

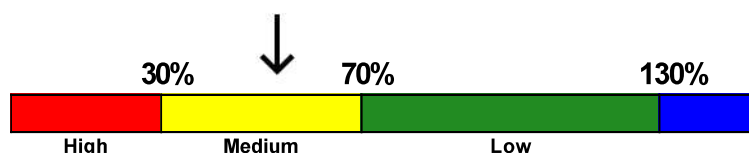
3- Minute Executive Summary

Association: MeadowWood Rocky Hill **Assoc. #: 32516-0**
Location: Liberty Lake, WA **# of Units: 59**
Report Period: January 1, 2021 through December 31, 2021

Findings/Recommendations as-of: January 1, 2021

Starting Reserve Balance	\$19,422
Current Fully Funded Reserve Balance	\$35,977
Percent Funded	54.0 %
Average Reserve (Deficit) or Surplus Per Unit	(\$281)
Recommended 2021 100% Monthly "Full Funding" Contributions	\$675
Recommended 2021 70% Monthly "Threshold Funding" Contributions	\$552
2021 "Alternate / Baseline Funding" minimum to keep Reserves above \$0	\$322
Most Recent Budgeted Contribution Rate	\$675

Reserves % Funded: 54.0%



Special Assessment Risk:

Economic Assumptions:

Net Annual "After Tax" Interest Earnings Accruing to Reserves1.00 %
 Annual Inflation Rate3.00 %

- This is a Update "With-Site-Visit" Reserve Study, meeting all requirements of the Revised Code of Washington (RCW). This study was prepared by, or under the supervision of a credentialed Reserve Specialist (RS™).

- Your Reserve Fund is currently 54.0 % Funded. This means the association's special assessment & deferred maintenance risk is currently Medium. The objective of your multi-year Funding Plan is to fund your Reserves to a level where you will enjoy a low risk of such Reserve cash flow problems.

- Based on this starting point and your anticipated future expenses, our recommendation is to budget Reserve Contributions to within the 70% to 100% range as noted above. The 100% "Full" and 70% contribution rates are designed to gradually achieve these funding objectives by the end of our 30-year report scope.

- No assets appropriate for Reserve designation known to be excluded. See appendix for component information and the basis of our assumptions. "Alternate Funding" in this report is synonymous with Baseline Funding, as defined within the RCW "to maintain the reserve account balance above zero throughout the thirty-year study period, without special assessments." Funding plan contribution rates are presented as an aggregate total, assuming average percentage of ownership. The actual ownership allocation may vary - refer to your governing documents.

# Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
Inventory Appendix			
120 Asphalt - Resurface	40	30	\$72,200
121 Asphalt - Seal Coat	5	0	\$9,000
145 Vinyl Fence - Replace	30	21	\$23,250
170 Landscape - Refurbish	5	4	\$2,500
175 Irrigation System - Repair/Replace	5	4	\$1,500
205 Mailboxes - Replace	25	16	\$3,200
6 Total Funded Components			

Note 1: Yellow highlighted line items are expected to require attention in this initial year.

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Update "With-Site-Visit" Reserve Study



**MeadowWood
Rocky Hill
Liberty Lake, WA**

**Report #: 32516-0
For Period Beginning: January 1, 2021
Expires: December 31, 2021**

Date Prepared: August 12, 2020



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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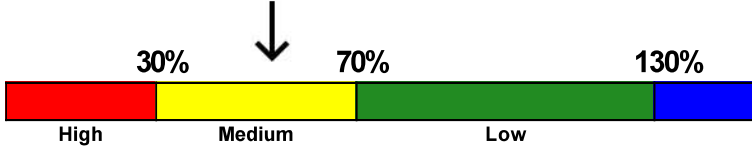
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205 Mailboxes - Replace	25	16	\$3,200
6 Total Funded Components			

Note 1: Yellow highlighted line items are expected to require attention in this initial year.

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 combination of research and well-defined computations, following consistent National Reserve Study Standard principles.

The foundation of this and every Reserve Study is your Reserve Component List (what you are reserving for). This is because the Reserve Component List defines the *scope and schedule* of all your anticipated upcoming Reserve projects. Based on that List and your starting balance, we calculate the association's Reserve Fund Strength (reported in terms of "Percent Funded"). Then we compute a Reserve Funding Plan to provide for the Reserve needs of the association. These form the three results of your Reserve Study.



Reserve contributions are not “for the future”. Reserve contributions are designed to offset the ongoing, daily deterioration of your Reserve assets. Done well, a stable, budgeted Reserve Funding Plan will collect sufficient funds from the owners who enjoyed the use of those assets, so the association is financially prepared for the irregular expenditures scattered through future years when those projects eventually require replacement.

Methodology



For this [Update With-Site-Visit Reserve Study](#), we started with a review of your prior Reserve Study, then looked into recent Reserve expenditures, evaluated how expenditures are handled (ongoing maintenance vs Reserves), and researched any well-established association precedents. We performed an on-site inspection to evaluate your common areas, updating and adjusting your Reserve Component List as appropriate.

Which Physical Assets are Funded by Reserves?

There is a national-standard four-part test to determine which expenses should appear in your Reserve Component List. First, it must be a common area maintenance responsibility. Second, the component must have a limited life. Third, the remaining 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 (often between .5% and 1% of an association's total budget). This limits Reserve



RESERVE COMPONENT "FOUR-PART TEST"

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 do we establish Useful Life and Remaining Useful Life estimates?

- 1) Visual Inspection (observed wear and age)
- 2) Association Reserves database of experience
- 3) Client History (install dates & previous life cycle information)
- 4) Vendor Evaluation and Recommendation

How do we establish Current Repair/Replacement Cost Estimates?

In this order...

- 1) Actual client cost history, or current proposals
- 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?

Reserve adequacy is not measured in cash terms. Reserve adequacy is found when the *amount* of current Reserve cash is compared to Reserve component deterioration (the *needs of the association*). Having *enough* means the association can execute its projects in a timely manner with existing Reserve funds. Not having *enough* typically creates deferred maintenance or special assessments.

Adequacy is measured in a two-step process:

- 1) Calculate the *value of deterioration* at the association (called Fully Funded Balance, or FFB).
- 2) Compare that to the Reserve Fund Balance, and express as a percentage.



