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# ASSOCIATION RESERVES

*Est. 1986*

*Reserve Studies for Community Associations*

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## Update "No-Site-Visit" Reserve Study



### **Parkside at Woodbridge** **Redmond, WA**

**Report #: 15035-2**  
**For Period Beginning: January 1, 2010**  
**Ending: December 31, 2010**

**Date Prepared: October 26, 2009**

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## **Hello, and welcome to your Reserve Study!**

**T**his 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.

**W**ith 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](http://www.ReserveStudy.com) or call us at:

253/661-5437

**ASSOCIATION  
RESERVES**

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## 3-Minute Executive Summary

**Association:** Parkside at Woodbridge **Assoc. #:** 15035-2  
**Location:** Redmond, WA  
**# of Units:** 24  
**Report Period:** January 1, 2010 through December 31, 2010

### Results

<b>Projected Starting Reserve Balance:</b> .....	<b>\$67,000</b>
<b>Fully Funded Reserve Balance:</b> .....	<b>\$219,774</b>
<b>Average Reserve Deficit (Surplus) Per Unit:</b> .....	<b>\$6,366</b>
<b>Percent Funded:</b> .....	<b>30.5%</b>
<b>Recommended 2010 Monthly Reserve Contribution:</b> .....	<b>\$3,585</b>
<b>60% Threshold Reserve Contribution:</b> .....	<b>\$3,365</b>
<b>Baseline Contr. (minimum to maintain reserves above zero):</b> .....	<b>\$3,035</b>
<b>Recommended Special Assessment this year:</b> .....	<b>\$0</b>
<b>Most Recent Reserve Contribution Rate:</b> .....	<b>\$1,833</b>

### Economic Assumptions:

**Net Annual "After Tax" Interest Earnings Accruing to Reserves.....** 1.50%  
**Annual Inflation Rate .....** 3.00%

- This is an "Update No-Site-Visit" Reserve Study, based on a prior no site visit Report prepared by Association Reserves for your 2009 Fiscal Year. No site inspection was performed as part of this Reserve Study. This study meets or exceeds all requirements of chapter 64.34 RCW, Article 3, Section 2 and was prepared by, or under the supervision of, a credentialed Reserve Specialist (RS).
- Your Reserve Fund is currently 30.5% Funded. Comparatively, the 70-100% level is where associations typically enjoy fiscal stability with low risk of special assessment and/or deferred maintenance.
- Based on this starting point, your anticipated future expenses, and your historical Reserve contribution rate, our recommendation is to increase your Monthly Reserve Contributions to \$3,585 with annual increases thereafter (see Tables 4 and 5).

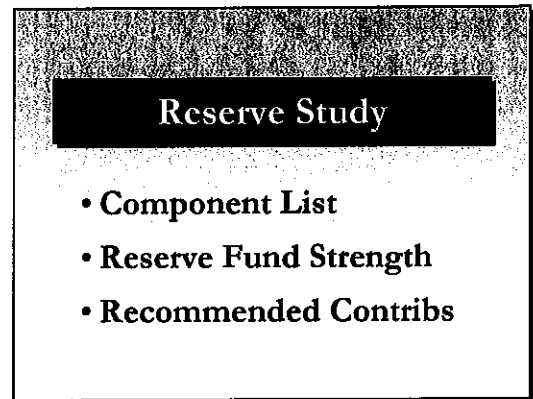
# Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost	Future Average Cost
104 Elastomeric Deck - Seal/Repair	5	0	\$4,640	\$5,379
105 Elastomeric Deck - Repair/Replace	30	23	\$20,300	\$40,064
201 Asphalt - Resurface	30	25	\$6,100	\$12,772
202 Asphalt - Seal/Repair	5	0	\$1,373	\$1,591
324 Exterior Lights - Replace	15	8	\$3,360	\$4,256
505 Wood Fence - Replace	20	13	\$19,800	\$29,077
506 Privacy Fence/Screen - Replace	20	13	\$2,995	\$4,398
1002 Irrigation System - Repair/Replace	5	8	\$2,500	\$3,167
1100 Windows/Glass Doors -Replace	35	28	\$432,000	\$988,385
1109 Wood Fence - Seal/Paint	5	0	\$4,455	\$5,165
1116 Exterior Surfaces - Paint/Caulk	8	1	\$62,400	\$64,272
1303 Comp Shingle Roof - Replace	25	18	\$128,550	\$218,848
1310 Gutters/Downspouts - Repair/Replace	25	18	\$23,160	\$39,428
1321 Chimney Caps/Covers - Replace	25	18	\$7,600	\$12,938
1803 Fire Alarm Communicators - Replace	10	3	\$12,000	\$13,113
<b>15 Total Funded Components</b>				

Note: a Useful Life of "N/A" means a one-time expense, not expected to repeat.

