

Reserve Study Level I

Prepared for Concord Commons

2022 - 2023 Fiscal Year



Prepared by CEDCORE, LLC

Version 3

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1. Executive Summary

Report Details			
Association Name:	Concord Commons		
Location:	Issaquah, WA	Number of Units:	48
Physical Description	Townhouse	Site Visit Date:	9/22/2021
Level of Service:	Level I		
Report Period:	FY 2022 - 2023	Projection Period:	2023 - 2052
Reserve Account Snap Shot	July 1, 2022		
Projected Reserve Balance:			\$213,150
Fully Funded Reserve Balance:			\$762,196
Percent Funded:			28 %
Reserve Surplus or (-) Deficit Per Unit:			(\$11,438)
Current Monthly Reserve Fund Contribution:			\$6,250
Interest Rate			1.00 %
Inflation Rate			3.00 %
2022 - 2023 Reserve Contribution Requirements (based on the above position)			
Full Funding	Monthly Reserve Contribution:		\$12,518
	Monthly Reserve Contribution Per Unit (Average):		\$261
	Special Assessment Required for this Plan:		\$0
Baseline Funding	Monthly Reserve Contribution:		\$8,834
	Monthly Reserve Contribution Per Unit (Average):		\$184
	Special Assessment Required for this Plan:		\$0

Based upon the budget and maintenance practices of the association we have used a funding threshold of \$656. Expenses below \$656 are not funded within this report and best treated as a maintenance expense. We have included comments within the Component Analysis Section of this report.

The projected reserve fund balance is estimated based on the current reserve fund balance adding any remaining budgeted contributions and subtracting any planned projects to be completed prior to the end of the fiscal year.

The Association will need to increase contributions by \$130.58 average per Unit per month to get onto the path to becoming Fully Funded in 2050.

1.1 Table 1 - Component List

Component	Quantity	Current Cost	UL	RUL
Asphalt Alleys: Resurface	10,320 Square Feet	\$28,400	50	30
Asphalt Alleys: Seal	10,320 Square Feet	\$4,700	5	1
Awning: Repair/Replace	Unfunded, no predictable expectation of expense			
Benches: Replace	4 Each	\$6,600	20	2
Bollard Light: Replace	8 Each	\$3,600	20	9
Brick Veneer: Repoint	Unfunded, no predictable expectation of expense			
Building Envelope: Repairs	1 Allowance	\$50,000		0
Concrete Flatwork: Repairs	1 Allowance	\$5,300	5	1
Deck, Wood: Replace	1,864 Square Feet	\$15,000	1	0
Deck: Elastomeric, Reseal	1 Allowance	\$5,000		0
Drainage	1 Allowance	\$5,000	5	0
Electrical	Unfunded due to unpredictable nature of component			
Fence: Metal, Replace	1 Allowance	\$1,000	3	2
Fire Alarm Panels: Replacement	3 Each	\$9,000	20	2
Fire Suppression System: Refurbish	Unfunded, not Association responsibility			
Guardrail: Metal, Replace	Unfunded, no predictable expectation of expense			
Guardrail: Wood, Replace	890 Linear Feet	\$44,500	20	19
Gutters & Downspouts: Replacement	8,100 Linear Feet	\$72,900	25	7
Handrail: Metal, Replace	Unfunded, no predictable expectation of expense			
Irrigation System: Repair/Replace	1 Allowance	\$1,000	1	1
Landscaping: Refurbish	1 Allowance	\$3,000	3	2
Plumbing System	Unfunded due to unpredictable nature of component			
Retaining Walls: Modular	Unfunded due to unpredictable nature of component			
Roof: Replace	43,900 Square Feet	\$263,000	25	7
Siding & Shingles: Repaint, Phase 1	30,294 Square Feet	\$146,000	10	8
Siding & Shingles: Repaint, Phase 2	13,527 Square Feet	\$63,500	10	9
Siding & Shingles: Repaint, Phase 3	18,698 Square Feet	\$87,700	10	0
Siding & Shingles: Repaint, Phase 4	25,069 Square Feet	\$118,000	10	1
Siding & Trim: Hardiplank, HardiPanel, HardiShingle, Replace	83,737 Square Feet	\$1,470,000	50	46
Siding & Trim: Repair, Phase 1	1,212 Square Feet	\$29,100	10	8
Siding & Trim: Repair, Phase 2	541 Square Feet	\$13,000	10	9
Siding & Trim: Repair, Phase 3	748 Square Feet	\$18,000	10	0
Siding & Trim: Repair, Phase 4	1,001 Square Feet	\$24,000	10	1
Trellis: Replace	256 Linear Feet	\$12,800	20	6
Trellis: Restain	256 Linear Feet	\$9,200	5	3
Window/Glass Doors: Replace	Unfunded, not Association responsibility			
		Total Current Costs	\$2,509,300	
		Total Funded Components	27	

Components without a UL are one-time expenses, not expecting to reoccur at this time. It is important to note that actual costs may vary significantly based on scope of work, actual conditions, hidden deterioration, vendor selection, etc. This component list is for budget planning purposes only.

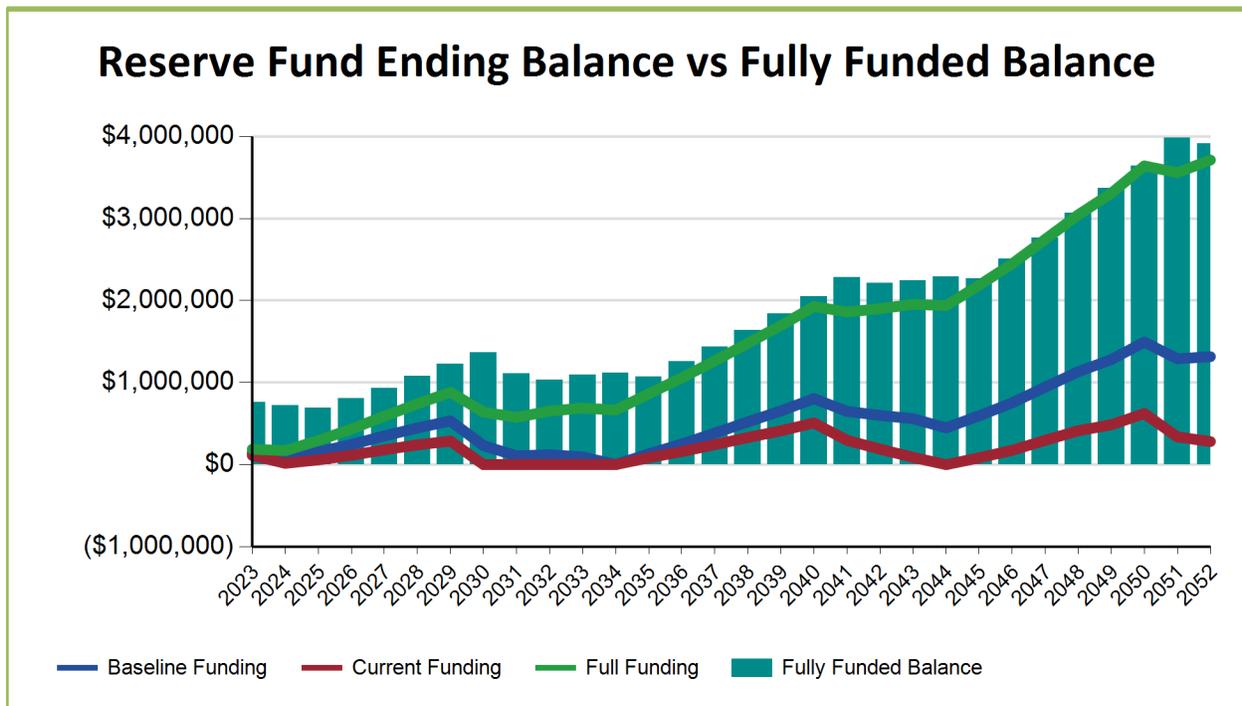
2. Financial Analysis

We have created the financial projections and recommendations based on the component list in Table One and a projected reserve fund balance \$213,150. For your Association to be 100% funded there should be \$762,196 in your reserve account(s). Therefore, your Association is projected to be 28.00% funded.

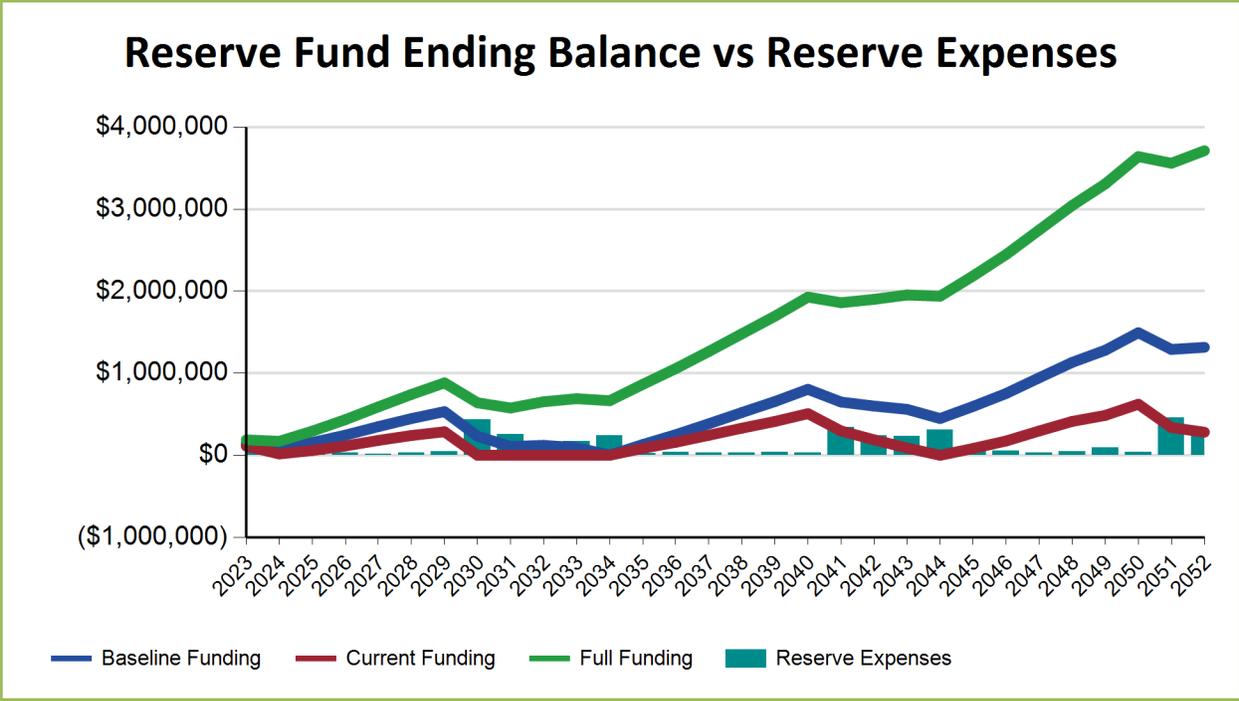
We recommend the Full Funding, which requires a monthly reserve contribution of \$12,518 with a 3.00 % increase in contributions each year for the next 30 years.