Each year, the *value of deterioration* at the association changes. When there is more deterioration (as components approach the time they need to be replaced), there should be more cash to offset that deterioration and prepare for the expenditure. Conversely, the *value of deterioration* shrinks after projects are accomplished. The *value of deterioration* (the FFB) changes each year, and is a moving but predictable target.

There is a high risk of special assessments and deferred maintenance when the Percent Funded is *weak*, below 30%. Approximately 30% of all associations are in this high risk range. While the 100% point is Ideal (indicating Reserve cash is equal to the *value of deterioration*), a Reserve Fund in the 70% - 130% range is considered strong (low risk of special assessment).

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?



RESERVE FUNDING PRINCIPLES

According to National Reserve Study Standards, there are four Funding Principles to 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. Second, a stable contribution is desirable because it keeps these naturally irregular expenses from unsettling the budget.

Reserve contributions that are evenly distributed over current and future owners enable each owner to pay their fair share of the association's Reserve expenses over the years. And finally, we develop a plan that is fiscally responsible and safe for Boardmembers to recommend to their association. Remember, it is the Board's job to provide for the ongoing care of the common areas. Boardmembers invite liability exposure when Reserve contributions are inadequate to offset ongoing common area deterioration.

What is our Recommended Funding Goal?

Maintaining the Reserve Fund at a level equal to the *value* of deterioration is called "Full Funding" (100% Funded). As each asset ages and becomes "used up," the Reserve Fund grows proportionally. **This is simple, responsible, and our recommendation.** Evidence shows that associations in the 70 - 130% range *enjoy a low risk of special assessments or deferred maintenance.*



FUNDING OBJECTIVES

Allowing the Reserves to fall close to zero, but not below zero, is called Baseline Funding. Doing so allows the Reserve Fund to drop into the 0 - 30% range, where there is a high risk of special assessments & deferred maintenance. Since Baseline Funding still provides for the timely execution of all Reserve projects, and only the "margin of safety" is different, Baseline Funding contributions average only 10% - 15% less than Full Funding contributions. Threshold Funding is the title of all other Cash or Percent Funded objectives *between* Baseline Funding and Full Funding.

Site Inspection Notes

During our site visit on 7/28/2020, we visually inspected all visible common areas, while compiling a photographic inventory, noting: current condition, make & model information where appropriate, apparent levels of care and maintenance, exposure to weather elements and other factors that may affect the components useful life.

At the time of our site visit, we did not note any wide scale damage or deterioration of the common elements.



Projected Expenses

While this Reserve Study looks forward 30 years, we have no expectation that all these expenses will all take place as anticipated. This Reserve Study needs to be updated annually because we expect the timing of these expenses to shift and the size of these expenses to change. We do feel more certain of the timing and cost of near-term expenses than expenses many years away.

The figure below summarizes the projected future expenses at your association as defined by your Reserve Component List. A summary of these expenses are shown in the 30-yr Summary Table, while details of the projects that make up these expenses are shown in the Cash Flow Detail Table.

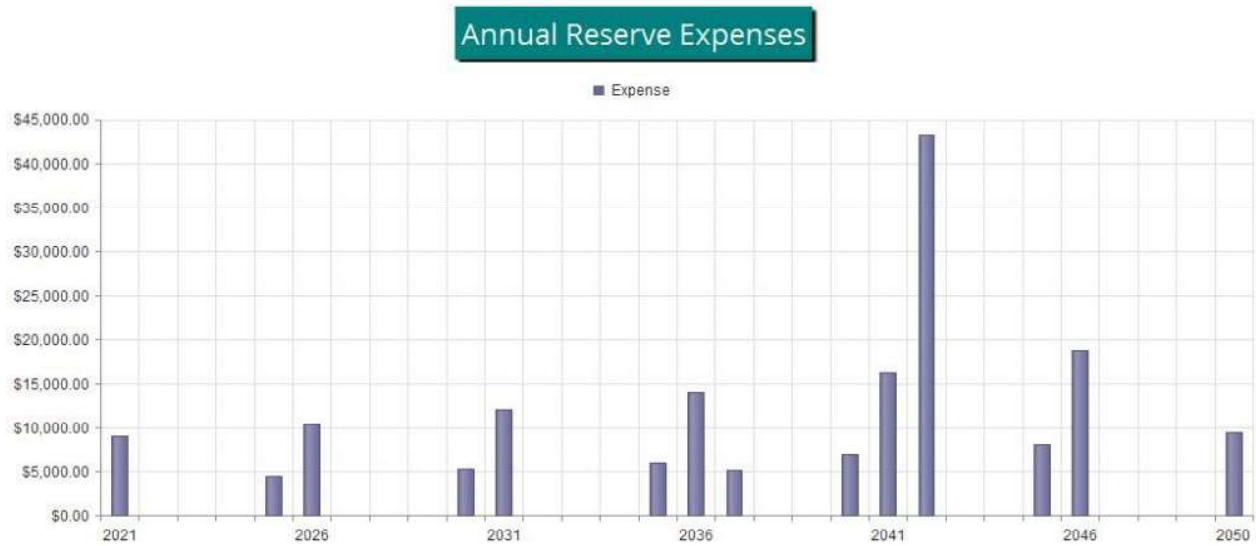


Figure 1

Reserve Fund Status

The starting point for our financial analysis is your Reserve Fund balance, projected to be \$19,422 as-of the start of your Fiscal Year on 1/1/2021. As of that date, your Fully Funded Balance is computed to be \$35,977 (see Fully Funded Balance Table). This figure represents the deteriorated value of your common area components.

Recommended Funding Plan

Based on your current Percent Funded and your near-term and long-term Reserve needs, we are recommending budgeted contributions of \$675 per month this Fiscal Year. The overall 30-yr plan, in perspective, is shown below. This same information is shown numerically in both the 30-yr Summary Table and the Cash Flow Detail Table.