## 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.

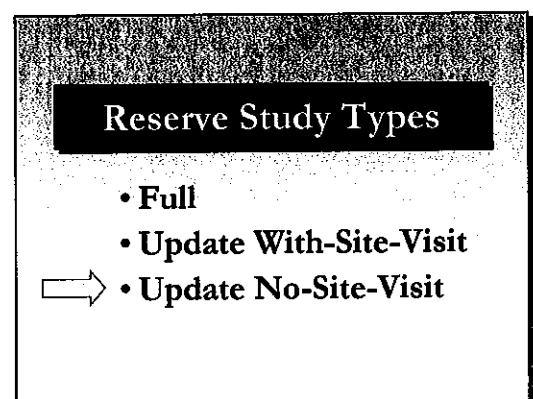
In this Report you will find the Reserve Component List (what you are reserving for). It contains our estimates for Useful Life, Remaining Useful Life, and the current repair or replacement cost for each major component the association is obligated to maintain. Based on that List and your starting balance 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.



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 "Update No-Site-Visit" Reserve Study, we started with a review of your prior Reserve Study, recent Reserve expenditures, an evaluation of how expenditures are handled (ongoing maintenance vs Reserves), and research into any well-established association precedents. We adjusted life and cost factors based on time since the last Reserve Study and interviews with association representatives.



### *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 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.

#### **Reserve Components**

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

### *How are Useful Life and Remaining Useful Life established?*

- 1) Reported Condition (wear and age since last report)
- 2) Association Reserves database of experience
- 3) Client Component History
- 4) Vendor Evaluation and Recommendation

### *How are Cost Estimates Established?*

Financial projections are based on the average of our Best Case and Worst Case estimates, which are established in this order...

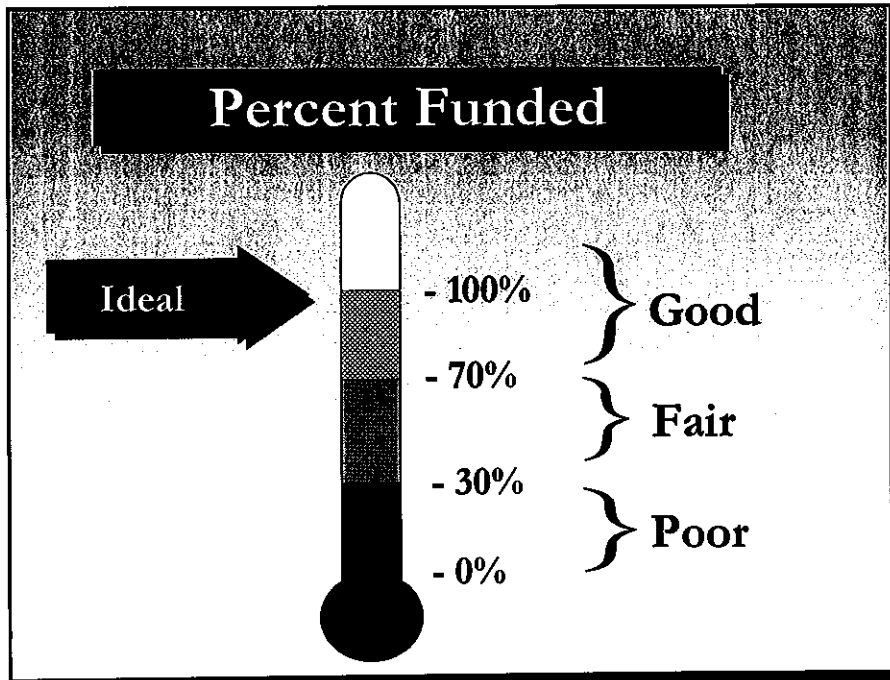
- 1) Client Cost History
- 2) Comparison to Association Reserves database or work done at similar associations
- 3) Vendor Recommendations
- 4) Reliable National Industry cost estimating guidebooks

