

Washington Office
33915 1st Way So. Ste 116
Federal Way, WA 98003

TEL 253/661-5437
FAX 253/661-5430
arwa@reservestudy.com
www.reservestudy.com



Corporate Office
Calabasas, CA

Regional Offices
Phoenix, AZ
San Francisco, CA
Denver, CO
Honolulu, HI
Las Vegas, NV

“Full” Reserve Study



Pinehurst at Waldenwood **Everett, WA**

Report #: 18664-0
For Period Beginning: March 1, 2009
Ending: December 31, 2009

Date Prepared: April 14, 2009

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 over time.

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



Table of Contents

Executive Summary	i
Reserve Study Summary	i
Reserve Component List – Table 1	ii
Introduction, Objectives, and Methodology.....	1
Which Physical Assets are Covered by Reserves?	2
How are Useful Life and Remaining Useful Life established?	2
How are Cost Estimates Established?	2
How much Reserves are enough?	3
How much should we contribute?	3
What is our Funding Goal?.....	4
Site Inspection.....	5
Projected Expenses	6
Expense Graph – Figure 1	6
Reserve Fund Status & Recommended Funding Plan	7
Funding Plan Graph – Figure 2.....	8
Cash Flow Graph – Figure 3	9
% Funded Graph – Figure 4.....	9
Table Descriptions.....	10
Reserve Component List Detail – Table 2.....	11
Contribution & Fund Breakdown – Table 3	12
30 Year Reserve Plan Summary – Table 4.....	13
30 Year Reserve Plan Year by Year Detail – Table 5	14
Accuracy, Limitations, and Disclosures	20
Terms and Definitions	22
Photographic Inventory.....	Appendix

3- Minute Executive Summary

Association: Pinehurst at Waldenwood **Assoc. #:** 18664-0
Location: Everett, WA
of Units: 246
Report Period: March 1, 2009 through December 31, 2009

Results

Projected Starting Reserve Balance:	\$43,025
Fully Funded Reserve Balance:	\$117,716
Average Reserve Deficit (Surplus) Per Unit:	\$304
Percent Funded:	36.5%
Recommended 2009 Monthly Reserve Contribution:	\$1,430
Recommended Special Assessment this year:	\$0
Most Recent Reserve Contribution Rate:	\$550

Economic Assumptions:

Net Annual "After Tax" Interest Earnings Accruing to Reserves.....**2.30%**
Annual Inflation Rate

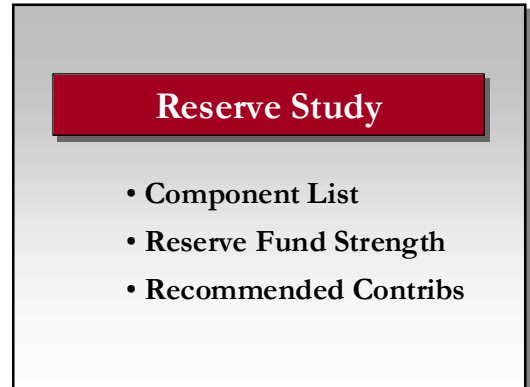
- This is a "Full" Reserve Study, based on our site inspection on February 6, 2009 and meets all requirements of chapter 64.34 RCW Article 3, Section 2. This Reserve Study was prepared by, or under the supervision of, a credentialed Reserve Specialist (RS).
- Your Reserve Fund is 36.5% Funded. This represents a mid-range position, well below the 70-100% level where associations statistically enjoy fiscal stability with relatively 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 \$1,430 with annual increases thereafter (see tables 4 & 5 herein).
- See photo pages for detailed component information and the basis of our assumptions. Your multi-year Funding Plan is designed to gradually bring you to the 100% level, or "Fully Funded".

# Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost	Future Average Cost
201 Asphalt - Resurface	30	20	\$114,200	\$206,258
202 Asphalt - Seal/Repair	5	0	\$17,130	\$19,858
403 Mailboxes - Replace	20	5	\$23,400	\$27,127
505 Wood Fence - Repair/Replace	20	12	\$31,200	\$44,484
1109 Wood Fence - Clean/Stain	5	2	\$14,038	\$14,892
1175 Chain Link Fence - Replace	30	20	\$14,300	\$25,827
1275 Split Rail Fence - Replace	20	10	\$1,600	\$2,150
1400 Play Equipment - Replace	20	10	\$25,000	\$33,598
1402 Entry Sign - Refurbish	20	10	\$5,000	\$6,720
1450 Wood Trellises -Repair/Replace	20	10	\$7,000	\$9,407
10 Total Funded Components				

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.