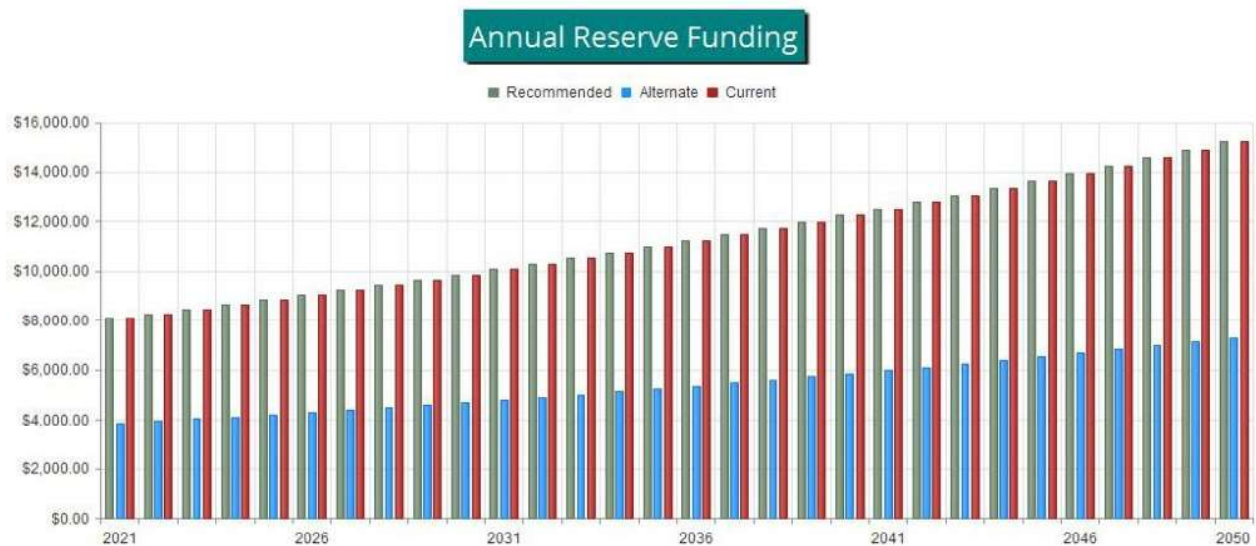


Figure 2

The following chart shows your Reserve balance under our recommended Full Funding Plan, an alternate Baseline Funding Plan, and at your current budgeted contribution rate (assumes future increases), compared to your always-changing Fully Funded Balance target.

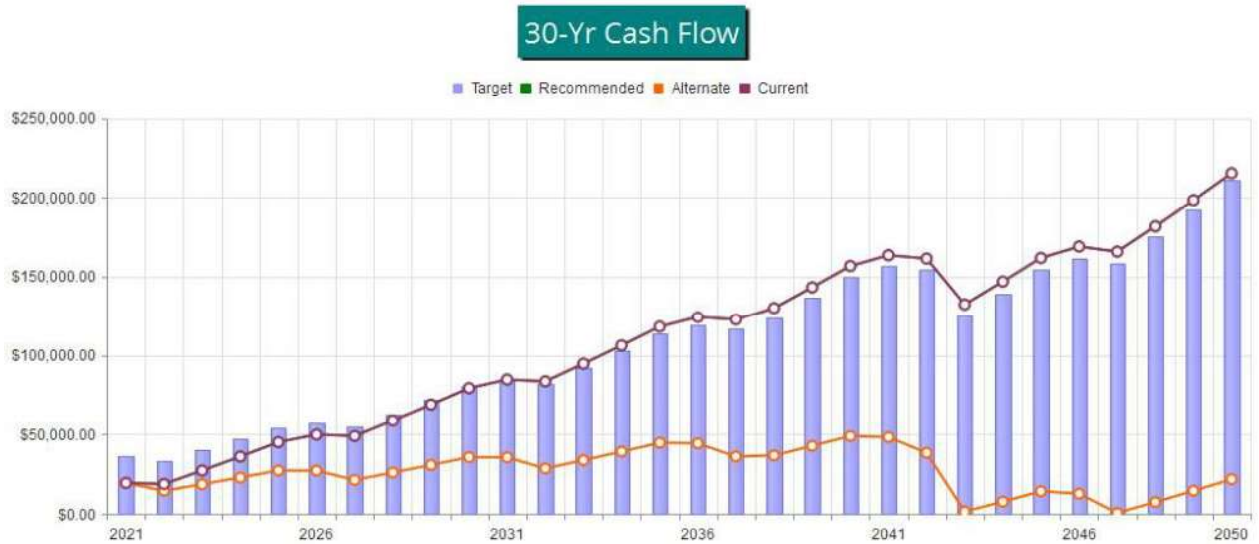


Figure 3

This figure shows the same information plotted on a Percent Funded scale. It is clear here to see how your Reserve Fund strength approaches the 100% Funded level under our recommended multi-yr Funding Plan.

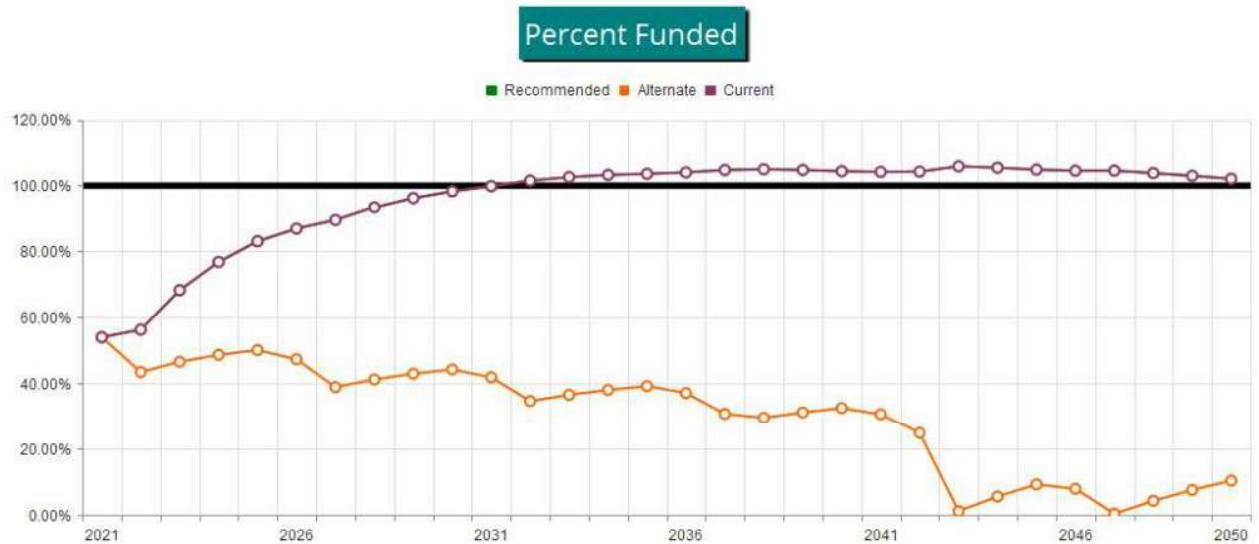


Figure 4

Table Descriptions

Executive Summary is a summary of your Reserve Components

Reserve Component List Detail discloses key Component information, providing the foundation upon which the financial analysis is performed.

