



# RESERVE DATA ANALYST

## **Fairwood Village HOA**

Port Ludlow, WA

### **Level III Reserve Study Update (No Site Inspection)**

December 30, 2024

Report Number: 17774

Report Version: Draft1

### **Reserve Data Analyst**

[www.reservedataanalyst.com](http://www.reservedataanalyst.com)

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## Component Details Index

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Thank you for utilizing the services of Reserve Data Analyst for your reserve study. We strive to create a comprehensive report that can be utilized for your budgeting needs. If there are any questions, concerns, corrections, or revisions needed please do not hesitate to call or email us. While this study does have some explanations of the methodology used, we have kept it to a minimum for brevity. More detailed explanations of methodology & concepts are explained by following the links in the Knowledge Base pages of this reserve study and in our Reserve Study Guidebook available at the following link:



[www.reservedataanalyst.com/guidebook](http://www.reservedataanalyst.com/guidebook)

To navigate this study more easily, we recommend printing out the Table of Contents page(s) and the Component Detail Index page(s) at the front of the study. We have found it easiest for most readers to have the PDF of this study open on their computer while referring to the printed-out Table of Contents and Component Details Index pages when navigating.

Within this reserve study you will find:

- ➔ Knowledge Base Pages - A list of common questions that a typical reader of our reserve study will have (e.g., cost, inflation, useful life), as well as links to additional information on the topics.
- ➔ The Component List - A list of the components (i.e., assets) that are reportedly the Client's responsibility along with their respective costs, quantity, useful life, remaining useful life, etc.
- ➔ Annual Projected Expenditures - A timeline of the estimated dates that we recommend fully allocating money to the repair/replacement projects. (Annual Expenditures Chart & Annual Expenditure List)
- ➔ Funding Model Projections - Various funding models with different goals in mind and comments about the particular funding model goal.
- ➔ Component Detail Pages - These pages have more in depth information for each component. Prior replacement history, component specific comments and reasoning for implementing different funding scenarios or functions in our software (e.g., delay funding, repeat limit, adjustments to age) can be found here. This sections is best navigated by utilizing the Component Details Index.

One of the main points we like to make clear to a reader of this reserve study is that recommendations for the allocation rates of the different funding models (excluding Client provided models) are only for the initial year of this reserve study; all future years are projections which are educated guesses and have numerous assumptions (e.g., inflation, proper maintenance, proper installation, known reserve account balances, etc.) built into the mathematical models. The further out in time a reader of the study goes, the less reliable the projections are likely to be. Note that the recommendations for the first fiscal year in the study are based on current cost and current useful life estimates, which we typically have lots of good data on, as opposed to future cost and future useful life projections which again are educated guesses.

Importance of Updates : From year to year the recommendations of the reserve analyst will typically change (sometimes significantly) based on variables that will usually change over time. More frequent updates (preferably annually) to this study help to incorporate changes to these variables as they occur each fiscal year so revisions to the recommendations are less significant than if updates are done infrequently.

Organization Name	Fairwood Village HOA
Organization Location	Port Ludlow, WA
*Contributing Members	19
Approximate Year of Construction	1995
*Fiscal Year Time Period	January 1st - December 31st
Level of Service	Level III Reserve Study Update (No Site Inspection)
Report Version	Draft1
Prepared for Fiscal Year	2025
Last On-Site Inspection Date	April 26, 2022
Inflation Rate for Projections	3.50%
*Rate of Return (APR) for Account Balances	0.80%
*Tax Rate on Interest Earned	30.00%
Funding Plan Method	Inflation Adjusted Pooled Cash Flow Method

**Reserve Account Summary**

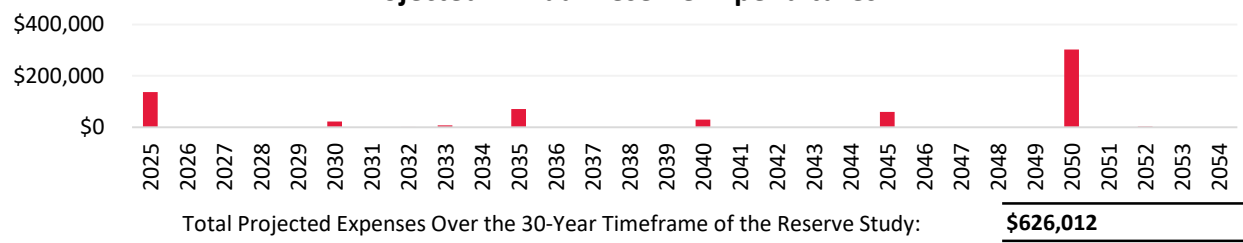
<p><b>Current Percent Funded</b></p> <p><b>33.0%</b></p>	<p>*Estimated Beginning Balance</p> <p>Current Fully Funded Balance</p>	<p>\$55,727</p> <p>\$169,062</p>	<p><b>Risk Indicator</b></p> <p><b>High Risk</b></p>
	<p>Current Reserve Account Surplus or (Deficit)</p> <p>Current Avg. Surplus or (Deficit) Per Member</p>	<p>(\$113,335)</p> <p>(\$5,965)</p>	
	<p>*Current Annual Reserve Allocation Rate</p> <p>*Approved Special Assessment(s) in FY 2025</p>	<p>\$10,310</p> <p>None</p>	
	<p>*Approved Loan(s) Amount in FY 2025</p>	<p>None</p>	
	<p><i>A low percent funded range (0-30%) for any significant period of time carries a high risk for having to rely on emergency financing. Our risk rating is the 5-year average percent funded from the Current Model's projections.</i></p>		

**Reserve Allocation Rates & Year-End % Funded - 5 Year Summary**

	100% Funded		Recommended		Baseline		Current		
2025	\$124,100	100.1%	\$90,000	22.1%	\$80,500	0.4%	\$6,415		2025
2026	\$11,626	100.6%	\$13,300	41.6%	\$12,145	22.3%	\$6,640		2026
2027	\$12,033	100.4%	\$13,766	54.5%	\$12,570	36.9%	\$6,872		2027
2028	\$12,974	100.6%	\$14,247	63.5%	\$13,010	47.1%	\$7,112		2028
2029	\$13,428	100.3%	\$14,746	70.0%	\$13,465	54.6%	\$7,361		2029
~ 100% funded at end of each fiscal year.		Achieve 100% funded within projections.		Account stays above \$0 for projections.		Current allocation rate has been supplied by the Client.			

\* Data supplied by the Client. Any year end negative percent funded (if applicable) has not been shown.

**Projected Annual Reserve Expenditures**



**What is a Reserve Study?**

A reserve study is a budgeting tool that can be utilized to make more informed budgeting decisions regarding a reserve account, it is an independent assessment of the adequacy of the reserve account balance and allocation rate utilizing a mathematical formula known as the “Percent Funded” calculation.

The Reserve Analyst develops funding models the adhere to some basic principles:

- ➔ Distribute the costs as fairly as possible over time.
- ➔ Have stable budgets over time (i.e., limiting large fluctuations from one
- ➔ Limit the risk of reliance on emergency financing or having to defer overdue projects.

A Reserve Study is an independent assessment of the reserve account and is **not** the Budget.

This study is not the budget, and it should not be revised to just reflect the budgeting decisions of the Client. An example of this is to push off overdue projects that the Client may not have the funds to complete. This report should reflect the replacement dates of the components utilizing typical or historical records for the useful lives & costs for these projects; the useful lives can be updated to reflect actual on-site conditions as the components age and in updates to this report.

Should the Client decide to make budgeting decisions such as deferring projects (typically due to a lack of funds) and that appear to be overdue carries its own risk with relation to scenarios like higher project costs later and marketability issues.

**How Much Should We Reserve?**

There is no right or wrong answer to the question of “How Much Should We Reserve?” as the reserve contributions in all the funding models in this study are based on different funding goals. It is more appropriate to consider the risk levels associated with different funding models as each Client has different risk tolerances and challenges in enacting whatever funding model is most appropriate to them.

In our opinion any funding model that projects the reserve account balance to dip to zero would not be appropriate or fiscally responsible as future emergency financing or deferring projects are typically the outcome. Below are some of the more common funding models utilized:



**About Percent Funded**

Percent funded is a calculation of how much is in the reserve account versus an ideal amount known as the Fully Funded Balance. The different risk levels associated with the levels of funding are explained in more depth below.



The below video link explains the Percent Funded calculation in more detail:



[www.reservedataanalyst.com/pf](http://www.reservedataanalyst.com/pf)

**About the Fully Funded Balance**

The Fully Funded balance is a mathematical calculation that represents the accrued deterioration of a component or a group of components at a specific point in time. It is an answer to the question of “How much should be in a reserve account at a specific point in time?” When the reserve account balance is the same as the Fully Funded Balance the reserve account is considered Fully Funded (100% Funded) at that specific point in time.

The below video link provides a more in-depth explanation of the Fully Funded balance:



[www.reservedataanalyst.com/ffb](http://www.reservedataanalyst.com/ffb)

**Calculating Inflation in the Reserve Study**

Inflationary factors impact the project costs over time and are the main driving force that must be overcome with diligent and steadfast budgeting towards reserves. Due to the compounding impact of inflation on costs, in a relatively short period of time, a reserve account can become severely underfunded if it is not considered in the budgeting scenarios. Follow the below link to learn more about how we calculate inflationary factors (escalation of the prices) in the reserve study and some of the tools we use in the process:



[www.reservedataanalyst.com/inf](http://www.reservedataanalyst.com/inf)

**Component Useful Life Estimates**

The useful life of components in the reserve study are predominantly based on our experiences with many different types of organizations and their respective repair and replacement cycles with building and site components. In addition to our own experiences working with many organizations over the years there is ample data available online regarding useful life estimates of building and site components. It is important to note that the estimates in the reserve study are based on averages and are not specific to any one property. Follow the below link to view some of the various useful life tables that we utilize:



[www.reservedataanalyst.com/ul](http://www.reservedataanalyst.com/ul)

**Determining Component Project Costs**

We utilize many sources for determining what is an appropriate component project cost in the reserve study. These can include:

- ➔ Client invoices, bids, estimates
- ➔ Our in-house database that is based on the collection of many Client invoices, bids, and estimates.
- ➔ Cost manuals that, when used correctly, are very accurate for

It's important to understand that unless we are provided actual project costs based on a client invoice/bid or estimate we utilize average costs figures that are not specific to any one Client. In the bidding process you...

... will find that there is a large difference in price from one vendor to the next for a variety of reasons. We aim to be in the middle of these estimates unless we have Client data to incorporate into the reserve study. Future costs (projections) for the component expenses are simply inflated from current cost based on the inflation assumption in the reserve study. It is important to remember that our current recommendations are based on current project costs and not the inflated number that is utilized in the projections portion of the reserve study. The below link goes into this topic in more detail:



[www.reservedataanalyst.com/cost](http://www.reservedataanalyst.com/cost)

**National Reserve Study Standards**

There are two recognized organizations that dictate national reserve study standards in the industry. The Community Association's Institute and the Association of Professional Reserve Analysts award designations to those reserve study professionals that meet education & work experience, adhere to the minimum report requirements, complete ongoing continuing education courses, and abide by ethical considerations in the field. The standards for both organizations can be viewed at the links below:



**What Components to Include in the Study?**

Reserve expenses for components are major expenses which must be budgeted for in advance to provide the necessary funds in time for their occurrence. Reserve expenses are reasonably predictable both in terms of frequency and cost. They are expenses that when incurred would have a significant impact on the smooth operation of the budgetary process from one year to the next if they were not reserved for in advance.

A common concern when beginning this process is what components are to be included and funded for in the Reserve Study. Nationally recognized CAI Reserve Study Standards as well as APRA Standards of Practice dictate that the reserve components need to meet the following criteria:

- It's not already covered in the Operating Budget.
- The component has a limited life expectancy.
- The component has a reasonably defined remaining useful life.
- As required by local statutes.

**When to Complete Reserve Projects?**

Components should be replaced when they are no longer functioning as designed. This is best determined by your component specific Vendor who can inspect and give their best professional advice on the condition assessment and timeframe on when/what needs to be done. Note that this reserve study is not a “to do list”; it is a budgeting document with recommendations for when we suggest having the funds allocated towards the projects. If something fails earlier than projected then replace it, if it lasts longer (as determined by your component specific ...

... Vendor) then take their advice as they are experts in their specific field. Projects should be completed when they need to be completed regardless of our projections in the study.

Note that this does not mean it would be appropriate to delay projects simply because funds are not available though as that is a budgeting decision not based on component specific Vendor recommendations.

A common issue we see is the delay of projects simply because there is a lack of reserve funds available, only to have a much larger and more expensive project later due to a variety of factors that come into play when delaying reserve projects (e.g., inflation, collateral damage).

**Ongoing Component Maintenance**

While this reserve study has been developed to disclose and inform the Client of the predictable larger long-term project costs related to site and building components, there is also a need to complete regular inspections and repairs to virtually all components on much shorter cycles. These costs would typically be covered in the annual Operating Budget.

Virtually all the components should receive regular cycles of inspection and repairs by a qualified Vendor. Failure to complete ongoing maintenance typically leads to shorter useful lives and higher costs later. RSMeans provides a free link to common building and site component items to inspect.



[www.reservedataanalyst.com/rsmeans](http://www.reservedataanalyst.com/rsmeans)

**Recommendations Versus Projections**

In the reserve study the Reserve Analyst’s recommendations for the allocation rates of the different funding models apply only to the year the reserve study is being developed for. All projections in the study are future educated guesses with assumptions about a significant number of variables (e.g., inflation rate, financial, component useful life, component remaining useful life, proper maintenance, etc.).

Projections can be accurate or extremely inaccurate based on these assumptions; because of this we do not suggest giving much consideration to projections in the decision making for overall reserve budgeting. This may sound counter-intuitive, but this is due to recommendations for the allocation rates, in the initial year of the study, being based on predominantly current known factors (e.g., current costs, current inflation, current maintenance practices) versus projections which are based on future assumptions to a variety of variables (e.g., future costs, future inflation rates, and future maintenance practices). Follow the below link to our website to learn more about recommendations versus projections.



[www.reservedataanalyst.com/projections](http://www.reservedataanalyst.com/projections)

**You Have a Reserve Study Now What?**

Adequately budgeting for reserves is often one of the more difficult tasks our clients face. Reserve component projects are infrequent and often years down the line, making it very easy to just "deal with it later"...

... We have found those that are most successful with reserve budgeting goals typically follow these simple rules when creating and implementing a reserve budget.

**Actionable**

Is your goal possible within the constraints & limitations of very important but often overlooked factors related to statutory requirements and the governing documents?

**Comprehensive**

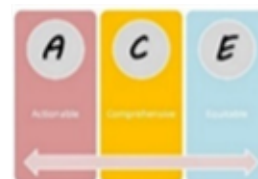
Your goal should be clear and specific, otherwise you won't be able to focus your efforts or feel truly motivated to achieve it. When drafting your goal, try to answer the four "W" questions - What do we want to accomplish? Why is this goal important? Who is involved? When is this goal set to occur?