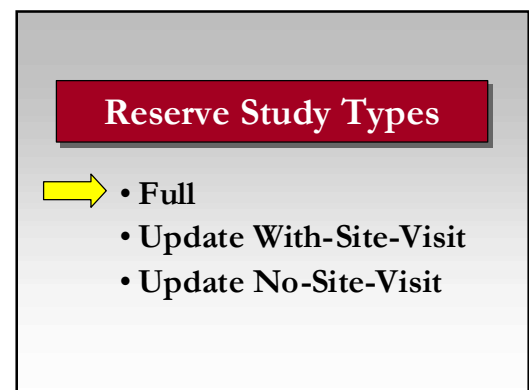
In this Report you will find the Reserve Component List (what you are reserving for). It contains our estimates for Useful Life, Remaining Useful Life, and the current repair or replacement cost for each major component the association is obligated to maintain. Based on that List and your starting balance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



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?

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

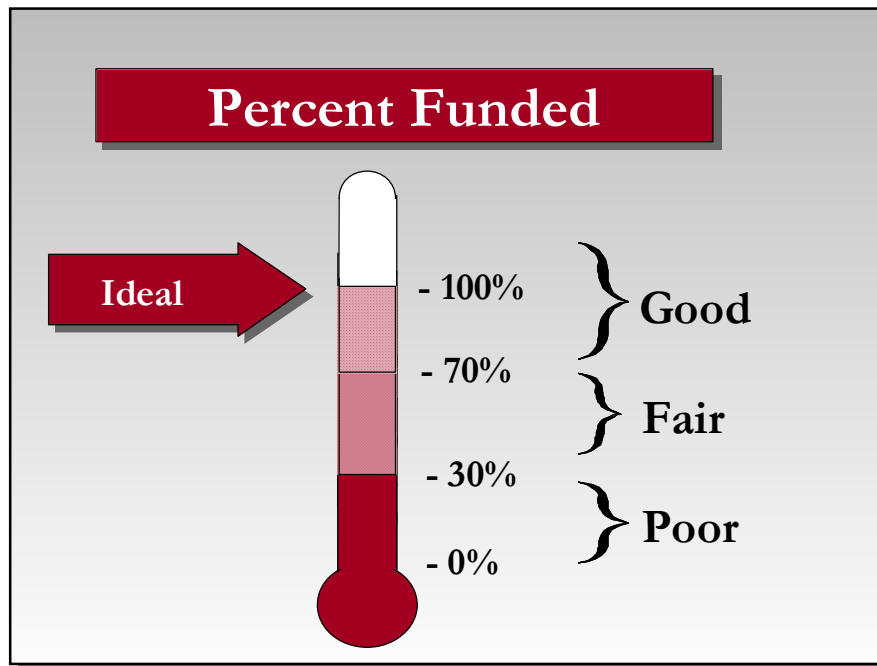
- 1) Client Cost History
- 2) Comparison to Association Reserves database of work done at similar associations
- 3) Vendor Recommendations
- 4) Reliable National Industry cost estimating guidebooks

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 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 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 February 6, 2009 we did not have a chance to meet with the Community Manager, Kerry Cole. We visually inspected all of the visible common and limited common elements while compiling a photographic inventory. We noted current condition, materials, apparent levels of care and maintenance as well as exposure to weather elements.

We noted that the community has an extensive amount of fencing and natural vegetation areas – declaration will reportedly be amended soon to state maintenance, repair and replacement responsibility of all but fencing along pipeline easement and split rail to be individual owner responsibility. We also noted that a majority of the mailbox clusters were showing signs of advanced corrosion.

Projected Expenses

The figure below shows the array of the projected future expenses at your association. As expenses are based on the average of our Best Case and Worst Case projections, inflated appropriately for future years.