Currently the Association has monthly reserve contributions of \$6,250 and are Not projected to be sufficient over the next 30 years. The Baseline monthly reserve contribution requires \$8,834, with a 3.00 % increase in contributions each year for the next 30 years. The baseline funding plan is the lowest contribution amount calculated to prevent the Reserve Fund from dropping below a zero balance.

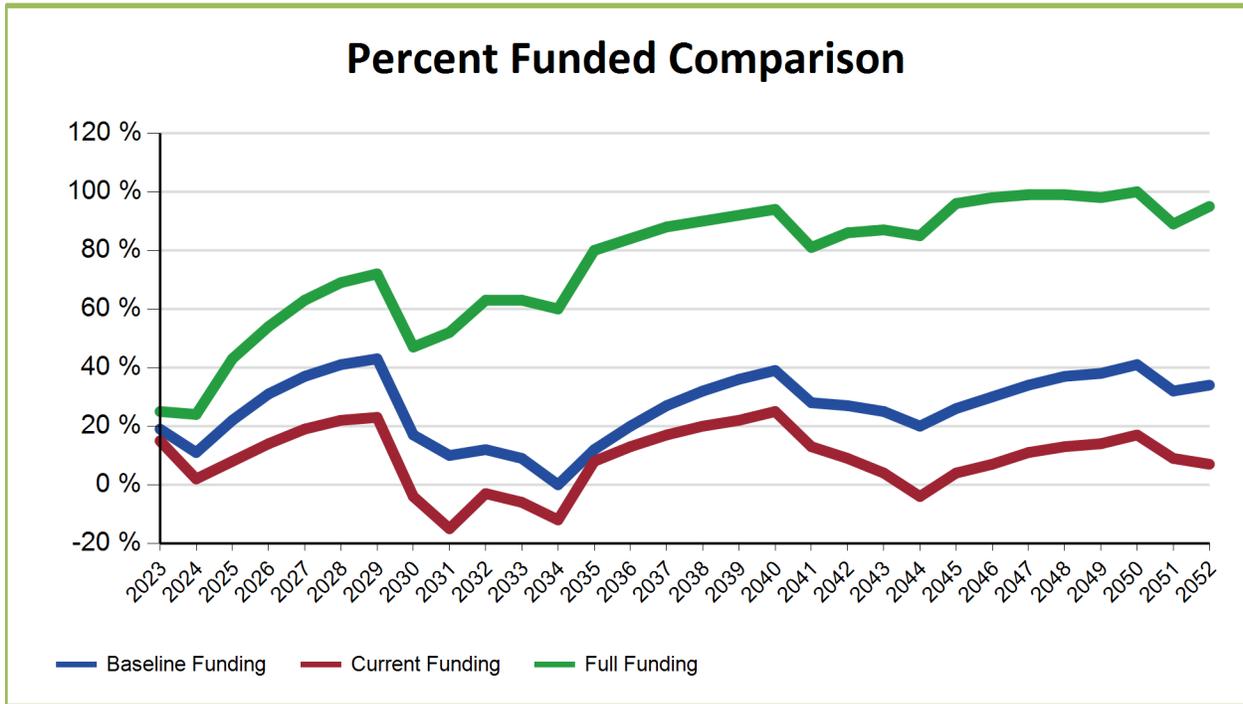
2.1 Figure 1 - Reserve Fund Ending Balance vs Fully Funded Balance



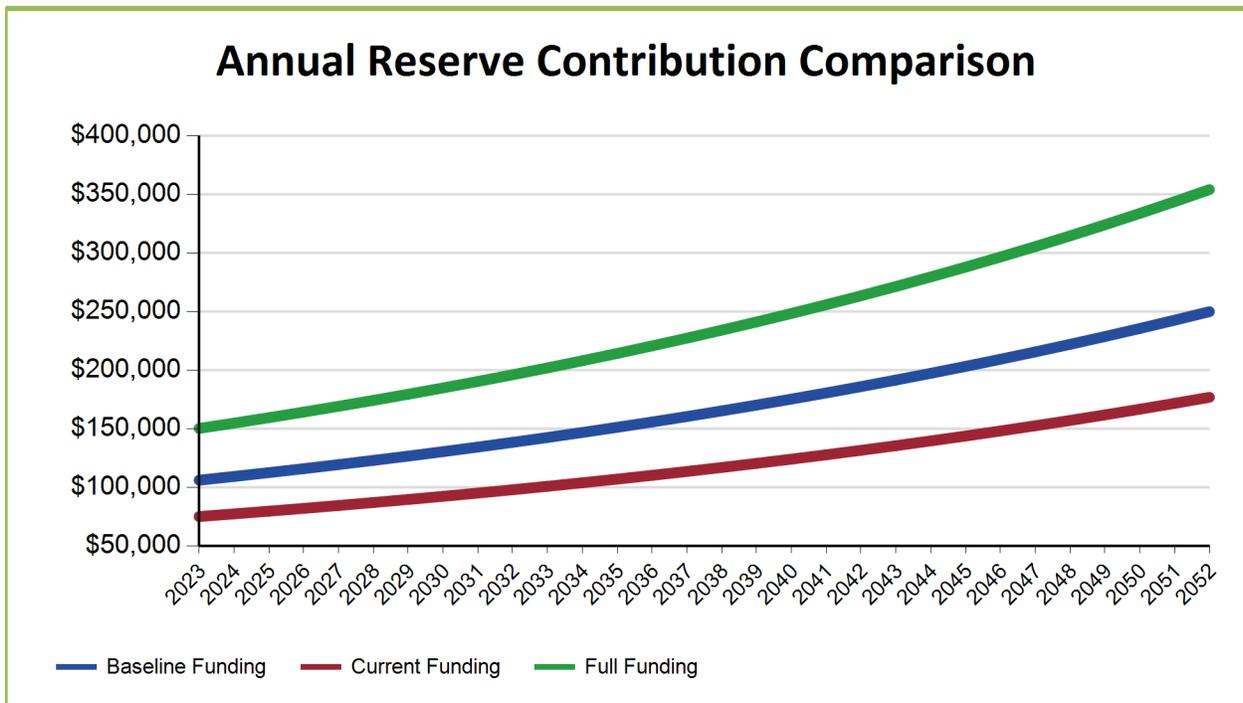
2.2 Figure 2 - Reserve Fund Ending Balance vs Reserve Expenses



2.3 Figure 3 - Percent Funded Comparison



2.4 Figure 4 – Reserve Contribution Comparison



2.5.1 - 30 Year Reserve Fund Projection (Current Funding)

Current Funding Plan									
Year	Start Balance	Annual Reserve Contribution	Special Assessments	Additional Assessments Necessary Per Unit /Per Year	Interest Income	Reserve Expenses	Ending Balance	Fully Funded Balance	Ending Percent Funded
2023	\$217,195	\$75,000	\$0		\$740	\$180,700	\$112,235	\$762,196	14.73 %
2024	\$112,235	\$77,250	\$0		\$0	\$173,040	\$16,445	\$721,854	2.28 %
2025	\$16,445	\$79,568	\$0		\$185	\$37,769	\$58,429	\$691,878	8.44 %
2026	\$58,429	\$81,955	\$0		\$719	\$27,537	\$113,566	\$804,131	14.12 %
2027	\$113,566	\$84,413	\$0		\$1,378	\$18,009	\$181,348	\$934,201	19.41 %
2028	\$181,348	\$86,946	\$0		\$1,958	\$28,981	\$241,271	\$1,082,018	22.30 %
2029	\$241,271	\$89,554	\$0		\$2,397	\$46,329	\$286,893	\$1,227,116	23.38 %
2030	\$286,893	\$92,241	\$0	\$1,118	\$0	\$432,793	\$0	\$1,362,974	-3.94 %
2031	\$0	\$95,008	\$0	\$3,412	\$0	\$258,801	\$0	\$1,109,254	-14.77 %
2032	\$0	\$97,858	\$0	\$574	\$0	\$125,389	\$0	\$1,031,668	-2.67 %
2033	\$0	\$100,794	\$0	\$1,448	\$0	\$170,274	\$0	\$1,093,840	-6.35 %
2034	\$0	\$103,818	\$0	\$2,797	\$0	\$238,089	\$0	\$1,116,457	-12.03 %
2035	\$0	\$106,932	\$0		\$307	\$22,812	\$84,427	\$1,074,859	7.85 %
2036	\$84,427	\$110,140	\$0		\$1,025	\$37,008	\$158,584	\$1,258,852	12.60 %
2037	\$158,584	\$113,444	\$0		\$1,851	\$30,253	\$243,626	\$1,439,001	16.93 %
2038	\$243,626	\$116,848	\$0		\$2,693	\$32,718	\$330,449	\$1,636,927	20.19 %
2039	\$330,449	\$120,353	\$0		\$3,489	\$41,723	\$412,568	\$1,843,830	22.38 %
2040	\$412,568	\$123,964	\$0		\$4,415	\$33,058	\$507,889	\$2,053,409	24.73 %
2041	\$507,889	\$127,682	\$0		\$2,307	\$340,996	\$296,882	\$2,284,118	13.00 %
2042	\$296,882	\$131,513	\$0		\$1,224	\$240,232	\$189,387	\$2,210,664	8.57 %
2043	\$189,387	\$135,458	\$0		\$211	\$236,059	\$88,997	\$2,245,074	3.96 %
2044	\$88,997	\$139,522	\$0	\$1,750	\$0	\$312,529	\$0	\$2,291,279	-3.67 %
2045	\$0	\$143,708	\$0		\$113	\$60,549	\$83,272	\$2,266,765	3.67 %
2046	\$83,272	\$148,019	\$0		\$997	\$57,630	\$174,658	\$2,507,915	6.96 %
2047	\$174,658	\$152,460	\$0		\$2,184	\$32,525	\$296,777	\$2,766,373	10.73 %
2048	\$296,777	\$157,033	\$0		\$3,313	\$43,970	\$413,153	\$3,065,719	13.48 %
2049	\$413,153	\$161,744	\$0		\$4,017	\$92,303	\$486,611	\$3,369,754	14.44 %
2050	\$486,611	\$166,597	\$0		\$5,344	\$35,540	\$623,012	\$3,640,847	17.11 %
2051	\$623,012	\$171,595	\$0		\$2,505	\$458,272	\$338,840	\$3,986,489	8.50 %
2052	\$338,840	\$176,742	\$0		\$1,913	\$235,893	\$281,602	\$3,915,278	7.19 %

2.5.2 - 30 Year Reserve Fund Projection (Baseline Funding)

