is typically accelerated at #1 and may be attributed to the underlying concrete deck.

Coating cracks at rec 1

Textured coating delamination at rec 1

Textured coating delamination at rec 1

Cracks at rec 1

Textured coating delamination at rec 3

Concrete pool deck overview at rec 3

Warped drain cover at rec 3

Concrete pool deck overview at rec 2

Concrete pool deck overview at rec 2

Useful Life: The useful life of a concrete pool deck is up to 60 years or more with timely repairs. We recommend the Association conduct inspections, partial replacements and repairs to the decks every 15- to 20-years in conjunction with coating replacements.

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Semi-annually:
    - Inspect and repair large cracks, trip hazards, and possible safety hazards
    - Inspect and repair pool coping for cracks, settlement, heaves or sealant deterioration
    - Repair concrete spalling and conduct coating repairs in areas with delamination
    - Schedule periodic pressure cleanings as needed

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We recommend the Association budget for the following per event:

- Selective cut out and replacements of up to ten percent (10%) of concrete
- Crack repairs as needed
- Mortar joint repairs
- Caulk replacement
- Coating replacement

Fences, Steel

Line Items: 6.395 and 6.400

Quantity: 1,525 linear feet

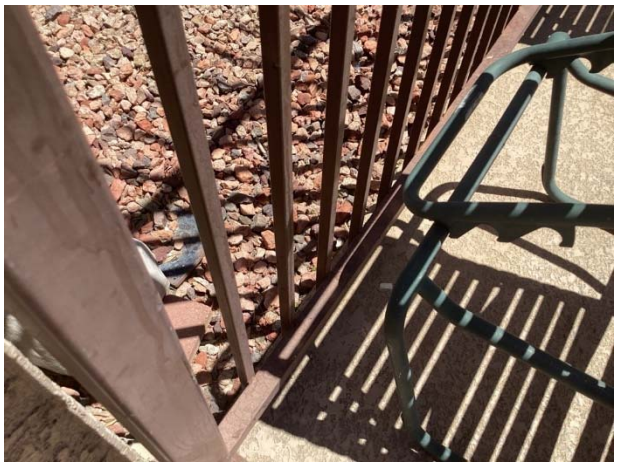
History: Replaced in aggregate in 2004. Partial replacements are also completed on a periodic basis and most recently, a portion was replaced at #1 in 2019.

Condition: Good to fair overall with damage, deterioration, finish fade and rust evident.

Post corrosion at rec 1

Fence rust at rec 1

Steel pool fence at rec 3



Fence finish deterioration at rec 2

Fence rust at rec 2

Fence rust and corrosion at rec 2

Useful Life: Six- to eight-years for paint finishes and up to 30 years for replacement

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
    - Inspect and repair loose fasteners or sections, and damage
    - Repair leaning sections and clear vegetation from fence areas which could cause damage

Priority/Criticality: Not recommended to defer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3.

Furniture

Line Item: 6.500

Quantity: The pool furniture includes the following:

- Chairs
- Lounges
- Tables
- Ladders and life safety equipment

History: Varied ages.

Condition: Good to fair overall with finish deterioration and worn vinyl evident.

Frame finish deterioration

Pool furniture

Useful Life: Up to 12 years

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We recommend interim re-strapping, refinishing, cushion replacements, reupholstering and other repairs to the furniture as normal maintenance to maximize its useful life.

Mechanical Equipment

Line Items: 6.599 through 6.602

Quantity: The mechanical equipment includes the following:

- Automatic chlorinators and controls
- Electrical panels
- Interconnected pipe, fittings and valves
- Pumps, filters, and heaters

History: Varied ages. Controller systems were replaced in 2020. Heaters are replaced as needed and primarily date to 2020 through 2024.

Condition: Reported satisfactory overall

Pool pumps and filters at rec 1

Pool mechanical equipment at rec 1

Chemical controller

Heater at rec 3

Pool mechanical equipment at rec 3

Pool mechanical equipment at rec 2

Useful Life: Up to five years for the heaters and up to 15 years for the remaining equipment

Preventative Maintenance Notes: The status of preventative maintenance was unavailable to us during our inspection. We recommend the Association maintain a maintenance contract with a qualified professional and follow the manufacturer's specific recommended maintenance and local, state and/or federal inspection guidelines.

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Failure of the pool mechanical equipment as a single event is unlikely. Therefore, we include replacement of up to fifty percent (50%) of the equipment per event. We consider interim replacement of motors and minor repairs as normal maintenance.