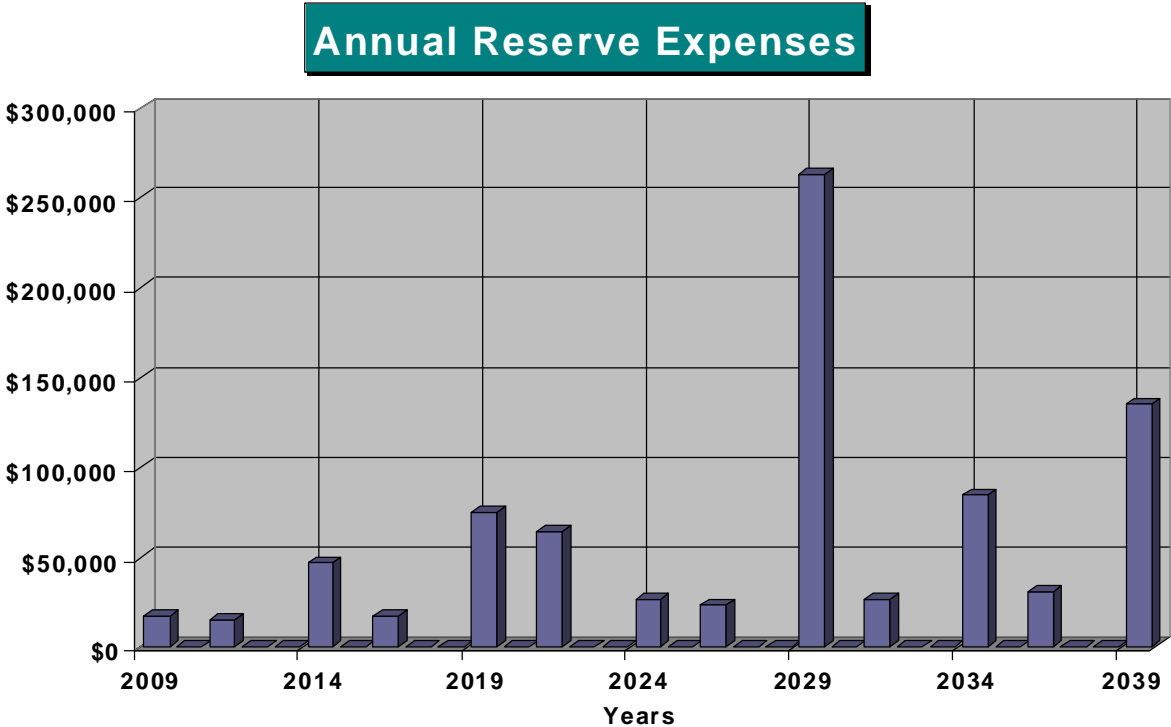


Figure 1

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 \$43,025 as-of March 1, 2009. This is based on your actual balance on January 31, 2009 of \$42,475 and anticipated Reserve contributions and expenses projected through the end of your Fiscal Year. As of March 1, 2009, your Fully Funded Balance is computed to be \$117,716 (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 37% Funded. As indicated earlier in the Executive Summary, this represents a mid-range position, below the 70-100% level where associations statistically enjoy fiscal stability with relatively low risk of special assessment and/or deferred maintenance.

Recommended Funding Plan

Based on your current Percent Funded and your projected cash flow requirements, we are recommending Reserve contributions of \$1,430/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.