Baseline Funding Plan								
Year	Start Balance	Annual Reserve Contribution	Special Assessments	Interest Income	Reserve Expenses	Ending Balance	Fully Funded Balance	Ending Percent Funded
2023	\$217,195	\$106,008	\$0	\$895	\$180,700	\$143,398	\$762,196	18.81 %
2024	\$143,398	\$109,188	\$0	\$250	\$173,040	\$79,796	\$721,854	11.05 %
2025	\$79,796	\$112,464	\$0	\$983	\$37,769	\$155,474	\$691,878	22.47 %
2026	\$155,474	\$115,838	\$0	\$1,859	\$27,537	\$245,634	\$804,131	30.55 %
2027	\$245,634	\$119,313	\$0	\$2,873	\$18,009	\$349,811	\$934,201	37.44 %
2028	\$349,811	\$122,892	\$0	\$3,823	\$28,981	\$447,545	\$1,082,018	41.36 %
2029	\$447,545	\$126,579	\$0	\$4,645	\$46,329	\$532,440	\$1,227,116	43.39 %
2030	\$532,440	\$130,376	\$0	\$1,648	\$432,793	\$231,671	\$1,362,974	17.00 %
2031	\$231,671	\$134,288	\$0	\$400	\$258,801	\$107,558	\$1,109,254	9.70 %
2032	\$107,558	\$138,316	\$0	\$513	\$125,389	\$120,998	\$1,031,668	11.73 %
2033	\$120,998	\$142,466	\$0	\$220	\$170,274	\$93,410	\$1,093,840	8.54 %
2034	\$93,410	\$146,740	\$0	\$0	\$238,089	\$2,061	\$1,116,457	0.18 %
2035	\$2,061	\$151,142	\$0	\$548	\$22,812	\$130,939	\$1,074,859	12.18 %
2036	\$130,939	\$155,676	\$0	\$1,718	\$37,008	\$251,325	\$1,258,852	19.96 %
2037	\$251,325	\$160,347	\$0	\$3,012	\$30,253	\$384,431	\$1,439,001	26.72 %
2038	\$384,431	\$165,157	\$0	\$4,343	\$32,718	\$521,213	\$1,636,927	31.84 %
2039	\$521,213	\$170,112	\$0	\$5,645	\$41,723	\$655,247	\$1,843,830	35.54 %
2040	\$655,247	\$175,215	\$0	\$7,098	\$33,058	\$804,502	\$2,053,409	39.18 %
2041	\$804,502	\$180,472	\$0	\$5,537	\$340,996	\$649,515	\$2,284,118	28.44 %
2042	\$649,515	\$185,886	\$0	\$5,022	\$240,232	\$600,191	\$2,210,664	27.15 %
2043	\$600,191	\$191,462	\$0	\$4,599	\$236,059	\$560,193	\$2,245,074	24.95 %
2044	\$560,193	\$197,206	\$0	\$3,463	\$312,529	\$448,333	\$2,291,279	19.57 %
2045	\$448,333	\$203,122	\$0	\$4,893	\$60,549	\$595,799	\$2,266,765	26.28 %
2046	\$595,799	\$209,216	\$0	\$6,428	\$57,630	\$753,813	\$2,507,915	30.06 %
2047	\$753,813	\$215,492	\$0	\$8,290	\$32,525	\$945,070	\$2,766,373	34.16 %
2048	\$945,070	\$221,957	\$0	\$10,121	\$43,970	\$1,133,178	\$3,065,719	36.96 %
2049	\$1,133,178	\$228,616	\$0	\$11,552	\$92,303	\$1,281,043	\$3,369,754	38.02 %
2050	\$1,281,043	\$235,474	\$0	\$13,632	\$35,540	\$1,494,609	\$3,640,847	41.05 %
2051	\$1,494,609	\$242,539	\$0	\$11,576	\$458,272	\$1,290,452	\$3,986,489	32.37 %
2052	\$1,290,452	\$249,815	\$0	\$11,795	\$235,893	\$1,316,169	\$3,915,278	33.62 %

2.5.3 - 30 Year Reserve Fund Projection (Full Funding)

Full Funding Plan								
Year	Start Balance	Annual Reserve Contribution	Special Assessments	Interest Income	Reserve Expenses	Ending Balance	Fully Funded Balance	Ending Percent Funded
2023	\$217,195	\$150,216	\$0	\$1,116	\$180,700	\$187,827	\$762,196	24.64 %
2024	\$187,827	\$154,722	\$0	\$921	\$173,040	\$170,430	\$721,854	23.61 %
2025	\$170,430	\$159,364	\$0	\$2,123	\$37,769	\$294,148	\$691,878	42.51 %
2026	\$294,148	\$164,145	\$0	\$3,487	\$27,537	\$434,243	\$804,131	54.00 %
2027	\$434,243	\$169,069	\$0	\$5,008	\$18,009	\$590,311	\$934,201	63.19 %
2028	\$590,311	\$174,142	\$0	\$6,484	\$28,981	\$741,956	\$1,082,018	68.57 %
2029	\$741,956	\$179,366	\$0	\$7,853	\$46,329	\$882,846	\$1,227,116	71.94 %
2030	\$882,846	\$184,747	\$0	\$5,424	\$432,793	\$640,224	\$1,362,974	46.97 %
2031	\$640,224	\$190,289	\$0	\$4,766	\$258,801	\$576,478	\$1,109,254	51.97 %
2032	\$576,478	\$195,998	\$0	\$5,491	\$125,389	\$652,578	\$1,031,668	63.25 %
2033	\$652,578	\$201,878	\$0	\$5,832	\$170,274	\$690,014	\$1,093,840	63.08 %
2034	\$690,014	\$207,934	\$0	\$5,559	\$238,089	\$665,418	\$1,116,457	59.60 %
2035	\$665,418	\$214,172	\$0	\$7,497	\$22,812	\$864,275	\$1,074,859	80.41 %
2036	\$864,275	\$220,597	\$0	\$9,376	\$37,008	\$1,057,240	\$1,258,852	83.98 %
2037	\$1,057,240	\$227,215	\$0	\$11,406	\$30,253	\$1,265,608	\$1,439,001	87.95 %
2038	\$1,265,608	\$234,032	\$0	\$13,499	\$32,718	\$1,480,421	\$1,636,927	90.44 %
2039	\$1,480,421	\$241,053	\$0	\$15,592	\$41,723	\$1,695,343	\$1,843,830	91.95 %
2040	\$1,695,343	\$248,284	\$0	\$17,864	\$33,058	\$1,928,433	\$2,053,409	93.91 %
2041	\$1,928,433	\$255,733	\$0	\$17,153	\$340,996	\$1,860,323	\$2,284,118	81.45 %
2042	\$1,860,323	\$263,405	\$0	\$17,518	\$240,232	\$1,901,014	\$2,210,664	85.99 %
2043	\$1,901,014	\$271,307	\$0	\$18,006	\$236,059	\$1,954,268	\$2,245,074	87.05 %
2044	\$1,954,268	\$279,446	\$0	\$17,815	\$312,529	\$1,939,000	\$2,291,279	84.63 %
2045	\$1,939,000	\$287,829	\$0	\$20,224	\$60,549	\$2,186,504	\$2,266,765	96.46 %
2046	\$2,186,504	\$296,464	\$0	\$22,771	\$57,630	\$2,448,109	\$2,507,915	97.62 %
2047	\$2,448,109	\$305,358	\$0	\$25,683	\$32,525	\$2,746,625	\$2,766,373	99.29 %
2048	\$2,746,625	\$314,519	\$0	\$28,599	\$43,970	\$3,045,773	\$3,065,719	99.35 %
2049	\$3,045,773	\$323,955	\$0	\$31,154	\$92,303	\$3,308,579	\$3,369,754	98.18 %
2050	\$3,308,579	\$333,673	\$0	\$34,399	\$35,540	\$3,641,111	\$3,640,847	100.01 %
2051	\$3,641,111	\$343,683	\$0	\$33,547	\$458,272	\$3,560,069	\$3,986,489	89.30 %
2052	\$3,560,069	\$353,994	\$0	\$35,012	\$235,893	\$3,713,182	\$3,915,278	94.84 %

2.6 Funding Plan Cash Flow Projections

Full Funding Plan					
Year	2023	2024	2025	2026	2027
Percent Funded	24.64 %	23.61 %	42.51 %	54.00 %	63.19 %
Fully Funded Balance	\$762,196	\$721,854	\$691,878	\$804,131	\$934,201
Beginning Balance	\$217,195	\$187,827	\$170,430	\$294,148	\$434,243
Annual Contributions	\$150,216	\$154,722	\$159,364	\$164,145	\$169,069
Interest Earnings	\$1,116	\$921	\$2,123	\$3,487	\$5,008
Special Assessment	\$0	\$0	\$0	\$0	\$0
Reserve Expenses	\$180,700	\$173,040	\$37,769	\$27,537	\$18,009
Ending Balance	\$187,827	\$170,430	\$294,148	\$434,243	\$590,311

Expenses by Component & Year					
Components	2023	2024	2025	2026	2027
Asphalt Alleys: Resurface	\$0	\$0	\$0	\$0	\$0
Asphalt Alleys: Seal	\$0	\$4,841	\$0	\$0	\$0
Benches: Replace	\$0	\$0	\$7,002	\$0	\$0
Bollard Light: Replace	\$0	\$0	\$0	\$0	\$0
Building Envelope: Repairs	\$50,000	\$0	\$0	\$0	\$0
Concrete Flatwork: Repairs	\$0	\$5,459	\$0	\$0	\$0
Deck, Wood: Replace	\$15,000	\$15,450	\$15,914	\$16,391	\$16,883
Deck: Elastomeric, Reseal	\$5,000	\$0	\$0	\$0	\$0
Drainage	\$5,000	\$0	\$0	\$0	\$0
Fence: Metal, Replace	\$0	\$0	\$1,061	\$0	\$0
Fire Alarm Panels: Replacement	\$0	\$0	\$9,548	\$0	\$0
Guardrail: Wood, Replace	\$0	\$0	\$0	\$0	\$0
Gutters & Downspouts: Replacement	\$0	\$0	\$0	\$0	\$0
Irrigation System: Repair/Replace	\$0	\$1,030	\$1,061	\$1,093	\$1,126
Landscaping: Refurbish	\$0	\$0	\$3,183	\$0	\$0
Roof: Replace	\$0	\$0	\$0	\$0	\$0
Siding & Shingles: Repaint, Phase 1	\$0	\$0	\$0	\$0	\$0
Siding & Shingles: Repaint, Phase 2	\$0	\$0	\$0	\$0	\$0
Siding & Shingles: Repaint, Phase 3	\$87,700	\$0	\$0	\$0	\$0
Siding & Shingles: Repaint, Phase 4	\$0	\$121,540	\$0	\$0	\$0
Siding & Trim: Hardiplank, HardiPanel, HardiShingle, Replace	\$0	\$0	\$0	\$0	\$0
Siding & Trim: Repair, Phase 1	\$0	\$0	\$0	\$0	\$0
Siding & Trim: Repair, Phase 2	\$0	\$0	\$0	\$0	\$0
Siding & Trim: Repair, Phase 3	\$18,000	\$0	\$0	\$0	\$0
Siding & Trim: Repair, Phase 4	\$0	\$24,720	\$0	\$0	\$0
Trellis: Replace	\$0	\$0	\$0	\$0	\$0
Trellis: Restain	\$0	\$0	\$0	\$10,053	\$0

