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“Full” Reserve Study



Grand Firs HOA **Graham, WA**

Report #: 23055-0
For Period Beginning: May 1, 2012
Expires: December 31, 2012
Date Prepared: April 20, 2012



Hello, and welcome to your Reserve Study!

This Report is a valuable budget planning tool, for with it you control the future of your association. It contains all the fundamental information needed to understand your current and future Reserve obligations, the most significant expenditures your association will face.

With respect to Reserves, this Report will tell you “where you are”, and “where to go from here”.

In this Report, you will find...

- 1) A List of What you’re Reserving For**
- 2) An Evaluation of your Reserve Fund Size and Strength**
- 3) A Recommended Multi-Year Reserve Funding Plan**

More Questions?

Visit our website at www.ReserveStudy.com or call us at:

253.661.5437



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3- Minute Executive Summary

Association: Grand Firs HOA Assoc. #: 23055-0
Location: Graham, WA
of Units: 402
Report Period: May 1, 2012 through December 31, 2012

Results as-of 5/1/2012:

Projected Starting Reserve Balance:	\$41,840
Fully Funded Reserve Balance:	\$528,024
Average Reserve Deficit (Surplus) Per Unit:.....	\$1,209
Percent Funded:	7.9%
100% Full Funding 2012 Monthly Reserve Contribution	\$10,340
70% Threshold Monthly Reserve Contribution.....	\$9,300
Baseline Contribution (min to maintain reserves above \$0).....	\$8,600
Recommended 2012 Special Assessment for Reserves:	\$0
Most Recent Reserve Contribution Rate:.....	\$2,600

Economic Assumptions:

Net Annual "After Tax" Interest Earnings Accruing to Reserves.....0.10%
Annual Inflation Rate3.00%

- The information in this Reserve Study is based on our site inspection on March 13, 2012 and meets or exceeds all requirements of the RCW. This Reserve Study was prepared by a credentialed Reserve Specialist (RS).
- Your Reserve Fund is currently 7.9% Funded. Comparatively, the 70-130% level is where associations statistically enjoy fiscal stability with low risk of special assessment and/or deferred maintenance.
- Based on this starting point and your anticipated future expenses, our recommendation is to increase your Monthly Reserve Contributions to within the 70% to 100% Full Funding range as noted above (Tables and charts herein reflect Full Funding as our recommended contribution). Full and 70% contribution rates are designed to achieve the stated funding objective by the end of our 30-year report scope.
- See photo pages for detailed component information and the basis of our assumptions.

Table 1: Executive Summary

23055-0

# Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost	Future Average Cost
Site / Grounds				
112 Metal Fencing - Repair/Replace	30	24	\$13,800	\$28,053
120 Asphalt - Resurface	30	24	\$1,040,000	\$2,114,106
135 Entry Gates - Repair/Replace	30	24	\$16,000	\$32,525
136 Entry Gate Operators - Replace	15	9	\$12,000	\$15,657
137 Gate Access Panels - Replace	15	9	\$5,000	\$6,524
140 Wood Fence - Replace	20	14	\$450,000	\$680,665
145 Split Rail Fence - Replace	20	14	\$112,500	\$170,166
155 Chain Link Fence - Replace	30	24	\$43,050	\$87,512
160 Pole Lights - Replace	20	14	\$157,500	\$238,233
164 Landscape Lights - Replace	15	9	\$2,650	\$3,458
176 Irrigation Timeclocks - Replace	15	9	\$5,200	\$6,785
185 Stormwater Ponds - Clean/Refurbish	15	9	\$20,000	\$26,095
205 Mailboxes - Replace	20	14	\$39,200	\$59,294
210 Required Signage - Replace	20	14	\$9,650	\$14,596
Recreation				
330 Basketball Eqp - Replace	20	14	\$2,000	\$3,025
340 Play Equipment - Replace	15	9	\$50,000	\$65,239
346 Outdoor Furniture - Replace	20	14	\$10,000	\$15,126
17 Total Funded Components				

Note: Cross reference component numbers with photographic inventory appendix. A reserve-funding threshold of \$1,000 is suggested for your association (expenses below this level expected to be factored within operating budget).

Introduction

A Reserve Study is the art and science of anticipating, and preparing for, an association's major common area repair and replacement expenses. Partially art, because in this field we are making projections about the future. Partially science, because our work is a process of research and analysis along well defined methodologies.

In this Report you will find the Reserve Component List (what you are reserving for). It contains our estimates for Useful Life, Remaining Useful Life, and the current repair or replacement cost for each major component the association is obligated to maintain. Based on that List and your starting balance we computed the association's Reserve Fund Strength (measured as "Percent Funded"), and created a recommended multi-year Reserve Funding Plan to offset future Reserve expenses.

Reserve Study

- Component List
- Reserve Fund Strength
- Recommended Contribs

As the physical assets age and deteriorate, it is important to accumulate financial assets to keep the two "in balance". A stable Reserve Funding Plan that offsets the irregular Reserve expenses will ensure that each owner pays their own "fair share" of ongoing common area deterioration.

Methodology

First we establish what the projected expenses are, then we determine the association's financial status and create a Funding Plan. For this "Full" Reserve Study, we started with a review of your Governing Documents, recent Reserve expenditures, an evaluation of how expenditures are handled (ongoing maintenance vs Reserves), and research into any well-established association precedents. We performed an on-site inspection to quantify and evaluate your common areas, creating your Reserve Component List "from scratch".

Reserve Study Types

- • Full
- Update With-Site-Visit
- Update No-Site-Visit

Which Physical Assets are Covered by Reserves?

There is a national-standard four-part test to determine which expenses should be funded through Reserves. First, it must be a common area maintenance responsibility. Second, the component must have a limited life. Third, the limited life must be predictable (or it by definition is a “surprise” which cannot be accurately anticipated). Fourth, the component must be above a minimum threshold cost. This limits Reserve

Reserve Components

- Common Area
- Limited Useful Life
- Predictable Life Limit
- Cost must be Significant

Components to major, predictable expenses. Within this framework, it is inappropriate to include “lifetime” components, unpredictable expenses (such as damage due to fire, flood, or earthquake), and expenses more appropriately handled from the Operational Budget or as an insured loss.

