

Reserve Study Level I

Prepared for Meridian Firs No. 2's 2016 Fiscal Year

DRAFT

CEDC**ORE**

Prepared by CEDCORE, LLC

Version Draft v.1

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July 1, 2015

Meridian Firs No. 2

Kent, WA

Board of Directors,

Thank you for choosing CEDCORE. We understand you have a choice and we appreciate this one. As you review your Reserve Study, please know that we are here to support and serve you. It is our sincere desire that your Association be as successful as possible. We have worked hard to make the contents of this Reserve Study as thorough, useful and accurate as possible.

If you have any questions, comments or concerns, do not hesitate to contact our office by phone at 253-292-2125 or by email at email@cedcore.com.

Sincerely,



Ray Myers III, R.S.

CEDCORE, LLC

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Executive Summary

Report Details			
Association Name:	Meridian Firs No. 2		
Location:	Kent, WA	Number of Units:	76
Level of Service:	Reserve Study Level I	Site Visit Date:	5/12/2015
Report Period:	1/1/2016 - 12/31/2016	Projection Period:	2016 - 2045
Reserve Account Snap Shot		January 1, 2016	
Projected Reserve Balance:			\$308,366.00
Value Per Unit:			\$4,057.45
Fully Funded Reserve Balance:			\$469,773.53
Percent Funded:			66%
Reserve Surplus or (-) Deficit Per Unit:			-\$2,123.78
Current Monthly Reserve Fund Contribution:			\$1,061
Interest Rate			0.25%
Inflation Rate			3.00%
2016 Reserve Contribution Requirements		(based on the above position)	
Full Funding Plan	monthly	Reserve Contribution (Recommended):	\$4,500.00
	monthly	Reserve Contribution Per Unit:	\$59.21
	Special	Assessment Required for this Plan:	\$0.00
Baseline Funding Plan	monthly	Reserve Contribution:	\$4,300.00
	monthly	Reserve Contribution Per Unit:	\$56.58
	Special	Assessment Required for this Plan:	\$0.00

- There are several different funding options your community may choose. **We recommend the Full Funding Plan.**
- The current reserve contributions are not projected to be sufficient over the next 30 years.
- 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.
- This Reserve Study was prepared by a Reserve Specialist following National Reserve Study Standards and complies with RCW 64.34.382 and 64.38.070. This Reserve Study needs to be updated annually to properly prepare for the future. Please review the disclosure on page 39.

Report Finding Summaries

This report is broken into two sections; the Physical Analysis and the Financial Analysis. Reserve Studies that include an on-site visual inspection begin with the Physical Analysis.

Physical Analysis Summary

This Reserve Study Level I includes a required site visit completed on 5/12/2015. During the site visit we identified, quantified and performed a limited scope visual observation of the surface condition of a sampling of common area components. We have included comments within the Component Photos & Comments Section of this report beginning on page 18.

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Table 1 - Reserve Component List

Component	Quantity	Current Cost	UL	RUL
Asphalt Patching	4120 Square Feet	\$16,480	5	5
Asphalt: Resurface	103000 Square Feet	\$257,500	25	12
Asphalt: Seal	103000 Square Feet	\$20,600	5	0
Cabana Interior: Refurbish	1 Allowance	\$5,000	5	4
Cabana: Exterior Maintenance		\$0	n/a	
Concrete Curb		\$0	n/a	
Deck, Wood: Replace		\$0	n/a	
Drainage & Storm Drainage		\$0	n/a	
Electrical		\$0	n/a	
Emergency Generator	1 Each	\$5,000	20	15
Entry Sign: Refurbish	2 Each	\$5,000	15	5
Fence: Wood/Chain Link, Replace		\$0	n/a	
Garage Doors: Replace		\$0	n/a	
Gravel R.V. Parking: Refurbish	7600 Square Feet	\$0	n/a	
Gutters & Downspouts: Replacement (Phase 1)	1 Allowance	\$15,000	n/a	0
Gutters & Downspouts: Replacement (Phase 2)	1 Allowance	\$15,000	n/a	1
Gutters & Downspouts: Replacement (Phase 3)	1 Allowance	\$15,000	n/a	2
Irrigation System: Repair/Replace		\$0	n/a	
Landscaping: Refurbish		\$0	n/a	
Lights: Exterior, Replace		\$0	15	
Lights: Pole, Replace	26 Each	\$10,400	25	12
Mailbox Cluster: Replace	5 Clusters	\$8,500	20	13
Plumbing System		\$0	n/a	
Recreation Equipment	2 Items	\$15,000	20	15
Roof: Replace (Phase 1)	21000 Square Feet	\$102,900	25	8
Roof: Replace (Phase 2)	63000 Square Feet	\$308,700	25	11
Roof: Replace (Phase 3)	6600 Square Feet	\$32,340	25	23
Siding: Partial Repair/Replace	400 Square Feet	\$4,000	1	0
Siding: Repaint	10313 Square Feet	\$20,626	1	0
Signs: Replace	20 Each	\$0	n/a	
Trees: Trimming		\$0	n/a	
Window/Glass Doors: Replace		\$0	n/a	

See Reserve Components on page 15 to learn more about what components are and how they are identified.

Table 2: Component Metrics

Component	FFB	% FFB	Annual Cost	% Annual Cost
Asphalt Patching	\$0	0.0%	\$3,296	5.2%
Asphalt: Resurface	\$133,900	28.5%	\$10,300	16.3%
Asphalt: Seal	\$20,600	4.4%	\$4,120	6.5%
Cabana Interior: Refurbish	\$1,000	0.2%	\$1,000	1.6%
Cabana: Exterior Maintenance	\$0	0.0%	\$0	0.0%
Concrete Curb	\$0	0.0%	\$0	0.0%
Deck, Wood: Replace	\$0	0.0%	\$0	0.0%
Drainage & Storm Drainage	\$0	0.0%	\$0	0.0%
Electrical	\$0	0.0%	\$0	0.0%
Emergency Generator	\$1,250	0.3%	\$250	0.4%
Entry Sign: Refurbish	\$3,333	0.7%	\$333	0.5%
Fence: Wood/Chain Link, Replace	\$0	0.0%	\$0	0.0%
Garage Doors: Replace	\$0	0.0%	\$0	0.0%
Gravel R.V. Parking: Refurbish	\$0	0.0%	\$0	0.0%
Gutters & Downspouts: Replacement (Phase 1)	\$15,000	3.2%	\$0	0.0%
Gutters & Downspouts: Replacement (Phase 2)	\$7,500	1.6%	\$0	0.0%
Gutters & Downspouts: Replacement (Phase 3)	\$5,000	1.1%	\$0	0.0%
Irrigation System: Repair/Replace	\$0	0.0%	\$0	0.0%
Landscaping: Refurbish	\$0	0.0%	\$0	0.0%
Lights: Exterior, Replace	\$0	0.0%	\$0	0.0%
Lights: Pole, Replace	\$5,408	1.2%	\$416	0.7%
Mailbox Cluster: Replace	\$2,975	0.6%	\$425	0.7%
Plumbing System	\$0	0.0%	\$0	0.0%
Recreation Equipment	\$3,750	0.8%	\$750	1.2%
Roof: Replace (Phase 1)	\$69,972	14.9%	\$4,116	6.5%
Roof: Replace (Phase 2)	\$172,872	36.8%	\$12,348	19.5%
Roof: Replace (Phase 3)	\$2,587	0.6%	\$1,294	2.0%
Siding: Partial Repair/Replace	\$4,000	0.9%	\$4,000	6.3%
Siding: Repaint	\$20,626	4.4%	\$20,626	32.6%
Signs: Replace	\$0	0.0%	\$0	0.0%
Trees: Trimming	\$0	0.0%	\$0	0.0%
Window/Glass Doors: Replace	\$0	0.0%	\$0	0.0%
Current Fully Funded Balance	\$469,774		\$63,274	Per Year
Current Reserve Fund Deficit	-\$161,408		\$5,273	Per Month