**Equitable**

Your goal should be reasonable and attainable to be successful. In other words, it should stretch your abilities but remain possible. When you set an achievable goal, you may be able to identify previously overlooked opportunities or resources that can bring you closer to it.

This often means that transitioning to a more stable financial track will take years of smaller goals being obtained.

Severely underfunded reserve accounts typically develop after many years or decades; it’s usually not reasonable for the answers to come quick or easily.



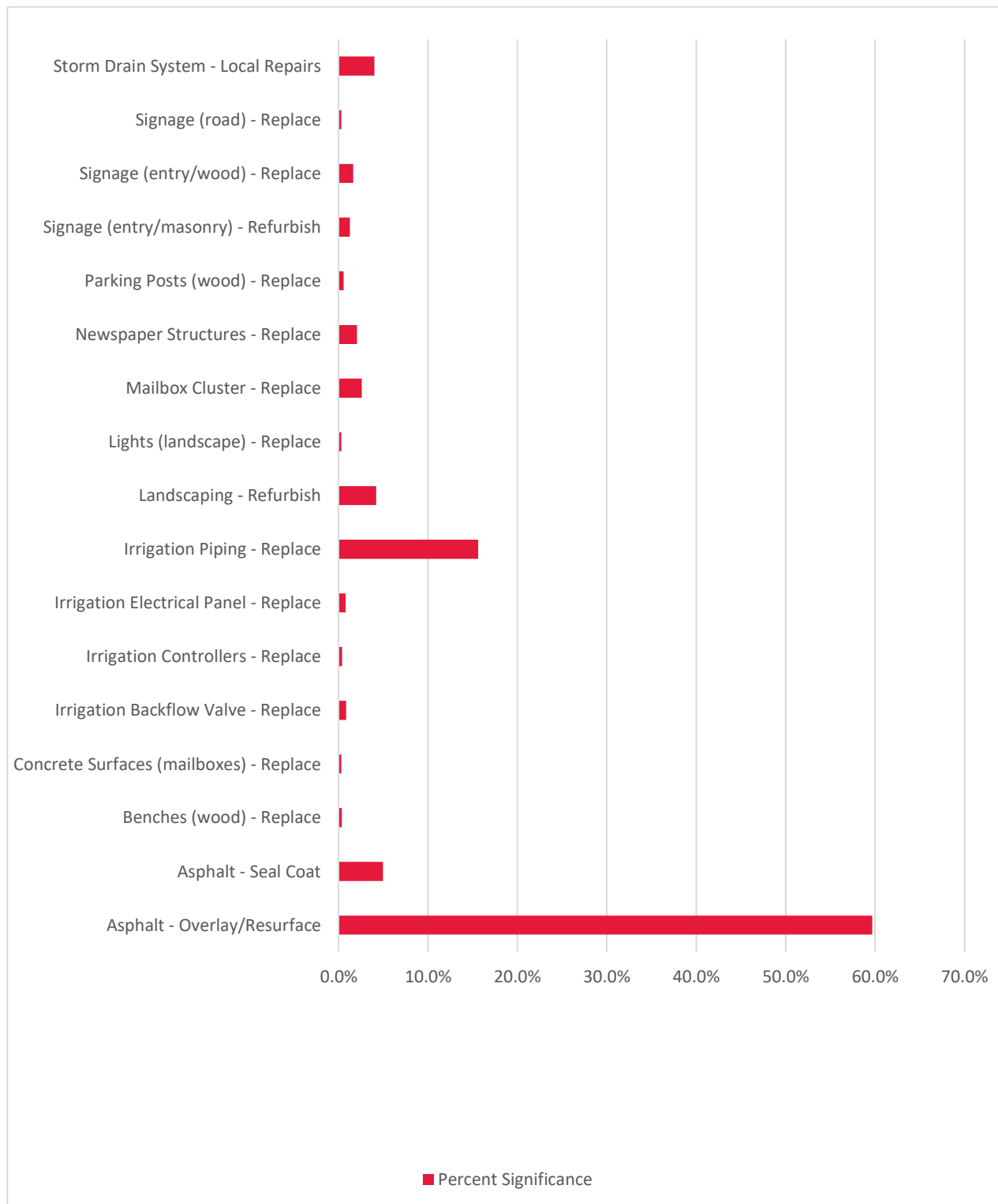
[www.reservedataanalyst.com/ace](http://www.reservedataanalyst.com/ace)

# Component List

Version: Draft1

ID	Component Description	Install/Alloc. Year	Replace Year	Useful Life (UL)	Adjust / Delay(D)	Remaining UL	Quantity	Qty. Type	Cost Per Qty.	% Replace	Current Cost	% Significance	
											<b>Totals:</b>	<b>\$182,493</b>	<b>100%</b>
1001	Asphalt - Overlay/Resurface	1995	2025	25	0		28,688 sf		\$3.80	100.0%	\$108,932	59.7%	
1002	Asphalt - Seal Coat	1995	2025	5	0		28,688 sf		\$0.32	100.0%	\$9,053	5.0%	
1005	Benches (wood) - Replace	2000	2025	25	0		1 ea		\$668.97	100.0%	\$669	0.4%	
1006	Concrete Surfaces (mailboxes) - Replace	2008	2033	25	8		28 sf		\$19.56	100.0%	\$548	0.3%	
1004	Irrigation Backflow Valve - Replace	1995	2045	50	20		1 ea		\$1,572.81	100.0%	\$1,573	0.9%	
1008	Irrigation Controllers - Replace	2010	2025	15	0		1 ea		\$743.37	100.0%	\$743	0.4%	
1007	Irrigation Electrical Panel - Replace	1995	2030	35	5		1 ea		\$1,467.96	100.0%	\$1,468	0.8%	
1009	Irrigation Piping - Replace	1995	2035	40	10		8,640 sf		\$3.30	100.0%	\$28,497	15.6%	
1010	Landscaping - Refurbish	2005	2025	20	0		1,624 sf		\$4.55	100.0%	\$7,698	4.2%	
1011	Lights (landscape) - Replace	1995	2025	25	0		3 ea		\$185.86	100.0%	\$558	0.3%	
1012	Mailbox Cluster - Replace	2008	2033	25	8		2 ea		\$2,359.22	100.0%	\$4,718	2.6%	
1014	Newspaper Structures - Replace	1995	2045	50	20		2 ea		\$1,887.37	100.0%	\$3,775	2.1%	
1015	Parking Posts (wood) - Replace	1995	2025	25	0		10 ea		\$104.85	100.0%	\$1,049	0.6%	
1016	Signage (entry/masonry) - Refurbish	1995	2035	40	10		2 ls		\$1,153.39	100.0%	\$2,307	1.3%	
1018	Signage (entry/wood) - Replace	2015	2035	20	10		2 ea		\$1,494.17	100.0%	\$2,988	1.6%	
1017	Signage (road) - Replace	2012	2032	20	7		2 ea		\$288.35	100.0%	\$577	0.3%	
1019	Storm Drain System - Local Repairs	2022	2025	5	2	0	1 ls		\$7,339.78	100.0%	\$7,340	4.0%	

## Component % Significance



The above chart illustrates the current cost breakdown (by percent) of the Component that are included in the mathematical models. Special attention should be given to those components which take up a bulk of the % of the current cost as these may require significant planning to adequately budget for their replacement. These large expenses may be well into the future during "Peak Year" cycles. Refer to the Projected Annual Expenditures List pages of this study for a breakdown, by year, of the projected timeline of expected expenditures.

## **Maintenance & Inspections**

The Client stated that they have been working with the Vendors for ongoing maintenance of components. Note that a lack of ongoing maintenance at any point in the past or future can significantly reduce the useful life of components. It is assumed that all proper maintenance has and will be completed per the component specific Vendor's recommendations (unless otherwise noted). It is assumed all inspections will be completed per local statute and are assumed to be paid for from the operational account, as reported by the Client (unless otherwise noted).

## **Comments on Asphalt Surfaces**

FY 2025 Update - The Client has stated that there is a discussion about chip sealing the asphalt roads instead of doing an Overlay soon. It has been our experience that chip seals are not cost effective and typically last 5-7 years (slightly longer than a sealcoat) and are not meant to be in place of an Overlay of the asphalt surfaces. Chip sealing is simply a sealcoat with some aggregate added and is an alternative to a sealcoat not an Overlay. It has also been our experience that chip seals typically have a negative impact on market appeal in communities; usually due to the higher noise from the roadways, loose aggregate on the roads which can cause chips in vehicles paint/windows, and making riding bikes/motorcycles more hazardous).

Note that the most common mistake we see when budgeting for asphalt is pushing out the overlay project too far in time due to the high expense. The typical outcome of this scenario is that Vendors will no longer be able to complete an overlay project due to advanced deterioration and there must be a replacement project completed (often at approximately twice the expense of an overlay project). Deterioration to asphalt typically rapidly increases in the later years of its useful life so delaying an Overlay project is often an extremely costly budgeting mistake.

\*\*\* Note that the Client obtained bids in 2023 to do an Overlay of the asphalt roads. It has been our experience that the cost will increase significantly each year the Overlay project is pushed out due to more areas in need of patching/repair before an Overlay can be done. Note this deterioration and patching will typically increase the cost to such a degree that a replacement project will then become the most cost effective option (usually 5-7 years). \*\*\*

We suggest obtaining annual bids from the Vendor(s) to keep up on the cost and timing of when the Vendor will continue to feel an Overlay is still doable. Note that each vendor will have a different opinion and comfort level as to when an Overlay is not the appropriate (based on their comfort level, guarantee, experience level, manpower, equipment, etc.). Should the Client wish to budget for a Replacement project versus an Overlay (based on the Asphalt Vendor recommendations or Client preference) this reserve study, or a future update should be revised to reflect that decision.

## **Excluded Components**

Unless noted otherwise the below components have been excluded from funding in this reserve study. Note that the inclusion of any of these items later via a revision or update to this study will impact the funding strategies developed by the Reserve Analyst.

### Long Life Components

If properly constructed the below components are long life components which, currently, have no predictable useful life, predictable remaining useful life, or predictable associated replacement costs. As these components age and a history of repair/replacement needs becomes evident or there are failures then we suggest reevaluating these systems and having them inspected by qualified vendors. Future updates to the reserve study should be revised accordingly.

> Storm Water System Replacement - We suggest working with a qualified vendor for regular maintenance (e.g., sediment removal) and periodic inspections. At this time, we have no predictable remaining life for this system; it has been our experience that with regular maintenance and periodic inspections repairs can be made before larger scale failures. As the system ages Vendor recommendations should be incorporated into updates to the reserve study.

### **Not Client's Responsibility**

The below components are reportedly not the Client's responsibility per their interpretation of their governing documents. Note that the Reserve Analyst does not interpret governing documents and has excluded items based on the Client's request and their interpretation of their own governing documents. If there is ambiguity or questions as to what specific wording means in the governing documents, we recommend consulting with a qualified and experienced attorney.

- > Utility Main Lines - Utility Company's Responsibility
- > Utility Water & Sewer Lateral Lines (between main line and private houses) - Lot Owner's Responsibility
- > Fire Hydrants - Jefferson County's Responsibility

### Operating Account Expenses

The below components are reportedly paid for from the Operating Account and have not been included in this reserve study.

- > Storm Water System Maintenance - We recommend setting up an annual contract with a Vendor.
- > Asphalt Crack Sealing - Complete annually as needed.
- > Ongoing Landscaping
- > Minor Irrigation System Repairs (e.g., sprinkler heads, valve replacement, controllers/timers)
- > Newspaper Structure Repairs - Completed as needed

### **Comments on Reserve Data Analyst's Software Functions**

Utilizing software that is mathematically accurate, and which is also adaptable is an extremely important part of completing a reserve study. With so many scenarios we encounter having flexible software helps us to create comprehensive and adaptable reserve studies. Typically comments will be made in the Component Details sections of this reserve study when a components fully funded balance or projected allocation/replace date has been altered utilizing one of our software functions. To learn more about our software functions please visit our [blog post about our proprietary software and its functions:](http://www.reservedataanalyst.com/blog/software-functions/)

[www.reservedataanalyst.com/blog/software-functions/](http://www.reservedataanalyst.com/blog/software-functions/)

### **Reserve Study Update - Inflation**

Per the most recent construction cost data in this region the inflation rate has been **1.8%** since the prior reserve study was performed in 2023. An inflation rate has been applied to the component project estimated costs in this reserve study update. Note that the above average inflation percent rate increase is for all construction jobs, actual individual component increases may be above or below this average.

Note that a historical average 3.5% has been applied to projections (future estimated project costs) in the reserve study as even though there will be time periods of inflation that are well above and below this historical average inflation rate, we would expect the long-term average to fall back in line with the historical average in the United States based on data going back over 100 years. To learn more about how inflation is applied to the reserve study please visit

[www.reserveataanalyst.com/inf](http://www.reserveataanalyst.com/inf)

### **Washington State Assessment & Disclosure Request Form**

Included in the fee for this reserve study is an Assessment & Disclosure Form which complies with statutory requirements for common interest communities in Washington State. Note that this form can only be requested after the budget has been voted on and approved by the Board and/or Community Membership. This disclosure is a requirement for Boards to provide to the membership annually. Please follow the following link to complete the request form on our website:

[www.reservedataanalyst.com/rad/](http://www.reservedataanalyst.com/rad/)

### **Washington State Disclosures**

RCW 64.34.382 & RCW 64.38.070

This reserve study meets minimum standards as required per WA State RCW requirements outlined in the Washington Condominium Act, the Homeowners' Association Act, and the Washington Uniform Common Interest Ownership Act. This reserve study should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require you to pay on demand as a special assessment your share of common expenses for the cost of major maintenance, repair, or replacement of a reserve component.

### **Disclosures Required by RCW 64.90.550.**

This Reserve Study meets all requirements of the Washington Uniform Common Interest Ownership Act. a) This Reserve Study was prepared with the assistance of a reserve study professional and that professional was independent). This Reserve Study includes all information required by RCW 64.90.550 Reserve Study – Contents; and) This reserve study should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require the association to (1) defer major maintenance, repair, or replacement, (2) increase future reserve contributions, (3) borrow funds to pay for major maintenance, repair, or replacement, or (4) impose special assessments for the cost of major maintenance, repair, or replacement.