How are Useful Life and Remaining Useful Life established?

- 1) Visual Inspection (observed wear and age)
- 2) Association Reserves database of experience
- 3) Client Component History
- 4) Vendor Evaluation and Recommendation

How are Cost Estimates Established?

In this order...

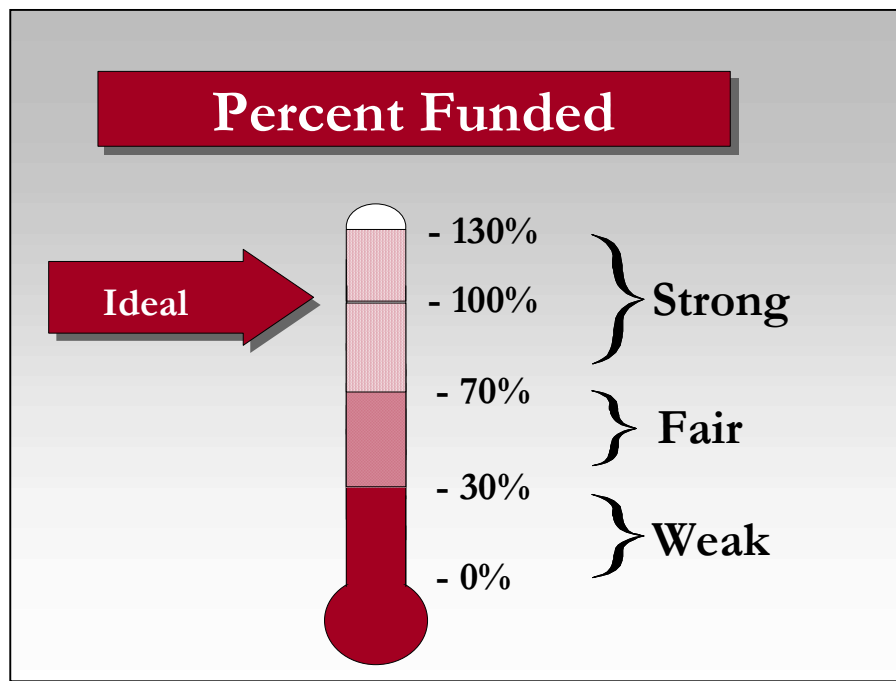
- 1) Client Cost History
- 2) Comparison to Association Reserves database of work done at similar associations
- 3) Vendor Recommendations
- 4) Reliable National Industry cost estimating guidebooks

How much Reserves are enough?

Your Reserve cash Balance can measure reserves, but the true measure is whether the funds are adequate. Adequacy is measured in a two-step process:

- 1) Calculate the association's Fully Funded Balance (FFB).
- 2) Compare to the Reserve Fund Balance, and express as a percentage.

The FFB grows as assets age and the Reserve needs of the association increase, but shrinks when projects are accomplished and the Reserve needs of the association decrease. The Fully Funded Balance changes each year, and is a moving but predictable target.



Special assessments and deferred maintenance are common when the Percent Funded is below 30%. While the 100% point is Ideal, a Reserve Fund in the 70% -130% range is considered "strong" because in this range cash flow problems are rare.

Measuring your Reserves by Percent Funded tells how well prepared your association is for upcoming Reserve expenses. New buyers should be very aware of this important disclosure!

How much should we contribute?

There are four Funding Principles that we balance in developing your Reserve Funding Plan. Our first objective is to design a plan that provides you with sufficient cash to perform your Reserve projects on time. A stable contribution rate is desirable because it is a hallmark of a proactive plan.

Reserve contributions that are evenly distributed over the owners, over the years, enable each owner to pay their “fair share” of the association’s Reserve expenses (this means we recommend special assessments only when all other options have been exhausted). And finally, we develop a plan that is fiscally responsible and “safe” for Boardmembers to recommend to their association.

Funding Principles

- Sufficient Cash
- Stable Contribution Rate
- Evenly Distributed
- Fiscally Responsible


What is our Recommended Funding Goal?

Maintaining the Reserve Fund at a level equal to the physical deterioration that has occurred is called “Full Funding” the Reserves (100% Funded). As each asset ages and becomes “used up”, the Reserve Fund grows proportionally. **This is simple, responsible, and our recommendation.** As stated previously, associations in the 100% range rarely experience special assessments or deferred maintenance.

Allowing the Reserves to fall close to zero, but not below zero, is called Baseline Funding. In these associations, deterioration occurs without matching Reserve contributions. With a low Percent Funded, special assessments and deferred maintenance are common.

Threshold Funding is the title of all other objectives randomly selected between Baseline Funding and Full Funding.

Funding Goals

- 
- Full Funding
 - Threshold Funding
 - Baseline Funding

Site Inspection Notes

During our site visit on March 13, 2012, we started with a brief meeting with Lindsey Buol, and then started the site inspection beginning with the Asphalt. We visually inspected the property, and were able to see all visible common areas.

Although Grand Firs is a relatively young community, early planning for future maintenance projects and following reserve study recommendations is key to the successful ongoing maintenance of the community.

Projected Expenses

The figure below shows the array of the projected future expenses at your association. This figure clearly shows the near term and future expenses that your association will face.