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

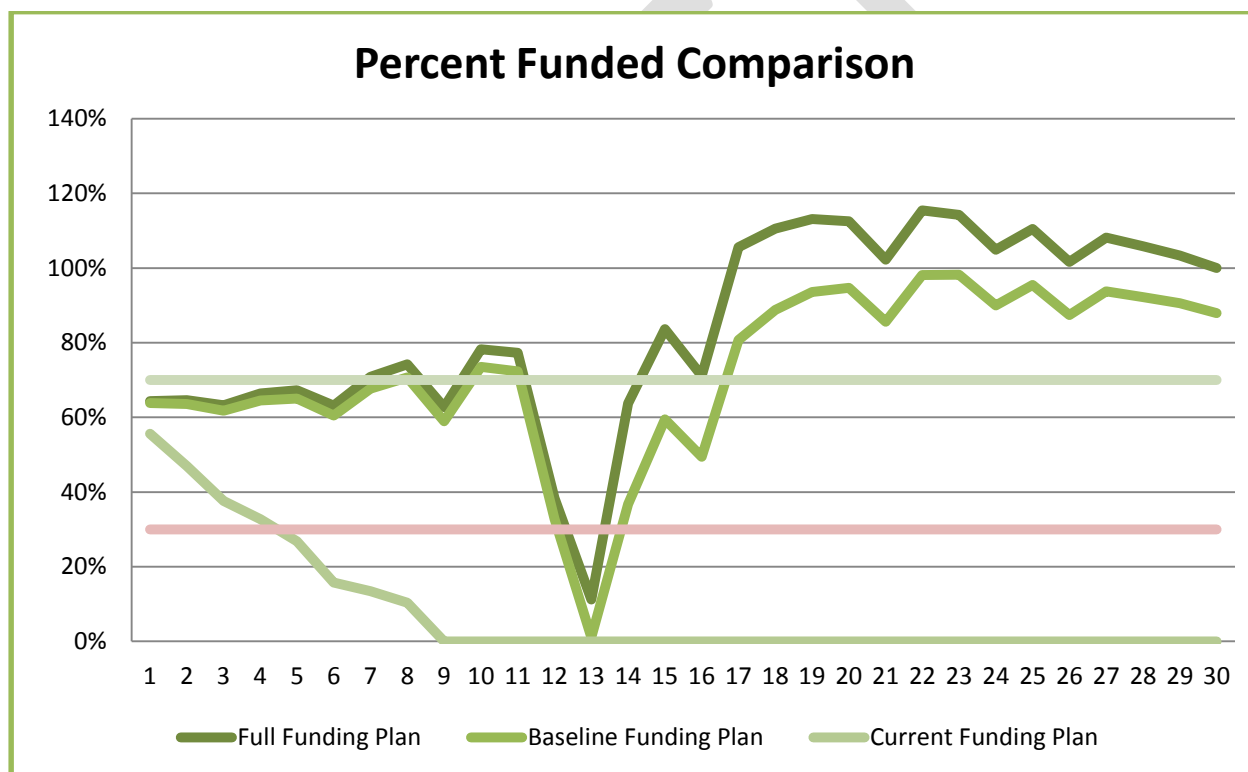
Financial Analysis Summary

We recommend the Full Funding Plan, which requires an increase in regular monthly reserve contributions to \$4,500.00 with a 10.00% increase in contributions each year.

Currently the Association has monthly reserve contributions of \$1,061.00. The Baseline monthly reserve contribution requires \$4,300.00, and is the lowest contribution amount calculated to prevent the Reserve Fund from dropping below a zero balance. If the association does not increase its reserve contribution they will require a special assessment.

We understand the Reserve Fund Balance is expected to be \$308,366.00 on 1/1/2016. For your Association to be 100% funded there should be \$469,773.53 in your Reserve Account(s). Therefore, your Association is projected to be 66% funded.

Figure 1 - Percent Funded Comparison



This figure compares the percent funded for each of the Reserve Funding Goals your community may choose. Learn more in the Percent Funded section of the report on page 13, as well as Reserve Funding Plans & Goals on page 15.

