RESERVE ANALYSIS REPORT

Saddlebrooke Villas Association II

Tucson, Arizona

Version 005

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Saddlebrooke Villas Association II

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Preface

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The three calculation methods are described as follows:

Component Calculation Method

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

Step 1: Calculation of fully funded balance for each component

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

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

Step 2: Distribution of current reserve funds

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

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

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

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

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

Step 3: Developing a funding plan

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

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

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

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

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

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

Minimum Cash Flow Calculation Method

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

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

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

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

Directed Cash Flow Calculation Method

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

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

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

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

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

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

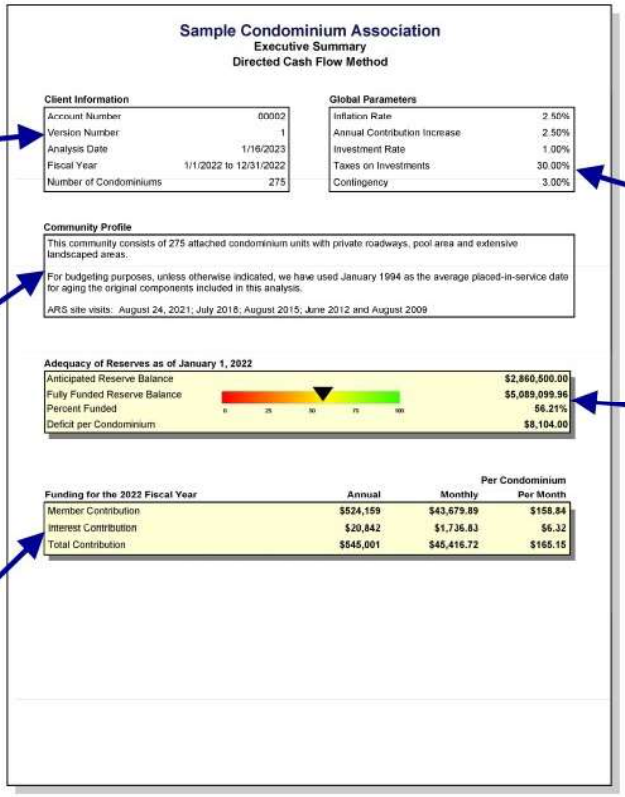
Client Information
Provides information including fiscal year for which reserve analysis is prepared, number of units, etc.

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

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	60002
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	$5,089,099.96
Percent Funded	56.21%
Deficit per Condominium	$8,104.00

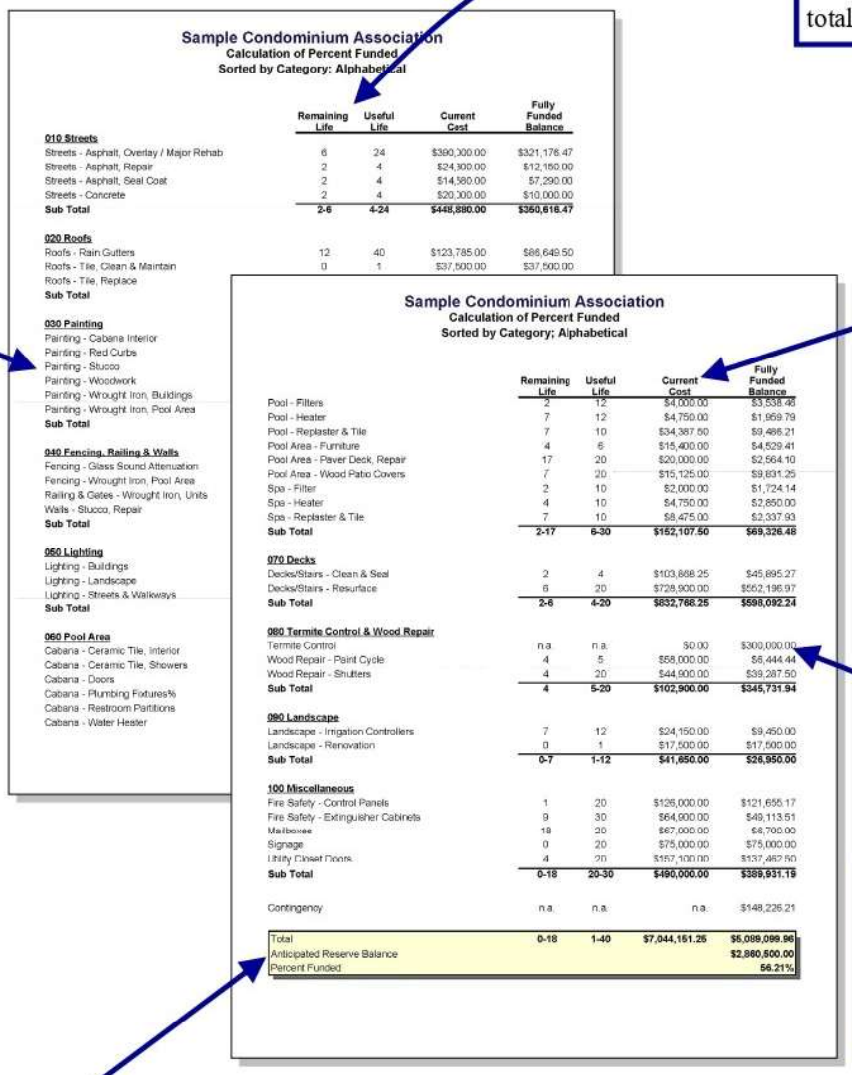
Funding for the 2022 Fiscal Year	Annual	Monthly	Per Condominium Per Month
Member Contribution	$524,159	$43,679.89	$158.84
Interest Contribution	$20,842	$1,736.83	$6.32
Total Contribution	$545,001	$45,416.72	$165.15

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	$360,000.00	$321,176.47
Streets - Asphalt, Repair	2	4	$24,300.00	$12,150.00
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**	**$350,616.47**
020 Roofs				
Roofs - Rain Gutters	12	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	$9,486.21
Pool Area - Furniture	4	6	$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	$9,831.25
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**	**6-30**	**$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	$9,450.00
Landscape - Renovation	0	1	$17,500.00	$17,500.00
Sub Total	**0-7**	**1-12**	**$41,650.00**	**$26,950.00**
100 Miscellaneous				
Fire Safety - Control Panels	1	20	$126,000.00	$121,655.17
Fire Safety - Extinguisher Cabinets	9	30	$64,900.00	$49,113.51
Mailboxes	18	20	$67,000.00	$8,700.00
Signage	0	20	$75,000.00	$75,000.00
Utility Closet Doors	4	20	$157,100.00	$137,462.50
Sub Total	**0-18**	**20-30**	**$490,000.00**	**$389,931.19**
Contingency	n.a.	n.a.	n.a.	$148,226.21
Total	0-18	1-40	$7,044,151.25	$5,089,099.96
Anticipated Reserve Balance				$2,860,500.00
Percent Funded				56.21%