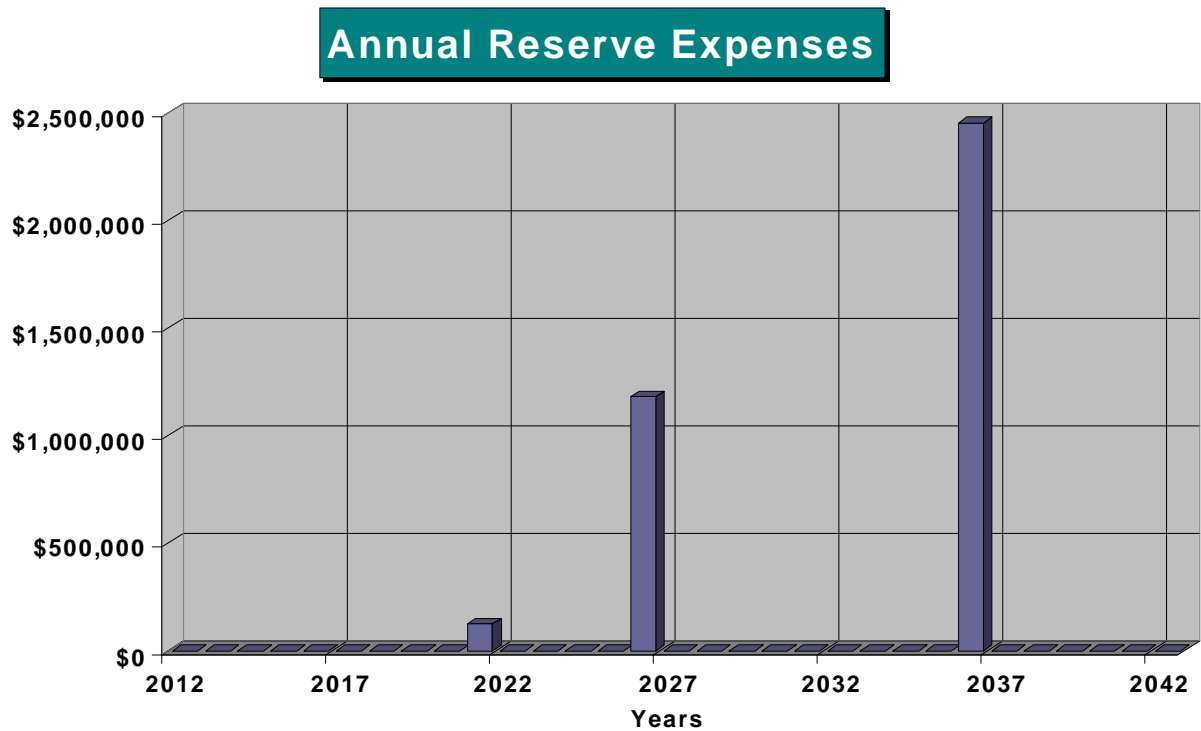


Figure 1

A summary of this information is shown in Table 4, while details of the projects that make up this information are shown in Table 5. Since this is a projection about future events that may or may not take place as anticipated, we feel more certain about “near-term” projects than those many years away. While this Reserve Study is a one-year document, it is based on 30 years worth of looking forward into the future.

Reserve Fund Status

The starting point for our financial analysis is your Reserve Fund balance, projected to be \$41,840 as-of the start of your Fiscal Year on May 1, 2012. This is based on your actual balance on 4/17/12 of \$41,840 and anticipated Reserve contributions and expenses projected through the end of your Fiscal Year. As of May 1, 2012, your Fully Funded Balance is computed to be \$528,024 (see Table 3). This figure represents the deteriorated value of your common area components. Comparing your Reserve Balance to your Fully Funded Balance indicates your Reserves are 8% Funded. As indicated earlier in the Executive Summary, this represents a weak status.

Recommended Funding Plan

Based on your current Percent Funded and your projected cash flow requirements, we are recommending Reserve contributions of \$10,340/month this Fiscal Year. This represents the first year of the 30-year Funding Plan shown below. This same information is shown numerically in both Table 4 and Table 5.

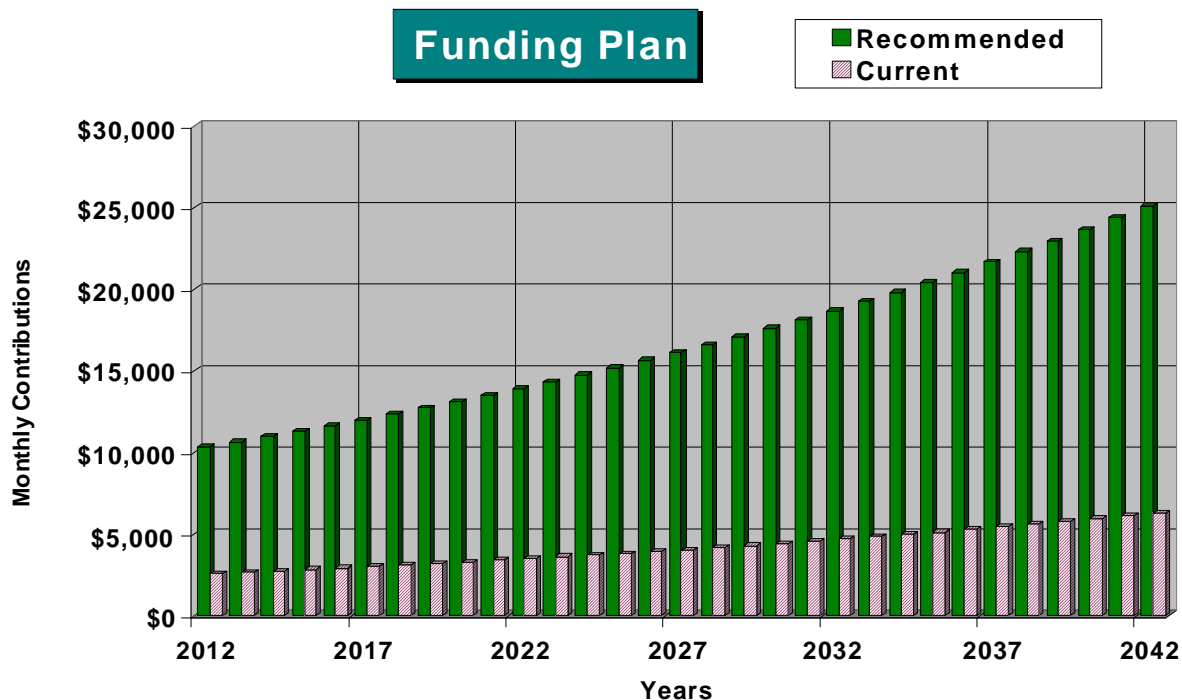


Figure 2

The following chart shows your Reserve balance under our recommended Funding Plan and your current Funding Plan, and your always-changing Fully Funded Balance target.