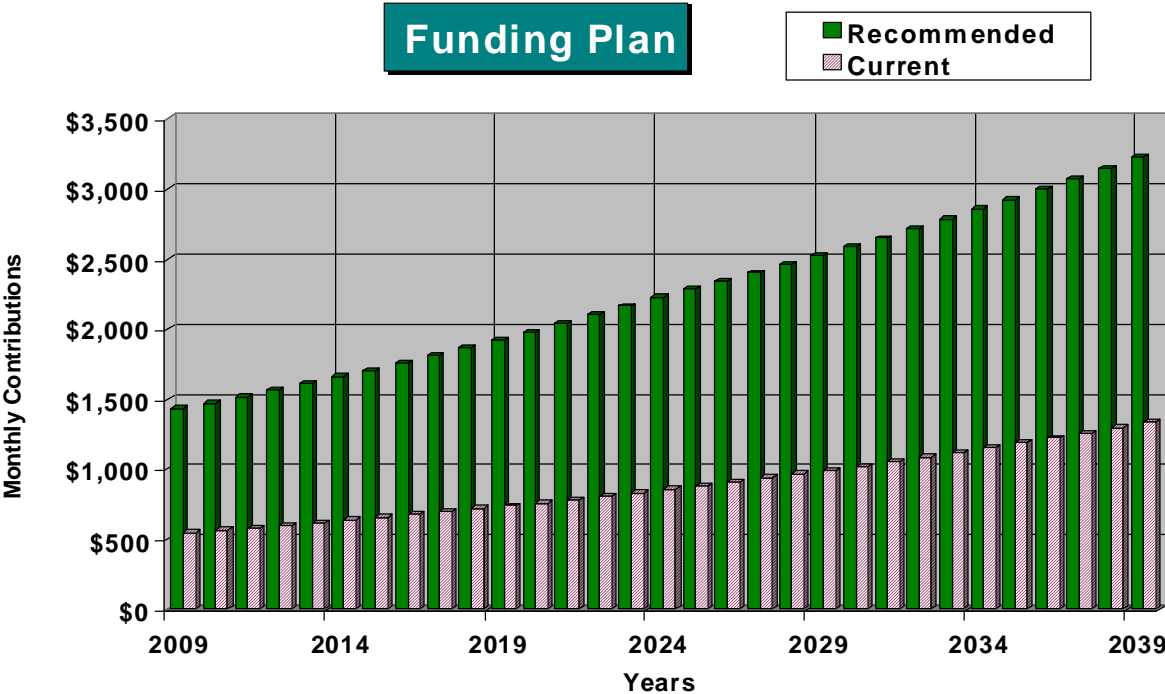


Figure 2

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.