### **WA State RCW - Reserve Study Contents (minimum report standards)**

This reserve study exceeds the WA State RCW minimum report requirements as outlined in the Washington Uniform Common Interest Ownership Act (RCW 64.90.550), the Washington State Homeowners Association Act (RCW 64.38.070), and the Washington State Condominium Act (RCW 64.34.382):

#### (2) A reserve study must include:

**(a)** A reserve component list, including any reserve component, the replacement cost of which exceeds one percent of the annual budget of the association, excluding contributions to the reserves for that reserve component. If one of these reserve components is not included in the reserve study, the study must explain the basis for its exclusion. The study must also include quantities and estimates for the useful life of each reserve component, the remaining useful life of each reserve component, and current major replacement costs for each reserve component;

**(b)** The date of the study and a disclosure as to whether the study meets the requirements of this section;

**(c)** The following level of reserve study performed:

- (i) Level I: Full reserve study funding analysis and plan;
- (ii) Level II: Update with visual site inspection; or
- (iii) Level III: Update with no visual site inspection;

**(d)** The association's reserve account balance;

**(e)** The percentage of the fully funded balance to which the reserve account is funded;

**(f)** Special assessments already implemented or planned;

**(g)** Interest and inflation assumptions;

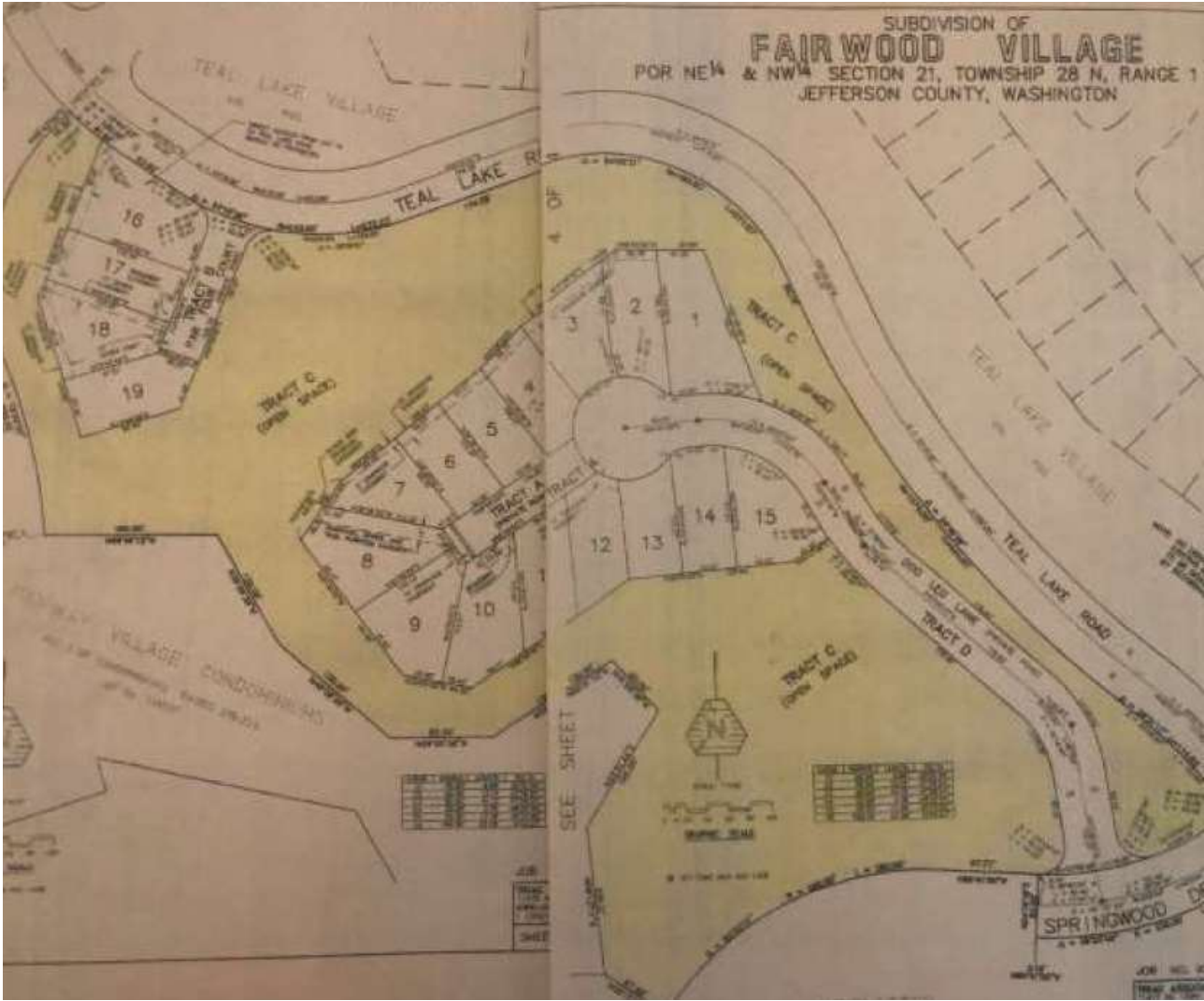
**(h)** Current reserve account contribution rates for a full funding plan and a baseline funding plan;

**(i)** A recommended reserve account contribution rate for a full funding plan to achieve one hundred percent fully funded reserves by the end of the thirty-year study period, a recommended reserve account contribution rate for a baseline funding plan to maintain the reserve account balance above zero throughout the thirty-year study period without special assessments, and a reserve account contribution rate recommended by the reserve study professional;

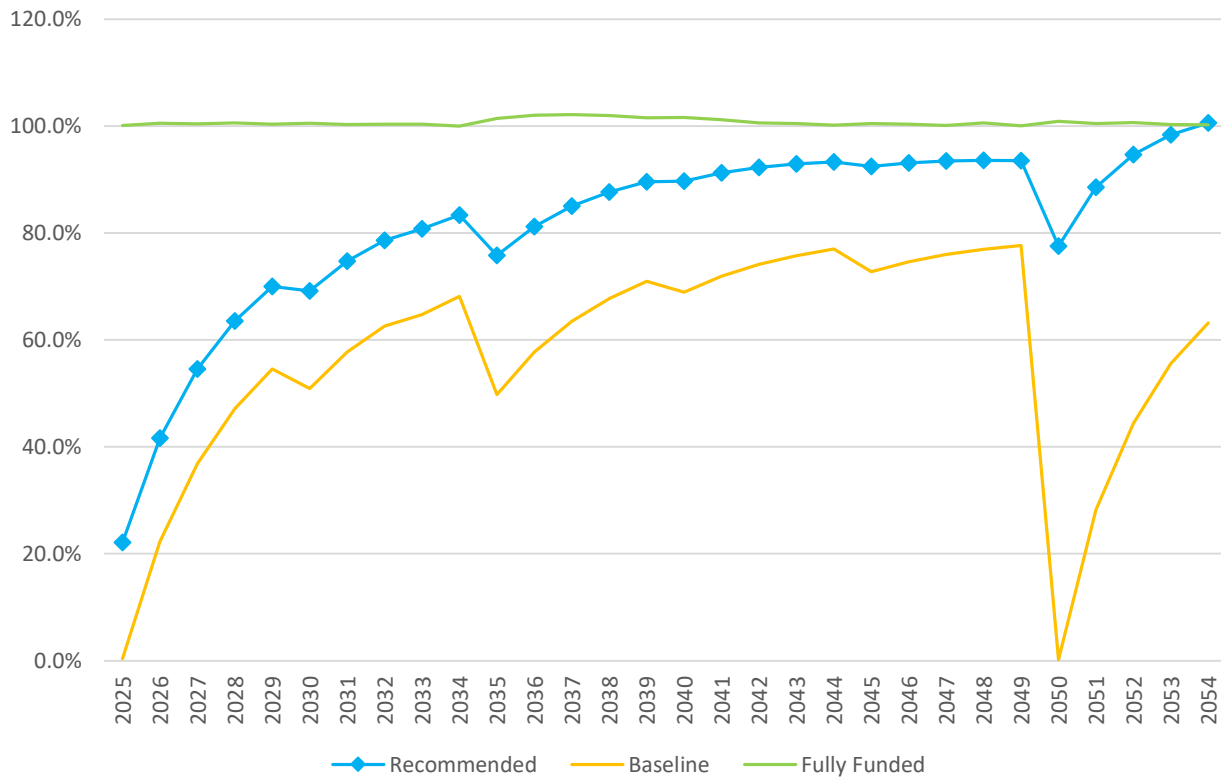
**(j)** A projected reserve account balance for thirty years based on each funding plan presented in the reserve study;

**(k)** A disclosure on whether the reserve study was prepared with the assistance of a reserve study professional, and whether the reserve study professional was independent; and

**(l)** A statement of the amount of any current deficit or surplus in reserve funding expressed on a dollars per unit basis. The amount is calculated by subtracting the association's reserve account balance as of the date of the study from the fully funded balance, and then multiplying the result by the fraction or percentage of the common expenses of the association allocable to each unit; except that if the fraction or percentage of the common expenses of the association allocable vary by unit, the association must calculate any current deficit or surplus in a manner that reflects the variation.



## Percent Funded Chart



The above chart compares the funding models by the percentage funded levels over the timeframe of the projections, as calculated at the end of each fiscal year.

The **Recommended Funding Model** increases the Client's reserve account Percent Funded Level to 100% funding within the timeframe of the projections in this report. Once this 100% funded level is reached it is a good indicator that the reserve account is on track to meet its future obligations with minimal risk of reliance on emergency financing or having to defer projects that come due. Note that the Recommended Model is not necessarily a low risk, no risk or ideal model to follow. It simply has a goal of guiding the reserve account to a 100% funded level within the timeframe of projections.

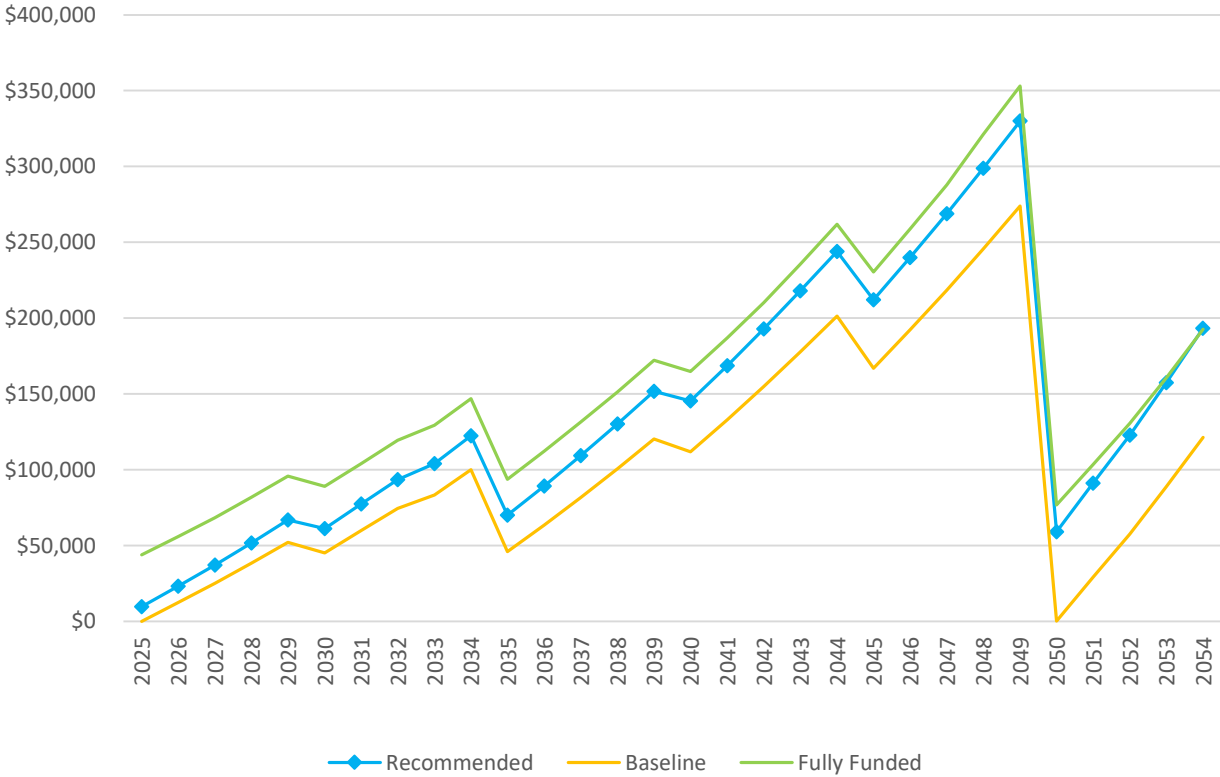
The **Alt. Recommended Funding Model** has been included (if applicable) as an alternative to the regular Recommended Model (which utilizes an annual reserve contribution percentage increase rate that is similar to the inflation rate). This alternative model has a goal of reaching 100% funded by the end of a 30-year period but starts with a higher or lower reserve allocation rate and increases at a significantly higher or lower annual percentage increase (i.e., the annual reserve allocation percentage change is significantly higher or lower than the projected inflation rate) until the reserve account reaches the 100% funded level by the end of the 30-years of projections.

The **Baseline Funding Model** has a goal of only keeping the reserve account cash positive within the timeframe of the projections (i.e., at some point within the timeframe of the projections the reserve account is depleted to near \$0). This model carries significant risk for reliance on emergency financing and/or having to defer projects due to the common occurrence of components failing earlier than projected or costs increasing more rapidly than projected.

The **Fully Funded Model** has a goal of maintaining the reserve account to a minimum of 100% Funded in each year of the projections. This model minimizes risk for reliance on emergency financing and deferred maintenance and places the reserve account on a low-risk path for budgeting of future reserve expenditures.

The **Current Funding Model** (if included here) is based on the reserve allocation rate supplied by the Client as of the date of this study; it has not been independently verified and is assumed to be correct.

# Reserve Account Balance Chart



The chart above compares the annual year-end balance of the reserve account for the respective funding models over the timeframe covered in in the projections. Projected reserve account balances (funding model lines) will often have large fluctuations from year to year due to projects occurring in any given year.

There is often an incorrect perception that the reserve account funds grow and just "sit" in the reserve account indefinitely. In actuality the reserve funds should be allowed to accumulate over time so that there are adequate funds when the reserve projects are projected to occur. The math for the fully funded balance and projections does not simply end at the 30-year timeframe of projections in this reserve study.

**Example:** Reserve funds that are projected to be in the reserve account at the end of year 30 of the study are for projected reserve projects in fiscal years 31, 32, 33, 34, etc. Often a peak expense year (one or numerous large reserve projects) will fall outside of the 30-year projections so it may appear to a reader of this study that these funds are "extra" when in fact they are needed for projections that are simply not visible due to the printout stopping at a 30-year timeframe.

The model that departs from this "building reserves" philosophy, by definition, is the Baseline Funding Model which ignores all expenses past the 30-year timeframe of the reserve study (like they simply do not exist) and is the reason it typically indicates a much lower needed reserve allocation rate and reserve account balance. **However**, in updates to the study as these projected reserve projects do begin to fall within the 30-year snapshot they will need to be funded for, often requiring significant increases to the reserve account allocation rate. It is one of the reasons the Baseline Model is a high risk model that would be extremely difficult follow (especially for communities past 20 years of age) for any significant period of time.

## Full Funded Model

This funding model has a goal of being a minimum of 100% funded, annually, over the timeframe of the projections. Allocation rates will fluctuate based on the expenditures projected in any given year. The initial year will have a higher allocation rate than subsequent years if the reserve account is underfunded and requires a cash injection to elevate the reserve account to a 100% funded track.

While being at a 100% funded level is considered ideal it has been our experience that it is frequently not realistic due to a lack of funds that would need to be deposited into the reserve account to elevate it to a 100% funded level in the initial year of the projections. The initial year allocation percentage increase/decrease is the change from the Client provided current reserve allocation amount.