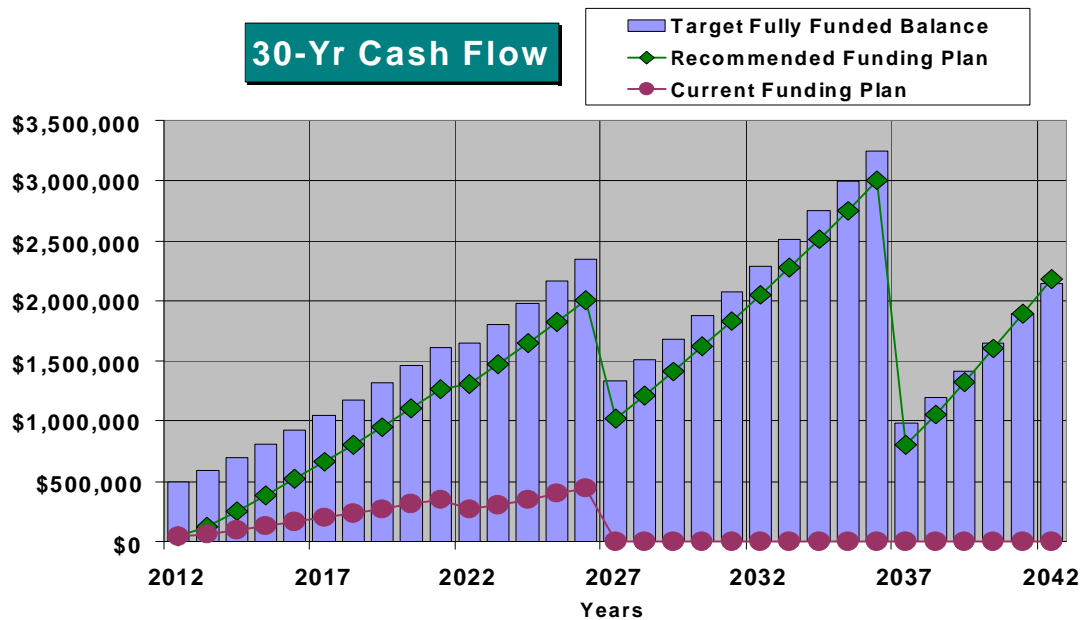


Figure 3

In this figure it is easy to see how your Reserve Fund gradually draws closer to the Fully Funded (100%) level.

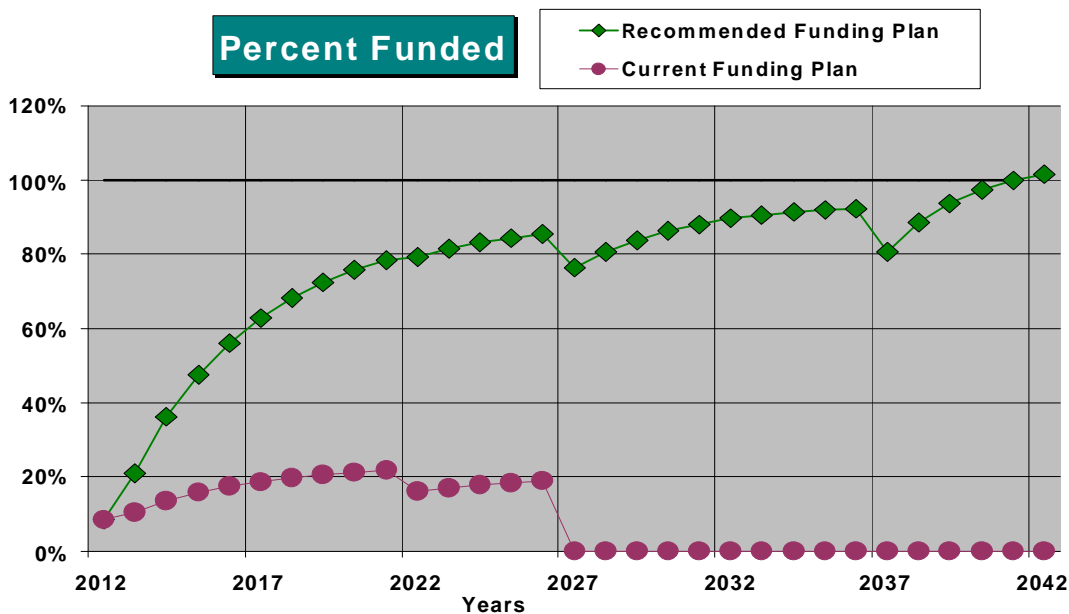


Figure 4

Table Descriptions

The tabular information in this Report is broken down into five tables.

Table 1 summarizes your funded Reserve Components, and is part of the Executive Report summary that appeared earlier in this Report.

Table 2 provides the main component description, life, and cost factors for all components determined to be appropriate for Reserve designation. This table represents the core information from which all other tables are derived.

Table 3 is presented primarily as an accounting summary page. The results of the individual line item Fully Funded Balance computations are shown. These individual quantities are summed to arrive at the Fully Funded Balance for the association as of the start date of the Report. The figures in the Current Fund Balance column and the Monthly Reserve Contribution column show our distribution throughout the line items. If the association is underfunded, Reserve Funds are distributed first to components with a short Remaining Useful Life. If the association's Reserve Balance is above 100% Funded, funds are distributed evenly for all components. Contribution rates for each component are a proportionate distribution of the total contribution on the basis of the component's significance to the association (current cost divided by useful life). This presentation is not meant to cause clients to redistribute association funds, it simply presents one way to evenly distribute the total among all the different line items.

Table 4: This table provides a one-page 30-year summary of the cash flowing into and out of the association, compared to the Fully Funded Balance for each year.

Table 5: This table shows the cash flow detail for the next 30 years. This table makes it possible to see what components are projected to require repair or replacement each year, and the size of those individual expenses.