### *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 Board members to recommend to their association.

**Funding Principles**

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


*What is our 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

## 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.

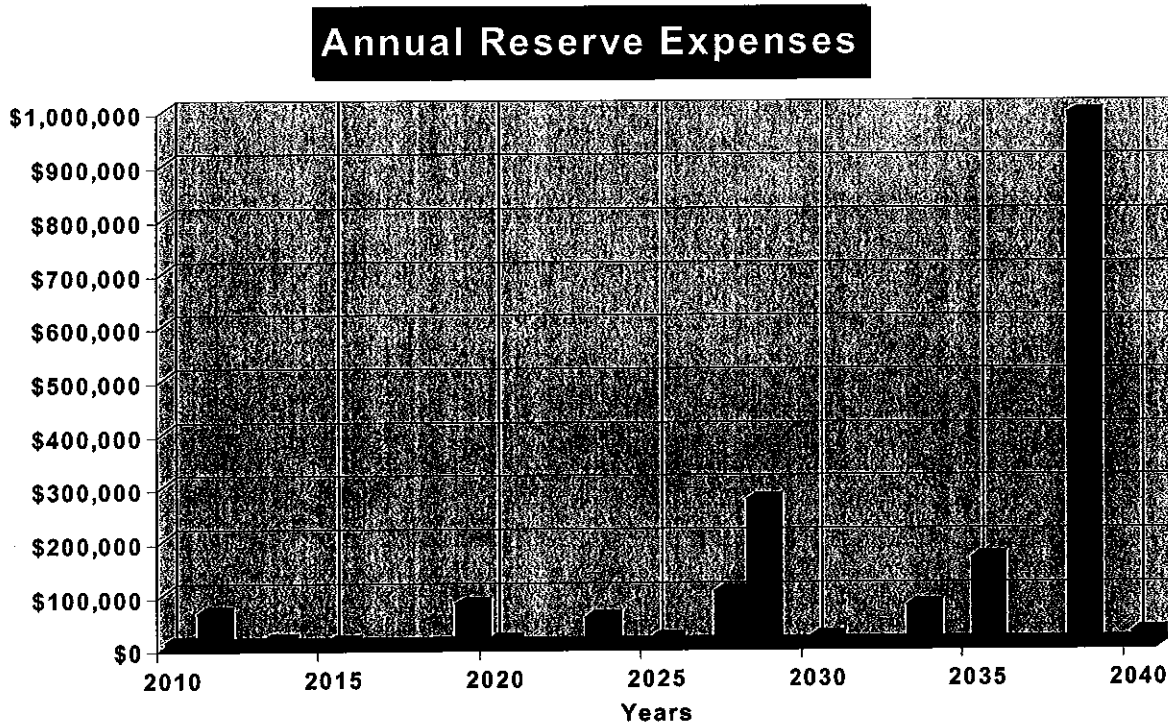


Figure 1

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 \$67,000 as-of the start of your Fiscal Year on January 1, 2010. This is based on your actual balance on 08/31/2009 of \$59,907 and anticipated Reserve contributions and expenses projected through the end of your Fiscal Year. As of January 1, 2010, your Fully Funded Balance is computed to be \$219,774 (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 31% Funded.

## Recommended Funding Plan

Based on your current Percent Funded and your projected cash flow requirements, we are recommending Reserve contributions of \$3,585/month this Fiscal Year. This represents the first year of a 30-year Funding Plan. This same information is shown numerically in both Table 4 and Table 5.

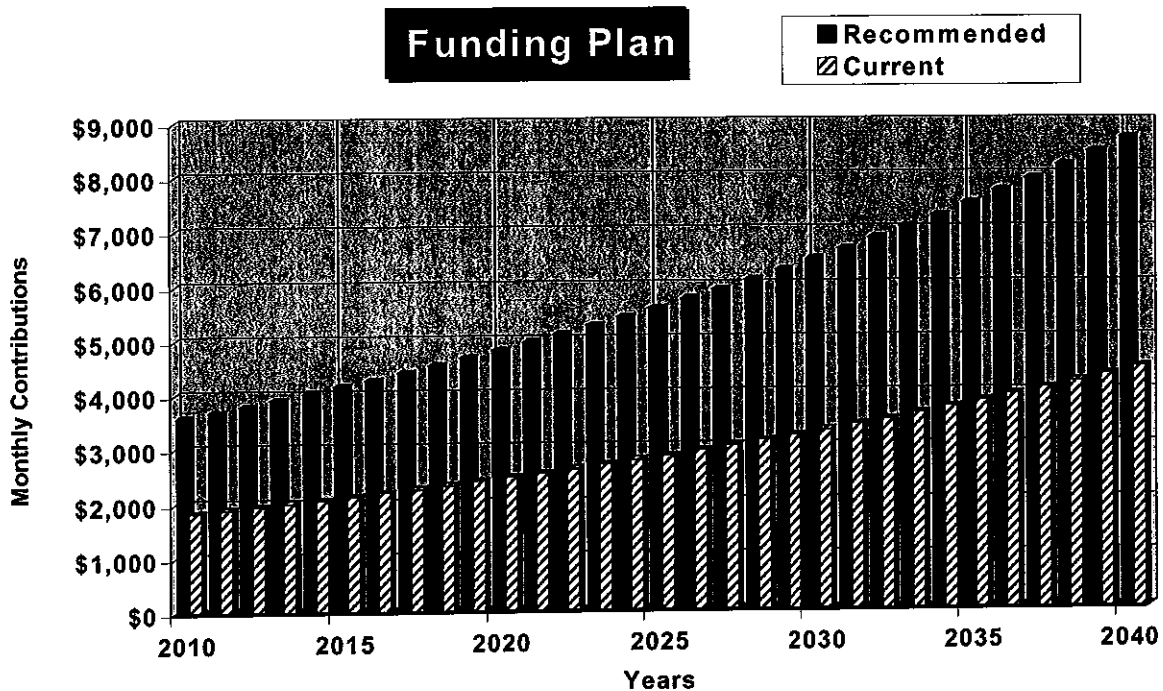


Figure 2

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.