	Total Asset Cost	Allocation Rate	Allocation % Change	Net Interest	Special Assess/Loan	Annual Expenditures	Year End Account Balance	Year End FFB	Year End % Funded
2025	\$188,880	\$124,100	1103.69%	\$245		\$136,042	\$44,030	\$43,976	100.1%
2026	\$195,491	\$11,626	-90.63%	\$312		\$0	\$55,968	\$55,659	100.6%
2027	\$202,333	\$12,033	3.50%	\$381		\$0	\$68,382	\$68,106	100.4%
2028	\$209,414	\$12,974	7.82%	\$456		\$0	\$81,811	\$81,356	100.6%
2029	\$216,744	\$13,428	3.50%	\$533		\$0	\$95,773	\$95,450	100.3%
2030	\$224,330	\$13,898	3.50%	\$495		\$21,213	\$88,953	\$88,475	100.5%
2031	\$232,181	\$14,385	3.50%	\$579		\$0	\$103,916	\$103,619	100.3%
2032	\$240,308	\$15,550	8.10%	\$665		\$734	\$119,397	\$118,956	100.4%
2033	\$248,719	\$16,094	3.50%	\$720		\$6,934	\$129,277	\$128,848	100.3%
2034	\$257,424	\$16,658	3.50%	\$817		\$0	\$146,752	\$146,715	100.0%
2035	\$266,434	\$17,241	3.50%	\$522		\$70,792	\$93,723	\$92,405	101.4%
2036	\$275,759	\$17,844	3.50%	\$625		\$0	\$112,191	\$109,948	102.0%
2037	\$285,410	\$18,469	3.50%	\$732		\$0	\$131,391	\$128,605	102.2%
2038	\$295,400	\$19,115	3.50%	\$843		\$0	\$151,349	\$148,434	102.0%
2039	\$305,739	\$19,784	3.50%	\$958		\$0	\$172,092	\$169,494	101.5%
2040	\$316,439	\$20,476	3.50%	\$918		\$28,710	\$164,776	\$162,131	101.6%
2041	\$327,515	\$21,193	3.50%	\$1,041		\$0	\$187,010	\$184,800	101.2%
2042	\$338,978	\$21,935	3.50%	\$1,170		\$0	\$210,115	\$208,857	100.6%
2043	\$350,842	\$24,100	9.87%	\$1,312		\$0	\$235,527	\$234,372	100.5%
2044	\$363,122	\$24,944	3.50%	\$1,459		\$0	\$261,929	\$261,417	100.2%
2045	\$375,831	\$25,817	3.50%	\$1,283		\$58,576	\$230,453	\$229,441	100.4%
2046	\$388,985	\$26,720	3.50%	\$1,440		\$0	\$258,613	\$257,655	100.4%
2047	\$402,599	\$27,655	3.50%	\$1,603		\$0	\$287,871	\$287,564	100.1%
2048	\$416,690	\$31,378	13.46%	\$1,788		\$0	\$321,037	\$319,250	100.6%
2049	\$431,275	\$30,000	-4.39%	\$1,966		\$0	\$353,003	\$352,802	100.1%
2050	\$446,369	\$25,000	-16.67%	\$428		\$301,551	\$76,880	\$76,205	100.9%
2051	\$461,992	\$25,875	3.50%	\$575		\$0	\$103,330	\$102,845	100.5%
2052	\$478,162	\$28,000	8.21%	\$727		\$1,460	\$130,597	\$129,744	100.7%
2053	\$494,897	\$28,980	3.50%	\$894		\$0	\$160,471	\$159,965	100.3%
2054	\$512,219	\$31,000	6.97%	\$1,072		\$0	\$192,543	\$192,142	100.2%

Beginning Balance: \$55,727

Annual Inflation Rate: 3.50%

Interest Rate: 0.80%

## Recommended Funding Model

We have developed a funding plan which will help steer the reserve account into a high funded range within the 30-year projection timeframe. This Recommended Funding Model requires the Client allocate the recommended allocation amount into the reserve account with annual increases thereafter to offset inflationary factors.

This Recommended Funding Plan Considers 4 Basic Principles; there are adequate reserves when needed, the budget should remain stable but increasing to offset inflationary factors, the costs are fairly distributed over time, and the funding plan must allow the Client to be fiscally responsible.

Note that the Recommended Model is not necessarily a low risk, no risk or ideal model to follow (especially if the reserve account is currently significantly underfunded). It simply has a goal of having the reserve account reach 100% funded by the end of a 30-year period. An "ideal" model to follow would be the 100% funded model as this model has the reserve account funded to a minimum 100% funded level each year of the study and there would be low risk for reliance on special assessments and/or loans even if unexpected occurrences came to fruition.

	<i>Total Asset Cost</i>	<i>Allocation Rate</i>	<i>Allocation % Change</i>	<i>Net Interest</i>	<i>Special Assess/Loan</i>	<i>Annual Expenditures</i>	<i>Year End Account Balance</i>	<i>Year End FFB</i>	<i>Year End % Funded</i>
2025	\$188,880	\$90,000	772.94%	\$54		\$136,042	\$9,740	\$43,976	22.1%
2026	\$195,491	\$13,300	-85.22%	\$129		\$0	\$23,169	\$55,659	41.6%
2027	\$202,333	\$13,766	3.50%	\$207		\$0	\$37,141	\$68,106	54.5%
2028	\$209,414	\$14,247	3.50%	\$288		\$0	\$51,676	\$81,356	63.5%
2029	\$216,744	\$14,746	3.50%	\$372		\$0	\$66,794	\$95,450	70.0%
2030	\$224,330	\$15,262	3.50%	\$341		\$21,213	\$61,183	\$88,475	69.2%
2031	\$232,181	\$15,796	3.50%	\$431		\$0	\$77,411	\$103,619	74.7%
2032	\$240,308	\$16,349	3.50%	\$521		\$734	\$93,547	\$118,956	78.6%
2033	\$248,719	\$16,921	3.50%	\$580		\$6,934	\$104,114	\$128,848	80.8%
2034	\$257,424	\$17,514	3.50%	\$681		\$0	\$122,308	\$146,715	83.4%
2035	\$266,434	\$18,127	3.50%	\$390		\$70,792	\$70,033	\$92,405	75.8%
2036	\$275,759	\$18,761	3.50%	\$497		\$0	\$89,291	\$109,948	81.2%
2037	\$285,410	\$19,418	3.50%	\$609		\$0	\$109,318	\$128,605	85.0%
2038	\$295,400	\$20,097	3.50%	\$725		\$0	\$130,139	\$148,434	87.7%
2039	\$305,739	\$20,801	3.50%	\$845		\$0	\$151,785	\$169,494	89.6%
2040	\$316,439	\$21,529	3.50%	\$810		\$28,710	\$145,414	\$162,131	89.7%
2041	\$327,515	\$22,282	3.50%	\$939		\$0	\$168,635	\$184,800	91.3%
2042	\$338,978	\$23,062	3.50%	\$1,074		\$0	\$192,771	\$208,857	92.3%
2043	\$350,842	\$23,869	3.50%	\$1,213		\$0	\$217,853	\$234,372	93.0%
2044	\$363,122	\$24,705	3.50%	\$1,358		\$0	\$243,916	\$261,417	93.3%
2045	\$375,831	\$25,569	3.50%	\$1,181		\$58,576	\$212,090	\$229,441	92.4%
2046	\$388,985	\$26,464	3.50%	\$1,336		\$0	\$239,890	\$257,655	93.1%
2047	\$402,599	\$27,390	3.50%	\$1,497		\$0	\$268,778	\$287,564	93.5%
2048	\$416,690	\$28,349	3.50%	\$1,664		\$0	\$298,791	\$319,250	93.6%
2049	\$431,275	\$29,341	3.50%	\$1,838		\$0	\$329,969	\$352,802	93.5%
2050	\$446,369	\$30,368	3.50%	\$329		\$301,551	\$59,115	\$76,205	77.6%
2051	\$461,992	\$31,431	3.50%	\$507		\$0	\$91,054	\$102,845	88.5%
2052	\$478,162	\$32,531	3.50%	\$684		\$1,460	\$122,809	\$129,744	94.7%
2053	\$494,897	\$33,670	3.50%	\$876		\$0	\$157,355	\$159,965	98.4%
2054	\$512,219	\$34,848	3.50%	\$1,076		\$0	\$193,280	\$192,142	100.6%

Beginning Balance: \$55,727

Annual Inflation Rate: 3.50%

Interest Rate: 0.80%

# Baseline Funding Model

The Baseline Funding Model is considered a bare minimum approach which has a goal of keeping the reserve account balance above \$0 within the 30-year timeframe of the projections and does not take into consideration projected expenses that fall outside of the 30-year timeframe of the projections (i.e., longer life components are simply ignored like they do not exist).

This funding model carries a higher risk for reliance on emergency financing specifically in years when large component expenses occur earlier than projected or costs see significant increases. Additionally, in the future when longer life components come into the 30-year timeframe of the projections their projected expenditures will have a significant impact on the allocation requirements to keep the reserve account cash positive going forward. Should there be a desire to not funding for longer life component projects (i.e., projects that are set to occur after the 30-year projections) at this time then we suggest setting a goal of at least funding to the Baseline Funding Model which has the goal of only staying cash positive for the 30-year time-frame of the projections. Note the "Year End Account Balance" column (3rd from right) which indicates the year(s) that the reserve account is projected to drop to near **zero** in the reserve account.

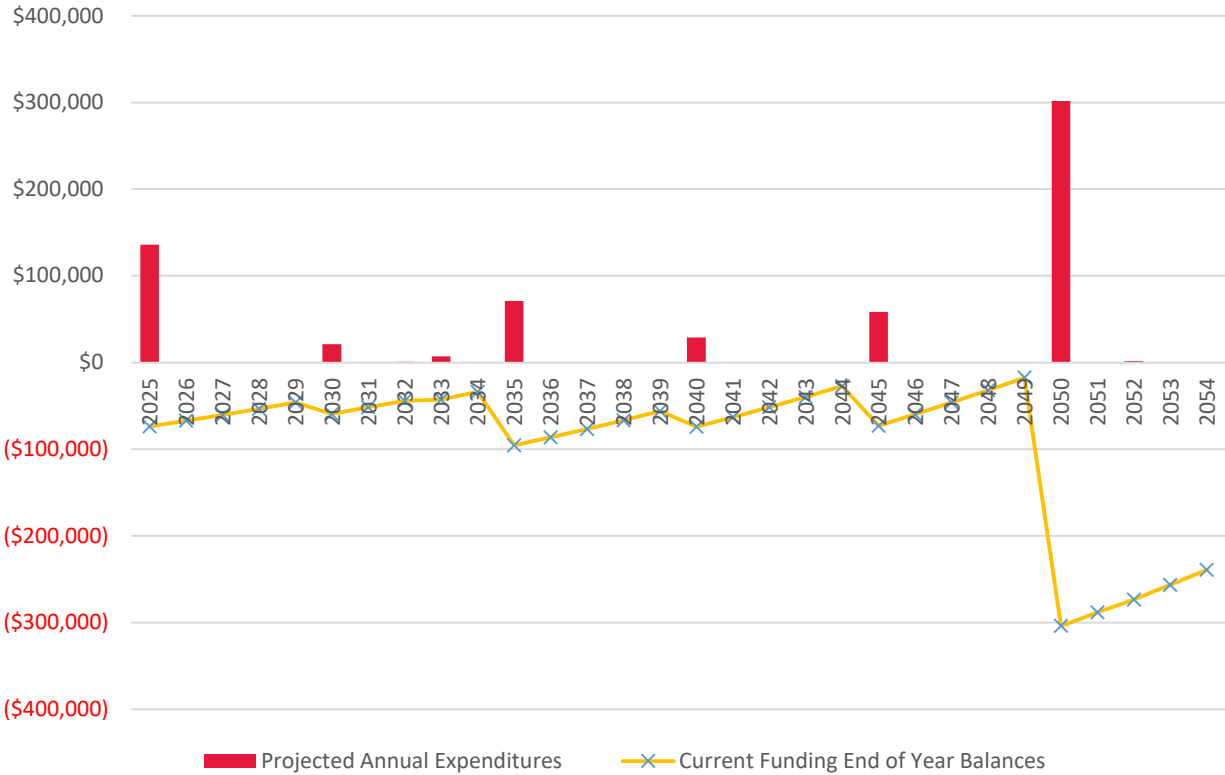
	Total Asset Cost	Allocation Rate	Allocation % Change	Net Interest	Special Assess/Loan	Annual Expenditures	Year End Account Balance	Year End FFB	Year End % Funded
2025	\$188,880	\$80,500	680.80%	\$1		\$136,042	\$186	\$43,976	0.4%
2026	\$195,491	\$12,145	-84.91%	\$69		\$0	\$12,400	\$55,659	22.3%
2027	\$202,333	\$12,570	3.50%	\$140		\$0	\$25,110	\$68,106	36.9%
2028	\$209,414	\$13,010	3.50%	\$213		\$0	\$38,334	\$81,356	47.1%
2029	\$216,744	\$13,465	3.50%	\$290		\$0	\$52,089	\$95,450	54.6%
2030	\$224,330	\$13,937	3.50%	\$251		\$21,213	\$45,063	\$88,475	50.9%
2031	\$232,181	\$14,424	3.50%	\$333		\$0	\$59,821	\$103,619	57.7%
2032	\$240,308	\$14,929	3.50%	\$414		\$734	\$74,431	\$118,956	62.6%
2033	\$248,719	\$15,452	3.50%	\$465		\$6,934	\$83,413	\$128,848	64.7%
2034	\$257,424	\$15,993	3.50%	\$557		\$0	\$99,963	\$146,715	68.1%
2035	\$266,434	\$16,552	3.50%	\$256		\$70,792	\$45,979	\$92,405	49.8%
2036	\$275,759	\$17,132	3.50%	\$353		\$0	\$63,464	\$109,948	57.7%
2037	\$285,410	\$17,731	3.50%	\$455		\$0	\$81,650	\$128,605	63.5%
2038	\$295,400	\$18,352	3.50%	\$560		\$0	\$100,562	\$148,434	67.7%
2039	\$305,739	\$18,994	3.50%	\$670		\$0	\$120,226	\$169,494	70.9%
2040	\$316,439	\$19,659	3.50%	\$623		\$28,710	\$111,798	\$162,131	69.0%
2041	\$327,515	\$20,347	3.50%	\$740		\$0	\$132,885	\$184,800	71.9%
2042	\$338,978	\$21,059	3.50%	\$862		\$0	\$154,806	\$208,857	74.1%
2043	\$350,842	\$21,796	3.50%	\$989		\$0	\$177,592	\$234,372	75.8%
2044	\$363,122	\$22,559	3.50%	\$1,121		\$0	\$201,272	\$261,417	77.0%
2045	\$375,831	\$23,349	3.50%	\$930		\$58,576	\$166,974	\$229,441	72.8%
2046	\$388,985	\$24,166	3.50%	\$1,070		\$0	\$192,210	\$257,655	74.6%
2047	\$402,599	\$25,012	3.50%	\$1,216		\$0	\$218,439	\$287,564	76.0%
2048	\$416,690	\$25,887	3.50%	\$1,368		\$0	\$245,694	\$319,250	77.0%
2049	\$431,275	\$26,793	3.50%	\$1,526		\$0	\$274,013	\$352,802	77.7%
2050	\$446,369	\$27,731	3.50%	\$1		\$301,551	\$194	\$76,205	0.3%
2051	\$461,992	\$28,702	3.50%	\$162		\$0	\$29,057	\$102,845	28.3%
2052	\$478,162	\$29,706	3.50%	\$321		\$1,460	\$57,624	\$129,744	44.4%
2053	\$494,897	\$30,746	3.50%	\$495		\$0	\$88,865	\$159,965	55.6%
2054	\$512,219	\$31,822	3.50%	\$676		\$0	\$121,363	\$192,142	63.2%

Beginning Balance: \$55,727

Annual Inflation Rate: 3.50%

Interest Rate: 0.80%

# Current Funding Model Chart



The above chart provides a visual of the Client Current Funding Model's reserve account projected year end balance and the projected annual expenditures over the 30 years covered in this study. We suggest making a note of large expenditure years (peak years) when there will be significant projected expenditures related to one or more component projects that will require repair/replacement. These large but infrequent component expenses during “peak” years are typically the most difficult to budget for, as they are often overlooked, or ignored due to the perception that the expenses are far in the future and there will be time to budget for them later.