Pool Finishes, Plaster and Tile

Line Items: 6.800 through 6.803

Quantity:

- Recreation center #1 – 3,460 square feet of plaster based on the horizontal surface area and approximately 255 linear feet of tile at the main pool. The kiddie pool comprises 255 square feet of tile.
- Recreation center #2 – 3,460 square feet of plaster based on the horizontal surface area and approximately 255 linear feet of tile at the main pool. The kiddie pool comprises 255 square feet of tile.
- Recreation center #3 – 4,050 square feet of plaster based on the horizontal surface area and approximately 355 linear feet of tile at the main and kiddie pools.
- Spas – 85 square feet of tile per recreation center

History:

- Plaster finish: Replaced in 2006.
- Tile: Replaced in 2006.

Condition: Good to fair overall minor discoloration evident.

Tile finishes at spa 1

Pool plaster overview at rec 1

Tile finishes at rec 1 kiddie pool

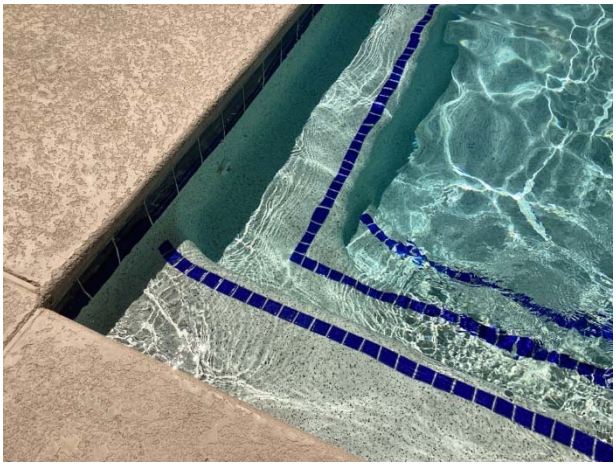
Pool plaster finish with tile perimeter at rec 1

Pool plaster finish with tile perimeter at rec 3

Rec 3 kiddie pool finishes

Rec 3 main pool finishes

Tile finishes at rec 3 spa



Pool plaster finish with tile perimeter at rec 2

Tile finishes at rec 2 kiddie pool

Useful Life: 15- to 20-years for the plaster and 20- to 30-years for the tile

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Semi-annually:
    - Inspect and patch areas of significant plaster delamination, coping damage and structure cracks
    - Inspect main drain connection and anti-entrapment covers, pressure test circulation piping and valves
    - Test handrails and safety features for proper operation

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We recommend the Association budget for full tile replacement every other plaster replacement event. Removal and replacement of the finish provides the opportunity to inspect the pool structures and to allow for partial repairs

of the underlying concrete surfaces as needed. To maintain the integrity of the pool structures, we recommend the Association budget for the following:

- Removal and replacement of the plaster finishes
- Partial replacements of the scuppers and coping as needed
- Replacement of tiles as needed
- Replacement of joint sealants as needed
- Concrete structure repairs as needed

Ramadas

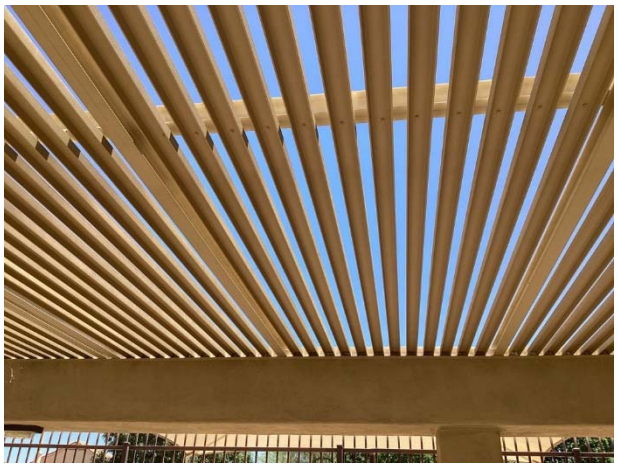
Line Items: 6.811 and 6.812

Quantity: One ramada per recreation center

History: #1 was replaced in 2003 and #2 was renovated in 2007.

Condition: Good to fair overall

Ramada overview at rec 1



Ramada 1

Ramada 3 overview

Minor rust at rec 3 ramada

Ramada overview at rec 2

Ramada at rec 2

Useful Life: Up to 25 years

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3.

Shade Structure

Line Items: 6.865 and 6.870

Quantity: One each per recreation center

History:

- Canvas: Varied ages. #3 was replaced in 2019.
- Frame: Unknown.

Condition: Good to fair overall

Shade structure overview at rec 1

Canvas tear at rec 1

Shade structure overview at rec 3

Shade structure overview at rec 2

Useful Life: Up to 25 years with interim replacement of the canvas every 5- to 10-years

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3.