Full Funding Plan					
Year	2028	2029	2030	2031	2032
Percent Funded	68.57 %	71.94 %	46.97 %	51.97 %	63.25 %
Fully Funded Balance	\$1,082,018	\$1,227,116	\$1,362,974	\$1,109,254	\$1,031,668
Beginning Balance	\$590,311	\$741,956	\$882,846	\$640,224	\$576,478
Annual Contributions	\$174,142	\$179,366	\$184,747	\$190,289	\$195,998
Interest Earnings	\$6,484	\$7,853	\$5,424	\$4,766	\$5,491
Special Assessment	\$0	\$0	\$0	\$0	\$0
Reserve Expenses	\$28,981	\$46,329	\$432,793	\$258,801	\$125,389
Ending Balance	\$741,956	\$882,846	\$640,224	\$576,478	\$652,578

Expenses by Component & Year					
Components	2028	2029	2030	2031	2032
Asphalt Alleys: Resurface	\$0	\$0	\$0	\$0	\$0
Asphalt Alleys: Seal	\$0	\$5,612	\$0	\$0	\$0
Benches: Replace	\$0	\$0	\$0	\$0	\$0
Bollard Light: Replace	\$0	\$0	\$0	\$0	\$4,697
Building Envelope: Repairs	\$0	\$0	\$0	\$0	\$0
Concrete Flatwork: Repairs	\$0	\$6,328	\$0	\$0	\$0
Deck, Wood: Replace	\$17,389	\$17,911	\$18,448	\$19,002	\$19,572
Deck: Elastomeric, Reseal	\$0	\$0	\$0	\$0	\$0
Drainage	\$5,796	\$0	\$0	\$0	\$0
Fence: Metal, Replace	\$1,159	\$0	\$0	\$1,267	\$0
Fire Alarm Panels: Replacement	\$0	\$0	\$0	\$0	\$0
Guardrail: Wood, Replace	\$0	\$0	\$0	\$0	\$0
Gutters & Downspouts: Replacement	\$0	\$0	\$89,658	\$0	\$0
Irrigation System: Repair/Replace	\$1,159	\$1,194	\$1,230	\$1,267	\$1,305
Landscaping: Refurbish	\$3,478	\$0	\$0	\$3,800	\$0
Roof: Replace	\$0	\$0	\$323,457	\$0	\$0
Siding & Shingles: Repaint, Phase 1	\$0	\$0	\$0	\$184,948	\$0
Siding & Shingles: Repaint, Phase 2	\$0	\$0	\$0	\$0	\$82,853
Siding & Shingles: Repaint, Phase 3	\$0	\$0	\$0	\$0	\$0
Siding & Shingles: Repaint, Phase 4	\$0	\$0	\$0	\$0	\$0
Siding & Trim: Hardiplank, HardiPanel, HardiShingle, Replace	\$0	\$0	\$0	\$0	\$0
Siding & Trim: Repair, Phase 1	\$0	\$0	\$0	\$36,863	\$0
Siding & Trim: Repair, Phase 2	\$0	\$0	\$0	\$0	\$16,962
Siding & Trim: Repair, Phase 3	\$0	\$0	\$0	\$0	\$0
Siding & Trim: Repair, Phase 4	\$0	\$0	\$0	\$0	\$0
Trellis: Replace	\$0	\$15,284	\$0	\$0	\$0
Trellis: Restain	\$0	\$0	\$0	\$11,654	\$0

Full Funding Plan					
Year	2033	2034	2035	2036	2037
Percent Funded	63.08 %	59.60 %	80.41 %	83.98 %	87.95 %
Fully Funded Balance	\$1,093,840	\$1,116,457	\$1,074,859	\$1,258,852	\$1,439,001
Beginning Balance	\$652,578	\$690,014	\$665,418	\$864,275	\$1,057,240
Annual Contributions	\$201,878	\$207,934	\$214,172	\$220,597	\$227,215
Interest Earnings	\$5,832	\$5,559	\$7,497	\$9,376	\$11,406
Special Assessment	\$0	\$0	\$0	\$0	\$0
Reserve Expenses	\$170,274	\$238,089	\$22,812	\$37,008	\$30,253
Ending Balance	\$690,014	\$665,418	\$864,275	\$1,057,240	\$1,265,608

Expenses by Component & Year					
Components	2033	2034	2035	2036	2037
Asphalt Alleys: Resurface	\$0	\$0	\$0	\$0	\$0
Asphalt Alleys: Seal	\$0	\$6,506	\$0	\$0	\$0
Benches: Replace	\$0	\$0	\$0	\$0	\$0
Bollard Light: Replace	\$0	\$0	\$0	\$0	\$0
Building Envelope: Repairs	\$0	\$0	\$0	\$0	\$0
Concrete Flatwork: Repairs	\$0	\$7,336	\$0	\$0	\$0
Deck, Wood: Replace	\$20,159	\$20,764	\$21,386	\$22,028	\$22,689
Deck: Elastomeric, Reseal	\$0	\$0	\$0	\$0	\$0
Drainage	\$6,720	\$0	\$0	\$0	\$0
Fence: Metal, Replace	\$0	\$1,384	\$0	\$0	\$1,513
Fire Alarm Panels: Replacement	\$0	\$0	\$0	\$0	\$0
Guardrail: Wood, Replace	\$0	\$0	\$0	\$0	\$0
Gutters & Downspouts: Replacement	\$0	\$0	\$0	\$0	\$0
Irrigation System: Repair/Replace	\$1,344	\$1,384	\$1,426	\$1,469	\$1,513
Landscaping: Refurbish	\$0	\$4,153	\$0	\$0	\$4,538
Roof: Replace	\$0	\$0	\$0	\$0	\$0
Siding & Shingles: Repaint, Phase 1	\$0	\$0	\$0	\$0	\$0
Siding & Shingles: Repaint, Phase 2	\$0	\$0	\$0	\$0	\$0
Siding & Shingles: Repaint, Phase 3	\$117,861	\$0	\$0	\$0	\$0
Siding & Shingles: Repaint, Phase 4	\$0	\$163,340	\$0	\$0	\$0
Siding & Trim: Hardiplank, HardiPanel, HardiShingle, Replace	\$0	\$0	\$0	\$0	\$0
Siding & Trim: Repair, Phase 1	\$0	\$0	\$0	\$0	\$0
Siding & Trim: Repair, Phase 2	\$0	\$0	\$0	\$0	\$0
Siding & Trim: Repair, Phase 3	\$24,190	\$0	\$0	\$0	\$0
Siding & Trim: Repair, Phase 4	\$0	\$33,222	\$0	\$0	\$0
Trellis: Replace	\$0	\$0	\$0	\$0	\$0
Trellis: Restain	\$0	\$0	\$0	\$13,511	\$0

Full Funding Plan					
Year	2038	2039	2040	2041	2042
Percent Funded	90.44 %	91.95 %	93.91 %	81.45 %	85.99 %
Fully Funded Balance	\$1,636,927	\$1,843,830	\$2,053,409	\$2,284,118	\$2,210,664
Beginning Balance	\$1,265,608	\$1,480,421	\$1,695,343	\$1,928,433	\$1,860,323
Annual Contributions	\$234,032	\$241,053	\$248,284	\$255,733	\$263,405
Interest Earnings	\$13,499	\$15,592	\$17,864	\$17,153	\$17,518
Special Assessment	\$0	\$0	\$0	\$0	\$0
Reserve Expenses	\$32,718	\$41,723	\$33,058	\$340,996	\$240,232
Ending Balance	\$1,480,421	\$1,695,343	\$1,928,433	\$1,860,323	\$1,901,014

Expenses by Component & Year					
Components	2038	2039	2040	2041	2042
Asphalt Alleys: Resurface	\$0	\$0	\$0	\$0	\$0
Asphalt Alleys: Seal	\$0	\$7,542	\$0	\$0	\$0
Benches: Replace	\$0	\$0	\$0	\$0	\$0
Bollard Light: Replace	\$0	\$0	\$0	\$0	\$0
Building Envelope: Repairs	\$0	\$0	\$0	\$0	\$0
Concrete Flatwork: Repairs	\$0	\$8,505	\$0	\$0	\$0
Deck, Wood: Replace	\$23,370	\$24,071	\$24,793	\$25,537	\$26,303
Deck: Elastomeric, Reseal	\$0	\$0	\$0	\$0	\$0
Drainage	\$7,790	\$0	\$0	\$0	\$0
Fence: Metal, Replace	\$0	\$0	\$1,653	\$0	\$0
Fire Alarm Panels: Replacement	\$0	\$0	\$0	\$0	\$0
Guardrail: Wood, Replace	\$0	\$0	\$0	\$0	\$78,031
Gutters & Downspouts: Replacement	\$0	\$0	\$0	\$0	\$0
Irrigation System: Repair/Replace	\$1,558	\$1,605	\$1,653	\$1,702	\$1,754
Landscaping: Refurbish	\$0	\$0	\$4,959	\$0	\$0
Roof: Replace	\$0	\$0	\$0	\$0	\$0
Siding & Shingles: Repaint, Phase 1	\$0	\$0	\$0	\$248,555	\$0
Siding & Shingles: Repaint, Phase 2	\$0	\$0	\$0	\$0	\$111,348
Siding & Shingles: Repaint, Phase 3	\$0	\$0	\$0	\$0	\$0
Siding & Shingles: Repaint, Phase 4	\$0	\$0	\$0	\$0	\$0
Siding & Trim: Hardiplank, HardiPanel, HardiShingle, Replace	\$0	\$0	\$0	\$0	\$0
Siding & Trim: Repair, Phase 1	\$0	\$0	\$0	\$49,541	\$0
Siding & Trim: Repair, Phase 2	\$0	\$0	\$0	\$0	\$22,796
Siding & Trim: Repair, Phase 3	\$0	\$0	\$0	\$0	\$0
Siding & Trim: Repair, Phase 4	\$0	\$0	\$0	\$0	\$0
Trellis: Replace	\$0	\$0	\$0	\$0	\$0
Trellis: Restain	\$0	\$0	\$0	\$15,662	\$0

Full Funding Plan					
Year	2043	2044	2045	2046	2047
Percent Funded	87.05 %	84.63 %	96.46 %	97.62 %	99.29 %
Fully Funded Balance	\$2,245,074	\$2,291,279	\$2,266,765	\$2,507,915	\$2,766,373
Beginning Balance	\$1,901,014	\$1,954,268	\$1,939,000	\$2,186,504	\$2,448,109
Annual Contributions	\$271,307	\$279,446	\$287,829	\$296,464	\$305,358
Interest Earnings	\$18,006	\$17,815	\$20,224	\$22,771	\$25,683
Special Assessment	\$0	\$0	\$0	\$0	\$0
Reserve Expenses	\$236,059	\$312,529	\$60,549	\$57,630	\$32,525
Ending Balance	\$1,954,268	\$1,939,000	\$2,186,504	\$2,448,109	\$2,746,625