Fully Funded Balance shows the calculation of the Fully Funded Balance for each of your components, and their contributions to the property total. For each component, the Fully Funded Balance is the fraction of life used up multiplied by its estimated Current Replacement Cost.

Component Significance shows the relative significance of each component to Reserve funding needs of the property, helping you see which components have more (or less) influence than others on your total Reserve contribution rate. The deterioration cost/yr of each component is calculated by dividing the estimated Current Replacement Cost by its Useful Life, then that component's percentage of the total is displayed.

30-Yr Reserve Plan Summary provides a one-page 30-year summary of the cash flowing into and out of the Reserve Fund, with a display of the Fully Funded Balance, Percent Funded, and special assessment risk at the beginning of each year.

30-Year Income/Expense Detail shows the detailed income and expenses for each of the next 30 years. This table makes it possible to see which components are projected to require repair or replacement in a particular year, and the size of those individual expenses.

# Component	Quantity	Useful Life	Rem. Useful Life	Current Cost Estimate	
				Best Case	Worst Case
Inventory Appendix					
120 Asphalt - Resurface	~ 36,072 GSF asphalt	40	30	\$63,200	\$81,200
121 Asphalt - Seal Coat	~ 36,072 GSF asphalt	5	0	\$7,200	\$10,800
145 Vinyl Fence - Replace	~ 465 LF 6' tall vinyl	30	21	\$20,900	\$25,600
170 Landscape - Refurbish	Trees, shrubs, turf	5	4	\$2,000	\$3,000
175 Irrigation System - Repair/Replace	Extensive system	5	4	\$1,000	\$2,000
205 Mailboxes - Replace	~ (2) cluster box units	25	16	\$2,800	\$3,600
6 Total Funded Components					

Fully Funded Balance

32516-0
WSV

#	Component	Current Cost Estimate	X	Effective Age	/	Useful Life	=	Fully Funded Balance
Inventory Appendix								
120	Asphalt - Resurface	\$72,200	X	10	/	40	=	\$18,050
121	Asphalt - Seal Coat	\$9,000	X	5	/	5	=	\$9,000
145	Vinyl Fence - Replace	\$23,250	X	9	/	30	=	\$6,975
170	Landscape - Refurbish	\$2,500	X	1	/	5	=	\$500
175	Irrigation System - Repair/Replace	\$1,500	X	1	/	5	=	\$300
205	Mailboxes - Replace	\$3,200	X	9	/	25	=	\$1,152
								\$35,977

Component Significance

32516-0
WSV

#	Component	Useful Life (yrs)	Current Cost Estimate	Deterioration Cost/Yr	Deterioration Significance
Inventory Appendix					
120	Asphalt - Resurface	40	\$72,200	\$1,805	34.01 %
121	Asphalt - Seal Coat	5	\$9,000	\$1,800	33.91 %
145	Vinyl Fence - Replace	30	\$23,250	\$775	14.60 %
170	Landscape - Refurbish	5	\$2,500	\$500	9.42 %
175	Irrigation System - Repair/Replace	5	\$1,500	\$300	5.65 %
205	Mailboxes - Replace	25	\$3,200	\$128	2.41 %
6	Total Funded Components			\$5,308	100.00 %

30-Year Reserve Plan Summary

32516-0
WSV

Fiscal Year Start: 2021	Interest: 1.00 %	Inflation: 3.00 %
Reserve Fund Strength Calculations: (All values of Fiscal Year Start Date)	Projected Reserve Balance Changes	

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Special Assmt Risk	% Increase		Loan or Special Assmts	Interest Income	Reserve Expenses
					In Annual Reserve Contribs.	Reserve Contribs.			
2021	\$19,422	\$35,977	54.0 %	Medium	0.00 %	\$8,100	\$0	\$191	\$9,000
2022	\$18,713	\$33,254	56.3 %	Medium	2.20 %	\$8,278	\$0	\$230	\$0
2023	\$27,220	\$39,882	68.3 %	Medium	2.20 %	\$8,460	\$0	\$316	\$0
2024	\$35,997	\$46,879	76.8 %	Low	2.20 %	\$8,646	\$0	\$405	\$0
2025	\$45,048	\$54,260	83.0 %	Low	2.20 %	\$8,837	\$0	\$474	\$4,502
2026	\$49,857	\$57,404	86.9 %	Low	2.20 %	\$9,031	\$0	\$494	\$10,433
2027	\$48,949	\$54,717	89.5 %	Low	2.20 %	\$9,230	\$0	\$538	\$0
2028	\$58,716	\$62,887	93.4 %	Low	2.20 %	\$9,433	\$0	\$637	\$0
2029	\$68,786	\$71,498	96.2 %	Low	2.20 %	\$9,640	\$0	\$739	\$0
2030	\$79,166	\$80,568	98.3 %	Low	2.20 %	\$9,852	\$0	\$819	\$5,219
2031	\$84,618	\$84,743	99.9 %	Low	2.20 %	\$10,069	\$0	\$840	\$12,095
2032	\$83,432	\$82,175	101.5 %	Low	2.20 %	\$10,291	\$0	\$890	\$0
2033	\$94,612	\$92,208	102.6 %	Low	2.20 %	\$10,517	\$0	\$1,003	\$0
2034	\$106,133	\$102,769	103.3 %	Low	2.20 %	\$10,748	\$0	\$1,120	\$0
2035	\$118,002	\$113,881	103.6 %	Low	2.20 %	\$10,985	\$0	\$1,210	\$6,050
2036	\$124,146	\$119,336	104.0 %	Low	2.20 %	\$11,227	\$0	\$1,233	\$14,022
2037	\$122,584	\$116,991	104.8 %	Low	2.20 %	\$11,474	\$0	\$1,263	\$5,135
2038	\$130,186	\$123,985	105.0 %	Low	2.20 %	\$11,726	\$0	\$1,367	\$0
2039	\$143,279	\$136,741	104.8 %	Low	2.20 %	\$11,984	\$0	\$1,500	\$0
2040	\$156,763	\$150,151	104.4 %	Low	2.20 %	\$12,248	\$0	\$1,601	\$7,014
2041	\$163,597	\$157,018	104.2 %	Low	2.20 %	\$12,517	\$0	\$1,625	\$16,255
2042	\$161,484	\$154,860	104.3 %	Low	2.20 %	\$12,792	\$0	\$1,469	\$43,252
2043	\$132,494	\$125,127	105.9 %	Low	2.20 %	\$13,074	\$0	\$1,397	\$0
2044	\$146,965	\$139,357	105.5 %	Low	2.20 %	\$13,362	\$0	\$1,544	\$0
2045	\$161,870	\$154,328	104.9 %	Low	2.20 %	\$13,655	\$0	\$1,654	\$8,131
2046	\$169,048	\$161,696	104.5 %	Low	2.20 %	\$13,956	\$0	\$1,674	\$18,844
2047	\$165,833	\$158,585	104.6 %	Low	2.20 %	\$14,263	\$0	\$1,738	\$0
2048	\$181,834	\$175,133	103.8 %	Low	2.20 %	\$14,577	\$0	\$1,900	\$0
2049	\$198,310	\$192,531	103.0 %	Low	2.20 %	\$14,897	\$0	\$2,067	\$0
2050	\$215,275	\$210,816	102.1 %	Low	2.20 %	\$15,225	\$0	\$2,192	\$9,426

