RESERVE ANALYSIS REPORT

Hillcrest Improvement Association - HA5 Asphalt Plan

Phoenix, Arizona

Version 001HA5

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Hillcrest Improvement Association - HA5 Asphalt Plan

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Preface

This preface is intended to provide an introduction to the enclosed reserve analysis as well as detailed information regarding the reserve analysis report format, reserve fund goals/objectives and calculation methods. The following sections are included in this preface:

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

The Board of Directors of an association has a legal and fiduciary duty to maintain the community in a good state of repair. Individual unit property values are significantly impacted by the level of maintenance and upkeep provided by the association as well as the amount of the regular assessment charged to each owner.

A prudent plan must be implemented to address the issues of long-range maintenance, repair and replacement of the common areas. Additionally, the plan should recognize that the value of each unit is affected by the amount of the regular assessment charged to each unit.

There is a fine line between “not enough,” “just right” and “too much.” Each member of an association should contribute to the reserve fund for their proportionate amount of “depreciation” (or “use”) of the reserve components. Through time, if each owner contributes a “fair share” into the reserve fund for the depreciation of the reserve components, then the possibility of large increases in regular assessments or special assessments will be minimized.

An accurate reserve analysis and a “healthy” reserve fund are essential to protect and maintain association common areas and property values of individual unit owners. A comprehensive reserve analysis is one of the most significant elements of any association's long-range plan and provides the critical link between sound business judgment and good fiscal planning. The reserve analysis provides a “financial blueprint” for the future of an association.

♦ ♦ ♦ ♦ UNDERSTANDING THE RESERVE ANALYSIS ♦ ♦ ♦ ♦

In order for the reserve analysis to be useful, it must be understandable by a variety of individuals. Board members (from seasoned, experienced Board members to new Board members), property managers, accountants, attorneys and homeowners may ultimately review the reserve analysis. The reserve analysis must be detailed enough to provide a comprehensive analysis, yet simple enough to enable less experienced individuals to understand the results.

There are four key bits of information that a comprehensive reserve analysis should provide: Budget, Percent Funded, Projections and Inventory. This information is described as follows:

Budget
Amount recommended to be transferred into the reserve account for the fiscal year for which the reserve analysis is prepared. In some cases, the reserve analysis may present two or more funding plans based on different goals/objectives. The Board should have a clear understanding of the differences among these funding goals/objectives prior to implementing one of them in the annual budget.

Percent Funded
Measure of the reserve fund "health" (expressed as a percentage) as of the beginning of the fiscal year for which the reserve analysis is prepared. This figure is the ratio of the actual reserve fund on hand to the fully funded balance. A reserve fund that is "100% funded" means the association has accumulated the proportionately correct amount of money, to date, for the reserve components it maintains.

Projections
Indicate "level of service" the association will provide the membership as well as a "road map" for the fiscal future of the association. Projections define the timetables for repairs and replacements, such as when buildings will be painted or when asphalt will be seal coated. Projections also show the financial plan for the association – when an underfunded association will "catch up" or how a properly funded association will remain fiscally "healthy."

Inventory
Complete listing of reserve components. Key bits of information are available for each reserve component, including placed-in-service date, useful life, remaining life, replacement year, quantity, current cost of replacement, future cost of replacement and analyst's comments.

♦ ♦ ♦ ♦ RESERVE FUNDING GOALS / OBJECTIVES ♦ ♦ ♦ ♦

There are four reserve funding goals/objectives which may be used to develop a reserve funding plan that corresponds with the risk tolerance of the association: Full Funding, Baseline Funding, Threshold Funding and Statutory Funding. These goals/objectives are described as follows:

Full Funding
Describes goal/objective to have reserves on hand equivalent to the value of the deterioration of each reserve component. The objective of this funding goal is to achieve and/or maintain a 100% percent funded reserve fund. Component calculation method or directed cash flow calculation method is typically used to develop a full funding plan.

Baseline Funding
Describes goal/objective to have sufficient reserves on hand to never completely run out of money. The objective of this funding goal is to simply pay for all reserve expenses as they come due without regard to the association's percent funded. Minimum cash flow calculation method or directed cash flow calculation method s typically used to develop a baseline funding plan.

Threshold Funding
Describes goal/objective other than the 100% level (full funding) or just staying cash-positive (baseline funding). This threshold goal/objective may be a specific percent funded target or a cash balance target. Threshold funding is often a value chosen between full funding and baseline funding. Minimum cash flow calculation method or directed cash flow calculation method is typically used to develop a threshold funding plan.

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

Preface

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

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

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

The three calculation methods are described as follows:

Component Calculation Method

Component calculation method develops a funding plan for each individual reserve component. The sum of the funding plan for each component equals the total funding plan for the association. This method is often referred to as the "straight line" method. This method structures a funding plan that enables the association to pay all reserve expenditures as they come due, enables the association to achieve the fully funded reserves in time, and then enables the association to maintain fully funded reserves through time. The following is a detailed description of component calculation method:

Step 1: Calculation of fully funded balance for each component

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

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

Step 2: Distribution of current reserve funds

Association's current reserve funds are assigned to (or distributed amongst) reserve components based on each component's remaining life and fully funded balance as follows:

Pass 1: Components are organized in remaining life order, from least to greatest, and the current reserve funds are assigned to each component up to its fully funded balance, until reserve funds are exhausted.

Pass 2: If all components are assigned their fully funded balance and additional funds exist, they are assigned in a "second pass." Again, components are organized in remaining life order, from least to greatest, and remaining current reserve funds are assigned to each component up to its current cost, until reserve funds are exhausted.

Pass 3: If all components are assigned their current cost and additional funds exist, they are assigned in a "third pass." Components with a remaining life of zero years are assigned double their current cost, until reserve funds are exhausted. After pass 3, if additional reserve funds remain, there are excess reserves.

Distributing, or assigning, reserve funds in this manner is the most efficient use of the funds on hand – it defers the make-up period of any underfunded reserves over the lives of the components with the largest remaining lives.

Step 3: Developing a funding plan

After step 2, all components have a "starting" balance. A calculation is made to determine what funding would be required to get from the starting balance to the future cost over the number of years remaining until replacement. The funding plan incorporates the contribution increase parameter to develop a "stair stepped" contribution.

For example, if an association needs to accumulate $100,000 in ten years, $10,000 could be contributed each year. Alternatively, the association could contribute $8,723 in the first year and increase the contribution by 3% each year thereafter until the tenth year.

In most cases, the contribution increase parameter should match the inflation parameter. Matching the contribution increase parameter to the inflation parameter indicates, in theory, that member contributions should increase at the same rate as the cost of living (inflation parameter). Due to the "time value of money," this creates the most equitable distribution of member contributions through time.

Using a contribution increase parameter that is greater than the inflation parameter will reduce the burden to current members at the expense of future members. Using a contribution increase parameter that is less than the inflation parameter will increase the burden to the current members to the benefit of future members. The following chart shows a comparison:

	0% Increase	3% Increase	10% Increase
Year 1	$10,000.00	$8,723.05	$6,274.54
Year 2	$10,000.00	$8,984.74	$6,901.99
Year 3	$10,000.00	$9,254.28	$7,592.19
Year 4	$10,000.00	$9,531.91	$8,351.41
Year 5	$10,000.00	$9,817.87	$9,186.55
Year 6	$10,000.00	$10,112.41	$10,105.21
Year 7	$10,000.00	$10,415.78	$11,115.73
Year 8	$10,000.00	$10,728.25	$12,227.30
Year 9	$10,000.00	$11,050.10	$13,450.03
Year 10	$10,000.00	$11,381.60	$14,795.04
TOTAL	$100,000.00	$100,000.00	$100,000.00

One major benefit of using component calculation method is that for any single component (or group of components), reserve funding can be precisely calculated. For example, using this calculation method, the reserve analysis can indicate the exact amount of current reserve funds "in the bank" for the roofs and the amount of money being funded towards the roofs each month. This information is displayed on the Management Summary and Charts as well as elsewhere within the report.

Minimum Cash Flow Calculation Method

Minimum cash flow calculation method develops a funding plan based on current reserve funds and projected expenditures during a specific timeframe (typically 30 years). This funding method structures a funding plan that enables the association to pay for all reserve expenditures as they come due, but is not concerned with the ideal level of reserves or percent funded through time.

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

Minimum cash flow calculation method is not without downsides… Unlike component calculation method, the minimum cash flow calculation method cannot precisely calculate reserve funding for any single component (or group of components). In order to work-around this issue to provide this bookkeeping information, a formula has been applied to component calculation method results to calculate a reasonable breakdown. This information is displayed on the Management Summary and Charts as well as elsewhere within the report. Using minimum cash flow calculation method typical-

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

Directed Cash Flow Calculation Method

Directed cash flow calculation method develops a funding plan based on current reserve funds and projected expenditures during a specific timeframe (typically 30 years). This funding method structures a funding plan that enables the association to pay for all reserve expenditures as they come due and, if possible, determine the optimal funding plan to achieve 100% funding over the projection period.

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

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

Preface

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

In some cases, the reserve analysis may be a lengthy document of one hundred pages or more. A complete and thorough review of the reserve analysis is always a good idea. However, if time is limited, it is suggested that a thorough review of the summary pages be made. If a "red flag" is raised in this review, the reader should then check the detail information ("Component Detail"), of the component in question, for all relevant information. In this section, a description of most of the summary or report sections is provided along with comments regarding what to look for and how to use each section.

Executive Summary
Provides general information about project, global parameters used in the calculation of the reserve analysis as well as the core results of the reserve analysis.

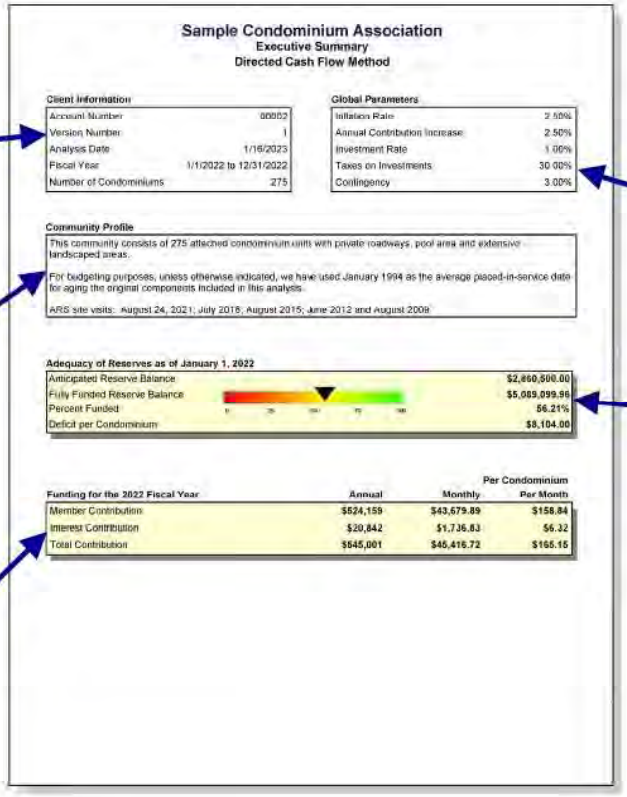
Client Information
Provides information including fiscal year for which reserve analysis is prepared, number of units, etc.

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

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

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

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



Sample Condominium Association
Executive Summary
Directed Cash Flow Method

Client Information

Account Number	60052
Version Number	1
Analysis Date	1/16/2023
Fiscal Year	1/1/2022 to 12/31/2022
Number of Condominiums	275

Global Parameters

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

Community Profile

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

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

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

Adequacy of Reserves as of January 1, 2022

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

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

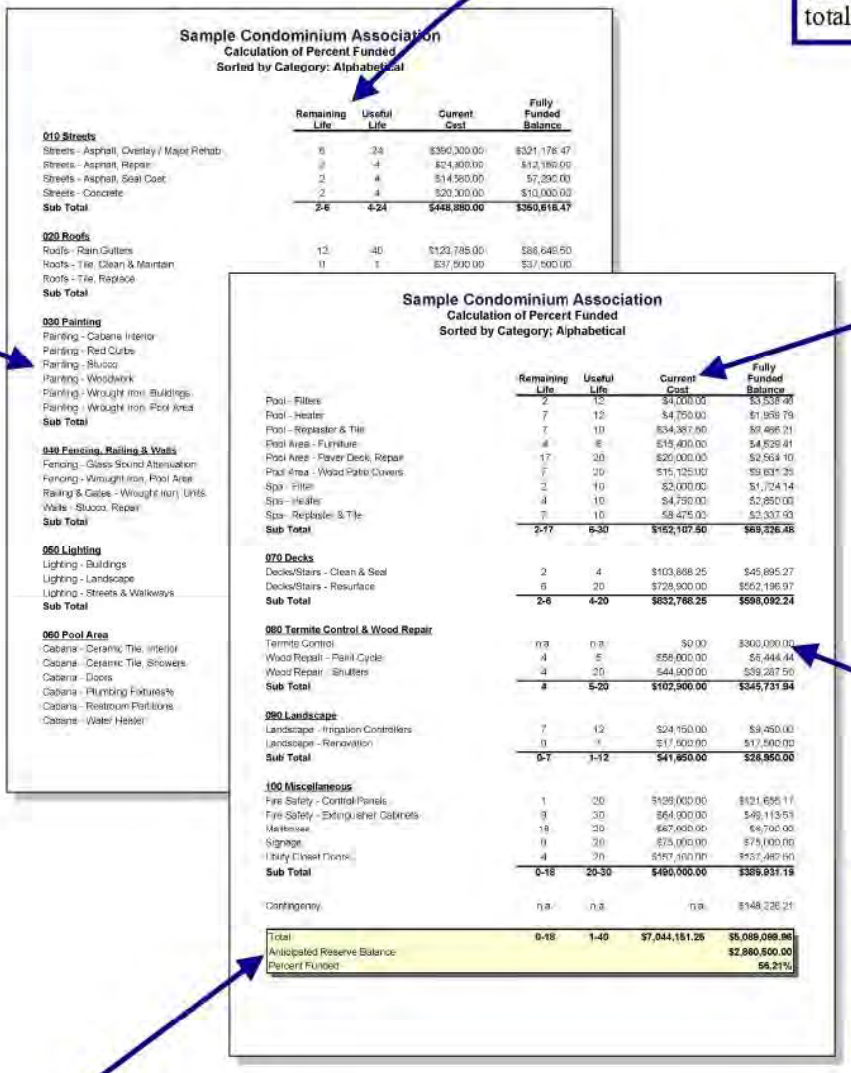
Preface

Calculation of Percent Funded

Summary displays all reserve components, shown here in "category" order. Provides remaining life, useful life, current cost and fully funded balance at beginning of fiscal year for which the reserve analysis is prepared.