Expenses by Component & Year					
Components	2043	2044	2045	2046	2047
Asphalt Alleys: Resurface	\$0	\$0	\$0	\$0	\$0
Asphalt Alleys: Seal	\$0	\$8,743	\$0	\$0	\$0
Benches: Replace	\$0	\$0	\$12,646	\$0	\$0
Bollard Light: Replace	\$0	\$0	\$0	\$0	\$0
Building Envelope: Repairs	\$0	\$0	\$0	\$0	\$0
Concrete Flatwork: Repairs	\$0	\$9,860	\$0	\$0	\$0
Deck, Wood: Replace	\$27,092	\$27,904	\$28,742	\$29,604	\$30,492
Deck: Elastomeric, Reseal	\$0	\$0	\$0	\$0	\$0
Drainage	\$9,031	\$0	\$0	\$0	\$0
Fence: Metal, Replace	\$1,806	\$0	\$0	\$1,974	\$0
Fire Alarm Panels: Replacement	\$0	\$0	\$17,245	\$0	\$0
Guardrail: Wood, Replace	\$0	\$0	\$0	\$0	\$0
Gutters & Downspouts: Replacement	\$0	\$0	\$0	\$0	\$0
Irrigation System: Repair/Replace	\$1,806	\$1,860	\$1,916	\$1,974	\$2,033
Landscaping: Refurbish	\$5,418	\$0	\$0	\$5,921	\$0
Roof: Replace	\$0	\$0	\$0	\$0	\$0
Siding & Shingles: Repaint, Phase 1	\$0	\$0	\$0	\$0	\$0
Siding & Shingles: Repaint, Phase 2	\$0	\$0	\$0	\$0	\$0
Siding & Shingles: Repaint, Phase 3	\$158,396	\$0	\$0	\$0	\$0
Siding & Shingles: Repaint, Phase 4	\$0	\$219,515	\$0	\$0	\$0
Siding & Trim: Hardiplank, HardiPanel, HardiShingle, Replace	\$0	\$0	\$0	\$0	\$0
Siding & Trim: Repair, Phase 1	\$0	\$0	\$0	\$0	\$0
Siding & Trim: Repair, Phase 2	\$0	\$0	\$0	\$0	\$0
Siding & Trim: Repair, Phase 3	\$32,510	\$0	\$0	\$0	\$0
Siding & Trim: Repair, Phase 4	\$0	\$44,647	\$0	\$0	\$0
Trellis: Replace	\$0	\$0	\$0	\$0	\$0
Trellis: Restain	\$0	\$0	\$0	\$18,157	\$0

Full Funding Plan					
Year	2048	2049	2050	2051	2052
Percent Funded	99.35	98.18	100.01	89.30	94.84
Fully Funded Balance	\$3,065,719	\$3,369,754	\$3,640,847	\$3,986,489	\$3,915,278
Beginning Balance	\$2,746,625	\$3,045,773	\$3,308,579	\$3,641,111	\$3,560,069
Annual Contributions	\$314,519	\$323,955	\$333,673	\$343,683	\$353,994
Interest Earnings	\$28,599	\$31,154	\$34,399	\$33,547	\$35,012
Special Assessment	\$0	\$0	\$0	\$0	\$0
Reserve Expenses	\$43,970	\$92,303	\$35,540	\$458,272	\$235,893
Ending Balance	\$3,045,773	\$3,308,579	\$3,641,111	\$3,560,069	\$3,713,182

Expenses by Component & Year					
Components	2048	2049	2050	2051	2052
Asphalt Alleys: Resurface	\$0	\$0	\$0	\$0	\$0
Asphalt Alleys: Seal	\$0	\$10,136	\$0	\$0	\$0
Benches: Replace	\$0	\$0	\$0	\$0	\$0
Bollard Light: Replace	\$0	\$0	\$0	\$0	\$8,484
Building Envelope: Repairs	\$0	\$0	\$0	\$0	\$0
Concrete Flatwork: Repairs	\$0	\$11,430	\$0	\$0	\$0
Deck, Wood: Replace	\$31,407	\$32,349	\$33,319	\$34,319	\$35,348
Deck: Elastomeric, Reseal	\$0	\$0	\$0	\$0	\$0
Drainage	\$10,469	\$0	\$0	\$0	\$0
Fence: Metal, Replace	\$0	\$2,157	\$0	\$0	\$2,357
Fire Alarm Panels: Replacement	\$0	\$0	\$0	\$0	\$0
Guardrail: Wood, Replace	\$0	\$0	\$0	\$0	\$0
Gutters & Downspouts: Replacement	\$0	\$0	\$0	\$0	\$0
Irrigation System: Repair/Replace	\$2,094	\$2,157	\$2,221	\$2,288	\$2,357
Landscaping: Refurbish	\$0	\$6,470	\$0	\$0	\$7,070
Roof: Replace	\$0	\$0	\$0	\$0	\$0
Siding & Shingles: Repaint, Phase 1	\$0	\$0	\$0	\$334,037	\$0
Siding & Shingles: Repaint, Phase 2	\$0	\$0	\$0	\$0	\$149,642
Siding & Shingles: Repaint, Phase 3	\$0	\$0	\$0	\$0	\$0
Siding & Shingles: Repaint, Phase 4	\$0	\$0	\$0	\$0	\$0
Siding & Trim: Hardiplank, HardiPanel, HardiShingle, Replace	\$0	\$0	\$0	\$0	\$0
Siding & Trim: Repair, Phase 1	\$0	\$0	\$0	\$66,579	\$0
Siding & Trim: Repair, Phase 2	\$0	\$0	\$0	\$0	\$30,635
Siding & Trim: Repair, Phase 3	\$0	\$0	\$0	\$0	\$0
Siding & Trim: Repair, Phase 4	\$0	\$0	\$0	\$0	\$0
Trellis: Replace	\$0	\$27,604	\$0	\$0	\$0
Trellis: Restain	\$0	\$0	\$0	\$21,049	\$0

3. Physical Analysis

We completed a site visit as part of this reserve study on 9/22/2021. Table 2 below shows all the components considered for funding and explains the basis of the funding decision.

3.1 Table 2: Component Funding Basis

Component	Condition	Funding Basis
Asphalt Alleys: Resurface	Good	Funded based on the typical life expectancy
Asphalt Alleys: Seal	Fair	Funded based on the typical life expectancy
Awning: Repair/Replace	Assorted Condition	Unfunded, no predictable expectation of expense
Benches: Replace	Fair	Funded based on the typical life expectancy
Bollard Light: Replace	Good	Funded based on the typical life expectancy
Brick Veneer: Repoint	Good	Unfunded, no predictable expectation of expense
Building Envelope: Repairs		Funded based on Association direction
Concrete Flatwork: Repairs	Assorted Condition	Funded for repair
Deck, Wood: Replace	Assorted Condition	Funded based on Association direction
Deck: Elastomeric, Reseal	Unknown	Funded based on Association direction
Drainage	Unknown	Funded for further evaluation/investigation/inspection
Electrical	Unknown	Unfunded due to unpredictable nature of component
Fence: Metal, Replace	Good	Unfunded, no predictable expectation of expense
Fire Alarm Panels: Replacement	Functional	Funded based on the typical life expectancy
Fire Suppression System: Refurbish	Unknown	Unfunded, not Association responsibility
Guardrail: Metal, Replace	Good	Unfunded, no predictable expectation of expense
Guardrail: Wood, Replace	Excellent	Funded based on the typical life expectancy
Gutters & Downspouts: Replacement	Good	Funded based on the typical life expectancy
Handrail: Metal, Replace	Good	Unfunded, no predictable expectation of expense
Irrigation System: Repair/Replace	Unknown	Funded for repair
Landscaping: Refurbish	Assorted Condition	Funded for repair
Plumbing System	Unknown	Unfunded due to unpredictable nature of component
Retaining Walls: Modular	Functional	Unfunded due to unpredictable nature of component
Roof: Replace	Fair	Funded based on the typical life expectancy
Siding & Shingles: Repaint, Phase 1	Good	Funded based on the typical life expectancy
Siding & Shingles: Repaint, Phase 2	Excellent	Funded based on the typical life expectancy
Siding & Shingles: Repaint, Phase 3	Assorted Condition	Funded based on the typical life expectancy
Siding & Shingles: Repaint, Phase 4	Assorted Condition	Funded based on the typical life expectancy
Siding & Trim: Hardiplank, HardiPanel, HardiShingle, Replace	Excellent	Funded based on the typical life expectancy
Siding & Trim: Repair, Phase 1	Assorted Condition	Funded for repair
Siding & Trim: Repair, Phase 2	Good	Funded based on the typical life expectancy
Siding & Trim: Repair, Phase 3	Assorted Condition	Funded based on the typical life expectancy
Siding & Trim: Repair, Phase 4	Assorted Condition	Funded based on the typical life expectancy
Trellis: Replace	Fair	Funded based on the typical life expectancy
Trellis: Restain	Fair	Funded based on the typical life expectancy
Window/Glass Doors: Replace	Unknown	Unfunded, not Association responsibility

3.2 Table 3: Component Metrics

Component	FFB	% FFB	Annual Cost	% Annual Cost
Asphalt Alleys: Resurface	\$11,360	1.49%	\$568	0.48%
Asphalt Alleys: Seal	\$3,760	0.49%	\$940	0.79%
Benches: Replace	\$5,940	0.78%	\$330	0.28%
Bollard Light: Replace	\$1,980	0.26%	\$180	0.15%
Building Envelope: Repairs	\$50,000	6.56%		
Concrete Flatwork: Repairs	\$4,240	0.56%	\$1,060	0.89%
Deck, Wood: Replace	\$15,000	1.97%	\$15,000	12.57%
Deck: Elastomeric, Reseal	\$5,000	0.66%		
Drainage	\$5,000	0.66%	\$1,000	0.84%
Fence: Metal, Replace	\$333	0.04%	\$333	0.28%
Fire Alarm Panels: Replacement	\$8,100	1.06%	\$450	0.38%
Guardrail: Wood, Replace	\$2,225	0.29%	\$2,225	1.86%
Gutters & Downspouts: Replacement	\$52,488	6.89%	\$2,916	2.44%
Irrigation System: Repair/Replace	\$0	0.00%	\$1,000	0.84%
Landscaping: Refurbish	\$1,000	0.13%	\$1,000	0.84%
Roof: Replace	\$189,360	24.84%	\$10,520	8.82%
Siding & Shingles: Repaint, Phase 1	\$29,200	3.83%	\$14,600	12.23%
Siding & Shingles: Repaint, Phase 2	\$6,350	0.83%	\$6,350	5.32%
Siding & Shingles: Repaint, Phase 3	\$87,700	11.51%	\$8,770	7.35%
Siding & Shingles: Repaint, Phase 4	\$106,200	13.93%	\$11,800	9.89%
Siding & Trim: Hardiplank, HardiPanel, HardiShingle, Replace	\$117,600	15.43%	\$29,400	24.64%
Siding & Trim: Repair, Phase 1	\$5,820	0.76%	\$2,910	2.44%
Siding & Trim: Repair, Phase 2	\$1,300	0.17%	\$1,300	1.09%
Siding & Trim: Repair, Phase 3	\$18,000	2.36%	\$1,800	1.51%
Siding & Trim: Repair, Phase 4	\$21,600	2.83%	\$2,400	2.01%
Trellis: Replace	\$8,960	1.18%	\$640	0.54%
Trellis: Restain	\$3,680	0.48%	\$1,840	1.54%
Current Fully Funded Balance		\$762,196	\$119,332 Per Year	
Current Reserve Fund Deficit/Surplus		(\$549,046)	\$9,944 Per Month	

This table shows metric information regarding the influence each component has on the fully funded balance and contribution requirements.