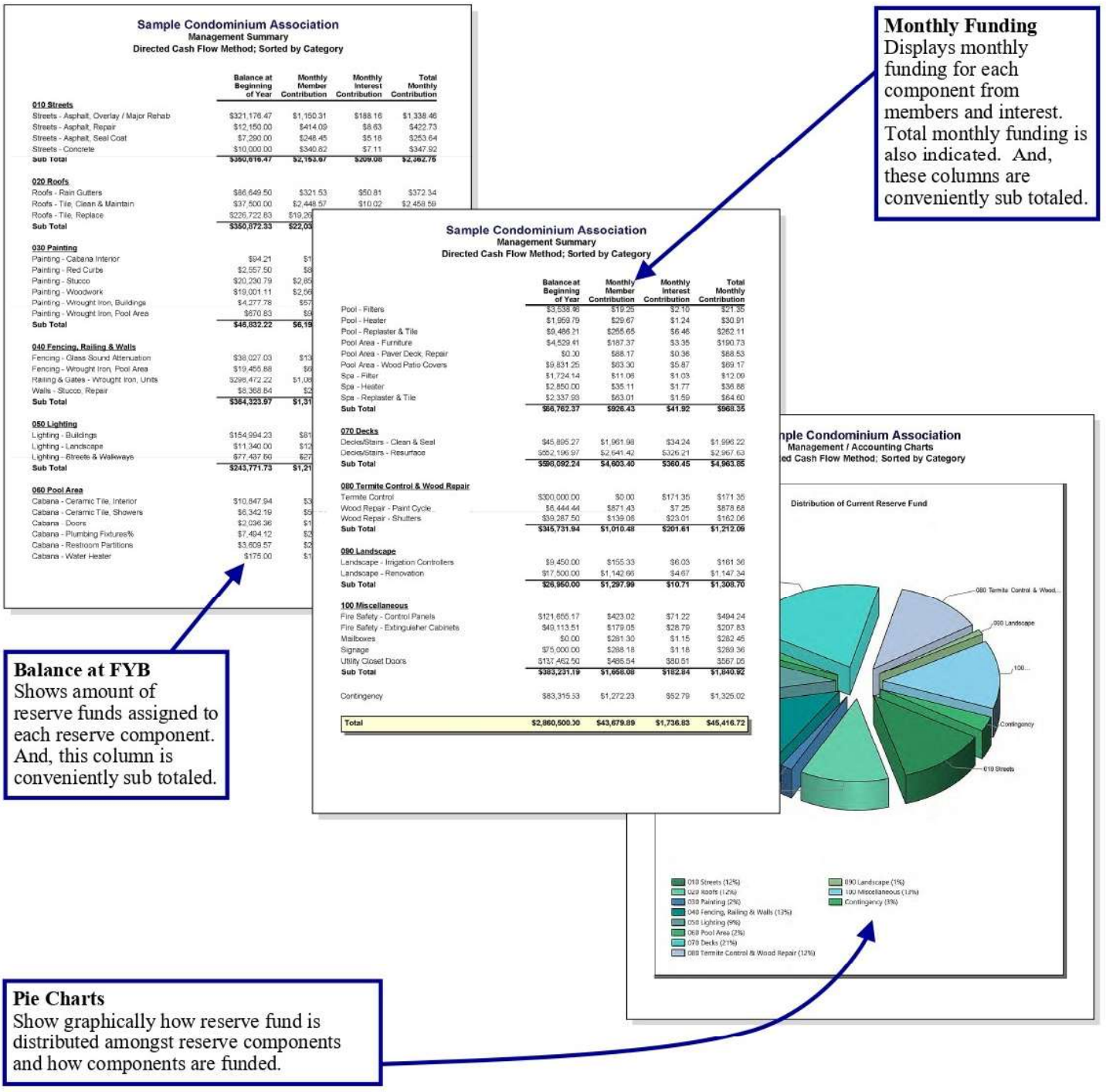
Current Cost
Displays current cost to replace or otherwise maintain each component. This column is conveniently sub totaled.

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.