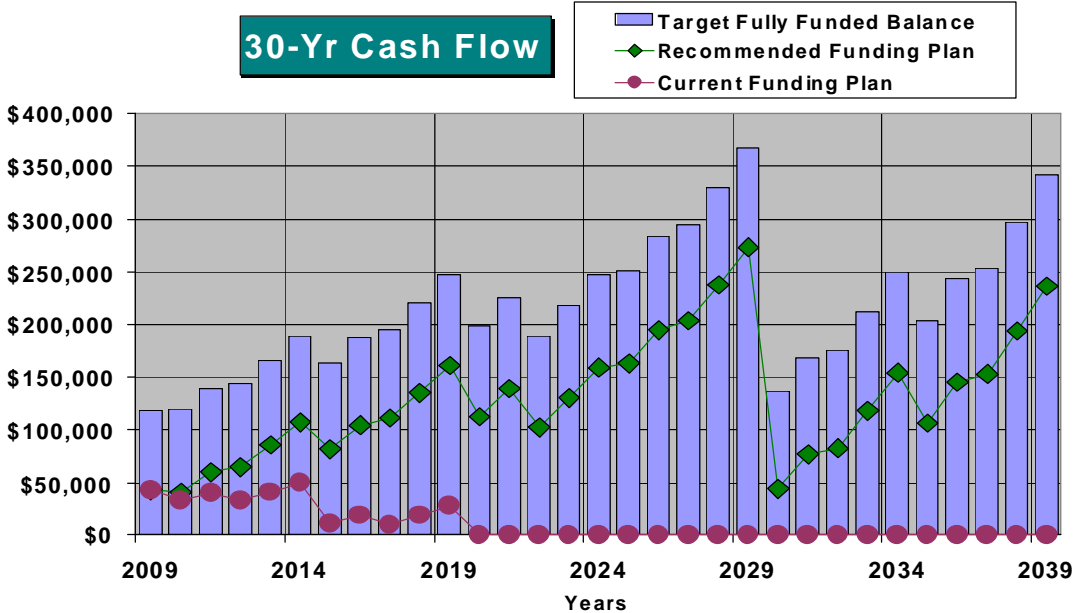


Figure 3

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

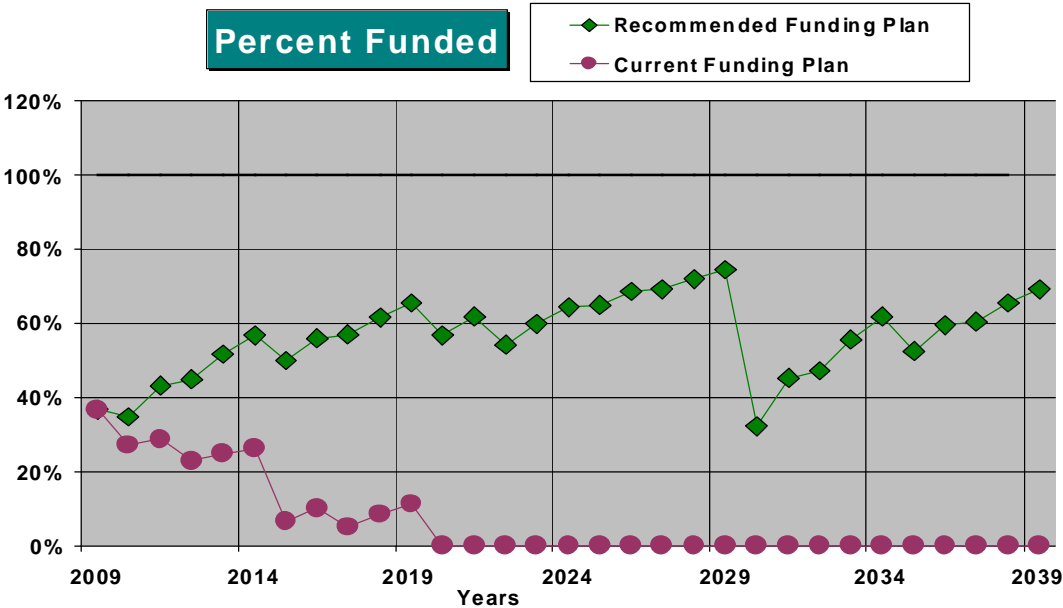


Figure 4

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. 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**18664-0**

# Component	Quantity	Useful	Rem.	Best	Current
		Life	Useful		
		Life	Life	Cost	Cost
201 Asphalt - Resurface	Approx 57,100 GSF	30	20	\$108,500	\$119,900
202 Asphalt - Seal/Repair	Approx 57,100 GSF	5	0	\$14,275	\$19,985
403 Mailboxes - Replace	(18) clusters	20	5	\$21,600	\$25,200
505 Wood Fence - Repair/Replace	Approx 1,300 LF	20	12	\$28,600	\$33,800
1109 Wood Fence - Clean/Stain	Approx 15,600 GSF	5	2	\$12,475	\$15,600
1175 Chain Link Fence - Replace	Approx 550 LF	30	20	\$13,200	\$15,400
1275 Split Rail Fence - Replace	Approx 80 LF wood	20	10	\$1,450	\$1,750
1400 Play Equipment - Replace	Assorted pieces	20	10	\$20,000	\$30,000
1402 Entry Sign - Refurbish	(1) 7' granite	20	10	\$4,000	\$6,000
1450 Wood Trellises -Repair/Replace	Approx 40 LF; 5' tall	20	10	\$6,000	\$8,000
10 Total Funded Components					

Table 3: Contribution and Fund Breakdown**18664-0**

# Component	Useful Life	Rem. Useful Life	Current (Avg) Cost	Fully Funded Balance	Current Fund Balance	Reserve Contributions
201 Asphalt - Resurface	30	20	\$114,200	\$38,067	\$0.00	\$358.67
202 Asphalt - Seal/Repair	5	0	\$17,130	\$17,130	\$17,130.00	\$322.81
403 Mailboxes - Replace	20	5	\$23,400	\$17,550	\$17,472.50	\$110.24
505 Wood Fence - Repair/Replace	20	12	\$31,200	\$12,480	\$0.00	\$146.99
1109 Wood Fence - Clean/Stain	5	2	\$14,038	\$8,423	\$8,422.50	\$264.53
1175 Chain Link Fence - Replace	30	20	\$14,300	\$4,767	\$0.00	\$44.91
1275 Split Rail Fence - Replace	20	10	\$1,600	\$800	\$0.00	\$7.54
1400 Play Equipment - Replace	20	10	\$25,000	\$12,500	\$0.00	\$117.78
1402 Entry Sign - Refurbish	20	10	\$5,000	\$2,500	\$0.00	\$23.56
1450 Wood Trellises -Repair/Replace	20	10	\$7,000	\$3,500	\$0.00	\$32.98
10 Total Funded Components				\$117,716	\$43,025	\$1,430