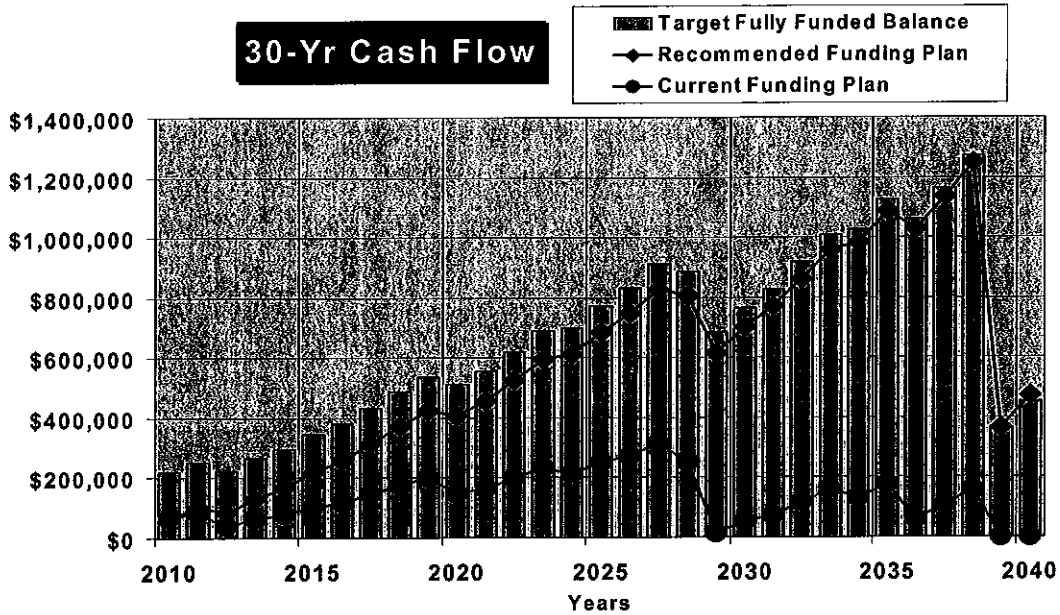


Figure 3

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

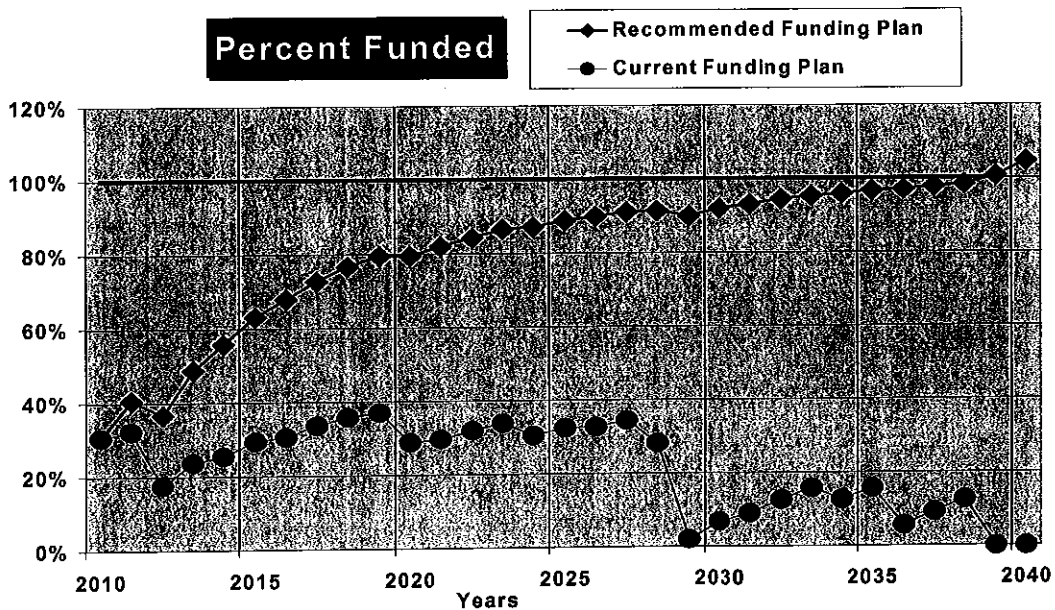


Figure 4

## 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 under-funded, 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****15035-2**

# Component	Quantity	Rem.		Best Cost	Current Worst Cost
		Useful Life	Useful Life		
104 Elastomeric Deck - Seal/Repair	Approx 580 square feet	5	0	\$3,480	\$5,800
105 Elastomeric Deck - Repair/Replace	Approx 580 square feet	30	23	\$17,400	\$23,200
201 Asphalt - Resurface	Approx 3,050 square feet	30	25	\$5,795	\$6,405
202 Asphalt - Seal/Repair	Approx 3,050 square feet	5	0	\$1,220	\$1,525
324 Exterior Lights - Replace	(48) exterior lights	15	8	\$2,880	\$3,840
505 Wood Fence - Replace	Approx 825 linear feet	20	13	\$18,150	\$21,450
506 Privacy Fence/Screen - Replace	Approx 85 linear feet	20	13	\$2,550	\$3,440
1002 Irrigation System - Repair/Replace	Extensive systems	5	8	\$2,000	\$3,000
1100 Windows/Glass Doors -Replace	(424) assorted	35	28	\$384,000	\$480,000
1109 Wood Fence - Seal/Paint	Approx 4,950 square feet	5	0	\$3,960	\$4,950
1116 Exterior Surfaces - Paint/Caulk	Approx 43,000 GSF	8	1	\$57,600	\$67,200
1303 Comp Shingle Roof - Replace	Approx 34,280 square feet	25	18	\$119,980	\$137,120
1310 Gutters/Downspouts - Repair/Replace	Approx 3,860 linear feet	25	18	\$19,300	\$27,020
1321 Chimney Caps/Covers - Replace	(16) caps, (16) covers	25	18	\$7,200	\$8,000
1803 Fire Alarm Communicators - Replace	(8) panels	10	3	\$10,000	\$14,000
15 Total Funded Components					