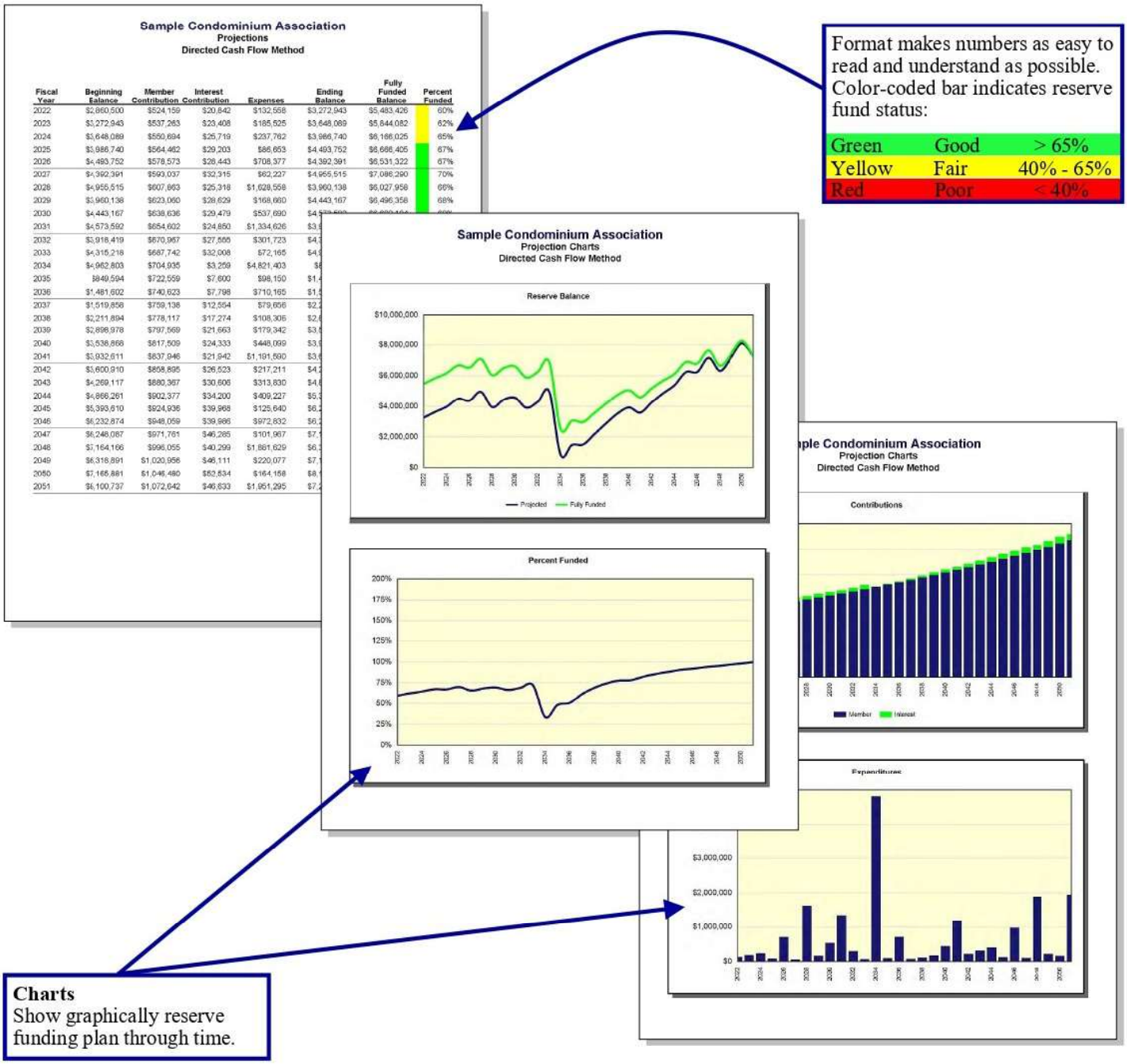
Management Summary and Charts

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

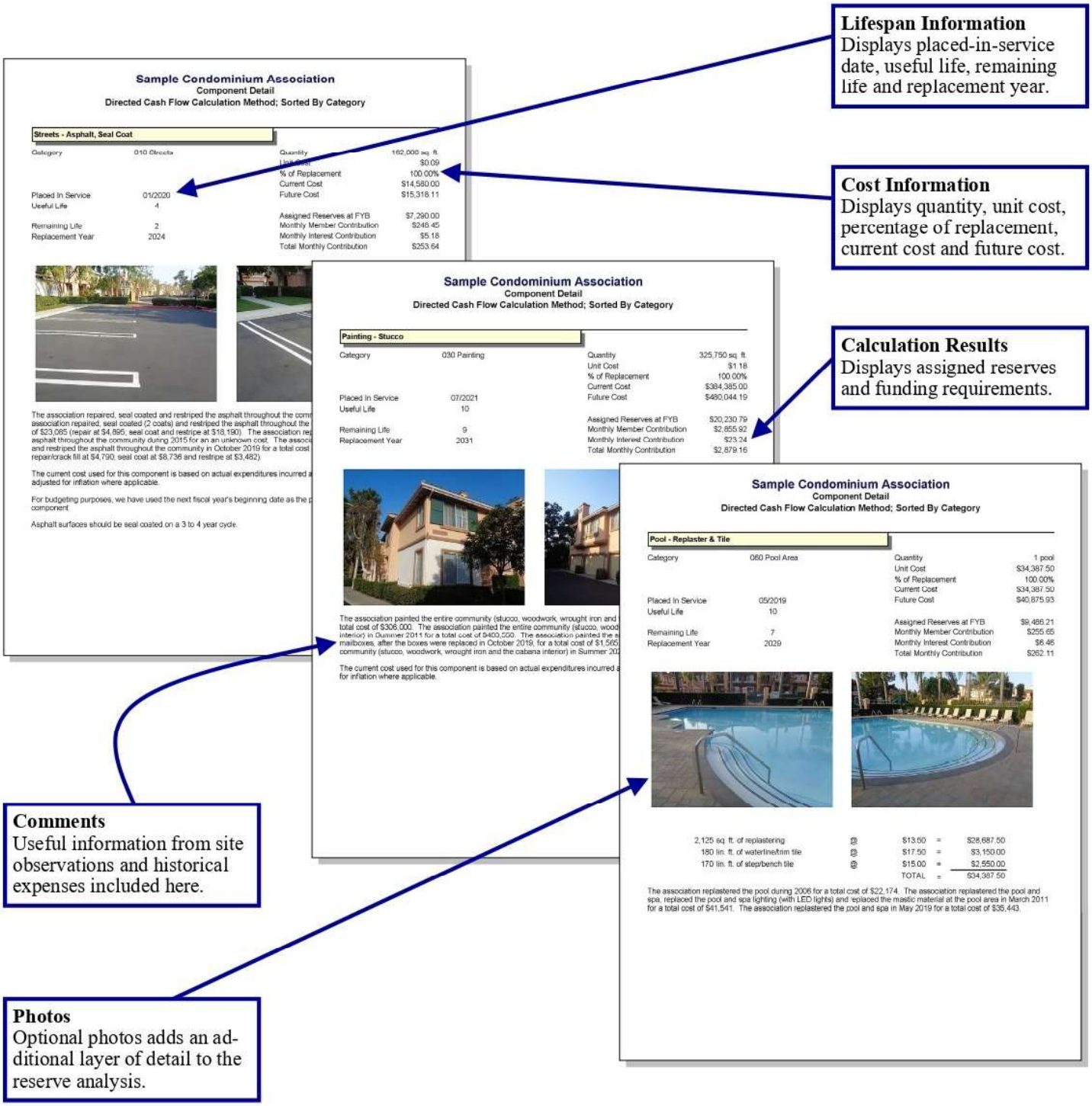
Summary displays projections of beginning reserve balance, member contribution, interest contribution, expenditures and ending reserve balance for each year of projection period (shown here for 30 years). Two columns on the right-hand side provide fully funded ending balance and percent funded for each 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:

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

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.

Saddlebrooke Villas Association II

Executive Summary

Directed Cash Flow Method

Client Information

Account Number	3358
Version Number	005
Analysis Date	5/13/2025
Fiscal Year	1/1/2025 to 12/31/2025
Number of Units	213

Global Parameters

Inflation Rate	3.00%
Annual Contribution Increase	0.00%
Investment Rate	3.50%
Taxes on Investments	0.00%
Contingency	0.00%

Community Profile

This community was built between 1999 and 2005. Refer to the Component Detail section of this report for the dates used to age each reserve component.

We have been advised that the 1/1/2025 reserve balance was $1,245,305 and that the 2025 budgeted reserve contribution is $205,000. The member reserve contribution amounts have been provided by the Board.

We have been advised that the investment rate is 3.35%.

Completed Reports: 2010, 2013, 2107, 2021, 5/2025 (updated with site visit)

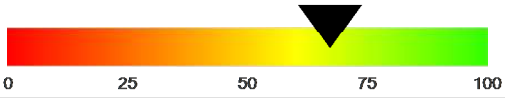
Adequacy of Reserves as of January 1, 2025

Anticipated Reserve Balance	**$1,245,305.00**
Fully Funded Reserve Balance	**$1,854,200.39**
Percent Funded	**67.16%**

Funding for the 2025 Fiscal Year	Annual	Monthly	Per Unit Per Month
Member Contribution	**$150,000**	**$12,500.00**	**$58.69**
Interest Contribution	**$30,302**	**$2,525.20**	**$11.86**
Total Contribution	**$180,302**	**$15,025.20**	**$70.54**

Saddlebrooke Villas Association II

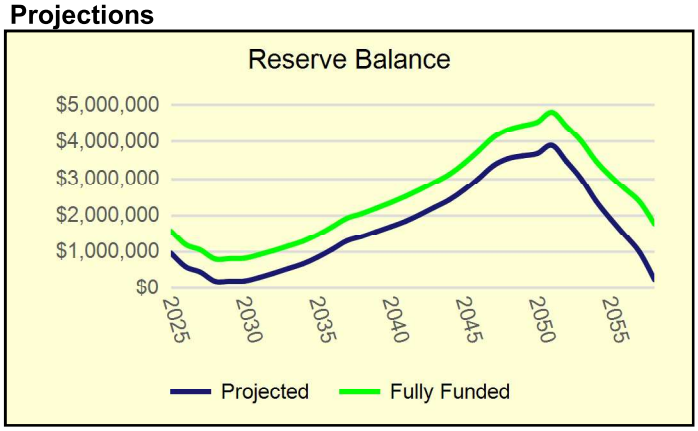
Tucson, Arizona
213 Units
12/31/2025 Fiscal Year End

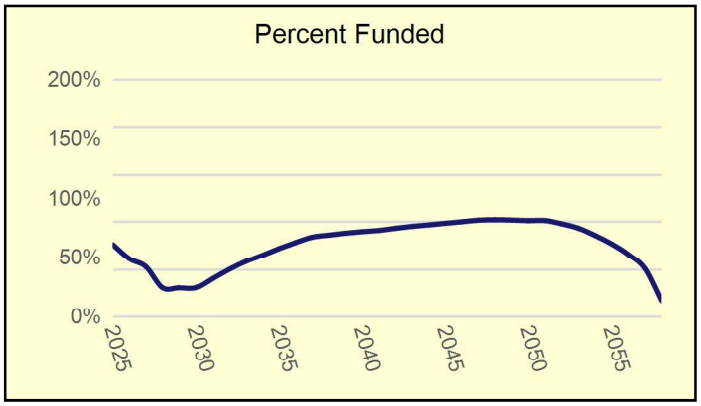


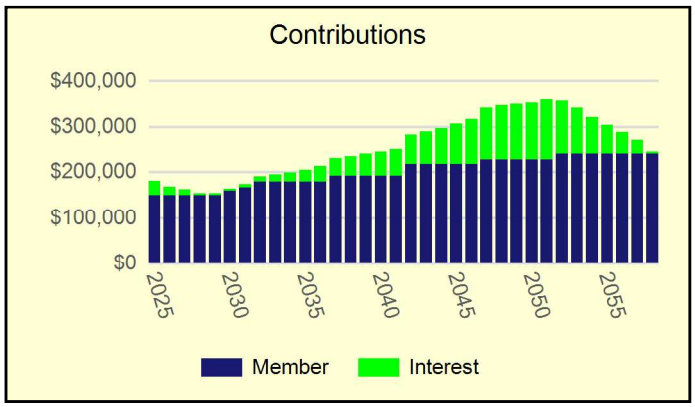
Adequacy of Reserves as of 01/01/2025	
Percent Funded	**67.16%**
Reserve Fund Balance	**$1,245,305.00**
Fully Funded Balance	**$1,854,200.39**
Deficit per Unit	**$2,858.66**