30-Year Reserve Plan Summary (Alternate Funding Plan)

32516-0
WSV

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Reserve Fund Strength Calculations: (All values of Fiscal Year Start Date)	Projected Reserve Balance Changes	

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Special Assmt Risk	% Increase		Loan or Special Assmts	Interest Income	Reserve Expenses
					In Annual Reserve Contribs.	Reserve Contribs.			
2021	\$19,422	\$35,977	54.0 %	Medium	-52.30 %	\$3,864	\$0	\$169	\$9,000
2022	\$14,455	\$33,254	43.5 %	Medium	2.20 %	\$3,949	\$0	\$165	\$0
2023	\$18,569	\$39,882	46.6 %	Medium	2.20 %	\$4,036	\$0	\$207	\$0
2024	\$22,812	\$46,879	48.7 %	Medium	2.20 %	\$4,125	\$0	\$250	\$0
2025	\$27,187	\$54,260	50.1 %	Medium	2.20 %	\$4,215	\$0	\$272	\$4,502
2026	\$27,172	\$57,404	47.3 %	Medium	2.20 %	\$4,308	\$0	\$242	\$10,433
2027	\$21,289	\$54,717	38.9 %	Medium	2.20 %	\$4,403	\$0	\$236	\$0
2028	\$25,928	\$62,887	41.2 %	Medium	2.20 %	\$4,500	\$0	\$283	\$0
2029	\$30,710	\$71,498	43.0 %	Medium	2.20 %	\$4,599	\$0	\$332	\$0
2030	\$35,641	\$80,568	44.2 %	Medium	2.20 %	\$4,700	\$0	\$355	\$5,219
2031	\$35,477	\$84,743	41.9 %	Medium	2.20 %	\$4,803	\$0	\$320	\$12,095
2032	\$28,505	\$82,175	34.7 %	Medium	2.20 %	\$4,909	\$0	\$311	\$0
2033	\$33,725	\$92,208	36.6 %	Medium	2.20 %	\$5,017	\$0	\$364	\$0
2034	\$39,106	\$102,769	38.1 %	Medium	2.20 %	\$5,127	\$0	\$419	\$0
2035	\$44,652	\$113,881	39.2 %	Medium	2.20 %	\$5,240	\$0	\$445	\$6,050
2036	\$44,287	\$119,336	37.1 %	Medium	2.20 %	\$5,356	\$0	\$401	\$14,022
2037	\$36,022	\$116,991	30.8 %	Medium	2.20 %	\$5,473	\$0	\$364	\$5,135
2038	\$36,724	\$123,985	29.6 %	High	2.20 %	\$5,594	\$0	\$397	\$0
2039	\$42,714	\$136,741	31.2 %	Medium	2.20 %	\$5,717	\$0	\$458	\$0
2040	\$48,889	\$150,151	32.6 %	Medium	2.20 %	\$5,843	\$0	\$485	\$7,014
2041	\$48,203	\$157,018	30.7 %	Medium	2.20 %	\$5,971	\$0	\$433	\$16,255
2042	\$38,351	\$154,860	24.8 %	High	2.20 %	\$6,102	\$0	\$199	\$43,252
2043	\$1,401	\$125,127	1.1 %	High	2.20 %	\$6,237	\$0	\$45	\$0
2044	\$7,683	\$139,357	5.5 %	High	2.20 %	\$6,374	\$0	\$109	\$0
2045	\$14,166	\$154,328	9.2 %	High	2.20 %	\$6,514	\$0	\$134	\$8,131
2046	\$12,683	\$161,696	7.8 %	High	2.20 %	\$6,657	\$0	\$66	\$18,844
2047	\$563	\$158,585	0.4 %	High	2.20 %	\$6,804	\$0	\$40	\$0
2048	\$7,407	\$175,133	4.2 %	High	2.20 %	\$6,954	\$0	\$109	\$0
2049	\$14,470	\$192,531	7.5 %	High	2.20 %	\$7,107	\$0	\$181	\$0
2050	\$21,757	\$210,816	10.3 %	High	2.20 %	\$7,263	\$0	\$208	\$9,426