If applicable, any negative account balance shown is for visual representation of deficiency over time.

# Current Funding Model

The Current Funding Model is based on the annual reserve allocation rate supplied by the Client as of the date of this study; it has not been independently verified and is assumed to be correct.

Per Client records - "The 2025 Reserve Contribution is \$3,895 less than 2024 actual because of increased Landscaping cost (\$2,000) and required on-site Reserve Study cost (\$850 more than 2024 no visit report)."

	Total Asset Cost	Allocation Rate	Allocation % Change	Net Interest	Special Assess/Loan	Annual Expenditures	Year End Account Balance	Year End FFB	Year End % Funded
2025	\$188,880	\$6,415	-37.78%	\$0		\$136,042	-\$73,900	\$43,976	
2026	\$195,491	\$6,640	3.50%	\$0		\$0	-\$67,260	\$55,659	
2027	\$202,333	\$6,872	3.50%	\$0		\$0	-\$60,388	\$68,106	
2028	\$209,414	\$7,112	3.50%	\$0		\$0	-\$53,276	\$81,356	
2029	\$216,744	\$7,361	3.50%	\$0		\$0	-\$45,914	\$95,450	
2030	\$224,330	\$7,619	3.50%	\$0		\$21,213	-\$59,509	\$88,475	
2031	\$232,181	\$7,886	3.50%	\$0		\$0	-\$51,623	\$103,619	
2032	\$240,308	\$8,162	3.50%	\$0		\$734	-\$44,195	\$118,956	
2033	\$248,719	\$8,447	3.50%	\$0		\$6,934	-\$42,682	\$128,848	
2034	\$257,424	\$8,743	3.50%	\$0		\$0	-\$33,939	\$146,715	
2035	\$266,434	\$9,049	3.50%	\$0		\$70,792	-\$95,682	\$92,405	
2036	\$275,759	\$9,366	3.50%	\$0		\$0	-\$86,316	\$109,948	
2037	\$285,410	\$9,694	3.50%	\$0		\$0	-\$76,623	\$128,605	
2038	\$295,400	\$10,033	3.50%	\$0		\$0	-\$66,590	\$148,434	
2039	\$305,739	\$10,384	3.50%	\$0		\$0	-\$56,206	\$169,494	
2040	\$316,439	\$10,747	3.50%	\$0		\$28,710	-\$74,169	\$162,131	
2041	\$327,515	\$11,124	3.50%	\$0		\$0	-\$63,045	\$184,800	
2042	\$338,978	\$11,513	3.50%	\$0		\$0	-\$51,532	\$208,857	
2043	\$350,842	\$11,916	3.50%	\$0		\$0	-\$39,616	\$234,372	
2044	\$363,122	\$12,333	3.50%	\$0		\$0	-\$27,284	\$261,417	
2045	\$375,831	\$12,764	3.50%	\$0		\$58,576	-\$73,095	\$229,441	
2046	\$388,985	\$13,211	3.50%	\$0		\$0	-\$59,884	\$257,655	
2047	\$402,599	\$13,674	3.50%	\$0		\$0	-\$46,210	\$287,564	
2048	\$416,690	\$14,152	3.50%	\$0		\$0	-\$32,058	\$319,250	
2049	\$431,275	\$14,648	3.50%	\$0		\$0	-\$17,411	\$352,802	
2050	\$446,369	\$15,160	3.50%	\$0		\$301,551	-\$303,802	\$76,205	
2051	\$461,992	\$15,691	3.50%	\$0		\$0	-\$288,111	\$102,845	
2052	\$478,162	\$16,240	3.50%	\$0		\$1,460	-\$273,331	\$129,744	
2053	\$494,897	\$16,808	3.50%	\$0		\$0	-\$256,523	\$159,965	
2054	\$512,219	\$17,397	3.50%	\$0		\$0	-\$239,126	\$192,142	

Beginning Balance: \$55,727

Annual Inflation Rate: 3.50%

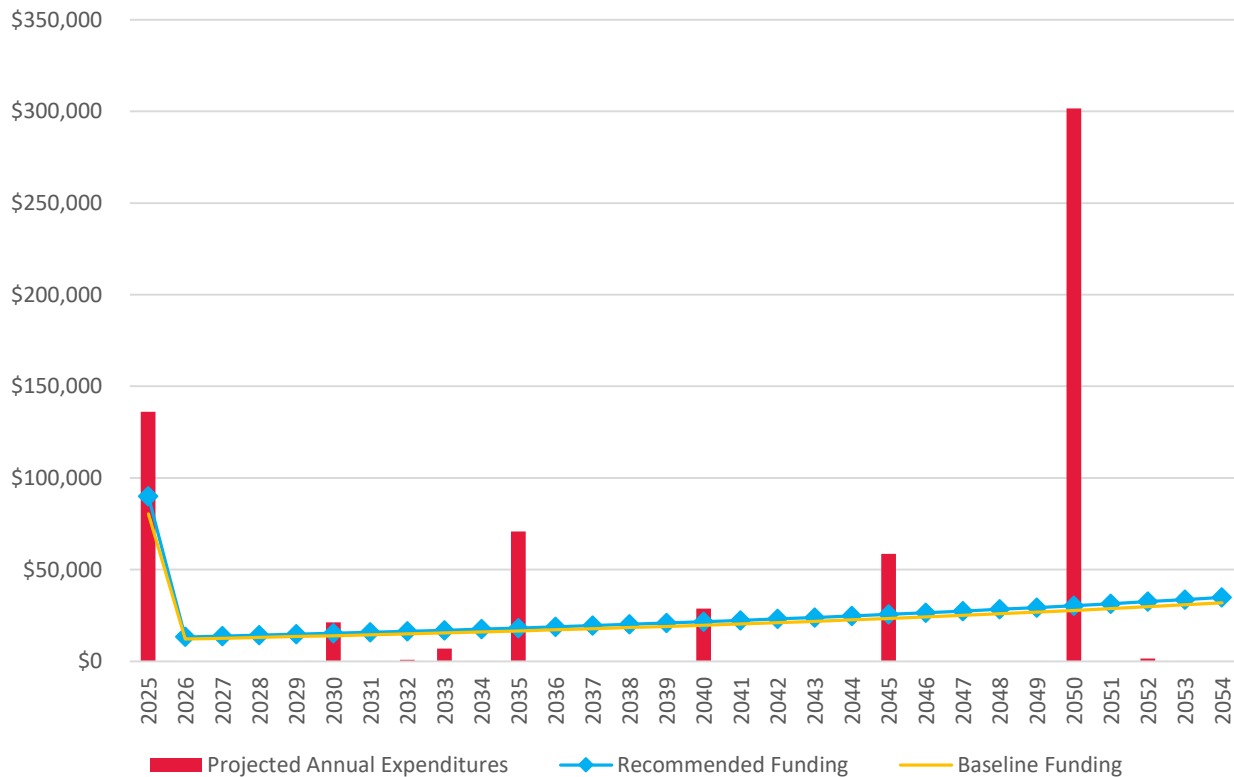
Interest Rate: 0.80%

## Full Funded Balance Calculations (Beginning FY)

Version: Draft1

ID	Component Description	<i>Current Cost</i>	X	<i>Effective Age</i>	/	<i>Useful Life</i>	=	<i>FFB</i>
							<b>Total FFB</b>	<b>\$169,062</b>
1001	Asphalt - Overlay/Resurface	\$108,932	X	25	/	25	=	\$108,932
1002	Asphalt - Seal Coat	\$9,053	X	5	/	5	=	\$9,053
1005	Benches (wood) - Replace	\$669	X	25	/	25	=	\$669
1006	Concrete Surfaces (mailboxes) - Replace	\$548	X	17	/	25	=	\$372
1004	Irrigation Backflow Valve - Replace	\$1,573	X	30	/	50	=	\$944
1008	Irrigation Controllers - Replace	\$743	X	15	/	15	=	\$743
1007	Irrigation Electrical Panel - Replace	\$1,468	X	30	/	35	=	\$1,258
1009	Irrigation Piping - Replace	\$28,497	X	30	/	40	=	\$21,373
1010	Landscaping - Refurbish	\$7,698	X	20	/	20	=	\$7,698
1011	Lights (landscape) - Replace	\$558	X	25	/	25	=	\$558
1012	Mailbox Cluster - Replace	\$4,718	X	17	/	25	=	\$3,209
1014	Newspaper Structures - Replace	\$3,775	X	30	/	50	=	\$2,265
1015	Parking Posts (wood) - Replace	\$1,049	X	25	/	25	=	\$1,049
1016	Signage (entry/masonry) - Refurbish	\$2,307	X	30	/	40	=	\$1,730
1018	Signage (entry/wood) - Replace	\$2,988	X	10	/	20	=	\$1,494
1017	Signage (road) - Replace	\$577	X	13	/	20	=	\$375
1019	Storm Drain System - Local Repairs	\$7,340	X	5	/	5	=	\$7,340

## Projected Annual Expenditures Chart



**Total Projected Expenses Over the 30-Year Timeframe of the Reserve Study: \$626,012**

The above chart provides a visual of the reserve account projected expenditures over the 30 years covered in this study. We suggest making a note of large expenditure years (peak years) when there will be significant projected expenditures related to one or more component projects that will require repair/replacement. These large but infrequent component expenses during “peak” years are typically the most difficult to budget for, as they are often overlooked, or ignored due to the perception that the expenses are far in the future and there will be time to budget for them later. A breakdown of what projects are included in each years' projected expenditures can be found on the Projected Annual Expenditures List pages in this reserve study (page number in Table of Contents).

One of the greatest challenges when planning for reserve budgeting is creating and implementing a funding model that is stable and fair while also adequate to cover reserve project expenditures that are typically infrequent and erratic. This is particularly true for reserve accounts that drop to low levels of funding; there will be a need to catch up the reserve account to a more suitable level while also being as fair and stable as possible as time progresses.

We have created numerous funding models with various goals in mind; the above models (Recommended & Baseline) adhere to the principle of having stability going forward in time while also covering the projected annual reserve expenditures. Their respective annual allocation rates (lines on the chart) are shown compared to the annual reserve expenditures (columns on the chart) within the timeframe of the projections. Note the relative stableness of the annual funding model allocation rates versus the infrequent and erratic nature of the reserve expenditures.

## Projected Annual Expenditures List

Asset ID	Projected Expenditures By Years	Projected Costs
<b>2025</b>		
1001	Asphalt - Overlay/Resurface	\$108,932
1002	Asphalt - Seal Coat	\$9,053
1005	Benches (wood) - Replace	\$669
1008	Irrigation Controllers - Replace	\$743
1010	Landscaping - Refurbish	\$7,698
1011	Lights (landscape) - Replace	\$558
1015	Parking Posts (wood) - Replace	\$1,049
1019	Storm Drain System - Local Repairs	\$7,340
		<b>Total for 2025: \$136,042</b>
<b>2026</b>		
		<b>Total for 2026: \$0</b>
<b>2027</b>		
		<b>Total for 2027: \$0</b>
<b>2028</b>		
		<b>Total for 2028: \$0</b>
<b>2029</b>		
		<b>Total for 2029: \$0</b>
<b>2030</b>		
1002	Asphalt - Seal Coat	\$10,753
1007	Irrigation Electrical Panel - Replace	\$1,743
1019	Storm Drain System - Local Repairs	\$8,717
		<b>Total for 2030: \$21,213</b>
<b>2031</b>		
		<b>Total for 2031: \$0</b>
<b>2032</b>		
1017	Signage (road) - Replace	\$734
		<b>Total for 2032: \$734</b>
<b>2033</b>		
1006	Concrete Surfaces (mailboxes) - Replace	\$721
1012	Mailbox Cluster - Replace	\$6,213
		<b>Total for 2033: \$6,934</b>
<b>2034</b>		
		<b>Total for 2034: \$0</b>
<b>2035</b>		
1002	Asphalt - Seal Coat	\$12,771
1009	Irrigation Piping - Replace	\$40,199
1016	Signage (entry/masonry) - Refurbish	\$3,254
1018	Signage (entry/wood) - Replace	\$4,215
1019	Storm Drain System - Local Repairs	\$10,353
		<b>Total for 2035: \$70,792</b>
<b>2036</b>		
		<b>Total for 2036: \$0</b>
<b>2037</b>		
		<b>Total for 2037: \$0</b>
<b>2038</b>		
		<b>Total for 2038: \$0</b>
<b>2039</b>		
		<b>Total for 2039: \$0</b>

## Projected Annual Expenditures List

Asset ID	Projected Expenditures By Years	Projected Costs
<b>2040</b>		
1002	Asphalt - Seal Coat	\$15,168
1008	Irrigation Controllers - Replace	\$1,245
1019	Storm Drain System - Local Repairs	\$12,297
		<b>Total for 2040: \$28,710</b>
<b>2041</b>		
		<b>Total for 2041: \$0</b>
<b>2042</b>		
		<b>Total for 2042: \$0</b>
<b>2043</b>		
		<b>Total for 2043: \$0</b>
<b>2044</b>		
		<b>Total for 2044: \$0</b>
<b>2045</b>		
1002	Asphalt - Seal Coat	\$18,014
1004	Irrigation Backflow Valve - Replace	\$3,130
1010	Landscaping - Refurbish	\$15,317
1014	Newspaper Structures - Replace	\$7,511
1019	Storm Drain System - Local Repairs	\$14,605
		<b>Total for 2045: \$58,576</b>
<b>2046</b>		
		<b>Total for 2046: \$0</b>
<b>2047</b>		
		<b>Total for 2047: \$0</b>
<b>2048</b>		
		<b>Total for 2048: \$0</b>
<b>2049</b>		
		<b>Total for 2049: \$0</b>
<b>2050</b>		
1001	Asphalt - Overlay/Resurface	\$257,434
1002	Asphalt - Seal Coat	\$21,395
1005	Benches (wood) - Replace	\$1,581
1011	Lights (landscape) - Replace	\$1,318
1015	Parking Posts (wood) - Replace	\$2,478
1019	Storm Drain System - Local Repairs	\$17,346
		<b>Total for 2050: \$301,551</b>
<b>2051</b>		
		<b>Total for 2051: \$0</b>
<b>2052</b>		
1017	Signage (road) - Replace	\$1,460
		<b>Total for 2052: \$1,460</b>
<b>2053</b>		
		<b>Total for 2053: \$0</b>
<b>2054</b>		
		<b>Total for 2054: \$0</b>