3.3 Component Details

Site/Grounds - Asphalt Alleys: Resurface

Quantity: 10320 Square Feet
 UL: 50
 RUL: 30
 Current Cost: \$28,400
 Condition: Good
 Funding Basis: Funded based on the typical life expectancy



Good condition of asphalt, with no unusual cracking, waviness or deterioration noted. Most asphalt areas can be expected to last approximately 45 to 50 years before it will become necessary for an overlay to be applied. It will be necessary to adjust manhole and valve covers at the time the overlay is applied. As routine maintenance ensure that drains and grates are free of debris and properly functioning. We recommend regular cycles of seal coat. Reserve funding recommended for eventual overlay of asphalt at the typical life expectancy of 45 - 50 years.

Site/Grounds - Asphalt Alleys: Seal

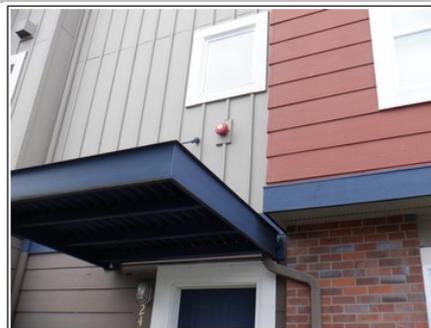
Quantity: 10320 Square Feet
 Condition: Fair
 Funding Basis: Funded based on the typical life expectancy

UL: 5
 RUL: 1
 Current Cost: \$4,700.00

Generally fair condition of asphalt surface with some localized areas that are dry and faded. We recommend regular seal cycles be completed to maximize the life of asphalt. Seal coat and crack filler protects against damaging elements, such as oil, water, UV, etc. As routine maintenance ensure that oil spills are promptly cleaned and drains and grates are free of debris and properly functioning. Reserve funding recommended for regular cycles of seal coat and local areas of repair every 5 years.

Building Exterior - Awning: Repair/Replace

Location: Each Unit
 Quantity: 48 Each
 Current Cost:
 Condition: Assorted Condition
 Funding Basis: Unfunded, no predictable expectation of expense



Durable material that is unlikely to need replacement as long as the roofing membrane is maintained.

Site/Grounds - Benches: Replace

Location: Various
 Quantity: 4 Each
 UL: 20
 RUL: 2
 Current Cost: \$6,600
 Condition: Fair
 Funding Basis: Funded based on the typical life expectancy



Good condition with no unusual deterioration or instability observed. No history of concern. Repair as needed from the operating budget. Best to plan for total replacement for appearance and functionality.

Site/Grounds - Bollard Light: Replace

Location: Various
 Quantity: 8 Each
 UL: 20
 RUL: 9
 Current Cost: \$3,600
 Condition: Good
 Funding Basis: Funded based on the typical life expectancy



Good condition with no widespread instability or unusual deterioration noted at this time. There are a relatively small quantity of bollard lights with no expectation of total simultaneous replacement.

Building Exterior - Brick Veneer: Repoint

Location: Various
 Current Cost:
 Condition: Good
 Funding Basis: Unfunded, no predictable expectation of expense



The mortar between the bricks may need to be repointed due to aging and weathering, particularly at the columns, which are exposed to driving rain. Repair as needed from the Operating budget.

Building Exterior - Building Envelope: Repairs

Quantity: 1 Allowance

RUL: 0

Funding Basis: Funded based on Association direction

Current Cost: \$50,000.00

Repairs started in 2021 and may extend into 2022.

Site/Grounds - Concrete Flatwork: Repairs

Location: Various
 Quantity: 1 Allowance
 UL: 5
 RUL: 1
 Current Cost: \$5,300
 Condition: Assorted Condition
 Funding Basis: Funded for repair



Good condition with no issues at this time. Sturdy construction and materials. No expectation of large scale expenses at this time.

Building Exterior - Deck, Wood: Replace

Quantity: 1864 Square Feet
 Condition: Assorted Condition
 Funding Basis: Funded based on Association direction
 UL: 1
 RUL: 0
 Current Cost: \$15,000.00

The 34 elevated decks in some of the community have spaced wood boards. Repairs or rebuilding to decks as needed as determined by Board and Association Manager. Two decks per year are typically repaired or rebuilt.

Building Exterior - Deck: Elastomeric, Reseal

Location: 9 Decks. Above garages
 Quantity: 1 Allowance
 RUL: 0
 Current Cost: \$5,000
 Condition: Unknown
 Funding Basis: Funded based on Association direction



Unknown condition of elevated decks with no known problems at this time. We assume proper construction techniques were utilized including flashings and slope for drainage. Provided that proactive maintenance is completed, there is no expectation of large scale structural repair/replacement within the scope of this study. The membrane is recoated as needed based on inspection. The membrane product is unknown at present but will be researched by the Association Manager to ensure chemical compatability with Pacific Polymers products.

Site/Grounds - Drainage

Quantity: 1 Allowance
 Condition: Unknown
 Funding Basis: Funded for further evaluation/investigation/inspection
 UL: 5
 RUL: 0
 Current Cost: \$5,000.00

Last cleaning was reportedly 2015/16. No reported problems or history of drainage concerns. We suggest regular jet cleaning and video camera inspection take place to ensure that Association drainage/storm drainage system is functioning properly.

Mechanical & Equipment - Electrical

Condition: Unknown

Funding Basis: Unfunded due to unpredictable nature of component

No reported problems. Analysis of the electrical system is beyond the scope of a reserve study. At this time, there is no expectation of significant repair or expenses required. An inspection by an electrical engineer would warn the Board of any current problems and allow them to be repaired or replaced. This inspection could include the use of infrared or thermographic equipment to detect hot spots. We recommend regular inspections of the system by a qualified electrician incorporating the results into future reserve study updates.

Site/Grounds - Fence: Metal, Replace

Location: Various

Quantity: 1 Allowance

UL: 3

RUL: 2

Current Cost: \$1,000

Condition: Good

Funding Basis: Unfunded, no predictable expectation of expense



Good condition with no reported or observed instability noted during our limited scope visual inspection. We recommend ongoing and regular examinations. Clean as needed for appearance (these units are powered coated and therefore there is no need for paint).

Mechanical & Equipment - Fire Alarm Panels: Replacement

Location: Buildings 1, 2 & 8

Quantity: 3 Each

UL: 20

RUL: 2

Current Cost: \$9,000

Condition: Functional

Funding Basis: Funded based on the typical life expectancy



Mechanical & Equipment - Fire Suppression System: Refurbish

Condition: Unknown

Funding Basis: Unfunded, not Association responsibility

Reportedly this is the responsibility of the individual Unit owner. The fire suppression system will need an upgrade at 50 years of age. The refurbishment includes replacement of the heads as a minimum.

Building Exterior - Guardrail: Metal, Replace

Location: Various
 Current Cost:
 Condition: Good
 Funding Basis: Unfunded, no predictable expectation of expense



Fair condition with no reported or observed instability noted during our limited scope visual inspection. We recommend ongoing and regular examinations. Clean as needed for appearance (these units are powered coated and therefore there is no need for paint). We recommend ongoing and regular examinations, particularly the connections to the deck platform. We recommend planning for eventual replacement.

Building Exterior - Guardrail: Wood, Replace

Location: Various
 Quantity: 890 Linear Feet
 UL: 20
 RUL: 19
 Current Cost: \$44,500
 Condition: Excellent
 Funding Basis: Funded based on the typical life expectancy



Fair condition with no reported or observed instability noted during our limited scope visual inspection. We recommend ongoing and regular examinations. Clean as needed for appearance (these units are powered coated and therefore there is no need for paint). We recommend ongoing and regular examinations, particularly the connections to the deck platform. We recommend planning for eventual replacement.

Building Exterior - Gutters & Downspouts: Replacement

Location: Throughout
 Quantity: 8100 Linear Feet
 UL: 25
 RUL: 7
 Current Cost: \$72,900
 Condition: Good
 Funding Basis: Funded based on the typical life expectancy



No reported problems observed or reported during our site inspection. No widespread damage or indications of early replacement indicated. In general keep clean and free of debris to ensure proper functionality. Reserve funding recommended for replacement timed to coincide with roof replacement projects for cost efficiency.

Building Exterior - Handrail: Metal, Replace

Location: Various
 Current Cost:
 Condition: Good
 Funding Basis: Unfunded, no predictable expectation of expense



Site/Grounds - Irrigation System: Repair/Replace

Location: Throughout
 Quantity: 1 Allowance
 UL: 1
 RUL: 1
 Current Cost: \$1,000
 Condition: Unknown
 Funding Basis: Funded for repair



Fair condition with no reported problems at this time. We suggest including irrigation maintenance within the Association's annual landscape budget/contract, such as select sprinkler head replacements. As the community and irrigation lines age, local areas of line replacement may be needed and generally is not covered by the landscape contract. At this time there is no expectation of total line replacement, however, we have included an allowance for partial repair/replacement every few years. As these expenses occur and trends are developed update the reserve funding as needed.

Site/Grounds - Landscaping: Refurbish

Location: Throughout
 Quantity: 1 Allowance
 UL: 3
 RUL: 2
 Current Cost: \$3,000
 Condition: Assorted Condition
 Funding Basis: Funded for repair



This component may be used to fund large landscape projects not budgeted within the Operating Budget. This expense may vary greatly depending on the desires of the Board. We suggest starting with an allowance every couple of years to complete cycles of refurbishment such as replanting's, bark mulch etc.

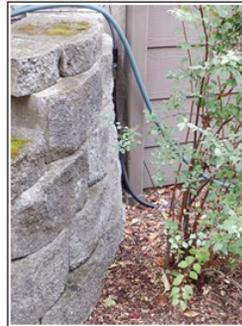
Mechanical & Equipment - Plumbing System

Condition: Unknown
 Funding Basis: Unfunded due to unpredictable nature of component

No reported problems. Analysis of the plumbing system is beyond the scope of a reserve study. There is no history of building plumbing expenses reported. No expectation of large scale repair or replacement expenses within the scope of this report, however we recommend regular video camera inspections and repair as needed. Should patterns of expense develop, funding maybe updated in future reserve study updates.