Figure 2 - Reserve Fund Expenses

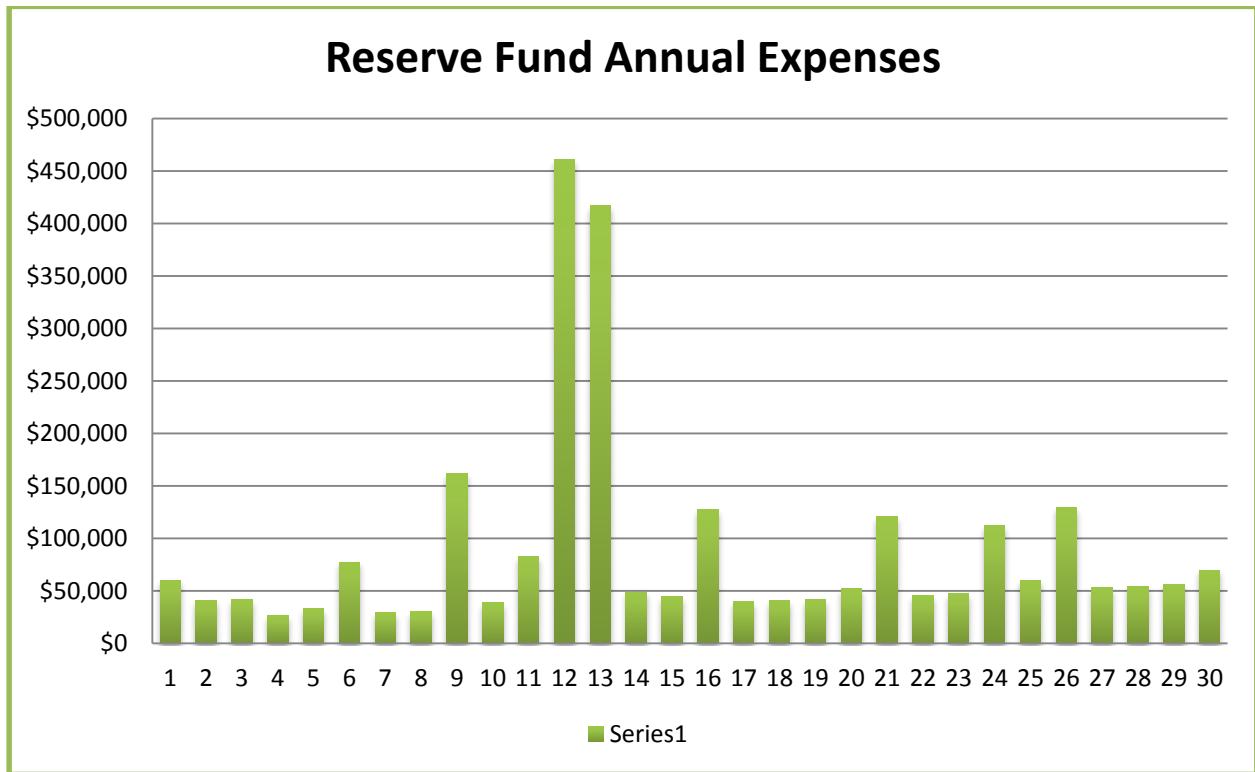


Figure 3 - Reserve Fund Ending Balance Comparison

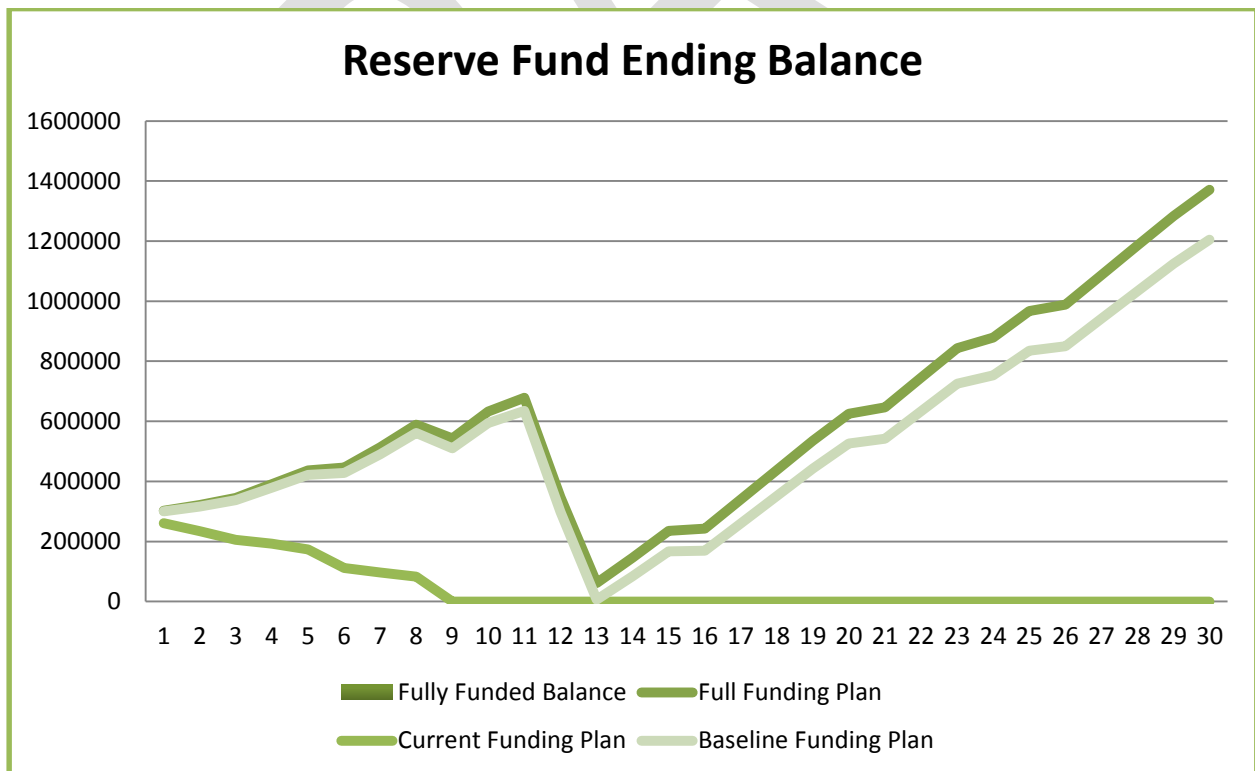
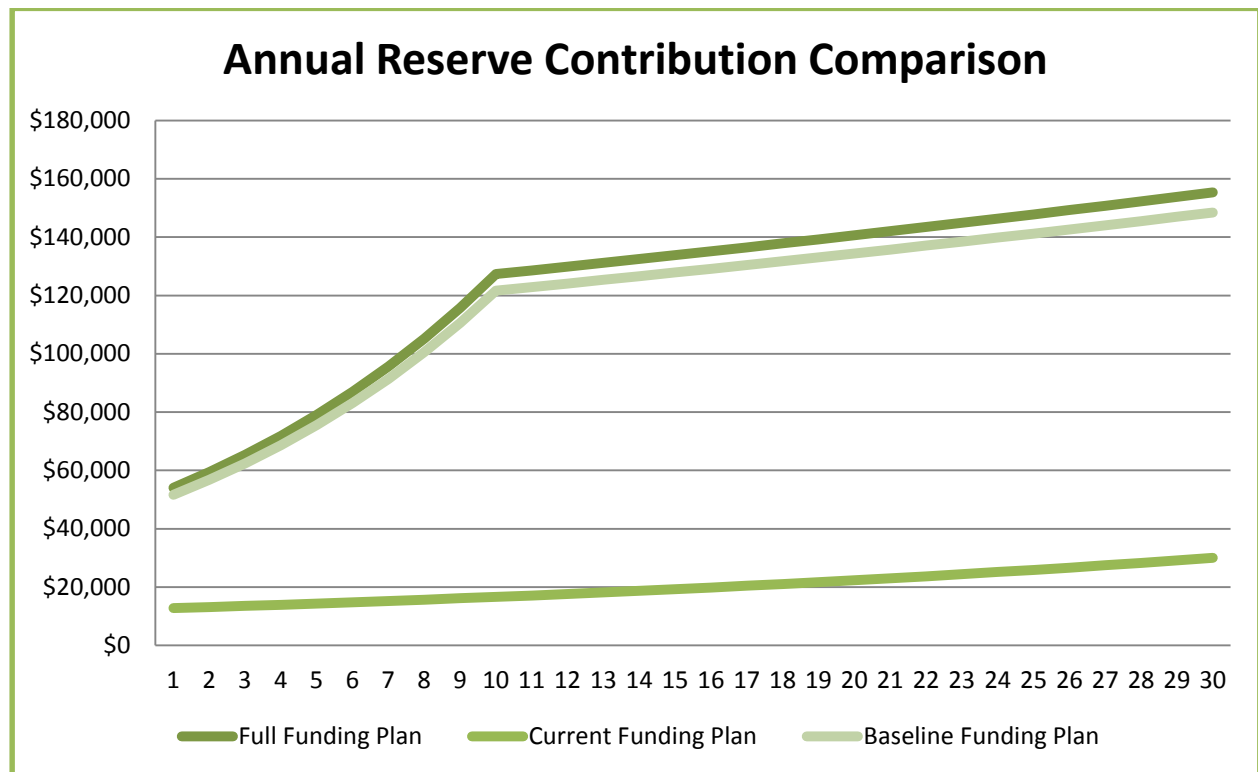


Figure 4 – Reserve Contribution Comparison



To learn more about contributing to the reserve fund turn to page 16.