Structures and Decks

Line Items: 6.900 through 6.902

Quantity: 10,970 square feet of horizontal surface area

- Recreation center #1 – 3,800 square feet
- Recreation center #2 – 3,800 square feet
- Recreation center #3 – 4,135 square feet

History: Original

Conditions: Visually appear in good condition. The concrete floors and walls have a plaster finish. This finish makes it difficult to thoroughly inspect the concrete structures during a noninvasive visual inspection.

Useful Life: Up to 70 years

Component Detail Notes: The need to replace a pool structure depends on the condition of the concrete structure, the condition of the embedded or concealed water circulation piping, possible long term uneven settlement of the structure, and the increasing cost of repair and maintenance. Deterioration of any one of these component systems could result in complete replacement of the pool. For example, deferral of a deteriorated piping system could result in settlement and cracks in the pool structure. This mode of failure is more common as the system ages and deterioration of the piping system goes undetected. For reserve budgeting purposes, we recommend Mountain Park Ranch plan to replace the following components:

- Concrete decks
- Pool structures
- Subsurface piping

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3.

Reserve Study Update

An ongoing review by the Board and an Update of this Reserve Study are necessary to ensure an equitable funding plan since a Reserve Study is a snapshot in time. Many variables change after the study is conducted that may result in significant overfunding or underfunding the reserve account. Variables that may affect the Reserve Funding Plan include, but are not limited to:

- Deferred or accelerated capital projects based on Board discretion
- Changes in the interest rates on reserve investments
- Changes in the *local* construction inflation rate
- Additions and deletions to the Reserve Component Inventory
- The presence or absence of maintenance programs
- Unusually mild or extreme weather conditions
- Technological advancements

Periodic updates incorporate these variable changes since the last Reserve Study or Update. We recommend the Board budget for an Update to this Reserve Study every three years. Budgeting for an Update demonstrates the Board's objective to continue fulfilling its fiduciary responsibility to maintain the commonly owned property and to fund reserves appropriately.

5. METHODOLOGY

Reserves for replacement are the amounts of money required for future expenditures to repair or replace Reserve Components that wear out before the entire facility or project wears out. Reserving funds for future repair or replacement of the Reserve Components is also one of the most reliable ways of protecting the value of the property's infrastructure and marketability.

Mountain Park Ranch can fund capital repairs and replacements in any combination of the following:

1. Increases in the operating budget during years when the shortages occur
2. Loans using borrowed capital for major replacement projects
3. Level monthly reserve assessments annually adjusted upward for inflation to increase reserves to fund the expected major future expenditures
4. Special assessments

We do not advocate special assessments or loans unless near term circumstances dictate otherwise. Although loans provide a gradual method of funding a replacement, the costs are higher than if the Association were to accumulate reserves ahead of the actual replacement. Interest earnings on reserves also accumulate in this process of saving or reserving for future replacements, thereby defraying the amount of gradual reserve collections. We advocate the third method of *Level Monthly Reserve Assessments* with relatively minor annual adjustments. The method ensures that Owners pay their "fair share" of the weathering and aging of the commonly owned property each year. Level reserve assessments preserve the property and enhance the resale value of the homes.

This Reserve Study is in compliance with and exceeds the National standards[1] set forth by the Association of Professional Reserve Analysts (APRA) fulfilling the requirements of a "Level II Reserve Study Update." These standards require a Reserve Component to have a "predictable remaining Useful Life." Estimating Remaining Useful Lives and Reserve Expenditures beyond 30 years is often indeterminate. Long-Lived Property Elements are necessarily excluded from this analysis. We considered the following factors in our analysis:

- The Cash Flow Method to compute, project and illustrate the 30-year Reserve Funding Plan
- Local[2] costs of material, equipment and labor
- Current and future costs of replacement for the Reserve Components
- Costs of demolition as part of the cost of replacement
- Local economic conditions and a historical perspective to arrive at our estimate of long-term future inflation for construction costs in Phoenix, Arizona at an annual inflation rate[3]. Isolated or regional markets of

[1] Identified in the APRA "Standards - Terms and Definitions" and the CAI "Terms and Definitions".
[2] See Credentials for additional information on our use of published sources of cost data.
[3] Derived from Marshall & Swift, historical costs and the Bureau of Labor Statistics.

greater construction (development) activity may experience slightly greater rates of inflation for both construction materials and labor.