Lifespans
Remaining life and useful life are displayed. And, these columns are conveniently sub totaled to show range.

Reserve Components
All components are displayed (shown here in "category" order).



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

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
010 Streets				
Streets - Asphalt, Overlay / Major Rehab	6	24	$360,300.00	$321,178.47
Streets - Asphalt, Repair	2	4	$24,800.00	$12,160.00
Streets - Asphalt, Seal Coat	2	4	$14,580.00	$7,290.00
Streets - Concrete	2	4	$20,300.00	$10,000.00
Sub Total	**2-6**	**4-24**	**$448,880.00**	**$350,618.47**
020 Roofs				
Roofs - Rain Gutters	13	40	$123,785.00	$86,649.50
Roofs - Tile, Clean & Maintain	0	1	$37,500.00	$37,500.00
Roofs - Tile, Replace				
Sub Total				
030 Painting				
Painting - Cabana Interior				
Painting - Red Curbs				
Painting - Stucco				
Painting - Woodwork				
Painting - Wrought Iron, Buildings				
Painting - Wrought Iron, Pool Area				
Sub Total				
040 Fencing, Railing & Walls				
Fencing - Glass Sound Attenuation				
Fencing - Wrought Iron, Pool Area				
Railing & Gates - Wrought Iron, Units				
Walls - Stucco, Repair				
Sub Total				
050 Lighting				
Lighting - Buildings				
Lighting - Landscape				
Lighting - Streets & Walkways				
Sub Total				
060 Pool Area				
Cabana - Ceramic Tile, Interior				
Cabana - Ceramic Tile, Showers				
Cabana - Doors				
Cabana - Plumbing Fixtures				
Cabana - Restroom Partitions				
Cabana - Water Heater				

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

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
Pool - Filters	2	12	$4,000.00	$3,538.46
Pool - Heater	7	12	$4,750.00	$1,959.79
Pool - Replaster & Tile	7	10	$34,387.50	$8,496.21
Pool Area - Furniture	4	8	$15,400.00	$4,529.41
Pool Area - Paver Deck, Repair	17	20	$20,000.00	$2,564.10
Pool Area - Wood Patio Covers	7	20	$15,125.00	$9,631.25
Spa - Filter	2	10	$2,000.00	$1,724.14
Spa - Heater	4	10	$4,750.00	$2,850.00
Spa - Replaster & Tile	7	10	$8,475.00	$2,337.93
Sub Total	**2-17**	**8-30**	**$152,107.50**	**$69,326.48**
070 Decks				
Decks/Stairs - Clean & Seal	2	4	$103,868.25	$45,895.27
Decks/Stairs - Resurface	6	20	$728,900.00	$652,196.97
Sub Total	**2-6**	**4-20**	**$832,768.25**	**$698,092.24**
080 Termite Control & Wood Repair				
Termite Control	n/a	n/a	$0.00	$300,000.00
Wood Repair - Paint Cycle	4	5	$58,000.00	$8,444.44
Wood Repair - Shutters	4	20	$44,900.00	$39,287.50
Sub Total	**4**	**5-20**	**$102,900.00**	**$345,731.94**
090 Landscape				
Landscape - Irrigation Controllers	7	12	$24,150.00	$3,450.00
Landscape - Renovation	0	1	$17,500.00	$17,500.00
Sub Total	**0-7**	**1-12**	**$41,650.00**	**$20,950.00**
100 Miscellaneous				
Fire Safety - Control Panels	1	20	$129,000.00	$121,656.17
Fire Safety - Extinguisher Cabinets	9	30	$64,000.00	$49,113.53
Mailhouse	18	20	$67,000.00	$6,706.06
Signage	0	20	$75,000.00	$75,000.00
Utility Closet Doors	4	20	$157,000.00	$137,482.60
Sub Total	**0-18**	**20-30**	**$490,000.00**	**$389,931.15**
Contingency	n/a	n/a	n/a	$148,226.21
Total	0-18	1-40	$7,044,151.25	$5,089,089.86
Anticipated Reserve Balance				$2,860,500.00
Percent Funded				56.21%

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

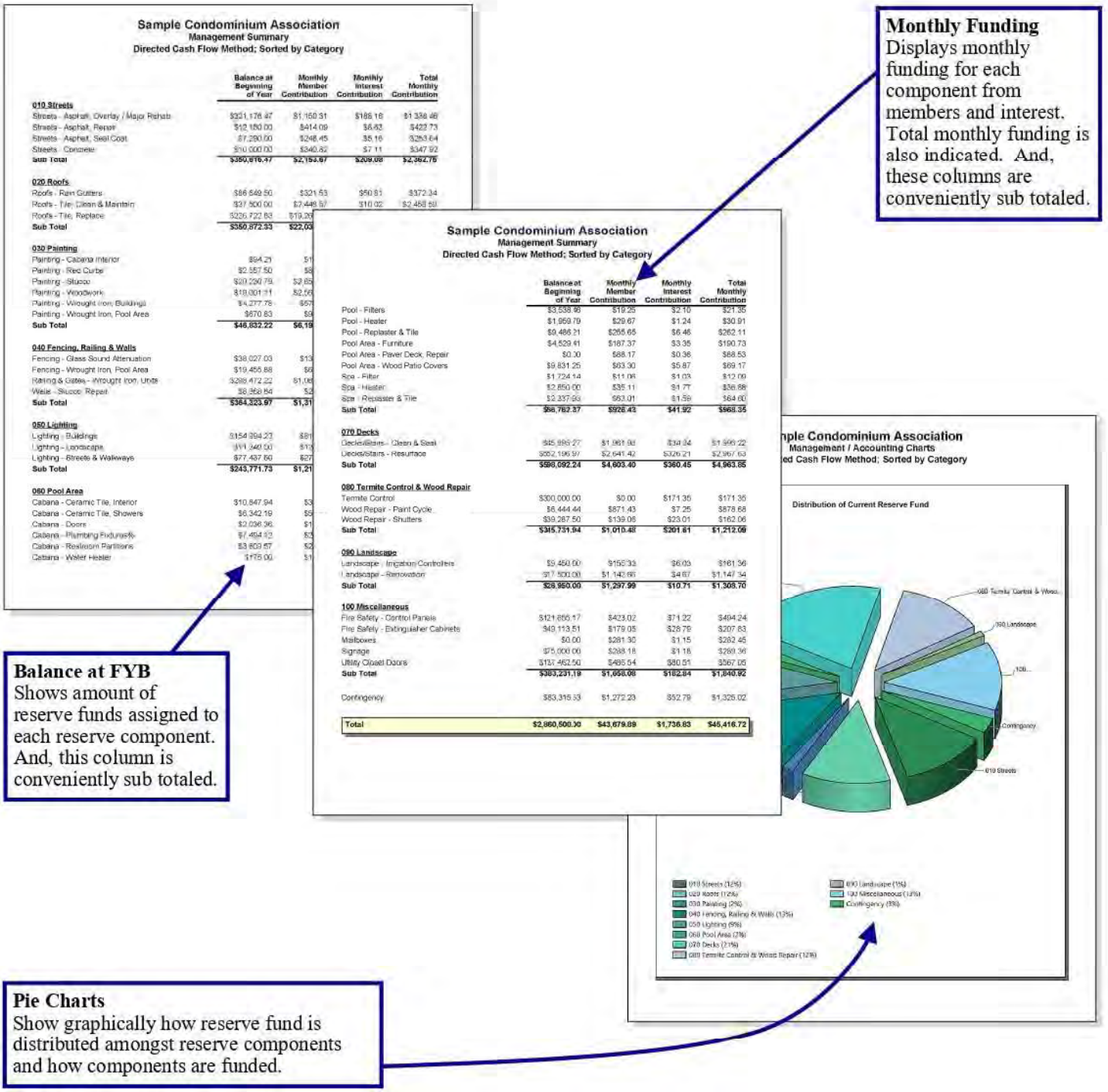
Fully Funded Balance
Displays fully funded balance for each component. This column is conveniently sub totaled.