30-Year Income/Expense Detail

32516-0
WSV

Fiscal Year	2021	2022	2023	2024	2025
Starting Reserve Balance	\$19,422	\$18,713	\$27,220	\$35,997	\$45,048
Annual Reserve Contribution	\$8,100	\$8,278	\$8,460	\$8,646	\$8,837
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$191	\$230	\$316	\$405	\$474
Total Income	\$27,713	\$27,220	\$35,997	\$45,048	\$54,359
# Component					
Inventory Appendix					
120 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
121 Asphalt - Seal Coat	\$9,000	\$0	\$0	\$0	\$0
145 Vinyl Fence - Replace	\$0	\$0	\$0	\$0	\$0
170 Landscape - Refurbish	\$0	\$0	\$0	\$0	\$2,814
175 Irrigation System - Repair/Replace	\$0	\$0	\$0	\$0	\$1,688
205 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$9,000	\$0	\$0	\$0	\$4,502
Ending Reserve Balance	\$18,713	\$27,220	\$35,997	\$45,048	\$49,857

Fiscal Year	2026	2027	2028	2029	2030
Starting Reserve Balance	\$49,857	\$48,949	\$58,716	\$68,786	\$79,166
Annual Reserve Contribution	\$9,031	\$9,230	\$9,433	\$9,640	\$9,852
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$494	\$538	\$637	\$739	\$819
Total Income	\$59,382	\$58,716	\$68,786	\$79,166	\$89,837
# Component					
Inventory Appendix					
120 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
121 Asphalt - Seal Coat	\$10,433	\$0	\$0	\$0	\$0
145 Vinyl Fence - Replace	\$0	\$0	\$0	\$0	\$0
170 Landscape - Refurbish	\$0	\$0	\$0	\$0	\$3,262
175 Irrigation System - Repair/Replace	\$0	\$0	\$0	\$0	\$1,957
205 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$10,433	\$0	\$0	\$0	\$5,219
Ending Reserve Balance	\$48,949	\$58,716	\$68,786	\$79,166	\$84,618

Fiscal Year	2031	2032	2033	2034	2035
Starting Reserve Balance	\$84,618	\$83,432	\$94,612	\$106,133	\$118,002
Annual Reserve Contribution	\$10,069	\$10,291	\$10,517	\$10,748	\$10,985
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$840	\$890	\$1,003	\$1,120	\$1,210
Total Income	\$95,527	\$94,612	\$106,133	\$118,002	\$130,197
# Component					
Inventory Appendix					
120 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
121 Asphalt - Seal Coat	\$12,095	\$0	\$0	\$0	\$0
145 Vinyl Fence - Replace	\$0	\$0	\$0	\$0	\$0
170 Landscape - Refurbish	\$0	\$0	\$0	\$0	\$3,781
175 Irrigation System - Repair/Replace	\$0	\$0	\$0	\$0	\$2,269
205 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$12,095	\$0	\$0	\$0	\$6,050
Ending Reserve Balance	\$83,432	\$94,612	\$106,133	\$118,002	\$124,146

Fiscal Year	2036	2037	2038	2039	2040
Starting Reserve Balance	\$124,146	\$122,584	\$130,186	\$143,279	\$156,763
Annual Reserve Contribution	\$11,227	\$11,474	\$11,726	\$11,984	\$12,248
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,233	\$1,263	\$1,367	\$1,500	\$1,601
Total Income	\$136,606	\$135,321	\$143,279	\$156,763	\$170,611
# Component					
Inventory Appendix					
120 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
121 Asphalt - Seal Coat	\$14,022	\$0	\$0	\$0	\$0
145 Vinyl Fence - Replace	\$0	\$0	\$0	\$0	\$0
170 Landscape - Refurbish	\$0	\$0	\$0	\$0	\$4,384
175 Irrigation System - Repair/Replace	\$0	\$0	\$0	\$0	\$2,630
205 Mailboxes - Replace	\$0	\$5,135	\$0	\$0	\$0
Total Expenses	\$14,022	\$5,135	\$0	\$0	\$7,014
Ending Reserve Balance	\$122,584	\$130,186	\$143,279	\$156,763	\$163,597

Fiscal Year	2041	2042	2043	2044	2045
Starting Reserve Balance	\$163,597	\$161,484	\$132,494	\$146,965	\$161,870
Annual Reserve Contribution	\$12,517	\$12,792	\$13,074	\$13,362	\$13,655
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,625	\$1,469	\$1,397	\$1,544	\$1,654
Total Income	\$177,739	\$175,746	\$146,965	\$161,870	\$177,179
# Component					
Inventory Appendix					
120 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
121 Asphalt - Seal Coat	\$16,255	\$0	\$0	\$0	\$0
145 Vinyl Fence - Replace	\$0	\$43,252	\$0	\$0	\$0
170 Landscape - Refurbish	\$0	\$0	\$0	\$0	\$5,082
175 Irrigation System - Repair/Replace	\$0	\$0	\$0	\$0	\$3,049
205 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$16,255	\$43,252	\$0	\$0	\$8,131
Ending Reserve Balance	\$161,484	\$132,494	\$146,965	\$161,870	\$169,048

Fiscal Year	2046	2047	2048	2049	2050
Starting Reserve Balance	\$169,048	\$165,833	\$181,834	\$198,310	\$215,275
Annual Reserve Contribution	\$13,956	\$14,263	\$14,577	\$14,897	\$15,225
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,674	\$1,738	\$1,900	\$2,067	\$2,192
Total Income	\$184,677	\$181,834	\$198,310	\$215,275	\$232,692
# Component					
Inventory Appendix					
120 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
121 Asphalt - Seal Coat	\$18,844	\$0	\$0	\$0	\$0
145 Vinyl Fence - Replace	\$0	\$0	\$0	\$0	\$0
170 Landscape - Refurbish	\$0	\$0	\$0	\$0	\$5,891
175 Irrigation System - Repair/Replace	\$0	\$0	\$0	\$0	\$3,535
205 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$18,844	\$0	\$0	\$0	\$9,426
Ending Reserve Balance	\$165,833	\$181,834	\$198,310	\$215,275	\$223,265

Accuracy, Limitations, and Disclosures

"The 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."

Association Reserves and its employees have no ownership, management, or other business relationships with the client other than this Reserve Study engagement. James Talaga, company President, is a credentialed Reserve Specialist (#066). All work done by Association Reserves WA, LLC is performed under his responsible charge and is performed in accordance with National Reserve Study Standards (NRSS). There are no material issues to our knowledge that have not been disclosed to the client that would cause a distortion of the client's situation.

Per NRSS, information provided by official representative(s) of the client, vendors, and suppliers regarding financial details, component physical details and/or quantities, or historical issues/conditions will be deemed reliable, and is not intended to be used for the purpose of any type of audit, quality/forensic analysis, or background checks of historical records. As such, information provided to us has not been audited or independently verified.