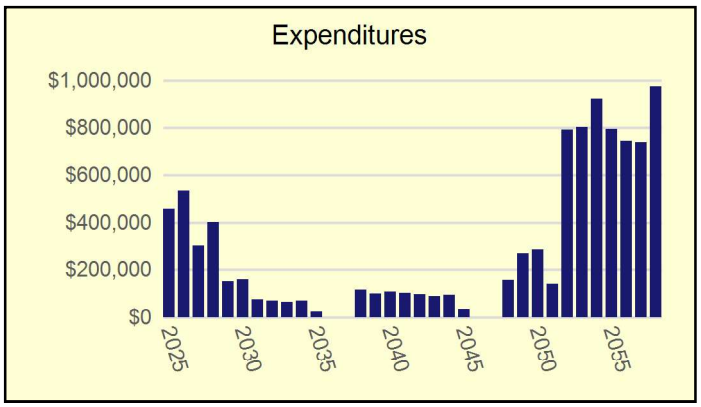
Reserve Funding for 2025 Directed Cash Flow Method	Annual	Monthly	Per Unit Per Month
Member Contribution	**$150,000**	**$12,500.00**	**$58.69**
Interest Contribution	**$30,302**	**$2,525.20**	**$11.86**
Total Contribution	**$180,302**	**$15,025.20**	**$70.54**

Projections









Saddlebrooke Villas Association II

Distribution of Current Reserve Funds

Sorted by Remaining Life; Alphabetical

	Remaining Life	Fully Funded Balance	Assigned Reserves
Grounds: Irrigation System (2025)	0	$134,000.00	$134,000.00
Paint: Common Area Walls (Interior Side Only)	0	$19,500.00	$19,500.00
Roofs: Tile Underlayment (2025)	0	$308,140.00	$308,140.00
Grounds: Irrigation System (2026)	1	$215,030.56	$215,030.56
Roofs: Tile Underlayment (2026)	1	$287,155.56	$287,155.56
Roofs: Tile Underlayment (2027)	2	$267,670.00	$267,670.00
Paint: Unit Exteriors (2028)	3	$56,072.80	$13,808.88
Roofs: Tile Underlayment (2028)	3	$258,440.00	$0.00
Paint: Unit Exteriors (2029)	4	$40,473.60	$0.00
Roofs: Patios (Replace) (2029)	4	$56,383.33	$0.00
Paint: Unit Exteriors (2030)	5	$34,782.00	$0.00
Roofs: Patios (Replace) (2030)	5	$55,720.00	$0.00
Paint: Unit Exteriors (2031)	6	$26,139.20	$0.00
Paint: Unit Exteriors (2032)	7	$17,707.20	$0.00
Paint: Unit Exteriors (2033)	8	$10,540.00	$0.00
Paint: Unit Exteriors (2034)	9	$5,480.80	$0.00
Roofs: Tile Underlayment (2022)	27	$29,820.00	$0.00
Roofs: Tile Underlayment (2023)	28	$19,880.00	$0.00
Roofs: Tile Underlayment (2024)	29	$11,265.33	$0.00
Grounds: Concrete Components (Unfunded)	n.a.	$0.00	$0.00
Grounds: Monument Sign (Unfunded)	n.a.	$0.00	$0.00
Grounds: Tree Maintenance (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	**0-29**	**$1,854,200.39**	**$1,245,305.00**
Percent Funded			**67.16%**

Saddlebrooke Villas Association II

Calculation of Percent Funded

Sorted by Category; Alphabetical

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
020 Roofs				
Roofs: Patios (Replace) (2029)	4	20	$67,660.00	$56,383.33
Roofs: Patios (Replace) (2030)	5	20	$69,650.00	$55,720.00
Roofs: Tile Underlayment (2022)	27	30	$298,200.00	$29,820.00
Roofs: Tile Underlayment (2023)	28	30	$298,200.00	$19,880.00
Roofs: Tile Underlayment (2024)	29	30	$337,960.00	$11,265.33
Roofs: Tile Underlayment (2025)	0	30	$308,140.00	$308,140.00
Roofs: Tile Underlayment (2026)	1	30	$298,200.00	$287,155.56
Roofs: Tile Underlayment (2027)	2	30	$288,260.00	$267,670.00
Roofs: Tile Underlayment (2028)	3	30	$288,260.00	$258,440.00
Sub Total	**0-29**	**20-30**	**$2,254,530.00**	**$1,294,474.22**
030 Painting				
Paint: Common Area Walls (Interior Side Only)	0	10	$19,500.00	$19,500.00
Paint: Unit Exteriors (2028)	3	10	$80,104.00	$56,072.80
Paint: Unit Exteriors (2029)	4	10	$67,456.00	$40,473.60
Paint: Unit Exteriors (2030)	5	10	$69,564.00	$34,782.00
Paint: Unit Exteriors (2031)	6	10	$65,348.00	$26,139.20
Paint: Unit Exteriors (2032)	7	10	$59,024.00	$17,707.20
Paint: Unit Exteriors (2033)	8	10	$52,700.00	$10,540.00
Paint: Unit Exteriors (2034)	9	10	$54,808.00	$5,480.80
Sub Total	**0-9**	**10**	**$468,504.00**	**$210,695.60**
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 System (2025)	0	30	$134,000.00	$134,000.00
Grounds: Irrigation System (2026)	1	30	$223,300.97	$215,030.56
Grounds: Monument Sign (Unfunded)	n.a.	n.a.	$0.00	$0.00
Grounds: Tree Maintenance (Unfunded)	n.a.	n.a.	$0.00	$0.00
Sub Total	**0-1**	**30**	**$357,300.97**	**$349,030.56**
Contingency	n.a.	n.a.	n.a.	$0.00
Total	**0-29**	**10-30**	**$3,080,334.97**	**$1,854,200.39**
Anticipated Reserve Balance				**$1,245,305.00**
Percent Funded				**67.16%**