Figure 5 - 30 Year Reserve Fund Projection

Full Funding Plan (Recommended)							
Year	Start Balance	Annual Reserve Contribution	Special Assessments	Interest Income	Reserve Expenses	Fully Funded Balance	Percent Funded
2016	\$ 308,366	\$ 54,000	\$ -	\$ 275	\$ 60,226	\$ 469,774	64%
2017	\$ 302,415	\$ 59,400	\$ -	\$ 291	\$ 40,815	\$ 497,306	65%
2018	\$ 321,292	\$ 65,340	\$ -	\$ 312	\$ 42,039	\$ 545,270	63%
2019	\$ 344,904	\$ 71,874	\$ -	\$ 354	\$ 26,909	\$ 587,469	66%
2020	\$ 390,223	\$ 79,061	\$ -	\$ 396	\$ 33,344	\$ 648,592	67%
2021	\$ 436,336	\$ 86,968	\$ -	\$ 402	\$ 77,331	\$ 707,057	63%
2022	\$ 446,376	\$ 95,664	\$ -	\$ 465	\$ 29,405	\$ 724,170	71%
2023	\$ 513,100	\$ 105,231	\$ -	\$ 535	\$ 30,287	\$ 793,427	74%
2024	\$ 588,579	\$ 115,754	\$ -	\$ 485	\$ 161,546	\$ 866,188	63%
2025	\$ 543,272	\$ 127,329	\$ -	\$ 568	\$ 38,655	\$ 808,340	78%
2026	\$ 632,514	\$ 128,602	\$ -	\$ 614	\$ 82,928	\$ 877,810	77%
2027	\$ 678,803	\$ 129,888	\$ -	\$ 282	\$ 461,401	\$ 906,314	38%
2028	\$ 347,573	\$ 131,187	\$ -	\$ -	\$ 417,072	\$ 548,474	11%
2029	\$ 61,688	\$ 132,499	\$ -	\$ 79	\$ 48,647	\$ 228,264	64%
2030	\$ 145,620	\$ 133,824	\$ -	\$ 168	\$ 44,812	\$ 280,713	84%
2031	\$ 234,800	\$ 135,162	\$ -	\$ 175	\$ 127,295	\$ 341,557	71%
2032	\$ 242,842	\$ 136,514	\$ -	\$ 272	\$ 39,518	\$ 322,226	106%
2033	\$ 340,110	\$ 137,879	\$ -	\$ 368	\$ 40,703	\$ 395,772	111%
2034	\$ 437,655	\$ 139,258	\$ -	\$ 465	\$ 41,924	\$ 473,440	113%
2035	\$ 535,454	\$ 140,651	\$ -	\$ 554	\$ 51,949	\$ 555,413	112%
2036	\$ 624,709	\$ 142,057	\$ -	\$ 575	\$ 120,478	\$ 632,847	102%
2037	\$ 646,863	\$ 143,478	\$ -	\$ 673	\$ 45,812	\$ 645,448	115%
2038	\$ 745,202	\$ 144,912	\$ -	\$ 770	\$ 47,186	\$ 738,865	114%
2039	\$ 843,699	\$ 146,362	\$ -	\$ 804	\$ 112,427	\$ 837,306	105%
2040	\$ 878,438	\$ 147,825	\$ -	\$ 892	\$ 60,224	\$ 875,248	110%
2041	\$ 966,931	\$ 149,303	\$ -	\$ 912	\$ 129,199	\$ 971,957	102%
2042	\$ 987,949	\$ 150,797	\$ -	\$ 1,010	\$ 53,108	\$ 1,004,497	108%
2043	\$ 1,086,647	\$ 152,304	\$ -	\$ 1,108	\$ 54,701	\$ 1,120,480	106%
2044	\$ 1,185,358	\$ 153,828	\$ -	\$ 1,206	\$ 56,343	\$ 1,242,518	103%
2045	\$ 1,284,049	\$ 155,366	\$ -	\$ 1,292	\$ 69,816	\$ 1,370,870	100%

Introduction to Your Reserve Study

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

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

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

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

About Reserve Studies

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

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

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

Reserve Study Levels

- **Level I:** Full Reserve Study Funding Analysis and Plan. This is the most labor intensive reserve study, as it includes both a physical and financial analysis. The component inventory list and current component condition assessments with life and valuation estimates are determined from an on-site visual inspection. This information is used to conduct the financial analysis, which includes the current fund status and a recommended funding plan. A "Full Reserve Study" is recommended when a previous reserve study is not available, a substantial time has elapsed since the last study (7-10 years), or there are concerns with an existing reserve study's component inventory or measurements.
- **Level II:** Update with Visual Site Inspection. This report updates both the physical analysis and financial analysis of an existing report. An on-site visual inspection is conducted to verify and/or make adjustments to the existing component list, condition assessments, useful life and component valuation estimates. The financial analysis is also updated, including the current fund status and recommended funding plan. A level II report is recommended at least every three years, before and after major projects and as required by state law.
- **Level III:** Update with No Visual Site Inspection. This report updates the financial analysis of an existing reserve study only. No on-site visual inspection is completed. An existing fund status and funding plan is updated using research conducted with board members, vendors, association managers and information contained within a prior reserve study. A level III report is recommended to review, adjust and verify that the existing funding plan is accurate and suitable for current economic conditions. A level III report is recommended at least annually.

Percent Funded

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

For example, if an association were to replace interior carpeting in 10 years at an expense of \$10,000; then each year the cost of deterioration is 1/10th of the replacement cost. Therefore, each year \$1,000 of cost is accrued. In year 2, the fully funded balance would be \$2,000. In year 5, the cost of existing deterioration is \$5,000, and so on.

To determine the percent funded, the FFB is compared to the reserve fund balance. To continue the above example, the association has \$2,000 in their reserve fund in year 2. The total accrued deterioration or FFB is \$2,000, therefore they are 100% funded. The association has saved 100% of the accrued deterioration or fully funded balance. If they have set aside only \$1,000, the association is 50% funded, having saved 50% of the existing deterioration or cost.

Using Percent Funded to Measure Strength

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

Use Caution When Using Percent Funded

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

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

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

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

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

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

Reserve Funding Plans & Goals

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

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

Reserve Components

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

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

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

Maintaining Components

There are three ways to manage capital reserve expenses:

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

Reserve Contributions

There are three ways to contribute to your Reserve Account:

- **Regular Contributions:** If adequate regular contributions are not established the reserve fund will eventually be underfunded. An underfunded reserve account leads to deferred maintenance and potentially extensive repair. As already mentioned, the effects of deferred maintenance and extensive repair are significantly more than routine or preventative maintenance. Additionally, it is the most fair and equitable to the association members. If reserve contributions are not set properly, whether too high or low, the individuals who use the asset will not be paying for it. If the contributions are set too high, current owners are paying for what future owners should pay for. Likewise, when contributions are set too low, future owners will pay for what current owners should have paid for. Having properly set reserve contributions is the most fair for everyone involved.
- **Special Assessments:** If the reserve fund is underfunded at the time an expense is required, the association is forced to hold a special assessment. Most often, this occurs when deferred maintenance catches up and the association is forced to deal with it. It is better to have a small monthly increase now rather than a very large and unexpected increase later.
- **Loans:** If the association members do not have the finances to contribute to a special assessment or the required repairs are too extensive and costly for a special assessment, a loan may be required. This not only requires a monthly increase in dues, but members are then paying for past as well as future expenses, rather than just future expenses. The future still needs to be anticipated and saved for.

Implementing Your Reserve Study

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

Component Inventory - Photos & Comments

Building Exterior - Cabana: Exterior Maintenance

Location: Cabana

Funding Basis: Unfunded, funded within another component

Funding for the exterior of the cabana is included within other components; ie, Siding, Roof, Gutters, etc.

Building Exterior - Deck, Wood: Replace

Funding Basis: Unfunded, not Association responsibility



Reportedly the decks are Unit Owner responsibility so no Association funding is required. We recommend that the Association maintain oversight and establish standards to maintain community appearance.

Building Exterior - Garage Doors: Replace

Funding Basis: Unfunded, not Association responsibility



Reportedly these are the responsibility of the Unit Owners so no Association Reserve Fund contribution required.

Building Exterior - Gutters & Downspouts: Replacement (Phase 1)

Quantity: 1 Allowance

Condition: Good

RUL: 0

Funding Basis: Funded based on the typical life expectancy

Current Cost: \$15,000.00



We understand there has been a multiyear project completing partial replacement of gutters. Prioritizing based on location and building needs. We have included an allowance to continue this pattern of replacement.

Building Exterior - Gutters & Downspouts: Replacement (Phase 2)

Quantity: 1 Allowance

Condition: Good

RUL: 1

Funding Basis: Funded based on the typical life expectancy Current Cost: \$15,000.00

We understand there has been a multiyear project completing partial replacement of gutters. Prioritizing based on location and building needs. We have included an allowance to continue this pattern of replacement.