Table 2: Reserve Component List Detail**23055-0**

# Component	Quantity	Useful Life	Rem. Useful Life	Best Cost	Current Worst Cost
Site / Grounds					
112 Metal Fencing - Repair/Replace	Approx 230 linear feet	30	24	\$11,500	\$16,100
120 Asphalt - Resurface	Approx 650,000 square ft	30	24	\$910,000	\$1,170,000
135 Entry Gates - Repair/Replace	(2) 30' swing gates	30	24	\$12,000	\$20,000
136 Entry Gate Operators - Replace	(4) Chamberlain Elite	15	9	\$10,000	\$14,000
137 Gate Access Panels - Replace	(2) Elite panels	15	9	\$4,000	\$6,000
140 Wood Fence - Replace	Approx 18,000 linear feet	20	14	\$360,000	\$540,000
145 Split Rail Fence - Replace	Approx 7,500 linear feet	20	14	\$105,000	\$120,000
155 Chain Link Fence - Replace	Approx 2.050 linear feet	30	24	\$36,900	\$49,200
160 Pole Lights - Replace	Approx (90) assemblies	20	14	\$135,000	\$180,000
164 Landscape Lights - Replace	Approx (38) lights	15	9	\$2,300	\$3,000
176 Irrigation Timeclocks - Replace	(13) Hunter controllers	15	9	\$3,900	\$6,500
185 Stormwater Ponds - Clean/Refurbish	(3) assorted sizes	15	9	\$15,000	\$25,000
205 Mailboxes - Replace	(28) metal cluster stands	20	14	\$33,600	\$44,800
210 Required Signage - Replace	Approx (77) metal signs	20	14	\$7,700	\$11,600
Recreation					
330 Basketball Eqp - Replace	(2) assemblies	20	14	\$1,600	\$2,400
340 Play Equipment - Replace	Extensive, assorted	15	9	\$40,000	\$60,000
346 Outdoor Furniture - Replace	(22) assorted pieces	20	14	\$8,000	\$12,000
17 Total Funded Components					

Table 3: Contribution and Fund Breakdown**23055-0**

# Component	Useful Life	Rem. Useful Life	Current (Avg) Cost	Fully Funded Balance	Current Fund Balance	Reserve Contributions
Site / Grounds						
112 Metal Fencing - Repair/Replace	30	24	\$13,800	\$2,946	\$0.00	\$57.68
120 Asphalt - Resurface	30	24	\$1,040,000	\$221,982	\$0.00	\$4,346.95
135 Entry Gates - Repair/Replace	30	24	\$16,000	\$3,415	\$0.00	\$66.88
136 Entry Gate Operators - Replace	15	9	\$12,000	\$5,123	\$5,122.67	\$100.31
137 Gate Access Panels - Replace	15	9	\$5,000	\$2,134	\$2,134.44	\$41.80
140 Wood Fence - Replace	20	14	\$450,000	\$144,075	\$1,349.56	\$2,821.34
145 Split Rail Fence - Replace	20	14	\$112,500	\$36,019	\$0.00	\$705.33
155 Chain Link Fence - Replace	30	24	\$43,050	\$9,189	\$0.00	\$179.94
160 Pole Lights - Replace	20	14	\$157,500	\$50,426	\$0.00	\$987.47
164 Landscape Lights - Replace	15	9	\$2,650	\$1,131	\$1,131.26	\$22.15
176 Irrigation Timeclocks - Replace	15	9	\$5,200	\$2,220	\$2,219.82	\$43.47
185 Stormwater Ponds - Clean/Refurbish	15	9	\$20,000	\$8,538	\$8,537.78	\$167.19
205 Mailboxes - Replace	20	14	\$39,200	\$12,551	\$0.00	\$245.77
210 Required Signage - Replace	20	14	\$9,650	\$3,090	\$0.00	\$60.50
Recreation						
330 Basketball Eqp - Replace	20	14	\$2,000	\$640	\$0.00	\$12.54
340 Play Equipment - Replace	15	9	\$50,000	\$21,344	\$21,344.44	\$417.98
346 Outdoor Furniture - Replace	20	14	\$10,000	\$3,202	\$0.00	\$62.70
17 Total Funded Components				\$528,024	\$41,840	\$10,340

Table 4: 30-Year Reserve Plan Summary**23055-0****Fiscal Year Beginning: 05/01/12****Interest: 0.1%****Inflation: 3.0%**

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded		Rating	Annual Reserve Contribs.	Loans or Special Assmts	Interest Income	Projected Reserve Expenses
2012	\$41,840	\$528,024	7.9%		Weak	\$82,720	\$0	\$83	\$0
2013	\$124,643	\$594,543	21.0%		Weak	\$127,802	\$0	\$189	\$0
2014	\$252,634	\$699,862	36.1%		Fair	\$131,636	\$0	\$319	\$0
2015	\$384,589	\$810,965	47.4%		Fair	\$135,586	\$0	\$453	\$0
2016	\$520,627	\$928,104	56.1%		Fair	\$139,653	\$0	\$591	\$0
2017	\$660,871	\$1,051,542	62.8%		Fair	\$143,843	\$0	\$733	\$0
2018	\$805,447	\$1,181,551	68.2%		Fair	\$148,158	\$0	\$880	\$0
2019	\$954,485	\$1,318,414	72.4%		Strong	\$152,603	\$0	\$1,031	\$0
2020	\$1,108,119	\$1,462,425	75.8%		Strong	\$157,181	\$0	\$1,187	\$0
2021	\$1,266,487	\$1,613,890	78.5%		Strong	\$161,896	\$0	\$1,286	\$123,758
2022	\$1,305,912	\$1,645,657	79.4%		Strong	\$166,753	\$0	\$1,390	\$0
2023	\$1,474,055	\$1,809,172	81.5%		Strong	\$171,756	\$0	\$1,561	\$0
2024	\$1,647,371	\$1,981,016	83.2%		Strong	\$176,908	\$0	\$1,737	\$0
2025	\$1,826,016	\$2,161,543	84.5%		Strong	\$182,216	\$0	\$1,918	\$0
2026	\$2,010,150	\$2,351,119	85.5%		Strong	\$187,682	\$0	\$1,514	\$1,181,106
2027	\$1,018,241	\$1,333,585	76.4%		Strong	\$193,313	\$0	\$1,115	\$0
2028	\$1,212,669	\$1,505,918	80.5%		Strong	\$199,112	\$0	\$1,313	\$0
2029	\$1,413,093	\$1,687,391	83.7%		Strong	\$205,085	\$0	\$1,516	\$0
2030	\$1,619,695	\$1,878,397	86.2%		Strong	\$211,238	\$0	\$1,726	\$0
2031	\$1,832,659	\$2,079,344	88.1%		Strong	\$217,575	\$0	\$1,942	\$0
2032	\$2,052,176	\$2,290,658	89.6%		Strong	\$224,102	\$0	\$2,165	\$0
2033	\$2,278,444	\$2,512,779	90.7%		Strong	\$230,825	\$0	\$2,395	\$0
2034	\$2,511,664	\$2,746,166	91.5%		Strong	\$237,750	\$0	\$2,632	\$0
2035	\$2,752,046	\$2,991,294	92.0%		Strong	\$244,883	\$0	\$2,876	\$0
2036	\$2,999,805	\$3,248,659	92.3%		Strong	\$252,229	\$0	\$1,899	\$2,455,005
2037	\$798,927	\$990,118	80.7%		Strong	\$259,796	\$0	\$929	\$0
2038	\$1,059,653	\$1,197,656	88.5%		Strong	\$267,590	\$0	\$1,194	\$0
2039	\$1,328,437	\$1,416,755	93.8%		Strong	\$275,618	\$0	\$1,467	\$0
2040	\$1,605,521	\$1,647,922	97.4%		Strong	\$283,886	\$0	\$1,748	\$0
2041	\$1,891,155	\$1,891,684	100.0%		Strong	\$292,403	\$0	\$2,038	\$0