Saddlebrooke Villas Association II

Projections

Directed Cash Flow Method

Fiscal Year	Beginning Balance	Member Contribution	Interest Contribution	Expenses	Ending Balance	Fully Funded Balance	Percent Funded
2025	$1,245,305	$150,000	$30,302	$461,640	$963,967	$1,571,762	61%
2026	$963,967	$150,000	$17,611	$537,146	$594,432	$1,197,256	50%
2027	$594,432	$150,000	$12,695	$305,815	$451,312	$1,052,984	43%
2028	$451,312	$150,000	$4,165	$402,521	$202,956	$808,448	25%
2029	$202,956	$150,000	$4,239	$152,074	$205,121	$819,343	25%
2030	$205,121	$160,000	$4,147	$161,387	$207,881	$826,103	25%
2031	$207,881	$166,140	$7,310	$78,029	$303,302	$923,377	33%
2032	$303,302	$178,920	$11,104	$72,592	$420,734	$1,033,756	41%
2033	$420,734	$178,920	$15,488	$66,759	$548,383	$1,158,177	47%
2034	$548,383	$178,920	$19,859	$71,512	$675,650	$1,286,300	53%
2035	$675,650	$178,920	$25,997	$26,206	$854,361	$1,469,943	58%
2036	$854,361	$178,920	$33,285	$0	$1,066,566	$1,691,249	63%
2037	$1,066,566	$191,700	$41,040	$0	$1,299,306	$1,924,510	68%
2038	$1,299,306	$191,700	$45,134	$117,635	$1,418,504	$2,049,081	69%
2039	$1,418,504	$191,700	$49,928	$102,033	$1,558,099	$2,199,098	71%
2040	$1,558,099	$191,700	$54,667	$108,378	$1,696,088	$2,352,890	72%
2041	$1,696,088	$191,700	$59,700	$104,864	$1,842,624	$2,520,899	73%
2042	$1,842,624	$217,260	$65,586	$97,558	$2,027,912	$2,707,637	75%
2043	$2,027,912	$217,260	$72,455	$89,718	$2,227,909	$2,914,399	76%
2044	$2,227,909	$217,260	$79,341	$96,106	$2,428,404	$3,127,323	78%
2045	$2,428,404	$217,260	$88,638	$35,219	$2,699,082	$3,416,083	79%
2046	$2,699,082	$217,260	$99,517	$0	$3,015,860	$3,756,718	80%
2047	$3,015,860	$230,040	$110,991	$0	$3,356,891	$4,114,716	82%
2048	$3,356,891	$230,040	$117,498	$158,092	$3,546,337	$4,327,979	82%
2049	$3,546,337	$230,040	$120,090	$274,663	$3,621,803	$4,435,151	82%
2050	$3,621,803	$230,040	$122,176	$291,483	$3,682,536	$4,536,020	81%
2051	$3,682,536	$230,040	$129,691	$140,929	$3,901,337	$4,803,027	81%
2052	$3,901,337	$242,820	$114,470	$793,498	$3,465,129	$4,414,182	78%
2053	$3,465,129	$242,820	$98,623	$802,834	$3,003,739	$4,012,586	75%
2054	$3,003,739	$242,820	$77,847	$925,584	$2,398,822	$3,481,297	69%
2055	$2,398,822	$242,820	$60,967	$795,268	$1,907,341	$3,077,344	62%
2056	$1,907,341	$242,820	$45,256	$745,524	$1,449,892	$2,721,831	53%
2057	$1,449,892	$242,820	$29,101	$742,293	$979,520	$2,368,583	41%
2058	$979,520	$242,820	$4,022	$977,025	$249,337	$1,772,853	14%

Saddlebrooke Villas Association II

Annual Expenditures

Sorted by Alphabetical

2025 Fiscal Year	
Grounds: Irrigation System (2025)	$134,000.00
Paint: Common Area Walls (Interior Side Only)	$19,500.00
Roofs: Tile Underlayment (2025)	$308,140.00
Sub Total	**$461,640.00**
2026 Fiscal Year	
Grounds: Irrigation System (2026)	$230,000.00
Roofs: Tile Underlayment (2026)	$307,146.00
Sub Total	**$537,146.00**
2027 Fiscal Year	
Roofs: Tile Underlayment (2027)	$305,815.03
Sub Total	**$305,815.03**
2028 Fiscal Year	
Paint: Unit Exteriors (2028)	$87,531.80
Roofs: Tile Underlayment (2028)	$314,989.49
Sub Total	**$402,521.29**
2029 Fiscal Year	
Paint: Unit Exteriors (2029)	$75,922.32
Roofs: Patios (Replace) (2029)	$76,151.93
Sub Total	**$152,074.25**
2030 Fiscal Year	
Paint: Unit Exteriors (2030)	$80,643.74
Roofs: Patios (Replace) (2030)	$80,743.44
Sub Total	**$161,387.18**
2031 Fiscal Year	
Paint: Unit Exteriors (2031)	$78,028.93
Sub Total	**$78,028.93**
2032 Fiscal Year	
Paint: Unit Exteriors (2032)	$72,592.08
Sub Total	**$72,592.08**
2033 Fiscal Year	
Paint: Unit Exteriors (2033)	$66,758.78
Sub Total	**$66,758.78**

Saddlebrooke Villas Association II

Annual Expenditures

Sorted by Alphabetical

2034 Fiscal Year	
Paint: Unit Exteriors (2034)	$71,512.01
Sub Total	**$71,512.01**
2035 Fiscal Year	
Paint: Common Area Walls (Interior Side Only)	$26,206.37
Sub Total	**$26,206.37**
2038 Fiscal Year	
Paint: Unit Exteriors (2028)	$117,635.42
Sub Total	**$117,635.42**
2039 Fiscal Year	
Paint: Unit Exteriors (2029)	$102,033.25
Sub Total	**$102,033.25**
2040 Fiscal Year	
Paint: Unit Exteriors (2030)	$108,378.45
Sub Total	**$108,378.45**
2041 Fiscal Year	
Paint: Unit Exteriors (2031)	$104,864.36
Sub Total	**$104,864.36**
2042 Fiscal Year	
Paint: Unit Exteriors (2032)	$97,557.68
Sub Total	**$97,557.68**
2043 Fiscal Year	
Paint: Unit Exteriors (2033)	$89,718.22
Sub Total	**$89,718.22**
2044 Fiscal Year	
Paint: Unit Exteriors (2034)	$96,106.16
Sub Total	**$96,106.16**
2045 Fiscal Year	
Paint: Common Area Walls (Interior Side Only)	$35,219.17
Sub Total	**$35,219.17**
2048 Fiscal Year	

Saddlebrooke Villas Association II
Annual Expenditures
Sorted by Alphabetical

Paint: Unit Exteriors (2028)	$158,092.17
Sub Total	**$158,092.17**

2049 Fiscal Year

Paint: Unit Exteriors (2029)	$137,124.16
Roofs: Patios (Replace) (2029)	$137,538.85
Sub Total	**$274,663.01**

2050 Fiscal Year

Paint: Unit Exteriors (2030)	$145,651.57
Roofs: Patios (Replace) (2030)	$145,831.63
Sub Total	**$291,483.20**

2051 Fiscal Year

Paint: Unit Exteriors (2031)	$140,928.93
Sub Total	**$140,928.93**

2052 Fiscal Year

Paint: Unit Exteriors (2032)	$131,109.36
Roofs: Tile Underlayment (2022)	$662,388.38
Sub Total	**$793,497.74**

2053 Fiscal Year

Paint: Unit Exteriors (2033)	$120,573.79
Roofs: Tile Underlayment (2023)	$682,260.03
Sub Total	**$802,833.82**

2054 Fiscal Year

Paint: Unit Exteriors (2034)	$129,158.64
Roofs: Tile Underlayment (2024)	$796,424.88
Sub Total	**$925,583.52**

2055 Fiscal Year

Paint: Common Area Walls (Interior Side Only)	$47,331.62
Roofs: Tile Underlayment (2025)	$747,936.66
Sub Total	**$795,268.28**

2056 Fiscal Year

Roofs: Tile Underlayment (2026)	$745,523.96
Sub Total	**$745,523.96**

2057 Fiscal Year

Roofs: Tile Underlayment (2027)	$742,293.36
Sub Total	**$742,293.36**

2058 Fiscal Year

Paint: Unit Exteriors (2028)	$212,462.66
Roofs: Tile Underlayment (2028)	$764,562.16
Sub Total	**$977,024.82**

Roofs: Patios (Replace) (2029)

Category	020 Roofs	Quantity	68 units
		Unit Cost	$995.00
		% of Replacement	100.00%
		Current Cost	$67,660.00
Placed In Service	01/2005	Future Cost	$76,151.93
Useful Life	20		
Adjustment	+4	Assigned Reserves at FYB	$0.00
Remaining Life	4	Monthly Member Contribution	$716.79
Replacement Year	2029	Monthly Interest Contribution	$22.09
		Total Monthly Contribution	$738.88

We have been advised that the current cost to replace a patio roof averages $995 per unit.

The Board has indicated that the existing patio roofs are in fair condition at this time and have some life remaining. They have requested that we schedule replacement of 68 patio roofs in 2029 at a current cost of $995 per unit, and then every 20 years thereafter.

Roofs: Patios (Replace) (2030)

Category	020 Roofs	Quantity	70 units
		Unit Cost	$995.00
		% of Replacement	100.00%
		Current Cost	$69,650.00
Placed In Service	01/2005	Future Cost	$80,743.44
Useful Life	20		
Adjustment	+5	Assigned Reserves at FYB	$0.00
Remaining Life	5	Monthly Member Contribution	$597.20
Replacement Year	2030	Monthly Interest Contribution	$18.41
		Total Monthly Contribution	$615.61

We have been advised that the current cost to replace a patio roof averages $995 per unit.