- The past and current maintenance practices of Mountain Park Ranch and their effects on remaining useful lives
- Financial information provided by the Association pertaining to the cash status of the reserve fund and budgeted reserve contribution
- The anticipated effects of appreciation of the reserves over time in accord with a return or yield on investment of your cash equivalent assets. (We did not consider the costs, if any, of Federal and State Taxes on income derived from interest and/or dividend income).
- The Funding Plan excludes necessary operating budget expenditures. It is our understanding that future operating budgets will provide for the ongoing normal maintenance of Reserve Components.

Updates to this Reserve Study will continue to monitor historical facts and trends concerning the external market conditions.

6. CREDENTIALS

HISTORY AND DEPTH OF SERVICE

Founded in 1991, Reserve Advisors is the leading provider of reserve studies, insurance appraisals, developer turnover transition studies, expert witness services, and other engineering consulting services. Clients include community associations, resort properties, hotels, clubs, non-profit organizations, apartment building owners, religious and educational institutions, and office/commercial building owners in 48 states, Canada and throughout the world.

The **architectural engineering consulting firm** was formed to take a leadership role in helping fiduciaries, boards, and property managers manage their property like a business with a long-range master plan known as a Reserve Study.

Reserve Advisors employs the **largest staff of Reserve Specialists** with bachelor's degrees in engineering dedicated to Reserve Study services. Our founders are also founders of Community Associations Institute's (CAI) Reserve Committee that developed national standards for reserve study providers. One of our founders is a Past President of the Association of Professional Reserve Analysts (APRA). Our vast experience with a variety of building types and ages, on-site examination and historical analyses are keys to determining accurate remaining useful life estimates of building components.

No Conflict of Interest - As consulting specialists, our **independent opinion** eliminates any real or perceived conflict of interest because we do not conduct or manage capital projects.

TOTAL STAFF INVOLVEMENT

Several staff members participate in each assignment. The responsible advisor involves the staff through a Team Review, exclusive to Reserve Advisors, and by utilizing the experience of other staff members, each of whom has served hundreds of clients. We conduct Team Reviews, an internal quality assurance review of each assignment, including: the inspection; building component costing; lifing; and technical report phases of the assignment. Due to our extensive experience with building components, we do not have a need to utilize subcontractors.

OUR GOAL

To help our clients fulfill their fiduciary responsibilities to maintain property in good condition.

VAST EXPERIENCE WITH A VARIETY OF BUILDINGS

Reserve Advisors has conducted reserve studies for a multitude of different communities and building types. We've analyzed thousands of buildings, from as small as a 3,500-square foot day care center to a 2,600,000-square foot 98-story highrise. We also routinely inspect buildings with various types of mechanical systems such as simple electric heat, to complex systems with air handlers, chillers, boilers, elevators, and life safety and security systems.

We're familiar with all types of building exteriors as well. Our well-versed staff regularly identifies optimal repair and replacement solutions for such building exterior surfaces such as adobe, brick, stone, concrete, stucco, EIFS, wood products, stained glass and aluminum siding, and window wall systems.

OLD TO NEW

Reserve Advisors' experience includes ornate and vintage buildings as well as modern structures. Our specialists are no strangers to older buildings. We're accustomed to addressing the unique challenges posed by buildings that date to the 1800's. We recognize and consider the methods of construction employed into our analysis. We recommend appropriate replacement programs that apply cost effective technologies while maintaining a building's character and appeal.

STEPHANIE A. MUELLER, P.E., RS
Responsible Advisor

CURRENT CLIENT SERVICES

Stephanie A. Mueller, a Civil Engineer, is an Advisor for Reserve Advisors. Ms. Mueller is responsible for the inspection and analysis of the condition of clients' properties, and recommending engineering solutions to prolong the lives of the components. She also forecasts capital expenditures for the repair and/or replacement of the property components and prepares technical reports on assignments. She is responsible for conducting Life Cycle Cost Analysis and Capital Replacement Forecast services on townhomes and planned unit developments.

The following is a partial list of clients served by Stephanie Mueller demonstrating her breadth of experiential knowledge of community associations in construction and related buildings systems.

Pinnacle Pointe Located in Scottsdale, this gated community comprises 84 condominium units with stucco façade and foam roofs built from 2008 to 2015. The community includes a pool and spa, and exercise facility.

Vistancia Village This Peoria community of more than 3,000 homes features two amenity centers with recreational and lap pools, water slides, playgrounds, sport courts, and indoor gymnasium. The community includes nine gated parcels.

Privada Community Construction of this exclusive neighborhood in Scottsdale began in 2002. The community includes gated entry, streets, an irrigation system and detailed landscaping.