## Projected Annual Expenditures Spreadsheet

				Annual Totals	\$136,042	\$0	\$0	\$0	\$0	\$21,213
Component Description	Asset ID	Useful Life	Remain. UL	Current Cost	2025	2026	2027	2028	2029	2030
Asphalt - Overlay/Resurface	1001	25	0	\$108,932	\$108,932					
Asphalt - Seal Coat	1002	5	0	\$9,053	\$9,053					\$10,753
Benches (wood) - Replace	1005	25	0	\$669	\$669					
Concrete Surfaces (mailboxes) - Replace	1006	25	8	\$548						
Irrigation Backflow Valve - Replace	1004	50	20	\$1,573						
Irrigation Controllers - Replace	1008	15	0	\$743	\$743					
Irrigation Electrical Panel - Replace	1007	35	5	\$1,468						\$1,743
Irrigation Piping - Replace	1009	40	10	\$28,497						
Landscaping - Refurbish	1010	20	0	\$7,698	\$7,698					
Lights (landscape) - Replace	1011	25	0	\$558	\$558					
Mailbox Cluster - Replace	1012	25	8	\$4,718						
Newspaper Structures - Replace	1014	50	20	\$3,775						
Parking Posts (wood) - Replace	1015	25	0	\$1,049	\$1,049					
Signage (entry/masonry) - Refurbish	1016	40	10	\$2,307						
Signage (entry/wood) - Replace	1018	20	10	\$2,988						
Signage (road) - Replace	1017	20	7	\$577						
Storm Drain System - Local Repairs	1019	5	0	\$7,340	\$7,340					\$8,717

Projected Annual Expenditures Spreadsheet

		\$0	\$734	\$6,934	\$0	\$70,792	\$0	\$0	\$0	\$0
Component Description	Asset ID	2031	2032	2033	2034	2035	2036	2037	2038	2039
Asphalt - Overlay/Resurface	1001									
Asphalt - Seal Coat	1002					\$12,771				
Benches (wood) - Replace	1005									
Concrete Surfaces (mailboxes) - Replace	1006			\$721						
Irrigation Backflow Valve - Replace	1004									
Irrigation Controllers - Replace	1008									
Irrigation Electrical Panel - Replace	1007									
Irrigation Piping - Replace	1009					\$40,199				
Landscaping - Refurbish	1010									
Lights (landscape) - Replace	1011									
Mailbox Cluster - Replace	1012			\$6,213						
Newspaper Structures - Replace	1014									
Parking Posts (wood) - Replace	1015									
Signage (entry/masonry) - Refurbish	1016					\$3,254				
Signage (entry/wood) - Replace	1018					\$4,215				
Signage (road) - Replace	1017		\$734							
Storm Drain System - Local Repairs	1019					\$10,353				

Projected Annual Expenditures Spreadsheet

		\$28,710	\$0	\$0	\$0	\$0	\$58,576	\$0	\$0	\$0
Component Description	Asset ID	2040	2041	2042	2043	2044	2045	2046	2047	2048
Asphalt - Overlay/Resurface	1001									
Asphalt - Seal Coat	1002	\$15,168					\$18,014			
Benches (wood) - Replace	1005									
Concrete Surfaces (mailboxes) - Replace	1006									
Irrigation Backflow Valve - Replace	1004						\$3,130			
Irrigation Controllers - Replace	1008	\$1,245								
Irrigation Electrical Panel - Replace	1007									
Irrigation Piping - Replace	1009									
Landscaping - Refurbish	1010						\$15,317			
Lights (landscape) - Replace	1011									
Mailbox Cluster - Replace	1012									
Newspaper Structures - Replace	1014						\$7,511			
Parking Posts (wood) - Replace	1015									
Signage (entry/masonry) - Refurbish	1016									
Signage (entry/wood) - Replace	1018									
Signage (road) - Replace	1017									
Storm Drain System - Local Repairs	1019	\$12,297					\$14,605			

Projected Annual Expenditures Spreadsheet

		\$0	\$301,551	\$0	\$1,460	\$0	\$0
Component Description	Asset ID	2049	2050	2051	2052	2053	2054
Asphalt - Overlay/Resurface	1001		\$257,434				
Asphalt - Seal Coat	1002		\$21,395				
Benches (wood) - Replace	1005		\$1,581				
Concrete Surfaces (mailboxes) - Replace	1006						
Irrigation Backflow Valve - Replace	1004						
Irrigation Controllers - Replace	1008						
Irrigation Electrical Panel - Replace	1007						
Irrigation Piping - Replace	1009						
Landscaping - Refurbish	1010						
Lights (landscape) - Replace	1011		\$1,318				
Mailbox Cluster - Replace	1012						
Newspaper Structures - Replace	1014						
Parking Posts (wood) - Replace	1015		\$2,478				
Signage (entry/masonry) - Refurbish	1016						
Signage (entry/wood) - Replace	1018						
Signage (road) - Replace	1017				\$1,460		
Storm Drain System - Local Repairs	1019		\$17,346				

**Asphalt - Overlay/Resurface**

Asset ID	1001	Age Adjust +/-	
Funded?	Yes	Delay Funding?	No
Group	Site Components	Repeat Count Limit	
Category	Asphalt Surfaces	Next Replacement Year	2025
Install / Allocate Year	1995	Units	28,688 sf
Useful Life (UL)	25	Unit Cost	\$3.80
Remaining UL	0	% Replace	100.0%
Cost Source	Client Supplied	Total Current Cost	\$108,932

Fully Funded Balance - 10 Year Projections (year end)									
2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
\$4,510	\$9,335	\$14,493	\$20,000	\$25,875	\$32,137	\$38,806	\$45,902	\$53,447	\$61,464

**Photo Inventory**

Comments
<p>Appears to be deteriorating at a rate typical of its age. As routine maintenance, keep surface clean, ensure that drains are clean and free flowing, repair cracks and clean oils stains promptly. Best to plan for eventual intervals of resurfacing (overlay).</p> <p>If properly built, asphalt surfaces will deteriorate from the top down, which only requires the replacement of a layer of asphalt, or preferably the application of a layer on top of the existing asphalt (overlay). The asphalt overlay not only provides a new paving surface for a fraction of the cost of rebuilding the entire surface, but it is the only preventive maintenance technique that adds structural value while extending a pavement's service life. Cost estimate assumes a 2 inch overlay over existing surfaces.</p> <p>Cost estimated based on Client obtained bid for \$106,918 in fiscal year 2023 and inflated to current estimate.</p>

Client Provided Replacement History		
Year	Cost	Source
Comments On Replacement History		

*Projected Replacement Years	
Year	Future Cost
2025	\$108,932
2050	\$257,434

\*Next year then only within timeframe of this study.

**Asphalt - Seal Coat**

Asset ID	1002	Age Adjust +/-	
Funded?	Yes	Delay Funding?	No
Group	Site Components	Repeat Count Limit	
Category	Asphalt Surfaces	Next Replacement Year	2025
Install / Allocate Year	1995	Units	28,688 sf
Useful Life (UL)	5	Unit Cost	\$0.32
Remaining UL	0	% Replace	100.0%
Cost Source	Reserve Analyst Research	Total Current Cost	\$9,053

Fully Funded Balance - 10 Year Projections (year end)									
2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
\$1,874	\$3,879	\$6,023	\$8,311	\$10,753	\$2,226	\$4,607	\$7,153	\$9,871	\$12,771

**Photo Inventory**

Comments
<p>The primary reason to seal coat is to protect the pavement from the deteriorating effects of sun and water, which causes the asphalt to harden, or oxidize; the pavement turns brittle. The seal coat provides a waterproof membrane which slows the oxidation process and helps the pavement shed water, preventing the water to infiltrate the base material.</p> <p>Proper drainage is vital for the longevity of asphalt surfaces. Standing water can seep through the asphalt and get into the sub-base and sub-grade below, significantly weakening the structural integrity of the road and causing premature failure. Oil spills eat through the asphalt seal and should be cleaned up between seal coats. Power washing is recommended annually where needed and treated as an operating expense. Cost estimate includes crack filling and 2 coats are to be applied. We typically recommend funding for this component at the same time as the Overlay/Replacement project for cost efficiency with the Vendor.</p> <p>No sealcoat present on the roadways surfaces at this time. We have set this coincide with the asphalt overlay component.</p>

Client Provided Replacement History		
Year	Cost	Source
Comments On Replacement History		

*Projected Replacement Years	
Year	Future Cost
2025	\$9,053
2030	\$10,753
2035	\$12,771
2040	\$15,168
2045	\$18,014

\*Next year then only within timeframe of this study.

**Benches (wood) - Replace**

Asset ID	1005	Age Adjust +/-	
Funded?	Yes	Delay Funding?	No
Group	Site Components	Repeat Count Limit	
Category	Recreation	Next Replacement Year	2025
Install / Allocate Year	2000	Units	1 ea
Useful Life (UL)	25	Unit Cost	\$668.97
Remaining UL	0	% Replace	100.0%
Cost Source	Reserve Analyst Research	Total Current Cost	\$669

Fully Funded Balance - 10 Year Projections (year end)									
2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
\$28	\$57	\$89	\$123	\$159	\$197	\$238	\$282	\$328	\$377

**Photo Inventory**

Comments
We recommend planning for replacement at the time frame indicated due to constant exposure. Clean and inspect annually - paint/stain from paid for from the Operating budget as necessary. It is assumed that repairs to the benches will be paid from the operational account as needed (e.g., replacement of the wood surfaces).

Client Provided Replacement History		
Year	Cost	Source
Comments On Replacement History		

*Projected Replacement Years	
Year	Future Cost
2025	\$669
2050	\$1,581

\*Next year then only within timeframe of this study.

**Concrete Surfaces (mailboxes) - Replace**

Asset ID	1006	Age Adjust +/-	
Funded?	Yes	Delay Funding?	No
Group	Site Components	Repeat Count Limit	
Category	Concrete Surfaces	Next Replacement Year	2033
Install / Allocate Year	2008	Units	28 sf
Useful Life (UL)	25	Unit Cost	\$19.56
Remaining UL	8	% Replace	100.0%
Cost Source	Reserve Analyst Research	Total Current Cost	\$548

Fully Funded Balance - 10 Year Projections (year end)									
2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
\$408	\$446	\$486	\$528	\$572	\$619	\$669	\$721	\$30	\$62

**Photo Inventory**

Comments
<p>This component is for the replacement of the concrete surfaces on site. No widespread damage or deterioration noted at time of site visit. We recommend repairing trip hazards immediately to limit liability.</p>

Client Provided Replacement History		
Year	Cost	Source
Comments On Replacement History		

*Projected Replacement Years	
Year	Future Cost
2033	\$721

\*Next year then only within timeframe of this study.

**Irrigation Backflow Valve - Replace**

Asset ID	1004	Age Adjust +/-	
Funded?	Yes	Delay Funding?	No
Group	Site Components	Repeat Count Limit	
Category	Irrigation Systems	Next Replacement Year	2045
Install / Allocate Year	1995	Units	1 ea
Useful Life (UL)	50	Unit Cost	\$1,572.81
Remaining UL	20	% Replace	100.0%
Cost Source	Reserve Analyst Research	Total Current Cost	\$1,573

Fully Funded Balance - 10 Year Projections (year end)									
2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
\$1,009	\$1,078	\$1,151	\$1,227	\$1,308	\$1,392	\$1,481	\$1,574	\$1,672	\$1,775

**Photo Inventory**

Comments
Reportedly in functional and in operating condition. As routine maintenance, inspect regularly, test system, repair as needed from operating budget. We recommend funding for this component at the time frame indicated.

Client Provided Replacement History		
Year	Cost	Source
Comments On Replacement History		

*Projected Replacement Years	
Year	Future Cost
2045	\$3,130

\*Next year then only within timeframe of this study.

**Irrigation Controllers - Replace**

Asset ID	1008	Age Adjust +/-	
Funded?	Yes	Delay Funding?	No
Group	Site Components	Repeat Count Limit	
Category	Irrigation Systems	Next Replacement Year	2025
Install / Allocate Year	2010	Units	1 ea
Useful Life (UL)	15	Unit Cost	\$743.37
Remaining UL	0	% Replace	100.0%
Cost Source	Reserve Analyst Research	Total Current Cost	\$743

Fully Funded Balance - 10 Year Projections (year end)									
2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
\$51	\$106	\$165	\$227	\$294	\$366	\$441	\$522	\$608	\$699

**Photo Inventory**

Comments
Reported to be functioning properly with no significant repair/replacement history. We recommend funding for replacement at the timeframe indicated.

Client Provided Replacement History		
Year	Cost	Source
Comments On Replacement History		

*Projected Replacement Years	
Year	Future Cost
2025	\$743
2040	\$1,245
2055	\$2,086

\*Next year then only within timeframe of this study.

**Irrigation Electrical Panel - Replace**

Asset ID	1007	Age Adjust +/-	
Funded?	Yes	Delay Funding?	No
Group	Site Components	Repeat Count Limit	
Category	Irrigation Systems	Next Replacement Year	2030
Install / Allocate Year	1995	Units	1 ea
Useful Life (UL)	35	Unit Cost	\$1,467.96
Remaining UL	5	% Replace	100.0%
Cost Source	Reserve Analyst Research	Total Current Cost	\$1,468

Fully Funded Balance - 10 Year Projections (year end)									
2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
\$1,346	\$1,438	\$1,535	\$1,636	\$1,743	\$52	\$107	\$166	\$229	\$296

**Photo Inventory**

Comments
The irrigation electrical panel and pedestal is assumed to be functioning as designed. We recommend budgeting for eventual replacement due to the environment in which this is located as deterioration to the panel which will occur over time.

Client Provided Replacement History		
Year	Cost	Source
Comments On Replacement History		

*Projected Replacement Years	
Year	Future Cost
2030	\$1,743

\*Next year then only within timeframe of this study.