Building Exterior - Gutters & Downspouts: Replacement (Phase 3)

Quantity: 1 Allowance

Condition: Good

RUL: 2

Funding Basis: Funded based on the typical life expectancy Current Cost: \$15,000.00

We understand there has been a multiyear project completing partial replacement of gutters. Prioritizing based on location and building needs. We have included an allowance to continue this pattern of replacement.

Building Exterior - Lights: Exterior, Replace

UL: 15

Funding Basis: Unfunded, not Association responsibility

Reportedly these are unit owner responsibility not association therefore no reserve funding.

Building Exterior - Roof: Replace (Phase 1)

Quantity: 21,000 Square Feet

UL: 25

Condition: Good

RUL: 8

Funding Basis: Funded based on the typical life expectancy Current Cost: \$102,900.00



NOT
CORRECT

Assorted condition of roofs based on location and repair history. Indications are that roofs were replaced last in approximately 2007. The typical life expectancy is between 20 - 25 years for this type of roofing. We recommend that the Association should have a professional roof inspection performed by an independent, qualified Roofing Inspector registered with RCI not a roofing contractor. Based on the condition of the roofs we recommend reducing the remaining life. Indications are that the roofs will not reach its full life expectancy (at least in select locations). Update as needed.

Building Exterior - Roof: Replace (Phase 2)

Quantity:	63,000 Square Feet	UL:	25
Condition:	Good	RUL:	11
Funding Basis:	Funded based on the typical life expectancy	Current Cost:	\$308,700.00

Phase two of three phases.

Building Exterior - Roof: Replace (Phase 3)

Location:	Roof recently replaced		
Quantity:	6,600 Square Feet	UL:	25
Condition:	Good	RUL:	23
Funding Basis:	Funded based on the typical life expectancy	Current Cost:	\$32,340.00

We understand these partial replacement of one building has recently replaced.

Building Exterior - Siding: Partial Repair/Replace

Quantity:	400 Square Feet	UL:	1
Condition:	Assorted Condition	RUL:	0
Funding Basis:	Funded based on the typical life expectancy	Current Cost:	\$4,000.00



Generally fair condition with no known water intrusion or concerns. We strongly recommend regular inspections and repair to ensure the integrity of the building envelope. Reserve funding recommended for partial replacement with each repainting cycle, include chimney chases and caps within this allowance as well. Should patterns of repair arise, additional funding may be included in future reserve studies. Because painting is scheduled to be completed on an annual basis, we have included funding for repairs annually as well.

Building Exterior - Siding: Repaint

Quantity:	10,313 Square Feet	UL:	1
Condition:	Assorted Condition	RUL:	0
Funding Basis:	Funded based on the typical life expectancy	Current Cost:	\$20,626.00



The Association's past practice has been to paint 1-2 buildings per year. Under this pattern of paint management the condition is varied at this time. Regular paint cycles are important to maintaining and protecting the siding. Inspect regularly touch up paint and caulking as needed from the operating budget. To optimize the painting costs, we recommend that a professional painting and/or coating inspector be retained to inspect the existing paint film thickness and adhesion. A painting inspector can also prepare a written specification which would ensure that selected painting contractors are all quoting on the same products and methods of painting. The painting inspector can also perform wet film tests while the painting is being done to ensure that the correct amount of paint is being applied. The painting costs can be further optimized by repainting those wall elevations that receive the most weathering from sun and rain are repainted frequently enough. Similarly, those elevations, such as north facing walls, that do not require repainting as frequently the repainting cycle can be extended.

Building Exterior - Window/Glass Doors: Replace

Funding Basis: Unfunded, not Association responsibility



Windows are the responsibility of Unit Owners to maintain, repair and replace so no Association Reserve Fund contribution required. Replace cabana windows with Operating budget funds as required.

Building Interior - Cabana Interior: Refurbish

Location:	Cabana		
Quantity:	1 Allowance	UL:	5
Condition:	Fair	RUL:	4
Funding Basis:	Funded based on the typical life expectancy	Current Cost:	\$5,000.00



We have included a modest allowance to update the interior of the cabana every 5 years. Therefore, every 5 years the different aspects of the interior may be refurbished, including the bathrooms, flooring, painting, kitchenette cabinets and fixtures.

Mechanical & Equipment - Electrical

Funding Basis: Unfunded operating expense

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

Mechanical & Equipment - Emergency Generator

Location:	Cabana		
Quantity:	1 Each	UL:	20

Condition: Good
 Funding Basis: Funded based on the typical life expectancy

RUL: 15
 Current Cost: \$5,000.00



This 20 KW generator powers the cabana in the event of a power outage. We recommend following the manufacturers recommendations for maintenance and weekly/monthly start up and routine running and testing.

Mechanical & Equipment - Plumbing System

Funding Basis: Unfunded due to unpredictable nature of component

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

Recreation - Recreation Equipment

Location: Park

Quantity: 2 Items

UL: 20

Condition: Good

RUL: 15

Funding Basis: Funded based on the typical life expectancy

Current Cost: \$15,000.00



Good condition with no structural instability or unusual deterioration noted during our inspection. Inspect regularly and refurbish fall zones and repair as needed utilizing the operating budget. Reserve funding recommended.

Site/Grounds - Asphalt Patching

Quantity:	4,120 Square Feet	UL:	5
Condition:	Good	RUL:	5
Funding Basis:	Funded based on the typical life expectancy	Current Cost:	\$16,480.00



Patching last performed in 2015. **Best to be done on a 5 year cycle timed with other asphalt sealing.**

Site/Grounds - Asphalt: Resurface

Quantity:	103,000 Square Feet	UL:	25
Condition:	Good	RUL:	12
Funding Basis:	Funded based on the typical life expectancy	Current Cost:	\$257,500.00



Good condition of asphalt, with no unusual cracking, waviness or deterioration noted. Most asphalt areas can be expected to last approximately 25 to 30 years before it will become necessary for an overlay to be applied. The Association's road are now 33 years old but a patching program will extend the time before an overlay will be required. It will be necessary to adjust manhole and valve covers at the time the overlay is applied. As routine maintenance ensure that drains and grates are free of debris and properly functioning. We recommend regular cycles of seal coat.

Site/Grounds - Asphalt: Seal

Quantity:	103,000 Square Feet	UL:	5
Condition:	Poor	RUL:	0
Funding Basis:	Funded based on the typical life expectancy	Current Cost:	\$20,600.00



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

Site/Grounds - Concrete Curb

Funding Basis: Unfunded operating expense



Fair condition with some deterioration noted. Inspect and pressure wash annually and repair as needed from the Operating budget.

Site/Grounds - Drainage & Storm Drainage

Location: Common areas and catch basis

Funding Basis: Unfunded operating expense



Local areas of drainage concerns reported, however, at this time, there is no predictable expectation of large project expenses. At this time, no funding is suggested, update as needed.

Site/Grounds - Entry Sign: Refurbish

Location:	Entrance		
Quantity:	2 Each	UL:	15
Condition:	Good	RUL:	5
Funding Basis:	Funded based on current condition	Current Cost:	\$5,000.00



Good condition of wood signs. These units need to be painted regularly to maximize the life expectancy. Reserve funding recommended.

Site/Grounds - Fence: Wood/Chain Link, Replace

Funding Basis: Unfunded, not Association responsibility



Reportedly this is the responsibility of the unit owners and/or adjacent property owners, therefore, no Association funding required.