The Board has indicated that the existing patio roofs are in fair condition at this time and have some life remaining. They have requested that we schedule replacement of 70 patio roofs in 2029 at a current cost of $995 per unit, and then every 20 years thereafter.

Roofs: Tile Underlayment (2022)

Category	020 Roofs	Quantity	30 units
		Unit Cost	$9,940.00
		% of Replacement	100.00%
		Current Cost	$298,200.00
Placed In Service	01/2022	Future Cost	$662,388.38
Useful Life	30		
		Assigned Reserves at FYB	$0.00
Remaining Life	27	Monthly Member Contribution	$596.11
Replacement Year	2052	Monthly Interest Contribution	$18.37
		Total Monthly Contribution	$614.49

Jimenez Roofing is in the process of replacing the tile roof underlayment in phases.

We have been advised by the Board that the average cost of a tile roof atop one (1) unit is $9,940 in 2025 and that the new underlayment has a 30-year warranty.

This component accounts for replace the tile roof underlayment (tiles are stacked and then re-used) atop the 30 units that were completed in 2022.

Roofs: Tile Underlayment (2023)

Category	020 Roofs	Quantity	30 units
		Unit Cost	$9,940.00
		% of Replacement	100.00%
		Current Cost	$298,200.00
Placed In Service	01/2023	Future Cost	$682,260.03
Useful Life	30		
		Assigned Reserves at FYB	$0.00
Remaining Life	28	Monthly Member Contribution	$580.21
Replacement Year	2053	Monthly Interest Contribution	$17.88
		Total Monthly Contribution	$598.09

Jimenez Roofing is in the process of replacing the tile roof underlayment in phases.

We have been advised by the Board that the average cost of a tile roof atop one (1) unit is $9,940 in 2025 and that the new underlayment has a 30-year warranty.

This component accounts for replace the tile roof underlayment (tiles are stacked and then re-used) atop the 30 units that were completed in 2023.

Roofs: Tile Underlayment (2024)

Category	020 Roofs	Quantity	34 units
		Unit Cost	$9,940.00
		% of Replacement	100.00%
		Current Cost	$337,960.00
Placed In Service	01/2024	Future Cost	$796,424.88
Useful Life	30		
		Assigned Reserves at FYB	$0.00
Remaining Life	29	Monthly Member Contribution	$640.78
Replacement Year	2054	Monthly Interest Contribution	$19.75
		Total Monthly Contribution	$660.53

Jimenez Roofing is in the process of replacing the tile roof underlayment in phases.

We have been advised by the Board that the average cost of a tile roof atop one (1) unit is $9,940 in 2025 and that the new underlayment has a 30-year warranty.

This component accounts for replace the tile roof underlayment (tiles are stacked and then re-used) atop the 34 units that were completed in 2024.

Roofs: Tile Underlayment (2025)

Category	020 Roofs	Quantity	31 units
		Unit Cost	$9,940.00
		% of Replacement	100.00%
		Current Cost	$308,140.00
Placed In Service	01/1999	Future Cost	$747,936.66
Useful Life	30		
Adjustment	-4	Assigned Reserves at FYB	$308,140.00
Remaining Life	0	Monthly Member Contribution	$569.95
Replacement Year	2025	Monthly Interest Contribution	$17.57
		Total Monthly Contribution	$587.52

Jimenez Roofing is in the process of replacing the tile roof underlayment in phases.

We have been advised by the Board that the average cost of a tile roof atop one (1) unit is $9,940 in 2025 and that the new underlayment has a 30-year warranty.

This component accounts for replace the tile roof underlayment (tiles are stacked and then re-used) atop the 31 units that will be completed in 2025.

Roofs: Tile Underlayment (2026)

Category	020 Roofs	Quantity	30 units
		Unit Cost	$9,940.00
		% of Replacement	100.00%
		Current Cost	$298,200.00
Placed In Service	01/1999	Future Cost	$307,146.00
Useful Life	30		
Adjustment	-3	Assigned Reserves at FYB	$287,155.56
Remaining Life	1	Monthly Member Contribution	$388.23
Replacement Year	2026	Monthly Interest Contribution	$796.09
		Total Monthly Contribution	$1,184.32

Jimenez Roofing is in the process of replacing the tile roof underlayment in phases.

We have been advised by the Board that the average cost of a tile roof atop one (1) unit is $9,940 in 2025 and that the new underlayment has a 30-year warranty.

This component accounts for replace the tile roof underlayment (tiles are stacked and then re-used) atop the 30 units that will be completed in 2026.

Roofs: Tile Underlayment (2027)

Category	020 Roofs	Quantity	29 units
		Unit Cost	$9,940.00
		% of Replacement	100.00%
		Current Cost	$288,260.00
Placed In Service	01/1999	Future Cost	$305,815.03
Useful Life	30		
Adjustment	-2	Assigned Reserves at FYB	$267,670.00
Remaining Life	2	Monthly Member Contribution	$366.06
Replacement Year	2027	Monthly Interest Contribution	$742.20
		Total Monthly Contribution	$1,108.26

Jimenez Roofing is in the process of replacing the tile roof underlayment in phases.

We have been advised by the Board that the average cost of a tile roof atop one (1) unit is $9,940 in 2025 and that the new underlayment has a 30-year warranty.

This component accounts for replace the tile roof underlayment (tiles are stacked and then re-used) atop the 29 units that will be completed in 2027.

Roofs: Tile Underlayment (2028)

Category	020 Roofs	Quantity	29 units
		Unit Cost	$9,940.00
		% of Replacement	100.00%
		Current Cost	$288,260.00
Placed In Service	01/1999	Future Cost	$314,989.49
Useful Life	30		
Adjustment	-1	Assigned Reserves at FYB	$0.00
Remaining Life	3	Monthly Member Contribution	$4,024.29
Replacement Year	2028	Monthly Interest Contribution	$124.03
		Total Monthly Contribution	$4,148.33

Jimenez Roofing is in the process of replacing the tile roof underlayment in phases.

We have been advised by the Board that the average cost of a tile roof atop one (1) unit is $9,940 in 2025 and that the new underlayment has a 30-year warranty.

This component accounts for replace the tile roof underlayment (tiles are stacked and then re-used) atop the 29 units that will be completed in 2028.

Paint: Common Area Walls (Interior Side Only)

Category	030 Painting	Quantity	1 total
		Unit Cost	$19,500.00
		% of Replacement	100.00%
		Current Cost	$19,500.00
Placed In Service	01/2015	Future Cost	$26,206.37
Useful Life	10		
		Assigned Reserves at FYB	$19,500.00
Remaining Life	0	Monthly Member Contribution	$88.47
Replacement Year	2025	Monthly Interest Contribution	$2.73
		Total Monthly Contribution	$91.20

Facelift Painting completed a project to paint the interior side of the perimeter walls in 1/2025 for $19,500. We are budgeting to paint these walls every 10 years.

Paint: Unit Exteriors (2028)

Category	030 Painting	Quantity	38 units
		Unit Cost	$2,108.00
		% of Replacement	100.00%
		Current Cost	$80,104.00
Placed In Service	01/2018	Future Cost	$87,531.80
Useful Life	10		
		Assigned Reserves at FYB	$13,808.88
Remaining Life	3	Monthly Member Contribution	$922.38
Replacement Year	2028	Monthly Interest Contribution	$66.14
		Total Monthly Contribution	$988.52

The Board has advised us that exteriors of 38 units were painted in 2018 and that the average current cost per unit is $2,108. The Board has requested that we budget to paint every 10 years going forward.