Table 4: 30-Year Reserve Plan Summary

18664-0

**Fiscal Year
Beginning:**

03/01/09

Interest:

2.3%

Inflation:

3.0%

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Rating	Contribs, Loans, and Spec. Assmts	Interest Income	Projected Reserve Expenses	Ending Reserve Balance
2009	\$43,025	\$117,716	36.5%	Fair	\$14,300	\$967	\$17,130	\$41,162
2010	\$41,162	\$119,236	34.5%	Fair	\$17,675	\$1,162	\$0	\$59,999
2011	\$59,999	\$138,914	43.2%	Fair	\$18,205	\$1,433	\$14,892	\$64,745
2012	\$64,745	\$144,326	44.9%	Fair	\$18,751	\$1,723	\$0	\$85,219
2013	\$85,219	\$165,738	51.4%	Fair	\$19,314	\$2,205	\$0	\$106,738
2014	\$106,738	\$188,304	56.7%	Fair	\$19,893	\$2,166	\$46,985	\$81,812
2015	\$81,812	\$163,680	50.0%	Fair	\$20,490	\$2,140	\$0	\$104,442
2016	\$104,442	\$187,256	55.8%	Fair	\$21,105	\$2,472	\$17,264	\$110,754
2017	\$110,754	\$194,317	57.0%	Fair	\$21,738	\$2,827	\$0	\$135,319
2018	\$135,319	\$219,949	61.5%	Fair	\$22,390	\$3,406	\$0	\$161,114
2019	\$161,114	\$246,944	65.2%	Fair	\$23,062	\$3,143	\$74,896	\$112,422
2020	\$112,422	\$198,217	56.7%	Fair	\$23,753	\$2,889	\$0	\$139,065
2021	\$139,065	\$225,802	61.6%	Fair	\$24,466	\$2,767	\$64,498	\$101,800
2022	\$101,800	\$188,431	54.0%	Fair	\$25,200	\$2,659	\$0	\$129,659
2023	\$129,659	\$217,040	59.7%	Fair	\$25,956	\$3,315	\$0	\$158,931
2024	\$158,931	\$247,196	64.3%	Fair	\$26,735	\$3,695	\$26,688	\$162,672
2025	\$162,672	\$251,478	64.7%	Fair	\$27,403	\$4,100	\$0	\$194,175
2026	\$194,175	\$284,107	68.3%	Fair	\$28,088	\$4,570	\$23,202	\$203,632
2027	\$203,632	\$294,570	69.1%	Fair	\$28,790	\$5,068	\$0	\$237,490
2028	\$237,490	\$330,020	72.0%	Strong	\$29,510	\$5,863	\$0	\$272,863
2029	\$272,863	\$367,331	74.3%	Strong	\$30,248	\$3,637	\$263,024	\$43,724
2030	\$43,724	\$135,670	32.2%	Fair	\$31,004	\$1,377	\$0	\$76,105
2031	\$76,105	\$168,821	45.1%	Fair	\$31,779	\$1,826	\$26,897	\$82,812
2032	\$82,812	\$176,134	47.0%	Fair	\$32,574	\$2,303	\$0	\$117,690
2033	\$117,690	\$212,269	55.4%	Fair	\$33,388	\$3,124	\$0	\$154,201
2034	\$154,201	\$250,414	61.6%	Fair	\$34,223	\$2,996	\$84,861	\$106,559
2035	\$106,559	\$203,250	52.4%	Fair	\$35,078	\$2,885	\$0	\$144,522
2036	\$144,522	\$243,060	59.5%	Fair	\$35,955	\$3,415	\$31,181	\$152,710
2037	\$152,710	\$252,958	60.4%	Fair	\$36,854	\$3,978	\$0	\$193,542
2038	\$193,542	\$296,312	65.3%	Fair	\$37,775	\$4,938	\$0	\$236,255