Saddlebrooke No. 2 Located in Tucson, this active adult community comprises more than 3,000 single family homes built beginning in 1998. The primary amenities include three extensive community centers with arts and crafts, dining facilities, fitness centers, and a theater among other meeting spaces. Additional amenities include multiple pools, sport courts and two golf courses.

Holiday at Pueblo del Sol Located in Sierra Vista, this homeowners association still under development includes a community center with fitness and meeting rooms, two pools, walking paths, and parks with playgrounds and gazebos.

Saguaro Co-op 354 members at this Benson cooperative development constructed since 1990. The co-up includes a central clubhouse with meeting spaces, information technology for members and asphalt pavement access streets.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, Ms. Mueller attended the University of Wisconsin in Madison, Wisconsin where she attained her Bachelor of Science degree in Civil Engineering. Her studies focused on structural engineering. At the University of Wisconsin, she managed a team responsible for the design of a new drinking water facility for a rural Wisconsin town.

EDUCATION

University of Wisconsin-Madison - B.S. Civil Engineering
University of Wisconsin-Milwaukee - M.S. Civil Engineering

PROFESSIONAL AFFILIATIONS

Reserve Specialist (RS) – Community Associations Institute
Professional Engineer (P.E.) – Arizona, Florida

ALAN M. EBERT, P.E., PRA, RS
Director of Quality Assurance

CURRENT CLIENT SERVICES

Alan M. Ebert, a Professional Engineer, is the Director of Quality Assurance for Reserve Advisors. Mr. Ebert is responsible for the management, review and quality assurance of reserve studies. In this role, he assumes the responsibility of stringent report review analysis to assure report accuracy and the best solution for Reserve Advisors' clients.

Mr. Ebert has been involved with thousands of Reserve Study assignments. The following is a partial list of clients served by Alan Ebert demonstrating his breadth of experiential knowledge of community associations in construction and related buildings systems.

Brownsville Winter Haven Located in Brownsville, Texas, this unique homeowners association contains 525 units. The Association maintains three pools and pool houses, a community and management office, landscape and maintenance equipment, and nine irrigation canals with associated infrastructure.

Rosemont Condominiums This unique condominium is located in Alexandria, Virginia and dates to the 1940's. The two mid-rise buildings utilize decorative stone and brick masonry. The development features common interior spaces, multi-level wood balconies and common asphalt parking areas.

Stillwater Homeowners Association Located in Naperville, Illinois, Stillwater Homeowners Association maintains four tennis courts, an Olympic sized pool and an upscale ballroom with commercial-grade kitchen. The community also maintains three storm water retention ponds and a detention basin.

Birchfield Community Services Association This extensive Association comprises seven separate parcels which include 505 townhome and single family homes. This Community Services Association is located in Mt. Laurel, New Jersey. Three lakes, a pool, a clubhouse and management office, wood carports, aluminum siding, and asphalt shingle roofs are a few of the elements maintained by the Association.

Oakridge Manor Condominium Association Located in Londonderry, New Hampshire, this Association includes 104 units at 13 buildings. In addition to extensive roads and parking areas, the Association maintains a large septic system and significant concrete retaining walls.

Memorial Lofts Homeowners Association This upscale high rise is located in Houston, Texas. The 20 luxury units include large balconies and decorative interior hallways. The 10-story building utilizes a painted stucco facade and TPO roof, while an on-grade garage serves residents and guests.

PRIOR RELEVANT EXPERIENCE

Mr. Ebert earned his Bachelor of Science degree in Geological Engineering from the University of Wisconsin-Madison. His relevant course work includes foundations, retaining walls, and slope stability. Before joining Reserve Advisors, Mr. Ebert was an oilfield engineer and tested and evaluated hundreds of oil and gas wells throughout North America.

EDUCATION

University of Wisconsin-Madison - B.S. Geological Engineering

PROFESSIONAL AFFILIATIONS/DESIGNATIONS

Professional Engineering License – Wisconsin, North Carolina, Illinois, Colorado
Reserve Specialist (RS) - Community Associations Institute
Professional Reserve Analyst (PRA) - Association of Professional Reserve Analysts

RESOURCES

Reserve Advisors utilizes numerous resources of national and local data to conduct its Professional Services. A concise list of several of these resources follows:

Association of Construction Inspectors, (ACI) the largest professional organization for those involved in construction inspection and construction project management. ACI is also the leading association providing standards, guidelines, regulations, education, training, and professional recognition in a field that has quickly become important procedure for both residential and commercial construction, found on the web at www.iami.org.