Site/Grounds - Gravel R.V. Parking: Refurbish

Quantity:	7,600 Square Feet
Funding Basis:	Unfunded operating expense



Various conditions noted. We suggest including the gravel areas within the landscape contract to provide proactive maintenance. Refurbish rock as needed on an annual basis. No reserve funding suggested.

Site/Grounds - Irrigation System: Repair/Replace

Funding Basis: Unfunded operating expense

No concerns at this time. We recommend all required maintenance and testing. Best to include a line item within the operating budget for annual repairs and partial replacement. No predictable large scale expenses within the scope of this study.

Site/Grounds - Landscaping: Refurbish

Funding Basis: Unfunded operating expense



This component may be used to fund large landscape projects not budgeted within the operating funds. We understand there is no desire to fund this within reserves at this time. Therefore, no reserve funding.

Site/Grounds - Lights: Pole, Replace

Location: Adjacent to common areas & parking

Quantity: 26 Each

UL: 25

Condition: Fair

RUL: 12

Funding Basis: Funded based on the typical life expectancy

Current Cost: \$10,400.00



Dated condition with ongoing repair completed utilizing the operating budget. Reportedly the lights adjacent to the Units are Unit Owners responsibility; therefore we reduced the quantity and only funded lights adjacent to common areas.

Site/Grounds - Mailbox Cluster: Replace

Quantity:	5 Clusters	UL:	20
Condition:	Good	RUL:	13
Funding Basis:	Funded based on the typical life expectancy	Current Cost:	\$8,500.00



Good condition of mailboxes with no unusual damage observed. Clean as needed to maintain appearance. We suggest planning for eventual replacement of the mailboxes to ensure functionality and community aesthetics.

Site/Grounds - Signs: Replace

Quantity:	20 Each
Funding Basis:	Unfunded operating expense



Fair condition with no damage or concerns at this time. We understand there is no expectation to replace at one time, therefore, no reserve funding. Treat as a maintenance item.

Site/Grounds - Trees: Trimming

Funding Basis: Unfunded operating expense



We have not included an allowance for periodic tree trimming not included in the regular landscaping work. Include in future Reserve Study updates if directed by the Board.

Reserve Fund Projections

Full Funding Plan (Years 0-9)										
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Percent Funded	64%	65%	63%	66%	67%	63%	71%	74%	63%	78%
Fully Funded Balance	\$469,774	\$497,306	\$545,270	\$587,469	\$648,592	\$707,057	\$724,170	\$793,427	\$866,188	\$808,340
Beginning Balance	\$308,366	\$302,415	\$321,292	\$344,904	\$390,223	\$436,336	\$446,376	\$513,100	\$588,579	\$543,272
Reserve Contributions	\$54,000	\$59,400	\$65,340	\$71,874	\$79,061	\$86,968	\$95,664	\$105,231	\$115,754	\$127,329
Interest Earnings	\$481	\$510	\$546	\$619	\$694	\$704	\$813	\$937	\$849	\$994
Special Assessment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserve Expenses	\$60,226	\$40,815	\$42,039	\$26,909	\$33,344	\$77,331	\$29,405	\$30,287	\$161,546	\$38,655
Ending Balance	\$302,415	\$321,292	\$344,904	\$390,223	\$436,336	\$446,376	\$513,100	\$588,579	\$543,272	\$632,514
Expenses by Component & Year										
Components	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Asphalt Patching	\$0	\$0	\$0	\$0	\$0	\$19,105	\$0	\$0	\$0	\$0
Asphalt: Resurface	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Asphalt: Seal	\$20,600	\$0	\$0	\$0	\$0	\$23,881	\$0	\$0	\$0	\$0
Cabana Interior: Refurbish	\$0	\$0	\$0	\$0	\$5,628	\$0	\$0	\$0	\$0	\$6,524
Cabana: Exterior Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Concrete Curb	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Deck, Wood: Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Drainage & Storm Drainage	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Electrical	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Emergency Generator	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Entry Sign: Refurbish	\$0	\$0	\$0	\$0	\$0	\$5,796	\$0	\$0	\$0	\$0
Fence: Wood/Chain Link, Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Garage Doors: Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gravel R.V. Parking: Refurbish	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gutters & Downspouts: Replacement (Phase 1)	\$15,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gutters & Downspouts: Replacement (Phase 2)	\$0	\$15,450	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gutters & Downspouts: Replacement (Phase 3)	\$0	\$0	\$15,914	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Irrigation System: Repair/Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Landscaping: Refurbish	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Lights: Exterior, Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Lights: Pole, Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Mailbox Cluster: Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Plumbing System	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Full Funding Plan (Years 0-9)										
Recreation Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Roof: Replace (Phase 1)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$130,351	\$0
Roof: Replace (Phase 2)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Roof: Replace (Phase 3)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Siding: Partial Repair/Replace	\$4,000	\$4,120	\$4,244	\$4,371	\$4,502	\$4,637	\$4,776	\$4,919	\$5,067	\$5,219
Siding: Repaint	\$20,626	\$21,245	\$21,882	\$22,539	\$23,215	\$23,911	\$24,629	\$25,367	\$26,128	\$26,912
Signs: Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Trees: Trimming	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Window/Glass Doors: Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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Full Funding Plan (Years 10-19)										
Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Percent Funded	77%	38%	11%	64%	84%	71%	106%	111%	113%	112%
Fully Funded Balance	\$877,810	\$906,314	\$548,474	\$228,264	\$280,713	\$341,557	\$322,226	\$395,772	\$473,440	\$555,413
Beginning Balance	\$632,514	\$678,803	\$347,573	\$61,688	\$145,620	\$234,800	\$242,842	\$340,110	\$437,655	\$535,454
Reserve Contributions	\$128,602	\$129,888	\$131,187	\$132,499	\$133,824	\$135,162	\$136,514	\$137,879	\$139,258	\$140,651
Interest Earnings	\$1,074	\$494	\$0	\$139	\$294	\$306	\$475	\$645	\$814	\$969
Special Assessment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserve Expenses	\$82,928	\$461,401	\$417,072	\$48,647	\$44,812	\$127,295	\$39,518	\$40,703	\$41,924	\$51,949
Ending Balance	\$678,803	\$347,573	\$61,688	\$145,620	\$234,800	\$242,842	\$340,110	\$437,655	\$535,454	\$624,709
Expenses by Component & Year										
Components	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Asphalt Patching	\$22,148	\$0	\$0	\$0	\$0	\$25,675	\$0	\$0	\$0	\$0
Asphalt: Resurface	\$0	\$0	\$367,133	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Asphalt: Seal	\$27,685	\$0	\$0	\$0	\$0	\$32,094	\$0	\$0	\$0	\$0
Cabana Interior: Refurbish	\$0	\$0	\$0	\$0	\$7,563	\$0	\$0	\$0	\$0	\$8,768
Cabana: Exterior Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Concrete Curb	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Deck, Wood: Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Drainage & Storm Drainage	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Electrical	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Emergency Generator	\$0	\$0	\$0	\$0	\$0	\$7,790	\$0	\$0	\$0	\$0
Entry Sign: Refurbish	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fence: Wood/Chain Link, Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Garage Doors: Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gravel R.V. Parking: Refurbish	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gutters & Downspouts: Replacement (Phase 1)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gutters & Downspouts: Replacement (Phase 2)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gutters & Downspouts: Replacement (Phase 3)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Irrigation System: Repair/Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Landscaping: Refurbish	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Lights: Exterior, Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Lights: Pole, Replace	\$0	\$0	\$14,828	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Mailbox Cluster: Replace	\$0	\$0	\$0	\$12,483	\$0	\$0	\$0	\$0	\$0	\$0
Plumbing System	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Recreation Equipment	\$0	\$0	\$0	\$0	\$0	\$23,370	\$0	\$0	\$0	\$0
Roof: Replace (Phase 1)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Roof: Replace (Phase 2)	\$0	\$427,313	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Roof: Replace (Phase 3)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Siding: Partial Repair/Replace	\$5,376	\$5,537	\$5,703	\$5,874	\$6,050	\$6,232	\$6,419	\$6,611	\$6,810	\$7,014
Siding: Repaint	\$27,720	\$28,551	\$29,408	\$30,290	\$31,199	\$32,135	\$33,099	\$34,092	\$35,114	\$36,168
Signs: Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Trees: Trimming	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Window/Glass Doors: Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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Full Funding Plan (Years 20-30)										
Year	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Percent Funded	102%	115%	114%	105%	110%	102%	108%	106%	103%	100%
Fully Funded Balance	\$632,847	\$645,448	\$738,865	\$837,306	\$875,248	\$971,957	\$1,004,497	\$1,120,480	\$1,242,518	\$1,370,870
Beginning Balance	\$624,709	\$646,863	\$745,202	\$843,699	\$878,438	\$966,931	\$987,949	\$1,086,647	\$1,185,358	\$1,284,049
Reserve Contributions	\$142,057	\$143,478	\$144,912	\$146,362	\$147,825	\$149,303	\$150,797	\$152,304	\$153,828	\$155,366
Interest Earnings	\$1,007	\$1,177	\$1,348	\$1,408	\$1,561	\$1,597	\$1,768	\$1,939	\$2,110	\$2,261
Special Assessment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserve Expenses	\$120,478	\$45,812	\$47,186	\$112,427	\$60,224	\$129,199	\$53,108	\$54,701	\$56,343	\$69,816
Ending Balance	\$646,863	\$745,202	\$843,699	\$878,438	\$966,931	\$987,949	\$1,086,647	\$1,185,358	\$1,284,049	\$1,370,891
Expenses by Component & Year										
Components	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Asphalt Patching	\$29,765	\$0	\$0	\$0	\$0	\$34,505	\$0	\$0	\$0	\$0
Asphalt: Resurface	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Asphalt: Seal	\$37,206	\$0	\$0	\$0	\$0	\$43,132	\$0	\$0	\$0	\$0
Cabana Interior: Refurbish	\$0	\$0	\$0	\$0	\$10,164	\$0	\$0	\$0	\$0	\$11,783
Cabana: Exterior Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Concrete Curb	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Deck, Wood: Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Drainage & Storm Drainage	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Electrical	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Emergency Generator	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Entry Sign: Refurbish	\$9,031	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fence: Wood/Chain Link, Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Garage Doors: Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gravel R.V. Parking: Refurbish	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gutters & Downspouts: Replacement (Phase 1)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gutters & Downspouts: Replacement (Phase 2)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gutters & Downspouts: Replacement (Phase 3)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Irrigation System: Repair/Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Landscaping: Refurbish	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Lights: Exterior, Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Lights: Pole, Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Mailbox Cluster: Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Plumbing System	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Recreation Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Roof: Replace (Phase 1)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Roof: Replace (Phase 2)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Roof: Replace (Phase 3)	\$0	\$0	\$0	\$63,826	\$0	\$0	\$0	\$0	\$0	\$0
Siding: Partial Repair/Replace	\$7,224	\$7,441	\$7,664	\$7,894	\$8,131	\$8,375	\$8,626	\$8,885	\$9,152	\$9,426
Siding: Repaint	\$37,253	\$38,370	\$39,522	\$40,707	\$41,928	\$43,186	\$44,482	\$45,816	\$47,191	\$48,607
Signs: Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Trees: Trimming	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Window/Glass Doors: Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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Supplemental Report Information