Paint: Unit Exteriors (2029)

Category	030 Painting	Quantity	32 units
		Unit Cost	$2,108.00
		% of Replacement	100.00%
		Current Cost	$67,456.00
Placed In Service	01/2019	Future Cost	$75,922.32
Useful Life	10		
		Assigned Reserves at FYB	$0.00
Remaining Life	4	Monthly Member Contribution	$714.63
Replacement Year	2029	Monthly Interest Contribution	$22.03
		Total Monthly Contribution	$736.65

The Board has advised us that exteriors of 32 units were painted in 2019 and that the average current cost per unit is $2,108. The Board has requested that we budget to paint every 10 years going forward.

Paint: Unit Exteriors (2030)

Category	030 Painting	Quantity	33 units
		Unit Cost	$2,108.00
		% of Replacement	100.00%
		Current Cost	$69,564.00
Placed In Service	01/2020	Future Cost	$80,643.74
Useful Life	10		
		Assigned Reserves at FYB	$0.00
Remaining Life	5	Monthly Member Contribution	$596.46
Replacement Year	2030	Monthly Interest Contribution	$18.38
		Total Monthly Contribution	$614.85

The Board has advised us that exteriors of 33 units were painted in 2020 and that the average current cost per unit is $2,108. The Board has requested that we budget to paint every 10 years going forward.

Paint: Unit Exteriors (2031)

Category	030 Painting	Quantity	31 units
		Unit Cost	$2,108.00
		% of Replacement	100.00%
		Current Cost	$65,348.00
Placed In Service	01/2021	Future Cost	$78,028.93
Useful Life	10		
		Assigned Reserves at FYB	$0.00
Remaining Life	6	Monthly Member Contribution	$472.34
Replacement Year	2031	Monthly Interest Contribution	$14.56
		Total Monthly Contribution	$486.90

The Board has advised us that exteriors of 31 units were painted in 2021 and that the average current cost per unit is $2,108. The Board has requested that we budget to paint every 10 years going forward.

Paint: Unit Exteriors (2032)

Category	030 Painting	Quantity	28 units
		Unit Cost	$2,108.00
		% of Replacement	100.00%
		Current Cost	$59,024.00
Placed In Service	01/2022	Future Cost	$72,592.08
Useful Life	10		
		Assigned Reserves at FYB	$0.00
Remaining Life	7	Monthly Member Contribution	$369.88
Replacement Year	2032	Monthly Interest Contribution	$11.40
		Total Monthly Contribution	$381.28

The Board has advised us that exteriors of 28 units were painted in 2022 and that the average current cost per unit is $2,108. The Board has requested that we budget to paint every 10 years going forward.

Paint: Unit Exteriors (2033)

Category	030 Painting	Quantity	25 units
		Unit Cost	$2,108.00
		% of Replacement	100.00%
		Current Cost	$52,700.00
Placed In Service	01/2023	Future Cost	$66,758.78
Useful Life	10		
		Assigned Reserves at FYB	$0.00
Remaining Life	8	Monthly Member Contribution	$292.26
Replacement Year	2033	Monthly Interest Contribution	$9.01
		Total Monthly Contribution	$301.27

The Board has advised us that exteriors of 25 units were painted in 2023 and that the average current cost per unit is $2,108. The Board has requested that we budget to paint every 10 years going forward.

Paint: Unit Exteriors (2034)

Category	030 Painting	Quantity	26 units
		Unit Cost	$2,108.00
		% of Replacement	100.00%
		Current Cost	$54,808.00
Placed In Service	01/2024	Future Cost	$71,512.01
Useful Life	10		
		Assigned Reserves at FYB	$0.00
Remaining Life	9	Monthly Member Contribution	$273.23
Replacement Year	2034	Monthly Interest Contribution	$8.42
		Total Monthly Contribution	$281.65

The Board has advised us that exteriors of 26 units were painted in 2024 and that the average current cost per unit is $2,108. The Board has requested that we budget to paint every 10 years going forward.

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	01/1999	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. The Board has advised us that 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	01/2025	Future Cost	
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
	One-Time Replacement	Total Monthly Contribution	$0.00

There is a total of 2,068 tons of landscape granite rock per previous information provided by the Association years ago.

The Board has advised that all granite replenishment will be handled as needed out of the operating budget.

Saddlebrooke Villas Association II

Component Detail

Directed Cash Flow Calculation Method; Sorted By Category

Grounds: Irrigation System (2025)

Category	100 Grounds	Quantity	1 total
		Unit Cost	$134,000.00
		% of Replacement	100.00%
		Current Cost	$134,000.00
Placed In Service	01/1999	Future Cost	
Useful Life	30		
Adjustment	-5	Assigned Reserves at FYB	$134,000.00
Remaining Life	0	Monthly Member Contribution	$0.00
Replacement Year	2025	Monthly Interest Contribution	$0.00
	One-Time Replacement	Total Monthly Contribution	$0.00

The Board has advised us that $134,000 will be spent in 2025 for irrigation system replacement with a new PVC system.
The Board has advised us to use a 30 year useful life.

Grounds: Irrigation System (2026)

Category	100 Grounds	Quantity	1 total
		Unit Cost	$223,300.97
		% of Replacement	100.00%
		Current Cost	$223,300.97
Placed In Service	01/1999	Future Cost	$230,000.00
Useful Life	30		
Adjustment	-3	Assigned Reserves at FYB	$215,030.56
Remaining Life	1	Monthly Member Contribution	$290.71
Replacement Year	2026	Monthly Interest Contribution	$596.14
	One-Time Replacement	Total Monthly Contribution	$886.85

The Board has advised us that $230,000 will be spent in 2026 for irrigation system replacement with a new PVC system.
The Board has advised us to use a 30 year useful life.

Grounds: Monument Sign (Unfunded)

Category	100 Grounds	Quantity	1 comment
		Unit Cost	$0.00
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	01/1999	Future Cost	$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	$0.00
Remaining Life	n.a.	Monthly Member Contribution	$0.00
Replacement Year	n.a.	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$0.00

We are not budgeting to replace the solid steel letters that make up the monument sign that indicate "VILLAS" as these letters have an indefinite useful life. Any required repairs should be handled as needed out of the operating budget.

Grounds: Tree Maintenance (Unfunded)

Category	100 Grounds	Quantity	1 comment
		Unit Cost	$0.00
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	01/1999	Future Cost	$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	$0.00
Remaining Life	n.a.	Monthly Member Contribution	$0.00
Replacement Year	n.a.	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$0.00

We have been advised by the Board that all tree maintenance will be handled as needed out of the operating budget.

Saddlebrooke Villas Association II

Cross-Tabular Summary

Directed Cash Flow Method; Sorted by Category

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
BEGINNING RESERVE BALANCE	**$1,245,305**	**$963,967**	**$594,432**	**$451,312**	**$202,956**	**$205,121**	**$207,881**	**$303,302**	**$420,734**	**$548,383**
Member Contribution	**$150,000**	**$150,000**	**$150,000**	**$150,000**	**$150,000**	**$160,000**	**$166,140**	**$178,920**	**$178,920**	**$178,920**
Interest Contribution	**$30,302**	**$17,611**	**$12,695**	**$4,165**	**$4,239**	**$4,147**	**$7,310**	**$11,104**	**$15,488**	**$19,859**
Expenditures (detailed below)	**$461,640**	**$537,146**	**$305,815**	**$402,521**	**$152,074**	**$161,387**	**$78,029**	**$72,592**	**$66,759**	**$71,512**
ENDING RESERVE BALANCE	**$963,967**	**$594,432**	**$451,312**	**$202,956**	**$205,121**	**$207,881**	**$303,302**	**$420,734**	**$548,383**	**$675,650**
Roofs: Patios (Replace) (2029)					$76,152					
Roofs: Patios (Replace) (2030)						$80,743				
Roofs: Tile Underlayment (2022)										
Roofs: Tile Underlayment (2023)										
Roofs: Tile Underlayment (2024)										
Roofs: Tile Underlayment (2025)	$308,140									
Roofs: Tile Underlayment (2026)		$307,146								
Roofs: Tile Underlayment (2027)			$305,815							
Roofs: Tile Underlayment (2028)				$314,989						
Paint: Common Area Walls (Interior Side Only)	$19,500									
Paint: Unit Exteriors (2028)				$87,532						
Paint: Unit Exteriors (2029)					$75,922					
Paint: Unit Exteriors (2030)						$80,644				
Paint: Unit Exteriors (2031)							$78,029			
Paint: Unit Exteriors (2032)								$72,592		
Paint: Unit Exteriors (2033)									$66,759	
Paint: Unit Exteriors (2034)										$71,512
Grounds: Concrete Components (Unfunded)										
Grounds: Granite Replenishment (Unfunded)										
Grounds: Irrigation System (2025)	$134,000									
Grounds: Irrigation System (2026)		$230,000								
Grounds: Monument Sign (Unfunded)										
Grounds: Tree Maintenance (Unfunded)										