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

Preface

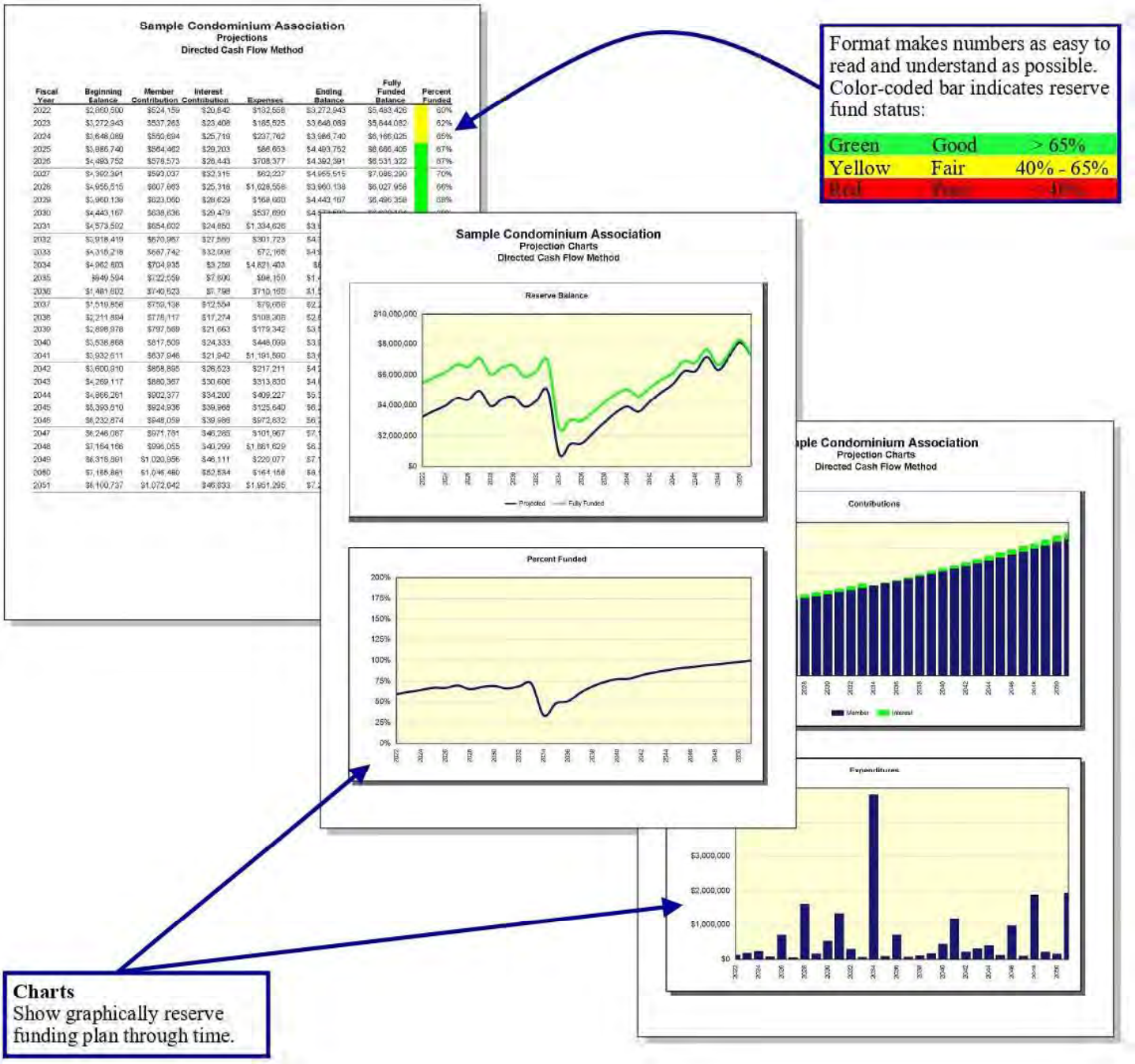
Management Summary and Charts

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



Projections and Charts

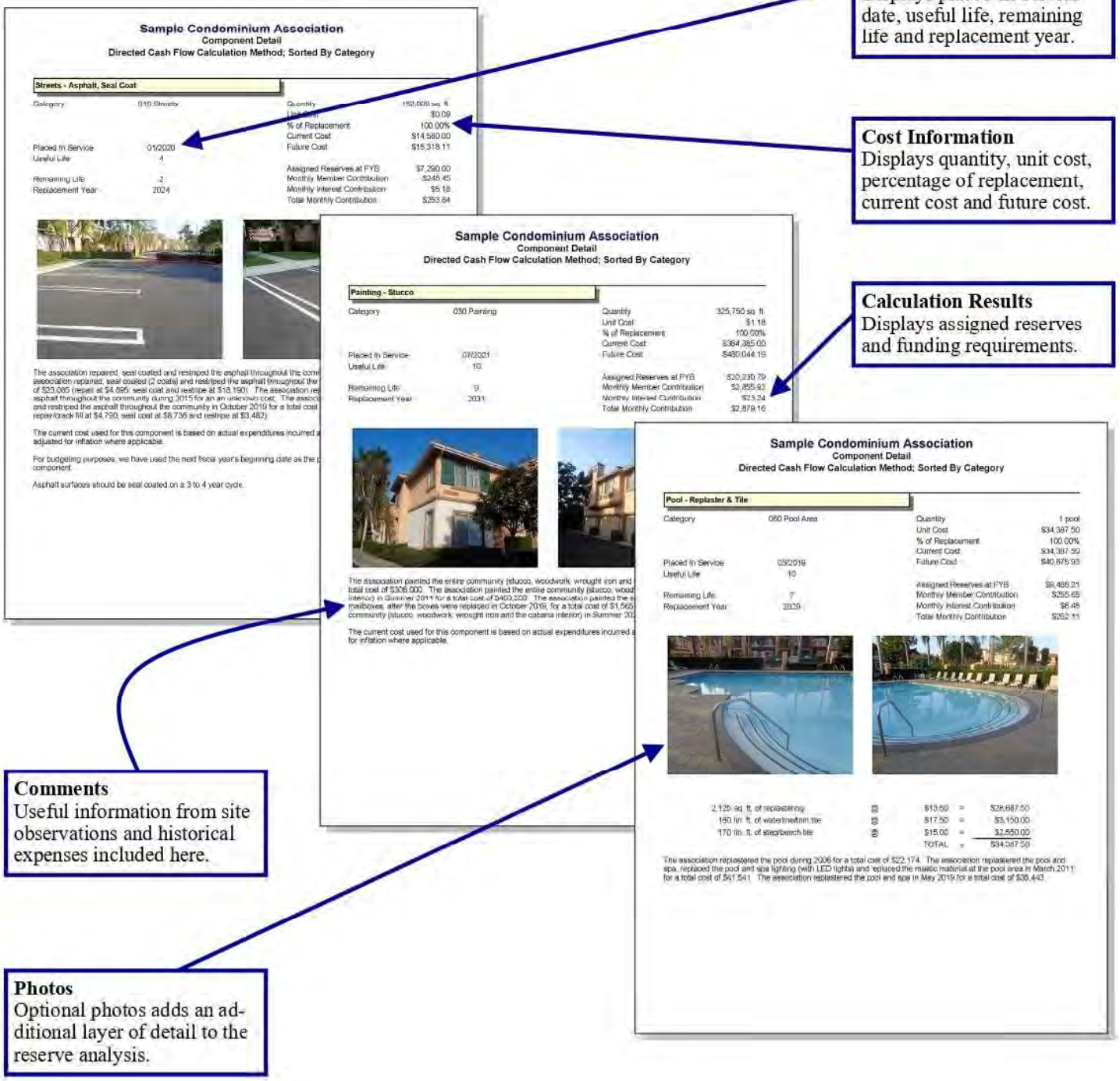
Summary displays projections of beginning reserve balance, member contribution, interest contribution, expenditures and ending reserve balance for each year of projection period (shown here for 30 years). Two columns on the right-hand side provide fully funded ending balance and percent funded for each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



Preface

Component Detail

Summary provides detailed information about each reserve component. These pages display all information about each reserve component as well as comments from site observations and historical information regarding replacement or other maintenance.



♦ ♦ ♦ ♦ GLOSSARY OF KEY TERMS ♦ ♦ ♦ ♦

Anticipated Reserve Balance (or Reserve Funds)
Amount of money, as of a certain point in time, held by association to be used for the repair or replacement of reserve components. This figure is "anticipated" because it is calculated based on the most current financial information available as of the analysis date, which is almost always prior to the fiscal year beginning date for which the reserve analysis is prepared.

Assigned Funds (and "Fixed" Assigned Funds)
Amount of money, as of fiscal year beginning date for which reserve analysis is prepared, that a reserve component has been assigned.

Assigned funds are considered "fixed" when the normal calculation process is bypassed and a specific amount of money is assigned to a reserve component. For example, if the normal calculation process assigns $10,000 to the roofs, but the association would like to show $20,000 assigned to roofs, "fixed" funds of $20,000 can be assigned.

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

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

Contribution Increase Parameter
Rate used in calculation of funding plan. This rate is used on an annual compounding basis. This rate represents, in theory, the rate the association expects to increase contributions each year.

In most cases, this rate should match the inflation parameter. Matching the contribution increase parameter to the inflation parameter indicates, in theory, that member contributions should increase at the same rate as the cost of living (inflation parameter). Due to the "time value of money," this creates the most equitable distribution of member contributions through time.

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

Directed Cash Flow Calculation Method
Reserve funding calculation method developed based on total annual expenditures. A more detailed description of the actual calculation process is included in the "reserve funding calculation methods" section of the preface.

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

Fully Funded Reserve Balance
Amount of money that should theoretically have accumulated in the reserve fund as of a certain point in time. Fully funded reserves are calculated for each reserve component based on the current replacement cost, age and useful life:

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

Fully funded reserve balance is the sum of the fully funded reserves for each reserve component.
An association that has accumulated the fully funded reserve balance does not have all of the funds necessary to replace all of its reserve components immediately; it has the proportionately appropriate reserve funds for the reserve com-

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

Future Replacement Cost
Amount of money, as of fiscal year during which replacement of a reserve component is scheduled, that a reserve component is expected to cost to replace. This cost is calculated using the current replacement cost compounded annually by the inflation parameter.

Global Parameters
Financial parameters used to calculate reserve analysis. See also "inflation parameter," "contribution increase parameter," "investment rate parameter" and "taxes on investments parameter."

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

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

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

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

Minimum Cash Flow Calculation Method
Reserve funding calculation method developed based on total annual expenditures. A more detailed description of the actual calculation process is included in the "reserve funding calculation methods" section of the preface.

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

Monthly contribution is considered "fixed" when the normal calculation process is bypassed and a specific amount of money is funded to a reserve component. For example, if the normal calculation process funds $1,000 to the roofs each month, but the association would like to show $500 funded to roofs each month, a "fixed" contribution of $500 can be assigned.

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

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

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

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

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

Preface

Reserve fund health:

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

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

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

For most reserve components, this percentage is 100%. In some cases, this percentage may be more or less than 100%. For example, fencing which is shared with a neighboring community may be set at 50%. Another example would be a component where partial replacement is expected, such as interior doors.

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

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

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

If current cycle of replacement for a reserve component is expected to be greater than or less than the "normal" life expectancy, the reserve component's life should be adjusted using a remaining life adjustment.

For example, if wood trim is painted normally on a 4 year cycle, useful life should be 4 years. However, when it comes time to paint the wood trim and it is determined that it can be deferred for an additional year, useful life should remain at 4 years and a remaining life adjustment of +1 year should be used.

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

Reserve Components
Line items included in the reserve analysis.

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

Total Contribution
Sum of membership contribution and interest contribution.

Useful Life
Length of time, in years, that a reserve component is expected to last each time it is replaced. See also "remaining life adjustment."

♦ ♦ ♦ ♦ LIMITATIONS OF RESERVE ANALYSIS ♦ ♦ ♦ ♦

This reserve analysis is intended as a tool for the association's Board of Directors to be used in evaluating the association's current physical and financial condition with regard to reserve components. The results of this reserve analysis represent the independent opinion of the preparer. There is no implied warranty or guarantee of this work product.

For the purposes of this reserve analysis, it has been assumed that all components have been installed properly, no construction defects exist and all components are operational. Additionally, it has been assumed that all components will be maintained properly in the future.

Representations set forth in this reserve analysis are based on the best information and estimates of the preparer as of the date of this analysis. These estimates are subject to change. This reserve analysis includes estimates of replacement costs and life expectancies as well as assumptions regarding future events. Some estimates are projections of future events based on information currently available and are not necessarily indicative of the actual future outcome. The longer the time period between the estimate and the estimated event, the more likely the possibility or error and/or discrepancy. For example, some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the preparation of this reserve analysis. Therefore, the actual replacement costs and remaining lives may vary from this reserve analysis and the variation may be significant. Additionally, inflation and other economic events may impact this reserve analysis, particularly over an extended period of time and those events could have a significant and negative impact on the accuracy of this reserve analysis and, further, the funds available to meet the association's obligation for repair, replacement or other maintenance of major components during their estimated useful life. Furthermore, the occurrence of vandalism, severe weather conditions, climate change, earthquakes, floods, acts of nature or other unforeseen events cannot be predicted and/or accounted for and are excluded when assessing life expectancy, repair and/or replacement costs of the reserve components.

Hillcrest Improvement Association - HA5 Asphalt Plan

Executive Summary

Directed Cash Flow Method

Client Information

Account Number	5765
Version Number	001HA5
Analysis Date	7/25/2025
Fiscal Year	1/1/2026 to 12/31/2026
Number of Lots	117

Global Parameters

Inflation Rate	3.00%
Annual Contribution Increase	4.00%
Investment Rate	4.00%
Taxes on Investments	0.00%
Contingency	0.00%

Community Profile

This community was built in the early 1970s. Refer to the Component Detail section of this report for the dates used to age each reserve component.

We have been advised that the current reserve balance is $217,000 and that the 2025 reserve contribution has already been deposited.

Completed Reports: July 2025

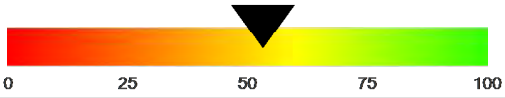
Adequacy of Reserves as of January 1, 2026

Anticipated Reserve Balance	**$217,000.00**
Fully Funded Reserve Balance	**$408,310.94**
Percent Funded	**53.15%**

Funding for the 2026 Fiscal Year	Annual	Monthly	Per Lot Per Month
Member Contribution	**$44,500**	**$3,708.33**	**$31.70**
Interest Contribution	**$9,145**	**$762.12**	**$6.51**
Total Contribution	**$53,645**	**$4,470.45**	**$38.21**

Hillcrest Improvement Association - HA5 Asphalt Plan

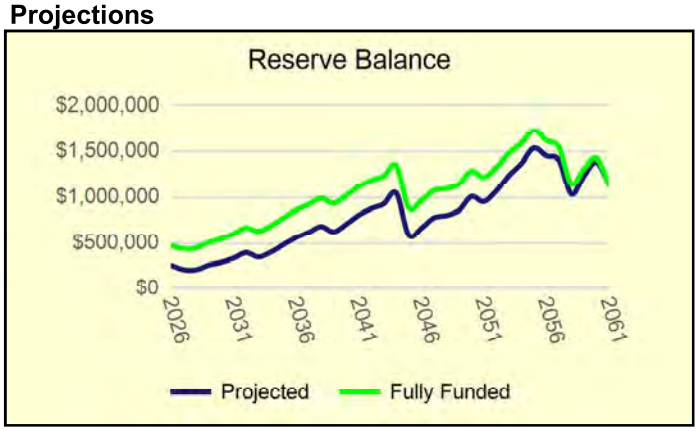
Phoenix, Arizona
117 Lots
12/31/2026 Fiscal Year End

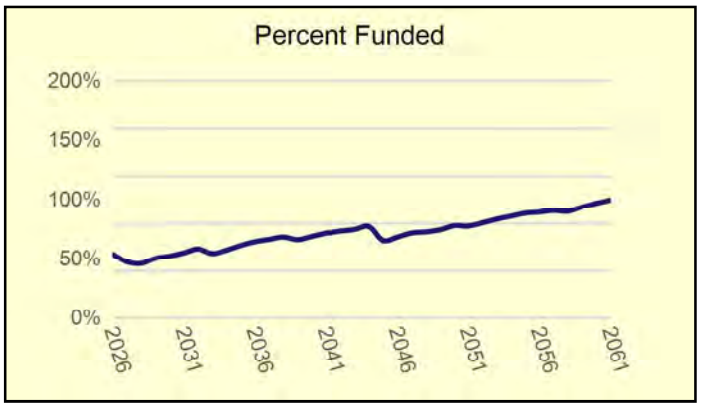


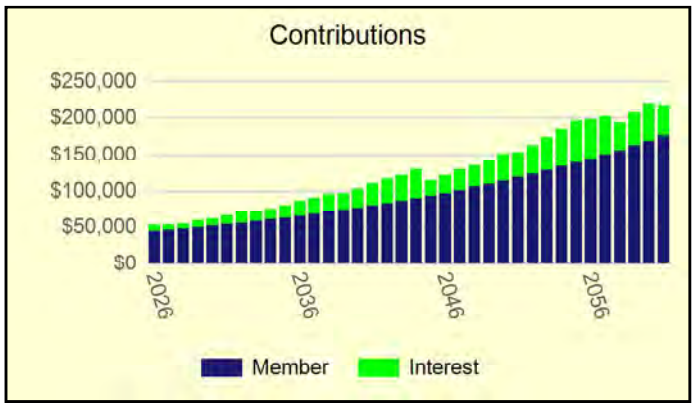
Adequacy of Reserves as of 01/01/2026	
Percent Funded	**53.15%**
Reserve Fund Balance	**$217,000.00**
Fully Funded Balance	**$408,310.94**
Deficit per Lot	**$1,635.14**