Definitions

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

1. Association responsibility
2. Having a limited Useful Life expectancy
3. Predictable Remaining Useful Life expectancies
4. Above a minimum threshold cost (generally above 1% of the Association annual operating budget)
5. As required by local codes

COMPONENT INVENTORY: The task of selecting and quantifying Reserve Components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, review of established association precedents, and discussion with appropriate association representative(s).

DEFICIT: An actual (or projected) Reserve Balance less the Fully Funded Balance. The opposite would be a Surplus.

FINANCIAL ANALYSIS: The portions of a Reserve Study where current status of the Reserves (measured as cash or Percent Funded) and a recommended Reserve contribution rate (Reserve Funding Plan) are derived, and the projected Reserve income and expense over time is presented. The Financial Analysis is second of two parts comprising a Reserve Study.

FULLY FUNDED BALANCE (FFB): Total Accrued Depreciation. An indicator against which Actual (or projected) Reserve balance can be compared. The Reserve balance that is in direct proportion to the fraction of life “used up” of the current Repair or Replacement cost. This number is calculated for each component, then summed together for an association total. Two formulas can be utilized, depending on the provider’s sensitivity to interest and inflation effects. Note: Both yield identical results when interest and inflation are equivalent.

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

FUND STATUS: The status of the reserve fund as compared to an established benchmark such as percent funded.

FUNDING PLAN: A plan to provide income to a Reserve fund to offset anticipated expenditures from that fund.

FUNDING PRINCIPLES:

- Sufficient Funds When Required
- Stable Contribution Rate over the Years
- Evenly Distributed Contributions over the Years
- Fiscally Responsible

INFLATION: This figure is used to approximate the future cost to repair or replace each component in the report. The current cost for each component is compounded on an annual basis by the number of remaining years to replacement, and the total is used in calculating the monthly reserve contribution that will be necessary to accumulate the required funds in time for replacement.

LIFE AND VALUATION ESTIMATES: The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components.

MONTHLY ASSESSMENT: The monthly contribution/assessment to reserves required by the association each month.

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

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

REMAINING USEFUL LIFE (RUL): Also referred to as “Remaining Life” (RL). The estimated time, in years, that a reserve component can be expected to continue to serve its intended function. Projects anticipated to occur in the initial year have “zero” Remaining Useful Life.

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

RESERVE BALANCE: Actual or projected funds as of a particular point in time that the association has identified for use to defray the future repair or replacement of those major components which the association is obligated to maintain. Also known as Reserves, Reserve Accounts, and Cash Reserves. Based upon information provided and not audited.

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

Figure 6 - RCW Required Information & Location

RCW Required Information	Report Location
(a) A reserve component list, including any reserve component that would cost more than one percent of the annual budget of the association, not including the reserve account, for major maintenance, repair, or replacement. If one of these reserve components is not included in the reserve study, the study should provide commentary explaining the basis for its exclusion. The study must also include quantities and estimates for the useful life of each reserve component, remaining useful life of each reserve component, and current major maintenance, repair, or replacement cost for each reserve component;	Table 1
(b) The date of the study and a statement that the study meets the requirements of this section;	Executive Summary
(c) The level of reserve study performed;	Cover Page
(d) The association's reserve account balance;	Executive Summary Financial Summary
(e) The percentage of the fully funded balance that the reserve account is funded;	Executive Summary Financial Summary
(f) Special assessments already implemented or planned;	Executive Summary Financial Summary
(g) Interest and inflation assumptions;	Executive Summary
(h) Current reserve account contribution rate;	Financial Summary
(i) Recommended reserve account contribution rate; a contribution rate for a full funding plan to achieve one hundred percent fully funded reserves by the end of the thirty-year study period, a baseline funding plan to maintain the reserve balance above zero throughout the thirty-year study period without special assessments, and a contribution rate recommended by the reserve study professional;	Executive Summary Financial Summary
(j) Projected reserve account balance for thirty years and a funding plan to pay for projected costs from those reserves without reliance on future unplanned special assessments;	Figure 5 Spread Sheet of Reserve Expenses
(k) Whether the reserve study was prepared with the assistance of a reserve study professional.	Executive Summary
(3) A reserve study shall include the following disclosure: "This reserve study should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require you to pay on demand as a special assessment your share of common expenses for the cost of major maintenance, repair, or replacement of a reserve component."	Executive Summary Disclosure Page

Reserve Study Disclosure

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

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

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

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

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

This Reserve Study is provided as an aid for planning purposes and not as an accounting tool. Since it deals with events yet to take place, there is no assurance that the results enumerated within it will, in fact, occur as described. Additionally, other unanticipated expenses may arise that are not included within this reserve study.