**Irrigation Piping - Replace**

Asset ID	1009	Age Adjust +/-	
Funded?	Yes	Delay Funding?	No
Group	Site Components	Repeat Count Limit	
Category	Irrigation Systems	Next Replacement Year	2035
Install / Allocate Year	1995	Units	8,640 sf
Useful Life (UL)	40	Unit Cost	\$3.30
Remaining UL	10	% Replace	100.0%
Cost Source	Reserve Analyst Research	Total Current Cost	\$28,497

Fully Funded Balance - 10 Year Projections (year end)									
2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
\$22,859	\$24,422	\$26,066	\$27,796	\$29,615	\$31,528	\$33,538	\$35,649	\$37,868	\$40,199

**Photo Inventory**

Comments
<p>No reported problems with the irrigation distribution piping at this time. As routine maintenance, inspect and test system regularly, perform any minor repairs as necessary from maintenance budget. Although the failure rate of the elements within this component are typically difficult to predict, prudent planning suggests setting aside funding, for larger scale refurbishing of irrigation systems (e.g., piping, valves, etc.), on a cyclical basis.</p> <p>This component is for the replacement of the underground irrigation piping. Note that ongoing repairs and replacement of sprinkler heads are assumed to be paid from the Operating Account as needed. Note that it is likely that there will be areas that need replacement well before the end of the useful life for this component (typically due to root intrusion); as these areas of piping are replaced the reserve study should be updated to reflect those particular phases.</p>

Client Provided Replacement History		
Year	Cost	Source
Comments On Replacement History		

*Projected Replacement Years	
Year	Future Cost
2035	\$40,199

\*Next year then only within timeframe of this study.

**Landscaping - Refurbish**

Asset ID	1010	Age Adjust +/-	
Funded?	Yes	Delay Funding?	No
Group	Site Components	Repeat Count Limit	
Category	Landscaping	Next Replacement Year	2025
Install / Allocate Year	2005	Units	1,624 sf
Useful Life (UL)	20	Unit Cost	\$4.55
Remaining UL	0	% Replace	100.0%
Cost Source	Reserve Analyst Research	Total Current Cost	\$7,698

Fully Funded Balance - 10 Year Projections (year end)									
2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
\$398	\$825	\$1,280	\$1,767	\$2,286	\$2,839	\$3,428	\$4,055	\$4,721	\$5,429

**Photo Inventory**

Comments
<p>Although ongoing maintenance is funded from the Operating Account, this component may be utilized for setting aside funds for larger expenses that do not occur on an annual basis, such as: weed barrier replacement, large scale plantings, common area drainage projects, resodding lawn areas, landscape improvement projects, etc.</p> <p>Note that this refurbishment component measurement includes only those areas around the community signs. Other common area lawn area is typically covered and maintained from the Operating Account as needed.</p>

Client Provided Replacement History		
Year	Cost	Source
Comments On Replacement History		

*Projected Replacement Years	
Year	Future Cost
2025	\$7,698
2045	\$15,317

\*Next year then only within timeframe of this study.

**Lights (landscape) - Replace**

Asset ID	1011	Age Adjust +/-	
Funded?	Yes	Delay Funding?	No
Group	Site Components	Repeat Count Limit	
Category	Lighting	Next Replacement Year	2025
Install / Allocate Year	1995	Units	3 ea
Useful Life (UL)	25	Unit Cost	\$185.86
Remaining UL	0	% Replace	100.0%
Cost Source	Reserve Analyst Research	Total Current Cost	\$558

Fully Funded Balance - 10 Year Projections (year end)									
2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
\$23	\$48	\$74	\$102	\$132	\$164	\$199	\$235	\$274	\$315

**Photo Inventory**

Comments
<p>Landscape lights appear to be deteriorating at a rate typical of their age. We recommend budgeting for replacement at the timeframe indicated due to constant exposure to the elements and deterioration of the component over time.</p> <p>This expense is only for replacement of the fixtures, not to rewire the whole system. It is assumed the wiring was appropriately installed and buried to a depth that has minimized the deterioration/damage to it. Should it be determined that the wiring also need to be redone this can be added into an update to this reserve study.</p> <p>The light at the Par 4 Circle sign is a solar light.</p>

Client Provided Replacement History		
Year	Cost	Source
Comments On Replacement History		

*Projected Replacement Years	
Year	Future Cost
2025	\$558
2050	\$1,318

\*Next year then only within timeframe of this study.

**Mailbox Cluster - Replace**

Asset ID	1012	Age Adjust +/-	
Funded?	Yes	Delay Funding?	No
Group	Site Components	Repeat Count Limit	
Category	Mailboxes	Next Replacement Year	2033
Install / Allocate Year	2008	Units	2 ea
Useful Life (UL)	25	Unit Cost	\$2,359.22
Remaining UL	8	% Replace	100.0%
Cost Source	Reserve Analyst Research	Total Current Cost	\$4,718

Fully Funded Balance - 10 Year Projections (year end)									
2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
\$3,516	\$3,841	\$4,185	\$4,548	\$4,932	\$5,336	\$5,763	\$6,213	\$257	\$532

**Photo Inventory**

Comments
Appears to be deteriorating at a rate typical of its age based on our visual inspection of this component. As routine maintenance, inspect regularly, clean by wiping down for appearance, change lock cylinders, lubricate hinges and repair as needed from operating budget. Best to plan for total replacement at roughly the time frame indicated due to constant usage and wear over time.

Client Provided Replacement History		
Year	Cost	Source
Comments On Replacement History		

*Projected Replacement Years	
Year	Future Cost
2033	\$6,213

\*Next year then only within timeframe of this study.

**Newspaper Structures - Replace**

Asset ID	1014	Age Adjust +/-	
Funded?	Yes	Delay Funding?	No
Group	Site Components	Repeat Count Limit	
Category	Mailboxes	Next Replacement Year	2045
Install / Allocate Year	1995	Units	2 ea
Useful Life (UL)	50	Unit Cost	\$1,887.37
Remaining UL	20	% Replace	100.0%
Cost Source	Reserve Analyst Research	Total Current Cost	\$3,775

Fully Funded Balance - 10 Year Projections (year end)									
2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
\$2,422	\$2,588	\$2,762	\$2,945	\$3,138	\$3,341	\$3,554	\$3,778	\$4,013	\$4,260

**Photo Inventory**

Comments
Wood mailbox structure appears to be deteriorating at a rate typical of its age. This wood structure should be inspected and painted/stained as needed paid from the Operating account. Over time this structure will need replacement due to exposure to the elements.

Client Provided Replacement History		
Year	Cost	Source
Comments On Replacement History		

*Projected Replacement Years	
Year	Future Cost
2045	\$7,511

\*Next year then only within timeframe of this study.

**Parking Posts (wood) - Replace**

Asset ID	1015	Age Adjust +/-	
Funded?	Yes	Delay Funding?	No
Group	Site Components	Repeat Count Limit	
Category	Grounds Components	Next Replacement Year	2025
Install / Allocate Year	1995	Units	10 ea
Useful Life (UL)	25	Unit Cost	\$104.85
Remaining UL	0	% Replace	100.0%
Cost Source	Reserve Analyst Research	Total Current Cost	\$1,049

Fully Funded Balance - 10 Year Projections (year end)									
2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
\$43	\$90	\$140	\$193	\$249	\$309	\$374	\$442	\$514	\$592

**Photo Inventory**

Comments
We recommend funding for replacement due to the exposure and deterioration of these wood components over time.

Client Provided Replacement History		
Year	Cost	Source
Comments On Replacement History		

*Projected Replacement Years	
Year	Future Cost
2025	\$1,049
2050	\$2,478

\*Next year then only within timeframe of this study.

**Signage (entry/masonry) - Refurbish**

Asset ID	1016	Age Adjust +/-	
Funded?	Yes	Delay Funding?	No
Group	Site Components	Repeat Count Limit	
Category	Signage	Next Replacement Year	2035
Install / Allocate Year	1995	Units	2 Is
Useful Life (UL)	40	Unit Cost	\$1,153.39
Remaining UL	10	% Replace	100.0%
Cost Source	Reserve Analyst Research	Total Current Cost	\$2,307

Fully Funded Balance - 10 Year Projections (year end)									
2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
\$1,850	\$1,977	\$2,110	\$2,250	\$2,397	\$2,552	\$2,715	\$2,886	\$3,065	\$3,254

**Photo Inventory**

Comments
<p>Entry monument appears to be deteriorating at a rate typical of its age and is typically a long life component. As routine maintenance, inspect regularly, clean/touch up for appearance and complete minor repairs, paid from operating budget. Reserve funding for refurbishment of this monument recommended to maintain a consistent, quality appearance.</p> <p>This component is for repointing of the masonry monument and repairs to the concrete structure.</p>

Client Provided Replacement History		
Year	Cost	Source
Comments On Replacement History		

*Projected Replacement Years	
Year	Future Cost
2035	\$3,254

\*Next year then only within timeframe of this study.

**Signage (entry/wood) - Replace**

Asset ID	1018	Age Adjust +/-	
Funded?	Yes	Delay Funding?	No
Group	Site Components	Repeat Count Limit	
Category	Signage	Next Replacement Year	2035
Install / Allocate Year	2015	Units	2 ea
Useful Life (UL)	20	Unit Cost	\$1,494.17
Remaining UL	10	% Replace	100.0%
Cost Source	Reserve Analyst Research	Total Current Cost	\$2,988

Fully Funded Balance - 10 Year Projections (year end)									
2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
\$1,701	\$1,921	\$2,154	\$2,400	\$2,662	\$2,939	\$3,232	\$3,542	\$3,869	\$4,215

**Photo Inventory**

Comments
Entry sign appears to be deteriorating at a rate typical of its age. As routine maintenance, inspect regularly, clean/touch up for appearance and repair from operating budget. Reserve funding recommended for regular intervals of replacement to maintain a consistent, quality appearance.

Client Provided Replacement History		
Year	Cost	Source
Comments On Replacement History		

*Projected Replacement Years	
Year	Future Cost
2035	\$4,215
2055	\$8,388

\*Next year then only within timeframe of this study.

**Signage (road) - Replace**

Asset ID	1017	Age Adjust +/-	
Funded?	Yes	Delay Funding?	No
Group	Site Components	Repeat Count Limit	
Category	Signage	Next Replacement Year	2032
Install / Allocate Year	2012	Units	2 ea
Useful Life (UL)	20	Unit Cost	\$288.35
Remaining UL	7	% Replace	100.0%
Cost Source	Reserve Analyst Research	Total Current Cost	\$577

Fully Funded Balance - 10 Year Projections (year end)									
2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
\$418	\$463	\$512	\$563	\$616	\$673	\$734	\$38	\$79	\$122

**Photo Inventory**

Comments
Road signs appears to be deteriorating at a rate typical of their age. As routine maintenance, inspect regularly, clean/touch up for appearance and repair from operating budget. Reserve funding recommended for regular intervals of replacement to maintain a consistent, quality appearance.

Client Provided Replacement History		
Year	Cost	Source
Comments On Replacement History		

*Projected Replacement Years	
Year	Future Cost
2032	\$734
2052	\$1,460

\*Next year then only within timeframe of this study.

**Storm Drain System - Local Repairs**

Asset ID	1019	Age Adjust +/-	-2
Funded?	Yes	Delay Funding?	No
Group	Site Components	Repeat Count Limit	
Category	Stormwater Facilities	Next Replacement Year	2025
Install / Allocate Year	2022	Units	1 ls
Useful Life (UL)	5	Unit Cost	\$7,339.78
Remaining UL	0	% Replace	100.0%
Cost Source	Client Supplied	Total Current Cost	\$7,340

Fully Funded Balance - 10 Year Projections (year end)									
2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
\$1,519	\$3,145	\$4,883	\$6,738	\$8,717	\$1,804	\$3,735	\$5,799	\$8,003	\$10,353

**Photo Inventory**

Comments
<p>This line item is for local repairs to the storm drainage system, not replacement of the piping or catch basins on a large scale. Review contingency annually and adjust as conditions and repair needs dictate.</p> <p>The Client stated one catch basin received repairs in 2021 (\$3,200) and another needs repairs which are expected to be done in 2022 (\$10,250). We have given a useful life adjustment so the next cycle is timed with the Overlay project for cost efficiencies.</p>

Client Provided Replacement History		
Year	Cost	Source
2022	\$10,250	Client
Comments On Replacement History		
<p>The Client stated one catch basin received repairs in 2021 (\$3,200) and another needs repairs which are expected to be done in 2022 (\$10,250). We have given a useful life adjustment so the next cycle is timed with the Overlay project for cost efficiencies.</p>		

*Projected Replacement Years	
Year	Future Cost
2025	\$7,340
2030	\$8,717
2035	\$10,353
2040	\$12,297
2045	\$14,605

\*Next year then only within timeframe of this study.

## Definitions Index

### Abbreviations

ea = each    FY = fiscal year    lf or lin ft = lineal feet  
 ls = lump sum    RL = remaining life    sf or sq ft = square feet  
 sy or sq yd = square yard    UL = useful life    100 sq ft = 1 square)  
 % = percent

#### 1. Allocation %

A percentage of the total Reserve Allocation. See - Calculations Appendix

#### 2. Allocation Increase Rate

Expressed as a percentage rate that reflects the increase of a given year's Reserve Allocation over the previous year's Reserve Allocation and utilized only in the Cash Flow Analysis.

#### 3. Base Year

The year in which the governing documents were recorded and/or the buildings constructed (average year may be used for phases built over a period) and utilized to determine the approximate complex age. This parameter is provided for information only.

#### 4. Common Interest Development (CID)

Defined by shared property and restrictions in the deed on use of the property. A CID is governed by a mandatory Association of homeowners which administers the property and enforces its restrictions. The following are two typical CID subdivision types:  
 > Condominium- In general, the recorded owner has title to the unit (or airspace). They are typically responsible for the interior of their individual unit/garage, all utilities that service their unit and any exclusive use common area associated with their unit.  
 > Planned Development- In general, the recorded owner has title to the lot. They are typically responsible for the maintenance and repair of any structure or improvement located on their respective lot.

\*Note- CIDs & subdivision types are general and may not apply or may vary, based on your local.

#### 5. Component Inventory

The task of selecting and quantifying reserve items. This task can be accomplished through on-site visual observations, review of association design and organizational documents, review of established association precedents, and discussion with appropriate association representatives.

#### 6. Condition Assessment

The task of evaluating the current condition of the component based on observed or reported characteristics and normal documented in the field report for a Level 1 or Level 2 Reserve Study.

#### 7. Contingency Rate

Expressed as a percentage rate that reflects a factor added to the unit cost to prepare for an event that is liable to occur, but not with certainty.

#### 8. Current Cost

The current fiscal year's estimated cost to maintain, replace, repair, or restore a reserve component to its original functional condition. Sources utilized to obtain estimates may include: the association, its contractors, other contractors, specialists and independent consultants, the State department of Real Estate (or other state department as applicable), construction pricing and estimating manuals, and the preparer's own experience and/or database of costs formulated in the preparation of other reserve study reports. See - Calculations Appendix.

#### 9. Disbursement / Expenditures

The funds expected to be paid or expended from the Reserve Balance.

#### 10. Extended Cost

See - Calculations Appendix.

#### 11. Fiscal Year (FY)

A twelve-month period for which an organization plans the use of its funds. There are two distinct types:

> Calendar Fiscal Year (ends December 31)

> Non-Calendar Fiscal Year (does not end December)

#### 12. Full Funded Balance (FFB)

Total Accrued Depreciation. An indicator against which the FY Start Balance can be compared. The balance that is in direct proportion to the fraction of life "used up" of the cost. See - Calculations Appendix.