American Society of Heating, Refrigerating and Air-Conditioning Engineers, Inc., (ASHRAE) the American Society of Heating, Refrigerating and Air-Conditioning Engineers, Inc., devoted to the arts and sciences of heating, ventilation, air conditioning and refrigeration; recognized as the foremost, authoritative, timely and responsive source of technical and educational information, standards and guidelines, found on the web at www.ashrae.org. Reserve Advisors actively participates in its local chapter and holds individual memberships.

Community Associations Institute, (CAI) America's leading advocate for responsible communities noted as the only national organization dedicated to fostering vibrant, responsive, competent community associations. Their mission is to assist community associations in promoting harmony, community, and responsible leadership.

Marshall & Swift / Boeckh, (MS/B) the worldwide provider of building cost data, co-sourcing solutions, and estimating technology for the property and casualty insurance industry found on the web at www.marshallswift.com.

R.S. Means CostWorks, North America's leading supplier of construction cost information. As a member of the Construction Market Data Group, Means provides accurate and up-to-date cost information that helps owners, developers, architects, engineers, contractors and others to carefully and precisely project and control the cost of both new building construction and renovation projects found on the web at www.rsmeans.com.

Reserve Advisors' library of numerous periodicals relating to reserve studies, condition analyses, chapter community associations, and historical costs from thousands of capital repair and replacement projects, and product literature from manufacturers of building products and building systems.

7. DEFINITIONS

Definitions are derived from the standards set forth by the Community Associations Institute (CAI) representing America's 305,000 condominium and homeowners associations and cooperatives, and the Association of Professional Reserve Analysts, setting the standards of care for reserve study practitioners.

Cash Flow Method - A method of calculating Reserve Contributions 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 anticipated schedule of reserve expenses until the desired funding goal is achieved.

Component Method - A method of developing a Reserve Funding Plan with the total contribution is based on the sum of the contributions for individual components.

Current Cost of Replacement - That amount required today derived from the quantity of a *Reserve Component* and its unit cost to replace or repair a Reserve Component using the most current technology and construction materials, duplicating the productive utility of the existing property at current *local* market prices for *materials*, *labor* and manufactured equipment, contractors' overhead, profit and fees, but without provisions for building permits, overtime, bonuses for labor or premiums for material and equipment. We include removal and disposal costs where applicable.

Fully Funded Balance - The Reserve balance that is in direct proportion to the fraction of life "used up" of the current Repair or Replacement cost similar to Total Accrued Depreciation.

Funding Goal (Threshold) - The stated purpose of this Reserve Study is to determine the adequate, not excessive, minimal threshold reserve balances.

Future Cost of Replacement - *Reserve Expenditure* derived from the inflated current cost of replacement or current cost of replacement as defined above, with consideration given to the effects of inflation on local market rates for materials, labor and equipment.

Long-Lived Property Component - Property component of Mountain Park Ranch responsibility not likely to require capital repair or replacement during the next 30 years with an unpredictable remaining Useful Life beyond the next 30 years.

Percent Funded - The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage.

Remaining Useful Life - The estimated remaining functional or useful time in years of a *Reserve Component* based on its age, condition and maintenance.

Reserve Component - Property elements with: 1) Mountain Park Ranch responsibility; 2) limited Useful Life expectancies; 3) predictable Remaining Useful Life expectancies; and 4) a replacement cost above a minimum threshold.

Reserve Component Inventory - Line Items in ***Reserve Expenditures*** that identify a *Reserve Component*.

Reserve Contribution - An amount of money set aside or *Reserve Assessment* contributed to a *Reserve Fund* for future *Reserve Expenditures* to repair or replace *Reserve Components*.

Reserve Expenditure - Future Cost of Replacement of a Reserve Component.

Reserve Fund Status - The accumulated amount of reserves in dollars at a given point in time, i.e., at year end.

Reserve Funding Plan - The portion of the Reserve Study identifying the *Cash Flow Analysis* and containing the recommended Reserve Contributions and projected annual expenditures, interest earned and reserve balances.

Reserve Study - A budget planning tool that identifies the current status of the reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures.

Useful Life - The anticipated total time in years that a *Reserve Component* is expected to serve its intended function in its present application or installation.

8. PROFESSIONAL SERVICE CONDITIONS

Our Services - Reserve Advisors, LLC ("RA") performs its services as an independent contractor in accordance with our professional practice standards and its compensation is not contingent upon our conclusions. The purpose of our reserve study is to provide a budget planning tool that identifies the current status of the reserve fund, and an opinion recommending an annual funding plan, to create reserves for anticipated future replacement expenditures of the subject property. The purpose of our energy benchmarking services is to track, collect and summarize the subject property's energy consumption over time for your use in comparison with other buildings of similar size and establishing a performance baseline for your planning of long-term energy efficiency goals.