Site/Grounds - Retaining Walls: Modular

Location: Throughout property
 Current Cost:
 Condition: Functional
 Funding Basis: Unfunded due to unpredictable nature of component



Fair condition with no known instability or concerns identified. Should conditions change, we recommend a thorough evaluation be conducted by a qualified geotechnical engineer. No reserve funding at this time.

Building Exterior - Roof: Replace

Location: Throughout
 Quantity: 43900 Square Feet
 UL: 25
 RUL: 7
 Current Cost: \$263,000
 Condition: Fair
 Funding Basis: Funded based on the typical life expectancy



Fair condition with no known concerns or issues reported or observed during our limited ground level inspection. Regular inspection from qualified roofing professional is recommended to avoid any leaks from premature failure. Composition shingles should last full life with regular yearly moss removal, visual inspections and proper maintenance.

Building Exterior - Siding & Shingles: Repaint, Phase 1

Location: Buildings 1, 2 & 8
 Quantity: 30294 Square Feet
 UL: 10
 RUL: 8
 Current Cost: \$146,000
 Condition: Good
 Funding Basis: Funded based on the typical life expectancy



Good condition at this time with no unusual or significant peeling or fading of exterior surfaces. Regular paint cycles are important to maintaining and protecting the HardiPlank siding. Inspect regularly touch up paint and caulking as needed from the operating budget. To optimize the painting costs, we recommend that a professional painting and/or coating inspector be retained to inspect the existing paint film thickness and adhesion. A painting inspector can also prepare a written specification which would ensure that selected painting contractors are all quoting on the same products and methods of painting. The painting inspector can also perform wet film tests while the painting is being done to ensure that the correct amount of paint is being applied. The painting costs can be further optimized by repainting those wall elevations that receive the most weathering from sun and rain are repainted frequently enough. Similarly, those elevations, such as north facing walls, that do not require repainting as frequently the repainting cycle can be extended.

Building Exterior - Siding & Shingles: Repaint, Phase 2

Location: Buildings 3
 Quantity: 13527 Square Feet
 UL: 10
 RUL: 9
 Current Cost: \$63,500
 Condition: Excellent
 Funding Basis: Funded based on the typical life expectancy



Phase 2 of 4. In progress during site visit.

Building Exterior - Siding & Shingles: Repaint, Phase 3

Location: Buildings 4 & 7
 Quantity: 18698 Square Feet
 UL: 10
 RUL: 0
 Current Cost: \$87,700
 Condition: Assorted Condition
 Funding Basis: Funded based on the typical life expectancy



Phase 3 of 4.

Building Exterior - Siding & Shingles: Repaint, Phase 4

Quantity: 25069 Square Feet	UL: 10
Condition: Assorted Condition	RUL: 1
Funding Basis: Funded based on the typical life expectancy	Current Cost: \$118,000.00

Phase 4 of 4.

Building Exterior - Siding & Trim: Hardiplank, HardiPanel, HardiShingle, Replace

Location: Throughout
 Quantity: 83737 Square Feet
 UL: 50
 RUL: 46
 Current Cost: \$1,470,000
 Condition: Excellent
 Funding Basis: Funded based on the typical life expectancy



Generally good condition but with some known water intrusion issues. We strongly recommend regular inspections and repair to ensure waterproofing of the building envelop. Reserve funding recommended for eventual replacement at the typical life expectancy of 50 to 60 years. Should patterns of repair arise, additional funding may be included in future reserve studies, however, at this time there is no need.

Building Exterior - Siding & Trim: Repair, Phase 1

Location: Buildings 1, 2 & 8
 Quantity: 1212 Square Feet
 UL: 10
 RUL: 8
 Current Cost: \$29,100
 Condition: Assorted Condition
 Funding Basis: Funded for repair



Funded for repair or partial (4%) replacement with each repainting cycle as needed.

Building Exterior - Siding & Trim: Repair, Phase 2

Quantity: 541 Square Feet	UL: 10
Condition: Good	RUL: 9
Funding Basis: Funded based on the typical life expectancy	Current Cost: \$13,000.00

Underway during site visit

Building Exterior - Siding & Trim: Repair, Phase 3

Quantity: 748 Square Feet	UL: 10
Condition: Assorted Condition	RUL: 0
Funding Basis: Funded based on the typical life expectancy	Current Cost: \$18,000.00

Phase 3 of 4.

Building Exterior - Siding & Trim: Repair, Phase 4

Quantity: 1001 Square Feet	UL: 10
Condition: Assorted Condition	RUL: 1
Funding Basis: Funded based on the typical life expectancy	Current Cost: \$24,000.00

Phase 4 of 4.

Site/Grounds - Trellis: Replace

Location: Various
 Quantity: 256 Linear Feet
 UL: 20
 RUL: 6
 Current Cost: \$12,800
 Condition: Fair
 Funding Basis: Funded based on the typical life expectancy



8 Trellis

Site/Grounds - Trellis: Restain

Location: Various
 Quantity: 256 Linear Feet
 UL: 5
 RUL: 3
 Current Cost: \$9,200
 Condition: Fair
 Funding Basis: Funded based on the typical life expectancy



Building Exterior - Window/Glass Doors: Replace

Location: Throughout
 Current Cost:
 Condition: Unknown
 Funding Basis: Unfunded, not Association responsibility



Unit Owners are responsible for these. This is not Best Practise for Building Envelopes and the Association should consider Amending the CC&R's. We strongly recommend regular inspections and repair to ensure the integrity of the building envelope. Typical life expectancy is 30 to 40 years.

4. How to Read Your Reserve Study

This reserve study is an important planning tool that contains long-term common area replacement and financial recommendations for your Association. In order to accomplish this, we provide you with critical information that should be considered when evaluating the current health of your reserve fund, future maintenance, repair and replacement expenses and reserve contribution rates to include within the regular unit owner assessments. With the use of this reserve study your Association will be better prepared for present and future expenses.

We have worked to identify your common area assets, called **components**, which have maintenance or replacement expenses that can be anticipated. Our recommendations should help to minimize deferred maintenance and special assessments, as well as maximize your property value.

Having properly funded reserves enables the Association to keep the common area assets in good condition. When potential buyers consider which association to purchase a home in, the overall condition of the association and reserve fund may be considered. Having good financials, maintenance, and curb appeal, all work together to increase your property value.

We know that your needs are different from the needs of others. Therefore, we have created this report specifically for your Association. When possible, we have had discussions with the Association Board of Directors, vendors and professional management to provide recommendations that will help you meet your Association's goals and objectives.

4.1 About Reserve Studies

By definition a reserve study is a budget planning tool. It identifies the current status of the reserve fund with a stable and equitable funding plan, to offset the anticipated future major common area expenditures. Plainly, a reserve study is a long term plan that indicates how much money needs to be set aside to pay for future expenses. The reserve study consists of two parts: the physical analysis and financial analysis.

The **physical analysis** identifies which components are appropriate for reserve funding and the current physical condition assessment of each asset; then indicates the life expectancy or useful life of the component as well as the life remaining or remaining useful life of each component. The physical analysis is concluded with the current cost to replace each component. The physical analysis information is used within the financial analysis. Therefore, it generally contains many recommendations and justifications regarding component repair, maintenance and replacement recommendations as well as cost and life cycles.

The **financial analysis** includes two results. First, it reveals the health of the reserve fund. This is completed by determining the current status of the reserve fund known as percent funded. The second result is the reserve contribution recommendation. Using the information contained within the physical analysis, the future expected expenses are analyzed and reviewed. Then multi-year funding plans are developed to meet various funding goals. The reserve contributions required to meet the funding goal desired is then presented and recommended to the Association.

4.2 Reserve Study Levels

- **Level I:** Full Reserve Study Funding Analysis and Plan. This is the most labor intensive reserve study, as it includes both a physical and financial analysis. The component inventory list and current component condition assessments with life and valuation estimates are determined from an on-site visual inspection. This information is used to conduct the financial analysis, which includes the current fund status and a recommended funding plan. A "Full Reserve Study" is recommended when a previous reserve study is not available, a substantial time has elapsed since the last study (7-10

years), or there are concerns with an existing reserve study's component inventory or measurements.

- **Level II:** Update with Visual Site Inspection. This report updates both the physical analysis and financial analysis of an existing report. An on-site visual inspection is conducted to verify and/or make adjustments to the existing component list, condition assessments, useful life and component valuation estimates. The financial analysis is also updated, including the current fund status and recommended funding plan. A level II report is recommended at least every three years, before and after major projects and as required by state law.
- **Level III:** Update with No Visual Site Inspection. This report updates the financial analysis of an existing reserve study only. No on-site visual inspection is completed. An existing fund status and funding plan is updated using research conducted with board members, vendors, association managers and information contained within a prior reserve study. A level III report is recommended to review, adjust and verify that the existing funding plan is accurate and suitable for current economic conditions. A level III report is recommended at least annually.

4.3 Percent Funded

Percent funded is a way to measure the strength of the reserve fund. The Community Associations Institute (CAI) defines "Percent Funded" as "the ratio, at a particular point of time, of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage." The **fully funded balance** is the total accrued depreciation or deterioration of the component(s). This balance is the cost of how much life has been used up. The fully funded balance is then used as an indicator against which the actual (or projected) reserve fund balance can be compared; known as percent funded.

For example, if an association were to replace interior carpeting in 10 years at an expense of \$10,000; then each year the cost of deterioration is 1/10th of the replacement cost. Therefore, each year \$1,000 of cost is accrued. In year 2, the fully funded balance would be \$2,000. In year 5, the cost of existing deterioration is \$5,000, and so on. To determine the percent funded, the FFB is compared to the reserve fund balance. To continue the above example, the association has \$2,000 in their reserve fund in year 2. The total accrued deterioration or FFB is \$2,000, therefore they are 100% funded. The association has saved 100% of the accrued deterioration or fully funded balance. If they have set aside only \$1,000, the association is 50% funded, having saved 50% of the existing deterioration or cost.

Using Percent Funded to Measure Strength

- **0-30% Funded is a "weak" status.** There is a lack of funds reserved toward the amount of accrued deterioration. Whenever an association has a weak status there is an increased possibility of requiring special assessments, loans or deferred maintenance.
- **31-69% Funded is a "fair" status.** There is a decreased chance of requiring special assessments or deferred maintenance, however, cash flow problems may very easily arise.
- **70-100% Funded is a "strong" status.** Associations in this range generally have financial stability. There are generally no cash flow issues, special assessments or deferred maintenance necessary.
- **100% Funded is known as "ideal."** The reserve fund balance equals the fully funded balance. This is "ideal" because funds are reserved as components are used. It is thought to be the most fair for members because they pay as they go, or they pay their share.