#### 13. Funding Goal

Independent of methodology utilized, the following represents the basic categories of funding plan goals:

> Baseline Funding- Maintaining a Net Reserve Balance above zero for length of the study.

> Full Funding- Maintaining a Reserve Balance at or near Percent Funded of 100%.

> Statutory Funding- Maintaining a specified Reserve Balance/Percent Funded per statute.

> Threshold Funding- Establishing and maintaining a set predetermined Reserve Balance or Percent Funded.

#### 14. Funding Method (or Funding Plan)

An Association's plan to provide income to the reserve fund to offset expected disbursements from that fund. The following represents two (2) basic methodologies used to fund reserves:

> Cash Flow Method- A method of developing a reserve funding plan where allocations to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

**Component Method** - The component method develops a reserve-funding plan where the total contribution is based on the sum of contributions for individual components. The component method is the more conservative (typically higher reserve account balance) of the two funding options and assures that the association will achieve and maintain an ideal level of reserves over time. This method also allows for computations on individual components in the analysis. However, this method has also limitations with respects to variations in actual useful life of components and is much more time intensive to accurately follow this funding strategy.

## 15. Funding Plan

The combined Funding Method & Funding Goal.

## 16. FY End Balance (same as next FY Start Balance)

The balance in reserves at end of applicable fiscal year. See - Calculations Appendix.

## 17. FY Start Balance (same as prior year FY End Balance)

The balance in reserves at start of applicable fiscal year.

## 18. Inflation Rate

Expressed as a percentage rate that reflects the increase of this year's costs over the previous year's costs. Also known as a 'cost increase factor'.

## 19. Interest Earned

The annual earning of reserve funds that have been deposited into certificates of deposit (CDs), money market accounts or other investment vehicles. See - Calculations Appendix.

## 20. Interest Rate

The ratio of the gain received from an investment and the investment over a period (usually one year), prior to any federal or state-imposed taxes.

## 21. Interest Rate (net effective)

The ratio of the gain received from an investment and the investment over a period (usually one year), after any federal or state-imposed taxes.

## 22. Levels of Service

**Level 1 Reserve Study** (Full or Comprehensive)- A Reserve Study in which the following five Reserve Study tasks are performed:

- > Component Inventory
- > Condition Assessment (based upon on-site visual observations)
- > Life and Valuation Estimates
- > Fund Status
- > Funding Plan

**Level 2 Reserve Study** (Update, With-Site-Visit/On-Site Review)- A Reserve Study update in which the following five tasks are performed:

- > Component Inventory (from prior study)
- > Condition Assessment (based upon on-site visual observations)
- > Life and Valuation Estimates
- > Fund Status
- > Funding Plan

\*Note- Updates are reliant on the validity of prior Reserve Studies.

**Level 3 Reserve Study** (Update, No-Site-Visit/Off-Site Review)- A Reserve Study update with no on-site visual observations in which the following three tasks are performed:

- > Component Inventory (from prior study)
- > Condition Assessment (based upon on-site visual observations)
- > Life and Valuation Estimates
- > Fund Status
- > Funding Plan

\*Note- Updates are reliant on the validity of prior Reserve Studies.

## 23. Percent Funded

A comparison of the Fully Funded Balance (ideal balance) to the Fiscal Year Actual Start Balance expressed as a percentage and used to provide a 'general indication' of reserve strength. See Calculations Appendix.

## 24. Quantity

The number or amount of a reserve component or sub-component.

## 25. Remaining Life (RL)

The estimated time, in years, that a reserve component can be expected to continue to serve its intended function.

## 26. Replacement %

A percentage of the total replacement for a reserve component or sub-component. This parameter is normally 100%.

## 27. Reserve Allocation

The amount to be annually budgeted towards reserves based on a Funding Plan.

## 28. Reserve Component (or sub-component)

The individual line items in the reserve study, developed or updated in the physical analysis that form the building blocks of the reserve study. They typically are:

- > an association responsibility
- > with limited useful life expectancy
- > predictable remaining useful life expectancy
- > above a minimum threshold cost
- > as required by statutes.

## 29. Restoration

Defined as to bring back to an unimpaired or improved condition.

General types follow:

- > Building- In general, funding utilized to defray the cost (in whole or part) of major building components that are not necessarily included as line items and may include termite treatment.
- > Irrigation System- In general, funding utilized to defray the cost (in whole or part) of sectional irrigation system areas including modernization to improve water management.
- > Landscape- In general, funding utilized to defray the cost (in whole or part) of sectional landscape areas including modernization to improve water conservation & drainage.

## 30. Risk Factor (Percent Funded)

The associated risk of the availability of reserves to fund expenditures by interpreting the Percent Funded parameter as follows:

- > 70% and above -LOW
- > 30% to 70% -MODERATE
- > 30% and below -HIGH

\*High risk is associated with a higher risk for reliance on special assessments, loans and litigation.

## 31. Unit Cost

The current fiscal year's estimated cost to maintain, replace, repair, or restore an individual "unit of measure" of a reserve component or sub-component to its original functional condition.

## 32. Unit of Measure

A system of units used in measuring a reserve component or sub-component (i.e., each, lineal feet, square feet, etc.).

## 33. Useful Life (UL)

Total Useful Life or Depreciable Life. The estimated time, in years, that a reserve item can be expected to serve its intended function if properly constructed and maintained in its present application or installation.

## Disclosures Index

The below disclosures are in accordance with reserve study standards developed by CAI, APRA and statutory requirements.

### 1. Items Beyond the Scope of this Report

This reserve study has been conducted to outline a financial plan for the proper and adequate budgeting of the Association component repair and/or replacement. This report should not be utilized for any other purpose and should not be considered or deemed appropriate or reliable for, but not limited to, any of the following:

- > Building or land appraisals for any purpose
- > State or local zoning ordinance violations
- > Building code violations
- > Soils conditions, soils contamination or geological stability of site
- > Engineering analysis or structural stability of site
- > Air quality, asbestos, electromagnetic radiation, formaldehyde, lead, mercury, or radon
- > Water quality or other environmental hazards
- > Invasions by termites and any or all other destroying organisms or insects
- > Damage or destruction due to pests, birds, bats or animals to buildings or site
- > Adequacy or efficiency of any system or component on site
- > Specifically excluded reserve items
- > Septic systems and septic tanks
- > Buried or concealed portions of swing pools, pool liners, Jacuzzis/spas or similar items
- > Items concealed by signs, carpets or other things
- > Missing or omitted information supplied by the Association for the purposes of reserve study preparation
- > Hidden improvements such as sewer lines, water lines, or other buried or concealed items

### 2. Qualifications

We are a professional business in the market to prepare Reserve Studies. Our Reserve Analysts' are either designated with or working towards the RS and/or PRA designations which are given by the two leading industry organizations which require peer review, continuing education and provide resources to stay on top of industry trends.

### 3. Invasive Testing

Estimated life expectancy and life cycles are based upon conditions that were readily accessible and visible at the time of the site visit. We did not destroy any landscape work, building walls, or perform any methods of intrusive/invasive testing during the site visit. In these cases, information may have been obtained by contacting the contractor or vendor that has worked on the property. The physical analysis performed during this site visit is not intended to be exhaustive in nature and may include representative sampling.

### 4. Conflicts of Interests

As the preparer of this reserve study; the Reserve Analyst certifies that we do not have any vested interests, financial interests, or other interests that would cause a conflict of interest in the preparation of this reserve study.

### 5. Representative Sampling

This study and report is based on observations of the visible and apparent conditions of a reasonable representative sampling of the property's elements at the time of inspection. Although due diligence was performed during the inspection phase, we make no representations regarding latent or concealed defects that may exist. The inspection did not constitute any invasive investigations and was not intended to determine whether applicable building components, systems, or equipment are adequate or in compliance with any specific or commonly accepted design requirement, building code, or specification. Such tasks as material testing, engineering analysis, destructive testing, or performance testing of building systems, components, or equipment are not considered as part of the scope of work, nor are they considered by the reserve study industry standard.

### 6. Reliance on Client & Vendor Data Provided

Information provided to the preparer of a reserve study by an official representative of the association regarding financial, historical, physical, quantitative or reserve project issues will be deemed reliable by the preparer. A reserve study will reflect information provided to the preparer of the reserve study. The total of actual or projected reserves required as presented in the reserve study is based upon information provided that was not audited. A reserve study is not intended to be used to perform an audit, an analysis of quality, a forensic study or a background check of historical records. A site visit conducted in conjunction with a reserve study should not be deemed to be a project audit or quality inspection. The results of this study are based on the independent opinion of the preparer and their experience and research during their career in preparing Reserve Studies. In addition, the opinions of experts on certain components have been gathered through research within their industry and with client's actual vendors. There is no implied warrantee or guarantee regarding our life and cost estimates/predictions. There is no implied warrantee or guarantee in any of our work product. Our results and findings will vary from another preparer's results and findings. A Reserve Study is necessarily a work in progress and subsequent Reserve Studies will vary from prior studies.

## 7. Update to Prior Reserve Studies

Level II Studies: Quantities of major components as reported in previous reserve studies are deemed to be accurate and reliable. The reserve study relies upon the validity of previous reserve studies. Level III Studies: In addition to the above we have not visited the property when completing a Level III "No Site Visit" study. Therefore, we have not verified the current condition of the common area components. It is assumed all prior study component information related to quantities, condition assessments, useful life and remaining useful life are accurate.

## 8. Assumption Regarding Ongoing Maintenance

The projected life expectancy of the major components and the funding needs of the reserves of the association are based upon the association performing appropriate routine and preventative maintenance for each major component. Failure to perform such maintenance can negatively impact the remaining useful life of the major components.

## 9. Assumptions Regarding Defect in Design or Construction

This Reserve Study assumes that all construction assemblies and components identified herein are built properly and are free from defects in materials and/or workmanship. Defects can lead to reduced useful life and premature failure. It was not the intent of this Reserve Study to inspect for or to identify defects. If defects exist, repairs should be made so that the construction components and assemblies at the community reach their full and expected useful lives. We have assumed all components have been properly built and will reach normal, typical life expectancy. In general, a reserve study is not intended to identify or fund for construction defects. We did not and will not look for or identify construction defects during our site visit.

## 10. Basis of Cost Estimates

Pricing used for the repair or replacement costs indicated in this report are derived from a variety of sources, e.g., recent contractor bids received by subject property HOA or prior clients, construction product vendor catalogs, internet, or national construction cost estimating publishers (RS Means / Marshall & Swift). The material and labor pricing provided are estimates and have been augmented, as necessary, to account for specific site conditions (i.e. material handling, scaffolding, etc.). The total expenses represent a useful guideline whereby reserve funds can be accumulated for future repairs and replacements. The estimated repair and replacement expenses, unless otherwise noted, do not include allowances for architectural, engineering, or permitting fees.

## 11. Limitations on Report Use

A reserve study is not intended to be used to perform an audit, an analysis of quality, a forensic study or a background check of historical records. A site visit conducted in conjunction with a reserve study should not be deemed to be a project audit or quality inspection. This Reserve Study is provided as an aid for planning purposes and not as an accounting tool. Since it deals with events yet to take place, there is no assurance that the results enumerated within it will, in fact, occur as described. Additionally, other unanticipated expenses may arise that are not included within this reserve study. This reserve study should be reviewed carefully ...

... It may not include all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require you to pay on demand as a special assessment your share of common expenses for the cost of major maintenance, repair, or replacement of a reserve component.

## 12. State Specific Disclosures

### Washington State

RCW 64.34.382 & WA State RCW 64.38.070 & 64.90.550

This reserve study meets minimum standards as required per WA State RCW requirements outlined in the Washington Condominium Act, the Homeowners' Association Act, and the Washington Uniform Common Interest Ownership Act

This reserve study should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require you to pay on demand as a special assessment your share of common expenses for the cost of major maintenance, repair, or replacement of a reserve component.

### Washington State

Disclosures Required by RCW 64.90.550.

This Reserve Study meets all requirements of the Washington Uniform Common Interest Ownership Act.

- a) This Reserve Study was prepared with the assistance of a reserve study professional and that professional was independent;
- b) This Reserve Study includes all information required by RCW 64.90.550 Reserve Study – Contents; and
- c) This reserve study should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require the association to (1) defer major maintenance, repair, or replacement, (2) increase future reserve contributions, (3) borrow funds to pay for major maintenance, repair, or replacement, or (4) impose special assessments for the cost of major maintenance, repair, or replacement.

## Calculations Index

### 1. Allocation % =

Reserve Allocation (Component Method) / Total Reserve Allocation (Component Method) x 100

### 2. Current Cost =

Extended Cost (for a component without subcomponents)

-or-

Sum of subcomponent Extended Costs (for a component with subcomponents)

### 3. Extended Cost =

Quantity x Unit Cost x Replacement % x (1+Contingency Rate)

### 4. FY End Balance (same as Next FY Start Balance) =

Initial or current fiscal year-

Current Reserve Balance + Interest Earned + Reserve Allocation to Fund + Special Assessment to

Fund + Funds Due from Operating - Approved Funds to Disburse - Disbursements

Subsequent fiscal years-

FY Start Balance + Interest Earned + (Reserve Allocation (from previous year) x

(1 + Reserve Allocation Rate) - Disbursements

### 5. Interest Earned =

Initial fiscal year-

Current Reserve Balance x (Interest Rate

(net effective)/12 x

Number of funding months remaining in current fiscal year)

Subsequent fiscal years-

FY Start Balance x Interest Rate (net effective)

Accumulation Function and Amount Function

<https://www.reservedataanalyst.com/int>

### 6. Percent Funded =

(Reserve Account Balance / Fully Funded Balance) x 100

### 7. Reserve Allocation (Component Method) =

Current Cost / Useful Life

### 8. Fully Funded Balance (FFB) =

*Basic Fully Funded*

> Fully Funded = Age/Useful Life \* Cost

Note that "Age" is adjusted for each year of the study (e.g. one year later also equates to an Age which is one year greater). We do not use the age from the first year of the study for future FFB calculations as this would not appropriately address the deterioration of the component over time (i.e. when providing future projections one can make a valid assumption that a component will deteriorate by one year if providing projections for one year later).

Cost (component project cost) is inflated for each year based on an annual inflation rate (compounding) given in this reserve study (e.g., a paint project "cost" may be \$1,000 in Year 1 of the study but will have a "cost" of \$1,030 in Year 2 of the study, and \$1,060.90 in Year 3 of the study, when utilizing an annual 3% inflation rate). Note that we do not use the "cost" (current project cost) from the first year of the study for future year's FFB calculations as this approach does not consider the impact of inflation on the project cost and will usually result in a significantly underfunded reserve account over time. This is also known as the Inflation Adjusted Cost Method

\*\*Unless specifically noted otherwise we have utilized the above FFB formula and methodology in this reserve study.

### Community Association Institute FFB Formula

The Community Association Institute published the FFB formula to account for inflation and interest earned on deposit ("present value" is based on the current cost only - with no inflation of the project cost) the writers of 'RESERVE FUNDS: How & Why community Associations Invest Assets' published:

Mathematical formula information can be found at the following link: [www.reservedataanalyst.com/math](http://www.reservedataanalyst.com/math)