Table 5: 30-Year Income/Expense Detail (yrs 0 through 4)**18664-0**

Fiscal Year	2009	2010	2011	2012	2013
Starting Reserve Balance	\$43,025	\$41,162	\$59,999	\$64,745	\$85,219
Annual Reserve Contribution	\$14,300	\$17,675	\$18,205	\$18,751	\$19,314
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$967	\$1,162	\$1,433	\$1,723	\$2,205
Subtotal	\$58,292	\$59,999	\$79,637	\$85,219	\$106,738
# Component					
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$17,130	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
505 Wood Fence - Repair/Replace	\$0	\$0	\$0	\$0	\$0
1109 Wood Fence - Clean/Stain	\$0	\$0	\$14,892	\$0	\$0
1175 Chain Link Fence - Replace	\$0	\$0	\$0	\$0	\$0
1275 Split Rail Fence - Replace	\$0	\$0	\$0	\$0	\$0
1400 Play Equipment - Replace	\$0	\$0	\$0	\$0	\$0
1402 Entry Sign - Refurbish	\$0	\$0	\$0	\$0	\$0
1450 Wood Trellises -Repair/Replace	\$0	\$0	\$0	\$0	\$0
Subtotal	\$17,130	\$0	\$14,892	\$0	\$0
Ending Reserve Balance:	\$41,162	\$59,999	\$64,745	\$85,219	\$106,738

Table 5: 30-Year Income/Expense Detail (yrs 5 through 9)**18664-0**

Fiscal Year	2014	2015	2016	2017	2018
Starting Reserve Balance	\$106,738	\$81,812	\$104,442	\$110,754	\$135,319
Annual Reserve Contribution	\$19,893	\$20,490	\$21,105	\$21,738	\$22,390
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$2,166	\$2,140	\$2,472	\$2,827	\$3,406
Subtotal	\$128,797	\$104,442	\$128,019	\$135,319	\$161,114
# Component					
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$19,858	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$27,127	\$0	\$0	\$0	\$0
505 Wood Fence - Repair/Replace	\$0	\$0	\$0	\$0	\$0
1109 Wood Fence - Clean/Stain	\$0	\$0	\$17,264	\$0	\$0
1175 Chain Link Fence - Replace	\$0	\$0	\$0	\$0	\$0
1275 Split Rail Fence - Replace	\$0	\$0	\$0	\$0	\$0
1400 Play Equipment - Replace	\$0	\$0	\$0	\$0	\$0
1402 Entry Sign - Refurbish	\$0	\$0	\$0	\$0	\$0
1450 Wood Trellises -Repair/Replace	\$0	\$0	\$0	\$0	\$0
Subtotal	\$46,985	\$0	\$17,264	\$0	\$0
Ending Reserve Balance:	\$81,812	\$104,442	\$110,754	\$135,319	\$161,114

Table 5: 30-Year Income/Expense Detail (yrs 10 through 14)**18664-0**

Fiscal Year	2019	2020	2021	2022	2023
Starting Reserve Balance	\$161,114	\$112,422	\$139,065	\$101,800	\$129,659
Annual Reserve Contribution	\$23,062	\$23,753	\$24,466	\$25,200	\$25,956
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$3,143	\$2,889	\$2,767	\$2,659	\$3,315
Subtotal	\$187,319	\$139,065	\$166,298	\$129,659	\$158,931
# Component					
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$23,021	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
505 Wood Fence - Repair/Replace	\$0	\$0	\$44,484	\$0	\$0
1109 Wood Fence - Clean/Stain	\$0	\$0	\$20,014	\$0	\$0
1175 Chain Link Fence - Replace	\$0	\$0	\$0	\$0	\$0
1275 Split Rail Fence - Replace	\$2,150	\$0	\$0	\$0	\$0
1400 Play Equipment - Replace	\$33,598	\$0	\$0	\$0	\$0
1402 Entry Sign - Refurbish	\$6,720	\$0	\$0	\$0	\$0
1450 Wood Trellises -Repair/Replace	\$9,407	\$0	\$0	\$0	\$0
Subtotal	\$74,896	\$0	\$64,498	\$0	\$0
Ending Reserve Balance:	\$112,422	\$139,065	\$101,800	\$129,659	\$158,931