Our inspection and analysis of the subject property is limited to visual observations, is noninvasive and is not meant to nor does it include investigation into statutory, regulatory or code compliance. RA inspects sloped roofs from the ground and inspects flat roofs where safe access (stairs or ladder permanently attached to the structure) is available. Our energy benchmarking services with respect to the subject property is limited to collecting energy and utility data and summarizing such data in the form of an Energy Star Portfolio Manager Report or any other similar report, and hereby expressly excludes any recommendations with respect to the results of such energy benchmarking services or the accuracy of the energy information obtained from utility companies and other third-party sources with respect to the subject property. The reserve report and any energy benchmarking report (i.e., any Energy Star Portfolio Manager Report) (including any subsequent revisions thereto pursuant to the terms hereof, collectively, the "Report") are based upon a "snapshot in time" at the moment of inspection. RA may note visible physical defects in the Report. The inspection is made by employees generally familiar with real estate and building construction. Except to the extent readily apparent to RA, RA cannot and shall not opine on the structural integrity of or other physical defects in the property under any circumstances. Without limitation to the foregoing, RA cannot and shall not opine on, nor is RA responsible for, the property's conformity to specific governmental code requirements for fire, building, earthquake, occupancy or otherwise.

RA is not responsible for conditions that have changed between the time of inspection and the issuance of the Report. RA does not provide invasive testing on any mechanical systems that provide energy to the property, nor can RA opine on any system components that are not easily accessible during the inspection. RA does not investigate, nor assume any responsibility for any existence or impact of any hazardous materials, such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, environmental mold or other potentially hazardous materials or structural defects that are latent or hidden defects which may or may not be present on or within the property. RA does not make any soil analysis or geological study as part of its services, nor does RA investigate vapor, water, oil, gas, coal, or other subsurface mineral and use rights or such hidden conditions, and RA assumes no responsibility for any such conditions. The Report contains opinions of estimated replacement costs or deferred maintenance expenses and remaining useful lives, which are neither a guarantee of the actual costs or expenses of replacement or deferred maintenance nor a guarantee of remaining useful lives of any property element.

RA assumes, without independent verification, the accuracy of all data provided to it. Except to the extent resulting from RA's willful misconduct in connection with the performance of its obligations under this agreement, you agree to indemnify, defend, and hold RA and its affiliates, officers, managers, employees, agents, successors and assigns (each, an "RA Party") harmless from and against (and promptly reimburse each RA Party for) any and all losses, claims, actions, demands, judgments, orders, damages, expenses or liabilities, including, without limitation, reasonable attorneys' fees, asserted against or to which any RA Party may become subject in connection with this engagement, including, without limitation, as a result of any false, misleading or incomplete information which RA relied upon that was supplied by you or others under your direction, or which may result from any improper use or reliance on the Report by you or third parties under your control or direction or to whom you provided the Report. NOTWITHSTANDING ANY OTHER PROVISION HEREIN TO THE CONTRARY, THE AGGREGATE LIABILITY (IF ANY) OF RA WITH RESPECT TO THIS AGREEMENT AND RA'S OBLIGATIONS HEREUNDER IS LIMITED TO THE AMOUNT OF THE FEES ACTUALLY RECEIVED BY RA FROM YOU FOR THE SERVICES AND REPORT PERFORMED BY RA UNDER THIS AGREEMENT, WHETHER ARISING IN CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE. YOUR REMEDIES SET FORTH HEREIN ARE EXCLUSIVE AND ARE YOUR SOLE REMEDIES FOR ANY FAILURE OF RA TO COMPLY WITH ITS OBLIGATIONS HEREUNDER OR OTHERWISE. RA SHALL NOT BE LIABLE FOR ANY SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES OF ANY KIND, INCLUDING, BUT NOT LIMITED TO, ANY LOST PROFITS AND LOST SAVINGS, LOSS OF USE OR INTERRUPTION OF BUSINESS, HOWEVER CAUSED, WHETHER ARISING IN CONTRACT, TORT (INCLUDING NEGLIGENCE), BREACH OF WARRANTY, STRICT LIABILITY OR OTHERWISE, EVEN IF RA HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT WILL RA BE LIABLE FOR THE COST OF PROCUREMENT OF SUBSTITUTE GOODS OR SERVICES. RA DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES WHATSOEVER, EXPRESS OR IMPLIED OR OF ANY NATURE, WITH REGARD TO THE SERVICES AND THE REPORT, INCLUDING, WITHOUT LIMITATION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

Report - RA will complete the services in accordance with the Proposal. The Report represents a valid opinion of RA's findings and recommendations with respect to the reserve study and is deemed complete. RA will consider any additional information made available to RA within 6 months of issuing the Report and issue a revised Report based on such additional information if a timely request for a revised Report is made by you. RA retains the right to withhold a revised Report if payment for services was not tendered in a timely manner. All information received by RA and all files, work papers or documents developed by RA during the course of the engagement shall remain the property of

RA and may be used for whatever purpose it sees fit. RA reserves the right to, and you acknowledge and agree that RA may, use any data provided by you in connection with the services, or gathered as a result of providing such services, including in connection with creating and issuing any Report, in a de-identified and aggregated form for RA's business purposes.