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.

CEDCORE would like to thank you for using our services. We invite you to call us at any time, should you have questions, comments or need assistance.

Exhibit A - 30 Year Reserve Fund Projection (Baseline Funding Plan)

Baseline Funding Plan						
Year	Start Balance	Annual Reserve Contribution	Special Assessments	Reserve Expenses	Fully Funded Balance	Percent Funded
2016	\$ 308,366	\$ 51,600	\$ -	\$ 60,226	\$ 469,774	64%
2017	\$ 300,014	\$ 56,760	\$ -	\$ 40,815	\$ 497,306	64%
2018	\$ 316,247	\$ 62,436	\$ -	\$ 42,039	\$ 545,270	62%
2019	\$ 336,949	\$ 68,680	\$ -	\$ 26,909	\$ 587,469	65%
2020	\$ 379,063	\$ 75,548	\$ -	\$ 33,344	\$ 648,592	65%
2021	\$ 421,650	\$ 83,102	\$ -	\$ 77,331	\$ 707,057	61%
2022	\$ 427,808	\$ 91,413	\$ -	\$ 29,405	\$ 724,170	68%
2023	\$ 490,260	\$ 100,554	\$ -	\$ 30,287	\$ 793,427	71%
2024	\$ 561,037	\$ 110,609	\$ -	\$ 161,546	\$ 866,188	59%
2025	\$ 510,555	\$ 121,670	\$ -	\$ 38,655	\$ 808,340	73%
2026	\$ 594,102	\$ 122,887	\$ -	\$ 82,928	\$ 877,810	72%
2027	\$ 634,634	\$ 124,116	\$ -	\$ 461,401	\$ 906,314	33%
2028	\$ 297,584	\$ 125,357	\$ -	\$ 417,072	\$ 548,474	1%
2029	\$ 5,869	\$ 126,610	\$ -	\$ 48,647	\$ 228,264	37%
2030	\$ 83,853	\$ 127,876	\$ -	\$ 44,812	\$ 280,713	59%
2031	\$ 167,020	\$ 129,155	\$ -	\$ 127,295	\$ 341,557	49%
2032	\$ 168,985	\$ 130,447	\$ -	\$ 39,518	\$ 322,226	81%
2033	\$ 260,109	\$ 131,751	\$ -	\$ 40,703	\$ 395,772	89%
2034	\$ 351,442	\$ 133,069	\$ -	\$ 41,924	\$ 473,440	94%
2035	\$ 442,963	\$ 134,399	\$ -	\$ 51,949	\$ 555,413	95%
2036	\$ 525,871	\$ 135,743	\$ -	\$ 120,478	\$ 632,847	86%
2037	\$ 541,610	\$ 137,101	\$ -	\$ 45,812	\$ 645,448	98%
2038	\$ 633,463	\$ 138,472	\$ -	\$ 47,186	\$ 738,865	98%
2039	\$ 725,405	\$ 139,857	\$ -	\$ 112,427	\$ 837,306	90%
2040	\$ 753,517	\$ 141,255	\$ -	\$ 60,224	\$ 875,248	95%
2041	\$ 835,312	\$ 142,668	\$ -	\$ 129,199	\$ 971,957	87%
2042	\$ 849,559	\$ 144,094	\$ -	\$ 53,108	\$ 1,004,497	94%
2043	\$ 941,414	\$ 145,535	\$ -	\$ 54,701	\$ 1,120,480	92%
2044	\$ 1,033,207	\$ 146,991	\$ -	\$ 56,343	\$ 1,242,518	91%
2045	\$ 1,124,906	\$ 148,461	\$ -	\$ 69,816	\$ 1,370,870	88%

Exhibit B - 30 Year Reserve Fund Projection (Current Funding Plan)

Current Funding Plan: Per RCW 64.34.308 (4)(a)						
Year	Start Balance	Annual Reserve Contribution	Additional Assessments Necessary Per Unit /Per Year	Reserve Expenses	Fully Funded Balance	Percent Funded
2016	\$ 308,366	\$ 12,732	\$ -	\$ 60,226	\$ 469,774	56%
2017	\$ 260,872	\$ 13,114	\$ -	\$ 40,815	\$ 497,306	47%
2018	\$ 233,171	\$ 13,507	\$ -	\$ 42,039	\$ 545,270	38%
2019	\$ 204,639	\$ 13,913	\$ -	\$ 26,909	\$ 587,469	33%
2020	\$ 191,642	\$ 14,330	\$ -	\$ 33,344	\$ 648,592	27%
2021	\$ 172,628	\$ 14,760	\$ -	\$ 77,331	\$ 707,057	16%
2022	\$ 110,057	\$ 15,203	\$ -	\$ 29,405	\$ 724,170	13%
2023	\$ 95,855	\$ 15,659	\$ -	\$ 30,287	\$ 793,427	10%
2024	\$ 81,227	\$ 16,129	\$ 845	\$ 161,546	\$ 866,188	0%
2025	\$ -	\$ 16,612	\$ 290	\$ 38,655	\$ 808,340	0%
2026	\$ -	\$ 17,111	\$ 866	\$ 82,928	\$ 877,810	0%
2027	\$ -	\$ 17,624	\$ 5,839	\$ 461,401	\$ 906,314	0%
2028	\$ -	\$ 18,153	\$ 5,249	\$ 417,072	\$ 548,474	0%
2029	\$ -	\$ 18,697	\$ 394	\$ 48,647	\$ 228,264	0%
2030	\$ -	\$ 19,258	\$ 336	\$ 44,812	\$ 280,713	0%
2031	\$ -	\$ 19,836	\$ 1,414	\$ 127,295	\$ 341,557	0%
2032	\$ -	\$ 20,431	\$ 251	\$ 39,518	\$ 322,226	0%
2033	\$ -	\$ 21,044	\$ 259	\$ 40,703	\$ 395,772	0%
2034	\$ -	\$ 21,675	\$ 266	\$ 41,924	\$ 473,440	0%
2035	\$ -	\$ 22,326	\$ 390	\$ 51,949	\$ 555,413	0%
2036	\$ -	\$ 22,995	\$ 1,283	\$ 120,478	\$ 632,847	0%
2037	\$ -	\$ 23,685	\$ 291	\$ 45,812	\$ 645,448	0%
2038	\$ -	\$ 24,396	\$ 300	\$ 47,186	\$ 738,865	0%
2039	\$ -	\$ 25,128	\$ 1,149	\$ 112,427	\$ 837,306	0%
2040	\$ -	\$ 25,882	\$ 452	\$ 60,224	\$ 875,248	0%
2041	\$ -	\$ 26,658	\$ 1,349	\$ 129,199	\$ 971,957	0%
2042	\$ -	\$ 27,458	\$ 338	\$ 53,108	\$ 1,004,497	0%
2043	\$ -	\$ 28,281	\$ 348	\$ 54,701	\$ 1,120,480	0%
2044	\$ -	\$ 29,130	\$ 358	\$ 56,343	\$ 1,242,518	0%
2045	\$ -	\$ 30,004	\$ 524	\$ 69,816	\$ 1,370,870	0%

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