**Table 3: Contribution and Fund Breakdown****15035-2**

# Component	Useful Life	Rem. Useful Life	Current (Avg) Cost	Fully Funded Balance	Current Fund Balance	Reserve Contributions
104 Elastomeric Deck - Seal/Repair	5	0	\$4,640	\$4,640	\$4,640.00	\$103.79
105 Elastomeric Deck - Repair/Replace	30	23	\$20,300	\$4,737	\$0.00	\$75.68
201 Asphalt - Resurface	30	25	\$6,100	\$1,017	\$0.00	\$22.74
202 Asphalt - Seal/Repair	5	0	\$1,373	\$1,373	\$1,372.50	\$30.70
324 Exterior Lights - Replace	15	8	\$3,360	\$1,568	\$0.00	\$25.05
505 Wood Fence - Replace	20	13	\$19,800	\$6,930	\$0.00	\$110.73
506 Privacy Fence/Screen - Replace	20	13	\$2,995	\$1,048	\$0.00	\$16.75
1002 Irrigation System - Repair/Replace	5	8	\$2,500	\$0	\$0.00	\$0.00
1100 Windows/Glass Doors -Replace	35	28	\$432,000	\$86,400	\$0.00	\$1,380.52
1109 Wood Fence - Seal/Paint	5	0	\$4,455	\$4,455	\$4,455.00	\$99.66
1116 Exterior Surfaces - Paint/Caulk	8	1	\$62,400	\$54,600	\$54,600.00	\$872.41
1303 Comp Shingle Roof - Replace	25	18	\$128,550	\$35,994	\$0.00	\$575.12
1310 Gutters/Downspouts - Repair/Replace	25	18	\$23,160	\$6,485	\$0.00	\$103.62
1321 Chimney Caps/Covers - Replace	25	18	\$7,600	\$2,128	\$0.00	\$34.00
1803 Fire Alarm Communicators - Replace	10	3	\$12,000	\$8,400	\$1,932.50	\$134.22
15 Total Funded Components				\$219,774	\$67,000	\$3,585

**Table 4: 30-Year Reserve Plan Summary**

**15035-2**

**Fiscal Year Beginning: 01/01/10**

<b>Interest:</b>	<b>1.5%</b>	<b>Inflation:</b>	<b>3.0%</b>
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Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Rating	Annual Reserve Contribs.	Loans or Special Assmts	Interest Income	Projected Reserve Expenses
2010	\$67,000	\$219,774	30.5%	Fair	\$43,020	\$0	\$1,258	\$10,468
2011	\$100,810	\$248,600	40.6%	Fair	\$44,311	\$0	\$1,372	\$64,272
2012	\$82,221	\$223,862	36.7%	Fair	\$45,640	\$0	\$1,586	\$0
2013	\$129,447	\$265,602	48.7%	Fair	\$47,009	\$0	\$2,211	\$13,113
2014	\$165,555	\$296,703	55.8%	Fair	\$48,419	\$0	\$2,866	\$0
2015	\$216,840	\$343,341	63.2%	Fair	\$49,872	\$0	\$3,560	\$12,135
2016	\$258,137	\$380,012	67.9%	Fair	\$51,368	\$0	\$4,287	\$0
2017	\$313,792	\$431,448	72.7%	Strong	\$52,909	\$0	\$5,139	\$0
2018	\$371,840	\$485,628	76.6%	Strong	\$54,496	\$0	\$5,972	\$7,423
2019	\$424,885	\$535,024	79.4%	Strong	\$56,131	\$0	\$6,226	\$81,418
2020	\$405,825	\$510,962	79.4%	Strong	\$57,815	\$0	\$6,460	\$14,067
2021	\$456,033	\$556,862	81.9%	Strong	\$59,550	\$0	\$7,337	\$0
2022	\$522,920	\$619,980	84.3%	Strong	\$61,336	\$0	\$8,361	\$0
2023	\$592,617	\$686,384	86.3%	Strong	\$63,176	\$0	\$9,014	\$54,769
2024	\$610,039	\$699,802	87.2%	Strong	\$65,072	\$0	\$9,705	\$0
2025	\$684,815	\$771,512	88.8%	Strong	\$67,024	\$0	\$10,726	\$16,308
2026	\$746,257	\$830,097	89.9%	Strong	\$69,034	\$0	\$11,792	\$0
2027	\$827,084	\$908,804	91.0%	Strong	\$71,106	\$0	\$12,250	\$103,138
2028	\$807,302	\$885,255	91.2%	Strong	\$73,239	\$0	\$10,666	\$275,471
2029	\$615,736	\$685,159	89.9%	Strong	\$75,436	\$0	\$9,869	\$0
2030	\$701,041	\$764,507	91.7%	Strong	\$77,699	\$0	\$11,032	\$18,905
2031	\$770,867	\$828,527	93.0%	Strong	\$80,030	\$0	\$12,247	\$0
2032	\$863,144	\$915,757	94.3%	Strong	\$82,431	\$0	\$13,659	\$0
2033	\$959,234	\$1,007,475	95.2%	Strong	\$84,904	\$0	\$14,560	\$75,312
2034	\$983,386	\$1,026,300	95.8%	Strong	\$87,451	\$0	\$15,513	\$0
2035	\$1,086,349	\$1,125,247	96.5%	Strong	\$90,074	\$0	\$15,839	\$165,340
2036	\$1,026,923	\$1,058,906	97.0%	Strong	\$92,777	\$0	\$16,211	\$0
2037	\$1,135,910	\$1,162,982	97.7%	Strong	\$95,560	\$0	\$17,878	\$0
2038	\$1,249,348	\$1,272,349	98.2%	Strong	\$98,427	\$0	\$12,106	\$994,105
2039	\$365,776	\$363,304	100.7%	Strong	\$101,379	\$0	\$6,290	\$0