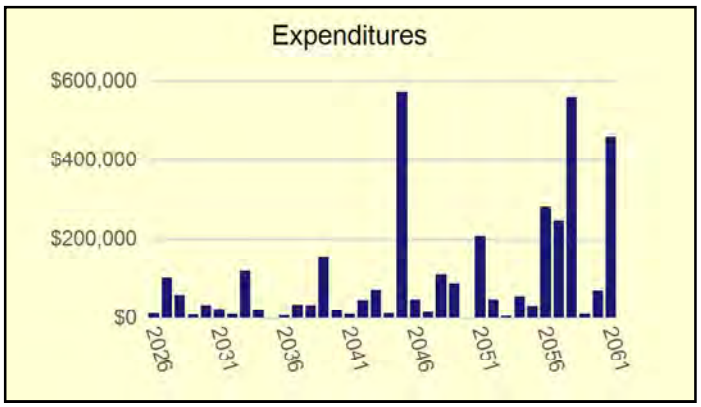
Reserve Funding for 2026 Directed Cash Flow Method	Annual	Monthly	Per Lot Per Month
Member Contribution	**$44,500**	**$3,708.33**	**$31.70**
Interest Contribution	**$9,145**	**$762.12**	**$6.51**
Total Contribution	**$53,645**	**$4,470.45**	**$38.21**

Projections









Hillcrest Improvement Association - HA5 Asphalt Plan

Distribution of Current Reserve Funds

Sorted by Remaining Life; Alphabetical

	Remaining Life	Fully Funded Balance	Assigned Reserves
Paint: Wrought Iron Fencing	0	$5,775.00	$5,775.00
South Park: Pool Furniture	0	$7,000.00	$7,000.00
Asphalt: Crack Fill	1	$3,684.21	$3,684.21
Asphalt: HA5 High Density Mineral Bond	1	$54,999.27	$54,999.27
Asphalt: Repairs	1	$5,322.51	$5,322.51
South Park: Pool Deck Recoat (Cycle 1)	1	$6,820.00	$6,820.00
Grounds: Tree Trimming	2	$2,845.16	$2,845.16
Paint: Common Area Walls	2	$9,000.00	$9,000.00
Paint: South Park Buildings & Ramadas	2	$4,800.00	$4,800.00
South Park: Pool Salt Cell	2	$1,000.00	$1,000.00
Walls: Common Areas (Repair)	2	$2,400.00	$2,400.00
Wrought Iron Fencing & Gates (Replace) (North Entrance)	2	$18,694.55	$18,694.55
Roofs: Flat, Foam (Recoat)	3	$1,540.00	$1,540.00
South Park: Kitchen Water Heater	3	$744.68	$744.68
South Park: Pool Filter	3	$2,117.02	$2,117.02
South Park: Kitchen & Bar Remodel	4	$21,666.67	$21,666.67
South Park: Pool Pump & Motor	4	$1,153.85	$1,153.85
South Park: Pool Deck Recoat (Cycle 2)	6	$3,410.00	$3,410.00
Grounds: Irrigation Controllers	7	$1,137.93	$1,137.93
Wrought Iron Fencing & Gates (Replace) (Main Entrance)	7	$1,766.67	$1,766.67
South Park: Pool Deck Recoat (Cycle 3)	11	$2,273.33	$2,273.33
Roofs: Tile Underlayment	13	$5,850.00	$5,850.00
South Park: Pool Deck Resurface	16	$5,580.00	$5,580.00
South Park: Pool Resurface (Pebble)	17	$9,033.60	$9,033.60
Asphalt: Rubberized Chip Seal	19	$124,191.90	$38,385.56
Wrought Iron Fencing & Gates (Replace) (South Park)	22	$8,752.00	$0.00
Grounds: Wiring	23	$8,500.00	$0.00
South Park: Pool Remodel Restrooms	23	$377.60	$0.00
Grounds: Irrigation System & Landscaping (Entrance)	28	$6,000.00	$0.00
Grounds: Irrigation System & Landscaping (Cul De Sac Islands)	30	$27,750.00	$0.00
Grounds: Irrigation System & Landscaping (South Park)	32	$36,000.00	$0.00

Hillcrest Improvement Association - HA5 Asphalt Plan

Distribution of Current Reserve Funds

Sorted by Remaining Life; Alphabetical

	Remaining Life	Fully Funded Balance	Assigned Reserves
Grounds: Irrigation System & Landscaping (North Park)	35	$18,125.00	$0.00
Grounds: Concrete Components (Unfunded)	n.a.	$0.00	$0.00
Grounds: Lighting (Unfunded)	n.a.	$0.00	$0.00
Grounds: Granite Replenishment (Unfunded)	n.a.	$0.00	$0.00
Contingency	n.a.	$0.00	$0.00
Total	**0-35**	**$408,310.94**	**$217,000.00**
Percent Funded			**53.15%**

Hillcrest Improvement Association - HA5 Asphalt Plan

Calculation of Percent Funded

Sorted by Category; Alphabetical

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
010 Asphalt				
Asphalt: Crack Fill	1	6	$10,000.00	$3,684.21
Asphalt: HA5 High Density Mineral Bond	1	6	$73,332.36	$54,999.27
Asphalt: Repairs	1	6	$7,096.68	$5,322.51
Asphalt: Rubberized Chip Seal	19	30	$236,556.00	$124,191.90
Sub Total	**1-19**	**6-30**	**$326,985.04**	**$188,197.89**
020 Roofs				
Roofs: Flat, Foam (Recoat)	3	5	$3,850.00	$1,540.00
Roofs: Tile Underlayment	13	25	$12,187.50	$5,850.00
Sub Total	**3-13**	**5-25**	**$16,037.50**	**$7,390.00**
030 Painting				
Paint: Common Area Walls	2	10	$11,250.00	$9,000.00
Paint: South Park Buildings & Ramadas	2	10	$6,000.00	$4,800.00
Paint: Wrought Iron Fencing	0	5	$5,775.00	$5,775.00
Sub Total	**0-2**	**5-10**	**$23,025.00**	**$19,575.00**
040 Fencing/Walls/Gates				
Walls: Common Areas (Repair)	2	10	$3,000.00	$2,400.00
Wrought Iron Fencing & Gates (Replace) (Main Entrance)	7	50	$2,000.00	$1,766.67
Wrought Iron Fencing & Gates (Replace) (North Entrance)	2	50	$19,400.00	$18,694.55
Wrought Iron Fencing & Gates (Replace) (South Park)	22	30	$32,820.00	$8,752.00
Sub Total	**2-22**	**10-50**	**$57,220.00**	**$31,613.21**
060 South Park				
South Park: Kitchen & Bar Remodel	4	30	$25,000.00	$21,666.67
South Park: Kitchen Water Heater	3	12	$1,000.00	$744.68
South Park: Pool Deck Recoat (Cycle 1)	1	20	$8,525.00	$6,820.00
South Park: Pool Deck Recoat (Cycle 2)	6	20	$8,525.00	$3,410.00
South Park: Pool Deck Recoat (Cycle 3)	11	20	$8,525.00	$2,273.33
South Park: Pool Deck Resurface	16	20	$27,900.00	$5,580.00
South Park: Pool Filter	3	20	$2,500.00	$2,117.02
South Park: Pool Furniture	0	20	$7,000.00	$7,000.00
South Park: Pool Pump & Motor	4	7	$3,000.00	$1,153.85
South Park: Pool Remodel Restrooms	23	25	$4,720.00	$377.60
South Park: Pool Resurface (Pebble)	17	25	$28,230.00	$9,033.60
South Park: Pool Salt Cell	2	5	$1,800.00	$1,000.00
Sub Total	**0-23**	**5-30**	**$126,725.00**	**$61,176.75**

Hillcrest Improvement Association - HA5 Asphalt Plan

Calculation of Percent Funded

Sorted by Category; Alphabetical

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
100 Grounds				
Grounds: Concrete Components (Unfunded)	n.a.	n.a.	$0.00	$0.00
Grounds: Granite Replenishment (Unfunded)	n.a.	n.a.	$0.00	$0.00
Grounds: Irrigation Controllers	7	15	$2,200.00	$1,137.93
Grounds: Irrigation System & Landscaping (Cul De Sac Islands)	30	40	$111,000.00	$27,750.00
Grounds: Irrigation System & Landscaping (Entrance)	28	40	$20,000.00	$6,000.00
Grounds: Irrigation System & Landscaping (North Park)	35	40	$145,000.00	$18,125.00
Grounds: Irrigation System & Landscaping (South Park)	32	40	$180,000.00	$36,000.00
Grounds: Lighting (Unfunded)	n.a.	n.a.	$0.00	$0.00
Grounds: Tree Trimming	2	3	$12,600.00	$2,845.16
Grounds: Wiring	23	40	$20,000.00	$8,500.00
Sub Total	**2-35**	**3-40**	**$490,800.00**	**$100,358.09**
Contingency	n.a.	n.a.	n.a.	$0.00
Total	**0-35**	**3-50**	**$1,040,792.54**	**$408,310.94**
Anticipated Reserve Balance				**$217,000.00**
Percent Funded				**53.15%**

Hillcrest Improvement Association - HA5 Asphalt Plan

Projections

Directed Cash Flow Method

Fiscal Year	Beginning Balance	Member Contribution	Interest Contribution	Expenses	Ending Balance	Fully Funded Balance	Percent Funded
2026	$217,000	$44,500	$9,145	$12,775	$257,870	$472,581	55%
2027	$257,870	$46,280	$7,212	$101,923	$209,439	$435,512	48%
2028	$209,439	$48,131	$7,089	$57,342	$207,318	$444,117	47%
2029	$207,318	$50,056	$9,047	$8,032	$258,390	$505,402	51%
2030	$258,390	$52,059	$10,208	$31,514	$289,143	$545,987	53%
2031	$289,143	$54,141	$11,916	$21,302	$333,898	$600,045	56%
2032	$333,898	$56,307	$14,233	$10,179	$394,258	$668,446	59%
2033	$394,258	$58,559	$12,317	$118,596	$346,538	$629,058	55%
2034	$346,538	$60,901	$14,399	$20,838	$401,000	$691,060	58%
2035	$401,000	$63,337	$17,512	$0	$481,848	$778,323	62%
2036	$481,848	$65,871	$20,536	$7,761	$560,494	$862,206	65%
2037	$560,494	$68,506	$22,745	$33,395	$618,350	$924,056	67%
2038	$618,350	$71,246	$25,233	$31,438	$683,391	$991,889	69%
2039	$683,391	$74,096	$22,846	$156,350	$623,983	$935,272	67%
2040	$623,983	$77,060	$26,074	$19,059	$708,058	$1,020,607	69%
2041	$708,058	$80,142	$29,903	$10,555	$807,548	$1,119,567	72%
2042	$807,548	$83,348	$32,622	$44,771	$878,746	$1,188,630	74%
2043	$878,746	$86,682	$34,538	$70,461	$929,504	$1,235,752	75%
2044	$929,504	$90,149	$39,066	$11,662	$1,047,057	$1,347,373	78%
2045	$1,047,057	$93,755	$21,037	$573,370	$588,478	$889,939	66%
2046	$588,478	$97,505	$23,916	$45,830	$664,069	$964,930	69%
2047	$664,069	$101,405	$28,289	$15,859	$777,904	$1,075,906	72%
2048	$777,904	$105,461	$29,193	$109,352	$803,207	$1,096,865	73%
2049	$803,207	$109,680	$31,246	$86,187	$857,946	$1,145,352	75%
2050	$857,946	$114,067	$37,069	$0	$1,009,082	$1,287,196	78%
2051	$1,009,082	$118,630	$34,848	$207,711	$954,848	$1,222,578	78%
2052	$954,848	$123,375	$39,333	$45,558	$1,071,998	$1,326,360	81%
2053	$1,071,998	$128,310	$45,800	$6,220	$1,239,889	$1,477,195	84%
2054	$1,239,889	$133,442	$50,766	$54,567	$1,369,530	$1,586,281	86%
2055	$1,369,530	$138,780	$57,160	$29,693	$1,535,777	$1,727,889	89%
2056	$1,535,777	$144,331	$53,698	$283,444	$1,450,362	$1,616,120	90%
2057	$1,450,362	$150,104	$51,794	$247,393	$1,404,867	$1,541,980	91%
2058	$1,404,867	$156,109	$37,296	$560,467	$1,037,805	$1,147,116	90%
2059	$1,037,805	$162,353	$44,876	$10,211	$1,234,822	$1,311,254	94%
2060	$1,234,822	$168,847	$50,656	$68,298	$1,386,028	$1,424,694	97%
2061	$1,386,028	$175,601	$40,995	$459,715	$1,142,909	$1,142,711	100%

Hillcrest Improvement Association - HA5 Asphalt Plan

Annual Expenditures

Sorted by Alphabetical

2026 Fiscal Year	
Paint: Wrought Iron Fencing	$5,775.00
South Park: Pool Furniture	$7,000.00
Sub Total	**$12,775.00**
2027 Fiscal Year	
Asphalt: Crack Fill	$10,300.00
Asphalt: HA5 High Density Mineral Bond	$75,532.33
Asphalt: Repairs	$7,309.58
South Park: Pool Deck Recoat (Cycle 1)	$8,780.75
Sub Total	**$101,922.66**
2028 Fiscal Year	
Grounds: Tree Trimming	$13,367.34
Paint: Common Area Walls	$11,935.13
Paint: South Park Buildings & Ramadas	$6,365.40
South Park: Pool Salt Cell	$1,909.62
Walls: Common Areas (Repair)	$3,182.70
Wrought Iron Fencing & Gates (Replace) (North Entrance)	$20,581.46
Sub Total	**$57,341.65**
2029 Fiscal Year	
Roofs: Flat, Foam (Recoat)	$4,207.00
South Park: Kitchen Water Heater	$1,092.73
South Park: Pool Filter	$2,731.82
Sub Total	**$8,031.54**
2030 Fiscal Year	
South Park: Kitchen & Bar Remodel	$28,137.72
South Park: Pool Pump & Motor	$3,376.53
Sub Total	**$31,514.25**
2031 Fiscal Year	
Grounds: Tree Trimming	$14,606.85
Paint: Wrought Iron Fencing	$6,694.81
Sub Total	**$21,301.66**
2032 Fiscal Year	
South Park: Pool Deck Recoat (Cycle 2)	$10,179.30
Sub Total	**$10,179.30**
2033 Fiscal Year	