Estimates for interest and inflation have been included, because including such estimates are more accurate than ignoring them completely. When we are hired to prepare Update reports, the client is considered to have deemed those previously developed component quantities as accurate and reliable, whether established by our firm or other individuals/firms (unless specifically mentioned in our Site Inspection Notes). During inspections our company standard is to establish measurements within 5% accuracy, and our scope includes visual inspection of accessible areas and components and does not include any destructive or other testing. Our work is done only for budget purposes. Uses or expectations outside our expertise and scope of work include, but are not limited to: project audit, quality inspection, and the identification of construction defects, hazardous materials, or dangerous conditions. Identifying hidden issues such as but not limited to, plumbing or electrical problems are also outside our scope of work. Our estimates assume proper original installation & construction, adherence to recommended preventive maintenance, a stable economic environment, and do not consider frequency or severity of natural disasters. Our opinions of component Useful Life, Remaining Useful Life, and current or future cost estimates are not a warranty or guarantee of actual costs or timing.

Because the physical and financial status of the property, legislation, the economy, weather, owner expectations, and usage are all in a continual state of change over which we have no control, we do not expect that the events projected in this document will all occur exactly as planned. This Reserve Study is by nature a "one-year" document in need of being updated annually so that more accurate estimates can be incorporated. It is only because a long-term perspective improves the accuracy of near-term planning that this Report projects expenses into the future. We fully expect a number of adjustments will be necessary through the interim years to the cost and timing of expense projections and the funding necessary to prepare for those estimated expenses.

In this engagement our compensation is not contingent upon our conclusions, and our liability in any matter involving this Reserve Study is limited to our fee for services rendered.

Terms and Definitions

BTU	British Thermal Unit (a standard unit of energy)
DIA	Diameter
GSF	Gross Square Feet (area). Equivalent to Square Feet
GSY	Gross Square Yards (area). Equivalent to Square Yards
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 value of the deterioration of the Reserve Components. This is the fraction of life "used up" of each component multiplied by its estimated Current Replacement. While calculated for each component, it is summed together for an association total.
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 the "30-yr Income/Expense Detail" table.
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.
Percent Funded	The ratio, at a particular point in time (the first day of the Fiscal Year), of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage.
Remaining Useful Life (RUL)	The estimated time, in years, that a common area component can be expected to continue to serve its intended function.
Useful Life (UL)	The estimated time, in years, that a common area component can be expected to serve its intended function.

Component Details

The primary purpose of the Component Details appendix is to provide the reader with the basis of our funding assumptions resulting from our research and analysis. The information presented here represents a wide range of components that were observed and measured against National Reserve Study Standards to determine if they meet the criteria for reserve funding.

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

Not all your components may have been found appropriate for reserve funding. In our judgment, the components meeting the above four criteria are shown with the Useful Life (how often the project is expected to occur), Remaining Useful Life (when the next instance of the expense will be) and representative market cost range termed “Best Cost” and “Worst Cost”. There are many factors that can result in a wide variety of potential costs, and we have attempted to present the cost range in which your actual expense will occur.

Where no Useful Life, Remaining Useful Life, or pricing exists, the component was deemed inappropriate for Reserve Funding.

Inventory Appendix

Comp #: 100 Concrete - Repair/Replace

Quantity: Curbs, walkway, etc.

Location: Curbs, walkways, etc.

Funded?: No. Useful life not predictable

History: None known

Comments: Concrete appeared in generally intact condition at the time of our site visit.

Annual repair needs below the reserve funding threshold (1% or more of total annual expenses) should be factored in the operating budget. In our experience, larger repair/replacement expenses may emerge as the community ages that cannot be comfortably absorbed in the operating budget. Currently, it is difficult to predict timing, scope and costs of larger repairs. Monitor concrete annually and if conditions deteriorate leading to larger repair needs, funding can be included within a reserve study update.

As routine maintenance, inspect regularly and pressure wash for appearance. Repair any trip hazards (1/2" difference in height) immediately to ensure safety. Repair promptly as needed to prevent water penetrating into the base, which can cause further damage. Factors affecting the quality, service life of the concrete include; the preparation of the underlying soil and drainage, thickness and strength of concrete used, steel reinforcement (none likely), amount and weight of vehicle traffic, if any and tree roots nearby.

Additional Resources:

<http://www.mrsc.org/subjects/pubworks/sidew.aspx>

http://www.sakrete.com/media-center/blog-detail.cfm/bp_alias/Placing-Concrete-in-hot-or-cold-weather

<http://www.concretenetwork.com/cold-weather-concrete/weather.html>

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

Comp #: 106 Gravel Areas - Refurbish

Quantity: Minimal areas

Location: Community garden pathway and surrounding area
Funded?: No. Annual cost; best handled as operating expense
History: None known
Comments: Gravel coverage at community garden appeared generally adequate at the time of our site visit, with no major depressions observed.

Cost to replenish gravel in this small area is projected to be too small to qualify for reserve funding, therefore best replenished annually through the operating budget on an as-needed basis.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

Comp #: 120 Asphalt - Resurface

Quantity: ~ 36,072 GSF asphalt

Location: Private roads and alley within association

Funded?: Yes.

History: Repaired 2019 \$195,37

Comments: Asphalt appeared generally intact at the time of our site visit. Association records indicated that asphalt was repaired in 2019 at a cost o \$195,37.

Useful life below assumes regular seal coating and repairs (see component #121). The lack of seal coating and repairs can greatly decrease the asphalt's useful life. Resurfacing is typically one of the larger expense items in a reserve study. When need to resurface is apparent within a couple of years, consult with geotechnical engineer for recommendations, specifications/scope of work and project oversight.

As routine maintenance, keep surfaces clean and free of debris, ensure that drains are free flowing, repair cracks, and clean oil stains promptly. Assuming proactive maintenance, plan to resurface at roughly the time frame below.

Further resources:

Pavement Surface Condition Field Rating Manual for Asphalt Pavement.