Table 5: 30-Year Income/Expense Detail (yrs 15 through 19)**18664-0**

Fiscal Year	2024	2025	2026	2027	2028
Starting Reserve Balance	\$158,931	\$162,672	\$194,175	\$203,632	\$237,490
Annual Reserve Contribution	\$26,735	\$27,403	\$28,088	\$28,790	\$29,510
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$3,695	\$4,100	\$4,570	\$5,068	\$5,863
Subtotal	\$189,360	\$194,175	\$226,833	\$237,490	\$272,863
# Component					
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$26,688	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
505 Wood Fence - Repair/Replace	\$0	\$0	\$0	\$0	\$0
1109 Wood Fence - Clean/Stain	\$0	\$0	\$23,202	\$0	\$0
1175 Chain Link Fence - Replace	\$0	\$0	\$0	\$0	\$0
1275 Split Rail Fence - Replace	\$0	\$0	\$0	\$0	\$0
1400 Play Equipment - Replace	\$0	\$0	\$0	\$0	\$0
1402 Entry Sign - Refurbish	\$0	\$0	\$0	\$0	\$0
1450 Wood Trellises -Repair/Replace	\$0	\$0	\$0	\$0	\$0
Subtotal	\$26,688	\$0	\$23,202	\$0	\$0
Ending Reserve Balance:	\$162,672	\$194,175	\$203,632	\$237,490	\$272,863

Table 5: 30-Year Income/Expense Detail (yrs 20 through 24)**18664-0**

Fiscal Year	2029	2030	2031	2032	2033
Starting Reserve Balance	\$272,863	\$43,724	\$76,105	\$82,812	\$117,690
Annual Reserve Contribution	\$30,248	\$31,004	\$31,779	\$32,574	\$33,388
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$3,637	\$1,377	\$1,826	\$2,303	\$3,124
Subtotal	\$306,748	\$76,105	\$109,710	\$117,690	\$154,201
# Component					
201 Asphalt - Resurface	\$206,258	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$30,939	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
505 Wood Fence - Repair/Replace	\$0	\$0	\$0	\$0	\$0
1109 Wood Fence - Clean/Stain	\$0	\$0	\$26,897	\$0	\$0
1175 Chain Link Fence - Replace	\$25,827	\$0	\$0	\$0	\$0
1275 Split Rail Fence - Replace	\$0	\$0	\$0	\$0	\$0
1400 Play Equipment - Replace	\$0	\$0	\$0	\$0	\$0
1402 Entry Sign - Refurbish	\$0	\$0	\$0	\$0	\$0
1450 Wood Trellises -Repair/Replace	\$0	\$0	\$0	\$0	\$0
Subtotal	\$263,024	\$0	\$26,897	\$0	\$0
Ending Reserve Balance:	\$43,724	\$76,105	\$82,812	\$117,690	\$154,201

Table 5: 30-Year Income/Expense Detail (yrs 25 through 29)**18664-0**

Fiscal Year	2034	2035	2036	2037	2038
Starting Reserve Balance	\$154,201	\$106,559	\$144,522	\$152,710	\$193,542
Annual Reserve Contribution	\$34,223	\$35,078	\$35,955	\$36,854	\$37,775
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$2,996	\$2,885	\$3,415	\$3,978	\$4,938
Subtotal	\$191,420	\$144,522	\$183,892	\$193,542	\$236,255
# Component					
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$35,866	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$48,994	\$0	\$0	\$0	\$0
505 Wood Fence - Repair/Replace	\$0	\$0	\$0	\$0	\$0
1109 Wood Fence - Clean/Stain	\$0	\$0	\$31,181	\$0	\$0
1175 Chain Link Fence - Replace	\$0	\$0	\$0	\$0	\$0
1275 Split Rail Fence - Replace	\$0	\$0	\$0	\$0	\$0
1400 Play Equipment - Replace	\$0	\$0	\$0	\$0	\$0
1402 Entry Sign - Refurbish	\$0	\$0	\$0	\$0	\$0
1450 Wood Trellises -Repair/Replace	\$0	\$0	\$0	\$0	\$0
Subtotal	\$84,861	\$0	\$31,181	\$0	\$0
Ending Reserve Balance:	\$106,559	\$144,522	\$152,710	\$193,542	\$236,255

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 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