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

**15035-2**

Fiscal Year	2010	2011	2012	2013	2014
Starting Reserve Balance	\$67,000	\$100,810	\$82,221	\$129,447	\$165,555
Annual Reserve Contribution	\$49,020	\$44,311	\$45,640	\$47,009	\$48,419
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,258	\$1,372	\$1,586	\$2,211	\$2,866
<b>Total Income</b>	<b>\$111,278</b>	<b>\$146,493</b>	<b>\$129,447</b>	<b>\$178,667</b>	<b>\$216,840</b>
<b># Component</b>					
104 Elastomeric Deck - Seal/Repair	\$4,640	\$0	\$0	\$0	\$0
105 Elastomeric Deck - Repair/Replace	\$0	\$0	\$0	\$0	\$0
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$1,372	\$0	\$0	\$0	\$0
324 Exterior Lights - Replace	\$0	\$0	\$0	\$0	\$0
505 Wood Fence - Replace	\$0	\$0	\$0	\$0	\$0
506 Privacy Fence/Screen - Replace	\$0	\$0	\$0	\$0	\$0
1002 Irrigation System - Repair/Replace	\$0	\$0	\$0	\$0	\$0
1100 Windows/Glass Doors -Replace	\$0	\$0	\$0	\$0	\$0
1109 Wood Fence - Seal/Paint	\$4,455	\$0	\$0	\$0	\$0
1116 Exterior Surfaces - Paint/Caulk	\$0	\$64,272	\$0	\$0	\$0
1303 Comp Shingle Roof - Replace	\$0	\$0	\$0	\$0	\$0
1310 Gutters/Downspouts - Repair/Replace	\$0	\$0	\$0	\$0	\$0
1321 Chimney Caps/Covers - Replace	\$0	\$0	\$0	\$0	\$0
1803 Fire Alarm Communicators - Replace	\$0	\$0	\$0	\$13,113	\$0
<b>Total Expenses</b>	<b>\$10,468</b>	<b>\$64,272</b>	<b>\$0</b>	<b>\$13,113</b>	<b>\$0</b>
<b>Ending Reserve Balance:</b>	<b>\$100,810</b>	<b>\$82,221</b>	<b>\$129,447</b>	<b>\$165,555</b>	<b>\$216,840</b>

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

**15035-2**

Fiscal Year	2015	2016	2017	2018	2019
Starting Reserve Balance	\$216,840	\$258,137	\$313,792	\$371,840	\$424,885
Annual Reserve Contribution	\$49,872	\$51,368	\$52,909	\$54,496	\$56,131
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$3,560	\$4,287	\$5,139	\$5,972	\$6,226
<b>Total Income</b>	<b>\$270,272</b>	<b>\$313,792</b>	<b>\$371,840</b>	<b>\$482,308</b>	<b>\$487,243</b>
<b># Component</b>					
104 Elastomeric Deck - Seal/Repair	\$5,379	\$0	\$0	\$0	\$0
105 Elastomeric Deck - Repair/Replace	\$0	\$0	\$0	\$0	\$0
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$1,591	\$0	\$0	\$0	\$0
324 Exterior Lights - Replace	\$0	\$0	\$0	\$4,256	\$0
505 Wood Fence - Replace	\$0	\$0	\$0	\$0	\$0
506 Privacy Fence/Screen - Replace	\$0	\$0	\$0	\$0	\$0
1002 Irrigation System - Repair/Replace	\$0	\$0	\$0	\$3,167	\$0
1100 Windows/Glass Doors -Replace	\$0	\$0	\$0	\$0	\$0
1109 Wood Fence - Seal/Paint	\$5,165	\$0	\$0	\$0	\$0
1116 Exterior Surfaces - Paint/Caulk	\$0	\$0	\$0	\$0	\$81,418
1303 Comp Shingle Roof - Replace	\$0	\$0	\$0	\$0	\$0
1310 Gutters/Downspouts - Repair/Replace	\$0	\$0	\$0	\$0	\$0
1321 Chimney Caps/Covers - Replace	\$0	\$0	\$0	\$0	\$0
1803 Fire Alarm Communicators - Replace	\$0	\$0	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$12,135</b>	<b>\$0</b>	<b>\$0</b>	<b>\$7,423</b>	<b>\$81,418</b>
<b>Ending Reserve Balance:</b>	<b>\$258,137</b>	<b>\$313,792</b>	<b>\$371,840</b>	<b>\$424,885</b>	<b>\$405,825</b>