Table 5: 30-Year Income/Expense Detail (yrs 0 through 4)**23055-0**

Fiscal Year	2012	2013	2014	2015	2016
Starting Reserve Balance	\$41,840	\$124,643	\$252,634	\$384,589	\$520,627
Annual Reserve Contribution	\$82,720	\$127,802	\$131,636	\$135,586	\$139,653
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$83	\$189	\$319	\$453	\$591
Total Income	\$124,643	\$252,634	\$384,589	\$520,627	\$660,871
# Component					
Site / Grounds					
112 Metal Fencing - Repair/Replace	\$0	\$0	\$0	\$0	\$0
120 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
135 Entry Gates - Repair/Replace	\$0	\$0	\$0	\$0	\$0
136 Entry Gate Operators - Replace	\$0	\$0	\$0	\$0	\$0
137 Gate Access Panels - Replace	\$0	\$0	\$0	\$0	\$0
140 Wood Fence - Replace	\$0	\$0	\$0	\$0	\$0
145 Split Rail Fence - Replace	\$0	\$0	\$0	\$0	\$0
155 Chain Link Fence - Replace	\$0	\$0	\$0	\$0	\$0
160 Pole Lights - Replace	\$0	\$0	\$0	\$0	\$0
164 Landscape Lights - Replace	\$0	\$0	\$0	\$0	\$0
176 Irrigation Timeclocks - Replace	\$0	\$0	\$0	\$0	\$0
185 Stormwater Ponds - Clean/Refurbish	\$0	\$0	\$0	\$0	\$0
205 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
210 Required Signage - Replace	\$0	\$0	\$0	\$0	\$0
Recreation					
330 Basketball Eqp - Replace	\$0	\$0	\$0	\$0	\$0
340 Play Equipment - Replace	\$0	\$0	\$0	\$0	\$0
346 Outdoor Furniture - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$0	\$0	\$0	\$0	\$0
Ending Reserve Balance:	\$124,643	\$252,634	\$384,589	\$520,627	\$660,871

Table 5: 30-Year Income/Expense Detail (yrs 5 through 9)**23055-0**

Fiscal Year	2017	2018	2019	2020	2021
Starting Reserve Balance	\$660,871	\$805,447	\$954,485	\$1,108,119	\$1,266,487
Annual Reserve Contribution	\$143,843	\$148,158	\$152,603	\$157,181	\$161,896
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$733	\$880	\$1,031	\$1,187	\$1,286
Total Income	\$805,447	\$954,485	\$1,108,119	\$1,266,487	\$1,429,670
# Component					
Site / Grounds					
112 Metal Fencing - Repair/Replace	\$0	\$0	\$0	\$0	\$0
120 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
135 Entry Gates - Repair/Replace	\$0	\$0	\$0	\$0	\$0
136 Entry Gate Operators - Replace	\$0	\$0	\$0	\$0	\$15,657
137 Gate Access Panels - Replace	\$0	\$0	\$0	\$0	\$6,524
140 Wood Fence - Replace	\$0	\$0	\$0	\$0	\$0
145 Split Rail Fence - Replace	\$0	\$0	\$0	\$0	\$0
155 Chain Link Fence - Replace	\$0	\$0	\$0	\$0	\$0
160 Pole Lights - Replace	\$0	\$0	\$0	\$0	\$0
164 Landscape Lights - Replace	\$0	\$0	\$0	\$0	\$3,458
176 Irrigation Timeclocks - Replace	\$0	\$0	\$0	\$0	\$6,785
185 Stormwater Ponds - Clean/Refurbish	\$0	\$0	\$0	\$0	\$26,095
205 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
210 Required Signage - Replace	\$0	\$0	\$0	\$0	\$0
Recreation					
330 Basketball Eqp - Replace	\$0	\$0	\$0	\$0	\$0
340 Play Equipment - Replace	\$0	\$0	\$0	\$0	\$65,239
346 Outdoor Furniture - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$0	\$0	\$0	\$0	\$123,758
Ending Reserve Balance:	\$805,447	\$954,485	\$1,108,119	\$1,266,487	\$1,305,912