<https://www.wsdot.wa.gov/publications/manuals/fulltext/m0000/AsphaltPavements.pdf>

Washington Asphalt Pavement Association

<http://www.asphaltwa.com/>

Useful Life:
40 years

Remaining Life:
30 years



Best Case: \$ 63,200

Worst Case: \$ 81,200

Lower allowance

Higher allowance

Cost Source: ARI Cost Database: Similar Project Cost History

Comp #: 121 Asphalt - Seal Coat

Quantity: ~ 36,072 GSF asphalt

Location: Private roads and alley within association

Funded?: Yes.

History: None known

Comments: No evidence of recent seal coat application was noted at the time of our site visit.

Regular cycles of seal coating, along with needed repairs is a best practice for the long term care of lower traffic asphalt areas to extend the useful life.

The State of Washington Department of Transportation (WSDOT) recommends regular cycles of seal coating for the long-term care of asphalt paving with low traffic and low speed. The primary reason to seal coat asphalt pavement is to protect the pavement from the deteriorating effects of sun and water. When asphalt pavement is exposed, the asphalt oxidizes or hardens, and this causes the pavement to become increasingly brittle. As a result, the pavement will become more likely to crack, as it is unable to bend and flex when subjected to traffic (weight) and temperature changes (thermal expansion and contraction). A seal coat combats this situation by providing a waterproof membrane, which not only slows down the oxidation process, but also helps the pavement shed water. Seal coating also provides uniform appearance, and conceals the inevitable patching and repairs which accumulate over time, ultimately extending the useful life of asphalt before more costly resurfacing is needed (see component #120).

Repairing asphalt before seal coating is imperative. Surface preparation and dry weather during and following application is key to lasting performance.

For further resources:

Best Practices Handbook on Asphalt Pavement Maintenance

<http://www.cee.mtu.edu/~balkire/CE5403/AsphaltPaveMaint.pdf>

Useful Life:
5 years

Remaining Life:
0 years



Best Case: \$ 7,200

Worst Case: \$ 10,800

Lower allowance

Higher allowance

Cost Source: ARI Cost Database: Similar Project Cost History

Comp #: 145 Vinyl Fence - Replace

Quantity: ~ 465 LF 6' tall vinyl

Location: Partial property perimeter

Funded?: Yes.

History: None known

Comments: Vinyl fence appeared in generally intact condition with no significant damage or unusual wear observed.

Plan to replace it at roughly the time frame below.

As routine maintenance, clean fencing as needed. Inspect regularly for any damage and repair as needed.

Useful Life:
30 years

Remaining Life:
21 years



Best Case: \$ 20,900

Worst Case: \$ 25,600

Lower allowance

Higher allowance

Cost Source: ARI Cost Database: Similar Project Cost History

Comp #: 160 Pole Lights - Replace

Quantity: Minimal quantity

Location: Adjacent to roadways

Funded?: No. Reportedly responsibility of local utility to maintain, repair and replace

History: None known

Comments: Our source reported that pole lights are the responsibility of the local utility company to maintain, repair and replace, therefore no reserve funding included.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

Comp #: 170 Landscape - Refurbish

Quantity: Trees, shrubs, turf

Location: Common area landscaping

Funded?: Yes.

History: None known

Comments: Extensive landscape area consisting of trees, shrubs and turf.

Currently, landscaping maintenance is funded out of the operating budget however we have included a rotating allowance for larger projects which cannot be easily absorbed within the annual budget. As associations age, many find the need or desire for larger scale refurbish projects not covered within the maintenance contract, and they allocate funds within reserves. These types of projects can include: bed renovations, major replanting, large scale bark or mulch replacements, turf renovations, drainage improvements, irrigation system extensions/replacement, etc.

Walk area each year with landscape contractor, and perhaps a landscape architect, to assess the overall health, function, and future needs of maintenance and refurbish to determine if supplemental reserve funding should be planned for.

Useful Life:
5 years

Remaining Life:
4 years



Best Case: \$ 2,000

Worst Case: \$ 3,000

Lower allowance

Higher allowance

Cost Source: ARI Cost Database: Similar Project Cost History

Comp #: 175 Irrigation System - Repair/Replace

Quantity: Extensive system

Location: Throughout common area landscaping

Funded?: Yes.

History: None known

Comments: Our visual observation of the irrigation system was limited as the majority of system components are below grade. No reports of repairs or problems. At the time of this study, no information (plans and/or specifications) was provided to us regarding the extent of the irrigation system.

No predictable large-scale costs at this time, however we have included a rotating allowance for larger repairs as requested by client. Have your landscaper or irrigation specialist periodically unearth sections to check lines for any damage or deterioration. PVC can eventually become brittle and leak (typically not before the 40 year mark of life).

As routine maintenance, inspect, test, and repair the system as needed from the operating budget. Follow proper winterization and spring startup procedures. If properly installed and bedded without defect, the lines could last for many years. Controls for the system can vary greatly in number, cost, and life expectancy - typically each controller is less than \$500. Other elements (i.e. sprinkler heads, valves) within this system are generally lower cost, and have a failure rate that is difficult to predict. These elements are better suited to be handled through the maintenance and operating budget, not reserves.

Useful Life:
5 years

Remaining Life:
4 years



Best Case: \$ 1,000

Worst Case: \$ 2,000

Lower allowance

Higher allowance

Cost Source: ARI Cost Database: Similar Project Cost History

Comp #: 205 Mailboxes - Replace

Quantity: ~ (2) cluster box units

Location: Adjacent to roadways

Funded?: Yes.

History: None known

Comments: Mailboxes appeared in generally intact condition. Mailboxes are not protected from the weather by a structure.

In our experience, it is best to plan for total replacement at roughly the time frame below due to constant usage and wear over time.

As routine maintenance, inspect regularly, clean by wiping down for appearance, change lock cylinders, lubricate hinges, and repair as needed from the operating budget.

Useful Life:
25 years

Remaining Life:
16 years



Best Case: \$ 2,800

Worst Case: \$ 3,600

Lower allowance

Higher allowance

Cost Source: ARI Cost Database: Similar Project Cost History

Comp #: 350 Concrete Planters - Repair/Replace

Quantity: ~ (6) concrete

Location: Within community garden area

Funded?: No. Useful life not predictable

History: None known

Comments: Concrete planters within community garden appeared generally intact.

There is no basis to predict complete replacement of these sturdy planters, therefore no reserve funding included. As routine maintenance inspect, repair and replace as needed utilizing general maintenance operating funds.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