**Table 5: 30-Year Income/Expense Detail (yrs 10 through 14)**

**15035-2**

Fiscal Year	2020	2021	2022	2023	2024
Starting Reserve Balance	\$405,925	\$456,033	\$522,920	\$592,617	\$610,039
Annual Reserve Contribution	\$57,915	\$59,550	\$61,336	\$63,176	\$65,072
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$6,460	\$7,337	\$8,361	\$9,014	\$9,705
<b>Total Income</b>	<b>\$170,100</b>	<b>\$522,920</b>	<b>\$692,617</b>	<b>\$664,808</b>	<b>\$684,815</b>
<b># Component</b>					
104 Elastomeric Deck - Seal/Repair	\$6,236	\$0	\$0	\$0	\$0
105 Elastomeric Deck - Repair/Replace	\$0	\$0	\$0	\$0	\$0
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$1,845	\$0	\$0	\$0	\$0
324 Exterior Lights - Replace	\$0	\$0	\$0	\$0	\$0
505 Wood Fence - Replace	\$0	\$0	\$0	\$29,077	\$0
506 Privacy Fence/Screen - Replace	\$0	\$0	\$0	\$4,398	\$0
1002 Irrigation System - Repair/Replace	\$0	\$0	\$0	\$3,671	\$0
1100 Windows/Glass Doors -Replace	\$0	\$0	\$0	\$0	\$0
1109 Wood Fence - Seal/Paint	\$5,987	\$0	\$0	\$0	\$0
1116 Exterior Surfaces - Paint/Caulk	\$0	\$0	\$0	\$0	\$0
1303 Comp Shingle Roof - Replace	\$0	\$0	\$0	\$0	\$0
1310 Gutters/Downspouts - Repair/Replace	\$0	\$0	\$0	\$0	\$0
1321 Chimney Caps/Covers - Replace	\$0	\$0	\$0	\$0	\$0
1803 Fire Alarm Communicators - Replace	\$0	\$0	\$0	\$17,622	\$0
<b>Total Expenses</b>	<b>\$17,087</b>	<b>\$0</b>	<b>\$0</b>	<b>\$54,769</b>	<b>\$0</b>
<b>Ending Reserve Balance:</b>	<b>\$456,033</b>	<b>\$522,920</b>	<b>\$692,617</b>	<b>\$610,039</b>	<b>\$684,815</b>

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

**15035-2**

Fiscal Year	2025	2026	2027	2028	2029
Starting Reserve Balance	\$684,815	\$746,257	\$827,084	\$907,402	\$615,736
Annual Reserve Contribution	\$67,024	\$69,034	\$71,106	\$73,299	\$75,436
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$10,726	\$11,792	\$12,250	\$10,666	\$9,869
<b>Total Income</b>	<b>\$762,565</b>	<b>\$827,084</b>	<b>\$910,440</b>	<b>\$891,207</b>	<b>\$701,041</b>
<b># Component</b>					
104 Elastomeric Deck - Seal/Repair	\$7,229	\$0	\$0	\$0	\$0
105 Elastomeric Deck - Repair/Replace	\$0	\$0	\$0	\$0	\$0
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$2,138	\$0	\$0	\$0	\$0
324 Exterior Lights - Replace	\$0	\$0	\$0	\$0	\$0
505 Wood Fence - Replace	\$0	\$0	\$0	\$0	\$0
506 Privacy Fence/Screen - Replace	\$0	\$0	\$0	\$0	\$0
1002 Irrigation System - Repair/Replace	\$0	\$0	\$0	\$4,256	\$0
1100 Windows/Glass Doors -Replace	\$0	\$0	\$0	\$0	\$0
1109 Wood Fence - Seal/Paint	\$6,941	\$0	\$0	\$0	\$0
1116 Exterior Surfaces - Paint/Caulk	\$0	\$0	\$103,138	\$0	\$0
1303 Comp Shingle Roof - Replace	\$0	\$0	\$0	\$218,848	\$0
1310 Gutters/Downspouts - Repair/Replace	\$0	\$0	\$0	\$39,428	\$0
1321 Chimney Caps/Covers - Replace	\$0	\$0	\$0	\$12,988	\$0
1803 Fire Alarm Communicators - Replace	\$0	\$0	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$16,308</b>	<b>\$0</b>	<b>\$103,138</b>	<b>\$275,471</b>	<b>\$0</b>
Ending Reserve Balance:	\$746,257	\$827,084	\$807,302	\$615,736	\$701,041