Table 5: 30-Year Income/Expense Detail (yrs 10 through 14)		23055-0
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Fiscal Year	2022	2023	2024	2025	2026
Starting Reserve Balance	\$1,305,912	\$1,474,055	\$1,647,371	\$1,826,016	\$2,010,150
Annual Reserve Contribution	\$166,753	\$171,756	\$176,908	\$182,216	\$187,682
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,390	\$1,561	\$1,737	\$1,918	\$1,514
Total Income	\$1,474,055	\$1,647,371	\$1,826,016	\$2,010,150	\$2,199,346
# Component					
Site / Grounds					
112 Metal Fencing - Repair/Replace	\$0	\$0	\$0	\$0	\$0
120 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
135 Entry Gates - Repair/Replace	\$0	\$0	\$0	\$0	\$0
136 Entry Gate Operators - Replace	\$0	\$0	\$0	\$0	\$0
137 Gate Access Panels - Replace	\$0	\$0	\$0	\$0	\$0
140 Wood Fence - Replace	\$0	\$0	\$0	\$0	\$680,665
145 Split Rail Fence - Replace	\$0	\$0	\$0	\$0	\$170,166
155 Chain Link Fence - Replace	\$0	\$0	\$0	\$0	\$0
160 Pole Lights - Replace	\$0	\$0	\$0	\$0	\$238,233
164 Landscape Lights - Replace	\$0	\$0	\$0	\$0	\$0
176 Irrigation Timeclocks - Replace	\$0	\$0	\$0	\$0	\$0
185 Stormwater Ponds - Clean/Refurbish	\$0	\$0	\$0	\$0	\$0
205 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$59,294
210 Required Signage - Replace	\$0	\$0	\$0	\$0	\$14,596
Recreation					
330 Basketball Eqp - Replace	\$0	\$0	\$0	\$0	\$3,025
340 Play Equipment - Replace	\$0	\$0	\$0	\$0	\$0
346 Outdoor Furniture - Replace	\$0	\$0	\$0	\$0	\$15,126
Total Expenses	\$0	\$0	\$0	\$0	\$1,181,106
Ending Reserve Balance:	\$1,474,055	\$1,647,371	\$1,826,016	\$2,010,150	\$1,018,241

Table 5: 30-Year Income/Expense Detail (yrs 15 through 19)**23055-0**

Fiscal Year	2027	2028	2029	2030	2031
Starting Reserve Balance	\$1,018,241	\$1,212,669	\$1,413,093	\$1,619,695	\$1,832,659
Annual Reserve Contribution	\$193,313	\$199,112	\$205,085	\$211,238	\$217,575
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,115	\$1,313	\$1,516	\$1,726	\$1,942
Total Income	\$1,212,669	\$1,413,093	\$1,619,695	\$1,832,659	\$2,052,176
# Component					
Site / Grounds					
112 Metal Fencing - Repair/Replace	\$0	\$0	\$0	\$0	\$0
120 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
135 Entry Gates - Repair/Replace	\$0	\$0	\$0	\$0	\$0
136 Entry Gate Operators - Replace	\$0	\$0	\$0	\$0	\$0
137 Gate Access Panels - Replace	\$0	\$0	\$0	\$0	\$0
140 Wood Fence - Replace	\$0	\$0	\$0	\$0	\$0
145 Split Rail Fence - Replace	\$0	\$0	\$0	\$0	\$0
155 Chain Link Fence - Replace	\$0	\$0	\$0	\$0	\$0
160 Pole Lights - Replace	\$0	\$0	\$0	\$0	\$0
164 Landscape Lights - Replace	\$0	\$0	\$0	\$0	\$0
176 Irrigation Timeclocks - Replace	\$0	\$0	\$0	\$0	\$0
185 Stormwater Ponds - Clean/Refurbish	\$0	\$0	\$0	\$0	\$0
205 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
210 Required Signage - Replace	\$0	\$0	\$0	\$0	\$0
Recreation					
330 Basketball Eqp - Replace	\$0	\$0	\$0	\$0	\$0
340 Play Equipment - Replace	\$0	\$0	\$0	\$0	\$0
346 Outdoor Furniture - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$0	\$0	\$0	\$0	\$0
Ending Reserve Balance:	\$1,212,669	\$1,413,093	\$1,619,695	\$1,832,659	\$2,052,176

Table 5: 30-Year Income/Expense Detail (yrs 20 through 24)**23055-0**

Fiscal Year	2032	2033	2034	2035	2036
Starting Reserve Balance	\$2,052,176	\$2,278,444	\$2,511,664	\$2,752,046	\$2,999,805
Annual Reserve Contribution	\$224,102	\$230,825	\$237,750	\$244,883	\$252,229
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$2,165	\$2,395	\$2,632	\$2,876	\$1,899
Total Income	\$2,278,444	\$2,511,664	\$2,752,046	\$2,999,805	\$3,253,933
# Component					
Site / Grounds					
112 Metal Fencing - Repair/Replace	\$0	\$0	\$0	\$0	\$28,053
120 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$2,114,106
135 Entry Gates - Repair/Replace	\$0	\$0	\$0	\$0	\$32,525
136 Entry Gate Operators - Replace	\$0	\$0	\$0	\$0	\$24,394
137 Gate Access Panels - Replace	\$0	\$0	\$0	\$0	\$10,164
140 Wood Fence - Replace	\$0	\$0	\$0	\$0	\$0
145 Split Rail Fence - Replace	\$0	\$0	\$0	\$0	\$0
155 Chain Link Fence - Replace	\$0	\$0	\$0	\$0	\$87,512
160 Pole Lights - Replace	\$0	\$0	\$0	\$0	\$0
164 Landscape Lights - Replace	\$0	\$0	\$0	\$0	\$5,387
176 Irrigation Timeclocks - Replace	\$0	\$0	\$0	\$0	\$10,571
185 Stormwater Ponds - Clean/Refurbish	\$0	\$0	\$0	\$0	\$40,656
205 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
210 Required Signage - Replace	\$0	\$0	\$0	\$0	\$0
Recreation					
330 Basketball Eqp - Replace	\$0	\$0	\$0	\$0	\$0
340 Play Equipment - Replace	\$0	\$0	\$0	\$0	\$101,640
346 Outdoor Furniture - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$0	\$0	\$0	\$0	\$2,455,005
Ending Reserve Balance:	\$2,278,444	\$2,511,664	\$2,752,046	\$2,999,805	\$798,927