Hillcrest Improvement Association - HA5 Asphalt Plan

Annual Expenditures

Sorted by Alphabetical

Asphalt: Crack Fill	$12,298.74
Asphalt: HA5 High Density Mineral Bond	$90,189.55
Asphalt: Repairs	$8,728.02
Grounds: Irrigation Controllers	$2,705.72
South Park: Pool Salt Cell	$2,213.77
Wrought Iron Fencing & Gates (Replace) (Main Entrance)	$2,459.75
Sub Total	**$118,595.56**

2034 Fiscal Year

Grounds: Tree Trimming	$15,961.30
Roofs: Flat, Foam (Recoat)	$4,877.06
Sub Total	**$20,838.37**

2036 Fiscal Year

Paint: Wrought Iron Fencing	$7,761.12
Sub Total	**$7,761.12**

2037 Fiscal Year

Grounds: Tree Trimming	$17,441.35
South Park: Pool Deck Recoat (Cycle 3)	$11,800.59
South Park: Pool Pump & Motor	$4,152.70
Sub Total	**$33,394.64**

2038 Fiscal Year

Paint: Common Area Walls	$16,039.81
Paint: South Park Buildings & Ramadas	$8,554.57
South Park: Pool Salt Cell	$2,566.37
Walls: Common Areas (Repair)	$4,277.28
Sub Total	**$31,438.03**

2039 Fiscal Year

Asphalt: Crack Fill	$14,685.34
Asphalt: HA5 High Density Mineral Bond	$107,691.04
Asphalt: Repairs	$10,421.71
Roofs: Flat, Foam (Recoat)	$5,653.85
Roofs: Tile Underlayment	$17,897.75
Sub Total	**$156,349.70**

2040 Fiscal Year

Grounds: Tree Trimming	$19,058.63
Sub Total	**$19,058.63**

Hillcrest Improvement Association - HA5 Asphalt Plan

Annual Expenditures

Sorted by Alphabetical

2041 Fiscal Year	
Paint: Wrought Iron Fencing	$8,997.26
South Park: Kitchen Water Heater	$1,557.97
Sub Total	**$10,555.23**
2042 Fiscal Year	
South Park: Pool Deck Resurface	$44,771.31
Sub Total	**$44,771.31**
2043 Fiscal Year	
Grounds: Tree Trimming	$20,825.88
South Park: Pool Resurface (Pebble)	$46,659.89
South Park: Pool Salt Cell	$2,975.13
Sub Total	**$70,460.89**
2044 Fiscal Year	
Roofs: Flat, Foam (Recoat)	$6,554.37
South Park: Pool Pump & Motor	$5,107.30
Sub Total	**$11,661.67**
2045 Fiscal Year	
Asphalt: Crack Fill	$17,535.06
Asphalt: HA5 High Density Mineral Bond	$128,588.74
Asphalt: Repairs	$12,444.07
Asphalt: Rubberized Chip Seal	$414,802.38
Sub Total	**$573,370.25**
2046 Fiscal Year	
Grounds: Tree Trimming	$22,757.00
Paint: Wrought Iron Fencing	$10,430.29
South Park: Pool Furniture	$12,642.78
Sub Total	**$45,830.07**
2047 Fiscal Year	
South Park: Pool Deck Recoat (Cycle 1)	$15,859.01
Sub Total	**$15,859.01**
2048 Fiscal Year	
Grounds: Irrigation Controllers	$4,215.43
Paint: Common Area Walls	$21,556.16
Paint: South Park Buildings & Ramadas	$11,496.62
South Park: Pool Salt Cell	$3,448.99

Hillcrest Improvement Association - HA5 Asphalt Plan

Annual Expenditures

Sorted by Alphabetical

Walls: Common Areas (Repair)	$5,748.31
Wrought Iron Fencing & Gates (Replace) (South Park)	$62,886.51
Sub Total	**$109,352.02**

2049 Fiscal Year

Grounds: Tree Trimming	$24,867.19
Grounds: Wiring	$39,471.73
Roofs: Flat, Foam (Recoat)	$7,598.31
South Park: Pool Filter	$4,933.97
South Park: Pool Remodel Restrooms	$9,315.33
Sub Total	**$86,186.52**

2051 Fiscal Year

Asphalt: Crack Fill	$20,937.78
Asphalt: HA5 High Density Mineral Bond	$153,541.68
Asphalt: Repairs	$14,858.87
Paint: Wrought Iron Fencing	$12,091.57
South Park: Pool Pump & Motor	$6,281.33
Sub Total	**$207,711.23**

2052 Fiscal Year

Grounds: Tree Trimming	$27,173.05
South Park: Pool Deck Recoat (Cycle 2)	$18,384.94
Sub Total	**$45,557.99**

2053 Fiscal Year

South Park: Kitchen Water Heater	$2,221.29
South Park: Pool Salt Cell	$3,998.32
Sub Total	**$6,219.61**

2054 Fiscal Year

Grounds: Irrigation System & Landscaping (Entrance)	$45,758.55
Roofs: Flat, Foam (Recoat)	$8,808.52
Sub Total	**$54,567.08**

2055 Fiscal Year

Grounds: Tree Trimming	$29,692.73
Sub Total	**$29,692.73**

2056 Fiscal Year

Grounds: Irrigation System & Landscaping (Cul De Sac Islands)	$269,426.13
Paint: Wrought Iron Fencing	$14,017.44

Hillcrest Improvement Association - HA5 Asphalt Plan

Annual Expenditures

Sorted by Alphabetical

Sub Total	**$283,443.58**
2057 Fiscal Year	
Asphalt: Crack Fill	$25,000.80
Asphalt: HA5 High Density Mineral Bond	$183,336.79
Asphalt: Repairs	$17,742.27
South Park: Pool Deck Recoat (Cycle 3)	$21,313.18
Sub Total	**$247,393.05**
2058 Fiscal Year	
Grounds: Irrigation System & Landscaping (South Park)	$463,514.90
Grounds: Tree Trimming	$32,446.04
Paint: Common Area Walls	$28,969.68
Paint: South Park Buildings & Ramadas	$15,450.50
South Park: Pool Pump & Motor	$7,725.25
South Park: Pool Salt Cell	$4,635.15
Walls: Common Areas (Repair)	$7,725.25
Sub Total	**$560,466.76**
2059 Fiscal Year	
Roofs: Flat, Foam (Recoat)	$10,211.49
Sub Total	**$10,211.49**
2060 Fiscal Year	
South Park: Kitchen & Bar Remodel	$68,297.63
Sub Total	**$68,297.63**
2061 Fiscal Year	
Grounds: Irrigation System & Landscaping (North Park)	$408,010.06
Grounds: Tree Trimming	$35,454.67
Paint: Wrought Iron Fencing	$16,250.06
Sub Total	**$459,714.78**

Hillcrest Improvement Association - HA5 Asphalt Plan

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Asphalt: Crack Fill

Category	010 Asphalt	Quantity	1 total
		Unit Cost	$10,000.00
		% of Replacement	100.00%
		Current Cost	$10,000.00
Placed In Service	06/2025	Future Cost	$10,300.00
Useful Life	6		
Adjustment	-4	Assigned Reserves at FYB	$3,684.21
Remaining Life	1	Monthly Member Contribution	$372.41
Replacement Year	2027	Monthly Interest Contribution	$21.50
		Total Monthly Contribution	$393.91

A crack fill project was completed in 6/2025 for $10,000. We are budgeting to crack fill every two (2) years after each full crack fill and seal coat cycle.

Hillcrest Improvement Association - HA5 Asphalt Plan

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Asphalt: HA5 High Density Mineral Bond

Category	010 Asphalt	Quantity	236,556 sq. ft.
		Unit Cost	$0.31
		% of Replacement	100.00%
		Current Cost	$73,332.36
Placed In Service	01/2023	Future Cost	$75,532.33
Useful Life	6		
Adjustment	-2	Assigned Reserves at FYB	$54,999.27
Remaining Life	1	Monthly Member Contribution	$1,053.61
Replacement Year	2027	Monthly Interest Contribution	$206.64
		Total Monthly Contribution	$1,260.24

This component budgets for the application of an HA5, High Density Mineral Bond on a six (6) year cycle.

HA5 comes with a 5-year warranty and was designed to limit oxidative damage from moisture and from UV rays which are intense in Arizona. HA5 provides a durable surface that reduces the frequency of "coating", preserves the underlying asphalt, and can eliminate the need for a major resurface project (overlay or R & R) if applied every six (6) to seven (7) years.

If the Board would prefer to maintain the asphalt assuming a four (4) year seal coat, crack seal and R & R plan, we will make the adjustments to this report at their request.

This product is sold in Arizona solely by Holbrook Asphalt.

Hillcrest Improvement Association - HA5 Asphalt Plan

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Asphalt: Repairs

Category	010 Asphalt	Quantity	236,556 sq. ft.
		Unit Cost	$6.00
		% of Replacement	0.50%
		Current Cost	$7,096.68
Placed In Service	01/2023	Future Cost	$7,309.58
Useful Life	6		
Adjustment	-2	Assigned Reserves at FYB	$5,322.51
Remaining Life	1	Monthly Member Contribution	$101.96
Replacement Year	2027	Monthly Interest Contribution	$20.00
		Total Monthly Contribution	$121.96

It is estimated that a percentage of the asphalt areas will require repair or replacement. These repairs are not specifically predictable in terms of nature, location or cost. The actual condition of the asphalt should be monitored over time and these estimates adjusted accordingly. Funds allocated to repairs in the year that removal and repaving is set to occur should be used for repairs to the base as needed. If not needed, these funds should remain in the reserve account to be reallocated to other projects.

Hillcrest Improvement Association - HA5 Asphalt Plan

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Asphalt: Rubberized Chip Seal

Category	010 Asphalt	Quantity	236,556 sq. ft.
		Unit Cost	$1.00
		% of Replacement	100.00%
		Current Cost	$236,556.00
Placed In Service	01/2005	Future Cost	$414,802.38
Useful Life	30		
Adjustment	+10	Assigned Reserves at FYB	$38,385.56
Remaining Life	19	Monthly Member Contribution	$494.86
Replacement Year	2045	Monthly Interest Contribution	$138.12
		Total Monthly Contribution	$632.98

The asphalt was overlayed in 2005. Cracking has reflected from the underlying asphalt through the overlay, however, the asphalt is in good condition overall. Frank Civil Consulting has provided the Association with a recommendation to remove and replace the asphalt in 2031 at a current cost of $3.70 per sq. ft. Based on the current condtion, there is absolutely no reason to replace the asphalt in 2031 or anytime in the near future if maintained using HA5 High Density Mineral Bond.

This is an estimate for the application of a rubberized chip seal to be applied in the spring of 2045 (may not be needed).

A rubberized chip seal provides a durable, flexible, wearing surface that seals the existing pavement and is fairly resistant to cracking. Some reflective cracking will occur, but the application of HA5 atop the rubberized chip seal will significantly improve the appearance and texture, slow the reemergence of cracks, and will protect the underlying asphalt from UV rays and water penetration.

Roofs: Flat, Foam (Recoat)

Category	020 Roofs	Quantity	1 total
		Unit Cost	$3,850.00
		% of Replacement	100.00%
		Current Cost	$3,850.00
Placed In Service	01/2024	Future Cost	$4,207.00
Useful Life	5		
		Assigned Reserves at FYB	$1,540.00
Remaining Life	3	Monthly Member Contribution	$43.83
Replacement Year	2029	Monthly Interest Contribution	$6.15
		Total Monthly Contribution	$49.98

This component budgets for an elastomeric recoat of the flat, foam roofs atop the four (4) buildings/ramadas at the pool area on a 5-year cycle (measurement is 1,600 sq. ft.).

Last recoated in 2024 for $3,620. Cost has been adjusted to account for inflation.

We recommend that the client includes a line item in the annual operating budget for inspections, debris removal & repairs on an as needed basis.

No provision has been included in this reserve study to replace the foam roofs. Based on information provided by foam roof contractors, if the foam roofs are inspected annually, repaired as needed, and recoated as recommended and within the warranty period, a foam roof should not require replacement. If the Board would prefer to include budgeting for foam roof replacement, we will include a provision for replacement in this reserve study upon their request.

Roofs: Tile Underlayment

Category	020 Roofs	Quantity	1,875 sq. ft.
		Unit Cost	$6.50
		% of Replacement	100.00%
		Current Cost	$12,187.50
Placed In Service	01/2014	Future Cost	$17,897.75
Useful Life	25		
		Assigned Reserves at FYB	$5,850.00
Remaining Life	13	Monthly Member Contribution	$22.23
Replacement Year	2039	Monthly Interest Contribution	$19.70
		Total Monthly Contribution	$41.93

The following comments apply to the concrete tile roofs atop the four (4) buildings/ramadas at the pool area. Based on Google Earth historical satellite images, it appears that these roofs were replaced in 2014.