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

**15035-2**

Fiscal Year	2030	2031	2032	2033	2034
Starting Reserve Balance	\$701,041	\$770,867	\$863,144	\$959,234	\$983,386
Annual Reserve Contribution	\$77,699	\$80,030	\$82,431	\$84,904	\$87,451
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$11,032	\$12,247	\$13,659	\$14,560	\$15,513
<b>Total Income</b>	<b>\$789,772</b>	<b>\$863,144</b>	<b>\$959,234</b>	<b>\$1,058,698</b>	<b>\$1,086,349</b>
<b># Component</b>					
104 Elastomeric Deck - Seal/Repair	\$8,980	\$0	\$0	\$0	\$0
105 Elastomeric Deck - Repair/Replace	\$0	\$0	\$0	\$40,064	\$0
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$2,479	\$0	\$0	\$0	\$0
324 Exterior Lights - Replace	\$0	\$0	\$0	\$6,631	\$0
505 Wood Fence - Replace	\$0	\$0	\$0	\$0	\$0
506 Privacy Fence/Screen - Replace	\$0	\$0	\$0	\$0	\$0
1002 Irrigation System - Repair/Replace	\$0	\$0	\$0	\$4,934	\$0
1100 Windows/Glass Doors -Replace	\$0	\$0	\$0	\$0	\$0
1109 Wood Fence - Seal/Paint	\$8,016	\$0	\$0	\$0	\$0
1116 Exterior Surfaces - Paint/Caulk	\$0	\$0	\$0	\$0	\$0
1303 Comp Shingle Roof - Replace	\$0	\$0	\$0	\$0	\$0
1310 Gutters/Downspouts - Repair/Replace	\$0	\$0	\$0	\$0	\$0
1321 Chimney Caps/Covers - Replace	\$0	\$0	\$0	\$0	\$0
1803 Fire Alarm Communicators - Replace	\$0	\$0	\$0	\$23,683	\$0
<b>Total Expenses</b>	<b>\$13,905</b>	<b>\$0</b>	<b>\$0</b>	<b>\$75,312</b>	<b>\$0</b>
<b>Ending Reserve Balance:</b>	<b>\$770,867</b>	<b>\$863,144</b>	<b>\$959,234</b>	<b>\$983,386</b>	<b>\$1,086,349</b>

**Table 5: 30-Year Income/Expense Detail (yrs 25 through 29)**

**15035-2**

Fiscal Year	2035	2036	2037	2038	2039
Starting Reserve Balance	\$1,086,349	\$1,026,923	\$1,135,910	\$1,249,348	\$365,776
Annual Reserve Contribution	\$90,074	\$92,777	\$95,560	\$98,427	\$101,379
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$15,839	\$16,241	\$17,878	\$12,108	\$6,290
<b>Total Income</b>	<b>\$1,192,263</b>	<b>\$1,135,910</b>	<b>\$1,249,348</b>	<b>\$1,359,883</b>	<b>\$473,445</b>
<b># Component</b>					
104 Elastomeric Deck - Seal/Repair	\$9,715	\$0	\$0	\$0	\$0
105 Elastomeric Deck - Repair/Replace	\$0	\$0	\$0	\$0	\$0
201 Asphalt - Resurface	\$12,772	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$2,874	\$0	\$0	\$0	\$0
324 Exterior Lights - Replace	\$0	\$0	\$0	\$0	\$0
505 Wood Fence - Replace	\$0	\$0	\$0	\$0	\$0
506 Privacy Fence/Screen - Replace	\$0	\$0	\$0	\$0	\$0
1002 Irrigation System - Repair/Replace	\$0	\$0	\$0	\$5770	\$0
1100 Windows/Glass Doors -Replace	\$0	\$0	\$0	\$988,385	\$0
1109 Wood Fence - Seal/Paint	\$9,328	\$0	\$0	\$0	\$0
1116 Exterior Surfaces - Paint/Caulk	\$130,652	\$0	\$0	\$0	\$0
1303 Comp Shingle Roof - Replace	\$0	\$0	\$0	\$0	\$0
1310 Gutters/Downspouts - Repair/Replace	\$0	\$0	\$0	\$0	\$0
1321 Chimney Caps/Covers - Replace	\$0	\$0	\$0	\$0	\$0
1803 Fire Alarm Communicators - Replace	\$0	\$0	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$165,340</b>	<b>\$0</b>	<b>\$0</b>	<b>\$994,105</b>	<b>\$0</b>
<b>Ending Reserve Balance:</b>	<b>\$1,026,923</b>	<b>\$1,135,910</b>	<b>\$1,249,348</b>	<b>\$365,776</b>	<b>\$473,445</b>

## Accuracy, Limitations, and Disclosures

### Washington disclosure, per Senate Bill 6215:

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 derived from the prior Reserve Study, 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

<b>BTU</b>	British Thermal Unit (a standard unit of energy)
<b>DIA</b>	Diameter
<b>GSF</b>	Gross Square Feet (area)
<b>GSY</b>	Gross Square Yards (area)
<b>HP</b>	Horsepower
<b>LF</b>	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.