Use Caution When Using Percent Funded

Percent funded is a ratio and therefore does not convey the urgency that is often times required. There are two aspects that need to be considered when evaluating the urgency of the current situation, the time remaining before an expense is scheduled to occur, as well as the cost of the expense.

The first aspect that percent funded does not consider is the time remaining before the expense is to occur. Use the same carpet replacement example (\$10,000 carpet expense to be saved over 10 years). If, in year 5 they have only saved \$2,500 they are 50% funded (remember the total accrued deterioration or FFB would be \$5,000). To have the capital required to complete the project as scheduled in year 10 for \$10,000, they would need to save \$1,500 each year for the next 5 years.

Changing the time frames, if in year 10 they have set aside \$5,000, they would still be 50% funded (having saved 50% of the total accrued deterioration of \$10,000). However, they now need to attain \$5,000 of the required \$10,000 expense immediately rather than over a period of time.

These examples show that the percent funded ratio lacks the urgency that each association may have in attaining the rest of the financing.

Percent funded also does not consider the cost of the expense. Using the same 10 year cycle, changing the cost of the required expense from \$10,000 to a \$30,000 paint project, in year 5 the association is 50% funded by having set aside \$15,000. In this case, they must save \$3,000 each year, not \$1,500. If in year 10, they are 50% funded, they would need to save \$15,000 not \$5,000. Notice how the percent funded is the same, but the amount needed to meet the financial obligation is very different.

Percent funded is a very useful ratio, however, it must be placed in context. Remember to evaluate not only the percent funded but also the cash balance and size of the upcoming expenditures as well.

4.4 Reserve Funding Plans & Goals

To determine the contribution rate to the reserve fund, the association needs to determine their reserve fund goal. This may be based on a number of objectives and analysis' corresponding to the reserve fund. There are three different funding goals associations may choose based on their risk tolerance:

- **Baseline Funding Goal** – This sets the reserve contribution amount as low as possible without the reserve fund dropping below a zero balance. This is the most risky method with the least contributed to the reserve fund. If an expense arrives early, or unexpected, there is a significant chance of needing a special assessment or loan.
- **Threshold Funding Goal** - The goal of Threshold Funding is to set the reserve contribution amount to meet a specified goal. Common goals to achieve and maintain are 70 Percent Funded, to maintain a cash-balance of 15% of the prior year's expenses, or to maintain a minimum cash-balance of the prior year's reserve contribution amount.
- **Full Funding Goal** – Sets the goal at being fully funded. This plan sets the reserve contribution amount to achieve a fully funded balance. Fully funded is achieved when the percent funded is 100%. It requires the largest contribution to the reserve fund of the three goals, but is also the least risky.

4.5 Reserve Contributions

There are three ways to contribute to your Reserve Account:

- **Regular Contributions:** If adequate regular contributions are not established the reserve fund will eventually be underfunded. An underfunded reserve account leads to deferred maintenance and potentially extensive repair. As already mentioned, the effects of deferred maintenance and extensive repair are significantly more than routine or preventative maintenance. Additionally, it is the most fair and equitable to the association members. If reserve contributions are not set properly, whether too high or low, the individuals who use the asset will not be paying for it. If the contributions are set too high, current owners are paying for what future owners should pay for.

Likewise, when contributions are set too low, future owners will pay for what current owners should have paid for. Having properly set reserve contributions is the most fair for everyone involved.

- **Special Assessments:** If the reserve fund is underfunded at the time an expense is required, the association is forced to hold a special assessment. Most often, this occurs when deferred maintenance catches up and the association is forced to deal with it. It is better to have a small monthly increase now rather than a very large and unexpected increase later.
- **Loans:** If the association members do not have the finances to contribute to a special assessment or the required repairs are too extensive and costly for a special assessment, a loan may be required. This not only requires a monthly increase in dues, but members are then paying for past as well as future expenses, rather than just future expenses. The future still needs to be anticipated and saved for.

4.6 Reserve Components

The components of a reserve study have significant impact on the accuracy of the report. If items are improperly included or excluded from the reserve study, then the projected expenses and subsequent required reserve contributions will likewise be affected. Before a component is included within the reserve study, it is evaluated and qualified using a nationally recognized four-part test:

- **Common Area:** The component must be association responsibility; limited common areas may be included.
- **Limited Useful Life:** The life of the component must be limited.
- **Predictable Life:** The limited life must be predictable.
- **Minimum Threshold Cost:** Generally greater than 1% of the annual operating budget or \$1,000 whichever is greater.

Repairs or replacements of components that are predicted to have an estimated remaining useful life exceeding this 30-year report period are generally not included. Items that are below the minimum threshold cost, or reoccur annually are generally included within the annual operating budget. Expenses that are necessitated by acts of nature, accidents or other occurrences that are more properly insured for, rather than reserved for, are also excluded.

Maintaining Components

There are three ways to manage capital reserve expenses:

- **Preventative Maintenance:** This is the most effective way to extend the useful life of components and save money in the long run, as it is a proactive maintaining of components. The cost of maintaining the condition and quality of a component is much less than repair or replacing the component to bring it back to a usable condition and may also prolong the life expectancy of an asset.
- **Deferred Maintenance:** This is deferring routine maintenance rather than completing maintenance as recommended. A common household example of this is deferring the oil changes in a vehicle. Deferred maintenance is likely the first indication of, and results in, having inadequate reserve funds. While in the short run the association is contributing less money, the effects of deferring maintenance and the costs associated with it are far greater than the cost of preventative maintenance.
- **Extensive Repair or Replacement:** This is when a component needs to have significant repair(s) completed or even replacement prior than anticipated. While not always, this is generally a result of deferred maintenance. The cost of significant repair or advanced replacement is not only expensive, it also decreases association morale through poor association management, poor curb appeal and out of commission assets.

4.7 Implementing Your Reserve Study

- **Step 1 - Understand:** The board of directors has the responsibility to lead the association, therefore, the first step is for the board to hold a meeting. This meeting should discuss the results of the reserve study in order for the Board to better understand the current position of the association and the upcoming reserve requirements of the association.
- **Step 2 - Plan:** The board should then create a plan to determine how best to manage the association's common area assets and financial position. Using this reserve study as a guide, the board should make the adjustments required to meet the needs of the association and its members. This includes setting the reserve contribution amount.
- **Step 3 - Communicate:** After the board has determined the best course of action, the plan needs to be communicated to the association members. This can be accomplished through the distribution of the results of this reserve study and/or through association meetings. This allows them to ask questions and understand the direction the association will be heading.
- **Step 4 - Update and Adjust:** Reserve studies are a one-year document, and need to be updated and adjusted annually. We recommend additional collaboration with specialized professionals to provide the expertise and adjustments to this reserve study. Additionally, we recommend the board review and make minor adjustments of this plan before and after reserve projects throughout the year.

5. Supplemental Report Information

5.1 Definitions

COMPONENT: The individual line items in the Reserve Study developed or updated in the Physical Analysis. These elements form the building blocks for the Reserve Study. Components are defined as being:

1. Association responsibility
2. Having a limited Useful Life expectancy
3. Predictable Remaining Useful Life expectancies
4. Above a minimum threshold cost
5. As required by law

DEFICIT/SURPLUS: The Reserve Balance less the Fully Funded Balance.

FULLY FUNDED BALANCE (FFB): Equivalent to Total Accrued Depreciation. This represents the deteriorated or used portion of the component. This is calculated for each component, then summed together for a total FFB.

$$\text{FFB} = \text{Current Cost} \times \text{Effective Age} / \text{Useful Life}$$

PERCENT FUNDED: The ratio at a particular point of time of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage.

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

REMAINING USEFUL LIFE (RUL): The estimated time, in years, that a reserve component can be expected to continue to serve its intended function.

REPLACEMENT COST: The cost of replacing, repairing, or restoring a Reserve Component to its original functional condition. The Current Replacement Cost would be the cost to replace, repair, or restore the component during that particular year.

USEFUL LIFE (UL): The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed in its present application or installation.

5.2 Table 4 - RCW Required Information & Location

RCW Required Information	Report Location
(a) A reserve component list, including any reserve component that would cost more than one percent of the annual budget of the association, not including the reserve account, for major maintenance, repair, or replacement. If one of these reserve components is not included in the reserve study, the study should provide commentary explaining the basis for its exclusion. The study must also include quantities and estimates for the useful life of each reserve component, remaining useful life of each reserve component, and current major maintenance, repair, or replacement cost for each reserve component;	Table 1 Table 4
(b) The date of the study and a statement that the study meets the requirements of this section;	Disclosure Page
(c) The level of reserve study performed:	Cover Page
(d) The association's reserve account balance;	Executive Summary
(e) The percentage of the fully funded balance that the reserve account is funded;	Executive Summary Financial Summary
(f) Special assessments already implemented or planned;	Executive Summary Financial Summary
(g) Interest and inflation assumptions;	Executive Summary Financial Summary
(h) Current reserve account contribution rate;	Executive Summary Financial Summary
(i) Recommended reserve account contribution rate; a 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 baseline funding plan to maintain the reserve balance above zero throughout the thirty-year study period without special assessments, and a contribution rate recommended by the reserve study professional;	Executive Summary Financial Summary
(j) Projected reserve account balance for thirty years and a funding plan to pay for projected costs from those reserves without reliance on future unplanned special assessments;	Spread Sheet of Reserve Expenses
(k) Whether the reserve study was prepared with the assistance of a reserve study professional.	Executive Summary
(3) A reserve study shall include the following disclosure: "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."	Disclosure Page

5.3 Reserve Study Disclosure

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

This reserve study and the parameters under which it has been completed are based upon information provided to us in part by representatives of the association, its contractors, assorted vendors, specialists and independent contractors. The site visit is a limited scope visual observation of the surface condition of identified and exposed components. Hidden systems including but not limited to mechanical, electrical, structural, plumbing, storm water, sewer, water supply, foundations, etc. are beyond the scope of a reserve study. No destructive testing was undertaken, nor does this study purport to address any latent and/or patent defects or life expectancies which are abnormally short due to either improper design and/or installation or due to subsequent improper maintenance. It is assumed that all components are to be reasonably maintained for the remainder of their life expectancy.

Various construction pricing and scheduling manuals may be used as well as costs and life expectancies obtained from numerous vendors, vendor catalogues, actual quotations or historical costs, and our own experience in the field of Reserve Study preparation.

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

We recommend that your Reserve Study be updated on an annual basis due to fluctuating interest rates, inflationary changes, and the unpredictable nature of the useful life and cost of many of the assets under consideration.

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 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.

This Reserve Study was prepared by or under the direct supervision of a Reserve Study Professional following National Reserve Study Standards and complies with RCW 64.34.382 and 64.90.550. The Reserve Study Professional is independent from the Association, and has no other involvement with the Association which would result in actual or perceived conflicts of interest. This Reserve Study needs to be updated annually as well as when any new material information is obtained.

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