Table 5: 30-Year Income/Expense Detail (yrs 25 through 29)		23055-0
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Fiscal Year	2037	2038	2039	2040	2041
Starting Reserve Balance	\$798,927	\$1,059,653	\$1,328,437	\$1,605,521	\$1,891,155
Annual Reserve Contribution	\$259,796	\$267,590	\$275,618	\$283,886	\$292,403
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$929	\$1,194	\$1,467	\$1,748	\$2,038
Total Income	\$1,059,653	\$1,328,437	\$1,605,521	\$1,891,155	\$2,185,596
# Component					
Site / Grounds					
112 Metal Fencing - Repair/Replace	\$0	\$0	\$0	\$0	\$0
120 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
135 Entry Gates - Repair/Replace	\$0	\$0	\$0	\$0	\$0
136 Entry Gate Operators - Replace	\$0	\$0	\$0	\$0	\$0
137 Gate Access Panels - Replace	\$0	\$0	\$0	\$0	\$0
140 Wood Fence - Replace	\$0	\$0	\$0	\$0	\$0
145 Split Rail Fence - Replace	\$0	\$0	\$0	\$0	\$0
155 Chain Link Fence - Replace	\$0	\$0	\$0	\$0	\$0
160 Pole Lights - Replace	\$0	\$0	\$0	\$0	\$0
164 Landscape Lights - Replace	\$0	\$0	\$0	\$0	\$0
176 Irrigation Timeclocks - Replace	\$0	\$0	\$0	\$0	\$0
185 Stormwater Ponds - Clean/Refurbish	\$0	\$0	\$0	\$0	\$0
205 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
210 Required Signage - Replace	\$0	\$0	\$0	\$0	\$0
Recreation					
330 Basketball Eqp - Replace	\$0	\$0	\$0	\$0	\$0
340 Play Equipment - Replace	\$0	\$0	\$0	\$0	\$0
346 Outdoor Furniture - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$0	\$0	\$0	\$0	\$0
Ending Reserve Balance:	\$1,059,653	\$1,328,437	\$1,605,521	\$1,891,155	\$2,185,596

Accuracy, Limitations, and Disclosures

Washington disclosure, per RCW 64.34.382:

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.

Because we have no control over future events, we cannot claim that all the events we anticipate will occur as planned. We expect that inflationary trends will continue, and we expect that financial institutions will provide interest earnings on funds on-deposit. We believe that reasonable estimates for these figures are much more accurate than ignoring these economic realities. The things we can control are measurements, which we attempt to establish within 5% accuracy. Your starting Reserve Balance and current Reserve interest earnings are also numbers that can be identified with a high degree of certainty. These figures have been provided to us, and were not confirmed by our independent research. Our projections assume a stable economic environment and lack of natural disasters.

Because both the physical status and financial status of the association change each year, this Reserve Study is by nature a “one-year” document. This information can and should be adjusted annually as part of the Reserve Study Update process so that more accurate estimates can be reflected in the Reserve plan. Reality often differs from even the best assumptions due to changing economic factors, physical factors, or ownership expectations. Because many years of financial preparation help the preparation for large expenses, this Report shows expenses for the next 30 years. We fully expect a number of adjustments will be necessary through the interim years to both the cost and timing of distant expense projections. It is our recommendation and that of the American Institute of Certified Public Accountants (AICPA) that your Reserve Study be updated annually.

Association Reserves, Inc., and its employees have no ownership, management, or other business relationships with the client other than this Reserve Study engagement. James D. Talaga R.S., company president, is a credentialed Reserve Specialist (#66). All work done by Association Reserves is performed under his Responsible Charge. There are no material issues to our knowledge that have not been disclosed to the client that would cause a distortion of the association’s situation.

We have relied upon the client to provide the current (or projected) Reserve Balance, the estimated net-after-tax current rate of interest earnings, and to indicate if those earnings accrue to the Reserve Fund. In addition, we have considered the association's representation of current and historical Reserve projects reliable, and we have considered the representations made by its vendors and suppliers to also be accurate and reliable.

Component quantities indicated in this Report were developed by Association Reserves unless otherwise noted in our "Site Inspection Notes" comments. No destructive or intrusive testing was performed, nor should the site inspection be assumed to be anything other than for budget purposes.

Terms and Definitions

BTU	British Thermal Unit (a standard unit of energy)
DIA	Diameter
GSF	Gross Square Feet (area)
GSY	Gross Square Yards (area)
HP	Horsepower
LF	Linear Feet (length)

Effective Age: The difference between Useful Life and Remaining Useful Life. Note that this is not necessarily equivalent to the chronological age of the component.

Fully Funded Balance (FFB): The Reserve Balance that is in direct proportion to the fraction of life “used up” of the current Repair or Replacement cost. This benchmark balance represents the value of the deterioration of the Reserve Components. This number is calculated for each component, then summed together for an association total.

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

Inflation: Cost factors are adjusted for inflation at the rate defined in the Executive Summary and compounded annually. These increasing costs can be seen as you follow the recurring cycles of a component on Table 5.

Interest: Interest earnings on Reserve Funds are calculated using the average balance for the year (taking into account income and expenses through the year) and compounded monthly using the rate defined in the Executive Summary. Annual interest earning assumption appears in the Executive Summary, page ii.

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

Remaining Useful Life: The estimated time, in years, that a common area component can be expected to continue to serve its intended function.

Useful Life: The estimated time, in years, that a common area component can be expected to serve its intended function.

Photographic Inventory Appendix

The primary purpose of the photographic appendix is to provide the reader with the basis of our funding assumptions resulting from our physical analysis and subsequent research. The photographs herein represent a wide range of elements that were observed and measured against National Reserve Study Standards to determine if they meet the criteria for reserve funding:

- 1) Common area maintenance, repair & replacement responsibility
- 2) Components must have a limited life
- 3) Life limit must be predictable
- 4) Above a minimum threshold cost (board's discretion – typically ½ to 1% of annual operating expenses).

Some components are recommended for reserve funding, while others are not. The components that meet these criteria in our judgment are shown with corresponding maintenance, repair or replacement cycles to the left of the photo (UL = Useful Life or how often the project is expected to occur, RUL = Remaining Useful Life or how many years from our reporting period) and a representative market cost range termed “Best Cost” and “Worst Cost” below the photo. There are many factors that can result in a wide variety of potential costs; we are attempting to represent a market average for budget purposes. Where there is no UL, the component is expected to be a one-time expense. Where no pricing, the component deemed inappropriate for Reserve Funding.