Tile roof systems are designed to last for the life of the project. However, the integrity of the tile roof is dependent on the condition of the roof underlayment. The tile can last indefinitely but wil not keep the building watertight unless the underlayment is intact.

The condition of a tile roof can be deceiving. The tile may appear to be in good condition, but must be removed in order to determine the condition of the underlayment. Should it be discovered that the underlayment has deteriorated, the only solution is to remove the existing tile, replace the underlayment and then reinstall the tile. If too many tiles are damaged during the removal process, it is possible that the tiles may require replacement as well at a higher cost.

Flashing defects, attachment problems and broken/displaced/missing tiles are common factors affecting the condition of the underlayment by allowing exposure to sun and rain. Therefore, in order to protect your investment and to extend the life of the underlayment, it is necessary to have a qualified roofer inspect the tile roofs on a regular basis. We recommend that the Association include a line item in the operating budget for regular tile roof inspections and repairs.

Given the many factors listed above, we have included a provision for tile roof underlayment replacement. After several discussions with local roofing contractors and inspectors, we have been advised that tile roof underlayment has an expected life range of 20 - 40 years. In order to account for this significant future liability, we are budgeting to replace the underlayment. Should the client wish to budget for the tile roofs in a different manner we will do so at their request.

Hillcrest Improvement Association - HA5 Asphalt Plan

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Paint: Common Area Walls

Category	030 Painting	Quantity	15,000 sq. ft.
		Unit Cost	$0.75
		% of Replacement	100.00%
		Current Cost	$11,250.00
Placed In Service	01/2018	Future Cost	$11,935.13
Useful Life	10		
		Assigned Reserves at FYB	$9,000.00
Remaining Life	2	Monthly Member Contribution	$60.54
Replacement Year	2028	Monthly Interest Contribution	$30.98
		Total Monthly Contribution	$91.51

This is an estimate for painting the white, common area walls on a 10-year cycle. Last painted in 2018.

Locations: south park perimeter, main entrance, north entrance cul de sac, north park corners (4)

Paint: South Park Buildings & Ramadas

Category	030 Painting	Quantity	1 total
		Unit Cost	$6,000.00
		% of Replacement	100.00%
		Current Cost	$6,000.00
Placed In Service	01/2018	Future Cost	$6,365.40
Useful Life	10		
		Assigned Reserves at FYB	$4,800.00
Remaining Life	2	Monthly Member Contribution	$32.29
Replacement Year	2028	Monthly Interest Contribution	$16.52
		Total Monthly Contribution	$48.81

This is an estimate for painting the south park buildings and ramadas. Last painted in 2018. Still in fair condition with some underlying block cracking snowing through the stucco, but overall fair.

Paint: Wrought Iron Fencing

Category	030 Painting	Quantity	3,300 sq. ft.
		Unit Cost	$1.75
		% of Replacement	100.00%
		Current Cost	$5,775.00
Placed In Service	01/2018	Future Cost	$6,694.81
Useful Life	5		
		Assigned Reserves at FYB	$5,775.00
Remaining Life	0	Monthly Member Contribution	$65.83
Replacement Year	2026	Monthly Interest Contribution	$1.67
		Total Monthly Contribution	$67.50

This is an estimate for painting the wrought iron fencing that sits on boundary lines between lots and common areas.

The Association is 100% responsible for maintaining this fencing.

Hillcrest Improvement Association - HA5 Asphalt Plan

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Walls: Common Areas (Repair)

Category	040 Fencing/Walls/Gates	Quantity	15,000 sq. ft.
		Unit Cost	$40.00
		% of Replacement	0.50%
		Current Cost	$3,000.00
Placed In Service	01/2018	Future Cost	$3,182.70
Useful Life	10		
		Assigned Reserves at FYB	$2,400.00
Remaining Life	2	Monthly Member Contribution	$16.14
Replacement Year	2028	Monthly Interest Contribution	$8.26
		Total Monthly Contribution	$24.40

This component will accumulate funds for the repair of a percentage of the common area walls to be completed in conjunction with each paint cycle. The accumulate funds should be used as needed, and the percentage budgeted for repair/replacement should be adjusted over time as conditions dictate.

Wrought Iron Fencing & Gates (Replace) (Main Entrance)

Category	040 Fencing/Walls/Gates	Quantity	1 total
		Unit Cost	$2,000.00
		% of Replacement	100.00%
		Current Cost	$2,000.00
Placed In Service	01/1973	Future Cost	$2,459.75
Useful Life	50		
Adjustment	+10	Assigned Reserves at FYB	$1,766.67
Remaining Life	7	Monthly Member Contribution	$0.80
Replacement Year	2033	Monthly Interest Contribution	$5.80
		Total Monthly Contribution	$6.60

25 LF of 6'0" fencing	@	$80.00	=	$2,000.00
		TOTAL	=	$2,000.00

The Association is 100% responsible for maintaining this fencing.

Wrought Iron Fencing & Gates (Replace) (North Entrance)

Category	040 Fencing/Walls/Gates	Quantity	1 total
		Unit Cost	$19,400.00
		% of Replacement	100.00%
		Current Cost	$19,400.00
Placed In Service	01/1973	Future Cost	$20,581.46
Useful Life	50		
Adjustment	+5	Assigned Reserves at FYB	$18,694.55
Remaining Life	2	Monthly Member Contribution	$9.21
Replacement Year	2028	Monthly Interest Contribution	$61.38
		Total Monthly Contribution	$70.59

This wrough iron is nearing the end of its useful life. We have scheduled replacement for 2028.

150	LF of 5'6" fencing	@	$75.00	=	$11,250.00
1	5'6" x 2'10" pedestrian gate	@	$1,150.00	=	$1,150.00
2	5'6" X 9'9" vehicle gates	@	$3,500.00	=	$7,000.00
			TOTAL	=	$19,400.00

The Association is 100% responsible for maintaining this fencing.

Wrought Iron Fencing & Gates (Replace) (South Park)

Category	040 Fencing/Walls/Gates	Quantity	1 total
		Unit Cost	$32,820.00
		% of Replacement	100.00%
		Current Cost	$32,820.00
Placed In Service	01/2018	Future Cost	$62,886.51
Useful Life	30		
		Assigned Reserves at FYB	$0.00
Remaining Life	22	Monthly Member Contribution	$71.71
Replacement Year	2048	Monthly Interest Contribution	$1.82
		Total Monthly Contribution	$73.53

680	LF of 2'10" fencing (atop walls)	@	$35.00	=	$23,800.00
64	LF of 6' fencing	@	$80.00	=	$5,120.00
2	6' x 5' pedestrian gates	@	$1,950.00	=	$3,900.00
			TOTAL	=	$32,820.00

The Association is 100% responsible for maintaining this fencing.

South Park: Kitchen & Bar Remodel

Category	060 South Park
Placed In Service	01/2000
Useful Life	30
Remaining Life	4
Replacement Year	2030

Quantity	1 total
Unit Cost	$25,000.00
% of Replacement	100.00%
Current Cost	$25,000.00
Future Cost	$28,137.72
Assigned Reserves at FYB	$21,666.67
Monthly Member Contribution	$34.76
Monthly Interest Contribution	$71.75
Total Monthly Contribution	$106.52




This component budgets for remodeling of the South Park kitchen and Bar interiors in 2030 and then on a 30 year cycle, and will allow funding to be available for the replacement of the following components on an as needed basis: cabinets, countertops, plumbing fixtures, lighting, appliances, hood, and inteior painting.

South Park: Kitchen Water Heater

Category	060 South Park	Quantity	1 heater
		Unit Cost	$1,000.00
		% of Replacement	100.00%
		Current Cost	$1,000.00
Placed In Service	04/2017	Future Cost	$1,092.73
Useful Life	12		
		Assigned Reserves at FYB	$744.68
Remaining Life	3	Monthly Member Contribution	$4.49
Replacement Year	2029	Monthly Interest Contribution	$2.55
		Total Monthly Contribution	$7.04

This is a Rheem, 40 gallon electric water heater (4/20/2017).

South Park: Pool Deck Recoat (Cycle 1)

Category	060 South Park	Quantity	3,100 sq. ft.
		Unit Cost	$2.75
		% of Replacement	100.00%
		Current Cost	$8,525.00
Placed In Service	01/2022	Future Cost	$8,780.75
Useful Life	20		
Adjustment	-15	Assigned Reserves at FYB	$6,820.00
Remaining Life	1	Monthly Member Contribution	$96.93
Replacement Year	2027	Monthly Interest Contribution	$24.77
		Total Monthly Contribution	$121.70

This component includes a provision to repair and recoat (repaint) the pool deck five (5) years after each full resurface cycle.

Hillcrest Improvement Association - HA5 Asphalt Plan

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

South Park: Pool Deck Recoat (Cycle 2)

Category	060 South Park	Quantity	3,100 sq. ft.
		Unit Cost	$2.75
		% of Replacement	100.00%
		Current Cost	$8,525.00
Placed In Service	01/2022	Future Cost	$10,179.30
Useful Life	20		
Adjustment	-10	Assigned Reserves at FYB	$3,410.00
Remaining Life	6	Monthly Member Contribution	$46.04
Replacement Year	2032	Monthly Interest Contribution	$12.32
		Total Monthly Contribution	$58.37

This component includes a provision to repair and recoat (repaint) the pool deck 10 years after each full resurface cycle.

South Park: Pool Deck Recoat (Cycle 3)

Category	060 South Park	Quantity	3,100 sq. ft.
		Unit Cost	$2.75
		% of Replacement	100.00%
		Current Cost	$8,525.00
Placed In Service	01/2022	Future Cost	$11,800.59
Useful Life	20		
Adjustment	-5	Assigned Reserves at FYB	$2,273.33
Remaining Life	11	Monthly Member Contribution	$29.16
Replacement Year	2037	Monthly Interest Contribution	$8.18
		Total Monthly Contribution	$37.34

This component includes a provision to repair and recoat (repaint) the pool deck 15 years after each full resurface cycle.

South Park: Pool Deck Resurface

Category	060 South Park	Quantity	3,100 sq. ft.
		Unit Cost	$9.00
		% of Replacement	100.00%
		Current Cost	$27,900.00
Placed In Service	01/2022	Future Cost	$44,771.31
Useful Life	20		
		Assigned Reserves at FYB	$5,580.00
Remaining Life	16	Monthly Member Contribution	$68.00
Replacement Year	2042	Monthly Interest Contribution	$19.98
		Total Monthly Contribution	$87.98

We have been advised that the pool deck was resurfaced in 2022. This component includes a provision to resurface the pool deck every 20 years (includes removal of the existing deck surface and application of ew acrylic lace texture overlay).

South Park: Pool Filter

Category	060 South Park	Quantity	1 filter
		Unit Cost	$2,500.00
		% of Replacement	100.00%
		Current Cost	$2,500.00
Placed In Service	06/2009	Future Cost	$2,731.82
Useful Life	20		
		Assigned Reserves at FYB	$2,117.02
Remaining Life	3	Monthly Member Contribution	$6.13
Replacement Year	2029	Monthly Interest Contribution	$7.08
		Total Monthly Contribution	$13.21

This is a Triton II, 7.06 sq. ft. sand filter (6/2009).

South Park: Pool Furniture

Category	060 South Park	Quantity	1 total
		Unit Cost	$7,000.00
		% of Replacement	100.00%
		Current Cost	$7,000.00
Placed In Service	01/2006	Future Cost	$12,642.78
Useful Life	20		
		Assigned Reserves at FYB	$7,000.00
Remaining Life	0	Monthly Member Contribution	$17.17
Replacement Year	2026	Monthly Interest Contribution	$0.44
		Total Monthly Contribution	$17.60

The pool furniture is in poor condition overall. We have been advised that the Association has considered replacing the existing pool furniture ith adirondack, recycled plastic (trex) style furniture. We have included budgeting to replace the existing pool furniture with lounges (6), chairs (8) and lounge side tables (4) in 2026.

Note that we have not included budgeting to replace the metal mesh tables and metal chairs located under the two (2) ramadas. These tables and chairs have an indefinite useful life and should not require replacement. Any repainting or cushion replacement should be handled as needed using funds from the annual operating budget.

Current Inventory: 10 - metal mesh tables and 42 - metal chairs

6	adirondack lounges	@	$600.00	=	$3,600.00
8	adirondack chairs	@	$350.00	=	$2,800.00
4	recycled plastic lounge side tables	@	$150.00	=	$600.00
			TOTAL	=	$7,000.00

This component budgets to replace the chaise lounges and chairs on a five (5) years cycle.

South Park: Pool Pump & Motor

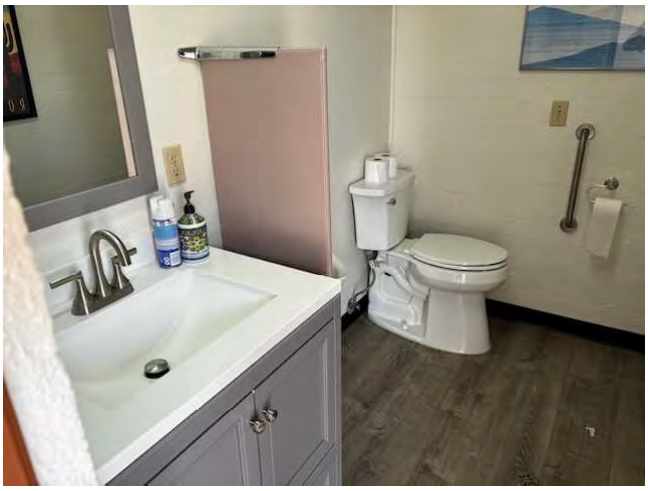
Category	060 South Park	Quantity	1 total
		Unit Cost	$3,000.00
		% of Replacement	100.00%
		Current Cost	$3,000.00
Placed In Service	07/2023	Future Cost	$3,376.53
Useful Life	7		
		Assigned Reserves at FYB	$1,153.85
Remaining Life	4	Monthly Member Contribution	$25.87
Replacement Year	2030	Monthly Interest Contribution	$4.43
		Total Monthly Contribution	$30.30

This is a Pentair, Intelliflo, 3 HP pool pump that was installed in 7/2023 for $2,537.82. Cost is based on current pricing.