Saddlebrooke Villas Association II

Cross-Tabular Summary

Directed Cash Flow Method; Sorted by Category

	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
BEGINNING RESERVE BALANCE	**$675,650**	**$854,361**	**$1,066,566**	**$1,299,306**	**$1,418,504**	**$1,558,099**	**$1,696,088**	**$1,842,624**	**$2,027,912**	**$2,227,909**
Member Contribution	**$178,920**	**$178,920**	**$191,700**	**$191,700**	**$191,700**	**$191,700**	**$191,700**	**$217,260**	**$217,260**	**$217,260**
Interest Contribution	**$25,997**	**$33,285**	**$41,040**	**$45,134**	**$49,928**	**$54,667**	**$59,700**	**$65,586**	**$72,455**	**$79,341**
Expenditures (detailed below)	**$26,206**	**$0**	**$0**	**$117,635**	**$102,033**	**$108,378**	**$104,864**	**$97,558**	**$89,718**	**$96,106**
ENDING RESERVE BALANCE	**$854,361**	**$1,066,566**	**$1,299,306**	**$1,418,504**	**$1,558,099**	**$1,696,088**	**$1,842,624**	**$2,027,912**	**$2,227,909**	**$2,428,404**
Roofs: Patios (Replace) (2029)										
Roofs: Patios (Replace) (2030)										
Roofs: Tile Underlayment (2022)										
Roofs: Tile Underlayment (2023)										
Roofs: Tile Underlayment (2024)										
Roofs: Tile Underlayment (2025)										
Roofs: Tile Underlayment (2026)										
Roofs: Tile Underlayment (2027)										
Roofs: Tile Underlayment (2028)										
Paint: Common Area Walls (Interior Side Only)	$26,206									
Paint: Unit Exteriors (2028)				$117,635						
Paint: Unit Exteriors (2029)					$102,033					
Paint: Unit Exteriors (2030)						$108,378				
Paint: Unit Exteriors (2031)							$104,864			
Paint: Unit Exteriors (2032)								$97,558		
Paint: Unit Exteriors (2033)									$89,718	
Paint: Unit Exteriors (2034)										$96,106
Grounds: Concrete Components (Unfunded)										
Grounds: Granite Replenishment (Unfunded)										
Grounds: Irrigation System (2025)										
Grounds: Irrigation System (2026)										
Grounds: Monument Sign (Unfunded)										
Grounds: Tree Maintenance (Unfunded)										

Saddlebrooke Villas Association II

Cross-Tabular Summary

Directed Cash Flow Method; Sorted by Category

	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
BEGINNING RESERVE BALANCE	**$2,428,404**	**$2,699,082**	**$3,015,860**	**$3,356,891**	**$3,546,337**	**$3,621,803**	**$3,682,536**	**$3,901,337**	**$3,465,129**	**$3,003,739**
Member Contribution	**$217,260**	**$217,260**	**$230,040**	**$230,040**	**$230,040**	**$230,040**	**$230,040**	**$242,820**	**$242,820**	**$242,820**
Interest Contribution	**$88,638**	**$99,517**	**$110,991**	**$117,498**	**$120,090**	**$122,176**	**$129,691**	**$114,470**	**$98,623**	**$77,847**
Expenditures (detailed below)	**$35,219**	**$0**	**$0**	**$158,092**	**$274,663**	**$291,483**	**$140,929**	**$793,498**	**$802,834**	**$925,584**
ENDING RESERVE BALANCE	**$2,699,082**	**$3,015,860**	**$3,356,891**	**$3,546,337**	**$3,621,803**	**$3,682,536**	**$3,901,337**	**$3,465,129**	**$3,003,739**	**$2,398,822**
Roofs: Patios (Replace) (2029)					$137,539					
Roofs: Patios (Replace) (2030)						$145,832				
Roofs: Tile Underlayment (2022)								$662,388		
Roofs: Tile Underlayment (2023)									$682,260	
Roofs: Tile Underlayment (2024)										$796,425
Roofs: Tile Underlayment (2025)										
Roofs: Tile Underlayment (2026)										
Roofs: Tile Underlayment (2027)										
Roofs: Tile Underlayment (2028)										
Paint: Common Area Walls (Interior Side Only)	$35,219									
Paint: Unit Exteriors (2028)				$158,092						
Paint: Unit Exteriors (2029)					$137,124					
Paint: Unit Exteriors (2030)						$145,652				
Paint: Unit Exteriors (2031)							$140,929			
Paint: Unit Exteriors (2032)								$131,109		
Paint: Unit Exteriors (2033)									$120,574	
Paint: Unit Exteriors (2034)										$129,159
Grounds: Concrete Components (Unfunded)										
Grounds: Granite Replenishment (Unfunded)										
Grounds: Irrigation System (2025)										
Grounds: Irrigation System (2026)										
Grounds: Monument Sign (Unfunded)										
Grounds: Tree Maintenance (Unfunded)										

Saddlebrooke Villas Association II

Cross-Tabular Summary

Directed Cash Flow Method; Sorted by Category

	2055	2056	2057	2058
BEGINNING RESERVE BALANCE	**$2,398,822**	**$1,907,341**	**$1,449,892**	**$979,520**
Member Contribution	**$242,820**	**$242,820**	**$242,820**	**$242,820**
Interest Contribution	**$60,967**	**$45,256**	**$29,101**	**$4,022**
Expenditures (detailed below)	**$795,268**	**$745,524**	**$742,293**	**$977,025**
ENDING RESERVE BALANCE	**$1,907,341**	**$1,449,892**	**$979,520**	**$249,337**
Roofs: Patios (Replace) (2029)				
Roofs: Patios (Replace) (2030)				
Roofs: Tile Underlayment (2022)				
Roofs: Tile Underlayment (2023)				
Roofs: Tile Underlayment (2024)				
Roofs: Tile Underlayment (2025)	$747,937			
Roofs: Tile Underlayment (2026)		$745,524		
Roofs: Tile Underlayment (2027)			$742,293	
Roofs: Tile Underlayment (2028)				$764,562
Paint: Common Area Walls (Interior Side Only)	$47,332			
Paint: Unit Exteriors (2028)				$212,463
Paint: Unit Exteriors (2029)				
Paint: Unit Exteriors (2030)				
Paint: Unit Exteriors (2031)				
Paint: Unit Exteriors (2032)				
Paint: Unit Exteriors (2033)				
Paint: Unit Exteriors (2034)				
Grounds: Concrete Components (Unfunded)				
Grounds: Granite Replenishment (Unfunded)				
Grounds: Irrigation System (2025)				
Grounds: Irrigation System (2026)				
Grounds: Monument Sign (Unfunded)				
Grounds: Tree Maintenance (Unfunded)				

Saddlebrooke Villas Association II

Component Detail Index

23 Components