Your Obligations - You agree to provide us access to the subject property for an inspection. You agree to provide RA all available, historical and budgetary information, the governing documents, and other information that we request and deem necessary to complete the Report. Additionally, you agree to provide historical replacement schedules, utility bills and historical energy usage files that RA requests and deems necessary to complete the energy benchmarking services, and you agree to provide any utility release(s) reasonably requested by RA permitting RA to obtain any such data and/or information from any utility representative or other third party. You agree to pay actual attorneys' fees and any other costs incurred to collect on any unpaid balance for RA's services.

Use of Our Report and Your Name - Use of the Report is limited to only the purpose stated herein. You acknowledge that RA is the exclusive owner of all intellectual property rights in and relating to the Report. You hereby acknowledge that any use or reliance by you on the Report for any unauthorized purpose is at your own risk and that you will be liable for the consequences of any unauthorized use or distribution of the Report. Use or possession of the Report by any unauthorized third party is prohibited. The Report in whole or in part ***is not and cannot be*** *used as a design specification for design engineering purposes or as an appraisal*. You may show the Report in its entirety to the following third parties: members of your organization (including your directors, officers, tenants and prospective purchasers), your accountants, attorneys, financial institutions and property managers who need to review the information contained herein, and any other third party who has a right to inspect the Report under applicable law including, but not limited, to any government entity or agency, or any utility companies. Without the written consent of RA, you shall not disclose the Report to any other third party. By engaging our services, you agree that the Report contains intellectual property developed (and owned solely) by RA and agree that you will not reproduce or distribute the Report ***to any party that conducts reserve studies without the written consent of RA***.

RA will include (and you hereby agree that RA may include) your name in our client lists. RA reserves the right to use (and you hereby agree that RA may use) property information to obtain estimates of replacement costs, useful life of property elements or otherwise as RA, in its sole discretion, deems appropriate.

Payment Terms, Due Dates and Interest Charges - If reserve study and energy benchmarking services are performed by RA, then the retainer payment is due upon execution of this agreement and prior to the inspection by RA, and any balance is due net 30 days from the Report shipment date. If only energy benchmarking services are performed by RA, then the retainer payment is due upon execution of this agreement and any balance is due net 30 days from the Report shipment date. In any case, any balance remaining 30 days after delivery of the Report shall accrue an interest charge of 1.5% per month. Unless this agreement is earlier terminated by RA in the event you breach or otherwise fail to comply with your obligations under this agreement, RA's obligations under this agreement shall commence on the date you execute and deliver this agreement and terminate on the date that is 6 months from the date of delivery of the Report by RA. Notwithstanding anything herein to the contrary, each provision that by its context and nature should survive the expiration or early termination of this agreement shall so survive, including, without limitation, any provisions with respect to payment, intellectual property rights, limitations of liability and governing law. We reserve the right to limit or decline refunds in our sole discretion. Refunds vary based on the applicable facts and circumstances.

Miscellaneous – Neither party shall be liable for any failures or delays in performance due to fire, flood, strike or other labor difficulty, act of God, act of any governmental authority, riot, embargo, fuel or energy shortage, pandemic, wrecks or delays in transportation, or due to any other cause beyond such party's reasonable control; provided, however, that you shall not be relieved from your obligations to make any payment(s) to RA as and when due hereunder. In the event of a delay in performance due to any such cause, the time for completion or date of delivery will be extended by a period of time reasonably necessary to overcome the effect of such delay. You may not assign or otherwise transfer this agreement, in whole or in part, without the prior written consent of RA. RA may freely assign or otherwise transfer this agreement, in whole or in part, without your prior consent. This agreement shall be governed by the laws of the State of Wisconsin without regard to any principles of conflicts of law that would apply the laws of another jurisdiction. Any dispute with respect to this agreement shall be exclusively venued in Milwaukee County Circuit Court or in the United States District Court for the Eastern District of Wisconsin. Each party hereto agrees and hereby waives the right to a trial by jury in any action, proceeding or claim brought by or on behalf of the parties hereto with respect to any matter related to this agreement.