This component will accumulate funds for the replacement of pool and spa pump and motor.

South Park: Pool Remodel Restrooms

Category	060 South Park	Quantity	1 total
		Unit Cost	$4,720.00
		% of Replacement	100.00%
		Current Cost	$4,720.00
Placed In Service	01/2024	Future Cost	$9,315.33
Useful Life	25		
		Assigned Reserves at FYB	$0.00
Remaining Life	23	Monthly Member Contribution	$9.77
Replacement Year	2049	Monthly Interest Contribution	$0.25
		Total Monthly Contribution	$10.01



The restrooms were remodeled in 2024 for $4,720 including vanities, plumbing fixtures, flooring, mirrors, signs, trash cans and painting.

South Park: Pool Resurface (Pebble)

Category	060 South Park	Quantity	1 total
		Unit Cost	$28,230.00
		% of Replacement	100.00%
		Current Cost	$28,230.00
Placed In Service	01/2018	Future Cost	$46,659.89
Useful Life	25		
		Assigned Reserves at FYB	$9,033.60
Remaining Life	17	Monthly Member Contribution	$51.89
Replacement Year	2043	Monthly Interest Contribution	$30.87
		Total Monthly Contribution	$82.76

The pool was last resurfaced with pebble in 2018.

This component budgets to resurface the swimming pool with a new pebble surface, replace the waterline trim tile and replace the bench tile.

The waterline trim tile may require replacement prior to resurfacing the pebble surface. Accumulated funds should be used as needed if this is the case.

2,015	SF of (IA) of resurfacing	@	$12.00	=	$24,180.00
145	LF of trim tile	@	$25.00	=	$3,625.00
17	LF of bench tile	@	$25.00	=	$425.00
			TOTAL	=	$28,230.00

South Park: Pool Salt Cell

Category	060 South Park	Quantity	1 total
		Unit Cost	$1,800.00
		% of Replacement	100.00%
		Current Cost	$1,800.00
Placed In Service	07/2023	Future Cost	$1,909.62
Useful Life	5		
		Assigned Reserves at FYB	$1,000.00
Remaining Life	2	Monthly Member Contribution	$22.88
Replacement Year	2028	Monthly Interest Contribution	$3.85
		Total Monthly Contribution	$26.73

This is a Pentair, Intellichlor, salt cell that was installed in 7/2023. Current cost is $1,800.

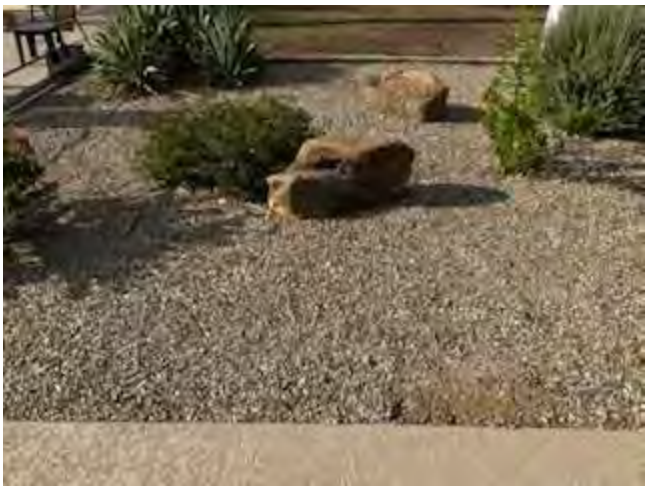
Grounds: Concrete Components (Unfunded)

Category	100 Grounds	Quantity	1 comment
		Unit Cost	$0.00
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	01/1973	Future Cost	$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	$0.00
Remaining Life	n.a.	Monthly Member Contribution	$0.00
Replacement Year	n.a.	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$0.00

We are not budgeting for repair or replacement of concrete components in this analysis. It is anticipated that any repairs/replacements required will be addressed immediately due to safety concerns. There should not be a need for complete replacement at a single point in time, and good maintenance practice won't allow the need for repairs to accumulate to a point of major expense. We recommend that a line item be set up in the annual operating budget to account for potential concrete repairs/replacements on an as needed basis. However, should the client wish to include budgeting for concrete components as a reserve expense, we will do so at their request (cost and useful life to be provided by client).

Grounds: Granite Replenishment (Unfunded)

Category	100 Grounds	Quantity	1 comment
		Unit Cost	$0.00
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	01/2026	Future Cost	$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	$0.00
Remaining Life	n.a.	Monthly Member Contribution	$0.00
Replacement Year	n.a.	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$0.00



We are not budgeting to replenish the common area granite landscape rock located throughout the community because the cost to do so is most often considered an operating expense. We recommend that a line item be set up in the annual operating budget to account for future replenishments, that the condition of the granite be monitored over time, and adjusted an experience dictates.

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

- $ amount to be budgeted or total square footage
- Useful life to be used
- Year in which the next expenditure should occur

Grounds: Irrigation Controllers

Category	100 Grounds	Quantity	1 total
		Unit Cost	$2,200.00
		% of Replacement	100.00%
		Current Cost	$2,200.00
Placed In Service	07/2018	Future Cost	$2,705.72
Useful Life	15		
		Assigned Reserves at FYB	$1,137.93
Remaining Life	7	Monthly Member Contribution	$7.79
Replacement Year	2033	Monthly Interest Contribution	$3.92
		Total Monthly Contribution	$11.71

This is an estimate for replacement of the Irritrol RD-600-R controllers (8) located in each of the cul de sac islands, the Hunter HCC Wi-Fi controller for the North Park and the Hunter Pro-HC Hydrawise controllers (2) for the South Park. All replaced in 2018.

Cost above is based on current pricing found at sprinklerwarehouse.com with an additional provision for installation.

Hillcrest Improvement Association - HA5 Asphalt Plan

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Grounds: Irrigation System & Landscaping (Cul De Sac Islands)

Category	100 Grounds	Quantity	1 total
		Unit Cost	$111,000.00
		% of Replacement	100.00%
		Current Cost	$111,000.00
Placed In Service	01/2016	Future Cost	$269,426.13
Useful Life	40		
		Assigned Reserves at FYB	$0.00
Remaining Life	30	Monthly Member Contribution	$164.16
Replacement Year	2056	Monthly Interest Contribution	$4.16
		Total Monthly Contribution	$168.32

The cul de sac islands irrigation systems and landscaping was replaced/renovated in 2016 for $80,112. We have adjusted the cost for inflation and have planned for the next replacement at year 40 per information provided by the Board.

Grounds: Irrigation System & Landscaping (Entrance)

Category	100 Grounds	Quantity	1 total
		Unit Cost	$20,000.00
		% of Replacement	100.00%
		Current Cost	$20,000.00
Placed In Service	01/2014	Future Cost	$45,758.55
Useful Life	40		
		Assigned Reserves at FYB	$0.00
Remaining Life	28	Monthly Member Contribution	$32.33
Replacement Year	2054	Monthly Interest Contribution	$0.82
		Total Monthly Contribution	$33.15

The entrance irrigation system and landscaping was replaced/renovated in 2012. We have adjusted the estimated current cost of $14,000 for inflation and have planned for the next replacement at year 40 per information provided by the Board.

Grounds: Irrigation System & Landscaping (North Park)

Category	100 Grounds	Quantity	1 total
		Unit Cost	$145,000.00
		% of Replacement	100.00%
		Current Cost	$145,000.00
Placed In Service	01/2021	Future Cost	$408,010.06
Useful Life	40		
		Assigned Reserves at FYB	$0.00
Remaining Life	35	Monthly Member Contribution	$174.83
Replacement Year	2061	Monthly Interest Contribution	$4.44
		Total Monthly Contribution	$179.26

The North Park irrigation system and landscaping was replaced/renovated in 2018 for $117,821. We have adjusted the cost for inflation and have planned for the next replacement at year 40 per information provided by the Board.

Grounds: Irrigation System & Landscaping (South Park)

Category	100 Grounds	Quantity	1 total
		Unit Cost	$180,000.00
		% of Replacement	100.00%
		Current Cost	$180,000.00
Placed In Service	01/2018	Future Cost	$463,514.90
Useful Life	40		
		Assigned Reserves at FYB	$0.00
Remaining Life	32	Monthly Member Contribution	$244.62
Replacement Year	2058	Monthly Interest Contribution	$6.21
		Total Monthly Contribution	$250.82

The South Park irrigation system and landscaping was replaced/renovated in 2018 for $133,973. We have adjusted the cost for inflation and have planned for the next replacement at year 40 per information provided by the Board.

Grounds: Lighting (Unfunded)

Category	100 Grounds	Quantity	1 total
		Unit Cost	$0.00
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	01/1973	Future Cost	$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	$0.00
Remaining Life	n.a.	Monthly Member Contribution	$0.00
Replacement Year	n.a.	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$0.00

We have been advised that all lighting throughout the community will be repaired as needed using funds from the annual operating budget including lamp post style fixtures, post-top light fixtures, ground level fixtures.

Grounds: Tree Trimming

Category	100 Grounds	Quantity	1 total
		Unit Cost	$12,600.00
		% of Replacement	100.00%
		Current Cost	$12,600.00
Placed In Service	06/2025	Future Cost	$13,367.34
Useful Life	3		
		Assigned Reserves at FYB	$2,845.16
Remaining Life	2	Monthly Member Contribution	$284.72
Replacement Year	2028	Monthly Interest Contribution	$16.53
		Total Monthly Contribution	$301.25

We have been advised that the trees were trimmed in 2025 for $12,600 and that HIA trims every 3 - 4 years.

We have been advised that palm trees are maintained annually out of the operating budget.

Grounds: Wiring

Category	100 Grounds	Quantity	1 total
		Unit Cost	$20,000.00
		% of Replacement	100.00%
		Current Cost	$20,000.00
Placed In Service	01/2009	Future Cost	$39,471.73
Useful Life	40		
		Assigned Reserves at FYB	$0.00
Remaining Life	23	Monthly Member Contribution	$41.38
Replacement Year	2049	Monthly Interest Contribution	$1.05
		Total Monthly Contribution	$42.43

While not a standard reserve component, the Board has previously included budgeting for wiring in the reserve planning.

Hillcrest Improvement Association - HA5 Asphalt Plan

Cross-Tabular Summary

Directed Cash Flow Method; Sorted by Category

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
BEGINNING RESERVE BALANCE	**$217,000**	**$257,870**	**$209,439**	**$207,318**	**$258,390**	**$289,143**	**$333,898**	**$394,258**	**$346,538**	**$401,000**
Member Contribution	**$44,500**	**$46,280**	**$48,131**	**$50,056**	**$52,059**	**$54,141**	**$56,307**	**$58,559**	**$60,901**	**$63,337**
Interest Contribution	**$9,145**	**$7,212**	**$7,089**	**$9,047**	**$10,208**	**$11,916**	**$14,233**	**$12,317**	**$14,399**	**$17,512**
Expenditures (detailed below)	**$12,775**	**$101,923**	**$57,342**	**$8,032**	**$31,514**	**$21,302**	**$10,179**	**$118,596**	**$20,838**	**$0**
ENDING RESERVE BALANCE	**$257,870**	**$209,439**	**$207,318**	**$258,390**	**$289,143**	**$333,898**	**$394,258**	**$346,538**	**$401,000**	**$481,848**
Asphalt: Crack Fill		$10,300						$12,299		
Asphalt: HA5 High Density Mineral Bond		$75,532						$90,190		
Asphalt: Repairs		$7,310						$8,728		
Asphalt: Rubberized Chip Seal										
Roofs: Flat, Foam (Recoat)				$4,207					$4,877	
Roofs: Tile Underlayment										
Paint: Common Area Walls			$11,935							
Paint: South Park Buildings & Ramadas			$6,365							
Paint: Wrought Iron Fencing	$5,775					$6,695				
Walls: Common Areas (Repair)			$3,183							
Wrought Iron Fencing & Gates (Replace) (Main Entrance)								$2,460		
Wrought Iron Fencing & Gates (Replace) (North Entrance)			$20,581							
Wrought Iron Fencing & Gates (Replace) (South Park)										
South Park: Kitchen & Bar Remodel					$28,138					
South Park: Kitchen Water Heater				$1,093						
South Park: Pool Deck Recoat (Cycle 1)		$8,781								
South Park: Pool Deck Recoat (Cycle 2)							$10,179			
South Park: Pool Deck Recoat (Cycle 3)										
South Park: Pool Deck Resurface										
South Park: Pool Filter				$2,732						
South Park: Pool Furniture	$7,000									
South Park: Pool Pump & Motor					$3,377					
South Park: Pool Remodel Restrooms										

Hillcrest Improvement Association - HA5 Asphalt Plan

Cross-Tabular Summary

Directed Cash Flow Method; Sorted by Category

	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
BEGINNING RESERVE BALANCE	**$481,848**	**$560,494**	**$618,350**	**$683,391**	**$623,983**	**$708,058**	**$807,548**	**$878,746**	**$929,504**	**$1,047,057**
Member Contribution	**$65,871**	**$68,506**	**$71,246**	**$74,096**	**$77,060**	**$80,142**	**$83,348**	**$86,682**	**$90,149**	**$93,755**
Interest Contribution	**$20,536**	**$22,745**	**$25,233**	**$22,846**	**$26,074**	**$29,903**	**$32,622**	**$34,538**	**$39,066**	**$21,037**
Expenditures (detailed below)	**$7,761**	**$33,395**	**$31,438**	**$156,350**	**$19,059**	**$10,555**	**$44,771**	**$70,461**	**$11,662**	**$573,370**
ENDING RESERVE BALANCE	**$560,494**	**$618,350**	**$683,391**	**$623,983**	**$708,058**	**$807,548**	**$878,746**	**$929,504**	**$1,047,057**	**$588,478**
Asphalt: Crack Fill				$14,685						$17,535
Asphalt: HA5 High Density Mineral Bond				$107,691						$128,589
Asphalt: Repairs				$10,422						$12,444
Asphalt: Rubberized Chip Seal										$414,802
Roofs: Flat, Foam (Recoat)				$5,654					$6,554	
Roofs: Tile Underlayment				$17,898						
Paint: Common Area Walls			$16,040							
Paint: South Park Buildings & Ramadas			$8,555							
Paint: Wrought Iron Fencing	$7,761					$8,997				
Walls: Common Areas (Repair)			$4,277							
Wrought Iron Fencing & Gates (Replace) (Main Entrance)										
Wrought Iron Fencing & Gates (Replace) (North Entrance)										
Wrought Iron Fencing & Gates (Replace) (South Park)										
South Park: Kitchen & Bar Remodel										
South Park: Kitchen Water Heater						$1,558				
South Park: Pool Deck Recoat (Cycle 1)										
South Park: Pool Deck Recoat (Cycle 2)										
South Park: Pool Deck Recoat (Cycle 3)		$11,801								
South Park: Pool Deck Resurface							$44,771			
South Park: Pool Filter										
South Park: Pool Furniture										
South Park: Pool Pump & Motor		$4,153							$5,107	
South Park: Pool Remodel Restrooms										

Hillcrest Improvement Association - HA5 Asphalt Plan

Cross-Tabular Summary

Directed Cash Flow Method; Sorted by Category

	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055
BEGINNING RESERVE BALANCE	**$588,478**	**$664,069**	**$777,904**	**$803,207**	**$857,946**	**$1,009,082**	**$954,848**	**$1,071,998**	**$1,239,889**	**$1,369,530**
Member Contribution	**$97,505**	**$101,405**	**$105,461**	**$109,680**	**$114,067**	**$118,630**	**$123,375**	**$128,310**	**$133,442**	**$138,780**
Interest Contribution	**$23,916**	**$28,289**	**$29,193**	**$31,246**	**$37,069**	**$34,848**	**$39,333**	**$45,800**	**$50,766**	**$57,160**
Expenditures (detailed below)	**$45,830**	**$15,859**	**$109,352**	**$86,187**	**$0**	**$207,711**	**$45,558**	**$6,220**	**$54,567**	**$29,693**
ENDING RESERVE BALANCE	**$664,069**	**$777,904**	**$803,207**	**$857,946**	**$1,009,082**	**$954,848**	**$1,071,998**	**$1,239,889**	**$1,369,530**	**$1,535,777**
Asphalt: Crack Fill						$20,938				
Asphalt: HA5 High Density Mineral Bond						$153,542				
Asphalt: Repairs						$14,859				
Asphalt: Rubberized Chip Seal										
Roofs: Flat, Foam (Recoat)				$7,598					$8,809	
Roofs: Tile Underlayment										
Paint: Common Area Walls			$21,556							
Paint: South Park Buildings & Ramadas			$11,497							
Paint: Wrought Iron Fencing	$10,430					$12,092				
Walls: Common Areas (Repair)			$5,748							
Wrought Iron Fencing & Gates (Replace) (Main Entrance)										
Wrought Iron Fencing & Gates (Replace) (North Entrance)										
Wrought Iron Fencing & Gates (Replace) (South Park)			$62,887							
South Park: Kitchen & Bar Remodel										
South Park: Kitchen Water Heater								$2,221		
South Park: Pool Deck Recoat (Cycle 1)		$15,859								
South Park: Pool Deck Recoat (Cycle 2)							$18,385			
South Park: Pool Deck Recoat (Cycle 3)										
South Park: Pool Deck Resurface										
South Park: Pool Filter				$4,934						
South Park: Pool Furniture	$12,643									
South Park: Pool Pump & Motor						$6,281				
South Park: Pool Remodel Restrooms				$9,315						

Hillcrest Improvement Association - HA5 Asphalt Plan

Cross-Tabular Summary

Directed Cash Flow Method; Sorted by Category

	2056	2057	2058	2059	2060	2061
BEGINNING RESERVE BALANCE	**$1,535,777**	**$1,450,362**	**$1,404,867**	**$1,037,805**	**$1,234,822**	**$1,386,028**
Member Contribution	**$144,331**	**$150,104**	**$156,109**	**$162,353**	**$168,847**	**$175,601**
Interest Contribution	**$53,698**	**$51,794**	**$37,296**	**$44,876**	**$50,656**	**$40,995**
Expenditures (detailed below)	**$283,444**	**$247,393**	**$560,467**	**$10,211**	**$68,298**	**$459,715**
ENDING RESERVE BALANCE	**$1,450,362**	**$1,404,867**	**$1,037,805**	**$1,234,822**	**$1,386,028**	**$1,142,909**
Asphalt: Crack Fill		$25,001				
Asphalt: HA5 High Density Mineral Bond		$183,337				
Asphalt: Repairs		$17,742				
Asphalt: Rubberized Chip Seal						
Roofs: Flat, Foam (Recoat)				$10,211		
Roofs: Tile Underlayment						
Paint: Common Area Walls			$28,970			
Paint: South Park Buildings & Ramadas			$15,450			
Paint: Wrought Iron Fencing	$14,017					$16,250
Walls: Common Areas (Repair)			$7,725			
Wrought Iron Fencing & Gates (Replace) (Main Entrance)						
Wrought Iron Fencing & Gates (Replace) (North Entrance)						
Wrought Iron Fencing & Gates (Replace) (South Park)						
South Park: Kitchen & Bar Remodel					$68,298	
South Park: Kitchen Water Heater						
South Park: Pool Deck Recoat (Cycle 1)						
South Park: Pool Deck Recoat (Cycle 2)						
South Park: Pool Deck Recoat (Cycle 3)		$21,313				
South Park: Pool Deck Resurface						
South Park: Pool Filter						
South Park: Pool Furniture						
South Park: Pool Pump & Motor			$7,725			
South Park: Pool Remodel Restrooms						

Hillcrest Improvement Association - HA5 Asphalt Plan

Cross-Tabular Summary

Directed Cash Flow Method; Sorted by Category

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
BEGINNING RESERVE BALANCE	$217,000	$257,870	$209,439	$207,318	$258,390	$289,143	$333,898	$394,258	$346,538	$401,000
Member Contribution	$44,500	$46,280	$48,131	$50,056	$52,059	$54,141	$56,307	$58,559	$60,901	$63,337
Interest Contribution	$9,145	$7,212	$7,089	$9,047	$10,208	$11,916	$14,233	$12,317	$14,399	$17,512
Expenditures (detailed below)	$12,775	$101,923	$57,342	$8,032	$31,514	$21,302	$10,179	$118,596	$20,838	$0
ENDING RESERVE BALANCE	$257,870	$209,439	$207,318	$258,390	$289,143	$333,898	$394,258	$346,538	$401,000	$481,848
South Park: Pool Resurface (Pebble)										
South Park: Pool Salt Cell			$1,910					$2,214		
Grounds: Concrete Components (Unfunded)										
Grounds: Granite Replenishment (Unfunded)										
Grounds: Irrigation Controllers								$2,706		
Grounds: Irrigation System & Landscaping (Cul De Sac Islands)										
Grounds: Irrigation System & Landscaping (Entrance)										
Grounds: Irrigation System & Landscaping (North Park)										
Grounds: Irrigation System & Landscaping (South Park)										
Grounds: Lighting (Unfunded)										
Grounds: Tree Trimming			$13,367			$14,607			$15,961	
Grounds: Wiring										

Hillcrest Improvement Association - HA5 Asphalt Plan

Cross-Tabular Summary

Directed Cash Flow Method; Sorted by Category

	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
BEGINNING RESERVE BALANCE	$481,848	$560,494	$618,350	$683,391	$623,983	$708,058	$807,548	$878,746	$929,504	$1,047,057
Member Contribution	$65,871	$68,506	$71,246	$74,096	$77,060	$80,142	$83,348	$86,682	$90,149	$93,755
Interest Contribution	$20,536	$22,745	$25,233	$22,846	$26,074	$29,903	$32,622	$34,538	$39,066	$21,037
Expenditures (detailed below)	$7,761	$33,395	$31,438	$156,350	$19,059	$10,555	$44,771	$70,461	$11,662	$573,370
ENDING RESERVE BALANCE	$560,494	$618,350	$683,391	$623,983	$708,058	$807,548	$878,746	$929,504	$1,047,057	$588,478
South Park: Pool Resurface (Pebble)								$46,660		
South Park: Pool Salt Cell			$2,566					$2,975		
Grounds: Concrete Components (Unfunded)										
Grounds: Granite Replenishment (Unfunded)										
Grounds: Irrigation Controllers										
Grounds: Irrigation System & Landscaping (Cul De Sac Islands)										
Grounds: Irrigation System & Landscaping (Entrance)										
Grounds: Irrigation System & Landscaping (North Park)										
Grounds: Irrigation System & Landscaping (South Park)										
Grounds: Lighting (Unfunded)										
Grounds: Tree Trimming		$17,441			$19,059			$20,826		
Grounds: Wiring										

Hillcrest Improvement Association - HA5 Asphalt Plan

Cross-Tabular Summary

Directed Cash Flow Method; Sorted by Category

	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055
BEGINNING RESERVE BALANCE	**$588,478**	**$664,069**	**$777,904**	**$803,207**	**$857,946**	**$1,009,082**	**$954,848**	**$1,071,998**	**$1,239,889**	**$1,369,530**
Member Contribution	**$97,505**	**$101,405**	**$105,461**	**$109,680**	**$114,067**	**$118,630**	**$123,375**	**$128,310**	**$133,442**	**$138,780**
Interest Contribution	**$23,916**	**$28,289**	**$29,193**	**$31,246**	**$37,069**	**$34,848**	**$39,333**	**$45,800**	**$50,766**	**$57,160**
Expenditures (detailed below)	**$45,830**	**$15,859**	**$109,352**	**$86,187**	**$0**	**$207,711**	**$45,558**	**$6,220**	**$54,567**	**$29,693**
ENDING RESERVE BALANCE	**$664,069**	**$777,904**	**$803,207**	**$857,946**	**$1,009,082**	**$954,848**	**$1,071,998**	**$1,239,889**	**$1,369,530**	**$1,535,777**
South Park: Pool Resurface (Pebble)										
South Park: Pool Salt Cell			$3,449					$3,998		
Grounds: Concrete Components (Unfunded)										
Grounds: Granite Replenishment (Unfunded)										
Grounds: Irrigation Controllers			$4,215							
Grounds: Irrigation System & Landscaping (Cul De Sac Islands)										
Grounds: Irrigation System & Landscaping (Entrance)									$45,759	
Grounds: Irrigation System & Landscaping (North Park)										
Grounds: Irrigation System & Landscaping (South Park)										
Grounds: Lighting (Unfunded)										
Grounds: Tree Trimming	$22,757			$24,867			$27,173			$29,693
Grounds: Wiring				$39,472						

Hillcrest Improvement Association - HA5 Asphalt Plan

Cross-Tabular Summary

Directed Cash Flow Method; Sorted by Category

	2056	2057	2058	2059	2060	2061
BEGINNING RESERVE BALANCE	**$1,535,777**	**$1,450,362**	**$1,404,867**	**$1,037,805**	**$1,234,822**	**$1,386,028**
Member Contribution	**$144,331**	**$150,104**	**$156,109**	**$162,353**	**$168,847**	**$175,601**
Interest Contribution	**$53,698**	**$51,794**	**$37,296**	**$44,876**	**$50,656**	**$40,995**
Expenditures (detailed below)	**$283,444**	**$247,393**	**$560,467**	**$10,211**	**$68,298**	**$459,715**
ENDING RESERVE BALANCE	**$1,450,362**	**$1,404,867**	**$1,037,805**	**$1,234,822**	**$1,386,028**	**$1,142,909**
South Park: Pool Resurface (Pebble)						
South Park: Pool Salt Cell			$4,635			
Grounds: Concrete Components (Unfunded)						
Grounds: Granite Replenishment (Unfunded)						
Grounds: Irrigation Controllers						
Grounds: Irrigation System & Landscaping (Cul De Sac Islands)	$269,426					
Grounds: Irrigation System & Landscaping (Entrance)						
Grounds: Irrigation System & Landscaping (North Park)						$408,010
Grounds: Irrigation System & Landscaping (South Park)			$463,515			
Grounds: Lighting (Unfunded)						
Grounds: Tree Trimming			$32,446			$35,455
Grounds: Wiring						

Hillcrest Improvement Association - HA5 Asphalt Plan

Component Detail Index

35 Components